October 16, 2017

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: ***New York Independent System Operator, Inc.*, Proposed Tariff Revisions Regarding Interconnection Process Improvements, Docket No. ER18-___-000**

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act[1] and Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations,[2] the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to the NYISO Open Access Transmission Tariff ("OATT") and the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") as part of a comprehensive interconnection process improvement initiative. Through this initiative the NYISO seeks to improve the efficiency of the interconnection process while maintaining necessary reliability evaluations and ensuring the equitable treatment of developers. This initiative aims to: (i) increase administrative efficiency; (ii) allow developers to proceed through the entire interconnection process more quickly while affording the maximum amount of flexibility; (iii) enhance the clarity of existing practices and procedures; and (iv) update and improve practices and procedures in light of stakeholder feedback regarding the current process.

As discussed herein, all of the proposals presented in this filing are just and reasonable both on their individual merits and as a cohesive package. Further, the revisions would advance the policies set forth in Orders Nos. 2003 and 2006[3] and improve upon the NYISO's

[1] *See* 16 U.S.C. § 824d (2017).

[2] 18 C.F.R § 35 *et seq.* (2017).

[3] *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. 31,160 (2004), *order on reh'g*, Order No. 2003-B, FERC Stats.& Regs. 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. 131,190 (2005), *affirmed sub nom. Nat'l Ass'n of Regulatory Util. Com'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007) ("Order No. 2003"); *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 70 Fed. Reg. 34190 (June 13, 2005), 111 FERC ¶ 161,220 (2005), *order on reh'g*, Order No. 2006-A, 113 FERC ¶ 61,195, 70 Fed. Reg. 71760 (Nov. 30, 2005) ("Order No. 2006").

interconnection process consistent with the goals of the Commission's Notice of Proposed Rulemaking with respect to the reform of generator interconnection procedures and agreements.[4] Accordingly, each and every one of the NYISO's proposed tariff revisions should be accepted without modification or condition. The NYISO notes, however, that if the Commission were to decline to accept any part of this filing it should nevertheless accept the remaining parts rather than rejecting the filing as a whole.

The NYISO and its stakeholders recognize the benefit of applying as many of the proposed tariff revisions as early as possible (*i.e.,* to the ongoing Class Year 2017 and to projects currently in the interconnection queue). Therefore, the NYISO is proposing that the majority of the tariff revisions in this filing become effective on the day after the conclusion of the standard 60-day statutory notice period (*i.e.*, on December 16, 2017), as described in Section V below. For the proposed modifications identified herein that cannot practicably be applied until the Class Year after Class Year 2017, the next study or until required software is implemented, the NYISO proposes specific implementation plans as discussed below.[5] As a result, for each group of tariff revisions described herein, the NYISO has provided an explanation regarding the proposed effective date (which for nearly all proposals is the end of the statutory 60-day notice period), as well as transition rules that the NYISO proposes for implementation of certain tariff revisions.

The proposed tariff revisions primarily involve revisions to the interconnection procedures set forth in Attachment S to the OATT (Rules to Allocate Responsibility for the Cost of New Interconnection Facilities) ("Attachment S"), Attachment X to the OATT (Standard Large Facility Interconnection Procedures) ("Attachment X" or "LFIP"), and Attachment Z to the OATT (Small Generator Interconnection Procedures) ("Attachment Z" or "SGIP"), but also include related revisions in the following sections of the OATT and Services Tariff:

- Sections 3 and 4 of the OATT (providing for System Impact Studies required for transmission projects subject to those provisions);
- Section 6.12 of the OATT (Rate Mechanism for the Recovery of the Highway Facilities Charge) ("Section 6.12" or "Rate Schedule 12");
- Attachment M to the OATT (Sale and Award of Transmission Congestion Contracts) ("Attachment M");
- Section 5.12 of the Services Tariff (Requirements Applicable to Installed Capacity Suppliers); and

[4] *Reform of Generator Interconnection Procedures and Agreements*, Notice of Proposed Rulemaking, Docket No. RM17-8-000 (December 15, 2016) ("NOPR").

[5] The NYISO does not intend that its requests for later effective dates for a subset of the revisions proposed in this filing change be treated as waiving the Commission's obligation to act on other proposed changes within the standard 60-day period specified under the Federal Power Act.

- Section 23.4.5 of the Services Tariff (Installed Capacity Market Mitigation Measures).[6]

The NYISO's proposed revisions are further described below in Section IV of this letter. Ministerial revisions and other minor revisions are summarized in a table at the end of Section IV below.

I. Documents Submitted

The NYISO respectfully submits the following documents with this filing letter:

1. A clean version of the proposed revisions to Section 3 of the OATT ("Attachment I");

2. A blacklined version of the proposed revisions to Section 3 of the OATT ("Attachment II");

3. A clean version of the proposed revisions to Section 4 of the OATT ("Attachment III");

4. A blacklined version of the proposed revisions to Section 4 of the OATT ("Attachment IV");

5. A clean version of the proposed revisions to Rate Schedule 12 – Section 6 of the OATT ("Attachment V");

6. A blacklined version of the proposed revisions to Rate Schedule 12 – Section 6 of the OATT ("Attachment VI");

7. A clean version of the proposed revisions to Attachment M – Section 19 of the OATT ("Attachment VII");

8. A blacklined version of the proposed revisions to Attachment M – Section 19 of the OATT ("Attachment VIII");

9. A clean version of the proposed revisions to Attachment S – Section 25 of the OATT ("Attachment IX");

10. A blacklined version of the proposed revisions to Attachment S – Section 25 of the OATT ("Attachment X");

11. A clean version of the proposed revisions to Attachment X – Section 30 of the OATT ("Attachment XI");

[6] Capitalized terms not otherwise defined in this letter have the meaning set forth in the NYISO's OATT and Services Tariff.

12. A blacklined version of the proposed revisions to Attachment X – Section 30 of the OATT ("Attachment XII");

13. A clean version of the proposed revisions to Attachment Z – Section 32 of the OATT ("Attachment XIII");

14. A blacklined version of the proposed revisions to Attachment Z – Section 32 of the OATT ("Attachment XIV");

15. A clean version of the proposed revisions to Section 5 of the Services Tariff ("Attachment XV");

16. A blacklined version of the proposed revisions to Section 5 of the Services Tariff ("Attachment XVI");

17. A clean version of the proposed revisions to Section 23 of the Services Tariff ("Attachment XVII"); and

18. A blacklined version of the proposed revisions to Section 23 of the Services Tariff ("Attachment XVIII").

19. A clean version of the proposed revisions to Section 23 of the Services Tariff with a future effective date ("Attachment XIX"); and

20. A blacklined version of the proposed revisions to Section 23 of the Services Tariff with a future effective date ("Attachment XX").

II. Communications and Correspondence

All communications and service in this proceeding should be directed to:

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III. Background

The rights and obligations of all parties to the NYISO's interconnection process—Large Facility project Developers and Small Generating Facility Interconnection Customers (collectively, "Developers"),[7] Transmission Owners and the NYISO— related to the interconnection or modification of Large Generating Facilities, Merchant Transmission Facilities and Small Generating Facilities are set forth in Attachments S, X, and Z to the OATT.

Attachment X contains the procedures for processing interconnections of Large Generating Facilities and Merchant Transmission Facilities. Attachment X calls for three successive Interconnection Studies of each proposed project. These studies analyze proposed projects in varying levels of detail. First is the Interconnection Feasibility Study ("Large Facility Feasibility Study"), which is a high-level evaluation of the project's configuration and local system impacts.[8] The second study is the Interconnection System Reliability Impact Study ("SRIS"), a detailed single-project study that evaluates the project's impact on transfer capability and system reliability.[9] The final study in the interconnection process is the Class Year Interconnection Facilities Study ("Class Year Study").[10] The annual Class Year Study is a detailed study that evaluates the cumulative impact of a group of projects that have completed similar milestones—a "Class Year" of projects. The Class Year Study identifies the upgrade facilities needed to reliably interconnect all the projects in a Class Year. A Class Year is comprised of projects that have met specified Class Year Study eligibility requirements by the time the combined group study begins. The hallmark of the NYISO's Class Year Study process is that it is performed for a group of projects that have achieved similar interconnection milestones to determine the cumulative impact of such projects. Each Class Year Study allocates the cost of System Upgrade Facilities ("SUFs") and System Deliverability Upgrades ("SDUs") identified in the study among the projects in the Class Year in accordance with the cost allocation methodologies set forth in Attachment S.[11]

Attachment Z contains the procedures for processing interconnection of Small Generating Facilities. Like the LFIP, Attachment Z calls for three successive Interconnection Studies of each proposed project: a feasibility study ("Small Generator Feasibility Study"), a system impact study ("Small Generator SIS") and a facilities study ("Small Generator Facilities Study").[12]

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[7] While "Developer" is a tariff-defined term referring to a project developer for a Large Facility (versus a Small Generating Facility), for ease of reference, this filing letter uses the term "Developers" to refer to both Developers of Large Facility projects and Interconnection Customers of Small Generating Facility projects.

[8] *See* Attachment X, Section 30.6.

[9] *See* Attachment X, Section 30.7.

[10] *See* Attachment X, Section 30.8.

[11] *See* Attachment X, Section 8.2. *See also* Attachment S, Sections 25.6.2.3.1 and 25.6.2.3.4 (Class Year Study eligibility and re-entry criteria).

[12] *See* Attachment Z, Section 32.3.

All Large Facilities (studied in the LFIP under Attachment X) are subject to the Class Year Study procedures. Certain Small Generating Facilities are also required to participate in the Class Year Study and other Small Generating Facilities may elect to participate in a Class Year Study.[13] The Class Year Study procedures are primarily contained in Attachment S.[14]

Attachment S sets forth the eligibility requirements for Class Year entry, establishes the Class Year Start Date and schedule, describes the obligations of Class Year Projects once they enter a Class Year Study,[15] and details the scope and the cost allocation methodology for interconnection of new generation and merchant transmission facilities. It sets forth the detailed procedures for the identification and cost allocation of SUFs required for a project to reliably interconnect to the system and thereby provide Energy Resource Interconnection Service ("ERIS").[16] For those Class Year Projects that elect Capacity Resource Interconnection Service ("CRIS"),[17] Attachment S provides for the evaluation of a project's Deliverability and the identification and cost allocation of SDUs required for a project's proposed capacity to be fully deliverable. Attachment S also provides for the decisional process toward the completion of the Class Year Study during which Class Year Projects accept or reject their Project Cost Allocations (the costs allocated to a Class Year Project for SUFs and SDUs, as applicable), and the process by which Security and Headroom obligations must be satisfied. Through this unique clustered Class Year Study, the NYISO is able to equitably allocate upgrade costs and generate detailed good faith cost estimates that provide reasonable closure on upgrade costs.

When the NYISO engaged in discussions with stakeholders in the fall of 2016 regarding which interconnection process improvements to pursue, the NYISO and stakeholders considered the potential for moving away from the Class Year Study paradigm towards a clustered "queue

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[13] Small Generating Facilities no larger than 20 MWs proposing to interconnect to the New York State Transmission System or to the Distribution System are studied in accordance with the SGIP in Attachment Z. As described in Section 32.3.5.3 of Attachment Z, if any Interconnection Study determines that a Small Generating Facility requires a non-Local SUF to interconnect, then that Small Generating Facility is placed in the next Class Year Study, and cost responsibility is allocated to the Small Generating Facility in accordance with the procedures and methodologies in Attachment S.

[14] Attachment X details the obligations related to execution of a Class Year Study Agreement and provides a high level scope of the Class Year Study and Class Year Study procedures, but it incorporates by reference the terms of Attachment S, which provide more detailed Class Year Study procedures.

[15] Attachment X also details Developers' obligations related to the execution of the Class Year Study Agreement and Class Year Study procedures, generally.

[16] ERIS is basic interconnection service that allows a Developer to interconnect its facility to the New York State Transmission System or Distribution System in accordance with the NYISO Minimum Interconnection Standard to enable the New York State Transmission System or Distribution System to receive electric energy from the facility.

[17] CRIS is interconnection service that allows a Developer to interconnect its facility to the New York State Transmission System or Distribution System in accordance with the NYISO Deliverability Interconnection standard, which allows participation in the NYISO's Installed Capacity market to the extent of the facility's deliverable capacity. As described in Attachment Z to the OATT, LIPA maintains a separate interconnection process for generators interconnecting to LIPA's distribution facilities. Developers electing CRIS under LIPA's procedures also are qualified to participate in the NYISO's Installed Capacity market to the extent of the facility's deliverable capacity.

window" interconnection process akin to the processes used in other regions. In those discussions, the consensus view expressed by stakeholders was to retain the desirable features and benefits of the current Class Year Study process, including:

- the binding cost estimates for Connecting Transmission Owner Attachment Facilities and other upgrade facilities – SUFs and SDUs;

- the detailed equipment and facility descriptions and construction schedules for required upgrade facilities; and

- the built-in re-study process through which the NYISO removes Class Year projects in the decisional rounds that reject their Project Cost Allocations and reissues updated Project Cost Allocations for the remaining Class Year projects (thereby eliminating the need to identify contingent facilities or perform restudies after the completion of the Class Year Study).

With the intent to maintain the basic structure of the NYISO's interconnection process, the NYISO and its stakeholders have been working collaboratively to improve upon each aspect of the current process. The primary areas for improvement identified by the NYISO and its stakeholders relate to decreasing the overall time it takes a Developer to proceed through the interconnection process, making the interconnection process easier to navigate and providing as much optionality as possible without sacrificing the quality of the interconnection analyses or the overall efficiency of the process.

The NYISO and its Market Participants, in joint working group meetings,[18] developed proposed revisions to Sections 3, 4 and 6 of the OATT and Attachments M, S, X and Z to the OATT as well as proposed revisions to Sections 5 and 23 of the Services Tariff. These proposed revisions fall into four categories: (1) increased efficiencies in the interconnection process; (2) improvements to the Class Year Study process; (3) clarifications regarding SDUs and their associated Incremental Transmission Congestion Contracts ("Incremental TCCs"); and (4) other clarifications and improvements to the interconnection process.

The proposals, discussed in detail in Section IV below endeavor to improve the interconnection process as follows:

A. Increased Efficiencies in the Interconnection Process

(1) Reducing the number of study agreements and incorporating study obligations into the Interconnection Request forms, where possible;

[18] Meetings to review and discuss these interconnection process improvements took place in the Transmission Planning Advisory Subcommittee—a subcommittee of the NYISO's Operating Committee—and a TPAS task force—the Interconnection Issues Task Force—as well as two working groups under the NYISO's Business Issues Committee—the Market Issues Working Group and Installed Capacity Working Group. A number of meetings were joint meetings with some or all of the above groups.

(2) Providing deadlines for study reports to proceed through the stakeholder process for review and approval after the study is completed;

(3) Clarifying the roles and responsibilities of parties to the interconnection process;

(4) Making the Large Facility Feasibility Study and Small Generator Feasibility Study optional, at the Developer's election, with two alternative levels of analyses from which the Developer can choose;

(5) Revising the Interconnection Request data forms and requirements to make them easier for Developers to initiate the interconnection process;

(6) Providing parties with the option to narrow the scope of studies required for uprate projects; and

(7) Allowing certain projects with multiple voltage levels to submit a single Interconnection Request.

B. Improvements to the Class Year Study process

(1) Providing for more frequent Class Year Start Dates;

(2) Allowing projects to complete a Class Year early through the proposed "Bifurcated Class Year" process;

(3) Allowing additional opportunities for projects to withdraw from a Class Year Study; and

(4) Specifying how a project can finalize an Interconnection Agreement prior to completion of a Class Year Study and/or request Limited Operations prior to execution of an Interconnection Agreement.

C. Clarifications Regarding SDUs and their Associated Incremental TCCs

(1) Expanding the existing offset of SDU costs to recognize all of the processes under the Comprehensive System Planning Process;

(2) Clarifying the calculations and methodology used in Rate Schedule 12 with regard to the charge paid by Load Serving Entities ("LSEs") for a portion of certain SDUs; and

(3) Clarifying the process for administering Incremental TCCs for SDUs.

D. Other Clarifications and Improvements to the Interconnection Process

(1) Clarifying base case inclusion rules;

(2) Updating Small Generating Facility deposits and application fee requirements to make the overall deposit and fee structure less expensive for Small Generating Facilities;

(3) Clarifying the clustering process for Small Generating Facilities;

(4) Clarifying the process for evaluation of alternative Points of Interconnection in the SGIP;

(5) Adding a requirement that certain Large Generating Facilities install phasor measurement units ("PMUs");

(6) Improving the process for calculating CRIS values applicable to the Winter Capability Period ("Winter CRIS");

(7) Requiring stakeholder review of changes in Transmission Owner planning criteria;

(8) Increasing the frequency of required updates to proposed In-Service Dates, Initial Synchronization Dates and Commercial Operation Dates;

(9) Clarifying the withdrawal procedure; and

(10) Requiring outstanding invoices to be submitted by a date certain and only after such date, truing up the amounts to be refunded to withdrawn projects.

Additional minor clarifications and ministerial edits are included in this filing and summarized in a table in Section IV.E.

A number of the NYISO's proposed revisions to Attachments S, X and Z would modify tariff language that the Commission adopted in Order Nos. 2003 and 2006, or their successors as part of the *pro forma* interconnection procedures. The Commission has accepted other modifications and improvements to the NYISO interconnection procedures,[19] recognizing that where changes to *pro forma* interconnection procedures "are clarifying and/or ministerial in nature and/or NYISO has supplied sufficient justification," such modifications are acceptable under the "independent entity variation" standard.[20] The Commission has explained that under this standard, "the Commission will review the proposed variations to ensure they do not provide

[19] *See, e.g.*, *New York Indep. Sys. Operator, Inc*., 135 FERC ¶ 51,014 (2011); *New York Indep. Sys. Operator, Inc*., 124 FERC ¶ 61,238 (2008).

[20] *New York Indep. Sys. Operator, Inc*., 124 FERC ¶ 61,238 at PP 17-18.

an unwarranted opportunity for undue discrimination or produce an interconnection process that is unjust and unreasonable."[21]

The revisions to Attachments S, X and Z that are proposed herein are fully justified under the Commission's "independent entity variation" standard because they have been approved by the NYISO's stakeholders after an extensive and open process. The tariff revisions proposed in this filing were the product of discussions with stakeholders in the NYISO's governance process over a period of 11 months beginning in October 2016 and culminating in proposed tariff revisions discussed with stakeholders from May 2017 through August 2017. These proposed changes to the OATT and Services Tariff were approved by the Business Issues Committee on August 9, 2017, by the Operating Committee on August 10, 2017 and by the Management Committee (with three abstentions) on August 30, 2017. The NYISO Board of Directors also approved the filing of these proposed changes. As discussed in detail in Section IV below, the proposed tariff revisions enhance, revise and clarify the meaning of tariff provisions that have proven to be ambiguous or unduly difficult to implement in the NYISO's experience. These tariff revisions are intended to improve upon and clarify the NYISO's current interconnection process. The NYISO and its stakeholders believe that the proposed tariff modifications can provide considerable improvements to the existing process.

IV. Description of the Proposed Tariff Modifications

The following table lists each of the proposals discussed in this filing letter and for which the NYISO is proposing tariff revisions, with the corresponding page number.

[21] *See id*. at P 18.

A. Proposals to Increase Efficiencies in the Interconnection Process

1. Expedited Study Agreement Processing

a. Overview

A cornerstone of the NYISO's proposed interconnection process improvements is the need to address the administrative inefficiencies related to the execution of the agreements for the Feasibility Study, the SRIS, Optional Interconnection Study, and Small Generator SIS under Attachments X and Z (collectively, "Preliminary Interconnection Studies") that delay progress on the studies. In the NYISO's interconnection procedures for Large Facilities and Small Generating Facilities, Developers of proposed projects are currently required to execute as many as three separate study agreements in order to proceed through the interconnection process. The NYISO proposes to expedite this process as described below.

Under the current process, after a proposed project enters the interconnection queue by submitting a request using the applicable *pro forma* Interconnection Request under Attachments X and Z, the NYISO, Connecting Transmission Owner(s), and the Developer attend the Scoping Meeting and, thereafter, the NYISO tenders to the Developer and Connecting Transmission Owner(s) the Large Facility Feasibility Study Agreement under Attachment X or the Small Generator Feasibility Study agreement under Attachment Z. Upon the NYISO's tender of such agreement, the applicable procedure in Attachment X or Attachment Z prescribes the timing for parties to execute and return the agreement.[22] As a part of the study agreement for the Large Facility Feasibility Study and Small Generator Study (collectively and individually referenced herein as "Feasibility Study"), the parties develop a study scope based upon the Interconnection Request and the Scoping Meeting. Generally, the study agreements are not fully executed until after the study scope is finalized, which adds delays to the start of the studies.

[22] Under the existing LFIP, Connecting Transmission Owner(s) are required to execute and return the study agreement within 30 Calendar Days of receiving it from the Developer. *See* Attachment X, Section 30.6.1.

Once the parties complete the Feasibility Study report, the NYISO tenders another study agreement for either an SRIS or a Small Generator SIS, as applicable.[23] The procedures for circulating and executing an SRIS agreement or a Small Generator SIS agreement are prescribed under Attachments X and Z, respectively. Additionally, a Developer of a Large Facility has the option to perform an Optional Interconnection Study[24] and may request a "reasonable number" of such studies upon initiation of a Developer's SRIS. Within five Business Days following the receipt of such a request, the NYISO must tender an Optional Interconnection Study Agreement.[25] Similar to the Feasibility Study, the study agreements for the SRIS and the Small Generator SIS are not fully executed until after the scope is finalized.

The NYISO and its stakeholders work on an ongoing basis to develop new procedures and mechanisms to encourage projects to move through the interconnection process without unnecessary delays. Even with the NYISO's reforms over the years to expedite the interconnection process,[26] experience continues to reveal that the procedures for circulating and executing three-party interconnection study agreements can cause significant delays in the study process, largely attributed to administrative tasks. The need to execute multiple interconnection study agreements for the Preliminary Interconnection Studies not only accounts for a significant amount of administrative work but also creates a potential bottleneck due to the time needed to circulate and negotiate the agreement between the NYISO, Connecting Transmission Owner(s), and Developer.

The NYISO's proposed approach to address these issues is threefold and aimed at expediting the processing of study agreements and increasing the predictability in the timelines for the Preliminary Interconnection Studies and the facility studies under Attachments X and Z. The three components of the proposal, discussed in more detail below, are (1) consolidation of the agreements for the Preliminary Interconnection Studies; (2) modifications to the processing of Preliminary Interconnection Studies to account for elimination of separate study agreements; and (3) revisions the procedural steps under Attachments X and Z related to execution of the Class Year Study Agreement and Small Generator Facilities Study Agreement. These provisions would result in greater transparency for Developers and interested parties by knowing more precisely the status of the studies.

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[23] The SGIP afford Small Generating Facilities flexibility to skip certain interconnection studies depending on the potential for impact that it may have on the New York State Transmission System. For example, Section 32.3.3.4 of Attachment Z currently affords a Small Generating Facility the opportunity to forego the Small Generator SIS if the Feasibility Study showed no potential for adverse system impacts and potentially to forego a Small Generator Facilities Study if no additional facilities are required.

[24] *See generally* Attachment X, Section 30.10.

[25] *See* Attachment X, Section 30.10.1 and Section 30.14 Appx. 5. Certain Small Generating Facilities are also required to participate in the Class Year Study, while other Small Generating Facilities may elect to participate in a Class Year Study. *See* Attachment Z, Section 32.3.5.3.

[26] *See New York Indep. Sys. Operator, Inc.*, Proposed Tariff Revisions Regarding its Large Facility Interconnection Provisions and Request for Waiver of Notice Period, Docket No. ER08-1272-000, at pp 7-8 (July 15, 2008) (proposing revisions to the LFIP to establish certain procedures to circulate and execute interconnection study agreements to improve administrative efficiency and expedite the study process).

i. Consolidation of the Agreements for the Preliminary Interconnection Studies

First, the NYISO proposes to revise Attachments X and Z to relocate the terms and conditions of the Preliminary Interconnection Studies into an attachment to the Interconnection Request form that sets forth the terms and conditions of the studies.[27] This allows the NYISO to eliminate the use of separate, three-party agreements for the Preliminary Interconnection Studies.[28] The Developer will agree to the terms and conditions at the time it submits the Interconnection Request.[29] The terms and conditions for the Preliminary Interconnection Studies will be subject to the study scopes for each applicable study developed following the Scoping Meeting and finalized after the Connecting Transmission Owner(s), Affected Transmission Owner(s) and the Developer have an opportunity for review and comment. The NYISO will continue to provide a good faith estimate of the cost and timeframe to complete the interconnection study at the appropriate time preceding each study, which includes the applicable rates of the NYISO and/or Connecting Transmission Owner(s) that will serve as the basis to calculate the actual costs of the studies.[30]

The Commission has approved a similar streamlined approach for the Midcontinent Independent System Operator, Inc., which uses a single agreement attached to its Interconnection Request form that covers its interconnection feasibility study, interconnection system impact

[27] *See* Proposed Attachment X, Section 30.14 Attachment B to Appx. 1.

[28] *See generally*, Proposed Attachment X, Section 30.14; Proposed Attachment Z, Section 32.5. Due to the degree in which the milestones and procedural steps for the Class Year Study are connected with the Class Year Study Agreement, stakeholders have requested and the NYISO proposes to continue requiring all three parties—the NYISO, Connecting Transmission Owner(s), and the Developer—to execute the Class Year Study and the Small Generator Facilities Study, as applicable. Moreover, the Class Year Study and the Small Generator Facilities Study are the most comprehensive studies in the interconnection process and produce the binding cost estimates. As a result, the NYISO proposes that the agreements for those studies should remain three-party study agreements.

[29] While the Connecting Transmission Owner(s) will not be a signatory to the terms and conditions of the attached to the Interconnection Request, the NYISO will continue its current practice of maintaining a Technical Services Agreement for Interconnection Studies ("Technical Services Agreement") with each Transmission Owner in the New York Control Area in accordance with Section 30.13 of Attachment X. The Technical Services Agreement provides that a Transmission Owner may perform certain technical services to assist the NYISO in performing Interconnection Studies under Attachments X and Z, and the specific services in connection with a particular Interconnection Study will be further described in a Study Work Agreement. The Technical Services Agreement further provides, among other things, the standard of services to be rendered, coordination of work, and reimbursement of the Connecting Transmission Owner's services and expenses by the NYISO. Moreover, the NYISO will remain obligated to charge the Developer the actual costs of the Interconnection Studies incurred by the NYISO and Transmission Owner and collect and distribute to the Transmission Owner its portion. *See* Attachment X, Section 30.13.1. The proposed revisions eliminating the agreements for the Preliminary Interconnection Studies will not result in the Connecting Transmission Owner(s) being any less responsible for the conduct of the Preliminary Interconnection Studies.

[30] By including the rates for the NYISO and applicable Connecting Transmission Owner(s) at the time of the good faith estimate of the cost for completing the study, the NYISO can provide the Developer with the most up-to-date rates at the time that the particular study is scheduled to commence.

study and interconnection facilities study.[31] Since the majority of the provisions in the study agreements for the Preliminary Interconnection Studies are *pro forma* language, the specific provisions are easily transitioned to terms and conditions that the Developer can agree to at the time it submits an Interconnection Request.

The primary benefit of the consolidation of the agreements for the Preliminary Interconnection Studies into terms and conditions attached to the Interconnection Request form is that the NYISO can begin preparatory work for the Preliminary Interconnection Studies in parallel with the Scoping Meeting, the finalization of the study scope and the execution of the Study Work Agreement[32] with the applicable Connecting Transmission Owner(s) or other agreement with a consultant, if one is engaged by the NYISO to assist with the particular study. Once the study scope is agreed to by the Connecting Transmission Owner(s) and approved by the Operating Committee, as applicable, the parties can commence the study.

ii. Modifications to the Processing of Preliminary Interconnection Studies to Account for Elimination of Separate Study Agreements

The second set of modifications under this proposal involves the manner in which Preliminary Interconnection Studies will be processed to account for elimination of the separate study agreements. The NYISO's interconnection processes currently use the execution of the three-party study agreements as the milestones for the timing of various tasks in connection with the studies. With the elimination of the agreements for the Preliminary Interconnection Studies and consolidation of the terms and conditions into an attachment to the Interconnection Request form, the NYISO proposes to revise the procedural milestones and include explicit provisions in the tariff to specify the obligations and their associated timing. This will increase transparency but, more importantly, efficiencies in the processing of Interconnection Studies.

The general timeline for the Preliminary Interconnection Studies is proposed as follows:

- Within five Business Days of the Scoping Meeting or completion of the Optional Feasibility Study,[33] the Developer provides notice to the NYISO (*i.e.*, "5-day letter") as to whether it intends to move forward with a particular study. The 5-day letter

[31] *See generally*, Attachment B to Appendix 1 of Attachment X to the Midcontinent Independent System Operator's Open Access Transmission Tariff. As a part of Midwest Independent Transmission System Operator, Inc.'s 2008 queue reform initiative, the Commission accepted Attachment B to MISO's Interconnection Agreement (Appendix 1 to Attachment X), which consolidated the various study agreements into one agreement. *See Midwest Independent Transmission System Operator, Inc.*, 124 FERC ¶ 61,183 (2008), *order on reh'g* 127 FERC ¶ 61,294 (2008); *Midwest Independent Transmission System Operator, Inc.*, Tariff Filing Regarding Interconnection Queuing Practices, Docket No. ER08-1169-000 (June 26, 2008).

[32] *See* n. 29.

[33] As more fully detailed in Section IV.A.4, *infra*, the NYISO proposes to revise the Feasibility Study under Attachments X and Z, respectively, to make it optional at the election of the Developer and to correspondingly rename it as "Optional Interconnection Feasibility Study" and "optional feasibility study." *See* Proposed Attachment X, Section 30.6.1; Proposed Attachment Z, Section 32.3.3.

precedes the commencement of each study and confirms the Point(s) of Interconnection for the proposed facility.

- The study scope for the applicable Preliminary Interconnection Study is developed, as detailed further below, in parallel with other preparatory study tasks.

- The NYISO then notifies (via email) the Developer and the Connecting Transmission Owner(s) of the good faith estimate of the cost and timeframe for completing the study, which will be based on the analyses contained in the study scopes.

- Within 15 Business Days of receipt of the NYISO's notice of the good faith estimate of the cost and timeframe for completing the study, the Developer must submit the required study deposit, required technical data, and other study-specific information, as applicable.

- Following the receipt of the study deposit and confirmation that the required technical data is complete, the NYISO notifies (via email) the parties that the study has commenced and posts the study's commencement date on the Interconnection Queue.

As detailed above, the elimination of the individual study agreements allows the Developer to move expeditiously from one study to the next without the administrative burdens of executing a new agreement. Only when a proposed facility is ready to be studied under the Class Year Study or Small Generator Facilities Study will the NYISO, Connecting Transmission Owner(s) and a Developer have to execute a separate study agreement. However, the additional time surrounding execution of such study agreements is more appropriate because both the Class Year Study and Small Generator Facilities Study require more significant study deposits and more detailed technical data required for the binding cost estimates produced by such studies.

The NYISO also proposes to enhance its process of circulating the study scope to Developers, Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable, under both the LFIP and SGIP. Following the Developer's election to proceed with one of the Preliminary Interconnection Studies, the NYISO will provide a draft scope to the Developer and Connecting Transmission Owner(s) for review and comment. To ensure that the study scope encompasses the necessary analyses to reasonably evaluate the proposed facility's interconnection, the Connecting Transmission Owner(s) will indicate its agreement by signing the study scope before the study may commence or, if required, the scope may proceed to the NYISO's Transmission Planning Advisory Subcommittee ("TPAS") for review. To the extent known, the NYISO will also (i) include Affected Transmission Owners with facilities that may be significantly affected by the proposed interconnection on all communications,[34] (ii) invite

[34] "Affected Transmission Owner" is defined as "the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, SUFs, or Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment Z, or Attachment S to the NYISO OATT." Attachment X, Section 30.1; Attachment Z, Section 32.5 Appx. 1.

such Affected Transmission Owners to all meetings regarding the project, and (iii) afford the Affected Transmission Owners the opportunity to review and comment on all study scopes and study report drafts.[35] The NYISO would also include appropriate analyses identified by such Affected Transmission Owner(s) for the proposed interconnection to the extent such studies are reasonably justified in accordance with Good Utility Practice and local reliability criteria.

iii. Revisions the Procedural Steps in Executing the Facilities Study Agreements under Attachments X and Z

In addition to the proposed revisions related to the Preliminary Interconnection Studies, the NYISO proposes revisions to the processing of Class Year Study Agreements under Attachment X and Small Generator Facilities Study agreements under Attachment Z. Currently, the NYISO tenders a Class Year Study Agreement for Large Facilities as soon as practicable after the Class Year Start Date or at an earlier time upon the request of the Developer, and the Developer has 30 Calendar Days to execute and return it.[36] For Small Generating Facilities, the Small Generator Facilities Study agreement is tendered along with the Small Generator SIS report or within five Business Days of the determination that a Small Generator SIS is not necessary. The Developer then has 30 Business Days to execute and return it.[37] Under the LFIP, the NYISO and Connecting Transmission Owner(s) have 10 Business Days to execute after receipt of the executed agreement and technical data from the Developer.[38]

The NYISO proposes to align the deadlines for Developers to execute the Class Year Interconnection Facility Agreement and the facilities study agreement under Attachments X and Z by making it 30 Calendar Days for both. The NYISO and Connecting Transmission Owner will continue to have 10 Business Days to execute after receipt of the executed agreement from the Developer, the required deposit, and sufficient technical data. The NYISO proposes to specifically include in the SGIP that the NYISO and Connecting Transmission Owner(s) will similarly have 10 Business Days after receipt from the Developer to execute the Small Generator Facilities Study agreement. As set forth in detail in Section IV.D.9 herein, the NYISO further proposes that a Developer's failure to execute a Class Year Study Agreement or submit any required Class Year deposit will be a non-curable deficiency.

Below is a description of the specific tariff amendments necessary to implement this proposal.

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[35] While the NYISO is currently required under Section 30.3.5 of Attachment X and Section 32.4.10 of Attachment Z to coordinate with Affected Systems, the NYISO and stakeholders identified certain Affected Transmission Owners in the New York Control Area with facilities that are electrically adjacent to a Point of Interconnection and have design criteria, operational criteria, or other local planning criteria applicable to substations connected with the proposed interconnection that should be afforded greater involvement in determining the necessary analyses to be performed to ensure that the interconnection is feasibly and/or will not impact the reliability of the system.

[36] Attachment X, Section 30.8.1.

[37] Attachment Z, Section 32.3.5.1.

[38] Attachment X, Section 30.8.1.

b. Description of Specific Tariff Revisions

i. Consolidation of the Agreements for the Preliminary Interconnection Studies

The NYISO proposes to eliminate the three-party study agreements for the Feasibility Study Agreement, the SRIS and the Optional System Reliability Impact Study ("Optional SRIS") under Attachment X and to consolidate those terms into the proposed Attachment A to Appendix 1 – LFIP Interconnection Request. Proposed Attachment A is entitled "Terms and Conditions of Interconnection Study(ies)" and contains the terms and conditions covering the Optional Feasibility Study, the SRIS and/or Optional SRIS. The Developer is afforded the opportunity to elect which studies it wishes to be performed, to the extent permitted by the LFIP, following the input received at the Scoping Meeting.

Within the terms and conditions, the NYISO proposes that the scopes developed for each study shall be subject to the assumptions developed among the parties at the scoping meeting and approved by the Operating Committee, as applicable. This allows the parties to develop the scopes as the parties provide input and to the extent study results are available from earlier interconnection studies. Article 5.0 of proposed Attachment A addresses the Optional Feasibility Study, as proposed in Section IV.A.2 below. Article 6.0 includes the terms of conducting the SRIS, while Article 7.0 addresses the Optional SRIS. Attachment A also contains the provisions governing the deposits, billing of actual costs, and miscellaneous provisions currently in the LFIP study agreements with minor conforming revisions to the new structure of the Preliminary Interconnection Studies.

The NYISO further proposes to make similar revisions to the SGIP under Attachment Z. Specifically, the Feasibility Study agreement and the Small Generator SIS agreement will be deleted from Section 32.5 of Attachment Z, and the terms and conditions will instead be consolidated into proposed Attachment A to Appendix 2 of Attachment Z—Small Generator Interconnection Request. With regard to the terms and conditions in Attachment A for the Small Generator Request, the NYISO proposes to update the "Miscellaneous" provisions under Article 10.0 to be more closely aligned with those contained in the LFIP, with slight modifications to account for the differences related to the SGIP.

ii. Modifications to the Processing of Preliminary Interconnection Studies to Account for the Elimination of Separate Study Agreements

With the consolidation of the agreements for the Preliminary Interconnection Studies into the terms and conditions attached to the Interconnection Request forms, the NYISO proposes additional revisions related to the general processing of the applicable studies. Throughout Attachments X and Z, the NYISO proposes to remove references to the study agreements for the Preliminary Interconnection Studies. In place of using the execution of the agreements for the Preliminary Interconnection Studies to signify the start of certain deadlines, the parties would use specific time periods built off of the Scoping Meeting, distribution of the final study reports, and other notices from the NYISO proposed herein. The NYISO proposes the following specific revisions:

- Revisions to Section 30.6.1 of Attachment X require a Developer to notify the NYISO within five Business Days of the Scoping Meeting as to whether it wishes to proceed with the Optional Feasibility Study.[39] Identical revisions are proposed for Section 32.3.2.2 under Attachment Z for the optional feasibility study for Small Generating Facilities.

- Revisions to Section 30.6.1 of Attachment X add procedural steps and associated timing requirements for the processing of an Optional Feasibility Study. Specifically, proposed Section 30.6.1 requires the NYISO to provide the Developer and the Connecting Transmission Owner(s) with a "good faith estimate of the cost and timeframe" for completing the Optional Feasibility Study following the Developer's notice of election. The Developer will then have 15 Business Days after receipt of the good faith estimate of the study costs and timeframe to provide the required deposit and technical data requested by the NYISO.[40] Once the NYISO receives the required deposit and the required technical data is sufficient, the NYISO will notify the parties that the study has commenced. Similar revisions governing the timing of the procedural steps for the optional feasibility study for Small Generating Facilities are proposed in Sections 32.3.2.3 and 32.3.3.2 of Attachment Z.

- Revisions to Section 30.6.1 of Attachment X and Section 32.3.2.3 of Attachment Z add cure periods and consequences for a Developer's failure to meet the applicable deadlines for the study. Specifically, if a Developer fails to provide all the necessary technical data, the Developer has 10 Business Days following the NYISO's notification of the deficiency to provide the requested technical data. If the Developer fails to provide the required study deposit within the 15-day deadline or fails to cure the deficiency in its technical data following the NYISO's notice, the Interconnection Request is subject to withdrawal. The 10-day cure period does not apply to a Developer's failure to submit the required deposit.

- Revisions to Section 30.6.2 of Attachment X add the requirement that the NYISO shall provide the scope of the Optional Feasibility Study, consistent with the Developer's election, to the Developer and Connecting Transmission Owner for review and comment. Proposed Section 30.6.2 also provides that once the scope is finalized, the NYISO will provide it to the Developer and Connecting Transmission Owner, and the Connecting Transmission Owner shall indicate its agreement by signing and promptly returning it to the NYISO. Notably, the Connecting Transmission Owner may not unreasonably withhold its agreement to the scope. Similar revisions governing the timing of the procedural steps for the optional

[39] The proposed revisions related to the Optional Feasibility Study are discussed in more detail in Section IV.A.4, *infra.*

[40] The NYISO also proposes to make a conforming revision to Sections 30.3.1 and 30.3.3 of Attachment X to remove the current requirement that a Developer provide with its Interconnection Request a refundable study deposit of $30,000 for the Feasibility Study. By requiring the Developer of a Large Facility to submit the deposit following the good faith estimate of the cost, the deposit is more closely tailored to the particular study and the deposit remains refundable less the actual costs incurred during the study.

feasibility study for Small Generating Facilities are proposed in Sections 32.3.3.3 of Attachment Z.

- Revisions to Section 30.6.3.1 to Attachment X clarify the procedures for reviewing the Optional Feasibility Study report, whereby the NYISO shall provide the draft report to the Connecting Transmission Owner(s), Affected Transmission Owner(s), and the Developer, which then have 15 Business Days to return their comments.[41] Similar revisions are proposed for Section 32.3.3.5 of Attachment Z.

- Revisions to Section 30.7.1 of Attachment X specify that within five Business Days of either the delivery of the final Optional Interconnection Feasibility Report to the Developer or the Scoping Meeting (if the Developer elects to forego the Optional Feasibility Study), the Developer must advise the NYISO whether it elects to proceed with the SRIS. If the Developer elects, the NYISO will "as soon as practicable" provide a good faith estimate of the cost and timeframe for completing the SRIS. Nearly identical language is proposed for Section 32.3.4.1 of Attachment Z to apply the same requirement for the Small Generator SIS. However, since the SGIP allows a Developer to forego a Small Generator SIS and Small Generator facilities study under certain circumstances, revisions to Section 32.3.3.6 of Attachment Z specify that within five Business Days of completing the optional Feasibility Study, the NYISO shall tender (a) the Small Generator Facilities Study agreement, along with a proposed scope and a good faith estimate of the cost and timeframe for performing the study, or (b) a draft small generator interconnection agreement ("SGIA") to the Developer and Connecting Transmission Owner(s) if the parties agree to forego the Small Generator SIS.

- Revisions to Section 30.7.2 of Attachment X add the procedural requirements for a Developer to provide the necessary deposits and information for the SRIS. Specifically, proposed Section 30.7.2 requires a Developer to provide: (i) demonstration of site control (if not already provided), (ii) the required deposit for the SRIS, and (iii) the technical data requested by the NYISO no later than 15 Business Days after the NYISO provides notice of the good faith estimate of the cost and timeframe for completing the SRIS. Similar revisions to Sections 32.3.4.3 add an identical requirement for the Small Generator SIS under the SGIP, with the slight difference that Small Generating Facilities do not have the ability to wait until the Small Generator SIS to provide a demonstration of Site Control.[42]

- Revisions to Sections 30.7.2.1 and 30.7.2.2 of Attachment X provide the enforcement mechanism in the event that a Developer fails to meet its deadline and procedural requirements for the SRIS. Specifically, if the Developer fails to provide the required

[41] The NYISO proposes to retain the requirement in the LFIP that within 10 Business Days of providing the report to the Developer, the parties will meet to discuss the results but clarify that the version of the report that starts the time period is the final draft study report.

[42] S*ee* Attachment Z, Section 32.1.5 (requiring demonstration of Site Control at the time of the Interconnection Request).

deposit within the 15 Business Days of the good faith estimate of the cost and timeframe for completing the SRIS, the Interconnection Request will be subject to withdrawal.[43] If the Developer fails to provide the required technical data, revisions to Section 30.7.2.2 provide the Developer 10 Business Days from the receipt of the deficiency notice to cure the technical deficiencies without the Interconnection Request being withdrawn from the queue. Similar revisions are proposed for Section 32.3.4.4 of Attachment Z for projects commencing a Small Generator SIS.

- Revisions to Section 30.7.3 of Attachment X add the requirement that the NYISO shall provide the scope of the SRIS to the Developer and Connecting Transmission Owner(s) for review and comment. Proposed Section 30.6.2 also provides that once the scope is finalized, the NYISO will provide it to the Developer and Connecting Transmission Owner(s), and the Connecting Transmission Owner(s) shall indicate its agreement by signing it and promptly returning it to the NYISO. Similar to the Optional Feasibility Study, the Connecting Transmission Owner(s) may not unreasonably withhold its agreement to the scope. Similar revisions governing the timing of the procedural steps developing the scope for the Small Generator SIS are proposed for Section 32.3.4.5 of Attachment Z.

- Revisions to Section 30.7.5 of Attachment X specify the procedures for reviewing the SRIS report, whereby the NYISO shall provide the draft report to the Connecting Transmission Owner(s), Affected Transmission Owner(s) and the Developer, and they have 15 Business Days to return their comments.[44] Similar revisions are proposed for Section 32.3.4.8 of Attachment Z.

- Revisions to Section 30.10 of Attachment X first include a change to the name of the study to be an "Optional Interconnection System Reliability Impact Study" to avoid confusion with the newly proposed Optional Feasibility Study under Section IV.A.3 of this filing letter. The NYISO proposes this change in various subsections of Section 30.10 and throughout Attachment X, in addition to replacing references to the agreement with references to the study scope. Second, the revisions to Section 30.10.1 specify that within five Business Days of a Developer's election for an Optional SRIS with accompanying assumptions, the NYISO shall provide a good faith estimate of the cost and timeframe for completing the study. Third, the revisions to Section 30.10.1 provide that the required technical data and deposit must be submitted within 15 Business Days following the NYISO's notice containing the good faith estimate of the cost and timeframe for completing the study.

- Revisions to Section 30.10.2 of Attachment X add the requirement that the NYISO shall provide the scope of the Optional SRIS to the Developer and Connecting

[43] Proposed Section 30.7.2.2 of Attachment X explicitly provides that a Developer's failure to submit the study deposit within the allotted timeframe is a non-curable default.

[44] The NYISO proposes to retain the requirement in the LFIP that within 10 Business Days of providing the report to the Developer, the parties will meet to discuss the results but clarify that the version of the report that starts the applicable time period is the final draft study report.

Transmission Owner(s) for review and comment. Proposed Section 30.10.2 also provides that once the scope is finalized, the NYISO will provide it to the Developer and Connecting Transmission Owner(s), and the Connecting Transmission Owner(s) shall indicate its agreement by signing it and promptly returning it to the NYISO. As with the proposed revisions to the other Preliminary Interconnection Studies with regard to the study scope, the Connecting Transmission Owner(s) may not unreasonably withhold its agreement to the scope.

- As proposed for the other Preliminary Interconnection Studies, revisions to Section 30.10.3 of Attachment X provide the enforcement mechanism for the procedural requirements of the Optional SRIS. Specifically, if the Developer fails to provide the required deposit within the 15 Business Days of the good faith estimate of the cost and timeframe for completing the study, the Interconnection Request will be subject to withdrawal. If the Developer fails to provide the required technical data, revisions to Section 30.10.3 provide the Developer 10 Business Days from the receipt of the deficiency notice to cure the technical deficiencies without the Interconnection Request being withdrawn from the queue.

- Due to the ability of a Small Generating Facility to forego certain Preliminary Interconnection Studies under the SGIP, revisions to Sections 32.3.5.1 and 32.3.5.2 of Attachment Z conform the procedural milestones for executing the Small Generator Facilities Study agreement with the changes related to consolidating the terms and conditions into the Interconnection Request form. Specifically, as soon as practicable after the NYISO provides the final Small Generator SIS report or after the determination that the Small Generator SIS is waived, the NYISO will tender a Small Generator Facilities Study agreement to the Developer and Connecting Transmission Owner(s).

The NYISO also proposes specific tariff revisions related to the involvement of Affected Transmission Owners in the interconnection study process as follows:

- Revisions to Section 30.3.5 of Attachment X clarify the involvement of Affected Systems and add specific obligations related to Affected Transmission Owner(s). Specifically, the NYISO will coordinate studies with Affected System Operators for those Affected Systems that may be impacted, as soon as they are identified by the NYISO, the Connecting Transmission Owner(s), the Affected System Operator(s), or a member of the TPAS or Operating Committee. The revisions also add the requirement that a particular analysis be performed in an interconnection study if requested by an Affected Transmission Owner provided, however, that the analysis is "reasonably justified in accordance with Good Utility Practice." Nearly identical revisions are proposed to Section 30.4.10 of Attachment Z for Small Generating Facilities.

- Further revisions to Section 30.3.5 of Attachment X add an additional requirement for the NYISO to provide certain Affected Transmission Owner(s) with the opportunity to review and provide comments on all study scopes, and such Affected Transmission

Owner(s), to the extent known by the NYISO, must be on all communications and invited to all meetings where the project is discussed and involve the NYISO, Connecting Transmission Owner(s) and the Developer. The Affected Transmission Owner(s) would be those Transmission Owner(s) that have facilities adjacent to the Point of Interconnection and that have design criteria or other local planning criteria applicable to either "(1) the substation to which the Developer proposes to interconnect; or (2) the substation that will be required to be built to accommodate the interconnection." Identical revisions are proposed to Section 30.4.10 of Attachment Z for Small Generating Facilities.

iii. Revisions to the Procedural Steps in Executing the Facilities Study Agreements under Attachments X and Z

The NYISO proposes to revise Section 32.3.5.2 of Attachment Z to align the time that a Developer has to execute and return the Small Generator Facilities Study agreement to the NYISO by changing the 30 Business Days to 30 Calendar Days. This will align the Developer's execution deadline for the Small Generator Facilities Study with the deadline for Large Facilities under the Class Year Interconnection Facilities Study.[45] The NYISO further proposes to clarify in the SGIP that a Developer must provide the required technical data and the required deposit for the facilities study at the time it forwards the executed agreement,[46] and that the deposit shall equal the non-binding good faith estimate of the cost to perform the Small Generator Facilities Study. Consistent with the LFIP, the NYISO proposes to require both the NYISO and the Connecting Transmission Owner(s) to execute the Class Year Study Agreement or the Small Generator Facilities Study agreement within 10 Business Days after the NYISO confirms receipt of the executed agreement, the study deposit, and the required technical data.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.1 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). To implement this proposal, the NYISO proposes that all new Interconnection Requests on or after the effective date of these revisions will be subject to the new rules and new Interconnection Request form. For existing Interconnection Requests where the Developer, Connecting Transmission Owner(s) and the NYISO have executed an SRIS Agreement under Attachment X or a Small Generator SIS agreement under Attachment Z, those facilities will complete the respective study under the existing tariff provisions.[47] For existing Interconnection Requests that have an executed Feasibility Study Agreement or feasibility study agreement, the Developer will complete the study and then be required to submit a revised Interconnection Request form without losing its project's queue position or being required to have another

[45] *See* Attachment X, Section 30.8.1.

[46] S*ee* Attachment X, Section 30.8.1 (providing that a Developer must submit the required technical data and study deposit, among other things, at the time it returns the executed Class Year Interconnection Facilities Study Agreement).

[47] To the extent that a Developer also has an executed Optional SRIS Agreement for a Large Facility, the Developer will be required to complete the SRIS and the Optional SRIS under the existing terms.

Scoping Meeting or to restudy the facility in the Feasibility Study or feasibility study. Lastly, for existing Interconnection Requests that have only been tendered an unexecuted Feasibility Study Agreement or Feasibility Study agreement, as applicable, the Developer may choose to proceed with the study based upon the tendered agreement or submit a revised Interconnection Request form without the project losing its queue position; however, if a Developer elects to proceed with a Feasibility Study under the tendered agreement, the Developer must submit a revised Interconnection Request form before proceeding to an SRIS or Small Generator SIS.

2. Expedited Review of Studies

a. Overview

In the NYISO's interconnection process, the studies that require Operating Committee approval include: (i) the SRIS under Attachment X,[48] (ii) System Impact Studies under Section 3.7 of the OATT,[49] (iii) System Impact Studies under Section 3.9 of the OATT,[50] and (iv) Transmission Service Studies under Section 4.5 of the OATT.[51] However, there is currently no requirement in the tariff that the Developer of a facility being studied under one of the aforementioned studies must bring the completed study to the TPAS and, thereafter, the Operating Committee for review and approval within a specified period of time. The NYISO proposes to require that all System Impact Study reports and SRIS reports move forward within a specified period, as discussed below.

Presently, only Attachment X prescribes a requirement for a Developer with a completed SRIS to move that study along the interconnection process. Specifically, Large Facilities must enter a Class Year within three Class Year Start Dates following approval of the SRIS by the Operating Committee.[52] However, this requirement would not begin until the Operating Committee approves the SRIS, leaving the potential that a final draft study report could remain pending without moving forward to the TPAS or Operating Committee for an undefined period of time.

Stakeholders have expressed significant concerns about the potential for a Developer to delay in bringing a final draft SRIS report to the TPAS and then to the Operating Committee for approval. Specifically, they claim that the modeling assumptions, analyses and study conclusions become stale based on changes in the system or technological advances in the equipment. In the absence of a requirement in the tariff, the NYISO cannot force a Developer to bring a final draft study report to the TPAS or Operating Committee. This proposal requires those interconnection studies that need Operating Committee approval to promptly move to the

[48] *See* Attachment X, Section 30.7.4.

[49] *See* Section 3.7.3.2.2 of the OATT.

[50] *See generally*, Section 3.9 of the OATT.

[51] *See* Section 4.5.3.2.2 of the OATT.

[52] *See* Attachment S, Section 25.6.2.3.4.2.

TPAS and Operating Committee once the studies are completed.[53] This would alleviate the stakeholders' concerns that the results of an SRIS could be stale and not adequately address reliability impacts of the proposed interconnection.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Sections 3.7, 3.9 and 4.5 of the OATT and Attachment X to require that all System Impact Study reports and SRIS reports move forward to the TPAS within three months of the NYISO issuing a final draft study report. If the TPAS does not recommend any revisions or supplements, the draft report is required to go to the next meeting of the Operating Committee for review and approval. Should TPAS recommend revisions or supplements, the revised draft report must go to the next meeting of the TPAS and proceed to the next Operating Committee meeting for review and approval.

The proposed revisions also add an enforcement mechanism whereby the Study Request or Interconnection Request will be withdrawn for failing to meet the required timeframe for bringing a final draft study report to the TPAS and Operating Committee. This enforcement mechanism is necessary and reasonable to ensure compliance with the proposed obligations and also to provide an efficient means to handle stalled studies in the interconnection process.

The NYISO also proposes conforming and clarifying language in Attachment X that the final SRIS report is required to be approved by the Operating Committee following review by the TPAS. This is currently the practice of the NYISO, and this language in proposed Section 30.7.5 of Attachment X clarifies this requirement.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.2 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). To implement this proposal, the NYISO will apply it to System Impact Study reports completed under Sections 3.7, 3.9and 4.5 of the OATT and to SRIS reports completed under Attachment X going forward from the effective date. For those System Impact Study reports and SRIS reports that have been completed prior to or on the effective date of these revisions, Developers of such projects will have three months from such effective date accepting the proposed revisions to bring the final study report to the Operating Committee for approval.

[53] The SGIP does not require the completed Small Generator SIS for a proposed Small Generating Facility to be approved by the OC. *See generally*, Attachment Z to the OATT.

3. Clarification and Reinforcement of Parties' Roles and Responsibilities in the Interconnection Process

a. Overview

The NYISO has continually strived to establish reasonable, achievable expectations, to increase communication, and to require accountability from the parties involved in the interconnection processes.[54] Based on recent feedback from stakeholders, and in the NYISO's experience, the interconnection processes under Attachments X and Z would benefit from further clarification and reinforcement of the roles and responsibilities of all parties involved in the process.

As a result, the NYISO proposes to further clarify the purpose of the Scoping Meeting in order to detail each party's responsibility in the applicable interconnection procedures. The NYISO also proposes to clarify other provisions under Attachments X and Z to: (i) require Developers and Connecting Transmission Owners to provide data as requested by the NYISO during the study, (ii) require Connecting Transmission Owners and Affected Transmission Owners to review and comment on contingency lists, one-line diagrams, and study reports, as applicable, and (iii) require Connecting Transmission Owners and Affected Transmission Owners to provide input concerning proposed Point(s) of Interconnection and configuration for proposed projects.

These proposed revisions, in particular, are aimed at assisting Developers that are new to the NYISO's interconnection process in navigating the process by more explicitly setting forth each party's roles and obligations in the process. In addition, the proposed revisions would provide helpful reminders to parties that are frequent participants in the NYISO's interconnection processes and inform them of changes in the tariff from the last time they participated. By setting realistic expectations for each party and increasing the communication among the parties, the NYISO would increase the transparency of and gain efficiencies in processing Interconnection Requests and studying proposed interconnections.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes the following:

- Revision to Section 30.3.3.4 of Attachment X specifies that one of the purposes of the Scoping Meeting is to reinforce the roles and responsibilities of all parties in the interconnection process.

[54] The NYISO recently updated its Transmission Expansion and Interconnection Manual to further clarify and establish the expectations and accountability of the parties in the interconnection processes.

- Revisions to Sections 30.3.1 and 30.3.3.4 of Attachment X add the requirement that the Connecting Transmission Owner(s) and Affected Transmission Owner(s) are responsible for providing input regarding the proposed Point(s) of Interconnection and configurations during the Scoping Meeting, the Optional Feasibility Study, SRIS and Class Year Study, as applicable. Nearly identical revisions were made to Sections 31.3.2.2 of Attachment Z for the Scoping Meeting, the optional feasibility study, Small Generator SIS and facilities study under the SGIP.

- Revisions to Sections 30.6.3, 30.7.3 and 30.8.3 of Attachment X add the requirement that Developers and Connecting Transmission Owners must provide additional information, which the NYISO requests, that may "reasonably become necessary consistent with Good Utility Practice" for the Optional Feasibility Study, SRIS, and Class Year Study under the LFIP. Sections 32.3.3.4, 32.3.4.6 and 32.3.5.6 of Attachment Z add identical requirements in the SGIP.

- Revision to Section 32.1.1.4 of Attachment Z adds the requirement for a Transmission Owner to provide necessary information to the NYISO in order to provide a preliminary determination as to whether a proposed interconnection for a Small Generating Facility is subject to the NYISO's interconnection procedures.[55] In many cases, the Transmission Owner is the principal, or in some cases, the only, party with the necessary information for the NYISO to make such a determination; however, the current tariff does not explicitly require the Transmission Owner to provide such information upon the NYISO's request. This revision provides such an explicit requirement.

- Revision to Section 30.7.5 of Attachment X adds the requirement that any Connecting Transmission Owner, Affected Transmission Owner and Developer must review and provide comments to the NYISO within 15 Business Days of receiving the draft SRIS report. Identical revisions were made to Section 32.3.3.5 of Attachment Z to have the same requirement for the optional feasibility study, the Small Generator SIS and the facilities study in the SGIP.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.3 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017).

4. Optional Feasibility Study

a. Overview

Attachments X and Z prescribe the studies that are required to be performed before a facility can reliably interconnect to the New York State Transmission System. Unless waived by

[55] *See* Attachment Z, Section 32.1.1.4.

all of the parties (*i.e.*, the NYISO, Connecting Transmission Owner(s) and Developer), all Large Facilities and Small Generating Facilities are required to undergo a Feasibility Study before progressing to an SRIS or a Small Generator SIS, as applicable.[56] The NYISO proposes to make the Feasibility Study optional at a Developer's election.

A Feasibility Study provides the NYISO, Connecting Transmission Owner(s) and Developer with a high-level evaluation of the configuration and local system impacts of the proposed facility—*i.e.*, whether the proposed interconnection is "feasible."[57] The Feasibility Study typically involves: (i) designing how the project will connect to the existing transmission system; (ii) identification of "fatal flaws" in the preliminary engineering, mechanical, and geographical feasibilities; and (iii) thermal, voltage and short circuit analyses that indicate potential adverse impacts from the facility interconnecting to the system.

Developers require varying levels of analysis depending on the specific proposed facility, the complexities of the system to which they propose to interconnect the facility, and their experience with the New York State Transmission System. For experienced Developers or Developers that have engaged a consultant to help develop the proposed facility's configuration, a Feasibility Study is typically not needed. Yet, even for such Developers, the Feasibility Study can currently only be waived upon mutual agreement of the NYISO, Connecting Transmission Owner and Developer.[58] While a Feasibility Study provides preliminary information related to the interconnection of a proposed facility, the analyses performed thereunder can be seamlessly folded into the SRIS or Small Generator SIS, as applicable, as an initial stage evaluation without the need to develop separate scopes or study reports.[59]

The NYISO proposes to continue to perform the Feasibility Study under Attachment X and the feasibility study under Attachment Z but to make these studies optional at the Developer's sole election. In the case where a Developer elects to forego the Feasibility Study, the NYISO proposes to conduct the required feasibility analysis in the SRIS or Small Generator SIS as an initial analysis. The Developer still has the option to conduct a separate Feasibility Study for those projects that may benefit from help in their design or identify a fatal flaw in the proposed design before moving onto the SRIS or Small Generator SIS. Thus, these proposed revisions afford greater optionality to the Developer and potential to expedite the study process through reduced unnecessary administrative steps for those projects foregoing the Feasibility

[56] *See* Attachment X, Sections 30.6.1 and 30.7.1.

[57] *See* Attachment X, Section 30.6.2.

[58] Attachment X, Section 30.6.1 ("If the NYISO, Connecting Transmission Owner and Developer agree to forego the Interconnection Feasibility Study, the NYISO will initiate an Interconnection System Reliability Impact Study under Section 30.7 of these Large Facility Interconnection Procedures and apply the $30,000 deposit provided with the Interconnection Request, towards the Interconnection System Reliability Impact Study.").

[59] The NYISO proposed a similar approach in its Transmission Interconnection Process as a part of its March 22, 2017 compliance filing under Order No. 1000, wherein if a Transmission Developer chooses to skip the Optional Feasibility Study, the NYISO and Connecting Transmission Owner will evaluate the facility's proposed interconnection design as an "initial stage of the System Impact Study." *New York Indep. Sys. Operator, Inc.*, Compliance Filing, ER13-102-007, at pp 15-16 (March 22, 2016) ("March 22 Filing") (proposing Attachment P, Section 22.8.3).

Studies. The requirement that all proposed projects be analyzed for feasibility either at the Feasibility Study stage or the Small Generator SIS phase guarantees that the NYISO and the Connecting Transmission Owner will perform all essential evaluations to ensure the project's reliable interconnection to the New York State Transmission System. With the Developer making the election to waive the Feasibility Studies, this proposal appropriately apportions the risk of delays and costs to the Developer should its project have a fatal flaw that requires restudy during the SRIS or Small Generator SIS for all or portions of those studies.

To further promote efficiencies in the study process and add flexibility for proposed projects, the NYISO also proposes to revise the scope of the Optional Feasibility Study under Attachment X and the optional feasibility study under Attachment Z (each referenced herein as "Optional Feasibility Study") to afford two levels of analysis. Both levels evaluate the feasibility of a proposed project's interconnection to the system. The Developer will be able to choose, based on the input from the NYISO and Connecting Transmission Owner(s) during the Scoping Meeting, which level of analysis best suits the complexities of the project and the specific portion of the transmission system to which the project proposes to interconnect.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 30.6 of Attachment X to make the Feasibility Study optional and allow the Developer, at its election, to proceed with such a study or move directly to the SRIS. Initially, the NYISO proposes to rename the study to "Optional Feasibility Study" and make conforming changes throughout Attachment X related to the new name.[60] The NYISO also proposes that a Developer will have five Business Days after the Scoping Meeting to advise the NYISO whether it elects to proceed with an Optional Feasibility Study. If the Developer elects the study, the NYISO shall provide a good faith estimate of the cost and timeframe for completing the study. Conversely, if the Developer does not elect to proceed with the study, then the NYISO will begin preparing to conduct the SRIS under Section 30.7 of Attachment X and evaluate the feasibility of the proposed interconnection therein.

Similar revisions are proposed for Section 32.3.2.2 of Attachment Z by renaming the study as "optional" and making it at the election of the Developer.[61] In the SGIP, if an Interconnection Developer opts to forego the Optional Feasibility Study, the NYISO would move onto the Small Generator SIS by providing the Developer and the Connecting Transmission Owner(s) a non-binding good faith estimate and timeframe to perform the Small Generator SIS.

[60] The NYISO proposes conforming revisions throughout Attachment X to the OATT changing "Interconnection Feasibility Study" to "Optional Interconnection Feasibility Study." *See* Attachment X, Section 30.1; Section 30.3.1; Section 30.14 Appx. 2.

[61] The NYISO proposes conforming revisions throughout Attachment Z changing "feasibility study" to "optional feasibility study."

In providing Developers the flexibility to tailor the Optional Feasibility Study to the needs of their project, while affording them the opportunity to expedite the study process, the NYISO also proposes to create options as to the scope of the feasibility studies. The Optional Feasibility Study under Attachments X and Z would allow two basic levels of analysis. For the limited study, a Developer can have the NYISO and/or Connecting Transmission Owner(s) develop a conceptual breaker-level of the existing New York State Transmission System where the proposed facility is to interconnect and/or review the feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection. For the more-detailed study, a Developer can elect one or both of the options in the limited study, in addition to:

- a preliminary review of local protection, communication, and grounding issues,
- power flow, short circuit, and/or bus flow analyses, and/or
- identification of Connecting Transmission Owner Attachment Facilities and Local SUFs with a non-binding good faith estimate of cost responsibility and of estimated time to construct.

Because neither the limited nor more detailed study scopes for the Optional Feasibility Study contain a stability analysis, the NYISO proposes to make a clarifying revision to remove stability databases from the list of databases that the NYISO must provide upon request by the Developer.

Consistent with the NYISO's proposal under Section IV.A.1 above,[62] the terms and conditions governing the limited versus detailed analyses for the Optional Feasibility Study are set forth in the applicable attachment to the Interconnection Request form. The analyses that will be performed, together with the underlying assumptions, will be detailed in the scope and agreed to by the Connecting Transmission Owner(s).[63] The NYISO proposes to also have different deposits based upon the level of analysis that the Developer, elects—limited analysis requires a $10,000 deposit and a detailed analysis requires a $60,000 deposit for Large Facilities or a $30,000 deposit for Small Generating Facilities.

The NYISO also proposes to update the time the NYISO has to complete the Optional Feasibility Study. Specifically, the NYISO proposes to revise Section 30.6.3 of Attachment X to require the NYISO, using Reasonable Efforts,[64] to complete the limited study scope no later than 45 Calendar Days following its confirmation of receipt of the required study deposit and required technical data (*i.e.*, notice that the study has commenced). If the Developer elects the detailed study scope, the NYISO proposes to have 90 Calendar Days using Reasonable Efforts to complete the study.

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[62] *See* Section IV.A.1, *supra*.

[63] *See generally*, Section IV.A.1, *supra.*

[64] "Reasonable Efforts" is a tariff-defined term that means "with respect to an action required to be attempted or taken by a Party . . ., efforts that are timely and consistent with Good Utility Practice and are otherwise equivalent to those a Party would use to protect its own interests." Attachment X, Section 30.1.

In addition to the proposed revisions described above, the NYISO proposes conforming revisions to other sections within Attachments X and Z to include updated references to the Optional Feasibility Study and optional feasibility study.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.4 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). In order to implement the proposed revisions to pending Interconnection Requests, the NYISO proposes that any Large Facility or Small Generating Facility that has not fully executed an agreement for a Feasibility Study under Attachments X or Z, respectively, on the effective date of these proposed revisions will be able to elect or not elect to undergo an Optional Feasibility Study. Any proposed facility with an executed Feasibility Study Agreement as of the effective date of these proposed revisions will be required to complete the study before moving on to the next phase in the respective interconnection process.

5. Revisions to Modeling Data Requirements

a. Overview

Currently, Developers must provide dynamic modeling data at the outset of the interconnection process. The *pro forma* Interconnection Request forms in the LFIP and SGIP require Developers to provide detailed information regarding their proposed projects, including dynamic modeling data; however, such data is not needed for analysis until later in the interconnection process. The NYISO proposes to revise the LFIP and SGIP to not require dynamic modeling data at this initial stage of the interconnection process.

When submitting an Interconnection Request form, Developers must provide detailed dynamic modeling data, including: inertia data, reactance data, field time constant data, armature time constant data, armature winding resistance data, excitation system data, governor system data, saturation curves and vee curves. In the NYISO's experience, upon the submission of such data, the NYISO and Developers typically have considerable back-and-forth communications regarding the data, often requiring numerous supplemental submissions of data in order to verify the models provided are usable.

While dynamic modeling data is ultimately required in order for the NYISO to perform stability analyses, this data is not utilized until the beginning of the SRIS or Small Generator SIS. Such information is not required to validate an Interconnection Request, nor is it required for the Feasibility Study. It is therefore unnecessarily burdensome to Developers to provide such detailed information upon submission of an Interconnection Request, creating the potential for Interconnection Request deficiencies and, if not cured, an invalid Interconnection Request.

To facilitate the submission of valid Interconnection Request forms and to require relevant data closer in time to the commencement of the study that will rely on such data, the NYISO proposes to revise the Interconnection Request forms in the LFIP and SGIP such that dynamic modeling data is not required at this initial stage of the interconnection process.

Instead, the NYISO proposes to allow Developers to provide dynamic modeling data at the SRIS or Small Generator SIS stage, or if the Small Generator SIS is waived under the SGIP, the Small Generator Facilities Study under the SGIP.

The NYISO further proposes to streamline the process of submitting dynamic modeling data by advising Developers that they need not submit vendor-specific models, which can be difficult for Developers to obtain. Rather, the NYISO will accept generic dynamic models as long as such models contain project-specific parameters and sufficient manufacturer documentation to allow the NYISO to verify the models are usable.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

In order to eliminate the requirement to provide detailed dynamic modeling data upon submission of an Interconnection Request, the NYISO proposes to revise the Interconnection Request forms in Appendix 1 to Section 30.14 of Attachment X and Appendix 2 to Section 32.5 of Attachment Z as follows:

- Revise the title of the data form to "Large Generating Facility Preliminary Data" and add language noting that additional data will be required at a subsequent stage of the interconnection study process;

- Delete fields on the data form related to inertia data, reactance data, field time constant data, armature time constant data and armature winding resistance data; excitation system data; and governor system data; and

- Eliminate the requirement that Developers submit, with the Interconnection Request form, saturation curves and vee curves.

In addition, the NYISO proposes to include in the new Attachment A to the Interconnection Request form, "Terms and Conditions of Interconnection Study(ies)"—discussed above in Section IV.A.1—language reserving the NYISO's right to request additional information from Developers "as may reasonably become necessary consistent with Good Utility Practice during the course of the Studies[65] (including dynamic modeling data) . . . ." The NYISO intends to rely on this language to request dynamic modeling data at the appropriate study stage—*i.e.*, prior to commencement of the SRIS or Small Generator SIS. When the NYISO requests dynamic modeling data, it will accept generic dynamic models as long as such models contain project-specific parameters and sufficient manufacturer documentation validating

[65] The proposed Attachment A to the Large Facility Interconnection Request Form, "Terms and Conditions of Interconnection Study(ies)" defines "Studies" as collectively referring to the Optional Feasibility Study, SRIS, and Optional SRIS under Attachment X. The proposed Attachment A to the Small Generator Interconnection Request Form, "Terms and Conditions of Interconnection Study(ies)" defines "Studies" as collectively referring to the Optional Feasibility Study and Small Generator SIS under Attachment Z.

the models' accuracy. As a result, Developers need not submit vendor-specific models, which can be difficult for Developers to obtain in early stages of project development.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.5 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). Interconnection Requests submitted after the effective date would be able to utilize the revised Interconnection Request forms proposed in Attachments X and Z. As a transition mechanism, the NYISO proposes that an Interconnection Request already submitted but not yet validated as of the effective date will not be deemed deficient for failure to provide dynamic modeling data.

6. Scope of Studies for Uprate Projects

a. Overview

Developers of existing facilities or facilities that have completed the interconnection process and have an effective Large Generator Interconnection Agreement ("LGIA) or SGIA may elect to increase the output of their facility by, for example, adding a new turbine or making other modifications that increase the capability of the facility. If beyond a certain *de minimis* amount defined in Attachments X and Z,[66] such increases in capability trigger the requirement for the Developer to submit a new Interconnection Request under Attachments X or Z, whichever is applicable, depending on the increased output of the facility.[67] These increases are referenced in this Section IV.A.6 as "uprates." As discussed below, uprate projects do not always require the same scope of analysis as other projects in the interconnection process. The NYISO therefore proposes to streamline the study process for uprate projects.

Currently, uprate projects may, with the agreement of the NYISO and Connecting Transmission Owner, forego a Feasibility Study and may have a more narrow study scope for the SRIS than a typical new facility. Uprates may not require all of the same evaluations that a new facility requires. Therefore, a customized scope is often appropriate in the case of uprates. For example, if an existing facility is installing cooling equipment that results in increased output beyond the permissible *de minimis* threshold referenced above, the incremental output may require only steady state analysis, not stability or short circuit. Alternatively, an existing facility that changes its turbine governor, allowing it to increase its output beyond the permissible *de minimis* threshold amount, may require only stability and steady state analyses, and not short circuit analysis.

To lessen the required analyses for uprate projects that do not require the full spectrum of interconnection studies, the NYISO proposes to make the Feasibility Study optional, as discussed in Section IV.A.4 above, eliminating the requirement that a Developer obtain consent from the

[66] Attachment X, Section 30.3.1; Attachment Z, Section 32.1.3.

[67] Where, for example, a Small Generating Facility increases its output such that the total output of the facility is greater than 20 MW, the increased capability must be evaluated under the LFIP in Attachment X.

Connecting Transmission Owner and the NYISO to waive such study. In addition, the NYISO proposes to specify in the tariff that the parties may customize the scope of an SRIS or Small Generator SIS upon mutual agreement of the NYISO and the Connecting Transmission Owner(s). This proposal therefore builds upon the Optional Feasibility Study, further streamlining the process for uprate projects.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to add the following language to Section 30.7.3 of Attachment X regarding the scope of the SRIS:

> The SRIS will consist of a short circuit analysis, a stability analysis, and a power flow analysis; however, for a Developer proposing an incremental increase in output to an existing Large Facility, the SRIS scope may be narrowed upon mutual agreement among the ISO, Connecting Transmission Owner and the Developer.

In the renumbered Section 32.3.4.5 (formerly Section 32.3.4.8) of Attachment Z regarding the scope of a Small Generator SIS, the NYISO proposes similar language, adding the following new text:

> For an Interconnection Customer proposing an incremental increase in output to an existing Small Generating Facility, the total output of which does not exceed 20 MW, the system impact study scope may be narrowed upon mutual agreement among the ISO, Connecting Transmission Owner and Interconnection Customer.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.6 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). As a transition mechanism, consistent with current practice, the NYISO intends to encourage the parties to narrow the scope of SRISs and Small Generator SISs for uprate projects even prior to the effective date of these tariff provisions.

7. Interconnection Requests with Multiple Voltage Levels

Attachment X requires a Developer to submit two separate Interconnection Requests for a Large Facility that requests to interconnect to the New York State Transmission System at two

different voltage levels from a single site.[68] The NYISO proposed to streamline its interconnection process for Transmission Facilities (other than Merchant Transmission Facilities) in its March 22 Filing by eliminating the inefficiencies created in requiring a Developer to submit separate Interconnection Requests for a single site interconnecting at different voltage levels.[69] The NYISO proposes to further streamline and consequently speed up the interconnection process for Large Generating Facilities that seek to interconnect from a single site at two different voltage levels by eliminating the unnecessary administrative burden of submitting and processing two Interconnection Requests for the same facility. The instant proposal will also reduce the added expense for those eligible Large Generating Facilities that have to submit separate Interconnection Requests for the same facility.

The proposed revision would only apply to certain generating facilities that can simultaneously inject two different voltage levels on to the system—*i.e.*, a Large Generating Facility with a three-winding transformer with the potential to simultaneously connect at two different voltage levels or a combined cycle unit with a generator turbine and steam turbine connected at two different voltage levels. Any other situation involving a Large Generating Facility that seeks to have multiple Point(s) of Interconnection studied would, in reality, be looking at either alternative Points of Interconnection for a single facility or two separate facilities entirely. Attachment X already affords a Developer the opportunity to have alternative Points of Interconnection for a Large Generating Facilities without requiring multiple Interconnection Requests.[70]

a. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 30.3.1 of Attachment X to narrow the universe of Large Generating Facilities required to submit two Interconnection Requests to those that are essentially seeking to evaluate alternative Points of Interconnection. For a proposed Large Generating Facility consisting of one site with two different voltage levels that is essentially one facility that would be evaluated as such in the Interconnection Studies (*i.e.*, a facility with a three-winding transformer with the potential to connect to two different voltage transmission lines simultaneously, or a combined cycle unit with a generator turbine and steam turbine connected at two different voltage levels), the Large Generating Facility may submit a single Interconnection Request.

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[68] *See* Attachment X, Section 30.3.1. The NYISO proposed revisions in its March 22Filing to remove the requirement to submit multiple Interconnection Requests for Transmission Facilities. The pending language provides that "[t]he Developer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Developer must submit an application fee and study deposit with each Interconnection Request even when more than one request is submitted for a single site. A~~An~~ proposed Large Generating Facility~~Interconnection Request~~ requesting to evaluate one site at two different voltage levels shall require~~be treated as~~ two Interconnection Requests." March 22 Filing, at Attachment II (proposed Attachment X, Section 30.3.1).

[69] *See* March 22 Filing, at Attachment II (proposed Attachment X, Section 30.3.1).

[70] *See* Attachment X, Section 30.7.2 (providing the opportunity for the NYISO and Connecting Transmission Owner to study a "substitute Point of Interconnection" in the SRIS in the event that an unexpected result occurs without requiring the Developer to resubmit its Interconnection Request).

b. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.A.7 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). For pending Interconnection Requests, the NYISO proposes that any Large Generating Facility Interconnection Request submitted on or after the effective date of these proposed revisions would be permitted to submit a single Interconnection Request for an eligible generation facility with two different voltage levels. Any Interconnection Request submitted prior to the effective date for a proposed Large Generating Facility with two different voltage levels from a single site that meets the requirements of the proposed tariff revisions would be permitted to consolidate the two queue positions into one as of the effective date.

B. Proposals to Improve the Class Year Study Process

1. Bifurcated Class Year

a. Overview

Currently, a Class Year Study is only considered to be complete when the study work for all Class Year projects has been completed, including detailed SDU studies that can be required for projects requesting CRIS that are not fully deliverable under the NYISO Deliverability Interconnection Standard. As a result, some projects that require minimal study must wait for the more extensive studies for other projects to be final before the Class Year is completed. The NYISO proposes to allow certain Class Year projects to complete the Class Year early while other projects remain in the Class Year to complete additional SDU studies. As discussed below, projects that elect to complete the Class Year early will have finality of their upgrade costs months earlier than under the current procedures.

Additional detailed SDU studies are required under Section 25.5.9 of Attachment S when a "new" SDU is identified (*i.e.*, an SDU not previously identified and cost allocated in a Class Year Study and not substantially similar to an SDU previously identified and cost allocated in a Class Year Study). Such additional studies are estimated by Section 25.5.9 to add an additional six months to the time required to complete a Class Year Study.

In the NYISO's experience, one or two Class Year projects in a Class Year Study may require additional SDU studies and the completion of such studies can delay the time within which the other Class Year projects could otherwise complete the Class Year Study. Rather, all projects in a Class Year Study must wait to complete the Class Year decision and settlement process together, which cannot occur until after additional SDU studies are completed (if such studies are required). For example, Class Year 2015 was comprised of 14 projects. Two of those projects were located on Long Island and required SDUs to be fully deliverable at their requested CRIS levels. Because the required SDUs were unlike any that had previously been evaluated in previous Class Year Studies, they required additional detailed studies as contemplated by Section 25.5.9 of Attachment S. While the other 12 projects in Class Year 2015 required no SDUs and their proposed interconnections were in no way impacted by the two Long Island projects, they nonetheless had to wait until the additional SDU studies for the two Long

Island projects were completed before the Class Year Study could be approved by the Operating Committee and before they could complete the decision and settlement period and proceed toward Commercial Operation.

To address the unnecessary delay to Class Year projects unaffected by additional SDU studies, should such studies be required, the NYISO proposes to provide an "exit ramp" from the Class Year Study that would allow projects to complete the Class Year Study early. Through this proposal, Class Year projects that choose to do so may "exit" the Class Year early, before additional SDU studies are completed, while projects that elect to proceed with additional SDUs may continue with such evaluations if they so elect. Specifically, the NYISO proposes to bifurcate a Class Year Study into two separate decision and settlement phases if the NYISO identifies new SDUs requiring additional studies pursuant to Section 25.5.9 of Attachment S. The two Class Year phases will be referred to as "CY X-1" and "CY X-2," where "X" is the year of the Class Year Start Date (*e.g.*, CY 17-1 and CY 17-2). Under the NYISO's proposal, both Class Year X-1 and Class Year X-2 will require Operating Committee approval—essentially treating a Class Year Study as two separate Class Year Studies. The bifurcation process is described in detail in new Section 25.5.10 of Attachment S, described below.

Bifurcating the Class Year provides Class Year projects with several options. Projects requiring additional SDU studies under the NYISO Deliverability Interconnection Standard may elect to complete the Class Year early (without having additional upgrades identified that would make the project fully deliverable, limiting its ability to sell capacity) or remain in the Class Year for additional SDU studies. All other Class Year projects may either complete the Class Year early (allowing them to proceed to commercial operation with both energy and, potentially, capacity rights) or remain in the Class Year. The latter is a helpful option to Developers that either are not ready to post Security for their required upgrades at the earlier stage or that want to wait for their buyer-side mitigation determination (*e.g.*, to see if other projects drop out of the Class Year, resulting in different cost allocations).

This proposal also includes adjustments to the current tariff provisions in Section 23.4.5 of the Services Tariff to accommodate the bifurcation of a Class Year. These revisions address when and how the NYISO will make buyer-side mitigation determinations for those projects that elect to complete the Class Year early, as well as those that remain for further study. These revisions are discussed in detail in Section IV.B.1.b.ii below.

While a significant change to the Class Year process, the NYISO's proposal to provide an opportunity for a Class Year Study to bifurcate provides Developers with increased optionality and the ability to go into service with both ERIS and CRIS before the full Class Year completes. At the same time, by not commencing the next Class Year Study until Class Year X-2 has completed, this proposal allows Class Year Studies to continue to proceed head-to-tail. This avoids the dilemma of overlapping Class Year Studies and allows parties involved in the study process to focus their resources on one set of Class Year projects at a time.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

i. Revisions to Attachment S Related to the Class Year Process

The NYISO proposes to add a new Section 25.5.10 to Attachment S entitled, "Preliminary SDU Decision Period and Class Year Bifurcation" with the following subsections:

- 25.5.10.1 "Notice of SDUs Requiring Additional Studies;"
- 25.5.10.2 "Preliminary SDU Decision Period," and
- 25.5.10.3 "Bifurcated Decision Period."

New Section 25.5.10.1 of Attachment S provides that at the stage in Class Year Study when the need for additional SDUs is identified, the NYISO will first issue a notice to all Class Year projects advising them that SDUs requiring additional studies have been identified ("Notice of SDUs Requiring Additional Study"). New Section 25.5.10.2 of Attachment S provides that at the same time the NYISO issues the Notice of SDUs Requiring Additional Study, the NYISO will issue a notice to only those Class Year Project Developers for which the NYISO has identified SDUs requiring additional studies. This notice will trigger the "Preliminary SDU Decision Period." Each Developer to which such notice is issued must respond to the NYISO within 10 Business Days to indicate whether it elects to proceed or not proceed with additional studies for the identified SDUs. If the NYISO does not receive the Developer's election by the deadline, the Developer will be deemed to have notified the NYISO that it elects to not proceed with the additional studies for the identified SDUs.

New Section 25.5.10.2 of Attachment S further provides that the elections made by a Class Year Project Developer in the Preliminary SDU Decision Period shall be binding on the Class Year Project Developer with respect to SDUs requiring additional studies—*i.e.*, a Class Year Project Developer may not elect to proceed with additional studies for SDUs in the Preliminary SDU Decision Period and then, in the subsequent Bifurcated Decision Period elect to complete the decision and settlement phase as part of Class Year X-1. A Class Year Project Developer that elects to proceed with additional studies for SDUs in the Preliminary SDU Decision Period will be required to proceed to Class Year X-2.

If no Class Year Project Developer to which the notice of Preliminary SDU Decision Period is issued elects to proceed with such additional studies, new Section 25.5.10.2 of Attachment S provides that the Class Year Study will proceed to the decision and settlement phase set forth in Section 25.8.2 of Attachment S—the current Class Year decision and settlement process. Alternatively, if any Class Year Project Developer to which the notice of Preliminary SDU Decision Period is issued elects to proceed with such additional studies, the Class Year Study will be bifurcated. As soon as practicable after the NYISO receives the decisions from the projects requiring additional SDU studies, the NYISO will issue a notice to all Class Year Project Developers informing them as to whether the Class Year will bifurcate ("Bifurcation Notice").

A Bifurcation Notice will serve to bifurcate the Class Year Study into Class Years X-1 and X-2 and will provide Class Year X-1 Project Cost Allocation for SUFs and SDUs (except for SDUs requiring additional studies in Class Year X-2). Pursuant to new Section 25.5.10.3 of Attachment S, the Bifurcation Notice will trigger a 30 Calendar Day period (the "Bifurcated Decision Period"). During the Bifurcated Decision Period, each Class Year project (other than any projects that elected to proceed with additional SDU studies in the Preliminary SDU Decision Period) may make one of the following elections:

(1) complete the decision and settlement phase as part of Class Year X-1 by accepting Project Cost Allocations and posting Security for any of the following, as applicable:

   a) SUFs (*i.e.*, ERIS only);

   b) SUFs and Deliverable MW for CRIS, if any (*i.e.*, ERIS and CRIS that is deliverable without an SDU);

   c) SUFs and SDUs not requiring additional studies, if any;

   d) for CRIS-only Class Year Projects that are fully or partially deliverable, the project's Deliverable MW for CRIS; or

   e) for CRIS-only Class Year Projects that are not fully deliverable, SDUs not requiring additional studies, if any;

(2) proceed as a member of Class Year X-2 with no changes to ERIS or CRIS requests;

(3) proceed as a member of Class Year X-2 as ERIS only (*i.e.*, withdrawing its CRIS request);

(4) proceed as a member of Class Year X-2 with ERIS and/or CRIS requests, but electing to have no SDUs identified to make the project deliverable at its level of requested CRIS (*i.e.*, proceed as a member of Class Year X-2 with the option of accepting or not accepting all of its requested ERIS MW and only its Deliverable MW for CRIS); or

(5) withdraw from the Class Year entirely.

New Section 25.5.10.3 of Attachment S provides that a Class Year Project Developer that fails to respond with one of the above elections by the required deadline will proceed as a member of Class Year X-2 with no changes to ERIS or CRIS requests.

New Section 25.5.10.3 of Attachment S further provides that Class Year X-1 Project Cost Allocations for shared upgrade facilities will be the Class Year X-1 project's highest possible Project Cost Allocation, assuming all, none or any combination of other Class Year projects drop out or accept their Project Cost Allocations. In other words, if a project that elects to settle in Class Year X-1 shares a cost allocation for SUFs, SDUs or Headroom with a project that elects

to proceed as a member of Class Year X-2, the project electing to settle in Class Year X-1 will be required to post Security equal to the highest amount it might possibly be required to post under any Class Year decision and settlement scenario.

If a Class Year Project Developer that is eligible to complete the decision and settlement phase as part of Class Year X-1 elects to do so, new Section 25.5.10.3 of Attachment S requires the Developer, before the expiration of the Bifurcated Decision Period—*i.e.*, on or before the first Business Day after 30 Calendar Days from the issuance of the Bifurcation Notice—to provide an Acceptance Notice or Non-Acceptance Notice with regard to each Project Cost Allocation and Deliverable MW, if any. Those Developers that elect to accept their Project Cost Allocations, must also, before the expiration of the Bifurcated Decision Period, pay cash or post Security in accordance with the existing Class Year settlement procedures and satisfy Headroom obligations, if any.

Developers that respond with a Non-Acceptance Notice or fail to post the required Security will be removed from the Class Year and not proceed as a member of Class Year X-2. Upon receipt of all required Acceptance and Non-Acceptance Notices, and any required Security associated with such notices, Class Year X-1 will be deemed complete.

New Section 25.5.10.3 of Attachment S further provides that the Class Year X-1 decision period will not be iterative (*i.e.*, the NYISO will not provide for subsequent decision rounds for projects that reject their Class Year X-1 Project Cost Allocation decisions). A bifurcated Class Year Study is complete on the date upon which all remaining Class Year X-2 Developers have accepted their Project Cost Allocations and have posted Security for same.[71] As soon as practicable following receipt of either an Acceptance Notice or Non-Acceptance Notice from each Class Year Developer participating in the Class Year X-1 decision period, the NYISO will report to all Class Year Developers all of the Acceptance Notices and Non-Acceptance Notices that were received from all of the Developers in the then-current Class Year X-1. In such notice, the NYISO will provide final calculations for the Project Cost Allocations for each project that settled in Class Year X-1, potentially requiring the Connecting Transmission Owner to refund excess funds or Security resulting from this recalculation.

Finally, new Section 25.5.10.3 of Attachment S provides that after the Final Decision Round for Class Year X-2 (the settlement and decision process for which shall proceed pursuant to Section 25.8 of Attachment S—the current decision and settlement process), the NYISO will similarly provide final calculations or the Project Cost Allocations for each project that settled in Class Year X-1 and Class Year X-2, potentially requiring the Connecting Transmission Owner(s) or Affected Transmission Owner(s) to refund excess funds or Security resulting from this recalculation. To the extent a refund is due to the Class Year Developer pursuant to such final Project Cost Allocation determinations, the Connecting Transmission Owner(s) or Affected

[71] As a result, the Annual Transmission Baseline Assessment described in Section 25.6.1.1.1.1 of Attachment S would not be updated to reflect projects that accepted cost allocation and posted Security until Class Year X-2 has completed. However, interconnection studies (*e.g.*, SRISs) performed after the completion of Class Year X-1 may reflect those projects that accepted cost allocation and posted Security in Class Year X-1.

Transmission Owner(s) holding funds or Security must return excess funds or Security to the Class Year Developer within 15 Business Days of the NYISO's notice requiring such refund.

In addition to the detailed language in new Section 25.5.10 of Attachment S and its subsections outlining the new bifurcation process, the NYISO proposes revisions to Sections 25.7 and 25.8 of Attachment S.

Section 25.7.7.1 of Attachment S requires revisions to reflect the proposed revisions described above in Section 25.5.10 of Attachment S. Section 25.7.7.1 of Attachment S provides the options available to Class Year Developers upon notice that additional SDU studies are required. Currently, Class Year projects can elect to remain in the Class Year Study as is, remain in the Class Year for both ERIS and CRIS but elect to have no SDU identified to make the project deliverable at its requested level of CRIS, remain in the Class Year as ERIS only, or withdraw from the Class Year Study. The proposed bifurcation process in new Section 25.5.10 of Attachment S supersedes the more limited options. As a result, the NYISO proposes to deleted the current set of options and instead provide that "[o]ptions to Class Year Developers upon such notice are set forth in Section 25.5.10 of this Attachment S."

Section 25.8 of Attachment S requires minimal revisions to reflect the new bifurcation process. Section 25.8 of Attachment S sets forth the current iterative Class Year decision and settlement process. To avoid creating any confusion regarding the application of the decision and settlement process to Class Year X-2 or Class Year Studies that do not bifurcate, the NYISO proposes to qualify the following subsection headings as follows:

- Section 25.8.2: Decision Periods <u>for Class Years X-2 and Class Years Not Bifurcated Pursuant to Section 25.5.10</u>

- Section 25.8.3: Revised Study Results and Project Cost Allocations <u>for Class Years X-2 and Class Years Not Bifurcated Pursuant to Section 25.5.10</u>

- Section 25.8.4: Completion of Decision Process <u>for Class Years X-2 and Class Years Not Bifurcated Pursuant to Section 25.5.10</u>

In addition, the NYISO proposes to add language to Section 25.8.2 of Attachment S to make clear that the Initial Decision Period referenced in that tariff section is triggered by the later of (1) the final approval of the Class Year Study; or (2) the end of the Preliminary SDU Decision Period set forth in Section 25.5.10.2 of Attachment S, if applicable. The latter would only trigger the Decision Period in Section 25.8.2 of Attachment S if no project elected additional SDU studies in the Preliminary SDU Decision Period.

ii. Revisions to Section 23.4.5.7 of the Services Tariff Related to Buyer Side Mitigation

The NYISO's buyer-side capacity market power mitigation measures (the "BSM Rules") are closely aligned with its interconnection processes. The addition of the Class Year bifurcation rules requires a number of conforming and clarifying changes to the BSM Rules. This filing

therefore includes proposed revisions to Section 23.4.5.7 of the Services Tariff which are discussed individually in this section. The tariff amendments update existing provisions, and when necessary add new language, to accurately and completely describe how the BSM Rules will apply in both bifurcated and non-bifurcated Class Years.

The NYISO's revisions to the BSM Rules should be accepted as just and reasonable. They will ensure that the BSM Rules continue to be transparent and prevent the bifurcation rules from creating uncertainty regarding exemption and Offer Floor determinations. Except for a limited number of deletions to eliminate obsolete provisions, and other minor clarifications, all of the changes to Section 23.4.5.7 of the Services Tariff are designed to recognize the Class Year bifurcation rules and processes. The NYISO is not seeking any other substantive changes to the BSM Rules at this time.

Like the design of the Class Year bifurcation process, and consistent with the existing BSM Rules, the proposed BSM Rule revisions are designed to give the Developer information on whether it is exempt (or in the case of a Renewable Exemption, the quantity of MW exempt)[72] or its Offer Floor at the time it is making an investment decision; *i.e.*, whether to exit in Class Year X-1, drop out of the Class Year, or enter Class Year X-2, *etc*. The BSM Rule revisions are thus consistent with the current rules by providing an exemption or Offer Floor determination based on the information available for those Developers that want to exercise their early exit option. They are also consistent with the current rules because Developers have the option to enter Class Year X-2 and obtain a BSM Rule determination based on the Class Year Project Cost Allocation identified upon the completion of Class Year X-2 and accounting for those Examined Facilities that dropped out of the Class Year or exited Class Year X-1 or are exiting Class Year X-2 with less than the CRIS MW requested.

First, the NYISO proposes to revise Services Tariff Section 23.4.5.7.2 to introduce key terms that would be used throughout Section 23.4.5.7 in connection with the bifurcation rules, *i.e.*, "not Bifurcated", "Bifurcated Class Year", "Class Year X-1", and "Class Year X-2."[73] The NYISO would also adjust references in Section 23.4.5.7.2 and elsewhere *(e.g.*, Sections 23.4.5.7.2.1 and 23.4.5.7.9.3.2) to Examined Facilities that remain a member of "a completed Class Year" to those that remain in "the completed Class Year." This change allows for more precise descriptions in tariff provisions that address Bifurcated Class Years.

Proposed revisions to Section 23.4.5.7.2 would clarify that for Class Years that are not Bifurcated and for Examined Facilities that are members of Class Year X-2 in Bifurcated Class Years the NYISO would identify Unit Net CONE and project ICAP Spot Market Auction prices

[72] The tariff revisions described below in Section IV.B.1.b.ii of this transmittal letter and presented in Attachments XIX and XX would apply to revisions proposed earlier by the NYISO in a separate tariff filing; *i.e.*, rules for a Renewable Exemption and a proposed Self Supply Exemption, and presently pending before the Commission. *See New York Public Service Commission, et al. v. New York Indep. Sys. Operator, Inc., Compliance Filing and Request for Commission Action within Sixty Days*, Docket No. ER16-1404-000 (April 13, 2016) (the "Renewable and Self Supply Filing").

[73] Current Services Tariff Section 23.4.1 provides that "[t]erms with initial capitalization not defined in Section 23.4 shall have the meaning set forth in the Open Access Transmission Tariff."

when making the economic exemption and Offer Floor determinations in accordance with Section 23.4.5.7.2's existing rules.[74] For Examined Facilities that are members of Class Year X-1 in a Bifurcated Class Year, the revisions specify that the NYISO would include in the Unit Net CONE of an Examined Facility with a Project Cost Allocation, the amount required if all Class Year projects "accept their Project Cost Allocations, and post Security, and identify the Unit Net CONE and the relevant projected ICAP Demand Curve price to be used no later than the date the ISO reports to all Class Year Developers all of the Acceptance and Non-Acceptance Notices that were received from all of the Developers in the Class Year X-1." This provision enables Examined Facilities that want to exit the Class Year early (*e.g.*, that are ready to enter the market) to do so and those that want to remain in the Class Year to have a final determination based on the final Project Cost Allocation and perhaps in anticipation of other members of the Class Year not remaining in it at the time of its completion and thus being eliminated from the BSM Forecast.

The NYISO is proposing another adjustment to Section 23.4.5.7.2's rules governing when Unit Net CONE determinations received under Sections 23.4.5.7.2, 23.4.5.7.6, and 23.4.5.7.7 become final. The proposed revisions would specify that such determinations will not be final unless the Examined Facility remains a member of the completed Class Year, whether it is not Bifurcated Class Year, Class Year X-1, or Class Year X-2 (or at the time of the completion of the applicable Class Year is an Expected CRIS Transferee).

The NYISO is proposing to delete Section 23.4.5.7.3.1 (and mark it as reserved for future use.) This Section is obsolete as it applied only to a limited type of Examined Facility that had been described in Section 23.4.5.7.3(III) (commonly referred to as "Category III"), [75] and which was previously eliminated from the tariff as obsolete.[76]

Section 23.4.5.7.3.2 addresses the NYISO's calculation of reasonably anticipated ICAP Spot Market Auction forecast prices. It would be clarified to explain its application in light of the bifurcation rules. Specifically, for Examined Facilities that remain a member of a completed Class Year X-1 (and for Expected CRIS transferees) the determination issued prior to the Bifurcation Decision Period shall be the same as the final determination.[77] For Examined Facilities that remain in Class Year X-2, the NYISO would treat Examined Facilities that complete the settlement and decision phase as part of Class Year X-1 (*i.e.*, remained a member of the completed Class Year X-1) as if they were Examined Facilities that remained a member of

[74] The BSM Rules contain two tests to determine economic exemptions and Offer Floors, commonly referred to as the "Part A Test" and the "Part B Test". *See* Services Tariff Section 23.4.5.7.2(a) and (b).

[75] The Section was inserted as part of the NYISO's tariff revisions proposed in *Proposed Enhancements to In-City Buyer-Side Capacity Mitigation Measures, Request for Expedited Commission Action, and Contingent Request for Waiver of Prior Notice Requirement*, Docket No. ER10-3043 (September 27, 2010), and described at p. 11; and accepted in *New York Indep. Sys. Operator, Inc.*, 133 FERC ¶ 61,178 (2010). *See also New York Indep. Sys. Operator, Inc.*, 134 FERC ¶ 61,083 (2011), *order on reh'g*, 136 FERC ¶ 61,077 (2011).

[76] *See New York Indep. Sys. Operator, Inc.*, 155 FERC ¶ 61,166 (2016).

[77] The limited narrow exception to this rule pertains to the allocation of the MW under the separately-proposed 1,000 MW Renewable Exemption cap which is pending before the Commission, and is explained below in the discussion of Section 23.4.5.7.13.

prior completed Class Years.[78] It is reasonable to do so because these projects will have exited the Class Year and posted required security which absent information to the contrary, indicates that they are proceeding with their project.

Services Tariff Section 23.4.5.7.3.3 currently contains multiple provisions related to performing the calculations for the BSM determinations and the timing thereof. The NYISO is proposing to divide Section 23.4.5.7.3.3 into multiple new subsections, each focused on only one or a handful of issues, and to make adjustments and additions to the new subsections to reflect the existence of bifurcation rules.[79] The NYISO is proposing three conforming changes to provisions that currently reference previously broad Section 23.4.5.7.3.3 to now cross reference the new subsection numbers, and identify the intended paragraphs within. (S*ee* proposed revisions at Sections 23.4.5.7.2.2, 23.4.5.7.13.4.3, and 23.4.5.7.14.4.1(b).)

The NYISO proposes clarifying language in Section 23.4.5.7.3.3.1, consistent with the language used throughout the BSM Rules regarding Examined Facilities that remain a member of the Completed Class Year.

Section 23.4.5.7.3.3.2 includes new language explaining that for any Class Year in which the NYISO issues a Notice of SDUs Requiring Additional Studies under proposed Section 25.5.10.2 of Attachment S the NYISO would provide, as applicable, preliminary Unit Net CONE and Offer Floor determinations pursuant to the Part A and Part B Tests, and to the extent applicable exemption determinations (Competitive Entry, Renewable Exemption eligibility, and Self Supply Exemption determinations). These preliminary determinations would be provided on the same date that the Notice of SDUs Requiring Additional Studies (Section 25.5.10.2 of Attachment S) is issued. This preliminary information is appropriate because the Examined Facility will be making its determination on whether to proceed with further SDU studies, which is part of its series of decisions.

Section 23.4.5.7.3.3.3 includes currently effective language describing when the NYISO will calculate the reasonably anticipated Unit Net CONE and provide initial Offer Floor determinations and whether it is a Qualified Renewable Exemption Applicant.[80] The proposed revisions specify that the Section applies to Bifurcated Class Years.[81] They update the existing

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[78] The ISO Procedures are described in the MMU in Assessment of the Buyer-Side Mitigation Exemption Tests for the Class Year 2015 Projects, 2 Feb 2017, at pp**.** 40 - 42, available at <http://www.nyiso.com/public/webdocs/markets_operations/services/market_monitoring/ICAP_Market_Mitigation/Buyer_Side_Mitigation/Class%20Year%202015/MMU%20Report%20on%20CY15%20BSM%20Evaluations%20Final%20-%2002022017.pdf >.

[79] Section 23.4.5.7.3.3 did not before and does not now contain a section title; therefore, it is now intentionally blank.

[80] As discussed above regarding revisions to Section 23.4.5.7.3.2, and below regarding 23.4.5.7.3.3.5, the proposed revisions specify that for Examined Facilities that exit and remain a member of the completed Class Year X-1, the initial determinations provided will be the same as their final determinations (except to establish the specific quantity of MW to which the Renewable Exemption applies, as allocated among Class Year X-1 Examined Facilities in the same Class Year in accordance with Section 23.4.5.7.13.1.1 (b), discussed below.)

[81] When the revisions to this Section 23.4.5.7.3.3.3 were presented to and voted on by the NYISO's stakeholder committees, it contained a typographical error. It indicated that it applied to Class Years that are not

tariff to indicate that determinations will be made prior to the commencement of the Bifurcated Decision Period. "Qualified Renewable Exemption Applicant" is a term that would be added to Section 23.4.5.7.13 to facilitate the understanding of the section and is discussed further below.

Section 23.4.5.7.3.3.4 would amend existing language concerning the determination and timing of the NYISO's issuance of forecasted ICAP Spot Market Auction prices. The proposed revisions would clarify that for Class Years that are not Bifurcated and for Class Year X-2, the NYISO will issue or revise such forecasts no later than three days before its issuance of the relevant Project Cost Allocation or Revised Project Cost Allocation (as applicable). The revisions include additional conforming changes to clearly prescribe when the NYISO will provide price forecasts and initial determinations. The sentence that is stricken out is proposed to be relocated to Section 23.4.5.7.3.3.4.

Section 23.4.5.7.3.3.5 contains existing language requiring the NYISO to inform projects of final exemption and Offer Floor determinations as soon as practicable after the NYISO notifies stakeholders that the Class Year decisional process has been completed. The proposed revisions would add new language clarifying that if a project remains a member of Class Year X-1 or is an Expected CRIS transferee then its final determination shall be the same as the initial determination issued prior to the commencement of the Bifurcation Decision Period (except for purposes of allocating the Renewable Exemption cap among eligible Examined Facilities that remain a member of completed Class Year X-1, as discussed below.)

Section 23.4.5.7.3.3.6 specifies that the NYISO will seek comment from the MMU on matters relating to the determination of price projections and cost calculations under the BSM Rules. This revision is simply a relocation of the same sentence that is proposed for deletion in Section 23.4.5.7.3.3.4 of the Services Tariff.

Existing Section 23.4.5.7.3.5 prohibits re-evaluations of exemption and Offer Floor determinations with certain limited exceptions. The NYISO is proposing to add new language to specify that exemption and Offer Floor determinations made for members of Class Year X-1 shall not be revised for any reason, with a narrow exception specifying the quantity of MW of Renewable Exemptions to eligible Examined Facilities that exit in Class Year X-1.) The new language is consistent with the existing restriction on re-determinations and is reasonable because it will promote certainty and stability in the application of the BSM Rules.

Bifurcated. However, in the context of the entirety of the single sentence that comprises Section 23.4.5.7.3.3.3, it clearly only applies to Bifurcated Class Years; for example, it sets forth the timing as being prior to the commencement of the Bifurcated Decision Period. Further, the next following Section, 23.4.5.7.3.4, specifies that it applies to Class Years that are not Bifurcated and Class Year X-2. In accordance with the stakeholder processes, the NYISO reviewed this correction with the Chairs of the Management Committee, Business Issues Committee, Operating Committee, Installed Capacity Work Group, Market Issues Working Group, and the Transmission Advisory Subcommittee (the "Reviewing Committees"). Each confirmed they agreed with this correction. The NYISO also notified the members of the Reviewing Committees via electronic mail of this correction and posted a version of the tariff revisions highlighting this incremental change. *See* <http://www.nyiso.com/public/webdocs/markets_operations/committees/mc/meeting_materials/2017-08-30/CY%20Improvements%20%20Redline_Corrections.pdf?_cldee=Z2thdmFuYWhAbnlpc28uY29t&recipientid=contact-3164b57d2e27e5119404005056810dcf-cfb7d7f2b3a343f5b30c6d9c31ed1748&esid=d516cf17-c0ae-e711-9439-005056815c52>.

The NYISO is proposing to delete Section 23.4.5.7.3.6 (and mark it as reserved for future use.) This Section is obsolete in that it describes an opportunity to reduce a first year Offer Floor value derived from the first year of the Mitigation Study Period to the first year of the Unit Net CONE. Existing Section 23.4.5.7.3.7 of the BSM Rules contains the clear and specific provisions on when and how the Offer Floor value is adjusted to year of entry. The Commission recently accepted further clarification of these rules.[82] The elimination of this section will avoid any potential confusion.

The NYISO is also requesting various changes to already-pending Section 23.4.5.7.13 which would govern the Renewable Exemption.[83] First, the NYISO would make minor clarifications to existing references to "Renewable Exemption Applicants" to establish that they apply only to "Qualified Renewable Exemption Applicants", *i.e.*, applicants that are found to satisfy the criteria for seeking a Renewable Exemption. Additional references to "Qualified Renewable Exemption Applicants" have been added as appropriate throughout Section 23.4.5.7.13. Second, the NYISO is adding language to clarify that references to the "same Class Year" in Section 23.4.5.7.13 encompass Class Year X-1 and Class Year X-2 together for Bifurcated Class Years.

Third, the NYISO is proposing extensive new language to Section 23.4.5.7.13.1.1(b) to explain how the pending and separately-proposed annual cap on the amount of capacity that may receive a Renewable Exemption in a given Class Year would apply to Bifurcated Class Years.[84] The MW cap would apply to both Bifurcated Class Years and to Class Years that are not Bifurcated. If more MW of capacity are determined to be qualified for a Renewable Exemption in a Bifurcated Class Year, then the MW up to the cap would be allocated to Class Year X-1 Examined Facilities first and pro-rated among them.[85] This allocation would be conducted at the time that Class Year X-1 is completed. Qualified Renewable Exemption Applicants that are members of Class Year X-2 may only receive a Renewable Exemption to the extent that fewer MW than the cap amount of Renewable Exemptions are received by members of Class Year X-1. To the extent that there is insufficient room under the MW cap to accommodate all members of Class Year X-2 the available MW would be allocated *pro rata* among them. Applying the renewable exemption cap in this manner is appropriate as it minimizes the amount of uncertainty that Qualified Renewable Exemption Applicants are subject to. It is also consistent with the objective of the bifurcation rules to not delay resources' entry in the market as soon as they are able.

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[82] *New York Indep. Sys. Operator, Inc.*, Docket No. ER17-2096-000, (Sept. 11, 2017) (unpublished letter order).

[83] *See* note 72, *supra*, regarding the proposed Renewable Exemption pending in the Renewable and Self Supply Filing.

[84] In the Renewable and Self Supply Filing, the NYISO proposed a cap of 1,000 MW Installed Capacity for each Class Year.

[85] This pro-ration would be consistent with the NYISO's pending proposal in the Renewable and Self Supply Filing. In addition, as under that proposal, the capacity of Qualified Renewable Exemption Applicants that obtain other exemptions under the BSM Rules would not be counted against the MW cap.

Fourth, Section 23.4.5.7.13.4.2 - .4 would prescribe when the NYISO makes Renewable Exemption determinations. The proposed revisions would specify that for Bifurcated Class Years the NYISO will determine whether an entity is a Qualified Renewable Exemption Applicant, and whether it is eligible for an exemption, prior to the Bifurcated Decision Period. For Class Years that are not Bifurcated, the NYISO is to make these determinations prior to the Initial Decision Period. In addition, the proposed revisions update the separately proposed and pending tariff language governing when the NYISO must determine and announce whether the Class Year Renewable Exemption cap has been exceeded to reflect the introduction of the bifurcation rules.

The final change to the Renewable Exemption provisions would be to Section 23.4.5.7.13.4.4 to establish that NYISO would post on its website both the total MW of Examined Facilities that were determined to be Qualified Renewable Exemption Applicants and the total MW of Renewable Exemptions requested. This requirement is consistent with other posting requirements under the BSM Rules and ensures transparency.

In addition, the NYISO is proposing revisions to separately proposed and pending Section 23.4.5.7.14, the Self Supply Exemption. Section 23.4.5.7.14.3.2 specifies how the "Net Long Threshold" is determined as part of the Self Supply Exemption analysis. The NYISO would revise that provision to clarify when and how the NYISO would determine Net Long Thresholds in both Bifurcated Class Years and for Class Years that are not Bifurcated. Certain revisions are to make clear that language applies to Class Years that are not Bifurcated and Class Year X-2, to remain consistent with the NYISO's proposal pending before the Commission,[86] and language to apply to Class Year X-1 was incorporated consistent with the inputs to the Part B exemption and Offer Floor tests for Class Year X-1 Examined Facilities. In general, the language strives to provide inputs that are consistent with the best available information at the time of the determinations, recognizing that Examined Facilities have the opportunity to remain in Class Year X-2 in the event of an unfavorable Offer Floor determination. Section 23.4.5.7.14.4.1 would be modified to specify when Self Supply Exemption determinations would be made in different bifurcation scenarios.

Finally, the NYISO is proposing to include in Section 23.4.5.7.15 on BSM Forecasts, a requirement that it post the BSM Forecast inputs on its website before the Bifurcated Decision Period. The revisions in this section also add conforming language regarding the timing of that posting in a Class Year that is not Bifurcated and before Class Year X-1.[87]

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[86] *See* Renewable and Self Supply Filing.

[87] When the BSM Rule revisions associated with Class Year bifurcation were presented to stakeholders, the BSM Forecast revisions were pending before the Commission. They have since been accepted. *See* note 83, *supra*. The proposed revisions to Section 23.4.5.7.15 presented herein were not presented to and or voted on by the NYISO's stakeholder committees. The revisions do not change the substance but merely conform this section to the balance of the proposal and with the existing requirement that the NYISO post the BSM Forecast prior to the Initial Decision Period. Because the term Initial Decision Period only applies to Class Years that are not Bifurcated and Class Year X-2, a conforming change to require the posting at the time of the Bifurcated Decision Period will provide the same transparency. The NYISO reviewed this incremental revision with the Reviewing Committee

c. Proposed Effective Date/Implementation Plan

With the limited and specific exceptions pertinent to language addressing the Renewable Exemption and Self Supply Exemption provisions described above in Section IV.B.1.b.ii and shown in blackline Attachments XIX and incorporated in XX, and also in the next paragraph, the NYISO respectfully requests that the Commission make the tariff revisions proposed in Section IV.B.1 of this filing, regarding Class Year bifurcation, effective the day after the end of the statutory 60-day notice period (*i.e.,* on December 16, 2017. This will enable the NYISO to administer and apply these enhanced rules in Class Year 2017 when it issues their Project Cost Allocations—after Operating Committee approval of the Class Year Study results— and when it makes buyer-side mitigation exemption and Offer Floor determinations for Examined Facilities in Class Year 2017. Class Year 2017 is already underway and the NYISO has begun its BSM Rule data collection and analysis process in order to make those determinations. The acceptance of this package of enhancements by December 16, 2017 (*i.e.*, the 60th day), effective the following day, will provide the NYISO sufficient time to adequately perform all necessary steps to administer the proposed bifurcation tariff revisions.

The exception is that the NYISO requests a flexible effective date for its proposed revisions referencing the Renewable and Self Supply exemptions within Section 23.4.5.7.3.2, 23.4.5.7.3.3.2, 23.4.5.7.3.3.3, 23.4.5.7.3.3.5, and 23.4.5.7.3.5, and in Sections 23.4.5.7.13 and 23.4.5.7.14. The NYISO requests that these revisions, shown in black line on Attachment XIX and are incorporated in Attachment XX and discussed above in this filing letter, become effective two weeks after the occurrence of the later of the following: (1) December 16, 2017, the requested effective date for all other Class Year bifurcation tariff revisions proposed in this filing (which are included in Attachments XVII and XVIII); and (2) the date that the Commission accepts Sections 23.4.5.7.13 and 23.4.5.7.14, as proposed in Docket No. ER16-1404[88] which are proposed to be modified herein (as shown in Attachments XIX and XX). The NYISO will promptly notify the Commission, parties to this proceeding, and its stakeholders after those events occur. It will then make a filing to establish a specific effective date for the relevant provisions and will re-file the Tariff section to reflect the effective date of the accepted revisions.

2. Additional Class Year Start Dates

a. Overview

Currently, Attachment S provides that the Class Year Start Date will be the first of the following dates that post-dates the completion (*i.e.,* final settlement and posting of security) of the prior Class Year Study: March 1, June 1, or September 1. There are therefore only three

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Chairs, who agreed with this incremental change, and the NYISO also notified stakeholders, the foregoing as described in n. 81.

[88] *See* note 72, *supra*. The revisions proposed in that docket have a requested effective date of October 9, 2015 in accordance with the Commission's order. *See New York Public Service Commission, et al. v. New York Indep. Sys. Operator, Inc.*, 153 FERC ¶ 61,022 (2015) at P 10. Should the Commission's order on the NYISO's compliance filing in Docket No. ER16-1404-000 require a revision to the revisions proposed in Attachments III and IV, the NYISO's would work with its stakeholders to propose conforming amendments consistent with this filing.

possible Class Year Start Dates in a year, creating the possibility of up to six months between Class Year Studies.[89] While having three specific dates during a calendar year on which a Class Year Study may begin provides a level of predictability to Developers, both Developers and the NYISO support the transition to more frequent Class Year Start Dates, providing Developers with an opportunity to complete the interconnection process more quickly.

The NYISO proposes 30 days as that is the minimum amount of time the NYISO requires to notify potential Class Year projects of the upcoming Open Class Year, confirm eligibility and determine whether projects have met the regulatory milestone.[90] The NYISO proposes to allow projects to enter a Class Year Study without necessarily having to wait until the next March 1, June 1 or September 1.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 25.5.9 of Attachment S to provide that starting with the Class Year subsequent to Class Year 2017, the Class Year Study will begin on the first Business Day after 30 Calendar Days following the completion of the prior Class Year Study as to all Class Year members. The proposed tariff revisions specify that completion of the prior Class Year Study (*i.e.*, date upon which the 30-day clock starts to run) refers to the date on which all remaining Class Year Developers have accepted their Project Cost Allocations and posted Security for same. If the prior Class Year bifurcates, then all remaining Class Year Developers in Class Year X-2 in a Bifurcated Class Year must have accepted their Project Cost Allocations and have posted Security for same before the 30-day time period begins.

c. Proposed Effective Date/Implementation Plan

The proposed tariff revisions discussed in this Section IV.B.2 pertain to the start date for a Class Year Study. Since Class Year 2017 has already started, it will not be administratively possible to apply a new start date to that study. Therefore, while the NYISO proposes that these tariff revisions become effective the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017), the proposed tariff revisions, by their own terms, provide for the current rules to be effective through the commencement of Class Year 2017 and for the proposed rules to apply beginning with the Class Year Study that starts after the completion of Class Year 2017. The proposed tariff language included with this filing makes this proposed effective date clear, within the context of the applicable tariff provisions.

[89] If, for example, a Class Year completes on September 2, the next Class Year Study will not begin, under the current rules, until March 1 of the following year – nearly six months later.

[90] While satisfaction of an applicable regulatory milestone is no longer required prior to Class Year entry, failure to meet this milestone changes the Class Year entry requirements with respect to the deposit in lieu of regulatory milestone. *See* Attachment S, Section 25.6.2.3.1 (as revised in Docket No. ER17-830-000, accepted by the Commission on February 21, 2017).

3. Additional Opportunity to Withdraw from a Class Year

a. Overview

Under existing provisions in Attachments S and X, together with the terms of the Class Year Study Agreement, a Class Year Project must remain in the Class Year Study for the study's duration with one limited exception described below. Experience has revealed that circumstances may arise that can alter a Developer's decision to move forward in the Class Year Study process. For example, a large or potentially very costly upgrade might be identified in the beginning of the Class Year as part of the project's Part 1 Study[91] that the Developer did not anticipate. If a Developer knows it will not accept a Project Cost Allocation for such an upgrade, it must nonetheless stay the course and await the potential opportunity to withdraw in the latter part of the Class Year or until the decisional rounds at the end of the Class Year Study. The NYISO therefore proposes to provide an additional opportunity for a Class Year Project to withdraw from the Class Year Study early in the study process.

Under the current paradigm, if the NYISO determines that additional detailed studies for SDUs are required, a Class Year Project has a number of options: (1) drop out of the Class Year Study; (2) withdraw its CRIS request (and thereby elect to be studied for ERIS only), or (3) maintain its CRIS request, but elect to have no SDUs identified to make the project deliverable at its full level of requested CRIS (*i.e.*, elect to be studied just up to its deliverable MWs).[92] This opportunity to withdraw from the Class Year Study typically occurs later in the Class Year Study process. Other than this one opportunity to withdraw from the Class Year Study, only projects that withdraw from the interconnection queue can drop out of the Class Year Study prior to the decision and settlement rounds of the Class Year Study.[93]

To increase the flexibility provided to Class Year Projects, the NYISO proposes to provide an additional opportunity within the Class Year Study for Developers to withdraw from the Class Year Study any time prior to the NYISO's completion of the Annual Transmission Baseline Assessment ("ATBA") study cases—the baseline pre-project study cases for the Class Year Study. The NYISO proposes this milestone in the Class Year Study process in order to avoid the potential for project withdrawals to delay the completion of the Class Year Study. Allowing a project to withdraw from the Class Year Study prior to the completion of the ATBA

[91] Due to the complexity and extent of the assessments involved in a Class Year Study, the Class Year Study is divided into two parts, based on based on two significantly different aspects of the Class Year Study: "Part 1 Studies" (design engineering type of studies) and "Part 2 Studies" (system simulation type of studies). Part 1 Studies are performed individually for each project in the Class Year Study requesting ERIS, to identify the Connecting Transmission Owner Attachment Facilities and Local SUFs (*i.e.*, upgrades at the Point of Interconnection and upgrades related to metering, protection and telecommunication facilities). Part 2 Studies are power system simulation studies performed to identify the remainder of any SUFs required under the Minimum Interconnection Standard and, for projects requesting CRIS, any SDUs required under the Deliverability Interconnection Standard.

[92] *See* Attachment S, Sections 25.6.2.3.4.2 and 25.6.2.3.4.3; *see also* Attachment X, Section 30.8 and Appendix 4.

[93] *See id.*

study cases will, in the NYISO's estimation, have minimal impact on the Class Year Study schedule. This proposal provides Developers with an additional opportunity to drop out of a Class Year Study without being subject to withdrawal from the interconnection queue altogether. It also provides Developers with options that may allow them to avoid additional Class Year Study costs if they have already determined that they will not accept a Project Cost Allocation. This proposal may also eliminate the need for the NYISO to evaluate unwanted upgrades and thereby expedite completion of the Class Year Study.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 30.8.1 of Attachment X (the section of the LFIP regarding the Class Year Study Agreement) to add a new subsection 30.8.1.2 providing that a Class Year project may withdraw from the Class Year Study prior to completion of the ATBA study cases.

Proposed tariff revisions in Section 25.5.9 of Attachment S further require the NYISO to provide a status update regarding the ATBA study cases. Specifically, the NYISO proposes to add language to this tariff section requiring the NYISO to provide the anticipated Class Year Schedule, including the status of and anticipated completion date of the ATBA study cases. The proposed tariff language requires the NYISO to provide such information to the Interconnection Projects Facilities Study Working Group distribution list—a distribution list containing all Class Year members, Connecting Transmission Owners and Affected Transmission Owners for each of the Class Year projects, Affected Systems, and other interested parties who request to be included on the distribution list.

The NYISO also proposes to revise Section 25.6.2.3.4 of Attachment S to provide that for any Developer that opts to withdraw under this provision, the Class Year from which it withdraws will still count as one of the two Class Years a project may enter. Pursuant to Section 25.6.2.3.4, once a project has satisfied the eligibility criteria for inclusion in a Class Year Study, the project may enter up to two, but no more than two, of the next three consecutive Class Years. A Class Year Study that a Developer enters and subsequently withdraws from under this new withdrawal opportunity will therefore count as one of the two Class Years it may enter. Also, upon withdrawal, proposed Section 30.8.1.2 provides that any deposits paid in lieu of satisfaction of the regulatory milestone pursuant to Section 25.6.2.3.1 will be fully refunded.

c. Proposed Effective Date/Implementation Plan

The proposed tariff revisions discussed in this Section IV.B.3 pertain to an opportunity to withdraw from the Class Year Study fairly early in the Class Year process—prior to the date the NYISO completes the ATBA study cases. Since Class Year 2017 has already started and the ATBA study cases have already been completed, it will not be administratively possible to apply this proposal to Class Year 2017. Therefore, while the NYISO proposes that these tariff revisions become effective the day after the end of the statutory 60-day notice period (*i.e.*, on

December 16, 2017), the proposed tariff revisions discussed in this Section IV.B.3, by their own terms, make clear that these tariff revisions apply beginning with the Class Year Study that starts after the completion of Class Year 2017. The proposed tariff language included with this filing makes this proposed effective date clear, within the context of the applicable tariff provisions.

4. Pre-Class Year Interconnection Agreements and Limited Operations

a. Overview

Currently, the tariff does not specify how a Developer may enter into an LGIA prior to completion of its Class Year Study. Nor does the tariff specify whether and how a Developer may request Limited Operations in order to allow it to go into Commercial Operation prior to the completion of all required Connecting Transmission Owner Attachment Facilities and SUFs. The NYISO proposes to supplement the LFIP to provide the necessary detail regarding these processes.

The tariff indicates only that a Developer may request the NYISO to tender an LGIA once the Developer has executed a Class Year Study Agreement. Specifically, pursuant to Sections 30.11.1 and 30.11.2 of Attachment X, the NYISO must tender the LGIA on the earlier of completion of the Class Year in which the Developer accepted its Project Cost Allocation for SUFs and posted the required Security or the Developer's request, if the Developer has executed a Class Year Study Agreement.

Currently, upon execution of the Class Year Study Agreement, the NYISO begins work on the Part 1 Study. Once the NYISO has identified all required Attachment Facilities and Local SUFs,[94] even if that Class Year Study has not formally begun, the parties can execute the LGIA if the Developer requests to do so prior to completion of the Class Year Study. An LGIA executed prior to completion of the project's Class Year Study will require the Developer to accept the costs of any additional SUFs that are identified in the remaining portions of the Class Year study or any modifications to the SUFs or costs estimates for SUFs identified prior to execution of the LGIA.

Specifically, for projects subject to a Class Year Study that wish to execute an LGIA prior to completion of the Class Year Study, the NYISO requires that the parties modify the body of the LGIA to provide that the NYISO's provision of ERIS and CRIS are subject to the requirements in the attachments to the LGIA. The parties then include language in the attachments providing that if the Connecting Transmission Owner's Attachment Facilities, SUFs

[94] As defined by Attachments X and Z Local SUFs are the SUFs necessary to physically interconnect a proposed project to the Connecting Transmission Owner's transmission system, consistent with applicable interconnection and system protection design standards. These include (1) any electrical facilities required to make the physical connection (*e.g.*, a new ring bus for a line connection or facilities required to create a new bay for a substation connection); or (2) system protection or communication facilities that may be required for protection of the Connecting Transmission Owner's transmission facility involved in the interconnection. Local SUFs do not, however, include SUFs required to mitigate adverse reliability impact(s) identified through power flow, short circuit, or stability analyses (*e.g.*, replacement of a circuit breaker at a nearby substation that becomes overdutied as a result of the project(s)).

and SDUs identified in the Class Year Study differ in any material way from the facilities described in the LGIA, the parties will amend the LGIA to incorporate the results of the Class Year Study. In addition, the parties include language in Appendix C providing that the Developer may not supply Unforced Capacity to the New York Control Area ("NYCA") from the Facility until it has complied with the deliverability requirements set forth in Attachment S, including acceptance of any cost allocation for SDUs and the posting of associated security or payments. The Commission has previously accepted these types of changes to the Commission's Order No. 2003 Pro Forma Large Generator Interconnection Agreement, where, as here, the Developer was participating in a pending Class Year Study at the time the LGIA was executed. This approach has been incorporated into Interconnection Agreements pre-dating completion of the subject project's Class Year Study and such nonconforming agreements have been accepted by the Commission.[95]

Once executed the LGIA provides an opportunity for projects that wish to go into service prior to the completion of required upgrades to request a Limited Operations study under which the NYISO and Connecting Transmission Owner determine whether and the extent to which the facility can reliably interconnect on a provisional basis. If a project wishes to go into service on a provisional basis prior to the completion of its required upgrades, it currently may only request a Limited Operations study, if it has an executed LGIA.

The NYISO is seeing an increase in the number of projects that desire to execute an LGIA prior to completion of a Class Year Study. The NYISO's proposed tariff revisions provide a detailed description of the requirements to execute an LGIA under such circumstances in order that Developers have full visibility ahead of time regarding the process and applicable limitations that such LGIAs must necessarily reflect.

The NYISO is also seeing projects ready to go into service prior to the completion of their required upgrades that have requested the opportunity to request a Limited Operations study prior to executing their LGIA in order to capture any operating requirements for Limited Operations in their LGIA. Likewise, the NYISO and Connecting Transmission Owners that have permitted Limited Operations prefer to have the parameters and limitations for such operations specified in the LGIA. Connecting Transmission Owners have voiced the need to include a defined end date for Limited Operations in the LGIAs. The NYISO agrees with the need to adequately document and limit Limited Operations and believes the best vehicle through which to do so is the LGIA.

The NYISO therefore proposes to revise Attachment X to memorialize the process for executing an LGIA prior to completion of a Class Year Study. The NYISO further proposes to include a specific provision in the tariff permitting a Developer to request a Limited Operations study prior to execution of an LGIA, as long as such evaluation is limited in scope to the ability

[95] *See, e.g., New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER17-2151-000 (September 8, 2017); *New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER17-467-000 (January 23, 2017); *New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER17-352-000 (January 5, 2017); *New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER16-2183-000 (August 17, 2016); *New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER11-2199-000 (December 28, 2010).

of the facility to go into service prior to completion of required upgrades (*i.e.*, not evaluation of an entirely new interim configuration). The NYISO proposes to reflect the high-level results of such a Limited Operation study (*i.e.*, any operating restrictions prior to completion of the required upgrades) in the terms of the LGIA and proposes to include a defined end date to Limited Operations in the LGIA.

This proposal improves transparency for the increasing number of projects that desire to execute an LGIA prior to the completion of the Class Year Study. For those that seek to go into service prior to Class Year completion, it also provides a specific mechanism for requesting a Limited Operations study prior to the execution of an LGIA and encourages open communications among the parties as early as possible regarding the conditions under which Limited Operations is permitted. By capturing such conditions in the LGIA, the parties can better manage expectations and terms regarding the duration of and restrictions to be expected during Limited Operations.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to renumber existing Section 30.11.4 of Attachment X to Section 30.11.5. This accommodates a new Section 30.11.4 of Attachment X entitled, "Interconnection Agreement Pre-Dating Completion of the Large Facility's Class Year Study." This new section contains a detailed description of the process for requesting, negotiating and executing an LGIA prior to completing a Class Year Study. This new section also describes the applicable limitations on executing an LGIA prior to completion of the Class Year Study (*e.g.*, that a facility must accept its Project Cost Allocation for SUFs and that a facility cannot sell CRIS requested in a Class Year Study until the project completes the Class Year Study and posts Security for any required SDUs).

The NYISO also proposes to add a new Section 30.12.3 of Attachment X that largely mirrors Article 5.9 of the *pro forma* LGIA. This new Section 30.12.3 provides for a Limited Operations analysis for projects that wish to go into service prior to completion of all required Attachment Facilities and SUFs. This provision does not permit the Developer to request the evaluation of an alternative configuration of the proposed facility; rather, this provision merely allows the Developer to request an evaluation of the extent to which its facility may operate, if at all, prior to the completion of all required upgrade facilities.

In addition, by its terms, this new Section 30.12.3 provides that the operation of the facility and the Developer's Attachment Facilities must be documented in the LGIA, which must be fully executed or filed unexecuted and accepted by the Commission prior to the facility going into Commercial Operation. New Section 30.12.3 further provides that the requirements related to Limited Operations must also have a defined end date specified in the LGIA—the date beyond which Limited Operations is not permitted.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.B.4 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). As a result, projects seeking to execute an LGIA as of the effective date will be able to utilize these tariff provisions. As a transition mechanism, prior to the effective date, consistent with its current practice, the NYISO intends to allow Developers that wish to execute an LGIA prior to completion of a Class Year Study to do so, subject to the terms discussed above, as accepted by the Commission in nonconforming LGIAs filed by the NYISO with the Commission. The NYISO further intends to permit Limited Operations analyses even prior to execution of an LGIA, as memorialized in the proposed tariff revisions, with the consent of the Connecting Transmission Owner and Developer.

C. Proposed Clarifications Regarding SDUs and Incremental TCCs

1. Offset of SDU Costs

a. Overview

The NYISO proposes to clarify and expand the provision of Attachment S providing for an offset of the cost of SDUs required for a Highway facility to explain the manner in which such offsets may be permitted and accounted for in light of the current Comprehensive System Planning Process.

As noted above, the NYISO evaluates CRIS requests in the Class Year Study by applying the NYISO Deliverability Interconnection Standard. In doing so, the NYISO evaluates three categories of transmission facilities comprising the New York State Transmission System: (1) Highways, (2) Byways and (3) Other Interfaces.[96] In its evaluation of these three categories of transmission facilities, the NYISO applies the deliverability methodology set forth in Sections 25.7.8 and 25.7.9 of Attachment S to determine whether any of the proposed Class Year projects require SDUs in order to satisfy the NYISO Deliverability Interconnection Standard. Where SDUs are required, the NYISO determines the least costly configuration of commercially available components of electrical equipment that can be used to make the required modifications or additions to Highways, Byways or Other Interfaces for the proposed project to meet the NYISO Deliverability Interconnection Standard at the requested level of CRIS.

Where an SDU is required for a Highway facility ("Highway SDU"), the cost for the Highway SDU is allocated in accordance with Section 25.7.12 of Attachment S. This section provides for two scenarios. Under the first cost allocation scenario, the portion of the Highway

[96] Highways are 115 kV and higher transmission facilities that comprise specified interfaces within New York, and their immediately connected, in series, Bulk Power System facilities. Other Interfaces are Interfaces into Capacity Regions within the NYCA, and the following Interfaces between the NYCA and adjacent Control Areas: PJM to NYISO, ISO-NE to NYISO, Hydro-Quebec to NYISO, and Norwalk Harbor (Connecticut) to Northport (Long Island) Cable. Byways are all other transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in the New York City (Zone J) and Long Island (Zone K) Capacity Regions are Byways. *See* Attachments S, Section 25.2.

SDU required for one or more CRIS projects in a Class Year is 90% or more of the total size (measured in MW) of the Highway SDU. Each Class Year CRIS project is responsible for its *pro rata* Class Year share of 100% of the cost of the Highway SDU.[97] For example, if a Highway SDU required in a Class Year Study for two Class Year projects to be fully deliverable is cost estimated at $10 million, and those two projects collectively contribute more than 90% (measured in MW) toward the need for the Highway SDU, those two projects collectively would be cost allocated the full $10 million based on each projects *pro rata* share.

The second cost allocation scenario for Highway SDUs is where the portion of the Highway SDU, which is required to make one or more CRIS projects deliverable, is less than 90% of the total size of the Highway SDU. In this case, the Developer(s) are required to pay or commit to pay a percentage share of the total cost of the Highway SDU equal to each project's estimated percentage MW usage of the total MW provided by the Highway SDU. For example, if a Highway SDU is required to make a Class Year project in Class Year 2017 fully deliverable, and the smallest, least cost SDU that could be constructed is cost estimated at $10 million, it is possible that the Class Year 2017 project's contribution toward the SDU (measured in MW) is only 10%. Therefore, it would be required to accept an SDU Project Cost Allocation and post Security for 10% of the total cost, or $1 million, as part of the Class Year 2017 decision and settlement process.

Under this second scenario, the remaining cost of the Highway SDU is not allocated to the projects in that Class Year; rather, the remainder is allocated to LSEs and subsequent Developers. When a threshold of 60% of the most current cost estimate for the Highway SDU has been paid or posted as Security by Class Year Developers, construction of the Highway SDU is triggered. Using the prior example, if, as part of Class Year 2018, additional projects contribute an additional 70% toward this same SDU and these Class Year 2018 projects accept their Project Cost Allocations and post Security for the SDU, then together with the Class Year 2017 project, they have collectively contributed 80% toward the SDU. As a result, 80% of the total cost estimate for the SDU would have been paid by Class Year Developers and construction of the SDU would thereby be triggered, with the remaining cost of the SDU above that paid by Class Year Developers allocated to LSEs pursuant to Rate Schedule 12. When this construction trigger occurs, the Transmission Owner that owns the facility to be upgraded is obligated to build the Highway SDU pursuant to Section 25.7.12.3.1 of Attachment S.[98]

The Highway SDU cost allocation section of Attachment S further provides for an "SDU offset" where the transmission upgrade classified as a Highway SDU in the Class Year Study process is required as part of a Highway upgrade under the NYISO's comprehensive planning

[97] *See* Attachment S, Section 25.7.12.1.

[98] Section 25.7.12.3.1 of Attachment S further provides for alternative obligations in the event the Highway SDU is other than a modification or addition to an existing facility owned by a single Transmission Owner. If the facility to be constructed will be entirely new, construction should be completed by the Transmission Owner that owns or controls the necessary site or right-of-way. If no Transmission Owner(s) has such control, construction should be completed by the Transmission Owner in whose Transmission District the facility would be constructed. If the upgrade crosses multiple Transmission Districts, each Transmission Owner will be responsible for the portion of the upgrade in its Transmission District.

process in Attachment Y to the OATT ("Attachment Y"). Under this provision—Section 25.7.12.3.3 of Attachment S—if the NYISO's Comprehensive Reliability Planning Process (now referred to in Attachment Y as the CSPP) identifies a Reliability Need under Attachment Y, the solution to which requires a Highway facility to be constructed earlier than a required Highway SDU, the funds collected from Class Year Developers for the Highway SDU under Attachment S can be used to cover a portion of the costs for the regulated solution to the Reliability Need as an offset to the total reliability solution upgrade cost with the remaining cost allocated under Attachment Y.

The aforementioned provision in Attachment S predated the current planning processes under Attachment Y and therefore only references one of the CSPP processes—the Reliability Planning Process. Since the implementation of Section 25.7.12.3.3 of Attachment S, however, Attachment Y has been expanded such that it now includes three planning processes—the Reliability Planning Process, the Congestion Assessment and Resource Integration Study ("CARIS") and the Public Policy Transmission Planning Process ("Public Policy Process"). Upgrades required through any of these three processes could conceivably require a Highway facility to be constructed earlier than a required Highway SDU.

The NYISO therefore proposes to revise Attachment S to expand the allowed offset of Highway SDU costs such that funds contributed by Class Year Developers to SDUs could be used to cover a portion of the costs of other regulated solutions (not just those triggered by Reliability Needs), including regulated solutions in CARIS and the Public Policy Process. The NYISO also proposes additional language in this tariff provision to clarify what would constitute the "same" upgrade for these purposes.

The SDU offset provision should not be limited to only one of the planning processes that comprise the CSPP simply because the provisions in Attachment S predate the current planning processes under Attachment Y. There was no intent to limit the SDU offset provision to regulated solutions identified under the Reliability Planning Process. To the contrary, if the SDU offset applies to regulated solutions identified under the Reliability Planning Process, it should also apply equally to regulated solutions identified under the other processes comprising the CSPP (*i.e.*, CARIS and the Public Policy Process). The further revisions to the SDU offset provision serve to provide greater clarity regarding applicable Highway facilities permitted to benefit from the SDU offset and add supplemental language protecting Class Year Developers from being subject to any increased costs as a result of the Highway SDU funds being used to offset a regulated solution identified under any of the processes that comprise the CSPP. These revisions provide the necessary coverage and clarity to ensure that all possible scenarios related to CSPP offsets to Highway SDU costs are encompassed by Attachment S.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 25.7.12.3.3 of Attachment S to refer to: (i) the CSPP versus CRPP, which was the previous name of the comprehensive planning process; and

(ii) regulated solutions identified under CARIS and the Public Policy Process in addition to the existing reference to regulation solutions identified under the Reliability Planning Process. The proposed revisions refer to a transmission upgrade identified under any of the CSPP processes as a "CSPP transmission upgrade."

The NYISO proposes to supplement Section 25.7.12.3.3 of Attachment S to specify that Highway SDU costs for which Class Year Developers have paid or posted Security can only be used to offset a CSPP transmission upgrade where such upgrades require construction of a transmission facility "that provides the same or greater transfer limit capability as the Highway facility identified as a Highway [SDU]."

The NYISO proposes to further supplement Section 25.7.12.3.3 of Attachment S to clarify that if funds collected from Class Year Developers for Highway SDUs are insufficient to cover the entire cost of the CSPP transmission upgrade, the Class Year Developers' contribution to the Highway SDU allocated as an offset to the CSPP transmission upgrade will not exceed their respective Highway SDU Project Cost Allocations. Further, the proposed tariff language provides that to the extent funds collected from Class Year Developers for Highway SDUs exceed the cost of the CSPP transmission upgrade, such funds collected for the Highway SDUs will be allocated to the CSPP transmission upgrade *pro rata* with the Developers' respective contributions to the Highway SDU. The excess funds or Security above the cost of the CSPP transmission upgrade will be returned to the Class Year Developers.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.C.1 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). As a result, funds collected and Security posted for Highway SDUs for which construction has not yet commenced may be used to offset the cost of a regulated solution under the CSPP to the extent the CSPP (1) requires a Highway facility to be constructed earlier than would be the case pursuant to Attachment S; and (2) requires a Highway facility that provides the same or greater transfer limit capability as the Highway SDU.

2. Highway Facilities Charge

a. Overview

As noted above, Attachment S addresses a cost allocation scenario for Highway SDUs where the portion of a Highway SDU, which is required to make one or more CRIS projects deliverable, is less than 90% of the total size of the Highway SDU. In this case, the Developer(s) are required to pay or commit to pay for a percentage share of the total cost of the Highway SDU equal to the project's estimated percentage MW usage of the total MW provided by the Highway SDU. The remaining cost of the Highway SDU that is not allocated to the projects in the Class Year is allocated to LSEs and subsequent Developers. The NYISO proposes to clarify the manner in which such remaining Highway SDU costs are allocated to LSEs.

Section 25.7.12.3.2 of Attachment S provides that the actual cost of a Highway SDU above that paid for by Class Year Developers will be funded by LSEs, using the rate mechanism contained in Rate Schedule 12 to the OATT ("Rate Schedule 12"). This provision further provides that LSE funding responsibility for the Highway SDU will be allocated among LSEs based on "their proportionate share of the ICAP requirement in the statewide capacity market, adjusted to subtract their locational capacity requirements."[99]

Rate Schedule 12 establishes what is known as the "Highway Facilities Charge" for the recovery of the portion of a Highway SDU allocated to LSEs pursuant to Attachment S. Rate Schedule 12 has remained largely unchanged since its initial implementation in 2009.[100] To date, the NYISO has not used Rate Schedule 12 to recover costs for any Highway SDU. As the NYISO prepares to implement Rate Schedule 12 for the first time, it has become apparent that the language and formula in Rate Schedule 12 could benefit from clarification, enhancement and additional detail.

The NYISO therefore proposes to revise Rate Schedule 12 (*i.e.*, Section 6.12 of the OATT) to clarify the formula and procedures for cost recovery of Highway SDU costs in excess of the amount funded by Class Year Developers. The NYISO further proposes to revise Rate Schedule 12 to incorporate enhancements previously accepted by the Commission in other recently approved OATT rate schedules.[101] These enhancements include further clarification regarding the treatment of Incremental TCCs and related outage charges attributable to the LSE-funded portion of a Highway SDU. The NYISO does not propose to change the cost allocation to LSEs contemplated by Section 25.7.12 of Attachment S; but rather proposes only to add needed clarifying language to specify precisely how Rate Schedule 12 applies and will be administered by the NYISO.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Rate Schedule 12 to clarify the formula and procedures for cost recovery of the Highway Facilities Charge ("HFC"). Specifically, the NYISO proposes

[99] Section 25.7.12.3.2 of Attachment S further provides that LSEs will not be responsible for actual costs in excess of their share of the final Class Year estimated cost of the Highway SDU if the excess results from causes, as described in Section 25.8.6.4 of Attachment S, within the control of a Transmission Owner(s) responsible for constructing the Highway SDU.

[100] *New York Indep. Sys. Operator, Inc.*, 131 FERC ¶ 61,242 (2010).

[101] *See* Rate Schedule 13 of the OATT: *New York Transco, LLC, et al.*, 151 FERC ¶ 61,004 (2015) and *New York Transco, LLC, et al.*, 154 FERC ¶ 61,196 (2016); Rate Schedule 15 of the OATT: *New York Power Authority*, 154 FERC ¶ 61,268 (2016) and *New York Power Authority*, 158 FERC ¶ 61,043 (2017); Rate Schedule 17 of the OATT: *Niagara Mohawk Power Corporation d/b/a National Grid*, Letter Order, Docket No. ER17-1629-001 (July 20, 2017). The NYISO has also proposed similar enhancements to Rate Schedule 16 and Rate Schedule 10 that are currently pending before the Commission. *See New York Indep. Sys. Operator, Inc.*, Compliance Filing, Docket No. ER16-120-003 (September 20, 2016); *New York Indep. Sys. Operator, Inc.*, Filing, Docket No. ER17-2327-000 (August 18, 2017).

supplemental language in Section 6.12.1.2 of the OATT providing a reference to a specific formula detailed in Section 6.12.3 that the NYISO will utilize to calculate the HFC.

The proposed revisions also further clarify the description of costs recoverable pursuant to Rate Schedule 12 and the associated revenue requirement. The NYISO proposes further clarifying revisions in Section 16.12.2 addressing the obligation of the Transmission Owner responsible for constructing the Highway SDU to make a filing with the Commission seeking acceptance or approval of the revenue requirement that will be utilized for Rate Schedule 12 purposes, including the applicable recovery period. These proposed revisions are consistent with the enhancements to other similar OATT rate schedules recently approved by the Commission (*e.g.*, Rate Schedules 13 and 15, as well as the NYISO's proposed revisions to Rate Schedules 10 and 16 that are currently pending before the Commission).

The NYISO proposes to further clarify the treatment of Incremental TCCs and related outage charges attributable to the LSE funded portion of a Highway SDU. Section 6.12.3.4 requires the Transmission Owner responsible for constructing the Highway SDU to request Incremental TCCs in accordance with the requirements of Section 19.2.4 of Attachment M. If Incremental TCCs are awarded as a result of constructing a Highway SDU, the NYISO will allocate the respective portion of the Incremental TCC associated with LSE funding, as determined pursuant to Section 25.7.2.2 of Attachment S, to the Transmission Owner. In accordance with Section 20.2.3 of Attachment N, the NYISO will provide Congestion Rent settlements to the Transmission Owner for these Incremental TCCs. The otherwise applicable revenue requirement recoverable pursuant to Rate Schedule 12 will be adjusted by the NYISO to account for these Incremental TCC settlements.

The proposed revisions also clarify the treatment of certain outage charges specific to any Incremental TCCs allocated to a Transmission Owner for the LSE funded portion of a Highway SDU. Section 6.12.3.4.2 of the OATT provides that outage charges associated with these Incremental TCCs will be assessed pursuant to Section 19.2.4.10 of Attachment M for any hour in the Day-Ahead Market during which the Highway SDU is modeled as wholly or partially out of service. Similar to Congestion Rent settlements, the NYISO will adjust the otherwise applicable revenue requirement recoverable pursuant to Rate Schedule 12 to account for any such outage charges.

The proposed revisions clarify that a separate HFC will apply to each Highway SDU that includes LSE funding and that the NYISO will bill LSEs for each HFC. The establishment of separate HFCs for each applicable Highway SDU will provide transparency in the NYISO's billing and settlement procedures.

The NYISO proposes that the existing methodology for calculating the HFC be described in more detail in Section 6.12.3.5. The proposed revisions to this section provide further detail regarding the calculation methodology and provide a specific formula for calculating each LSE's share of the HFC for each Billing Period.

Section 6.12.3.5 provides that, for each Billing Period, the NYISO will utilize the applicable portion of the revenue requirement allocated to the Billing Period and adjust this value

for the applicable Incremental TCC settlements and outage charges for the same period. This adjusted value is then multiplied by each LSE's proportionate share of the NYCA ICAP requirement for the same Billing Period, adjusted to subtract Locational ICAP requirements, to determine the charge assessed to each LSE for the Billing Period.[102]

The NYISO also proposes to remove Section 6.12.4.2 in light of the proposed revisions to Section 25.7.2.2 of Attachment S, as further described in Section IV.C.3 below. The proposed revisions provide that subsequent Developers paying for the use of any Headroom funded by LSEs will be entitled to receive their proportionate share of any Incremental TCCs awarded to a Highway SDU.[103] These Incremental TCCs would be made available through reducing the Incremental TCCs otherwise held by the Transmission Owner on behalf of the LSEs that funded a portion of the Highway SDU.

The NYISO proposes to further revise Rate Schedule 12 to provide the following clarifications and minor edits:

- Clarification that the reference to Attachment Y in Section 6.12.1 describing projects that are not eligible for cost recovery under Rate Schedule 12 refers to a Highway SDU "addressed and funded as part of a transmission project undertaken in accordance with the [CSPP] pursuant to Attachment Y . . .";

- Elimination of duplicative language (*e.g.*, language previously appearing in Section 6.12.3.6.5 regarding monthly billing adjustments that is encompassed by the billing and true-up language in what is now Sections 6.12.3.5.2 and 6.12.3.5.3); and

- Consistent use of tariff defined terms, adding references to "ISO procedures," as appropriate, and other ministerial edits (*e.g.*, referring to Rate Schedule 12 as a "Schedule" instead of a "rate mechanism;" revising "NYISO" to "ISO;" revising "FERC" to "the Commission;" and revising "NYISO OATT" to "ISO OATT").

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions described in this Section IV.C.2 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017).

[102] The proposed revisions clarify that such ICAP requirements will be the ICAP equivalent of the LSE's UCAP requirements prior to any reduction for Locality Exchange MW.

[103] As required by Section 6.12.4.1.3, the Transmission Owner must adjust the revenue requirement recoverable pursuant to Rate Schedule 12 to account for payments received from subsequent Developers for the use of LSE funded Headroom on a Highway SDU and notify the NYISO of the revised revenue requirement value to utilize going forward for purposes of the HFC billing and settlement.

3. Incremental TCCs for SDUs

a. Overview

Attachment S provides that for Class Year Developers that contribute to an SDU, once the upgrade is built, any resulting Incremental TCCs will be distributed to the Developers in proportion to their funding of the SDU. Attachment S further provides that a subsequent Developer paying for use of Headroom on an SDU will receive the corresponding Incremental TCCs. Attachment S also requires that the financial value of any Incremental TCCs attributable to any LSE funded portion of a Highway SDU be accounted for in determining the HFC assessed to LSEs under Rate Schedule 12. The NYISO proposes to specify the manner in which Incremental TCCs associated with SDUs will be administered.

Although these rights are already specified in Attachment S, the tariff does not currently provide additional details or clarity regarding: (i) the process for determining Incremental TCC awards for SDUs in a manner that aligns with the requirements of Section 19.2.4 of Attachment M to the OATT; (ii) the procedures for allocating awarded Incremental TCCs among eligible entities; (iii) the procedures by which Developers may decline or subsequently terminate Incremental TCCs they may otherwise be entitled to receive; and (iv) the procedures for re-allocating Incremental TCCs awarded to an SDU to account for Headroom payments by subsequent Developers. Under the currently existing rules set forth in Attachment S, an SDU is unique in that it can potentially have numerous holders for any Incremental TCCs resulting therefrom that may change over time: the Transmission Owner(s) who constructed it (on behalf of the LSEs funding a portion of a Highway SDU); the Class Year Developers who initially contributed to it; and subsequent Developers who use Headroom on the SDU. These unique aspects of Incremental TCCs for SDUs require specific rules regarding how they will be administered.

The NYISO therefore proposes to add language to Attachment S, Attachment M and Rate Schedule 12 to provide transparency regarding the manner in which the NYISO will administer Incremental TCCs associated with SDUs.[104]

These tariff revisions are necessary in order for the NYISO to implement the existing rights under Attachment S for eligible entities to receive Incremental TCCs for SDUs. They do not modify the existing rights to receive such Incremental TCCs (or the associated financial value thereof); but rather, supplement and provide needed detail regarding the processes and procedures associated with this unique type of Incremental TCCs.

Below is a description of the specific tariff amendments necessary to implement this proposal.

[104] The proposed revisions apply only to Incremental TCCs associated with SDUs and do not modify the existing rules and procedures related to Incremental TCCs for any other type of Expansion as set forth in Attachment M to the OATT or any Incremental TCCs previously awarded by the NYISO.

b. Description of Specific Tariff Revisions

The NYISO proposes revisions in Section 6.12.3.4 of Rate Schedule 12, Section 19.2.4.11 of Attachment M, and Sections 25.7.2 and 25.7.12 of Attachment S to clarify the administration of Incremental TCCs for SDUs. The proposed revisions require the Connecting Transmission Owner(s) who constructed an SDU (referenced in this filing letter as "constructing Transmission Owner") to be responsible for requesting Incremental TCCs for the SDU. The NYISO proposes to place this obligation on the constructing Transmission Owner because it is the entity that possesses the technical details and other information regarding an SDU that is necessary to submit a request for an Incremental TCC award determination pursuant to Section 19.2.4 of Attachment M. This also ensures that there is only a single entity requesting Incremental TCCs for a given SDU and avoids the potential for multiple entities submitting potentially conflicting requests for the same project. Supplementing this requirement is language proposed in Section 19.2.4.11 of Attachment M detailing the procedure by which such Incremental TCCs should be requested and the NYISO's determination regarding whether an SDU is eligible to receive Incremental TCCs.

If the NYISO determines that an SDU is eligible for an Incremental TCC award, the NYISO then allocates the awarded Incremental TCCs among eligible entities in accordance with the requirements specified in Section 25.7.2 of Attachment S. These procedures specify the methodology for determining the applicable share of the awarded Incremental TCCs that is allocated to the initial Class Year Developers contributing to the SDU and to the constructing Transmission Owner for the benefit of any LSE funded portion of a Highway SDU, as well as subsequent Developers paying for the use of Headroom on an SDU that has been awarded Incremental TCCs. In each case, the applicable amount of Incremental TCCs that each eligible entity is entitled to receive is determined proportionate to their respective funding contributions to the total cost of the SDU. The TCC market operates with only whole value TCCs. As such, the proposed revisions provide that in determining the proportionate shares of eligible entities, the NYISO will round any fractional values to a whole number of Incremental TCCs in a manner that ensures that the sum of all the individual allocations to eligible entities equals the total number of Incremental TCCs awarded to the SDU.

Once the applicable allocations to the eligible entities are determined, the proposed revisions provide that Developers (including subsequent Developers paying for the use of Headroom on an SDU) will be provided the opportunity to elect to receive or decline their respective allocations. Each Class Year Developer (or subsequent Class Year Developer making a Headroom payment) that elects to receive its proportionate share of any Incremental TCCs will be the Primary Holder thereof and subject to the requirements of Section 19.7 of Attachment M to the OATT (including registering as a Customer and meeting the applicable credit requirements for TCCs[105]). In the case of an allocation related to the LSE funded portion of a Highway SDU, the NYISO will allocate the LSEs' proportionate share of Incremental TCCs to the constructing Transmission Owner to hold for the benefit of the LSEs and facilitate accounting for the financial value thereof pursuant to Rate Schedule 12.

[105] *See* Services Tariff, Attachment K.

The NYISO further proposes language in Section 19.2.4.11 of Attachment M and Section 25.7.2 of Attachment S to clarify the ability of Class Year Developers (or subsequent Class Year Developers making Headroom payments) to decline their portion of any Incremental TCCs at the time offered. The proposed revisions also clarify that any Developer that initially elects to receive its proportionate share of Incremental TCCs may subsequently terminate them in accordance with requirements of Section 19.2.4.6 of Attachment M to the OATT that are applicable to all early termination requests for Incremental TCCs.[106] These early termination procedures establish an orderly process for terminating Incremental TCCs while simultaneously ensuring the continued feasibility of all other awarded and valid TCCs.

Under the NYISO's proposed tariff revisions, any Incremental TCCs declined or subsequently terminated by Class Year Developers that initially contributed to the SDU will be "deemed reserved" to the extent necessary to facilitate transfers to subsequent Developers that pay for Headroom created by the SDU. The deemed reserved concept serves to recognize the existence of a prior Incremental TCC instrument with a specified Point of Injection and Point of Withdrawal that may need to be "re-activated" in the future for purposes of effectuating an Incremental TCC transfer to a subsequent Developer making a Headroom payment on an SDU that has been awarded Incremental TCCs. Any Incremental TCCs that are deemed reserved as a result of prior declination or termination are not considered active or valid in the TCC market during the period they are deemed reserved, thereby facilitating the ability to make the transmission capacity associated therewith available for sale through the TCC auctions administered by the NYISO. Any Incremental TCCs that are deemed reserved and not later transferred to a subsequent Developer paying for Headroom on the applicable SDU will be deemed permanently terminated and no longer capable of future re-activation when the Headroom on the SDU ceases to exist or is otherwise reduced to zero pursuant to Section 25.8.7.4 of Attachment S.[107] This proposal maintains the equitable allocation of Incremental TCCs among eligible entities based on their respective funding obligations for an SDU, while facilitating re-allocation to subsequent Class Year Developers paying for use of Headroom on a SDU.

For Developers making Headroom payments for SDUs, the proposed language in Section 19.2.4.11 of Attachment M and Sections 25.7.2 and 25.7.12.6 of Attachment S clarifies the process for such Developers to receive their proportionate share of any applicable Incremental TCCs. To the extent that the Incremental TCCs to be transferred to a subsequent Developer making a Headroom payment were previously deemed reserved, the proposed revisions provide that the Incremental TCCs transferred to the subsequent Developer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Developer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs.[108] This slight deferral of the effective date

[106] *New York Indep. Sys. Operator, Inc.*, Filing, Docket No. ER14-817-000 (December 23, 2013); *New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER14-817-000 (February 12, 2014)

[107] Incremental TCCs that are declined at the time offered or later terminated by a subsequent Developer making Headroom payments will also be deemed permanently terminated.

[108] The NYISO currently conducts Centralized TCC Auctions twice each year in advance of each Capability Period.

for such Incremental TCCs is necessary to ensure the NYISO's ability to accommodate the "re-activation" of the previously declined or terminated Incremental TCCs without adversely impacting the ongoing feasibility of other existing and valid TCCs.

In all other circumstances, the Incremental TCCs that a subsequent Developer making a Headroom payment is eligible to receive will be made available by reducing the Incremental TCCs related to the SDU that are otherwise held by the entity receiving the Headroom payment. Such Incremental TCCs will be promptly transferred to the subsequent Developer if it elects to receive them. If the subsequent Developer declines to receive its proportionate share of Incremental TCCs (or later terminates the Incremental TCCs it initially did receive), such Incremental TCCs will be deemed permanently terminated and the transmission capacity associated therewith will be made available to support the sale of TCCs in the TCC auctions administered by the NYISO.

The proposed revisions clarify that in the case of a Highway SDU that is partially funded by LSEs, all Headroom associated with such Highway SDU shall be owned by LSEs and any subsequent payment for use of such Headroom shall be paid to the constructing Transmission Owner for the benefit of the LSEs. Section 6.12.4.1.3 of Rate Schedule 12 requires that the constructing Transmission Owner reduce the applicable revenue requirement under Rate Schedule 12 to account for any such Headroom payments received and notify the NYISO of the revised revenue requirement value to utilize going forward for purposes of the HFC billing and settlement. The Incremental TCCs that the subsequent Developer is entitled to receive are made available by reducing the Incremental TCCs associated with the Highway SDU held by the constructing Transmission Owner on behalf of the LSEs that funded a portion of such SDU.

To facilitate the prompt transfer of Incremental TCCs to a subsequent Developer paying for the use of Headroom on an SDU that has been awarded Incremental TCCs, it is necessary to place limitations on the ability of Primary Holders to sell Incremental TCCs associated with SDUs in the TCC auctions administered by the NYISO or the Secondary Market. Absent such restriction, the transfer of Incremental TCCs to a subsequent Developer making a Headroom payment could be significantly delayed or, potentially, incapable of being effectuated by the NYISO in some circumstances.[109] The proposed revisions therefore provide that all Incremental TCCs associated with SDUs will be ineligible for sale in either TCC auctions or the Secondary Market.[110] Instead, Primary Holders of these Incremental TCCs will receive Congestion Rent

[109] The NYISO currently offers the ability to purchase and sell TCCs with durations of up to two years through the TCC auctions it administers. Effectively, Secondary Market sales – agreements to which the NYISO is not a party – are limited only by the fact that an entity cannot sell more than what it owns (*i.e.*, the MW quantity and valid duration of TCCs that is owns). As provided in Section 19.2.4.6 of Attachment M, the valid duration of Incremental TCCs is between 20 and 50 years. Absent any restriction, an entity could conduct a Secondary Market sale of its Incremental TCCs for their entire duration thereby rendering the NYISO incapable of transferring those Incremental TCCs to a subsequent Developer making Headroom payments.

[110] This limitation applies only to Incremental TCCs associated with SDUs given the unique nature of these particular types of Incremental TCCs. These Incremental TCCs involve the potential for a multitude of entities with tariff prescribed rights to the Incremental TCCs associated with a single project and the potential for the universe of entities with such rights to change over time, thereby requiring re-allocation of Incremental TCCs among the interested parties.

settlements pursuant to Section 20.2.3 of Attachment N in same manner as any other Primary Holder of a valid TCC.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions described in this Section IV.C.3 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017).

D. Other Clarifications and Improvements to the Interconnection Process

1. Clarification of Base Case Inclusion Rules

a. Overview

The data bases for the Annual Transmission Baseline Assessment ("ATBA") or the Annual Transmission Reliability Assessment ("ATRA") are used as the basis for all of the analyses conducted in the interconnection studies under Attachment X.[111] Experience in implementing the base case inclusion rules in Attachment S has revealed that the inclusion rules need to better distinguish between the various types of transmission projects that may interconnect to the New York State Transmission System. The NYISO therefore proposes to add more specificity and clarify the base case inclusion rules.

Attachment X provides that the base cases for the power flow, short circuit and stability data bases used in the Interconnection Studies are those "us[ed] in the Annual Transmission Baseline Assessment then in progress, or if such data bases are not available, the data bases from the last completed Annual Transmission Reliability Assessment."[112] In the case of a Developer seeking CRIS, the NYISO uses the ATRA case from the most recently completed Class Year Deliverability Study as the base case for the power flow analysis.[113]

Attachment S provides detailed rules for developing the Existing System Representation for the ATBA and ATRA.[114] Because the cases are built off the FERC Form No. 715 filing, Section 25.5.5.1 of Attachment S prescribes criteria to evaluate how to account for changes in the system condition since the most recent filing of the FERC Form No. 715.[115] This approach allows the NYISO to evaluate proposed projects in its interconnection studies under the appropriate conditions.

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[111] Attachment X, Section 30.2.3.

[112] Attachment X, Sections 30.1 and 30.2.3.

[113] Attachment X, Section 30.2.3.

[114] *See* Attachment S, Section 25.5.5.

[115] *See id.* The data will be principally based on either the NYISO's fifth year or tenth year case including the most recent FERC Form No. 715.

The NYISO recently proposed the Transmission Interconnection Process ("TIP") in Attachment P that updated the base case inclusion rules under Attachment S in order to account for Transmission Projects being studied under the TIP.[116] The Transmission Projects evaluated under the TIP fall into two distinct categories—those projects that were identified in the NYISO's reliability, economic, and public policy planning processes under Attachment Y to the OATT and other transmission projects not proposed under the reliability, economic, and public policy planning processes. The latter category would include projects proposed by Transmission Owners that are studied under Attachment P or not subject to any of the NYISO's interconnection procedures (*i.e.*, new transmission facilities or upgrades proposed by in a Local Transmission Owner Plan or New York Power Authority transmission plan).

Stakeholders have requested clarification regarding how and when interconnection studies are updated. The NYISO concurs that more specificity and clarification in the base case inclusion rules will increase transparency to participants in the interconnection study process. Moreover, experience in implementing the base case inclusion rules in Section 25.5.5.1 of Attachment S has revealed that the inclusion rules need to better distinguish between the various types of transmission projects that may interconnect to the New York State Transmission System. Each type of transmission project carries different factors that provide reliable indications of whether that project has enough certainty to be included in the Existing System Representation.

Based on the foregoing, the NYISO proposes to add a new Section 25.5.5.2 of Attachment S that revises the criteria for amending the Existing System Representation for the ATBA and ATRA for Class Years subsequent to Class Year 2017. The proposed revisions clarify and make ministerial modifications to existing criteria, in addition to creating separate criteria for the various types of Transmission Projects. Specifically, the separate categories for transmission projects consist of:

- Transmission Projects proposed in either the NYISO's reliability, economic and public policy planning processes under Attachment Y to the OATT;

- Transmission Projects that are not proposed under the reliability, economic or public policy planning processes under Attachment Y but otherwise are subject to the TIP under Attachment P; and

- New transmission facilities or upgrades proposed by Transmission Owners in their Local Transmission Owner Plans or NYPA Transmission Plan that are not subject to the interconnection procedures under Attachments P, S or X.

Separating the proposed transmission projects into different categories allows the inclusion rules to be more precisely tailored to the nature of each type of project that provide

[116] *See New York Indep. Sys. Operator, Inc.*, Compliance Filing, Docket No. ER13-102-009, at p 27 (March 22, 2016) (proposing revisions to Section 25.5.5.1 of Attachment S to clarify that the NYISO uses the "most recent" Load and Capacity Data Report and to add criteria related to whether transmission projects evaluated under Section 3.7 of the OATT or Attachment P to the OATT should be included in the existing system representation).

increased transparency to stakeholders and Developers and greater certainty as to what will be observed when a project interconnects to the system.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to retain Section 25.5.5.1 of Attachment S in its current form with the exception of adding language limiting its application to Class Year 2017. At this juncture of Class Year 2017, a change in the Existing System Representation will result in significant delays, and the NYISO only proposes to amend the inclusion criteria going forward.

The NYISO further proposes to add a new Section 25.5.5.2 to Attachment S, which will detail the inclusion rules for Class Years subsequent to Class Year 2017. Specifically, the NYISO proposes to structure Section 25.5.5.2(i) of Attachment S to clarify that with respect to facilities identified in the NYISO's most recent Load and Capacity Data Report, the facilities that will be included in the Class Year base case are existing generation facilities and transmission facilities identified as existing and/or firm. Additionally, Section 25.5.5.2(ii) would also be reformatted for clarity, while continuing to include proposed generation and merchant transmission projects that have accepted their cost allocation in a prior Class Year, together with any associated SUFs and SDUs.

The NYISO also proposes to modify and further clarify the inclusion criteria for the three categories of transmission project described above when they are not included in the most recent Load and Capacity Date Report as existing or firm, as follows:

- Revision to Section 25.5.5.2(iv) of Attachment S provides that a Transmission Project proposed in the NYISO's reliability, economic and public policy processes under Attachment Y would be included if prior to the Class Year Start Date, (a) it has been triggered, selected, or approved in one of the NYISO's planning process under Attachment Y, (b) has completed an System Impact Study, (c) has an application for an Article VII under Public Service Law Section 122 deemed complete, and (d) is making reasonable progress under the applicable planning process.

- Revision to Section 25.5.5.2(v) of Attachment S provides that a Transmission Project that is evaluated under Attachment P but was not proposed in the NYISO's reliability, economic and public policy planning processes shall be included if it has completed a Facilities Study and posted security for its Network Upgrade Facilities and has an application for an Article VII under Public Service Law Section 122 deemed complete.

- New Section 25.5.5.2(vi) of Attachment S provides that transmission facilities and upgrades in the Local Transmission Owner Plans or NYPA Transmission Plan not subject to the interconnection procedures under Attachments P, S or X would be included if the Transmission Owner identified the project as "firm" and either (a)

commenced a Facilities Study and has an application for an Article VII under Public Service Law Section 122 deemed complete or (b) is under construction and scheduled to be in service within 12 months after the Class Year Start Date for which the Existing System Representation is being developed.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.C.1 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017); however, the tariff revisions, by their own terms, apply the new inclusion rules only to Class Year Studies commencing after Class Year 2017. The proposed revisions discussed in this Section IV.C.1 relate to the development of base cases for the interconnection studies under Attachments S and X. Since Class Year 2017 has already started and the ATBA and ATRA study cases have been completed, it would not be administratively possible to amend the ATBA and ATRA cases and re-run the study progress to date without significantly delaying Class Year 2017. Accordingly, the NYISO proposes that the new rules only apply for the ATBA and ATRA for the Class Years subsequent to Class Year 2017. The proposed tariff language includes specific details on the application of the new rules, by distinguishing between base cases up to and including Class Year 2017 and base cases subsequent to Class Year 2017 within the context of the applicable tariff provisions.

2. Updates to Small Generator Deposits and Application Fee

a. Overview

Under the SGIP, a Small Generator Interconnection Request must be accompanied by an application fee in the amount of $1,000.[117] The application fee is refundable if the project is later withdrawn from the queue.[118] The Feasibility Study under the SGIP also requires a deposit of the lesser of 50% of the good faith estimated cost of the study or $1,000,[119] and the Small Generator SIS requires a deposit of the good faith estimated cost (typically estimated to be $75,000).[120] The NYISO has reviewed the actual costs of processing an Interconnection Request and performing the feasibility study and the Small Generator SIS and determined that modifications are required to: (i) take into account the administrative work performed on the Interconnection Requests even if it is later withdrawn, (ii) provide for adequate deposits for Feasibility Study work; and (iii) lessen the study deposit for the Small Generator SIS.

Given that the application fee for a Small Generator Interconnection Request is refundable, the existing tariff provisions do not require the Developer to place its funds at risk by entering the NYISO's interconnection queue. This provides little disincentive for Developers that submit an Interconnection Request before the proposed Small Generating Facility is ready to

[117] Attachment Z, Section 32.1.3.

[118] *Id.*

[119] Attachment Z, Section 32.3.3.2.

[120] Attachment Z, Section 32.3.4.4.

be evaluated in the interconnection process. However, the NYISO and/or Connecting Transmission Owner(s) incur costs in reviewing every Interconnection Request submitted, even if it is withdrawn early in the process or found to be deficient. Accordingly, the NYISO proposes to make the application fee non-refundable to cover those administrative costs that are not recovered from the Developers during the study process. The Commission previously accepted a similar proposal for the Interconnection Request application fee for the LFIP.[121]

The NYISO also proposes to adjust the deposits for the SGIP Feasibility Study and the Small Generator SIS to require sufficient study deposits but not require the full study cost estimate as a study deposit. Specifically, the NYISO proposes to increase the Feasibility Study deposit for Small Generating Facilities from $1,000 to either: (i) $10,000 for the limited study scope, or (ii) $30,000 for the detailed study scope. A deposit of $1,000 is not sufficient to protect the NYISO and Connecting Transmission Owner(s) in the event the Small Generating Facility withdraws without paying outstanding invoices. The deposit amounts proposed are conservative and reflect the alternative levels of detail the Developer can elect under the new Optional Feasibility Study discussed in Section IV.A.4 above.

While the NYISO proposes to right-size the Feasibility Study deposit by increasing it, the NYISO proposes to decrease the deposit for the Small Generator SIS from the full study cost estimate (*i.e.*, approximately $75,000 to $100,000) to a fixed amount of $50,000. This provides a sufficient level of protection for the NYISO and Connecting Transmission Owner in the event the Developer withdraws without paying all outstanding invoices, without the Developer needing to submit a deposit in the amount of the full Small Generator SIS cost estimate.

Overall, the proposed revisions under this Section IV.C.2 would reduce the fees and deposits required by Small Generating Facilities by approximately $16,000 from the time that it submits a Small Generator Interconnection Request through the start of the Small Generator SIS. The total amount of the fees and deposits could be as low as $51,000 if a Developer opts out of the Optional Feasibility Study.[122] The proposed changes in the fees and deposits were set at a level that should be sufficient to cover the NYISO and Connection Transmission Owner(s) costs, while ensuring that they do not discourage entry for Small Generating Facilities seeking to interconnect to the New York State Transmission System.[123]

Below is a description of the specific tariff amendments necessary to implement this proposal.

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[121] Attachment X, Section 30.3.1; *see New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER10-290-000 (February 22, 2010); *New York Indep. Sys. Operator, Inc.*, Proposed Tariff Revisions Improving the Interconnection Study Queue Process, Docket No. ER10-290-000, at pp 5-6 (November 18, 2009) (proposing to revise the application fee for the LFIP Interconnection Request to be non-refundable).

[122] *See* Section IV.A.4, *supra* (proposing to make the Feasibility Study optional at the Developer's election).

[123] *See generally* Standardization of Small Generator Interconnection Agreements and Procedures, Order No. 2006, 70 FR 34100 (Jun. 13, 2005), at P 15 ("Order No. 2006").

b. Description of Specific Tariff Revisions

The NYISO proposes to modify Section 32.1.3 of Attachment Z to require a Developer to submit a non-refundable $1,000 application fee with its Interconnection Request. Section 32.1.3 provides that the application fee will be divided equally between the NYISO and the Connecting Transmission Owner(s), consistent with current practice. This application fee will be due at the time the Developer submits the Interconnection Request.

The NYISO proposes to revise Section 32.3.3.2 of Attachment Z to require either a $10,000 or $30,000 deposit for the Optional Feasibility Study, depending on the scope of the analysis selected by the Developer. As more fully set forth in Section IV.A.4, above, the $10,000 deposit is for the limited analysis and the $30,000 deposit is for the detailed analysis available under proposed Section 32.3.3.3 of Attachment Z. The NYISO will continue to charge the Developer for the actual costs incurred during the Optional Feasibility Study.

New Section 32.3.4.4 of Attachment Z requires that a Developer submit a $50,000 deposit for the Small Generator SIS to proceed with the Small Generator SIS. Such deposit must be provided within 15 Business Days of the NYISO's notice of good faith estimate of the cost and timeframe to perform the study.[124]

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.C.2 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). In order to implement the revisions to new and pending Small Generator Interconnection Requests, the NYISO proposes that the application fee structure shall apply to all Interconnection Requests on or after the effective date of the proposed revisions. Similarly, the NYISO proposes that the study deposits for the Optional Feasibility Study and the Small Generator SIS will apply to those studies that have not executed the applicable study agreement under the current provisions of the SGIP prior to the effective date of these proposed revisions.

3. Clarification of Clustering Process for Small Generator Studies

a. Overview

The SGIP in Attachment Z permit Interconnection Requests to be studied serially or in clusters for the purpose of the Small Generator SIS but does not provide any detail regarding how clustered studies are performed or the methodology for cost allocation of any upgrades identified in a clustered study. Section 32.1.6 of Attachment Z simply provides that, "Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study." The NYISO proposes to add specificity and clarify the manner in which clustered studies are performed under the SGIP.

[124] The NYISO also proposes a conforming revision to new Section 32.3.4.3 to reference the deposit necessary for the Small Generator SIS under Section 32.3.4.4 of Attachment Z.

In addition, the provision in Attachment Z that triggers certain Small Generating Facilities to enter a Class Year Study does not specifically address facilities evaluated in a clustered Small Generator SIS. Section 32.3.5.3.2 of Attachment Z provides for the conditions under which a Small Generating Facility must proceed from the SGIP to a Class Year Study under Attachment S. Specifically, such provision requires Small Generating Facilities that require non-Local SUFs (*e.g.*, the need to replace a circuit breaker at a nearby substation that becomes overdutied as a result of the project(s)),[125] to proceed to a Class Year Study for evaluation and cost allocation of such upgrades:

> If any System Upgrade Facilities other than Local System Upgrade Facilities are determined to be necessary to accommodate the Interconnection Request, the Small Generating Facility shall be evaluated as a member of the next Class Year, and the Interconnection Customer's cost responsibility shall be determined in accordance with Attachment S. All other Small Generating Facilities (*i.e.*, those for which no System Upgrade Facilities or only Local System Upgrade Facilities have been identified as necessary to accommodate the Interconnection Request) shall complete an individual Facilities Study, if required, under these Small Generator Interconnection Procedures . . . .

Unlike the LFIP that require Large Facilities to be evaluated in a "cluster" with other Class Year projects, the SGIP are focused on individual evaluation of Small Generating Facilities independent of each other in a single project feasibility study, a single project Small Generator SIS and a single project Facilities Study (unless the project requires non-Local SUFs that require it to proceed to a Class Year Study).

Recently, due to the influx of Small Generating Facility Interconnection Requests by facilities proposing to interconnect very closely to one another, the NYISO has had to rely on the clustering provision in the SGIP—Section 32.1.6 of Attachment Z—in order to adequately assess the potential adverse reliability impacts posed by the collective interconnection of such projects. For example, as has occurred in the NYISO's interconnection queue, the NYISO may receive three 20 MW Interconnection Requests on or about the same day, all proposed by different LLCs of the same parent company, all proposing to interconnect to the same substation but with separate Points of Interconnection. While each has a separate Point of Interconnection and is proposed as a separate facility, the collective impact of such projects is no different on the transmission system as one 60 MW Large Facility. The fact that a Developer elects to break its facility into discrete pieces proposed by different legal entities should not permit the Developer

[125] As defined by Attachment Z, Local SUFs are the SUFs necessary to physically interconnect a proposed project to the Connecting Transmission Owner's transmission system, consistent with applicable interconnection and system protection design standards. These include (1) any electrical facilities required to make the physical connection (*e.g.*, a new ring bus for a line connection or facilities required to create a new bay for a substation connection), or (2) system protection or communication facilities that may be required for protection of the Connecting Transmission Owner's transmission facility involved in the interconnection. Local SUFs do not, however, include SUFs required to mitigate adverse reliability impact(s) identified through power flow, short circuit, or stability analyses.

to evade the collective reliability impacts of the entire 60 MW on the transmission system. To evaluate each 20 MW facility independent of one another would create the potential for adverse reliability impacts on the transmission system once the full 60 MW are interconnected.

In order to evaluate and mitigate the risk of adverse reliability impacts to the transmission system, the NYISO therefore relies on the general clustering provision in Section 32.1.6 of Attachment Z. Under such provision, the NYISO evaluates Small Generating Facilities that could potentially impact each other or that could collectively impact system conditions so as to require shared SUFs in a clustered Small Generator SIS. If the clustered Small Generator SIS identifies non-Local SUFs, the project(s) triggering such upgrades must enter a Class Year Study. For example, under the example described above of three 20 MW Small Generating Facilities, the NYISO would evaluate the collective impact of the full 60 MW on the transmission system. While individually, each 20 MW facility may require no SUFs or only Local SUFs, together they may require a more significant non-Local SUF that would need to be evaluated and cost allocated in a Class Year Study. In such a case, if the NYISO determines that all three facilities contribute to the need for such non-Local SUF, all three would have to proceed to a Class Year Study. If, however, only two facilities contribute to the reliability impact requiring mitigation, only those two would be required to proceed to a Class Year Study.

As noted above, the NYISO has seen a recent an influx of Small Generating Facilities entering the NYISO's interconnection queue—many of which are in close proximity. There is therefore an increased likelihood of the need for cluster studies. These tariff revisions, while memorializing the NYISO's current practice, promote transparency as to how NYISO performs these studies and provide more clarity regarding the implications for cost allocation and under what conditions clustered studies can trigger the need for a Small Generating Facility(ies) to proceed to a Class Year Study. The proposed revisions to Attachment Z clarify that (1) Small Generating Facilities moving forward in the same timeframe that contribute to Local SUFs will be studied collectively to determine their *pro rata* cost responsibility for upgrades; and (2) Small Generating Facilities evaluated in a cluster study that trigger non-Local SUFs must be evaluated in a Class Year Study.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to add tariff language to Section 32.1.6 of Attachment Z to explain that Small Generating Facilities moving forward in the same timeframe that contribute to Local SUFs will be studied collectively to determine their *pro rata* cost responsibility for such Local SUFs. The NYISO further proposes to add tariff language to Section 32.1.6 clarifying that Small Generating Facilities evaluated in a cluster study that trigger non-Local SUFs must be evaluated in a Class Year Interconnection Facilities Study pursuant to Section 32.3.5.3.2 of this Attachment Z. Similar language was added to the NYISO's Transmission Expansion and Interconnection Manual, which was approved in the NYISO's stakeholder process by the NYISO's Operating Committee and Business Issues Committee in June 2017.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.D.3 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). As a transition mechanism, consistent with its current practice, the NYISO proposes to continue clustering Small Generating Facilities where it deems that such evaluations are required to adequately analyze the reliability impacts of proposed Small Generating Facilities proposing to interconnect in close proximity to one another. Where such evaluations identify non-Local SUFs, the NYISO intends to continue to require such facilities to proceed to a Class Year Study, consistent with currently effective Section 32.3.5.3.2 of Attachment Z.

4. Clarification of Process for Evaluation of Alternative Points of Interconnection in the Small Generator Interconnection Procedures

a. Overview

In the SGIP under Attachment Z, the existing terms of the Feasibility Study agreement and the Small Generator SIS agreement reference the ability of a Developer to have alternative Point(s) of Interconnection studied for a proposed Small Generating Facility. Specifically, the current Feasibility Study agreement and the Small Generator SIS agreement contain a place for a Developer to designate alternative Points of Interconnection for the proposed facility.[126] While the current Feasibility Study agreement and Small Generator SIS agreement appear to contemplate the ability to study alternative Points of Interconnection, the provisions of the SGIP are silent as to how the NYISO would actually study proposed alternative Points of Interconnection. The NYISO therefore proposes to establish specific procedures applicable to the evaluation of alternative Points of Interconnection under the SGIP.

Experience has shown that input from the NYISO and Connecting Transmission Owner at the Scoping Meeting can significantly enhance the Developer's understanding of the system to which they are proposing to interconnect and potentially identify more feasible Points of Interconnection to investigate in the interconnection studies. Particularly at the Feasibility Study phase, the ability to study alternative Points of Interconnection affords greater flexibility to a Developer without the added cost and delays of having to submit multiple Interconnection Requests or re-studies of the proposed Small Generating Facility.

Below is a description of the specific tariff amendments necessary to implement this proposal.

[126] *See* Attachment X, Section 32.5 Appx. 6 (providing for the Developer to designate alternative Points of Interconnection and configuration in Attachment A to Feasibility Study Agreement); Attachment X, Section 32.5, Appx. 7 (providing for the Developer to designate alternative Points of Interconnection and configuration in Attachment A to Small Generator SIS Agreement).

b. Description of Specific Tariff Revisions

The NYISO proposes to amend Section 32.3.2.2 of Attachment Z to establish the procedure by which a Developer could elect to have alternative Points of Interconnection studied for a Small Generating Facility. Similar to the ability of a Developer to study alternative proposed Points of Interconnection for Large Facilities under Attachment X,[127] the proposed revisions to Section 32.3.2.2 specify that alternative Points of Interconnection will only be studied in the Optional Feasibility Study, and if the Developer elects to have alternative Points of Interconnection studied, then it must do so under an Optional Feasibility Study (*i.e.*, a Developer electing to have alternative Points of Interconnection evaluated in the SGIP cannot forego a Feasibility Study). Initially, the Developer has the option to elect alternative Points of Interconnection and the NYISO and Connecting Transmission Owner may provide input at the scoping meeting. Based on the Scoping Meeting, the Developer will be required to designate its Points of Interconnection and one or more alternative Points of Interconnection to be studied in the Optional Feasibility Study. However, prior to the start of the next interconnection study (*i.e.*, Small Generator SIS or Small Generator Facilities Study, as applicable),[128] the Developer must select the definitive Point of Interconnection for the Small Generating Facility.[129]

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.C.4 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). In order to implement these proposed revisions, the NYISO proposes that a Developer could request the NYISO to study alternative Points of Interconnection in the Optional Feasibility Study or Small Generator SIS for a Small Generator Interconnection Request submitted on or after the effective date of these revisions.

5. PMU Requirement

a. Overview

From 2010 through 2013, the NYISO and the then-existing Transmission Owners implemented the New York State Capacitor/Phasor Measurement Project under the U.S. Department of Energy Smart Grid Initiative Grant ("SGIG").[130] The project installed a new

[127] *See* Attachment X, Section 30.6.1 (providing for Developers to submit "reasonable alternative Point(s) of Interconnection" and the ability to substitute a Point of Interconnection in the event of unexpected results in the Feasibility Study). The NYISO does not propose to substantively alter the ability for a Developer to proposed and study alternative Points of Interconnection under Attachment X.

[128] The SGIP contemplates that a Developer could skip the Small Generator SIS and move directly to a Small Generator Facilities Study for the proposed Small Generating Facility if the NYISO, Connecting Transmission Owner, and Developer mutually agree. *See* Attachment Z, Section 32.3.4.2.

[129] *See id.*

[130] *See generally*, U.S. Department of Energy, Electric Delivery and Energy Reliability, *American Recovery and Reinvestment Act of 2009, Synchrophasor Technologies and their Deployment in the Recovery Act Smart Grid Programs*, at p. 14 (Aug. 2013), *available at* http://www.smartgrid.gov/sites/default/files/doc/files/Synchrophasor%20Report%2008%2009%202013%20DOE%20(2)%20version_0.pdf.

synchrophasor communications network consisting of Phase Measurement Units ("PMUs"), phasor data concentrators, and smart grid enabled capacitors throughout the NYCA to improve electric service reliability and power stability and to reduce costs associated with line losses. PMUs monitor the instantaneous voltage and current phasors and frequency magnitude at specific locations on an electricity transmission system. Using the synchrophasor communications network, participating Transmission Owners transmit data from the PMUs and the phasor data concentrators to the NYISO, enhancing the NYISO's ability to monitor the transmission grid for the NYCA and determine real-time grid stability margins. The NYISO proposes to continue to expand and enhance its synchrophasor communication network by requiring Developers of certain Large Facilities to install PMUs.

The Phasor Measurement Equipment is primarily located at Transmission Owner substations, with a limited number of PMUs installed at the generators' Points of Interconnection. The NYISO's tariff does not require new generating facilities to install PMUs in order to interconnect to the New York State Transmission System. However, there are a number of benefits in placing PMUs on the generator's side of the Point of Interconnection that cannot be obtained by relying on PMUs installed on Transmission Owner facilities. For example, the PMU installed on the low side of a generator step-up transformer will report specific data on an individual generator's interaction with the system and assist operators in expeditiously identifying the source of disturbances and implementing remedial steps.

Moreover, this requirement will assist generators in complying with the North American Electric Reliability Council ("NERC") generator data verification and validation process standards.[131] Specifically, the phasor measurements will assist generating plants in validating their stability models, and since NERC standards already require recording equipment, PMUs would satisfy this requirement in addition to transferring the phasor measurements back to the control center in real-time.[132]

As a result, the NYISO proposes to require a Developer of a Large Facility that has a maximum output equal to or greater than 100 MW or that requires an Attachment Facility or SUFs consisting of a new substation of 230 kV or above to install PMUs on the Developer's side of the Point of Interconnection. The NYISO proposes to include this requirement in the LGIA.

The cost responsibility of the PMU installation and maintenance would be borne by the Developer. Since the then-existing Transmission Owners, in combination with the SGIG, bore the cost of developing and implementing the network, the relative cost of installing and maintaining the PMUs should typically be only a fraction of the overall cost of developing generation facilities of the applicable size or substations 230 kV or greater in size.[133] Moreover,

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[131] *See* NERC MOD-026, MOD-027, and MOD-033 standards.

[132] *See id.*

[133] In 2014, the U.S. Department of Energy conducted a study to determine the relative cost of installing a PMU based on the experience of various regions under the SGIG. The costs ranged from $40,000 to $180,000 and took into consideration not just the equipment itself but all necessary costs of the installation of the device. *See* U.S. Department of Energy, Electricity Deliverability and Energy Reliability, *American Recovery and Reinvestment Act of 2009, Factors Affecting PMU Installation Costs* (Oct. 2014); *see also PJM Interconnection L.L.C.*, Filing Letter,

the benefits for the generator and the system far outweigh the initial capital cost of the PMU and its maintenance costs. The Commission has approved a similar requirement for generation facilities with a maximum output of 100 MW or greater by PJM Interconnection, L.L.C as a part of its implementation plan in the development of its synchrophasor communications network.[134]

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

To implement this requirement, the NYISO proposes to add a new Article 9.10 to the operations section of the LGIA contained in Section 30.14 of Attachment X. A Developer of a single or aggregated Large Facility with nameplate maximum output equal to or greater than 100 MW or an Attachment Facility or SUF consisting of a 230 kV or greater substation will be required to install and maintain, at its expense, PMUs "on the low side of the generator step-up transformer, unless it is a non-synchronous generation facility, in which case the PMUs shall be installed on the Developer's side of the Point of Interconnection." The device can consist of either a stand-alone PMU or equipment of similar quality, such as relays or digital recorders that can collect data at the same rate as or greater rate than the PMUs.

New Article 9.10 further details Developer obligations to provide the necessary and requested information through the Connecting Transmission Owner's and the NYISO's Synchrophasor System and that the Connection Transmission Owner is responsible for the support and maintenance of the network communications linking the data concentrator to the Connecting Transmission Owner and the NYISO.

c. Proposed Effective Date/Implementation Plan

The **N**YISO proposes that the tariff revisions proposed in this Section IV.C.5 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). In order to implement the revisions, the NYISO proposes that any Large Generating Facility that has fully executed a Class Year Interconnection Facilities Study Agreement prior to the date of the Commission's Order on this proposed revision will be exempt from this requirement. All other new or pending Interconnection Requests for Large Generating Facilities on or after the date of the Commission's Order must comply with this requirement, if applicable. This implementation plan will allow an orderly phase in of the PMU requirement for qualifying Large Generating Facilities without disadvantaging facilities that have already entered the queue and are further along in the study process.[135] Developers that have not executed a Class Year

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Docket No. ER14-5133-000, at p 5 (October 28, 2013) (estimating that the capital cost of the PMU is approximately $20,000 per site).

[134] *See, e.g., PJM Interconnection, L.L.C.*, Letter Order, Docket Nos. ER14-207-000, 001 (Feb. 28, 2014).

[135] *See PJM Interconnection, L.L.C.*, Letter Order, Docket Nos. ER14-207-000, -001 (Feb. 28, 2014) (accepting PJM's proposal to apply the PMU requirement to all facilities meeting the eligibility criteria that are still in the study queue and have not yet entered an interconnection agreement).

Interconnection Facilities Study Agreement at the time of the Commission's Order will have sufficient time to plan for the installation of PMUs related to their proposed facilities.

6. Winter CRIS Determinations

a. Overview

Since the CRIS value assigned to a facility under Attachment S is a Summer Capability Period value, the tariff extends a CRIS value to the Winter Capability Period through a provision in Attachment S that requires the NYISO to maintain the same proportion of CRIS to ERIS during the Winter and Summer Capability Periods. The NYISO has implemented this provision by applying that ratio to a project's Winter Dependable Maximum Net Capability ("DMNC")[136] and recalculating that value each time a Winter DMNC is updated.

As discussed above, one of the Class Year Study evaluations is an evaluation of a facility's "deliverability" under the NYISO Deliverability Interconnection Standard. In this analysis, a facility is evaluated for CRIS at its requested MW level, up to its nameplate. Under the deliverability analysis, the NYISO determines one of the following: (1) the facility is fully deliverable at its requested CRIS value; (2) the facility is partially deliverable at its requested CRIS value with a certain number of "deliverable MW;" or (3) the facility has zero deliverable MW. In the second and third scenarios, the Developer must accept a Project Cost Allocation and post Security for an SDU(s) in order to receive the full amount of requested CRIS. If it does, or if the facility is fully deliverable without any SDUs, the resulting CRIS value allows the facility to participate in the NYISO's capacity market as an Installed Capacity Supplier, subject to all applicable requirements (*e.g.*, those in Section 5 of the Services Tariff and the Installed Capacity Manual.) Since the CRIS value assigned to a facility under Attachment S is a Summer Capability Period value, the tariff extends a CRIS value to the Winter Capability Period that is currently implemented by manually updating percentages to be applied to a facility's Winter DMNC each time a DMNC is updated. The NYISO proposes to maintain fixed values for Winter CRIS, consistent with the existing ratio.

Section 25.7.6 of Attachment S provides that "projects qualifying for CRIS will have two CRIS values: one for the Summer Capability Period and one for the Winter Capability Period." Section 25.7.6 of Attachment S further provides that "[t]he CRIS value for the Summer Capability Period will be set using the deliverability test methodology and procedures . . .," while the CRIS value for the Winter Capability Period "will be set at a value that will maintain the same proportion of CRIS to ERIS as the facility has in the Summer Capability Period." As a result, if the facility is fully deliverable,[137] the Summer CRIS/ERIS ratio will be 100% and the

[136] A facility's DMNC is defined by the OATT as "[t]he sustained maximum net output of a Generator, as demonstrated by the performance of a test or through actual operation, averaged over a continuous time period as defined in the ISO Procedures." OATT Section 1.4.

[137] A facility is fully deliverable if (1) it obtained CRIS under one of the following mechanisms: (a) pursuant to the grandfathering provisions set forth in Section 25.9.3.3 or 25.9.3.4 of Attachment S; or (b) pursuant to a deliverability evaluation in a Class Year Study in which the facility was found fully deliverable or accepted its Project Cost Allocation and paid Security for SDUs to make if fully deliverable; and (2) it has not materially increased its capability since obtaining such CRIS.

facility's Winter CRIS is equal to Winter ERIS. Alternatively, if a facility is 25% deliverable, the Summer CRIS/ERIS ratio will be 25%. The NYISO has implemented this provision by applying that ratio to a project's Winter DMNC and recalculating that value each time a Winter DMNC is updated.

With the rule added to Attachments X and Z in 2014 providing for non-material increases in output that can be permitted without an Interconnection Request (*i.e., de minimis* increases),[138] the NYISO is seeing more frequent requests for ERIS increases, which typically leads to an increase in a facility's DMNC. Rather than manually calculate the applicable percentage of the Winter DMNC for each DMNC update, the NYISO proposes to maintain fixed values for Winter CRIS and to provide, in Section 25.7.6 of Attachment S, the specific formula by which the NYISO will calculate fixed values for Winter CRIS.

Through the additional detail provided, the NYISO's proposal provides transparency and predictability for Market Participants while maintaining the original intent of Attachment S. Determining fixed Winter CRIS values is preferable to updating percentages to be applied to a facility's Winter DMNC each time a DMNC is updated. As described below, the proposed tariff revisions present two options: the first is for the value to be set using a NYISO-accepted temperature curve in specified instances, or alternatively, a formula. The NYISO shared with stakeholders the Winter CRIS for each existing generator using the proposed formula and existing data. Generators were then provided an opportunity to discuss any questions or concerns with the NYISO and, if needed, submit updated temperature curves. Further, Generators continue to have the opportunity to submit updated temperature curves until the effective date of these tariff revisions, at which time the fixed Winter CRIS values will be determined for the Winter 2018/2019 Capability Period.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 25.7.6 of Attachment S as follows to establish the formula to calculate the fixed Winter CRIS values. The NYISO proposes to specify that for the purpose of calculating the fixed Winter CRIS value, the NYISO will use the following formula:

$$\frac{\textbf{Summer CRIS MW}}{\textbf{MW per Temperature Curve at 90°}} = \frac{\textbf{Winter CRIS MW}}{\textbf{MW per Temperature Curve at 10°}}$$

The above formula is described in proposed Section 25.7.6.1 of Attachment S as follows: "Winter CRIS MW = (Summer CRIS MW x Maximum Net Output at 10 degrees Fahrenheit)/Maximum Net Output at 90 degrees Fahrenheit," where:

[138] *See New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER14-627-000 (January 23, 2014).

- "Maximum Net Output at 10 degrees Fahrenheit" = the facility's maximum net output at 10 degrees Fahrenheit determined pursuant to the facility's ISO-approved temperature curve; and

- "Maximum Net Output at 90 degrees Fahrenheit" = the facility's maximum net output at 90 degrees Fahrenheit determined pursuant to the facility's ISO-approved temperature curve.

New subsection 25.7.6.1.1 of Attachment S provides that for those facilities with Summer CRIS as of the effective date of these tariff revisions, Winter CRIS will be calculated using their NYISO-accepted temperature curve, provided that the capability represented by such curve does not exceed the facility's ERIS. For those facilities that, as of the effective date of these tariff revisions, do not have a NYISO-accepted temperature curve, their Winter CRIS will be set equal to their Summer CRIS. This subsection recognizes the use of temperature curves provided to the NYISO on or before the effective date of these tariff revisions.

New subsection 25.7.6.1.2 of Attachment S provides that for facilities first obtaining CRIS (*i.e.*, a Summer value) on or after the effective date of these tariff revisions, the Winter CRIS will be determined using the most recent temperature curve provided to and accepted by the ISO, either during the interconnection process or at the time the CRIS is first obtained.

Facilities increasing their ERIS without also increasing their CRIS will be subject to the fixed Winter CRIS value. The NYISO proposes to provide fixed Winter CRIS values that will only be increased upon an approved increase in CRIS (*i.e.*, 2 MW permissible increase),[139] CRIS received through a same location CRIS transfer,[140] or CRIS received through a Class Year Deliverability Study. New Section 25.7.6.2 of Attachment S provides that upon a permissible increase to a facility's Summer CRIS, the Winter CRIS will be determined using the formula set forth above, wherein the Summer CRIS MW will be the increased Summer CRIS MW.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.D.6 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, December 16, 2017); however, the tariff revisions, by their own terms, apply the new calculation and fixed Winter CRIS value to "Winter Capability Periods beyond 2017/2018." This is necessary in order for the NYISO to implement software modifications to modify the ICAP software platform to add a field for a fixed Winter CRIS value and to modify calculations within the software to use the new fixed Winter CRIS value. Such software modifications are a proposed 2018 project for the NYISO and are anticipated to be in place for the Winter 2018/2019 Capability Period.

[139] *See* Attachment X, Section 30.3.2.6 and Attachment Z, Section 32.4.11.1.

[140] *See* Attachment S, Section 25.9.4.

7. Stakeholder Review of Changes in Transmission Owner Planning Criteria

a. Overview

Transmission Owners' local planning criteria used by the NYISO in its interconnection studies under the NYISO Minimum Interconnection Standard are provided to the NYISO by the Transmission Owners. Transmission Owners currently provide updates to their local planning criteria in the annual FERC Form No. 715 report. NYISO proposes to require that any changes to Transmission Owner local planning criteria be reviewed by the NYISO and its stakeholders and determined by the NYISO to be consistent with its Tariff before the NYISO can apply such new or revised criteria as "Applicable Reliability Requirements" under Attachment S or "Applicable Reliability Standards" under Attachment X.

Through the interconnection studies performed under Attachments S, X and Z ,the NYISO determines whether proposed interconnection projects have an adverse impact on reliability based upon "Applicable Reliability Standards" as defined in Attachments X and Z and[141] "Applicable Reliability Requirements" as defined in Section 25.1.2 of Attachment S.

"Applicable Reliability Standards" is defined in Attachment X as:

> the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District, to which the Developer's Large Facility is directly interconnected, as those requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to challenge the applicability or validity of any requirement or guideline as applied to it in the context of the Large Facility Interconnection Procedures.[142]

Applicable Reliability Councils referenced in the above definition are defined to include the New York State Reliability Council ("NYSRC"), the Northeast Power Coordinating Council ("NPCC") and the NERC. The "requirements and guidelines" of "the Transmission District"

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[141] *See* Attachment X, Section 30.1 and Attachment Z, Section 32.5, Appendix 1.

[142] The definition of "Applicable Reliability Standards" in Section 32.5, Appendix 1 of Attachment Z mirrors Attachment X, defining "Applicable Reliability Standards" as:

> The criteria, requirements and guidelines of the [NERC], the [NPCC], the [NYSRC] and related and successor organizations, and the Transmission District to which the Interconnection Customer's Small Generating Facility is directly interconnected, as those criteria, requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to challenge the applicability of or validity of any criterion, requirement or guideline as applied to it in the context of Attachment Z to the NYISO OATT. For the purposes of the SGIP, this definition of Applicable Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in Attachment X to the NYISO OATT.

referenced in the above definitions are what is referred to herein as "Transmission Owner local planning criteria."

Similarly, the definition of "Applicable Reliability Standards" in Attachment S incorporates by reference Section 25.6.1.1.1.1 of Attachment S which provides that all of the following reliability standards fall within the definition of "Applicable Reliability Requirements" that apply in the NYISO's Annual Transmission Baseline Assessment and Annual Transmission Reliability Assessment (collectively, the Class Year Study) to determine the SUFs needed to maintain the reliability of the New York State Transmission System:

- NYSRC Reliability Rules;
- NPCC Basic Design and Operating Criteria;
- NERC Planning Standards;
- NYISO rules, practices and procedures; and
- Connecting Transmission Owner criteria included in FERC Form No. 715.

Currently, there is no tariff obligation for Transmission Owners to present changes to stakeholders for review and comment at the time of the FERC Form No. 715 report or otherwise, if revised during the year between FERC Form No. 715 report submissions. The NYISO reviews changes to Transmission Owners' local planning criteria to determine if they are consistent with Order No. 2003 and the Tariff, and the NYISO requests that Transmission Owners review revised or new local planning criteria with stakeholders. However, Transmission Owners are under no tariff obligation to review changes to their local planning criteria with stakeholders.

Developers in the interconnection process have requested that Transmission Owners have a more firm obligation to present changes to stakeholders for review and comment and that such opportunity be presented to stakeholders before changes to local planning criteria are implemented. Developers can be impacted by changes to local planning criteria as such changes can impact the evaluation of a project under the NYISO Minimum Interconnection Standard and can impact the type, size and cost of Connecting Transmission Owner Attachment Facilities and SUFs required to interconnect a project.

In response to stakeholder requests and consistent with Commission guidance,[143] the NYISO proposes to require that any changes to Transmission Owner local planning criteria be

[143] *See, e.g.*, *Caithness Long Island, LLC*, Section 206 Complaint, Docket No. EL15-84-000 (Jul. 10, 2015), at pp 37, 40 (granting complaint, finding that by accepting and applying a Long Island guideline the NYISO violated the OATT and Order No. 2003, and emphasizing that "NYISO should only accept and apply local reliability criteria to the extent that they do not conflict with Order No. 2003's requirements … "); *New York Indep. Sys. Operator, Inc.*, Order Granting Clarification, 124 FERC ¶ 61,156 (2008), at PP 9-10 (referencing a specific Transmission Owner local planning criterion as an example of "the requirements and guidelines of the . . . Transmission District" that may constitute an Applicable Reliability Standard under Attachment X that have to reviewed by NYISO and

reviewed by the NYISO and its stakeholders and determined by the NYISO to be consistent with its Tariff before the NYISO can apply such new or revised criteria as "Applicable Reliability Requirements" under Attachment S or "Applicable Reliability Standards" under Attachment X. The NYISO does not propose to prevent a Transmission Owner from implementing revisions to its local planning criteria. Moreover, the NYISO's proposal would have no impact on interconnection studies performed under a Transmission Owner's interconnection study process for projects not subject to the NYISO's interconnection procedures. Rather, the NYISO's proposal provides that the NYISO will not recognize, under the NYISO Minimum Interconnection Standard, revised or new local planning criteria that have not been reviewed with its stakeholders and that the NYISO has not reviewed and determined that they do not conflict with Order No. 2003 requirements and its OATT.

This proposal increases transparency and provides an opportunity for affected parties to review and comment on proposed changes to criteria that may trigger upgrade facilities assigned to a particular project.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to add tariff requirements to Section 25.6.1.1.1.1 of Attachment S to require Transmission Owners to present changes to planning criteria to the TPAS before such changes will be recognized as Applicable Reliability Requirements or Applicable Reliability Standards under the NYISO Minimum Interconnection Standard. Specifically, the NYISO proposes to add the following language to Section 25.6.1.1.1.1 of Attachment S:

> In order for the ISO to recognize any revisions to Connecting Transmission Owner criteria as Applicable Reliability Requirements under this Attachment S or Applicable Reliability Standards under Attachments X and Z, the Connecting Transmission Owner shall present proposed revisions to such criteria to the Operating Committee or one of its subcommittees. To the extent such revised criteria are not inconsistent with Order No. 2003 or the ISO's interconnection procedures set forth in Attachments S, X and Z to the OATT, the ISO will accept such revised criteria.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.D.7 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). Any new or revised Transmission local planning criteria provided to the NYISO on or

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posted on its website); *New York Indep. Sys. Operator, Inc.*, 111 FERC ¶ 61,347 (2005), at PP 16-17 (any new reliability rules or requirements "will be subject to approval by the NYISO").

after the effective date must therefore be reviewed and discussed with stakeholders and the NYISO must have reviewed such criteria to ensure they are not inconsistent with Order No. 2003 or the Tariff prior to the NYISO recognizing such new or revised criteria as "Applicable Reliability Standards" under Attachments X and Z or "Applicable Reliability Requirements" under Attachment S.

8. Revisions to Tracking of Proposed In-Service Dates, Proposed Initial Synchronization Dates and Commercial Operation Dates

a. Overview

Existing provisions of Attachments X and Z require projects to specify certain significant dates for the construction of a proposed facility in the Interconnection Request. For example, Attachment X requires a Developer to identify a proposed In-Service Date and Commercial Operation Date as a part of its Interconnection Request,[144] while Attachment Z requires a Developer to provide a proposed In-Service Date in its Interconnection Request.[145] Generally, the tariff does not require a proposed facility to update such dates until the Developer has to provide the data sheet that accompanies the Class Year Interconnection Facilities Study Agreement for Large Facilities[146] or as a part of negotiating the SGIA.[147] The NYISO proposes to require Developers to provide the proposed In-Service Date, Initial Synchronization Date, and the Commercial Operation Date in their Interconnection Requests, and to update these key milestones more frequently.

Experience has shown that the In-Service Dates and Commercial Operation Dates, which are proposed by the Developers, are often unrealistic or become outdated through the course of the interconnection process. Stakeholders have expressed concerns that such unrealistic or stale dates limit transparency for the projects in the interconnection queue and create uncertainty in the base cases for the interconnection process and the NYISO's planning processes under Attachment Y to the OATT.[148]

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[144] *See* Attachment X, Section 30.3.3.1. "In-Service Date" is defined as "the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Attachment Facilities to obtain back feed power." Attachment X, Section 30.1. "Commercial Operation Date" is defined as the date upon which a project commences Commercial Operation, which means the status of a project "that has commenced generating or transmitting electricity for sale, excluding electricity generated or transmitted during Trial Operations." *Id.*

[145] *See* Attachment Z, Section 32.5, Appx. 2.

[146] Attachment X requires Developers of Large Facilities to update the In-Service Date and Commercial Operation Date when it completes the Class Year Study Agreement data sheet and as a part of the LGIA. *See* Attachment X, Section 30.8.1; Section 30.14 Appx. 6.

[147] Attachment Z requires Small Generators to update their Commercial Operation Dates at the time that they execute a Small Generator Facilities Study agreement and to update their In-Service Dates and the Commercial Operation Dates as a part of the SGIA. *See* Attachment Z, Section 32.5 Appx. 8 and Appx. 9.

[148] The NYISO uses the In-Service Dates and Commercial Operation Dates from the interconnection process in developing the base cases for studies in its CSPP under Attachment Y. *See generally*, Attachment Y, Sections 31.2.2.3.2; Reliability Planning Process Manual (M-26), *available at*

Additionally, the interconnection procedures do not currently require a Developer to propose an Initial Synchronization Date as a part of its Interconnection Request or prior to the execution of the LGIA or SGIA.[149] The tariff defines "Initial Synchronization Date" as the date upon which a proposed facility is initially synchronized and upon which Trial Operation begins.[150] The Initial Synchronization Date provides greater certainty as to when a facility will actually interconnect and begin providing injections and testing on to the New York State Transmission System. Requiring a Developer to provide the Initial Synchronization Date at the same time that it is required to propose or update its In-Service Date or Commercial Operation Date will add greater transparency and certainty to the NYISO's interconnection and planning processes and to Market Participants.

To address the aforementioned concerns, the NYISO proposes to align the processes under Attachments X and Z to require Developers, as applicable, to provide the proposed In-Service Date, Initial Synchronization Date, and the Commercial Operation Date in their Interconnection Requests and provide more frequent updates to such dates. These revisions will increase transparency of the interconnection process and reduce the likelihood that events will unfold due to the passage of time that would degrade the inputs and results from the interconnection studies.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise the Interconnection Requests under Attachments X and Z to require a Developer to propose an In-Service Date, an Initial Synchronization Date, and a Commercial Operation Date and those dates will be posted on the NYISO's OASIS as a part of its Interconnection Queue.[151] The NYISO also proposes to add a requirement to Section 30.8.2.1 of Attachment X for Large Facilities and Section 32.3.5.8 of Attachment Z for Small Generating Facilities to provide updates to their proposed In-Service Dates, Initial Synchronization Dates, and Commercial Operation Dates on a quarterly basis (*i.e.*, every 90 Calendar Days) once they execute a Class Year Study Agreement or Small Generator Facilities Study agreement, as applicable.

The NYISO also proposes to continue with the practice of updating proposed In-Service Dates and Commercial Operation Dates at the time a Developer executes an LGIA or SGIA but also to require an update to the proposed Initial Synchronization Date as well. Other proposed

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http://www.nyiso.com/public/webdocs/markets_operations/documents/Manuals_and_Guides/Manuals/Planning/rpp_mnl.pdf.

[149] *See* Attachment X, Section 30.14 Appx. 6.

[150] *See* Attachment X, Section 30.1.

[151] Proposed revisions to Attachment X, Section 30.14, Appx. 1 and Attachment Z, Section 32.5, Appx. 2 provide for a space on the Interconnection Request for the Developer to propose an Initial Synchronization Date for the project.

conforming revisions under Attachment X will require Developers to update the proposed Initial Synchronization Date and Commercial Operation Date at the same time that a Developer updates its proposed In-Service Date if that date becomes infeasible.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.D.8 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, December 16, 2017). For those projects that have an executed Facilities Study Agreement for Large Facilities or an executed facilities study agreement for Small Generating Facilities, the requirement to update the In-Service Date, Initial Synchronization Date, and Commercial Operation Date will begin on the last day of the quarter following the effective date of these proposed revisions, at which time such facilities will be required to provide updates every 90 Calendar Days thereafter.

9. Clarification of Withdrawal Procedure

a. Overview

The LIFP contain a withdrawal provision that provides for withdrawal from the interconnection queue either at the Developer's election or by the NYISO for failure to adhere to the requirements of the LFIP. The withdrawal provision in Section 30.3.6 of Attachment X sets forth the bases for withdrawal from the Interconnection Queue, defines the withdrawal process, provides the Developer with an opportunity to cure the issue that triggered the withdrawal and provides the Developer with the opportunity to pursue Dispute Resolution. This proposal revises the cure period set forth in the withdrawal provision.

The withdrawal provisions provide a Developer with a cure period of 15 Business Days from receipt of written notice of withdrawal from the NYISO. Before the expiration of the cure period, the Developer may either respond with information or action that cures the deficiency or notify the NYISO of its intent to pursue Dispute Resolution under Attachment X. The withdrawal provision specifies, however, that the cure period does not extend certain specific deadlines set forth in Attachments S and X. As a result, a Developer cannot obtain an additional 15 Business Days by virtue of the cure period to comply with the requirements of those specified tariff provisions. They are therefore, in a sense, "non-curable" deadlines. Where a Developer has been withdrawn for failure to meet one of the non-curable deadlines referenced in the withdrawal procedures, the Developer can only use the cure period to provide evidence that it did in fact provide the required information by the tariff-required date.

The three deadlines referenced in the withdrawal provision as being "non-curable" are the following:

- Section 25.6.2.3.1.4 of Attachment S (deadline by which a Large Facility Developer must inform the NYISO regarding the status of its regulatory milestone—not the deadline for satisfaction of the regulatory milestone, but rather the deadline by which to advise the NYISO whether the milestone has been satisfied);

- Section 25.6.2.3.2 of Attachment S (deadline by which a Large Facility Developer must satisfy one of the applicable regulatory milestones in Section 25.6.2.3.1 or its subsections); and

- Section 30.8.1 of Attachment X (deadline by which a Developer must execute and deliver to the NYISO its Class Year Study Agreement, together with the required technical data, interconnection service evaluation election, updated In-Service Date and Commercial Operation Date, study deposit and, if the Developer has not satisfied an applicable regulatory milestone, the deposit in lieu of such milestone—a two-part deposit consisting of $100,000 plus $3,000/MW).

In light of recent tariff revisions providing the option of a deposit in lieu of satisfaction of the regulatory milestone, a project need not have met an applicable regulatory milestone in order to enter a Class Year Study. Prior to such tariff revisions, it was critical for the NYISO to know, by a Class Year Start Date, whether a project had satisfied an applicable regulatory milestone, in order for the NYISO to determine which projects were eligible to enter the Class Year Study. In light of the recent tariff revisions to the regulatory milestone requirements for Class Year entry, it is less important that Developers advise the NYISO regarding the status of their regulatory milestones.

While the status of the regulatory milestone is still information the NYISO requires from Developers by a date certain, the NYISO proposes that such deadline—the deadline in Section 25.6.2.3.1.4 of Attachment S—not be one of the non-curable deadlines set forth in the withdrawal provisions. The NYISO agrees with Developers that have raised concerns regarding this provision that it is unduly punitive to a Developer to be subject to a non-curable withdrawal for failure to meet this specific deadline. The NYISO therefore proposes to eliminate the reference to that specific deadline in the withdrawal provision. As a result, failure to meet the deadline to advise the NYISO regarding the status of the regulatory milestone will trigger a withdrawal notice, after which the Developer will have 15 Business Days to cure (*i.e.*, to advise the NYISO regarding the status of the regulatory milestone) or request Dispute Resolution.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to revise Section 30.3.6 of Attachment X—the withdrawal provision— to delete the reference to the deadline in Section 25.6.2.3.1.4 of Attachment S, thereby allowing Developers subject to withdrawal for failure to satisfy Section 25.6.2.3.1.4 to cure such deficiency within the 15 Business Day cure period set forth in Section 30.3.6.

The NYISO proposes to revise Section 25.6.2.3.1.4 of Attachment S to retain the requirement that Developers provide the regulatory milestone status to the NYISO, not by five Business Days of the Class Year Start Date, but rather, within 10 Business Days of the NYISO's request for such information.

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.D.9 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). As a transition mechanism, the NYISO proposes that any withdrawal notices issued for failure to satisfy the deadline in Section 25.6.2.3.1.4 of Attachment S that are pending (*i.e.*, for which the cure period has not expired) at the time of the effective date of the tariff revisions will be permitted the opportunity to cure such deficiency within the cure period for the pending withdrawal notice.

10. Outstanding Invoices for Withdrawn Projects

a. Overview

Upon withdrawal from the interconnection queue, all study deposits provided by the Developer must be trued up with outstanding study costs and the remainder refunded to the Developer with interest. The NYISO proposes to require outstanding invoices from all parties performing interconnection study work within a date certain after completion of the subject study, and proposes to clarify that upon withdrawal, deposits are not refunded until study deposits are trued up with all outstanding invoices.

Currently, the withdrawal provision in Section 30.3.6 of Attachment X requires the NYISO, to "refund to the Developer any portion of the Developer's deposit or study payments that exceeds the costs that the NYISO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations." The costs the NYISO incurs in the performance of studies under Attachments X and Z include the costs of consultant or other entities with whom the NYISO contracts for portions of a particular interconnection study. The use of such consultants and third parties by the NYISO is specifically permitted by Section 30.13.4 of Attachment X.

In the NYISO's experience, upon withdrawal of a project, two competing issues impact the amount and timing of the ultimate refund due to the Developer. On the one hand, study costs cannot be trued up until the NYISO receives all outstanding study cost invoices, including those from consultants and Connecting Transmission Owners performing study work for the project. On the other hand, the NYISO endeavors to refund the study deposits to the Developer as promptly as possible. If the NYISO were to refund study deposits prior to the final true up of all study cost invoices, the resulting refund to the customer would be larger than it should be and would include interest on the entire refund. If, however, the NYISO waits until it receives all outstanding invoices and any such invoices are untimely, it delays the refund to the Developer.

To address this issue, the NYISO proposes to require outstanding invoices from all parties performing interconnection study work within 60 days after completion of the subject study. The NYISO also proposes to supplement existing language in the withdrawal provision regarding refunds payable upon withdrawal to make it clear for Developers that upon withdrawal, deposits are not refunded until study deposits are trued up with all outstanding invoices. Together, these two tariff revisions prevent a potentially unfair windfall to a

withdrawn project while at the same time mitigating the risk that a withdrawn project's refund may be delayed by outstanding invoices.

Below is a description of the specific tariff amendments necessary to implement this proposal.

b. Description of Specific Tariff Revisions

The NYISO proposes to add tariff language to Section 30.13.3.1 of Attachment X ("Obligation for Study Costs and Study Deposits") to require invoices for interconnection studies to be submitted to the NYISO within 60 days after completion of the subject study.

The NYISO further proposes to add tariff language to Section 30.3.6 of Attachment X to require, for withdrawn projects, that study deposits be trued up with all outstanding invoices before deposits are refunded in the event of withdrawal. Specifically, the NYISO proposes to add the underlined language below to the refund provision in Section 30.3.6 of Attachment X: "The ISO shall … (ii) after all outstanding invoices for study work for the project have been received by the ISO, refund to the Developer any portion of the Developer's deposit or study payments that exceeds the costs that the NYISO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations."

c. Proposed Effective Date/Implementation Plan

The NYISO proposes that the tariff revisions proposed in this Section IV.D.10 become effective on the day after the end of the statutory 60-day notice period (*i.e.*, on December 16, 2017). As a transition mechanism, the NYISO proposes that for invoices outstanding as of the effective date of the tariff revisions, such invoices must be submitted to the NYISO within 60 days from the effective date or 60 days from the completion of the interconnection study, whichever is later.

E. Minor Clarifications and Ministerial Edits

The NYISO's proposed revisions to the OATT and Services Tariff also include a number of minor revisions intended to clarify and clean up existing language, including clarifications of Security provisions in Attachment S, clarification regarding the impact of permissible post-Class Year Studies (*e.g.*, Sub-Synchronous Resonance studies), requirement that SUFs on Affected Systems require an engineering, procurement and construction agreement to which the NYISO is a party, updates to the tax and insurance provisions in the *pro forma* LGIA, and ministerial edits (*e.g.*, changing "NYISO" to "ISO" in Attachments S, X and Z to the OATT, consistent with other tariff sections). These proposed revisions are referenced and explained in the following table:

Tariff Section	Description of Proposed Modification	Rationale for Proposed Modification
GLOBAL		
Global	Ministerial edits to Attachments S, X and Z to ensure consistent use of defined terms, correct/update cross-references; correct formatting, eliminate extra spaces, add missing punctuation	Non-substantive clean-up edits
OATT ATTACHMENT S		
25.5.9	Removal of provisions that detailed the implementation of previous tariff revisions related to members of Class Year 2011 entering Class Year 2012	Clean-up edit to remove provisions that are no longer relevant to projects in the NYISO's interconnection queue
25.8.5	Revision to extend the existing rule applicable to Connecting Transmission Owners to Affected Transmission Owners with regard to the requirement that the Transmission Owner holding a Developer's Security for SUFs reduce the Security as discrete portions of the SUFs are completed	Clarification regarding how Security reductions are handled where the Transmission Owner holding the Security is the Affected Transmission Owner; consistent with manner in which Security reductions are handled for Security held by Connecting Transmission Owners
25.8.6.4	Clarification as to how the actual cost provisions of Attachment S related to the Developer's share of required SUFs or SDUs apply to costs related to detailed design studies such as electro-magnetic transient analyses and sub synchronous resonance analyses	Clarification consistent with modifications to the NYISO's Transmission Expansion & Interconnection Manual, which were approved by the NYISO's Business Issues Committee and Operating Committee in June 2017
OATT ATTACHMENT X		
30.3.1	Clarification that the baseline ERIS for a Large Facility that requested a non-material modification to decrease its size will be a capped at the decreased megawatt level requested	Clarification/supplementation of existing language consistent with existing practices and the intent of Section 30.3.1 of Attachment X
30.6.1 30.7.1 30.7.2	Revisions to account for the elimination of the Feasibility Study Agreement and SRIS Agreement and the modification to make the Feasibility Study optional at the Developer's election[152]	Revisions to provide consistency with the substantive tariff revisions discussed in Sections IV.A.1 and IV.A.4 above

[152] *See* Sections IV.A.1 and IV.A.4, *supra*.

Tariff Section	Description of Proposed Modification	Rationale for Proposed Modification
30.7.3	Removal of the implementing language for changes to the Base Case requirements for the SRIS that became effective January 17, 2010[153]	Clean-up edits to remove provisions which are no longer relevant as there are no longer any projects in the NYISO's interconnection queue that would be subject to these Base Case requirements
30.8.1	Clarification of language regarding what triggers the tender of a Class Year Study Agreement and the commencement of the 30-day deadline for execution of the agreement	Clarification to reduce confusion surrounding the tender of a Class Year Study Agreement and deadline for returning an executed Class Year Study Agreement
30.8.2.1	Addition of a new section of providing a copy of the fully executed Class Year Interconnection Facilities Study Agreement to the Developer and Connecting Transmission Owner(s)	Tariff language to memorializes the NYISO's current practice with regard to distribution of fully executed agreements to the parties
30.8.2.2	Clarification that the reference to "this schedule" should be "Section 30.8.2 of Attachment X"	Clarification regarding the specific tariff section referenced, which is a section of Attachment X, not a "schedule" as the current language implies
30.12.1	Revisions to require the NYISO, Connecting Transmission Owner(s), any Affected Transmission Owner(s) and Developer to enter into an engineering, procurement, construction ("EPC") agreement for the construction of triggered SUFs or SDUs if such upgrades involve an Affected Transmission Owner	Clarification regarding the appropriate contractual mechanism applicable to SUFs or SDUs involving Affected Transmission Owners since they are not parties to the LGIA (memorializing the NYISO's current practice and aligning with the language contained in Section 25.7.11.1.4.2.6 of Attachment S, requiring EPC agreements for SDUs)
30.13.3.1	Removal of the implementing language related to tariff revisions for Class Years 2008 through 2010	Clean-up edit to remove provisions which are no longer relevant to projects in the NYISO's interconnection queue

[153] *See New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER10-290-000 (February 22, 2010); *New York Indep. Sys. Operator, Inc.*, Proposed Tariff Revisions Improving the Interconnection Study Queue Process, Docket No. ER10-290-000, pp 2-3 (November 18, 2009) (proposing to revise the Base Case requirements for the SRIS Study under Attachment X with an effective date of January 17, 2010).

Tariff Section	Description of Proposed Modification	Rationale for Proposed Modification
30.14, Appx. 1	Addition of applicable requirements for solar and energy storage projects to the Interconnection Request form for Large Facilities, and streamline the Interconnection Request form by eliminating the need for Developers to provide unnecessary data at the start of the interconnection process	Streamlining and removing unnecessary complexities in the data required to submit an Interconnection Request form
30.14, LGIA, Article 1	Revisions to clarify the definitions used in the LGIA by (i) updating the introductory paragraph, (ii) removing definitions not used in the LGIA or no longer applicable based upon the revisions proposed in this filing, and (iii) correcting certain definitions to provide greater precision	Clarification removing definitions that do not appear in the LGIA, and revisions to provide consistency with the substantive tariff revisions discussed in Section IV above
30.14, LGIA, Article 5.12	Revision to add "shall not" to the placeholder currently providing for the insertion of optional text in the bracket indicating whether Connecting Transmission Owner will transfer operational control of its Attachment Facilities and Stand Alone SUFs to the NYISO	Clarification that there are two options, either one of which can be inserted into the placeholder in Article 5.2 of the LGIA
30.14, LGIA, Article 5.17.4	Revisions to clarify the formula for calculating Developer's liability to Connecting Transmission Owner for the cost consequences of tax liability of Connecting Transmission Owner related to the Attachment Facilities, SUFs, and/or System Deliverability Upgrades	Clean-up edit to clarify the formula referenced in this Article of the LGIA

Tariff Section	Description of Proposed Modification	Rationale for Proposed Modification
30.14, LGIA, Article 5.17.7	Revisions to the LGIA provisions regarding the rights and obligations of Developers and Connecting Transmission Owners in the event that a Connecting Transmission Owner contests a determination by a Governmental Authority that the Connecting Transmission Owner's receipt of payments or property related to the interconnection of the Large Facility constitutes income subject to taxation	Provides greater clarity regarding the rights and obligations of Developers and Connecting Transmission Owners in the event that a Connecting Transmission Owner wishes to contest tax liability; consistent with revisions to California Independent System Operator Corporation ("CAISO")'s interconnection agreement accepted by the Commission[154]
30.14, LGIA, Article 18.3	Updates to the provisions for the minimum insurance coverage for Developers and Connecting Transmission Owners to: (i) specify criteria for insurance companies;[155] (ii) increase minimum limits and required scope for Commercial General Liability ("GCL") insurance; (iii) clarify excess liability insurance requirements; (iv) require policies to contain provisions that they are primary and non-contributory; (v) require policies to remain in full force and effort for three years following LGIA termination; and (vi) allow parties to stipulate regarding the deadline for providing certificates of insurance	Updates insurance provisions consistent with requirements of Transmission Owners involved in the NYISO's interconnection process; consistent with revisions to CAISO's interconnection agreement accepted by the Commission[156]

[154] *California Indep. Sys. Operator Corp.*, 112 FERC ¶ 61,009, at PP 199-203 (2005); *California Indep. Sys. Operator Corp.*, Joint Filing of the Large Generator Interconnection Agreement, Docket Nos. ER04-444-004, -005, -008, at Attachment A pp 54-63 (January 5, 2005).

[155] Proposed revisions to Article 18.3.2 of the LGIA would require that the insurance company issuing the police be "licensed to write insurance or approved eligible surplus lines carriers in the state of New York with a minimum A.M. Best rating of A or better for financial strength, and an A.M. Best financial size category of VIII or better." Proposed Attachment X, Section 30.14 Appx. 6.

[156] *See California Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,169 (2016).

Tariff Section	Description of Proposed Modification	Rationale for Proposed Modification
30.14, LGIA, Appx. G	Remove Appendix G to the LGIA	Elimination of language in accordance with Order No. 827[157]
OATT ATTACHMENT Z		
32.1.1.7	Correction of a reference to the Small Generator Facilities Study agreement to refer to the Class Year Study Agreement	Clarification to refer to the applicable study agreement, which is the Class Year Study Agreement rather than the Small Generator Facilities Study agreement
32.1.3	Clarification to Section 32.1.3 of Attachment Z that the baseline ERIS for a Small Generating Facility that requested non-material modification to decrease its size will be a capped at the decreased megawatt level requested	Clarification/supplementation of existing language consistent with existing practices and the intent of Section 32.1.3
32.3.4.10	Remove the transition language for changes to the base case requirements for Small Generator SISs under Attachment Z that became effective January 17, 2010[158]	Clean-up edit to remove provisions which are no longer relevant as there are no longer any Small Generating Facilities that would be subject to these base case requirements
32.3.5.1	Require the NYISO to tender a Small Generator Facilities Study agreement "as soon as practicable after transmittal of the final system impact study report" and to provide a non-binding good faith estimate of the time to perform such study	Revisions to provide consistency with the substantive tariff revisions discussed in Section IV.A.3 above
32.3.5.2	Add language memorializing the NYISO's current practice of providing a copy of the fully executed facilities study agreement to the Developer and Connecting Transmission Owner(s)	Revisions to provide consistency with the substantive tariff revisions discussed in Section IV.A.3 above

[157] *See generally*, *Reactive Power Requirements for Non-Synchronous Generatio*n, 155 FERC ¶ 61,277 (2016) at PP 60-63 (advising that once all transition projects have executed LGIAs, the Transmission Provider should submit a filing pursuant to Section 205 of the Federal Power Act to remove Appendix G from the LGIA).

[158] *See* note 153, *supra*.

Tariff Section	Description of Proposed Modification	Rationale for Proposed Modification
32.3.5.5	Revision to *require* a deposit of the good faith estimated costs for the Small Generator Facilities Study, as opposed to the current language that allows but does not require the NYISO to request it.	NYISO requires a deposit to mitigate against the possibility of unpaid invoices in accordance with the facilities study agreement and always elects the option to require one under this tariff provision
SERVICES TARIFF		
5.12.1.8	Replace reference to "March 1" with "Class Year Start Date" to properly reflect that a Class Year can begin on various dates	

V. Effective Date

With the limited and specific exceptions described above in Section IV.B.1.b.ii and included in Attachments XIX and XX, the NYISO respectfully requests that the Commission make the tariff revisions proposed in this filing effective on the day after the statutory 60-day notice period (*i.e.*, on December 16, 2017).

VI. Service

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York State Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

Respectfully submitted,

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