

## **25.5 Cost Responsibility Rules for Both ERIS and CRIS**

### **25.5.1 Side Agreements**

These cost allocation rules will not preclude or supersede any binding cost allocation agreements that are executed between or among Developers, Connecting Transmission Owners and/or Affected Transmission Owners; provided, however, that no such agreements will increase the cost responsibility or cause a material adverse change in the circumstances as determined by these rules of any Developer or Transmission Owner who is not a party to such agreement.

### **25.5.2 Costs Covered By Attachment S**

The interconnection facility cost allocated by these rules is comprised of all costs and overheads associated with the design, procurement and installation of the new interconnection facilities. These rules do not address in any way the allocation of responsibility for the cost of operating and maintaining the new interconnection facilities once they are installed. Nor do these rules address in any way the ownership of the new interconnection facilities.

### **25.5.3 Dispatch Costs**

Developers, Connecting Transmission Owners and Affected Transmission Owners will not be charged directly for any redispatch cost that may be caused by the temporary removal of transmission facilities from service to install new interconnection facilities, as such cost is reflected in Locational Based Marginal Prices. Nor will existing generators be paid for any lost opportunity cost that may be incurred when their units are dispatched down or off in connection with the installation of new interconnection facilities.

#### **25.5.4 Transmission Owners' Cost Recovery**

Any Connecting or Affected Transmission Owner implementation and construction of (i) System Upgrade Facilities as identified in the Annual Transmission Baseline Assessment or Annual Transmission Reliability Assessment, or (ii) System Deliverability Upgrades as identified in the Class Year Deliverability Study, shall be in accordance with the ISO OATT, Commission-approved ISO Related Agreements, the Federal Power Act and Commission precedent, and therefore shall be subject to the Connecting or Affected Transmission Owner's right to recover, pursuant to appropriate financial arrangements contained in agreements or Commission-approved tariffs, all reasonably incurred costs, plus a reasonable return on investment.

#### **25.5.5 Existing System Representation**

The ISO shall include in the Existing System Representation for purposes of the ATBA and ATRA for a given Class Year:

**25.5.5.1** For Class Year 2017: (i) All generation and transmission facilities identified in the ISO's most recent NYISO Load and Capacity Data Report, excluding those facilities that are subject to Class Year cost allocation but for which Class Year cost allocations have not been accepted; (ii) all planned generation projects and ~~merchant transmission projects~~ Class Year Transmission Projects that have accepted their cost allocation in a prior Class Year cost allocation process and System Upgrade Facilities and System Deliverability Upgrades associated with those projects except that System Deliverability Upgrades where construction has been deferred pursuant to Section 25.7.12.2 and 25.7.12.3 of Attachment S will only be included if construction of the System

Deliverability Upgrades has been triggered under Section 25.7.12.3 of Attachment S; (iii) all generation and transmission retirements and derates identified in the NYISO Load and Capacity Data Report as scheduled to occur during the five-year cost allocation study planning period; and (iv) Transmission Projects that have met the following milestones: (1) have been triggered (if subject to the reliability planning process), selected (if subject to the Public Policy Transmission Planning Process), or approved by beneficiaries (if subject to the CARIS process); (2) have a completed System Impact Study (if applicable); (3) have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, “deemed complete”) (if applicable); and (4) are making reasonable progress under the applicable OATT Attachment Y planning process (if applicable); (v) transmission projects identified as “firm” by the Connecting Transmission Owner and either (1) have commenced a Facilities Study (if applicable) and have an Article VII application deemed complete (if applicable); or (2) are under construction and scheduled to be in-service within 12 months after the Class Year Start Date and (vi) all other changes to existing facilities, other than changes that are subject to Class Year cost allocation but that have not accepted their Class Year cost allocation, that are identified in the NYISO Load and Capacity Data Report or reported by Market Participants to the ISO as scheduled to occur during the five year cost allocation study planning period. Facilities in a Mothball Outage, an ICAP Ineligible Forced Outage, or Inactive Reserves will be modeled as in, and not removed from, the Existing System Representation. If the ISO has triggered multiple Transmission

Projects under its reliability planning process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution. The point of interconnection of a Retired generator with a terminated interconnection agreement is available to proposed facilities on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures. A Retired generator with an interconnection agreement that remains in effect after it is Retired will retain its right to the specific point of interconnection as provided for in the interconnection agreement and access to this point will not be available for new facilities.

25.5.5.2 For Class Years subsequent to Class Year 2017: (i) the following facilities included in the ISO's most recent NYISO Load and Capacity Data Report: all generation identified as existing and all transmission facilities identified as existing and/or firm, excluding those facilities that are subject to Class Year cost allocation but for which Class Year cost allocations have not been accepted; (ii) all proposed generation projects and ~~merchant transmission projects~~ Class Year Transmission Projects, together with their associated System Upgrade Facilities and System Deliverability Upgrades, that have accepted their cost allocation in a prior Class Year cost allocation process; provided however, that System Deliverability Upgrades where construction has been deferred pursuant to Sections 25.7.12.2 and 25.7.12.3 of Attachment S will only be included if construction of the System Deliverability Upgrades has been triggered under

Section 25.7.12.3 of Attachment S; (iii) all generation and transmission retirements and derates identified in the Load and Capacity Data Report as scheduled to occur during the five-year cost allocation study planning period; and (iv) Transmission Projects that are proposed under Attachment Y of the ISO OATT and have met the following milestones prior to the Class Year Start Date: (1) have been triggered under the reliability planning process, selected under the Public Policy Transmission Planning Process, or approved by beneficiaries under the CARIS process); and (2) have a completed System Impact Study; (3) have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, “deemed complete”) (if applicable); and (4) are making reasonable progress under the applicable OATT Attachment Y planning process ; (v) Transmission Projects that are not proposed under Attachment Y to the ISO OATT that have completed a Facilities Study and posted Security for Network Upgrade Facilities as required in Section 22.9.10 of Attachment P to the ISO OATT and have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, “deemed complete”) (if applicable); (vi) transmission projects not subject to the Transmission Interconnection Procedures or the Attachment X and S interconnection procedures (*i.e.*, new transmission facilities or upgrades proposed by a Transmission Owner in its Local Transmission Owner Plan or NYPA transmission plan ) identified as “firm” by the Connecting Transmission Owner and either (1) have commenced a Facilities Study (if applicable) and have an Article VII application deemed complete (if

applicable); or (2) are under construction and scheduled to be in-service within 12 months after the Class Year Start Date and (vii) all other changes to existing facilities, other than changes that are subject to Class Year cost allocation but that have not accepted their Class Year cost allocation, that are identified in the Load and Capacity Data Report or reported by Market Participants to the ISO as scheduled to occur during the five year cost allocation study planning period. Facilities in a Mothball Outage, an ICAP Ineligible Forced Outage, or Inactive Reserves will be modeled as in, and not removed from, the Existing System Representation. If the ISO has triggered multiple Transmission Projects under its reliability planning process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution. The point of interconnection of a Retired generator with a terminated interconnection agreement is available to proposed facilities on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures. A Retired generator with an interconnection agreement that remains in effect after it is Retired will retain its right to the specific point of interconnection as provided for in the interconnection agreement and access to this point will not be available for new facilities.

**25.5.5.3** The System Upgrade Facilities listed on Exhibit A to the Financial Settlement shall be included in the Existing System Representation. Such System Upgrade Facilities shall be shown as in service in the first year of the five-year cost allocation study planning period and in each subsequent year, unless such

System Upgrade Facilities are cancelled or otherwise not in service by January 1, 2010; provided that if such facilities are expected to be in service after January 1, 2010, starting with the Class Year 2010, the ISO shall independently determine such later date when the System Upgrade Facilities are expected to be in service and represent them according to the ISO's determination.

**25.5.5.4** System Upgrade Facilities not listed on Exhibit A to the Financial Settlement, but for which cost allocations have been accepted in a prior Class Year cost allocation process, shall be represented in the Existing System Representation for subsequent cost allocation studies in the year of their anticipated in-service date.

**25.5.6 Attachment Facilities.**

Each Developer is responsible for 100% of the cost of the Attachment Facilities.

**25.5.7 Distribution Upgrades**

Each Developer is responsible for 100% of the cost of the Distribution Upgrades.

**25.5.8 No Prioritization of Class Year Projects**

There will be no prioritization of the projects grouped and studied together in a Class Year. Each such project will share in the then currently available functional or electrical capability of the transmission system, and share in the cost of the System Upgrade Facilities required to interconnect its respective project and, for Developers seeking CRIS, System Deliverability Upgrades required under the NYISO Deliverability Interconnection Standard, in accordance with the rules set forth herein.

### **25.5.9 Class Year Start Date and Schedule**

Starting with the Class Year subsequent to Class Year 2017, the Annual Transmission Reliability Assessment (*i.e.*, Class Year Study) will begin on the Class Year Start Date, which will be the first Business Day after thirty (30) Calendar Days following the completion of the prior Class Year Interconnection Facilities Study as to all Class Year members (*i.e.*, date upon which all remaining Class Year Developers in Class Year X-2 in a Bifurcated Class Year, or alternatively, all remaining Class Year Developer in a Class Year that is not bifurcated, have accepted their Project Cost Allocations and have posted Security for same). In order to become a Class Year Project in a Class Year subsequent to Class Year 2012, an Eligible Class Year Project must (1) satisfy the criteria for inclusion in the next Class Year, as those criteria are specified in Section 25.6.2.3.1 of this Attachment S, Section 25.8.2.3 of this Attachment S and Sections 32.1.1.7 of Attachment Z to the OATT and/or Section 32.3.5.3.2 of Attachment Z to the OATT, as applicable and (2) must elect to enter the applicable Class Year by providing notice to the ISO by five (5) Business Days after the Class Year Start Date. This Section 25.5.9 does not limit membership or eligibility for membership in Class Year 2011 or Class Year 2012.

Starting with the Class Year subsequent to Class Year 2012, all parties engaged in performing study work as part of the Annual Transmission Reliability Assessment and Class Year Deliverability Study (collectively, the Class Year Interconnection Facilities Study) are required to use Reasonable Efforts to complete the basic required evaluations and cost estimates for Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades in order that the Class Year Interconnection Facilities Study can be presented to the Operating Committee for approval within twelve (12) months from the Class Year Start Date. Starting with the Class Year subsequent to Class Year 2012, if a new System Deliverability Upgrade is identified (*i.e.*, a



System Deliverability Upgrade not previously identified and cost allocated in a Class Year Interconnection Facilities Study and not substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a Class Year Interconnection Facilities Study), an additional six (6) months will be provided within which to perform additional System Deliverability Upgrade studies, subject to Reasonable Efforts, for the study of and development of cost estimates for such a System Deliverability Upgrade.

Through the Interconnection Projects Facilities Study Working Group distribution list, the ISO will provide the anticipated Class Year Schedule, including the status of and anticipated completion date of the Annual Transmission Baseline Assessment study cases.

## **25.5.10 Preliminary SDU Decision Period and Class Year Bifurcation**

### **25.5.10.1 Notice of SDUs Requiring Additional Studies**

Starting with Class Year 2017, if the ISO determines that any Class Year Project requires System Deliverability Upgrades for which additional System Deliverability Upgrade studies are required pursuant to Section 25.5.9 of this Attachment S, the ISO will notify all members of the ISO's Interconnection Projects Facilities Study Working Group that the ISO has made such a determination, such notice to be provided as soon as practicable after the ISO presents the results of the full preliminary Class Year Study results (*i.e.*, the results of the System Upgrade Facilities Study and preliminary Deliverability Study) to stakeholders and the ISO Operating Committee approves such results. This notice will be referred to as the "Notice of SDUs Requiring Additional Study."

### **25.5.10.2 Preliminary SDU Decision Period**

At the same time the ISO issues the Notice of SDUs Requiring Additional Study, the ISO will issue a notice to only those Class Year Project Developers for which the ISO has identified

System Deliverability Upgrades requiring additional studies. This notice will trigger the “Preliminary SDU Decision Period.” Each Developer to which such notice is issued shall respond to the ISO within 10 Business Days to indicate if it elects to proceed or not proceed with additional studies for the identified System Deliverability Upgrades. If the ISO does not receive the Developer’s election by the deadline, the Developer will be deemed to have notified the ISO that it elects to not proceed with the additional studies for the identified System Deliverability Upgrades.

If no 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 proceed to the decision and settlement phase set forth in Section 25.8.2 of this Attachment S.

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 pursuant to Section 25.5.10.3 of this Attachment S.

If, as a result of election(s) made in the Preliminary SDU Decision Period, the ISO determines that the Class Year Study will be bifurcated, the ISO will issue a notice to members of the ISO’s Interconnection Projects Facilities Study Working Group (“Bifurcation Notice”) that will serve to bifurcate the Class Year Study into Class Year X-1 and Class Year X-2 (with “X” being the year of the Class Year Start Date) and will provide Class Year X-1 Project Cost Allocations for System Upgrade Facilities and System Deliverability Upgrades, excluding Project Cost Allocations for System Deliverability Upgrades requiring additional studies.

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 System Deliverability Upgrades requiring additional studies – *i.e.*, a Class Year Project Developer may

not elect to proceed with additional studies for System Deliverability Upgrades 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 System Deliverability Upgrades in the Preliminary SDU Decision Period will be required to proceed to Class Year X-2.

### **25.5.10.3 Bifurcated Decision Period**

On or before the first Business Day after thirty (30) Calendar Days from a Bifurcation Notice (such 30 day period, the “Bifurcated Decision Period”), each Class Year Project, other than a Class Year Project Developer that elected in the Preliminary SDU Decision Period to proceed with additional SDU studies, must 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) System Upgrade Facilities (*i.e.*, ERIS only);
  - (b) System Upgrade Facilities and Deliverable MW for CRIS, if any (*i.e.*, ERIS and CRIS that is deliverable without a System Deliverability Upgrade);
  - (c) System Upgrade Facilities and System Deliverability Upgrades not requiring additional studies, if any (*i.e.*, ERIS and CRIS that is deliverable with a System Deliverability Upgrade previously identified and cost allocated in a previous Class Year Study or substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a previous Class Year Study);
  - (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, System Deliverability Upgrades not requiring additional studies, if any (*i.e.*, ERIS and CRIS that is deliverable with a System Deliverability Upgrade previously identified and cost allocated in a previous Class Year Study or substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a previous Class Year Study);
- (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 System Deliverability Upgrades 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.

A Class Year Project Developer that fails to respond to this notice requirement with one of the above elections by the required deadline will proceed as a member Class Year X-2, with no changes to ERIS or CRIS requests.

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 System

Upgrade Facilities, System Deliverability Upgrades 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 elects to withdraw its project entirely from the Class Year at this juncture, the Class Year from which the project drops out will constitute one of the two Class Years a project may enter under Section 25.6.2.3.4 of Attachment S. If a Class Year Project Developer elects to withdraw entirely from the Class Year at this juncture, the deposits paid in lieu of satisfaction of the regulatory milestone pursuant to Section 25.6.2.3.1 of Attachment S will be fully refunded.

If a Class Year Project Developer eligible to complete the decision and settlement phase as part of Class Year X-1 elects to do so, the Developer shall, within the Bifurcated Decision Period, complete the following requirements:

- (1) The Developer must provide notice to the ISO, in accordance with the instructions set forth by the ISO in the notice, whether it accepts (an “Acceptance Notice”) or does not accept (a “Non-Acceptance Notice”) the Project Cost Allocation(s) and Deliverable MW, if any, reported to it by the ISO; and
- (2) The Developer must, if providing an Acceptance Notice:
  - (a) include a confirmed In-Service Date and Commercial Operation Date, subject to the limitations set forth in Section 30.4.4.5 of Attachment X; and
  - (b) signify its willingness to pay the Connecting Transmission Owner and Affected Transmission Owner(s) for its share of the required System Upgrade Facilities and System Deliverability Upgrades by (i) satisfying Headroom

payment/security posting obligations, if any, as specified in Section 25.8.7.6 and

(ii) paying cash or posting Security (as defined in Section 25.8.2.1 of this

Attachment S) in accordance with these rules, for the full amount of its respective

Project Cost Allocation.

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.

The Class Year X-1 decision period will not be iterative (*i.e.*, the ISO will not provide for subsequent decision rounds for projects that reject their Class Year X-1 Project Cost Allocation decisions). 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 ISO shall report to all Class Year Developers, in writing via electronic mail, 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 ISO 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. 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 this Attachment S), ISO 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 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 or Affected Transmission Owner(s) holding funds or Security must return excess funds or Security to the Class Year Developer within fifteen (15) Business Days of the ISO's notice requiring such refund.

For purposes of determining the Class Year Start Date for the next Class Year Study, 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.