

5.16 New Capacity Zone Study and Procedures

Capitalized terms used in this Section 5.16 and not defined in this Services Tariff shall have the meaning set forth in the Open Access Transmission Tariff.

The ISO shall conduct the New Capacity Zone study in accordance with this Section (“NCZ Study”) and provide a written report of the results to stakeholders on or before January 15 in each ICAP Demand Curve Reset Filing Year.

5.16.1 NCZ Study Methodology.

5.16.1.1 The NCZ Study, developed in accordance with ISO Procedures, will test, under summer peak system conditions, using the following assumptions and methodology:

5.16.1.1.1 The following assumptions will be applied: (i) transmission facilities (other than existing ~~merchant transmission projects~~ Class Year Transmission Project) identified as existing in the ISO’s Load and Capacity Data report most recently published prior to the NCZ Study Start Date; (ii) all firm plans for changes to transmission facilities by Transmission Owners in the ISO’s Load and Capacity Data report most recently published prior to the NCZ Study Start Date scheduled to be in-service prior to the NCZ Study Capability Period; (iii) planned generation projects or Class Year Transmission Project ~~Merchant Transmission Facilities~~ that have accepted either (a) Deliverable MW or (b) a System Deliverability Upgrade cost allocation and provided cash or posted required security pursuant to OATT Attachment S, which for (a) and (b) is from a Class Year Final Decision Round that occurs prior to the NCZ Study Start Date (subject to Section 5.16.1.1.2); (iv) System Upgrade Facilities and System Deliverability

Upgrades associated with planned projects identified in (iii) above, except that System Deliverability Upgrades where construction of the System Deliverability Upgrade has been deferred pursuant to OATT Attachment S Sections 25.7.12.2 and 25.7.12.3 will only be included if construction of the System Deliverability Upgrades has been triggered under OATT Attachment S Section 25.7.12.3; (v) all transmission retirements and derates identified in the ISO's Load and Capacity Data report most recently published prior to the NCZ Study Start Date and scheduled to occur prior to the NCZ Study Capability Period; (vi) all existing Generators with CRIS identified in, and all projects with Unforced Capacity Deliverability Rights on the date of, the ISO's Load and Capacity Data report most recently published prior to the NCZ Study Start Date; and all CRIS rights from resources considered "CRIS-inactive" as defined in OATT Attachment S Section 25.9.3.1 unless the ability to transfer those rights has expired without completing a transfer as permitted under OATT Attachment S Section 25.9.4 or 25.9.5 as of the NCZ Study Start Date; and (vii) any transfer of CRIS rights pursuant to OATT Attachment S not identified in the Load and Capacity Data report most recently published prior to the NCZ Study Start Date but is completed and the transferee is operational prior to the NCZ Study Start Date.

5.16.1.1.2 Planned generation and ~~Class Year Transmission Projects~~~~Merchant Transmission Facilities~~ identified pursuant to Section 5.16.1.1.1 will be excluded and not recognized in the NCZ Study if (a) the Commission has accepted the cancellation or termination of a rate schedule consisting of an Interconnection Agreement (absent the filing of another Interconnection Agreement for the

project), or (b) for projects that either do not have an executed Interconnection Agreement or have an executed Interconnection Agreement that is (i) not required to be filed with the Commission or (ii) is required to be filed but has not yet been filed, the ISO receives written notice from the project that it is withdrawing from the interconnection queue and/or a Notice of Termination under the interconnection agreement.

5.16.1.1.3 The Load forecast used will be the NCZ Study Capability Period peak demand forecast contained in the ISO's Load and Capacity Data report most recently published prior to the NCZ Study Start Date.

5.16.1.1.4 The base case conditioning steps contained in OATT Attachment S Sections 25.7.8.2.3 (excluding and not recognizing MW of CRIS requested by Developers other than CRIS identified in Section 5.16.1.1.1 (iii)), 25.7.8.2.4, 25.7.8.2.5, 25.7.8.2.10, and 25.7.8.2.11, will be applied to the above inputs and assumptions.

5.16.1.1.5 The ISO will perform the NCZ Study by applying to the above inputs and assumptions the methodology contained in OATT Attachment S Sections 25.7.8.2.6, 25.7.8.2.7, 25.7.8.2.8, 25.7.8.2.9, 25.7.8.2.12, and 25.7.8.2.13 to Highways. Deliverability will be determined through a shift from generation to generation within each Capacity Region that contains Highways. Each such Capacity Region will be tested on an individual basis.

5.16.1.2 On or before October 1 of the year prior to an ICAP Demand Curve Reset Filing Year, the ISO will review the inputs and assumptions for the NCZ Study with stakeholders and provide an opportunity for stakeholders to comment.

5.16.1.3 The ISO shall provide an opportunity for the Market Monitoring Unit to review and comment on the NCZ Study consistent with Services Tariff Attachment O Section 30.4.6.3.2.

5.16.2 New Capacity Zone Boundary

The ISO shall identify the boundary of a New Capacity Zone if there is a constrained Highway interface into one or more Load Zones. The boundary of the New Capacity Zone may encompass a single constrained Load Zone or group of Load Zones including one or more constrained Load Zones on the constrained side of the Highway. In determining the New Capacity Zone boundary, the ISO shall consider the extent to which incremental Capacity in individual constrained Load Zones could impact the reliability and security of constrained Load Zones, taking into account interface capability between constrained Load Zones.

5.16.3 Indicative NCZ Locational Minimum Installed Capacity Requirement

For each Load Zone or groups of Load Zones identified in the NCZ Study as having a constrained Highway Interface, on or before March 1 of each ICAP Demand Curve Reset Filing Year, the ISO shall determine Indicative NCZ Locational Minimum Installed Capacity Requirement. The ISO shall provide an opportunity to stakeholders to review and comment on the Indicative NCZ Locational Minimum Installed Capacity Requirement. This Indicative NCZ Locational Minimum Installed Capacity Requirement will be used solely for establishing revised ICAP Demand Curves in accordance with 5.14.1.2.

5.16.4 NCZ Report

On or before March 31 of an ICAP Demand Curve Reset Filing Year,

- (a) If the NCZ Study identifies a constrained Highway Interface, the ISO shall file for Commission review proposed tariff revisions necessary to establish and recognize the New Capacity Zone or Zones, and shall include in the filing a report of the results of the NCZ Study. If the ISO proposes that a New Capacity Zone that is comprised of a group of Load Zones instead of a single Load Zone, the ISO shall include in the filing the basis for its determination, consistent with Section 5.16.2.
- (b) If the NCZ Study does not identify a constrained Highway interface, the ISO shall file with the Commission the ISO's determination that the NCZ Study did not indicate that any New Capacity Zone is required pursuant to this process, along with a report of the results of the NCZ Study.

The ISO shall provide an opportunity for the Market Monitoring Unit to review and comment on the NCZ Study and any proposed tariff revisions, consistent with Services Tariff Attachment O Section 30.4.6.3.2.