

Attachment II

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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September 27, 2012

Stephen G. Whitley
President & Chief Executive Officer
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

RE: FERC Order Nos. 1000 and 1000-A Transmission Planning for Public Policy Purposes

Dear Mr. Whitley:

I am aware that the New York Independent System Operator, Inc. (NYISO) has been working with interested stakeholders and Staff of the Department of Public Service (DPS Staff) to develop a process to comply with the Federal Energy Regulatory Commission's (FERC) Order Nos. 1000 and 1000-A. FERC's orders require, in part, that the NYISO amend its tariff to describe procedures for considering transmission needs driven by public policy requirements. FERC has directed that the NYISO and New York Transmission Owners (NYTOs) submit a compliance filing containing these procedures by no later than October 11, 2012.

As currently drafted, the NYISO proposes that DPS Staff and the New York Public Service Commission (NYPSC) would play a key role in the transmission planning process for public policy purposes, including the identification of which transmission needs should be evaluated by the NYISO and the selection of transmission projects for purposes of cost recovery. This approach appears to be consistent with FERC's strong encouragement that states participate actively in the process.

I am also cognizant that implementation of the proposed process would require the development of procedures that would be used by DPS Staff and the NYPSC in undertaking their respective roles and responsibilities. Please be advised that the NYPSC is prepared to initiate a proceeding, at an appropriate time, to develop and identify these procedures. However, the scope and timing of the NYPSC's proceeding may depend on what actions are ultimately taken by the NYISO and FERC. For instance, the NYISO's proposal is subject to change until it is finalized and filed with FERC. Similarly, upon review of the NYISO/NYTOs compliance filing,

FERC may determine that certain modifications or clarifications are necessary to comply with Order Nos. 1000 and 1000-A, and may provide useful guidance on how the NYPSC should consider crafting its procedures. As soon as the NYISO and FERC have completed their reviews, the NYPSC will act expeditiously to initiate and complete its proceeding.

The NYPSC looks forward to working with the NYISO and interested stakeholders to develop a transmission planning process that addresses New York's public policy requirements, consistent with FERC's directives. Please feel free to contact me if you have any questions or would like to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read "Garry A. Brown". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Garry A. Brown
Chairman