Attachment I

40.1 Definitions

Whenever used in these Standard Interconnection Procedures with initial capitalization, the following terms shall have the meanings specified in this Section 40.1. Terms used in these procedures with initial capitalization that are not defined in this Section 40.1 shall have the meanings specified in Section 1 of the ISO OATT, Section 22.1 of Attachment P to the ISO OATT, Section 25.1.2 of Attachment S of the ISO OATT, Section 30.1 of Attachment Z to the ISO OATT, Appendix 1 to Attachment Z to the ISO OATT, or in Article 2 of the ISO Services Tariff.

10 kW Inverter Process shall mean the procedure for evaluating an Interconnection Request for a certified inverter-based Generating Facility no larger than 10 kW that uses the Section 40.23 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions as set forth in Appendix 12.

Acceptance Notice shall mean the notice by which an Interconnection Customer communicates to the ISO its decision to accept a Project Cost Allocation or Revised Project Cost Allocation.

Additional SDU Study shall mean a study that an Interconnection Customer may elect to pursue if the Class Year Deliverability Study or Cluster Study Deliverability Study identifies the need for a new System Deliverability Upgrade (*i.e.*, a System Deliverability Upgrade not previously identified and cost allocated in a Class Year Study or Cluster Study and not substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a prior Class Year Study or Cluster Study) that requires additional study.

Additional SDU Study Decision Period shall mean the period of time following the Additional SDU Study during which an Interconnection Customer must elect whether to accept the Project Cost Allocation and pay cash or post Security for the System Deliverability Upgrades identified for its Project in accordance with the requirements in Section 40.15.

Affected System shall mean an electric system within the New York Control Area other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

Affected System Interconnection Customer shall mean any entity that submits an interconnection request for a generating facility to a transmission system other than the New York State Transmission System that may cause the need for Affected System Network Upgrades on the New York State Transmission System.

Affected System Network Upgrades shall mean the additions, modifications, and upgrades to the New York State Transmission System required to accommodate Affected System Interconnection Customer's proposed interconnection to a transmission system other than the New York State Transmission System.

Affected System Operator shall mean the entity that operates an Affected System. Affected System Operator includes the Affected Transmission Owners.

Affected System Queue Position shall mean the Queue Position of an Affected System Interconnection Customer in the ISO's Queue in accordance with Section 40.8.3.3 of this Attachment HH.

Affected System Study shall mean the ISO's evaluation of the impacts on the New York State Transmission System of Affected System Interconnection Customers' proposed interconnection(s) to another region's transmission system and the ISO's identification of any required Affected System Network Upgrades, as described in Section 40.8.3 to this Attachment HH.

Affected System Study Agreement shall mean the agreement contained in Appendix 6 to this Attachment HH that is made between the ISO and Affected System Interconnection Customer to conduct an Affected System Study pursuant to Section 40.8.3 to this Attachment HH.

Affected System Study Report shall mean the report issued by the ISO following completion of an Affected System Study pursuant to Section 40.8.3.7 to this Attachment HH.

Affected Transmission Owner shall mean 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 ISO OATT, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, Affected Network Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment HH or Attachment P to the ISO OATT.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority, including but not limited to Environmental Law.

Applicable Reliability Councils shall mean the Electric Reliability Organization, the NPCC, and the NYSRC.

Applicable Reliability Requirements shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of this Attachment HH; 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 Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

Application Fee shall mean the non-refundable fee an Interconnection Customer must submit with its Interconnection Request or CRIS-Only Request pursuant to Section 40.5.5.1.3 to this Attachment HH.

Application Window shall mean the time period set forth in Section 40.5.3 to this Attachment HH.

Attachment Facilities shall mean the Connecting Transmission Owner's Attachment Facilities and the Interconnection Customer's Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Generating Facility or Cluster Study Transmission Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Facility to the New York State Transmission System or Distribution System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades.

Balancing Authority shall mean an entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

Balancing Authority Area shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Cluster Study by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator, or Interconnection Customer; described in Section 40.2.6 of this Attachment HH.

Business Day shall mean Monday through Friday, excluding federal holidays.

Byways shall mean all transmission facilities comprising the New York State Transmission System that are not Highways, External Other Interfaces or Internal Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

Calendar Day shall mean any day including Saturday, Sunday or a federal holiday. If a deadline that is established in Calendar Days in this Attachment HH does not end on a Business Day, the deadline will be extended to the next Business Day.

Capacity Region shall mean one of four subsets of the Installed Capacity statewide markets comprised of: (1) Rest of State (*i.e.,* Load Zones A through F); (2) Lower Hudson Valley (*i.e.,* Load Zones G, H and I); (3) New York City (*i.e.,* Load Zone J); and (4) Long Island (*i.e.,* Load Zone K).

Capacity Resource Interconnection Service ("CRIS") shall mean the service provided by the ISO to Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with the requirements in

this Attachment HH; such service being one of the eligibility requirements for participation as an ISO Installed Capacity Supplier.

Class Year shall mean the group of Projects included in any particular Class Year Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in Attachments S, X, and Z. Class Year 2023 shall be the final Class Year that is subject to a Class Year Study.

Class Year Interconnection Facilities Study ("Class Year Study") shall mean the last of the successive interconnection studies conducted in the ISO's Standard Large Facility Interconnection Procedures for proposed interconnections of Small Generating Facilities (if applicable), Large Generating Facilities, and Class Year Transmission Projects with the New York State Transmission System or with the Distribution System in accordance with the requirements in in Attachments S, X, and Z to the ISO OATT. The Class Year Study for Class Year 2023 shall be the final Class Year Study conducted by the ISO.

Cluster shall mean a group of one or more Projects with validated Interconnection Requests and CRIS-Only Requests that are studied together for the purpose of conducting a Cluster Study**.**

Cluster Baseline Assessment ("CBA") shall mean an assessment, conducted by the ISO in cooperation with Market Participants, to identify the System Upgrade Facilities and Distribution Upgrades that Transmission Owners are expected to need during the time period covered by the assessment to comply with Applicable Reliability Requirements and to reliably meet the load growth and changes in load pattern projected for the New York Control Area. For purposes of applying the requirements in this Attachment HH, the term Cluster Baseline Assessment include the Annual Transmission Baseline Assessment when the term refers to the assessment performed for a Class Year Study.

Cluster Project Assessment ("CPA") shall mean an assessment, conducted by the ISO in cooperation with Market Participants, to determine the System Upgrade Facilities and Distribution Upgrades required for each Project included in this assessment to interconnect to the New York State Transmission System or Distribution System in compliance with Applicable Reliability Requirements and the NYISO Minimum Interconnection Standard. For purposes of applying the requirements in this Attachment HH, the term Cluster Project Assessment includes the Annual Transmission Reliability Assessment when the term refers to the assessment performed for a Class Year Study.

Cluster Study shall mean the study conducted, as applicable, by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility or Cluster Study Transmission Project with the New York State Transmission System or with the Distribution System. The Cluster Study includes the Phase 1 Study and the Phase 2 Study.

Cluster Study Agreement shall mean the form of agreement contained in Appendix 3 to this

Attachment HH for conducting the Cluster Study.

Cluster Study CRIS Project shall mean a Cluster Study Project with an executed Cluster Study Agreement entering a Cluster Study for a CRIS evaluation, that thereby becomes one of the group of Cluster Study Projects included in the Cluster Study Deliverability Study. A Cluster Study CRIS Project may be a CRIS-Only Cluster Study Project that is entering a Cluster Study only for a CRIS evaluation, or it may be a Project seeking both ERIS and CRIS.

Cluster Study Deliverability Study shall mean an assessment, conducted by the ISO in cooperation with Market Participants, to determine whether System Deliverability Upgrades are required for Cluster Study CRIS Projects under the NYISO Deliverability Interconnection Standard.

Cluster Study Project shall mean a project with a validated Interconnection Request or CRIS-Only Request that thereby becomes one of the group of Projects included in the particular Cluster for that Cluster Study Process.

Cluster Study Project List shall mean the list of Cluster Study Projects with validated Interconnection Requests or CRIS-Only Requests that the ISO posts during the Customer Engagement Window in accordance with the requirements in Section 40.7.2.

Cluster Study Process shall mean the following processes, conducted in sequence: the Application Window; the Customer Engagement Window (including the Physical Infeasibility Screening and Scoping Meetings therein); the Phase 1 Study; the Phase 2 Study; and, if applicable, the Additional SDU Study.

Cluster Study Process Start Date shall mean the date upon which the ISO will open the Application Window for a given Cluster Study Process, which date shall be determined pursuant to Section 40.5.1 of this Attachment HH.

Cluster Study Transmission Project shall mean an Interconnection Customer's proposed new transmission facility that will interconnect to the New York State Transmission System or a proposed upgrade—an improvement to, addition to, or replacement of a part of an existing transmission facility—to the New York State Transmission System, for which (1) the Interconnection Customer is eligible to request and does request Capacity Resource Interconnection Service, subject to the eligibility requirements set forth in the ISO Procedures; or (2) the Interconnection Customer requests only Energy Resource Interconnection Service and the transmission facility for which it requests Energy Resource Interconnection Service is a transmission facility over which power flow can be directly controlled by power flow control devices directly connected to the Cluster Study Transmission Project without having to re-dispatch generation. Cluster Study Transmission Projects shall not include Attachment Facilities, Distribution Upgrades, Network Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades. The term Cluster Study Transmission Project shall include those transmission projects that were classified as a Class Year Transmission Project in the ISO's Standard Large Facility Interconnection Procedures and satisfied the requirements to complete a Class Year Study for purposes of applying the post-interconnection study requirements

applicable to a Cluster Study Transmission Project in this Attachment HH, except as otherwise indicated in this Attachment HH.

Cluster Study Report shall mean the report issued following completion of the Phase 2 Study pursuant to Section 40.11.7 to this Attachment HH.

Clustering shall mean the process whereby the impact to the New York State Transmission System of a group of Affected System Interconnection Customers which projects are interconnecting to another region are studied together, instead of serially, for the purpose of conducting the Affected System Study.

Commercial Operation shall mean the status of a Facility that has commenced generating or transmitting electricity for sale, excluding electricity generated or transmitted during Trial Operation.

Commercial Operation Date of a Facility shall mean the date on which the Facility commences Commercial Operation, notice of which must be provided by the Interconnection Customer to the ISO and Connecting Transmission Owner in the form provided in Appendix E-2 to the Standard Interconnection Agreement.

Commercial Operation Incentive Payment Amount shall mean the amount a Payment Eligible Project is eligible to receive from the Withdrawal Penalty Fund collected for a particular Cluster Study Process if it enters Commercial Operation pursuant to Section 40.6.5.2.5.

Confidential Information shall mean any information that is defined as confidential by Section 40.24.1 to this Attachment HH.

Connecting Transmission Owner shall mean the New York public utility or authority (or its designated agent) that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the ISO OATT, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Interconnection Agreement.

Connecting Transmission Owner's Attachment Facilities shall mean all facilities and equipment owned, controlled or operated by the Connecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Connecting Transmission Owner's Attachment Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone System Upgrade Facilities, or System Upgrade Facilities. For purposes of applying the requirements in this Attachment HH, Connecting Transmission Owner's Attachment Facilities shall include facilities that were categorized as Connecting Transmission Owner's Interconnection Facilities under the ISO's Small Generator Interconnection Procedures and facilities that were categorized as Connecting Transmission Owner's Attachment Facilities under the ISO's Standard Large Generator Interconnection Procedures.

Contingent Facilities shall mean those Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades associated with Cluster Study Projects upon which the Facility's Cluster Study Project Cost Allocations are dependent, and if delayed or not built, could impact the actual costs and timing of the Facility's Project Cost Allocation for System Upgrade Facilities or System Deliverability Upgrades.

Contingent Project shall mean an Interconnection Request or CRIS-Only Request that an Interconnection Customer submits during the Application Window of the Cluster Study Process pursuant to Section 40.5.4.1 for a Project that is simultaneously participating in the prior, ongoing Class Year Study, Cluster Study Process, Additional SDU Study, or Small Generator facilities study.

Contribution Percentage shall mean the ratio of a Project's measured impact or pro rata contribution to a System Upgrade Facility, Distribution Upgrade, or System Deliverability Upgrades, as applicable, identified in the Cluster Project Assessment, to the sum of the measured impacts or pro rata contributions of all the Projects in the same Cluster Study that have at least a de minimus impact or contribution to the System Upgrade Facility or Distribution Upgrade.

Cost Estimate Update shall have the meaning set forth in Section 40.6.3.5.3.2.

CRIS-Only Cluster Study Project shall mean a project that is participating in a Cluster Study Process solely to obtain CRIS or an increase in CRIS. For purposes of applying the requirements in this Attachment HH, the term CRIS-Only Cluster Study Project when used in connection with the Class Year Interconnection Facilities Study requirements in Attachment X and S of the OATT shall mean a Class Year Project that participated in a Class Year solely to request CRIS or an increase in CRIS.

CRIS-Only Request shall mean Interconnection Customer's request, in the form of Appendix 2 to this Attachment HH, to solely obtain CRIS or an increase in CRIS. For purposes of applying the requirements in this Attachment HH, the term CRIS-Only Request when used in connection with the Class Year Interconnection Facilities Study requirements in Attachment X and S of the OATT shall mean a Class Year Project's request to participate in a Class Year solely to request CRIS or an increase in CRIS.

CTOAF and SUF Project Cost Allocation shall have the meaning set forth in Section 40.15.1 to this Attachment HH.

Customer Engagement Window shall mean the time period set forth in Section 40.7.1 of this Attachment HH.

Deliverable MW shall have the meaning set forth in Section 40.15.1 to this Attachment HH.

Dispute Resolution shall mean the procedure described in Section 40.24.5 to this Attachment HH for resolution of a dispute between the Parties.

Distribution System shall mean the Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the ISO's Standard

Interconnection Procedures in this Attachment HH under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

Distribution Upgrades shall mean the modifications or additions to the existing Distribution System at or beyond the Point of Interconnection that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard. Distribution Upgrades do not include Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

Effective Date shall mean the date on which the Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Multiparty Standard Upgrade Construction Agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

Electric Reliability Organization ("ERO") shall mean the North American Electric Reliability Corporation or its successor organization.

Energy Duration Limitation shall have the meaning set forth in Section 5.12.14 of the ISO Services Tariff.

Energy Resource Interconnection Service ("ERIS") shall mean the service provided by the ISO to interconnect the Interconnection Customer's Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System, in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Generating Facility or Cluster Study Transmission Project, pursuant to the terms of the ISO OATT.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes Connecting Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

ERO Planning Standards shall mean the transmission system planning standards of the Electric Reliability Organization.

Existing System Representation shall mean the representation of the New York State Power System developed as specified in Section 40.10.3 of this Attachment HH.

Expedited Deliverability Study ("EDS") shall mean a study conducted by the ISO to determine the extent to which an existing or proposed facility satisfies the NYISO Deliverability Interconnection Standard at its requested CRIS level without the need for System Deliverability Upgrades. The schedule and scope of the study is defined in Sections 40.19.1 and 40.13.1.2 of this Attachment HH.

Expedited Deliverability Study Agreement shall mean the agreement contained in Appendix 8 to this Attachment HH to conduct an Expedited Deliverability Study pursuant to Section 40.19.3 of this Attachment HH.

External Affected System shall mean an electric system outside of the New York Control Area that may be affected by the proposed interconnection.

External Affected System Operator shall mean the entity that operates an External Affected System.

External CRIS Rights shall mean a determination of deliverability within the Rest of State Capacity Region (*i.e.,* Load Zones A-F), awarded by the ISO for a term of five (5) years or longer, to a specified number of Megawatts of External Installed Capacity that satisfy the requirements set forth in Section 40.13.11 to Attachment HH, and that can be certified in a Bilateral Transaction used for the NYCA and not a Locality, or sold into the NYCA for an Installed Capacity auction and not in an Installed Capacity auction for a Locality.

External Other Interfaces shall mean 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.

External-to-ROS Deliverability Rights shall have the meaning set forth in Section 2.5 of the ISO Services Tariff.

Facility shall mean either a Generating Facility or a Cluster Study Transmission Project.

Facility Modification Request shall mean an Interconnection Customer's request to modify its Facility in the form of Appendix 5 to this Attachment HH.

Fast Track Process shall mean the procedure for evaluating an Interconnection Request for a certified Generating Facility that meets the eligibility requirements of Section 40.23.1 of the Attachment HH and includes the Section 40.23 screens, customer options meeting, and optional supplemental review.

Fast Track Request shall mean a request in the form of Appendix 13 to this Attachment HH to enter the Fast Track Process set forth in Section 40.23 to this Attachment HH.

Final Decision Period shall mean the period of time following the conclusion of the Phase 2 Study during which an Interconnection Customer must elect whether to accept its Project Cost Allocation and provide the related cash or post Security for, as applicable, the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades identified for its Project in accordance with the requirements in Section 40.15.

Final Decision Round shall mean the final round of ISO-communicated cost estimates and Interconnection Customer responses in, as applicable, the Final Decision Period or Additional SDU Study Decision Period, in which all remaining eligible Interconnection Customers issue an

Acceptance Notice and provide cash or post Security.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device(s) for the production and/or storage for later injection of electricity identified in the Interconnection Request or CRIS-Only Request, but shall not include: the Interconnection Customer's Attachment Facilities or Distribution Upgrades. A facility comprised of multiple Generators will be treated as a single Generating Facility if the facility proposed in the Interconnection Request or CRIS-Only Request is comprised of multiple Generators behind a single Point of Interconnection, even if such Generators are different technology types.

Generating Facility Capacity shall mean the net seasonal capacity of the Generating Facility or the aggregate net seasonal capacity of the Generating Facility consisting of more than one device for a production and/or storage for later injection.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over any of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; *provided, however*, that such term does not include Interconnection Customer, the ISO, Affected System Operator, Affected Transmission Owner, Connecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Headroom shall mean the functional or electrical capacity of the System Upgrade Facility or the electrical capacity of the System Deliverability Upgrade that is in excess of the functional or electrical capacity actually used by the Interconnection Customer's Project.

Headroom Security shall have the meaning set forth in Section 40.17.1.5 to this Attachment HH.

Heatmap shall mean the ISO's publicly posted interactive visual representation of estimated incremental injection capacity available at each point of interconnection and related table of metrics in accordance with the requirements in Section 40.4.1.

Highway shall mean 115 kV and higher transmission facilities that comprise the following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central East/Total East, and UPNY-ConEd, and their immediately connected, in series, Bulk Power System facilities in New York State. Each interface shall be evaluated to determine additional "in series" facilities, defined as any transmission facility higher than 115 kV that (a) is located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation in zones or systems adjacent to the upstream zone or zones which define the interface is shifted to the aggregate of generation in zones or systems adjacent to the downstream zone or zones which define the interface. In determining "in series" facilities for Dysinger East and West Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in ISO Procedures.

Initial Decision Round shall mean the 30 calendar day period of, as applicable, the Final Decision Period or Additional SDU Study Decision Period within which an Interconnection Customer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the first Project Cost Allocation issued by the ISO to the Interconnection Customer.

Initial Backfeed Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Attachment Facilities to obtain back feed power. Initial Backfeed Date shall include the term In-Service Date as that term is used in Attachments S, X, and Z to the ISO OATT.

Interconnection Customer shall mean any entity, including the Connecting Transmission Owner or any of its affiliates or subsidiaries, that submits an Interconnection Request or CRIS-Only Request that is subject to the application of the Standard Interconnection Procedures as set forth in Section 40.2.3 of this Attachment HH or elects to enter an Expedited Deliverability Study. For purposes of applying the requirements in this Attachment HH, an Interconnection Customer shall include an entity that was categorized as a Developer under the ISO's Standard Large Facility Interconnection Procedures or as an Interconnection Customer under the ISO's Small Generator Interconnection Procedures.

Interconnection Customer's Attachment Facilities shall mean all facilities and equipment, as identified in Appendix A of the Interconnection Agreement, that are located between the Generating Facility or Cluster Study Transmission Project and the Point of Change of

Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or Distribution System. Interconnection Customer's Attachment Facilities are sole use facilities. For purposes of applying the requirements in this Attachment HH, Interconnection Customer's Attachment Facilities shall include facilities that were categorized as Developer's Attachment Facilities under the ISO's Standard Large Facility Interconnection Procedures or Interconnection Customer's Interconnection Facilities under the ISO's Small Generator Interconnection Procedures.

Interconnection Request shall mean Interconnection Customer's request, in the form of Appendix 1 to this Attachment HH, to interconnect a new Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project that is interconnected with the New York State Transmission System or with the Distribution System. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Interconnection may be considered a single Generating Facility, provided the Interconnection Request identifies a single Interconnection Customer. An Interconnection Request submitted pursuant to the ISO's Standard Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the ISO's Small Generator Interconnection Procedures in Attachment Z to the ISO OATT shall be subject to the transition requirements set forth in Section 40.3.1 to this Attachment HH.

Internal Other Interfaces shall mean the following interfaces between Capacity Regions: Lower Hudson Valley, *i.e.,* Rest of State (Load Zones A-F) to Lower Hudson Valley (Load Zones G, H and I); New York City, *i.e.,* Lower Hudson Valley (Load Zones G, H and I) to New York City (Load Zone J); and Long Island, *i.e.,* Lower Hudson Valley (Load Zones G, H and I) to Long Island (Load Zone K).

IRS shall mean the Internal Revenue Service.

Local System Upgrade Facilities shall mean the System Upgrade Facilities necessary to physically interconnect a proposed Project to the Connecting Transmission Owner's transmission system, consistent with applicable interconnection and system protection design standards. Local System Upgrade Facilities include 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). Local System Upgrade Facilities also include any system protection or communication facilities that may be required for protection of the Connecting Transmission Owner's and/or Affected Transmission Owner's transmission facility (line or substation) involved in the interconnection. Local System Upgrade Facilities do not include System Upgrade Facilities required to mitigate any adverse reliability impact(s) of the Project(s) identified through analysis such as power flow, short circuit, or stability (*e.g.*, replacement of a circuit breaker at a nearby substation that becomes overdutied as a result of the Project(s)).

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with an equal or later Queue Position.

Merchant Transmission Facility shall mean an Interconnection Customer's proposed new transmission facility that will interconnect to the New York State Transmission System or a proposed upgrade—an improvement to, addition to, or replacement of a part of an existing transmission facility—to the New York State Transmission System, for which the costs of construction will be recovered through negotiated rates instead of cost-based rates and not subject to the competitive evaluation and selection process for purposes of cost allocation under Attachment Y to the ISO OATT. Merchant Transmission Facilities shall not include Attachment Facilities, Distribution Upgrades, Network Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility or Cluster Study Transmission Project pursuant to the Standard Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Minor Modification shall mean, for purposes of the Fast Track Process requirements, modifications that will not have a material adverse impact on the cost or timing of any Interconnection Request.

Multiparty Affected System Study Agreement shall mean the agreement contained in Appendix 7 to this Attachment HH that is made among the ISO and multiple Affected System Interconnection Customers to conduct an Affected System Study pursuant to Section 40.8.3 of this Attachment HH.

Non-Acceptance Event shall have the meaning set forth in Section 40.15.2.9 of this Attachment HH.

Non-Acceptance Notice shall mean the notice by which an Interconnection Customer communicates to the ISO its decision not to accept a Project Cost Allocation or Revised Project Cost Allocation.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Interconnection Procedures, the Standard Interconnection Agreement, the Standard Upgrade Construction Agreement, or the Multiparty Standard Upgrade Construction Agreement, or its performance.

Notice of SDUs Requiring Additional Study shall have the meaning set forth in Section 40.14.1 of this Attachment HH.

NPCC shall mean the Northeast Power Coordinating Council or its successor organization.

NPCC Basic Design and Operating Criteria shall mean the transmission system design and operating criteria of the Northeast Power Coordinating Council.

NYISO Deliverability Interconnection Standard shall mean the standard that must be met, unless otherwise provided in this Attachment HH, by (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Cluster Study Transmission Project; (iii) any

entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 40.18.4 to Attachment HH. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in this Attachment HH, pay cash or post Security for any System Deliverability Upgrades identified for its Project in the Cluster Study Deliverability Study.

NYISO Load and Capacity Data Report shall mean the annual ISO survey of power demand and supply in New York State, published pursuant to Section 6-106 of the Energy Law of New York State.

NYISO Minimum Interconnection Standard shall mean the reliability standard that must be met by any Generating Facility or Cluster Study Transmission Project that is subject to the Standard Interconnection Procedures that is proposing to connect to the New York State Transmission System or to the Distribution System to obtain ERIS. The standard is designed to ensure reliable access by the proposed Project to the New York State Transmission System or to the Distribution System, as applicable. The standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

NYSRC Reliability Rules shall mean the reliability rules of the New York State Reliability Council.

Overage Cost shall mean the dollar amount by which the total cost of, as applicable, System Upgrade Facilities, Distribution Upgrades, and/or System Deliverability Upgrades identified in the Cluster Project Assessment exceeds the total cost of System Upgrade Facilities considered in the Cluster Baseline Assessment for the same Cluster for a given Cluster Study.

Overage Cost Percentage shall mean the ratio of the Overage Cost to the total cost of System Upgrade Facilities, Distribution Upgrades, or System Deliverability Upgrades, as applicable, identified in the Cluster Project Assessment.

Party or Parties shall mean, as applicable, the ISO, Interconnection Customer, Affected System Interconnection Customer, Connecting Transmission Owner, Affected System Operator, Affected Transmission Owner, or any combination of the above.

Payment Eligible Project shall mean a Cluster Study Project eligible to recover certain study costs from the Withdrawal Penalty Funds collected by the ISO for that Cluster Study Process as defined in Section 40.6.5.2.2.

Pending Project shall have the meaning set forth in Section 40.5.4.1.1 to this Attachment HH.

Permissible Technological Advancement shall mean advancements to turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Interconnection Request, provided that such advancements result in electrical performance that is equal or better than the electrical performance prior to the technological change and do not (i) increase the capability of the Facility by more than two (2) megawatts (ii) change the generation technology or fuel type of the Facility, (iii) have a material adverse impact on the New York State Transmission System or Distribution System, and (iv) degrade the electrical characteristics of the generating equipment proposed in the Interconnection Request (*e.g.*, the

ratings, impedances, efficiencies, capabilities, and performance of the equipment under steady state and dynamic conditions).

Phase 1 Cost Estimates Summary Report shall mean the ISO report that summarizes the cost estimates identified in the Phase 1 Studies performed by the Connecting Transmission Owners and Affected Transmission Owners.

Phase 1 Entry Decision Period shall mean the period of time following the conclusion of the Customer Engagement Window during which an Interconnection Customer must satisfy the requirements for its Cluster Study Project to enter the Phase 1 Study or be withdrawn. The Phase 1 Entry Decision Period requirements are set forth in Section 40.7.5 to this Attachment HH.

Phase 1 Study shall mean the first part of the Cluster Study as set forth in Section 40.10 in which the Connecting Transmission Owners and Affected Transmission Owners will perform design and engineering studies to identify the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities required to reliably interconnect the Cluster Study Project with the New York State Transmission System or Distribution System in accordance with Applicable Reliability Requirements and to provide cost estimates for and a preliminary schedule to construct the facilities.

Phase 1 Study Start Date shall mean the start date for the Phase 1 Study process as set forth in Section 40.10.1.

Phase 2 Entry Decision Period shall mean the period of time following the conclusion of the Phase 1 Study during which an Interconnection Customer must satisfy the requirements for its Cluster Study Project to enter the Phase 2 Study or be withdrawn. The Phase 2 Entry Decision Period requirements are set forth in Section 40.10.8 to this Attachment HH.

Phase 2 Study shall mean the second part of the Cluster Study as set forth in Sections 40.11, 40.12, and 40.13 in which the ISO will identify the System Upgrade Facilities and Distribution Upgrades required for the reliable interconnection of Cluster Study Projects to the New York State Transmission System or to the Distribution System in compliance with the NYISO Minimum Interconnection Standard and, for Cluster Study Projects requesting CRIS, will assess their requested CRIS in compliance with the NYISO Deliverability Interconnection Standard and identify any required System Deliverability Upgrades. The Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator will determine the cost estimates for and a preliminary schedule to construct the facilities, along with updating, as needed, the identification of and cost estimates of the facilities identified in the Phase 1 Study.

Phase 2 Study Start Date shall mean the start date for the Phase 2 Study process as set forth in Section 40.11.1.

Physical Infeasibility shall have the meaning set forth in Section 40.7.3.2 to this Attachment HH.

Physical Infeasibility Screening shall mean the assessment performed by the applicable Transmission Owner during the Customer Engagement Window of whether the proposed

interconnection of a Cluster Study Project is Physically Infeasible. The Physical Infeasibility Screening requirements are set forth in Section 40.7.3 to this Attachment HH.

Point of Change of Ownership shall mean the point where the Interconnection Customer's Attachment Facilities connect to the Connecting Transmission Owner's Attachment Facilities, as set forth in Appendix A to the Standard Interconnection Agreement.

Point of Interconnection shall mean the point where the Attachment Facilities connect to the New York State Transmission System or to the Distribution System, as set forth in Appendix A to the Standard Interconnection Agreement.

Pre-Application Report shall mean the report issued following an Interconnection Customer's completion of the Pre-Application Request Form pursuant to Section 40.4.2 of this Attachment HH.

Pre-Application Request Form shall mean a request in the form of Appendix 4 to this Attachment HH for a Pre-Application Report.

Project shall mean the proposed facility as described in a single Interconnection Request or CRIS-Only Request, to the extent permitted by this Attachment HH. For facilities not subject to the ISO's Standard Interconnection Procedures in Attachment HH to the ISO OATT, the Project refers to the facility as described in a single Cluster Study Agreement or Expedited Deliverability Study Agreement, to the extent permitted by this Attachment HH.

Project Cost Allocation shall mean the dollar figure estimate for an Interconnection Customer's share of the cost of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities required for the reliable interconnection of its Project to the New York State Transmission System or to the Distribution System and/or the share of the cost of the System Deliverability Upgrades required for the Interconnection Customer's Project to meet the NYISO Deliverability Interconnection Standard.

Proportional Impact Method shall mean the technical analysis conducted by the ISO to determine the degree to which each Facility in the Cluster Study contributes to the need for a specific System Upgrade Facility, Distribution Upgrade, or System Deliverability Upgrade as set forth in Section 40.12.2 to this Attachment HH.

Provisional Interconnection Service shall mean interconnection service provided by the ISO associated with interconnecting the Interconnection Customer's Facility to the New York State Transmission System (or Distribution System as applicable) and enabling the transmission system to receive electric energy from the Facility at the Point of Interconnection, pursuant to the terms of the Provisional Interconnection Agreement and, if applicable, the ISO OATT.

Provisional Standard Interconnection Agreement shall mean the interconnection agreement for Provisional Interconnection Service established between the ISO, Connecting Transmission Owner(s) and the Interconnection Customer. This agreement shall take the form of the Standard Interconnection Agreement, modified for provisional purposes and type of facility.

Queue shall mean the ISO's list of: (i) projects that possess an Interconnection Request or CRIS-Only Request participating in the ISO's Standard Interconnection Procedures set forth in this Attachment HH, (ii) projects with a valid Transmission Interconnection Application participating in the Transmission Interconnection Procedures in Attachment P to the ISO OATT, (iii) projects with a valid Study Request participating in Section 3.7 of the ISO OATT, (iv) load projects submitted in accordance with Section 3.9 of the ISO OATT, (v) projects subject to an Affected System Study, and (vi) projects that prior to the effective date of the Standard Interconnection Procedures were participating in the ISO's Standard Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the Small Generator Interconnection Procedures in Attachment Z to the ISO OATT and retain their Queue Position in accordance with the transition requirements set forth in Section 40.3 to this Attachment HH.

Queue Position shall mean the unique number and/or letter designation in the Queue for a valid Interconnection Request, CRIS-Only Request, Study Request, Load request, or Transmission Interconnection Application that satisfies the applicable requirements for inclusion in the Queue.

Readiness Deposits shall mean Readiness Deposit 1 and Readiness Deposit 2.

Readiness Deposit 1 shall mean a deposit paid by Interconnection Customer for its Cluster Study Project to enter the Phase 1 Study as set forth in Section 40.7.5 to this Attachment HH.

Readiness Deposit 2 shall mean a deposit paid by Interconnection Customer for its Cluster Study Project to enter the Phase 2 Study as set forth in Section 40.10.8 to this Attachment HH.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Interconnection Procedures, Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Multiparty Standard Upgrade Construction Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Regulatory Limitations shall mean a federal, state, Tribal, or local law, other than permitting and siting requirements, that makes it infeasible to obtain Site Control prior to an Interconnection Customer's submission of its Interconnection Request as set forth in ISO Procedures.

Retired shall mean a Generator that has permanently ceased operating on or after the effective date of Section 5.18 of the ISO Services Tariff either: i) pursuant to applicable notice; or ii) as a result of the expiration of its Mothball Outage or the expiration of its ICAP Ineligible Forced Outage.

Revised Project Cost Allocation shall mean the revised dollar figure cost estimate and related information provided by the ISO to an Interconnection Customer following receipt by the ISO of a Non-Acceptance Notice, or upon the occurrence of a Security Posting Default by another member of the respective Cluster.

Scoping Meeting shall mean the group meeting during the Customer Engagement Window among representatives of the Interconnection Customers in the Cluster for a given Cluster Study Process, the ISO, Connecting Transmission Owners, and Affected Transmission Owners

conducted for the purpose of discussing Interconnection Customers' Interconnection Requests and CRIS-Only Requests and providing available information including any transmission data and earlier study evaluations that would be reasonably expected to impact their proposed interconnections.

SDU Project Cost Allocation shall have the meaning set forth in Section 40.15.1 to Attachment HH.

Security shall mean, under the interconnection facilities cost allocation rules set out in this Attachment HH, an Interconnection Customer must signify its willingness to pay the Connecting Transmission Owner, Affected Transmission Owner(s), and/or Affected System Operator(s) for the Interconnection Customer's share of the required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades by posting Security for the full amount of the Interconnection Customer's share within a specified time frame. The Security can be a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the Connecting Transmission Owner, Affected Transmission Owner(s), and/or Affected System Operator(s), meeting the requirements of the cost allocation rules in this Attachment HH, and meeting the commercially reasonable requirements of the Connecting Transmission Owner, Affected Transmission Owner(s), and/or Affected System Operator(s).

Security Posting Default shall mean a failure by one or more Interconnection Customers to post Security in, as applicable, the Final Decision Period or Additional SDU Study Decision Period, as required by this Attachment HH.

Site Control shall mean the necessary land right sufficient to develop, construct, operate, and maintain the Facility over a term of at least ten (10) years from the date of the submission of the Interconnection Request. Site Control may be demonstrated by documentation establishing: (1) ownership of, a leasehold interest in, or a right to develop a site of sufficient size to construct and operate the Facility; (2) an option to purchase or acquire a leasehold site of sufficient size to construct and operate the Facility; or (3) any other documentation that clearly demonstrates the right of Interconnection Customer to occupy a site of sufficient size to construct and operate the Facility. The term "necessary land right" restricts the use of the site for mutually exclusive projects, but does not restrict multi-use applications of the site in addition to its use for the Facility, such as agriculture, ranching, etc. The ISO will maintain acreage requirements and other applicable parameters for each facility type on its OASIS or public website.

Site Control Deposit shall mean the deposit provided by the Interconnection Customer to satisfy the Site Control requirement due to a Regulatory Limitation as set forth in Section 40.5.5.1.5.1 to this Attachment HH.

Stand Alone System Upgrade Facilities shall mean System Upgrade Facilities that are not part of an Affected System that an Interconnection Customer may construct without affecting day-to-day operations of the New York State Transmission System during their construction. The ISO, the Connecting Transmission Owner, and the Interconnection Customer must agree as to what constitutes Stand Alone System Upgrade Facilities and identify them in Appendix A to the

Standard Interconnection Agreement. If the ISO, the Connecting Transmission Owner, and the Interconnection Customer disagree about whether a particular System Upgrade Facility is a Stand Alone System Upgrade Facility, the ISO and the Connecting Transmission Owner must provide the Interconnection Customer a written technical explanation outlining why the ISO and the Connecting Transmission Owner do not consider the System Upgrade Facility to be a Stand Alone System Upgrade Facility within fifteen (15) Business Days of its determination.

Standard Interconnection Procedures ("Interconnection Procedures" or "IP") shall mean the interconnection procedures applicable to an Interconnection Request or a CRIS-Only Request pertaining to a Generating Facility or Cluster Study Transmission Project that are included in this Attachment HH of the ISO OATT.

Standard Interconnection Agreement ("IA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Generating Facility or Cluster Study Transmission Project, that is included in Appendix 15 to this Attachment HH of the ISO OATT. For purposes of applying the requirements in this Attachment HH, the term Standard Interconnection Agreement shall include, as applicable, Standard Large Generator Interconnection Agreement and Small Generator Interconnection Agreement.

Standard Upgrade Construction Agreement shall mean the agreement contained in Appendix 16 to this Attachment HH that is made, as applicable, among (i) the ISO, (ii) the Affected System Operator or Affected Transmission Owner, and (iii) the Interconnection Customer or Affected System Interconnection Customer to facilitate the construction of and to set forth cost responsibility for necessary System Upgrades Facilities, System Deliverability Upgrades, or Affected System Network Upgrades on the New York State Transmission System or Distribution System.

Standard Multiparty Upgrade Construction Agreement shall mean the agreement contained in Appendix 17 to this Attachment HH that is made, as applicable, among (i) the ISO, (ii) the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner, and (iii) multiple Interconnection Customers or Affected System Interconnection Customers to facilitate the construction of and to set forth cost responsibility for necessary System Upgrade Facilities, System Deliverability Upgrades, or Affected System Network Upgrades on the New York State Transmission System or Distribution System.

Study Deposit shall mean the study deposit the Interconnection Customer must submit with its Interconnection Request or CRIS-Only Request pursuant to Section 40.5.5.1.4 to this Attachment HH.

Subsequent Decision Round shall mean a seven calendar day period of, as applicable, the Final Decision Period or Additional SDU Study Decision Period, within which an Interconnection Customer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the Revised Project Cost Allocation issued by the ISO to the Interconnection Customer.

Synchronization Date shall mean the date upon which the Generating Facility or Cluster Study Transmission Project is initially synchronized and upon which Trial Operation begins, notice of which must be provided by the Interconnection Customer to the ISO and Connecting

Transmission Owner in the form of Appendix E-1 of the Standard Interconnection Agreement. Synchronization Date shall include the term Initial Synchronization Date as that term is used in Attachments S, X, and Z to the ISO OATT.

System Deliverability Upgrades shall mean the least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to Byways and Highways, External Other Interfaces and Internal Other Interfaces on the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission System from faults or other electrical disturbances occurring at the Generating Facility or Cluster Study Transmission Project and (2) protect the Generating Facility or Cluster Study Transmission Project from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

System Upgrade Facilities shall mean the least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnections, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

Transition Cluster Study shall mean the Cluster Study conducted during the Transition Cluster Study Process.

Transition Cluster Study Process shall mean the first Cluster Study Process conducted in accordance with the Standard Interconnection Procedures requirements in this Attachment HH**.**

Transition Cluster Study Process Start Date shall mean the date upon which the ISO will open the Application Window for the Transition Cluster Study Process, which date shall be determined pursuant to Section 40.5.1.1 to this Attachment HH.

Trial Operation shall mean the period during which an Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility or Cluster Study Transmission Project prior to Commercial Operation.

UCAP Deration Factor ("UCDF") shall have the meaning set forth in Sections 40.13.8.2.1.3 and 40.13.8.2.2.2 of this Attachment HH.

Upgrades shall mean the required additions and modifications to the Connecting Transmission Owner's portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades or Distribution Upgrades. Upgrades do not include Attachment Facilities.

Withdrawal Penalty shall mean the penalties assessed by the ISO to an Interconnection Customer that chooses to withdraw or is deemed withdrawn by the ISO from the ISO's Queue or whose Generating Facility or Cluster Study Transmission Project does not otherwise reach Commercial Operation. The calculation of the Withdrawal Penalty is set forth in Section 40.6.5.1 to this Attachment HH.

Withdrawal Penalty Funds shall mean the amount of the Withdrawal Penalties that the ISO has collected from Cluster Study Projects for a given Cluster Study Process.

40.9 Cluster Study Overview/ NYISO Minimum Interconnection Standard/ NYISO Deliverability Interconnection Standard/ Cluster Study Cost Allocation Rules Overview

40.9.1 Cluster Study Overview

The Cluster Study shall consist of:

(i) the ISO's development of the Existing System Representation used for the Cluster Study as set forth in Sections 40.10.3;

(ii) the Connecting Transmission Owners' and Affected Transmission Owners' performance of the Phase 1 Study for the Cluster Study Projects as set forth in Section 40.10.4;

(iii) the Phase 2 Study Entry Decision Period in which Interconnection Customers elect whether to satisfy the requirements for their Cluster Study Projects to proceed to the Phase 2 Study as set forth in Section 40.10.8;

(iv) the ISO's performance of the Phase 2 Study, in conjunction with the Connecting Transmission Owner and Affected Transmission Owner, for the Cluster Study Projects as set forth in Sections 40.11 through 40.14, including: (A) the ISO's development of the Cluster Baseline Assessment and Cluster Project Assessment used for the Cluster Study as set forth in Section 40.12, (B) the ISO's assessment of the reliable interconnection of the Cluster Study Projects requesting ERIS in accordance with the NYISO Minimum Interconnection Standard as set forth in Section 40.12, (C) the ISO's assessment of the deliverability of Cluster Study Projects, including CRIS-Only Cluster Study Projects, requesting CRIS in accordance with the NYISO Deliverability Interconnection Standard in the Cluster Study Deliverability Study in accordance with Section 40.13, and (D) if applicable, the ISO's performance of an Additional SDU Study in accordance with Section 40.14; and

(v) the Final Decision Period at the conclusion of the Phase 2 Study and, if applicable, the Additional SDU Study Decision Period, at the conclusion of any Additional SDU Study as set forth in Section 40.15.

40.9.2 Timeframes

40.9.2.1 The timeframe for the ISO's, Connecting Transmission Owners', and Affected Transmission Owners' performance of their responsibilities for the Phase 1 Study and Phase 2 Study will be scheduled for each Cluster Study Process as follows:

(i) The scheduled duration of the Phase 1 Study process will be a one hundred ninety (190) Calendar Day period between the Phase 1 Study Start Date and the ISO's presentation to its Operating Committee for its approval of the Phase 1 Cost Estimates Summary Report ("Scheduled Phase 1 Study Timeframe"). Within this period, the scheduled duration for the key individual components of the Phase 1 Study process are set forth in Section 40.10.

(ii) The scheduled duration of the Phase 2 Study process will be a two hundred seventy (270) Calendar Day period between the Phase 2 Study Start Date and the ISO's presentation of the draft Cluster Study Report to the Operating Committee for its approval ("Scheduled Phase 2 Study Timeframe"). Within this period, the scheduled duration for the key individual components of the Phase 2 Study process are set forth in Section 40.11.

40.9.2.2 If the ISO, Connecting Transmission Owner, or Affected Transmission Owner is unable to complete an individual component of the Cluster Study Process in accordance with that component's timeframe established in this Attachment HH, the entity responsible for performing that component shall complete it as soon as practicable, and the ISO shall notify Interconnection Customers of any anticipated resulting delay in the overall timeframe of, as applicable, the Phase 1 Study or Phase 2 Study. The ISO shall address any failure of the

responsible entity to achieve a study component within a tariff-prescribed time period through the requirements set forth in Section 40.9.3.

40.9.3 Study Metrics and Penalties for Study Delays

40.9.3.1 Metrics and Reporting Obligation

40.9.3.1.1 Publicly Posted Study Metrics for Cluster Study Process

40.9.3.1.1.1 Within thirty (30) Calendar Days of the completion of the Phase 2 Entry Decision Period for a given Cluster Study Process, the ISO will post on a publicly accessible portion of its website the following statistics related to processing of Cluster Studies performed in accordance with this Attachment HH:

(A) Number of individual Phase 1 Study reports completed during the Phase 1 Study process for a given Cluster Study Process;

(B) Number of individual Phase 1 Study reports during the Phase 1 Study process for a given Cluster Study Process that were finalized beyond the timeframe set forth in Section 40.10.5 of this Attachment HH;

(C) For each individual Phase 1 Study report completed during the Phase 1 Study for a given Cluster Study Process: (i) the details of the Interconnection Request posting on the ISO's Queue; (ii) the identity of Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable; (iii) the total time (in Calendar Days) from the Phase 1 Study Start Date to the date the ISO provided the applicable Transmission Owner with an updated Cluster Study Project List and the finalized CPA short-circuit base case pursuant to Section 40.10.4.1; (iv) if the total time calculated for Section 40.9.3.1.1.1(C)(iii) is greater than the time period for the ISO to provide the required materials to the applicable Transmission Owner as set forth in Section 40.10.4.1, the

reasons for the delay; (v) the total time (in Calendar Days) from the date the ISO provided to the applicable Transmission Owner with an updated Cluster Study Project List and the finalized CPA short-circuit base case to the date when the applicable Transmission Owner provides the individual final version of the Phase 1 Study report to the ISO and the Interconnection Customer; and (vi) if the total time calculated for Section 40.9.3.1.1.1(C)(v) is greater than the time period set forth in Section 40.10.5 for the Transmission Owner to provide the final report, the reasons for the delay reported to the ISO by the applicable Transmission Owner;

(D) Total time (in Calendar Days) from the Phase 1 Study Start Date to the date when the ISO presents the Phase 1 Cost Estimates Summary Report to the ISO Operating Committee; and

(E) Number of Interconnection Requests or CRIS-Only Requests withdrawn from the ISO's Queue during the period between the commencement of the Customer Engagement Window and the completion of the Phase 2 Entry Decision Period for the given Cluster Study.

For purposes of this section, the Phase 1 Study process includes (i) individual Phase 1 Study reports for each Cluster Study Project, including reports from the Connecting Transmission Owner(s) and any applicable Affected Transmission Owners; and (ii) a Phase 1 Cost Estimates Summary Report compiled by the ISO from cost estimates identified for all Cluster Study Projects in the Phase 1 Study. An individual Phase 1 Study report for a Cluster Study Project is deemed complete on the date upon which the applicable Transmission Owner provides the final version of the study report to the ISO and the Interconnection Customer in accordance with Section 40.10.5. A Phase

1 Cost Estimates Summary Report is deemed complete on the date upon which the Phase 1 Cost Estimates Summary Report is presented to the ISO's Operating Committee in accordance with Section 40.10.6.

Connecting Transmission Owners and Affected Transmission Owners shall timely provide any information reasonably requested by the ISO to complete the study metrics specified in this Section 40.9.3.1.1.

40.9.3.1.1.2 Within thirty (30) Calendar Days of the completion of the Phase 2 Study Final Decision Period for a given Cluster Study Process, the ISO will post on a publicly accessible portion of its website the following statistics related to processing of Cluster Studies performed in accordance with this Attachment HH:

(A) For each updated individual Phase 1 Study report completed during the Phase 2 Study for a given Cluster Study Process: (i) the details of the Interconnection Request posting on the ISO's Queue; (ii) the identity of Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable; (iii) the total time (in Calendar Days) from the Phase 2 Study Start Date to the date the ISO provided the applicable Transmission Owner with an updated Cluster Study Project List and an updated CPA short-circuit base case pursuant to Section 40.11.2.2; (iv) if the total time calculated for Section 40.9.3.1.1.2(A)(iii) is greater than the time period for the ISO to provide the required materials to the applicable Transmission Owner as set forth in Section 40.11.2.2, the reasons for the delay; (v) the total time (in Calendar Days) from the date the ISO provided to the applicable Transmission Owner with an updated Cluster Study Project List and the updated CPA short-circuit base case to the date when the applicable Transmission Owner provides the individual final, updated version of the Phase 1 Study

report to the ISO and the Interconnection Customer; and (vi) if the total time calculated for Section 40.9.3.1.1.2(A)(v) is greater than the time period set forth in Section 40.11.2.2 for the Transmission Owner to provide the final updated report, the reasons for the delay reported to the ISO by the applicable Transmission Owner;

(B) For each individual Phase 2 Study report completed during the Phase 2 Study for a given Cluster Study Process: (i) the details of the Interconnection Request or CRIS-Only Request posting on the ISO's Queue; (ii) the identity of Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable; (iii) the total time (in Calendar Days) from the Phase 2 Study Start Date to the date the ISO provided the applicable Transmission Owner with any System Upgrade Facilities, Distribution Upgrades, and System Deliverability Upgrades identified by the ISO for a Cluster Study Project and their major electrical characteristics pursuant to Section 40.11.4.1; (iv) if the total time calculated for Section 40.9.3.1.1.2(B)(iii) is greater than the time period for the ISO to provide the applicable Transmission Owner with the identified upgrades and their major electrical characteristics as set forth in Section 40.11.4.1, the reasons for the delay; (v) the total time (in Calendar Days) from the date the ISO provided to the applicable Transmission Owner the identified upgrades and their major electrical characteristics for a Cluster Study Project to the date when the applicable Transmission Owner provides the individual final version of the Phase 2 Study report to the ISO and the Interconnection Customer; and (vi) if the total time calculated for Section 40.9.3.1.1.2(B)(v) is greater than the time period set forth in Section 40.11.4.3 for the Transmission Owner to provide the final report, the reasons for the delay reported to the ISO by the applicable Transmission Owner;

(C) Total time (in Calendar Days) from the Phase 2 Study Start Date to the date when the ISO presents the summary Cluster Study Report to the ISO's Operating Committee;

(D) Total time (in Calendar Days) for the Phase 1 Study process and Phase 2 Study process of the given Cluster Study Process (excluding the Phase 2 Entry Decision Period); and

(E) Number of Interconnection Requests or CRIS-Only Requests withdrawn from the ISO's Queue during the period between the commencement of the Phase 2 Study and the completion of the Final Decision Period.

For purposes of this section, the Phase 2 Study process is deemed complete on the date upon which the Cluster Study Report is presented to the ISO's Operating Committee.

Connecting Transmission Owners and Affected Transmission Owners shall timely provide any information reasonably requested by the ISO to complete the study metrics specified in this Section 40.9.3.1.2.

40.9.3.1.2 Publicly Posted Study Metrics for Interconnection Requests and CRIS-Only Requests Withdrawn from the Queue

40.9.3.1.2.1 On an annual basis, the ISO will post on a publicly accessible portion of its website the following statistics, or an update to previously posted statistics, related to the Interconnection Requests and CRIS-Only Requests that withdraw or are deemed withdrawn by the ISO from the Queue for each Cluster Study Process during that prior year in accordance with this Attachment HH:

(A) Number of validated Interconnection Requests and CRIS-Only Requests for a given Cluster Study Process;

(B) Number of Interconnection Requests and CRIS-Only Requests in the Cluster Study Process withdrawn from the Queue after the commencement of the Phase 1 Study, but before commencement of the Phase 2 Study;

(C) Number of Interconnection Requests and CRIS-Only Requests in the Cluster Study Process withdrawn from the Queue after the commencement of the Phase 2 Study, but prior to the completion of the Final Decision Period for the Cluster Study;

(D) Number of Interconnection Requests and, if applicable, CRIS-Only Requests withdrawn from the Queue after the completion of the Final Decision Period for the Cluster Study, but before execution of a Standard Interconnection Agreement or an Interconnection Customer requesting the filing of an unexecuted, new Standard Interconnection Agreement; and

(E) Number of Interconnection Requests and, if applicable, CRIS-Only Requests withdrawn from the Queue after execution of a Standard Interconnection Agreement or an Interconnection Customer requesting the filing of an unexecuted, new Standard Interconnection Agreement.

40.9.3.1.3 Informational Reports of Study Processing Times

40.9.3.1.3.1 If: (A) the duration of the Phase 1 Study process between the Phase 1 Study Start Date and the ISO's presentation to its Operating Committee of the Phase 1 Cost Estimates Summary Report (the "Actual Phase 1 Study Timeframe") exceeds the Scheduled Phase 1 Study Timeframe or (B) the duration of the Phase 2 Study process between the Phase 2 Study Start Date and the ISO's presentation of the draft Cluster Study Report to the Operating Committee for its approval (the "Actual Phase 2 Study Timeframe") exceeds the Scheduled Phase 2 Study Timeframe for a given Cluster Study

Process , the ISO will file a report with the Commission: describing (i) the reason(s), as applicable, that the Actual Phase 1 Study Timeframe exceeded the Scheduled Phase 1 Study Timeframe and/or the Actual Phase 2 Study Timeframe exceeded the Scheduled Phase 2 Study Timeframe for that process ; and (ii) steps taken to remedy these specific issues and, if applicable, prevent such delays in the future. A report must be filed at the Commission within sixty-five (65) Business Days following, as applicable, (i) the completion of the Phase 2 Entry Decision Period for a late Phase 1 Study process, and (ii) the completion of the Final Decision Period for a late Phase 2 Study process. The ISO will also aggregate the total number of its and Transmission Owners' employee hours and third party consultant hours expended towards a late Phase 1 Study process or a late Phase 2 Study process. The ISO will post this information within sixty-five (65) Business Days following, as applicable: (i) the completion of the Phase 2 Entry Decision Period for a late Phase 1 Study process, and (ii) the completion of the Final Decision Period for a late Phase 2 Study process. Connecting Transmission Owners and Affected Transmission Owners shall timely provide any information reasonably requested by the ISO to complete the report and the aggregation of employee and consultant hours.

40.9.3.2 Penalties for Failure to Meet Study Deadlines

40.9.3.2.1 Commencing with the first Cluster Study Process for which penalties may be applied as set forth in Section 40.9.3.2.10, the ISO and/or Transmission Owners shall be subject to a penalty to the extent required in this Section 40.9.3.2 if the Phase 1 Study process, the Phase 2 Study process, or an Affected System Study is not completed within the applicable deadline set forth in this Section 40.9.3.2.

40.9.3.2.2 If: (A) the Actual Phase 1 Study Timeframe exceeds the Scheduled Phase 1 Study Timeframe, (B) the Actual Phase 2 Study Timeframe exceeds the Scheduled Phase 2 Study Timeframe, or (C) the duration of the Affected System Study (excluding the final decision period) (the "Actual Affected System Study Timeframe") exceeds the three hundred (300) Calendar Days scheduled duration for this study as established in Section 40.8.3.7 ("Scheduled Affected System Study Timeframe"), the ISO will take the following action, unless the study process is completed within the ten (10) Business Day grace period set forth in Section 40.9.3.2.8 or within an agreed upon extended period as set forth in Section 40.9.3.2.9:

40.9.3.2.2.1 The ISO will prepare a Draft Penalty Summary within twenty (20) Business Days of, as applicable: (i) the completion of the Phase 2 Entry Decision Period for a delayed Phase 1 Study process, (ii) the completion of the Final Decision Period for a delayed Phase 2 Study process, and (iii) the completion of the Final Decision Period for a delayed Affected System Study. Each Draft Penalty Summary will compute the total penalty amount and the allocation of such penalty amount among the ISO and the Transmission Owners.

40.9.3.2.2.2 The ISO will calculate the penalty amount by multiplying: (i) the daily penalty amount set forth in Section 40.9.3.2.6 by (ii) the number of Business Days that, as applicable,: (A) the Actual Phase 1 Study Timeframe exceeded the Scheduled Phase 1 Study Timeframe with any agreed upon extension(s) as set forth in Section 40.9.3.2.9, (B) the Actual Phase 2 Study Timeframe exceeded the Scheduled Phase 2 Study Timeframe with any agreed upon extension(s) as set forth in Section 40.9.3.2.9, or (C) the Actual Affected System Study Timeframe

exceeded the Scheduled Affected System Study Timeframe with any agreed upon extension(s) as set forth in Section 40.9.3.2.9.

40.9.3.2.2.3 The ISO will allocate the computed penalty amount among itself and each individual Transmission Owner based on the delays of each party in completing the portions of, as applicable, the Phase 1 Study process or Phase 2 Study process for which each party is explicitly responsible for under this Attachment HH and/or under any contract to implement these responsibilities between the ISO and the applicable Transmission Owner.

40.9.3.2.2.4 The Transmission Owners will have twenty (20) Business Days to review the Draft Penalty Summary and to provide any comments to the ISO. The ISO will then have ten (10) Business Days to finalize the Penalty Summary.

40.9.3.2.3 The ISO and/or Transmission Owner must pay the penalty set forth in the Penalty Summary, as applicable, for each late Phase 1 Study process or Phase 2 Study process as follows:

40.9.3.2.3.1 For a penalty resulting from a late Phase 1 Study process, the ISO and/or Transmission Owner shall pay the penalty set forth in the Penalty Summary on a pro rata basis per Interconnection Request or CRIS-Only Request for all Interconnection Customer(s) included in the Cluster during the Phase 1 Study that satisfied the Phase 2 Entry Decision Period requirements in Section 40.10.8.3 to enter into the Phase 2 Study in proportion to the final study costs for the Phase 1 Study process for each Interconnection Request or CRIS-Only Request.

40.9.3.2.3.2 For a penalty resulting from a late Phase 2 Study process, the ISO and/or Transmission Owner shall pay the penalty set forth in the Penalty Summary on a pro rata

basis per Interconnection Request or CRIS-Only Request to all Interconnection Customer(s) included in the Cluster during the Phase 2 Study that accepted any required cost allocation identified in the study and paid cash or posted security, if any, for their allocated amount, in proportion to the final study cost for the Phase 2 Study process for each Interconnection Request or CRIS-Only Request.

40.9.3.2.4 The ISO must pay the penalty set forth in the Penalty Summary for a late Affected Systems Study on a pro rata basis to all Affected System Interconnection Customer(s) included in the relevant Affected System Study that accepted any required cost allocation identified in the study and paid cash or posted security, if any, for their allocated amount, in proportion to each Affected System Interconnection Customer's final study cost.

40.9.3.2.5 Unless otherwise indicated in this Section 40.9.3.2, the study delay penalty for each late study set forth in Sections 40.9.3.2.3 and 40.9.3.2.4 shall be distributed no later than ninety (90) Business Days after, as applicable: (i) the completion of the Phase 2 Entry Decision Period for a penalty resulting from a late Phase 1 Study process; (ii) the completion of the Final Decision Period for a penalty resulting from a late Phase 2 Study process, or (iii) the completion of the Final Decision Period for a penalty resulting from a late Affected System Study. If a Transmission Owner is responsible for paying a penalty amount and has not appealed the penalty amount, it shall make such payment to the ISO within sixty-five (65) Business Days after, as applicable: (i) the completion of the Phase 2 Entry Decision Period for a penalty resulting from a late Phase 1 Study process; (ii) the completion of the Final Decision Period for a penalty resulting from a late Phase 2 Study process, or (iii) the completion of the Final Decision Period for a penalty resulting from a

late Affected System Study. The ISO will be responsible for distributing the penalty amount to the applicable Interconnection Customers.

40.9.3.2.6 For penalties assessed in accordance with this Section 40.9.3.2, the penalty amount will be equal to: (i) $2,000 per Business Day for delays of, as applicable, the Phase 1 Study process or the Phase 2 Study process beyond the applicable deadline set forth in this Section 40.9.3.2 and (ii) $2,000 per Business Day for delays of Affected System Studies beyond the applicable deadline set forth in this Section 40.9.3.2. The total amount of penalties assessed under this Section 40.9.3.2 for a given Cluster Study (i.e., the combined total amounts of any penalties for a late Phase 1 Study process and any penalties for a late Phase 2 Study process) shall not exceed one hundred percent (100%) of the initial study deposit(s) received for all of the Interconnection Requests and CRIS-Only Requests in the Cluster for that Cluster Study. The total amount of a penalty assessed under this Section 40.9.3.2 for an Affected System Study shall not exceed one hundred percent (100%) of the study deposit(s) that the ISO collects for conducting the Affected System Study.

40.9.3.2.7 The ISO and/or each Transmission Owner may appeal to the Commission any penalties set forth in the Penalty Summary that will be imposed under this Section 40.9.3.2. The Transmission Owner's right to appeal includes the right to challenge the ISO's allocation of penalty amounts in the Penalty Summary. Any such appeal must be filed no later than sixty-five (65) Business Days after, as applicable, (i) the completion of the Phase 2 Entry Decision Period for a penalty resulting from a late Phase 1 Study process; (ii) the completion of the Final Decision Period for a penalty resulting from a late Phase 2 Study process, or (iii) the completion of the Final Decision Period for a

penalty resulting from a late Affected System Study. While an appeal to the Commission is pending, the ISO and/or Transmission Owner shall remain liable for the penalty, but need not distribute the penalty until sixty (60) Calendar Days after the later of: (1) the deadline for filing a rehearing request has ended, if no requests for rehearing of the Commission's order on the appeal have been filed, or (2) the date that the Commission issues a substantive order on any requests for rehearing. The Transmission Owner shall make any penalty payment to the ISO within fifteen (15) Calendar Days of this date. The Commission may excuse the ISO and/or Transmission Owner from penalties under this Section 40.9.3.2 for good cause.

40.9.3.2.8 No penalty will be assessed under this Section 40.9.3.2 where a study is delayed by ten (10) Business Days or less. If the study is delayed by more than ten (10) Business Days, the penalty amount will be calculated from the first Business Day the applicable study misses its deadline.

40.9.3.2.9 If (a) a Phase 1 Study process, a Phase 2 Study process, or an Affected System Study will not be completed within the applicable deadline set forth in this Section 40.9.3.2 or an extended deadline for the study established pursuant to this Section 40.9.3.2.9 and (b) unless ten percent (10%) or more of the total number of Interconnection Requests and CRIS-Only Requests included in the relevant Phase 1 Study process or Phase 2 Study process or of the total number of projects in the Affected System Study vote affirmatively against an extension, the deadline for that study process shall be extended thirty (30) Business Days from the original deadline. In such a scenario, no penalty will be assessed for missing the original deadline.

40.9.3.2.10 No penalties shall be assessed until the third Cluster Study Process cycle after the Commission-approved effective date of the Standard Interconnection Procedures (i.e., the second Cluster Study Process following the completion of the Transition Cluster Study Process).

40.9.3.2.11 The ISO must maintain on its OASIS or its public website summary statistics related to penalties assessed under this Section 40.9.3.2, updated quarterly. For each calendar quarter, the ISO must calculate and post (1) the total amount of penalties assessed under this Section 40.9.3.2 during the previous reporting quarter and (2) the highest penalty assessed under this Section 40.9.3.2 paid to a single Interconnection Customer or Affected System Interconnection Customer during the previous reporting quarter. The ISO must post on its OASIS or its website these penalty amounts for each calendar quarter within thirty (30) Calendar Days of the end of the calendar quarter. The ISO must maintain the quarterly measures posted on its OASIS or its website for three (3) calendar years with the first required posting to be the third Cluster Study Process cycle after the Commission-approved effective date of the Standard Interconnection Procedures (i.e., the second Cluster Study Process following the completion of the Transition Cluster Study Process).

40.9.4 No Prioritization of Cluster Study Projects

There will be no prioritization of the Projects grouped and studied together in a Cluster Study, except as otherwise indicated in Section 40.6.1.2 or as set forth in Section 40.7.3.4 in the event of a Physical Infeasibility determination. Each Project in a Cluster Study will, with other Projects in the same Cluster Study, 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 Interconnection Customers seeking CRIS, System Deliverability Upgrades required under the NYISO Deliverability Interconnection Standard, in accordance with the rules set forth herein. For purposes of this Section 40.9.4, the "then currently available functional or electrical capability of the transmission system" is the functional or electrical capability of the transmission system currently available in the applicable base case.

40.9.5 Interconnection Facilities Covered by the Cluster Study

40.9.5.1 Interconnection Standards

The interconnection facilities covered by the Cluster Study and its cost allocation rules are (i) those required for the proposed project to reliably interconnect to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard for ERIS, and (ii) those required for the project to meet the NYISO Deliverability Interconnection Standard for CRIS.

40.9.5.2 Interconnection Facilities

The interconnection facilities covered by the Cluster Study and its cost allocation rules include the following types of facilities: Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades.

40.9.6 NYISO Minimum Interconnection Standard

40.9.6.1 Scope and Purpose of Standard

Each Facility must be evaluated under the NYISO Minimum Interconnection Standard in a Cluster Study.

40.9.6.1.1 The NYISO Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission

System and to the Distribution System. The NYISO Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed project. Application of these rules, including the Cluster Baseline Assessment and the Cluster Project Assessment, to allocate responsibility for the cost of new transmission facilities to permit interconnection is not intended to affect the NYISO Minimum Interconnection Standard.

40.9.6.1.2 Consequently, the NYISO Minimum Interconnection Standard is not intended to address in any way the allocation of responsibility for the cost of upgrades and other new facilities associated with transmission service and the delivery of power across the Transmission System, the reduction of Congestion, economic transmission system upgrades, or the mitigation of Transmission System overloads associated with the delivery of power.

40.9.6.1.3 It is not anticipated that the installation of any interconnection facilities covered by the NYISO Minimum Interconnection Standard will improve the deliverability of power, reduce Congestion, or mitigate overloads associated with the delivery of power. If the installation of any facilities by an Interconnection Customer does improve deliverability, reduce Congestion and create Incremental Transmission Congestion Contracts, or mitigate overloads, then that situation will be handled in accordance with the relevant provisions of the ISO OATT, including Sections 3.7 and 4.5, and applicable FERC precedent.

40.9.7 NYISO Deliverability Interconnection Standard

40.9.7.1 Scope and Purpose of Standard

Each proposed or existing facility larger than 2 MW, and each facility with CRIS that requests an increase to its CRIS, must meet the NYISO Deliverability Interconnection Standard before it can receive CRIS or Unforced Capacity Deliverability Rights, unless otherwise provided for in this Attachment HH. For purposes of this Section 40.9.7.1, a facility comprised of multiple Generators is a single "facility."

40.9.7.1.1 The NYISO Deliverability Interconnection Standard is designed to ensure that the Project is deliverable throughout the New York Capacity Region(s) where the Project will interconnect or is interconnected. The NYISO Deliverability Interconnection Standard is also designed to ensure that the Interconnection Customer of the Project restores the transfer capability of any External Other Interface or Internal Other Interface degraded by its interconnection.

40.9.7.1.2 Each Project electing CRIS will be allowed to become an Installed Capacity Supplier, or will be allowed to receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, in accordance with the rules of the ISO's Installed Capacity market, up to the amount of its deliverable capacity, as that amount is determined in accordance with the rules in this Attachment HH, once the Interconnection Customer of the Project has paid cash or posted Security for any required System Deliverability Upgrades in accordance with the rules in this Attachment HH.

40.9.8 Overview of Cost Allocation Rules for Cluster Study

40.9.8.1 Purpose of the Rules

As set forth in this Attachment HH, the Cluster Study will (1) allocate responsibility among Interconnection Customers, Transmission Owners, and Load Serving Entities ("LSEs"),

as described herein, for the cost of the new interconnection facilities that are required for the reliable interconnection of Projects to the New York State Transmission System and to the Distribution System in compliance with the requirements of the type of interconnection service elected by the Interconnection Customer; and (2) allocate responsibility for the cost of interconnection facilities required for Capacity Resource Interconnection Service and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Section 40.12 of this Attachment HH describes the rules to estimate and allocate responsibility for the cost of the interconnection facilities required for Energy Resource Interconnection Service and interconnection in compliance with the NYISO Minimum Interconnection Standard. Section 40.13 of this Attachment HH describes the rules to estimate and allocate responsibility for the cost of interconnection facilities required for CRIS and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Every Interconnection Customer is responsible for the cost of the new interconnection facilities required for the reliable interconnection of its Project in compliance with the NYISO Minimum Interconnection Standard, as that responsibility is determined by these rules. In addition, every Interconnection Customer electing CRIS is also responsible for the cost of the interconnection facilities required pursuant to the NYISO Deliverability Interconnection Standard, as that responsibility is determined by these rules.

As described herein, the intent of the cost allocation rules for the Cluster Study in this Attachment HH is that each Interconnection Customer be held responsible for the net impact of the interconnection of its Project on the reliability of the New York State Transmission System. An Interconnection Customer is held responsible for the cost of the interconnection facilities that are required by its Project, facilities that would not be required but for its Project. However, an Interconnection Customer is not responsible for the cost of facilities that are, without considering

the impact of its Project, required to maintain the reliability of the New York State Transmission System. Transmission Owners are, in accordance with the ISO OATT and FERC precedent, responsible for the cost of the facilities that are, without considering the impact of Interconnection Customer's Project, required to maintain the reliability of the New York State Transmission System.

40.9.8.2 Attachment Facilities

Each Interconnection Customer is responsible for 100% of the cost of the Attachment Facilities required for the reliable interconnection of its Project in compliance with the NYISO Minimum Interconnection Standard, as that responsibility is determined by these rules.

40.9.8.3 Distribution Upgrades

Each Interconnection Customer is responsible for 100% of the cost of the Distribution Upgrades required for the reliable interconnection of its Project in compliance with the NYISO Minimum Interconnection Standard, as that responsibility is determined by these rules.

40.9.8.4 Side Agreements

These cost allocation rules will not preclude or supersede any binding cost allocation agreements that are executed between or among Interconnection Customers, 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 Interconnection Customer or Transmission Owner who is not a party to such agreement.

40.9.8.5 Costs Covered By Attachment HH

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.

40.9.8.6 Dispatch Costs

Interconnection Customers, 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.

40.9.8.7 Transmission Owners' Cost Recovery

Any Connecting Transmission Owner or Affected Transmission Owner implementation and construction of (i) System Upgrade Facilities as identified in the Cluster Baseline Assessment or Cluster Project Assessment, or (ii) System Deliverability Upgrades as identified in the Cluster Study 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 Transmission Owner's 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.

40.9.9 LIPA's Prospective Assumption of Cluster Study Responsibilities

40.9.9.1 LIPA Assumption of Cluster Study and Supporting Analyses

Commencing with the first Cluster Study Process following the Transitional Cluster Study, if LIPA is identified as the Connecting Transmission Owner or an Affected Transmission Owner for an Interconnection Request or CRIS-Only Request participating in the Cluster Study, LIPA will perform the responsibilities established in this Attachment HH, for, as applicable, a Connecting Transmission Owner or Affected Transmission Owner in the performance of the Phase 1 Study, Phase 2 Study, and Additional SDU Study concerning the Interconnection Request or CRIS-Only Request, in accordance with Section 40.9.9.2. LIPA's distribution system is not included within the defined scope of the Distribution System. In the event that it is determined that LIPA's distribution system may be materially affected by a Cluster Study Project, analysis of the need for any distribution upgrades to address such material impacts shall be undertaken by LIPA as part of the Phase 1 Study and Phase 2 Study established in this Attachment HH, the procedures for which will be adopted pursuant to Section 40.9.9.2.

40.9.9.2 Applicable Procedures

Unless LIPA's Board of Trustees exercises its authority, under applicable state law, to adopt comparable standards and procedures for LIPA's responsibilities in the performance of the Cluster Study for the Long Island Transmission District, LIPA shall voluntarily follow the Cluster Study procedures set forth in this Attachment HH. For purposes of any comparability procedures for LIPA's responsibilities in the performance of the Cluster Study adopted by LIPA's Board of Trustees, such procedures shall be consistent with the applicable Connecting Transmission Owners and Affected Transmission Owners procedures for the performance of the Phase 1 Study, Phase 2 Study, and Additional SDU Study established in this Attachment HH. Upon adoption by the LIPA Board of Trustees, such procedures for the Cluster Study within the

Long Island Transmission District shall be provided to the NYISO for filing with FERC on an informational basis and subject to confirmation that the adopted procedures meet the comparability standard under the Commission's reciprocity policy for the provision of interconnection service by non-jurisdictional utilities.

40.9.9.3 Disputes

With respect to any dispute arising out of, or relating to, LIPA's performance of its responsibilities under this Attachment HH that is not resolved through the dispute resolution requirements in Section 40.24.5, any succeeding action at law or equity seeking resolution of such dispute that: (i) is within the primary or exclusive jurisdiction of FERC, shall be brought in the first instance at FERC, or (ii) is raised solely within the jurisdiction of LIPA's Board of Trustees, shall be raised in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules or the United States District Court of the Eastern District of New York, as applicable.

40.13 Deliverability Studies and Cost Allocation Methodology for CRIS

40.13.1 Cluster Study Deliverability Study and Non-Cluster Study Expedited Deliverability Study

An Interconnection Customer requesting CRIS for a Project larger than 2 MW may elect to enter either the Cluster Study Process pursuant to the requirements in Section 40.5.4 to this Attachment HH or an Expedited Deliverability Study pursuant to the requirements in Section 40.19 to this Attachment HH; *provided, however*, that an Interconnection Customer may not be evaluated in both studies simultaneously (*i.e.*, an Interconnection Customer with CRIS being evaluated in a Cluster Study Process may not enter an Expedited Deliverability Study for evaluation of the same CRIS request until the Cluster Study has completed).

A Cluster Study deliverability evaluation first evaluates whether a Project satisfies the NYISO Deliverability Interconnection Standard at its full amount of requested CRIS. If a Project is not deliverable for its full amount of requested CRIS, the Cluster Study proceeds to identify and cost allocate System Deliverability Upgrades required to make the Project fully deliverable for the full amount of requested CRIS.

An Expedited Deliverability Study only evaluates whether a Project satisfies the NYISO Deliverability Interconnection Standard at its full amount of requested CRIS; it does not identify or cost allocate System Deliverability Upgrades. An Interconnection Customer evaluated in an Expedited Deliverability Study and deemed undeliverable at its full amount of requested CRIS may (1) enter a Cluster Study Process in a subsequent Application Window in accordance with the requirements in Section 40.5 to obtain a Project Cost Allocation for required System Deliverability Upgrades; or (2) enter into a subsequent Expedited Deliverability Study or a Cluster Study Process with the same or different CRIS request.

40.13.1.1 Cost Allocation Among Interconnection Customers in a Cluster

Each Project in a Cluster Study Deliverability Study – *i.e.*, a Cluster Study CRIS Project – will share in the then currently available deliverability capability of the New York State Transmission System and will also share in the cost of any System Deliverability Upgrades required for its Project to qualify for CRIS at the requested level. The total cost of the System Deliverability Upgrades required for all the Projects in the Cluster for the Cluster Study will be allocated among the Projects in the Cluster based on the *pro rata* impact of each Cluster Study CRIS Project on the deliverability of the New York State Transmission System, that is, the *pro rata* contribution of each Project in the Cluster Study Deliverability Study to the total cost of each of the System Deliverability Upgrades identified in the Cluster Study Deliverability Study. In addition to this allocation of cost responsibility for System Deliverability Upgrades among the Projects in a Cluster, the cost of certain Highway System Deliverability Upgrades will be shared with Load Serving Entities and subsequent Interconnection Customers, as described below in Section 40.13.12 of these rules.

40.13.1.2 Expedited Deliverability Study

The Expedited Deliverability Study shall be performed concurrently for all Projects that meet the entry requirements set forth in Section 40.19 of this Attachment HH as a combined Expedited Deliverability Study.

40.13.2 Categories of transmission facilities

For purposes of applying the NYISO Deliverability Interconnection Standard, transmission facilities comprising the New York State Transmission System will be categorized as Byways, Highways, Internal Other Interfaces or External Other Interfaces.

40.13.2.1 Byways

The Interconnection Customer of a Cluster Study CRIS Project will pay its *pro rata* share of one hundred percent (100%) of the cost of the System Deliverability Upgrades to any Byway needed to make the Cluster Study CRIS Project deliverable in accordance with these rules. The System Deliverability Upgrades on the Byway(s) will be identified by the ISO, with input from the Connecting Transmission Owner and from the Affected Transmission Owner(s), in the Cluster Study Deliverability Study.

The Transmission Owner(s) responsible for constructing a System Deliverability Upgrade on a Byway shall request Incremental TCCs with respect to the System Deliverability Upgrade in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT. An Interconnection Customer paying to upgrade a Byway will receive the right to accept any Incremental TCCs awarded by the ISO in proportion to its contribution to the total cost of the System Deliverability Upgrade. The ISO shall round any non-whole MW quantities to a whole number of Incremental TCCs in a manner that ensures that the sum of all individual allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the System Deliverability Upgrade; *provided, however*, that an Interconnection Customer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the Interconnection Customer's proportionate share is zero. If an Interconnection Customer elects to accept its proportionate share of any Incremental TCCs resulting from the System Deliverability Upgrade, the Interconnection Customer shall be the Primary Holder of such Incremental TCCs. If an Interconnection Customer declines an award of its proportionate share of any Incremental TCCs resulting from the System Deliverability Upgrade, or subsequently terminates the Incremental TCCs it elected to receive in accordance with Section 19.2.4.9 of Attachment M of the ISO OATT, the declined or terminated Incremental TCCs will be deemed

reserved to the extent necessary to facilitate the potential for transfers to subsequent Interconnection Customers that pay for the use of Headroom pursuant to this Attachment HH on a System Deliverability Upgrade that has been awarded Incremental TCCs. Incremental TCCs that are declined or terminated by an Interconnection Customer and not otherwise deemed reserved will be deemed permanently terminated. Incremental TCCs related to a System Deliverability Upgrade that were previously deemed reserved as a result of prior declination or termination will be deemed permanently terminated when the Headroom on the System Deliverability Upgrade ceases to exist or is otherwise reduced to zero in accordance with Section 40.17.1.4.3 of this Attachment HH.

An Interconnection Customer paying to upgrade a Byway will be eligible to receive Headroom payments in accordance with these rules. A subsequent Interconnection Customer paying for use of Headroom on a System Deliverability Upgrade on a Byway will be entitled to receive Incremental TCCs, to the extent Incremental TCCs have been awarded by the ISO for the System Deliverability Upgrade, in proportion to its contribution to the total cost of the System Deliverability Upgrade, as determined based on its required Headroom payments. The ISO shall round any non-whole MW quantities to a whole number of Incremental TCCs in a manner that ensures that the sum of all individual allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the System Deliverability Upgrade; *provided, however*, that a subsequent Interconnection Customer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the subsequent Interconnection Customer's proportionate share is zero. If an Interconnection Customer that initially paid for a System Deliverability Upgrade on a Byway elected to receive its proportionate share of any Incremental TCCs related to the System Deliverability Upgrade and continues to hold such Incremental

TCCs, any Incremental TCCs that a subsequent Interconnection Customer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Interconnection Customer that initially paid for the System Deliverability Upgrade in proportion to the Headroom payments received by such Interconnection Customer from the subsequent Interconnection Customer making such Headroom payments. If an Interconnection Customer that initially paid for a System Deliverability Upgrade on a Byway declined to receive its proportionate share of any Incremental TCCs related to the System Deliverability Upgrade or subsequently terminated the Incremental TCCs it elected to receive, any Incremental TCCs that a subsequent Interconnection Customer is eligible to receive will be made available from the Incremental TCCs related to the System Deliverability Upgrade that were previously deemed reserved as a result of prior declination or termination in proportion to the Headroom payments received by the Interconnection Customer that initially paid for the System Deliverability Upgrade from the subsequent Interconnection Customer making such Headroom payments. If a subsequent Interconnection Customer elects to accept its proportionate share of any Incremental TCCs, the subsequent Interconnection Customer shall be the Primary Holder of such Incremental TCCs; *provided, however*, that Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs. If a subsequent Interconnection Customer declines an award of its proportionate share of any Incremental TCCs resulting from its Headroom payments, or subsequently terminates the Incremental TCCs it elected to receive in accordance with Section 19.2.4.9 of Attachment M of

the ISO OATT, the declined or terminated Incremental TCCs will be deemed permanently terminated.

Any Incremental TCCs resulting from a System Deliverability Upgrade on a Byway, regardless of the Primary Holder thereof, may not be sold or transferred through a Centralized TCC Auction, Reconfiguration Auction or the Secondary Market.

40.13.2.2 Highways

The Interconnection Customer of a Cluster Study CRIS Project will pay an allocated share of the cost of the System Deliverability Upgrades to any Highway needed to make the Cluster Study Project deliverable in accordance with these rules. The System Deliverability Upgrades on the Highway or Highways, and the Interconnection Customer's allocated share of the cost of those System Deliverability Upgrades, will be identified by the ISO, with input from the Connecting Transmission Owner and from the Affected Transmission Owner(s), in the Cluster Study Deliverability Study.

The Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade shall request Incremental TCCs with respect to the Highway System Deliverability Upgrade in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT. An Interconnection Customer paying for Highway System Deliverability Upgrades will receive the right to accept any Incremental TCCs awarded by the ISO, in proportion to its contribution to the to the total cost of the Highway System Deliverability Upgrade. The ISO shall round any non-whole MW quantities to a whole number of Incremental TCCs in a manner that ensures that the sum of all individual allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the Highway System Deliverability Upgrade; *provided, however*, that an Interconnection Customer will not be entitled to receive any

Incremental TCCs if the whole number value determined by the ISO for the subsequent Interconnection Customer's proportionate share is zero. If an Interconnection Customer elects to accept its proportionate share of any Incremental TCCs resulting from the Highway System Deliverability Upgrade, the Interconnection Customer shall be the Primary Holder of such Incremental TCCs. If an Interconnection Customer declines an award of its proportionate share of any Incremental TCCs resulting from the Highway System Deliverability Upgrade, or subsequently terminates the Incremental TCCs it elected to receive in accordance with Section 19.2.4.9 of Attachment M of the ISO OATT, the declined or terminated Incremental TCCs will be deemed reserved to the extent necessary to facilitate the potential for transfers to subsequent Interconnection Customers that pay for the use of Headroom pursuant to this Attachment HH on a Highway System Deliverability Upgrade that has been awarded Incremental TCCs. Incremental TCCs that are declined or terminated by an Interconnection Customer and not otherwise deemed reserved will be deemed permanently terminated. Incremental TCCs related to a Highway System Deliverability Upgrade that were previously deemed reserved as a result of prior declination or termination will be deemed permanently terminated when the Headroom on the Highway System Deliverability Upgrade ceases to exist or is otherwise reduced to zero in accordance with Section 40.17.1.4.3 of this Attachment HH.

The Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade shall also be awarded, and be the Primary Holder of, any Incremental TCCs related to the portion of a Highway System Deliverability Upgrade funded by Load Serving Entities pursuant to Section 40.13.12 of this Attachment HH, in proportion to the contribution of the Load Serving Entities to the total cost of the Highway System Deliverability Upgrade. The ISO shall round any non-whole MW quantities to a whole number of Incremental

TCCs in a manner that ensures that the sum of all individual allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the Highway System Deliverability Upgrade; *provided, however*, that no Incremental TCCs will be awarded to the Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade for the portion of a Highway System Deliverability Upgrade funded by Load Serving Entities if the whole number value determined by the ISO for the Load Serving Entities' proportionate share is zero.

An Interconnection Customer paying for a Highway System Deliverability Upgrade will be eligible to receive Headroom payments in accordance with these rules to the extent that it pays for System Deliverability Upgrade capacity in excess of that required to provide the requested level of CRIS and Load Serving Entities have not funded a portion of the costs of the Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH. If Load Serving Entities have funded a portion of a Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH, the Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade will be eligible to receive any and all Headroom payments related to the System Deliverability Upgrade in accordance with these rules on behalf, and for the benefit, of the Load Serving Entities that funded a portion of the System Deliverability Upgrade.

A subsequent Interconnection Customer paying for use of Headroom on System Deliverability Upgrades will be entitled to receive Incremental TCCs, to the extent Incremental TCCs have been awarded by the ISO for the System Deliverability Upgrade, in proportion to its contribution to the total cost of the Highway System Deliverability Upgrade, as determined based on its required Headroom payments. The ISO shall round any non-whole MW quantities to a whole number of Incremental TCCs in a manner that ensures that the sum of all individual

allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the Highway System Deliverability Upgrade; *provided, however*, that a subsequent Interconnection Customer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the Interconnection Customer's proportionate share is zero. If: (i) an Interconnection Customer that initially paid for a Highway System Deliverability Upgrade paid for capacity in excess of that required to provide its requested level of CRIS; (ii) Load Serving Entities have not funded a portion of the costs of the Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH; and (iii) the Interconnection Customer elected to receive its proportionate share of any Incremental TCCs related to the System Deliverability Upgrade and continues to hold such Incremental TCCs, any Incremental TCCs that a subsequent Interconnection Customer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Interconnection Customer that initially funded the System Deliverability Upgrade in proportion to the Headroom payments received by such Interconnection Customer from the subsequent Interconnection Customer making such Headroom payments. If: (i) an Interconnection Customer that initially paid for a Highway System Deliverability Upgrade paid for capacity in excess of that required to provide its requested level of CRIS; (ii) Load Serving Entities have not funded a portion of the costs of the Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH; and (iii) the Interconnection Customer declined to receive its proportionate share of any Incremental TCCs related to the System Deliverability Upgrade or subsequently terminated the Incremental TCCs it elected to receive, any Incremental TCCs that a subsequent Interconnection Customer is eligible to receive will be made available from the Incremental TCCs related to the System Deliverability Upgrade that were previously deemed

reserved as a result of prior declination or termination in proportion to the Headroom payments received by the Interconnection Customer that initially paid for the System Deliverability Upgrade from the subsequent Interconnection Customer making such Headroom payments. If Load Serving Entities have funded a portion of a Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH, any Incremental TCCs that a subsequent Interconnection Customer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Transmission Owner(s) responsible for constructing the System Deliverability Upgrade. If a subsequent Interconnection Customer elects to accept its proportionate share of any Incremental TCCs, the subsequent Interconnection Customer shall be the Primary Holder of such Incremental TCCs; *provided, however*, that Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs. If a subsequent Interconnection Customer declines an award of its proportionate share of any Incremental TCCs resulting from its Headroom payments, or subsequently terminates the Incremental TCCs it elected to receive in accordance with Section 19.2.4.9 of Attachment M of the ISO OATT, the declined or terminated Incremental TCCs will be deemed permanently terminated.

Any Incremental TCCs resulting from a Highway System Deliverability Upgrade, regardless of the Primary Holder thereof, may not be sold or transferred through a Centralized TCC Auction, Reconfiguration Auction or the Secondary Market.

40.13.2.3 Other Interfaces

If the Cluster Study CRIS Project degrades the transfer capability of any one of the External Other Interfaces or Internal Other Interfaces (collectively, "Other Interfaces") below the transfer capability identified in the current CBA, then the Interconnection Customer will pay its *pro rata* share of one hundred percent (100%) of the cost of the System Deliverability Upgrades needed to restore the transfer capability of the respective Other Interfaces degraded by its proposed Project to what the transfer capability of those Other Interfaces would have been without its Project, as that transfer capability was measured in the current CBA. Where two or more Projects would cause degradation of an Other Interface's transfer capability, the cost of the necessary System Deliverability Upgrades to restore the original transfer capability of the Other Interface shall be shared on a *pro rata* basis, based on the MW of degradation that each Project would cause.

40.13.3 Capacity Regions

40.13.3.1 The deliverability test will be applied within each of the four (4) Capacity Regions: (1) Rest of State (*i.e.*, Load Zones A through F); (2) Lower Hudson Valley (*i.e.*, Load Zones G, H and I); (3) New York City (*i.e.*, Load Zone J); and (4) Long Island (*i.e.*, Load Zone K). To be declared deliverable a Cluster Study Project must only be deliverable, at its requested CRIS MW, throughout each of the Capacity Regions in which the Project is interconnected or is interconnecting, or, if requesting CRIS for External-to-ROS Deliverability Rights, throughout the Rest of State Capacity Region. For example, a proposed Cluster Study Project from an external Control Area interconnecting in the Rest of State Capacity Region (*i.e.*, Load Zones A-F) will be required to demonstrate deliverability throughout the Rest of State Capacity Region (*i.e.*, Load Zones A-F), but will not be required to demonstrate deliverability to or within any of

the following Capacity Regions: Lower Hudson Valley (*i.e.*, Load Zones G, H and I); New York City (*i.e.*, Load Zone J); or Long Island (*i.e.*, Load Zone K).

40.13.3.2 A proposed Cluster Study Transmission Project internal to the NYCA that is requesting CRIS for Unforced Capacity Deliverability Rights must be deliverable both throughout the Capacity Region to which it proposes to inject Energy and throughout the Capacity Region from which is proposes to withdraw Energy. For example, a Cluster Study Transmission Project that proposes to withdraw Energy from the Rest of State Capacity Region (*i.e.*, Load Zones A-F) and inject Energy into New York City (*i.e.*, Load Zone J) must demonstrate deliverability throughout the Rest of State Capacity Region and demonstrate deliverability throughout the New York City Capacity Region.

40.13.4 Participation in Capacity Markets

40.13.4.1 An Interconnection Customer, in order to be eligible to become an Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, must obtain CRIS pursuant to the procedures set forth in this Attachment HH. An Interconnection Customer must enter a Cluster Study Deliverability Study or Expedited Deliverability Study in order to obtain CRIS, unless otherwise provided for in this Attachment HH. The MW amount of CRIS requested by an Interconnection Customer, stated in MW of Installed Capacity ("ICAP"), cannot exceed the MW levels specified in Section 40.5.6.5 of this Attachment HH. All requests for CRIS must be in tenths of a MW.

The ISO will perform the Cluster Study Deliverability Study and Expedited Deliverability Study in accordance with these rules and with input of Market Participants, to determine the deliverability of the Projects requesting CRIS in each study. The Expedited Deliverability Study will only determine the extent to which the Project is deliverable at the full

amount of requested CRIS. The Cluster Study Deliverability Study will determine deliverability at the full amount of requested CRIS and, if not deliverable, will identify and allocate the cost of the System Deliverability Upgrades needed to make deliverable each Cluster Study CRIS Project. In order to be eligible to become an Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, an Interconnection Customer must: (i) be found fully or partially deliverable at the requested CRIS level in an Expedited Deliverability Study or (ii) in a Cluster Study, either (1) accept its deliverable MW; or (2) pay cash or post Security, in accordance with these rules, for the System Deliverability Upgrades needed for its Project to be deliverable at the requested level of CRIS.

40.13.5 The Pre-Existing System

Where the Existing System Representation demonstrates deliverability issues, an Interconnection Customer electing CRIS need only address the incremental deliverability of its CRIS request, not the deliverability of the pre-existing system depicted in the Existing System Representation. Likewise, Transmission Owners will not be responsible for curing any pre-existing deliverability issues.

40.13.6 CRIS Values

Through a Cluster Study, an Interconnection Customer may elect no CRIS, partial CRIS, or full CRIS for its Project by satisfying the applicable sections of this Attachment HH. Through an Expedited Deliverability Study, an Interconnection Customer may elect CRIS or partial CRIS to the extent its requested CRIS is deliverable pursuant to the NYISO Deliverability Interconnection Standard.

Each Project qualifying for CRIS will have two CRIS values per Project: one for the Summer Capability Period and one for the Winter Capability Period. For Projects comprised of

multiple Generators, the Project's CRIS, subject to the maximum permissible requested CRIS pursuant to Section 40.5.6.5 of this Attachment HH, shall be allocated among the multiple Generators, and shall be allocated among the multiple Generators, as requested by Interconnection Customer (to the extent permissible under Section 40.5.6.5 of this Attachment HH). The Project's CRIS and allocation of CRIS among its units, as applicable, will be specified by ISO in the Phase 2 Study report approved by the ISO Operating Committee in accordance with Section 40.11.7.

The Project's CRIS value for the Summer Capability Period will be set using the deliverability test methodology and procedures described below. The Project's CRIS value for the Winter Capability Period will be determined by the applicable process below:

40.13.6.1 Winter CRIS will be calculated as follows:

Winter CRIS MW = (Summer CRIS MW x Maximum Net Output at 10 degrees Fahrenheit)/Maximum Net Output at 90 degrees Fahrenheit

Where:

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

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

40.13.6.1.1 For facilities with Summer CRIS, the following additional provision applies: For such facilities for which there is an ISO-accepted temperature curve used for determining the Project's DMNC, Winter CRIS will be calculated using such temperature curve, provided the capability represented by the curve does not exceed the Project's ERIS. For facilities for which there is not an ISO-accepted temperature curve used for determining the Project's DMNC, Winter CRIS will

be set equal to the Project's Summer CRIS unless the Project provides a temperature curve to the ISO by December 16, 2017, that the ISO subsequently determines is acceptable.

40.13.6.1.2 For facilities first obtaining Summer CRIS on or after December 16, 2017, 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 Summer CRIS is first obtained.

40.13.6.2 Upon an increase to a Project's Summer CRIS pursuant to a permissible increase in Summer CRIS under Sections 40.5.6.6 or 40.18.3 of this Attachment HH (increases in CRIS not requiring a deliverability evaluation) or pursuant to an increase in Summer CRIS evaluated in a Cluster Study for which an Interconnection Customer accepts its Project Cost Allocation for System Deliverability Upgrades and posts Security therefore (if applicable) or accepts its Deliverable MWs, the Winter CRIS will be determined using the formula set forth in Section 40.13.6.1, wherein the Summer CRIS MW will be the increased Summer CRIS MW.

40.13.7 Deliverability Study Procedures

40.13.7.1 Cluster Study Deliverability Study Procedures

The ISO will conduct the Cluster Study Deliverability Study, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Cluster Study Deliverability Study. The ISO will have decisional control over the entire Cluster Study Deliverability Study. If, at any time, the ISO decides that it needs specific expert services from entities such as Market Participants,

consultants or engineering firms for it to conduct the Cluster Study Deliverability Study, then the ISO will enter into appropriate contracts with such entities for such input. The ISO shall utilize existing studies to the extent practicable when it performs the study. As it conducts each Cluster Study Deliverability Study, the ISO will provide regularly scheduled status reports and working drafts, with supporting data, to the ISO Operating Committee or an ISO Operating Committee subcommittee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Cluster Study Deliverability Study will be reviewed and approved by the ISO Operating Committee when the ISO Operating Committee approves the CPA for the same Cluster Study in accordance with Section 40.11.7. Each Cluster Study Deliverability Study is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

If the ISO determines that an Additional SDU Study is required pursuant to Section 40.14 of this Attachment HH, the ISO will notify all Cluster Study Projects that such Additional SDU Study will be conducted, with such notice to be provided as soon as practicable after the ISO receives notice from Interconnection Customers in response to the Notice of SDUs Requiring Additional Study pursuant to Section 40.14.1 of this Attachment HH.

40.13.7.2 Expedited Deliverability Study Procedures

The ISO will conduct the Expedited Deliverability Study, as described in these rules in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Expedited Deliverability Study. The ISO will have decisional control over the entire Expedited Deliverability Study. If, at any time, the ISO decides that it needs specific expert services from entities such as Market Participants, consultants or

engineering firms for it to conduct the Expedited Deliverability Study, then the ISO will enter into appropriate contracts with such entities for such input. The ISO shall utilize existing studies to the extent practicable when it performs the study. As it conducts each Expedited Deliverability Study, the ISO will provide regularly scheduled status reports and working drafts, with supporting data, to the ISO Operating Committee or an ISO Operating Committee subcommittee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Expedited Deliverability Study will be reviewed and approved by the ISO Operating Committee. Each Expedited Deliverability Study is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

40.13.8 Deliverability Test Methodology for Highways and Byways

40.13.8.1 Definition of NYCA Deliverability

The NYCA transmission system shall be able to deliver the aggregate of NYCA capacity resources to the aggregate of the NYCA load under summer peak load conditions. This is accomplished in the Cluster Study through ensuring the deliverability of each Cluster Study CRIS Project, in the Capacity Region(s) where the Project interconnects. This is accomplished in the Expedited Deliverability Study through ensuring the deliverability of each Expedited Deliverability Study CRIS Request, in the Capacity Region where the Project interconnects.

40.13.8.2 NYCA Deliverability Testing Methodology

40.13.8.2.1 Cluster Study

40.13.8.2.1.1 The current CBA for the Cluster Study, developed in accordance with ISO Procedures, will serve as the starting point for the deliverability baseline for

testing under summer peak system conditions, subject to ISO Procedures and the following:

All Cluster Study CRIS Projects will be evaluated on an aggregate Cluster basis in the CPA deliverability base case. Deliverability will be determined through a shift from generation to generation within their respective Capacity Regions in New York State. Each Capacity Region will be tested on an individual basis. The total generation dispatched within a Capacity Region in the CPA deliverability base case will be approximately equal to that of the CBA deliverability base case.

40.13.8.2.1.2 Each entity requesting External CRIS Rights may request in the Application Window through a CRIS-Only Request, in the form of Appendix 2 to this Attachment HH a certain number of MW to be evaluated for deliverability pursuant to Section 40.13.11 of this Attachment HH. The MW of an entity requesting External CRIS Rights will not be derated for the deliverability analysis.

40.13.8.2.1.3 Each Interconnection Customer requesting CRIS will request that a certain number of MW be evaluated for deliverability, such MW not to exceed the maximum levels set forth in Section 40.6.5 of this Attachment HH. The MW requested by an Interconnection Customer will represent Installed Capacity, and will be derated for the deliverability analysis, as set forth in this Section 40.13.8.2.1.3. The CRIS MW requested by a Resource with an Energy Duration Limitation will represent Installed Capacity based on the Interconnection Customer-selected duration (*i.e.*, its expected maximum injection capability in

MW hours for the Interconnection Customer-selected duration). The CRIS MW requested by a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights will represent Installed Capacity at the point of injection. At the conclusion of the analysis, the ISO will reconvert only the deliverable MW and report them in terms of MW of Installed Capacity using the same derating factor utilized at the beginning of the deliverability analysis.

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is calculated for each resource using a UCAP Deration Factor ("UCDF"). The UCDF used is an average value based on historical performance on a Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF for all generators that are not Intermittent Power Resources, Energy Storage Resources, or Limited Control Run of River Hydro is the average EFORd. All generators that are not Intermittent Power Resources, Energy Storage Resources, or Limited Control Run of River Hydro in the same Capacity Region will use the same UCDF. The UCDF for Intermittent Power Resources and Limited Control Run of River Hydro will be calculated based on historical production data by resource type in accordance with ISO Procedures. The UCDF for Energy Storage Resources will be calculated, and updated during the deliverability evaluation, based on the aggregated resource adequacy contribution from the total MW of Energy Storage Resources considered in the deliverability evaluation, as

determined in accordance with ISO Procedures. All generators that are Energy Storage Resources in the same Capacity Region will use the same UCDF.

Facilities comprised of Generators of different technologies will be derated using a blended UCDF that combines the UCDF of the individual Generators within the Project; *provided, however*, that if the Project includes load reduction, the load reduction will not impact the UCDF of the Project. The UCDF factor for proposed Projects will be applied to the requested CRIS level. For facilities modeled in the CBA, the UCDF will be applied to their CRIS level.

The CRIS MW requested by a Cluster Study Transmission Project or held by an existing facility with Unforced Capacity Deliverability Rights will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 40.13.8.2.1.13.

Existing CRIS that will be modeled in the Cluster Study shall include: existing CRIS for facilities not being evaluated in the Cluster Study regardless of outage state, unless (1) that CRIS will expire no later than twelve (12) months (*i.e.*, three hundred sixty-five (365) Calendar Days) after the Phase 1 Study Start Date, except where the facility has provided notice of a proposed CRIS transfer anticipated to be finalized no later than twelve (12) months (*i.e.*, three hundred sixty-five (365) Calendar Days) of the Phase 1 Study Start Date; or (2) the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS

expiration. For purposes of this Section 40.13.8.2.1.3, "existing CRIS" for Projects that have undergone, as applicable, a prior Class Year Study or Cluster Study deliverability evaluation is CRIS obtained upon completion of a Class Year Study or Cluster Study through which the Interconnection Customer accepted its deliverable MW or accepted its Project Cost Allocation and posted Security for System Deliverability Upgrades, as applicable. For Projects that undergo an Expedited Deliverability Study deliverability evaluation, "existing CRIS" is CRIS that is obtained upon completion of an Expedited Deliverability Study through which the Interconnection Customer was deemed to have accepted its Deliverable MW in an Expedited Deliverability Study completed prior to the Phase 1 Study Start Date.

40.13.8.2.1.4 Load uncertainties will be addressed in accordance with ISO Procedures by taking the impact of Load Forecast Uncertainty ("LFU") from the most recent base case IRM and applying it to load.

40.13.8.2.1.5 Deliverability base case conditioning steps will be consistent with those used for the Reliability Planning Process and Area Transmission Review transfer limit calculation methodology.

40.13.8.2.1.6 In deliverability testing, Emergency transfer criteria and contingency testing will be in conformance with NYSRC rules and correspond to that used in the Reliability Planning Process studies.

40.13.8.2.1.7 The ISO will monitor all transmission facilities that are part of the New York State Transmission System.

40.13.8.2.1.8 When either the voltage or stability transfer limit of an interface calculated in the CBA is more binding than the calculated thermal transfer limit, then the lower of the CBA voltage or stability transfer limit will be included in the deliverability testing as a proxy limit.

40.13.8.2.1.9 External system imports will be adjusted as necessary to eliminate or minimize overloads, other than the following external system imports: (i) the grandfathered import contract rights listed in Attachment E to the Installed Capacity Manual, (ii) the operating protocols set forth in Schedule C of Attachment CC to the ISO OATT, (iii) the appropriate rules for reflecting PJM service to RECo load, (iv) the Existing Transmission Capacity for Native Load listed for the New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT, and (v) any External CRIS Rights awarded pursuant to Section 40.13.11 of this Attachment HH, either as a result of the conversion of grandfathered rights over the Quebec (via Chateauguay) Interface or as a result of a Cluster Study Deliverability Study, until, as of the Phase 1 Study Start Date, the time available to renew the External CRIS Rights has expired, as described in Section 40.18.2.4 of this Attachment HH.

40.13.8.2.1.10 Flows associated with generators physically located in the NYCA but selling capacity out of the market will be modeled as such in the deliverability base cases.

40.13.8.2.1.11 Resources and demand are brought into balance in the baseline. If resources are greater than demand in the New York Control Area, all resources within the New York Control Area are prorated down; provided, however, doing

so would not cause baseline violations. If prorating down all resources within the New York Control Area causes baseline violations between Capacity Regions, all resources in the impacted Capacity Region can be increased to mitigate the baseline violations.

40.13.8.2.1.12 PARs within the applicable Capacity Region will be adjusted as necessary, in either direction and within their angle capability, to eliminate or minimize overloads without creating new ones. PARs controlling external ties and ties between the Capacity Regions will be modeled, within their angle capability, to hold the individual tie flows to their respective deliverability baseline schedules, which shall be set recognizing firm commitments and operating protocol set forth in Schedule C of Attachment CC to the ISO OATT.

40.13.8.2.1.13 Deliverability testing will proceed as follows – The generation/load mix is split into two groups of generation and load, one upstream and one downstream for each zone or sub-zone tested within the Capacity Region. The load considered in the generation/load mix is load plus LFU. All elements that are part of the New York State Transmission System within the Capacity Region will be monitored. For a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in the Capacity Region.) If there is excess generation upstream (that is, more upstream generation than is necessary to serve the upstream load plus LFU), then the generation excess, considering generator derate

factors described in Section 40.13.8.2.1.3 above, is assumed to displace downstream generation to serve the downstream load plus LFU. If the lesser of either the dispatch of the upstream excess generation or the downstream load plus LFU causes an overload, this overload is flagged as a potential deliverability problem and will be used to determine the amount of capacity that is assigned CRIS status and the overload mitigation.

40.13.8.2.1.14 For Highway interfaces, the Cluster Study Projects in the current Cluster Study Deliverability Study, whether or not they are otherwise deliverable, will not be considered deliverable if their aggregate impact degrades the transfer capability of the interface more than the lesser of 25 MW or 2 percent (2%) of the transfer capability identified in the CBA and results in an increase to the NYCA LOLE determined for the CBA of .01 or more. The Cluster Study CRIS Projects causing the degradation will be responsible, on a *pro rata* basis, for restoring transfer capability only to the extent their aggregate degradation of transfer capability, compared to that in the CBA, would not occur but for the Cluster CRIS Projects.

40.13.8.2.2 Expedited Deliverability Study

40.13.8.2.2.1 The current Cluster Study CPA, developed in accordance with ISO Procedures, will serve as the starting point for the deliverability baseline for testing under summer peak system conditions, subject to ISO Procedures and the following: All projects in the Expedited Deliverability Study will be evaluated on an aggregate Expedited Deliverability Study basis. Deliverability will be determined through a shift from generation to generation within the Capacity

Regions in New York State. Each Capacity Region will be tested on an individual basis. The total generation dispatched within a Capacity Region in the post-project EDS deliverability base case will be approximately equal to that of the pre-project EDS deliverability base case.

40.13.8.2.2.2 Each Interconnection Customer requesting CRIS will request that a certain number of MW be evaluated for deliverability, such MW not to exceed the maximum levels set forth in Section 40.5.6.5 of this Attachment HH. The MW requested by an Interconnection Customer will represent Installed Capacity, and will be derated for the deliverability analysis, as set forth in this Section 40.13.8.2.2.2. The CRIS MW requested by a Resource with an Energy Duration Limitation will represent Installed Capacity based on the Interconnection Customer-selected duration (*i.e.*, its expected maximum injection capability in MW hours for the Interconnection Customer-selected duration). The CRIS MW requested by a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights will represent Installed Capacity at the point of injection. At the conclusion of the analysis, the ISO will reconvert only the deliverable MW and report them in terms of MW of Installed Capacity using the same derating factor utilized at the beginning of the deliverability analysis.

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is calculated for each resource using a UCAP Deration Factor ("UCDF"). The UCDF used is an average value based on historical performance on a

Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF for all generators that are not Intermittent Power Resources, Energy Storage Resources, or Limited Control Run of River Hydro is the average EFORd. The UCDF for Intermittent Power Resources, Energy Storage Resources, and Limited Control Run of River Hydro will be calculated based on historical production data by resource type in accordance with ISO Procedures. The UCDF for Energy Storage Resources will be calculated, and updated during the deliverability evaluation, based on the aggregated resource adequacy contribution from the total MW of Energy Storage Resources considered in the deliverability evaluation, as determined in accordance with ISO Procedures. All generators that are Energy Storage Resources in the same Capacity Region will use the same UCDF. Facilities comprised of Generators of different technologies will be derated using a blended UCDF that combines the UCDF of the individual Generators within the Project; *provided, however*, that if the Project includes load reduction, the load reduction will not impact the UCDF of the Project.

The CRIS MW requested by a Cluster Study Transmission Project or held by an existing facility with Unforced Capacity Deliverability Rights will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 40.13.8.2.2.13.

The UCDF factor for proposed Projects will be applied to the requested CRIS level. For facilities modeled in the CPA, the UCDF will be applied to their CRIS level.

40.13.8.2.2.3 CRIS that will be modeled in the Expedited Deliverability Study shall include: (1) existing CRIS, including CRIS obtained in a previous Expedited Deliverability Study, for facilities not being evaluated in the instant Expedited Deliverability Study, regardless of outage state, unless (i) the CRIS will expire no later than four (4) months (*i.e.*, one hundred twenty (120) Calendar Days) after the Expedited Deliverability Study Start Date, except where the facility has provided notice of a proposed CRIS transfer anticipated to be finalized no later than four (4) months (*i.e.*, one hundred twenty (120) Calendar Days) after the Expedited Deliverability Study Start Date; or (ii) the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration; and (2) CRIS requested by Projects in, as applicable, the Class Year Study(ies) or Cluster Study(ies) pending during the Expedited Deliverability Study. For purposes of this Section 40.13.8.2.2.3, "existing CRIS" is CRIS that has not expired and CRIS that has been obtained by Projects through Attachment HH. For Projects that undergo a Class Year Study or Cluster Study deliverability evaluation, "existing CRIS," is CRIS obtained, upon completion of a Class Year Study or Cluster Study through which the Interconnection Customer accepted deliverable MW or accepted its Project Cost Allocation and posted Security for System Deliverability Upgrades, as applicable. For Projects that undergo an Expedited Deliverability Study deliverability evaluation, "existing CRIS," is CRIS obtained, upon

completion of an Expedited Deliverability Study through which the Interconnection Customer was deemed to have accepted its deliverable MW.

40.13.8.2.2.4 Load uncertainties will be addressed in accordance with ISO Procedures by taking the impact of Load Forecast Uncertainty ("LFU") from the most recent base case IRM and applying it to load.

40.13.8.2.2.5 Deliverability base case conditioning steps will be consistent with those used for the Reliability Planning Process and Area Transmission Review transfer limit calculation methodology.

40.13.8.2.2.6 In deliverability testing, Emergency transfer criteria and contingency testing will be in conformance with NYSRC rules and correspond to that used in the NYISO Reliability Planning Process studies.

40.13.8.2.2.7 The ISO will monitor all transmission facilities that are part of the New York State Transmission System.

40.13.8.2.2.8 When either the voltage or stability transfer limit of an interface calculated in the CPA is more binding than the calculated thermal transfer limit, then the lower of the CPA voltage or stability transfer limit will be included in the deliverability testing as a proxy limit.

40.13.8.2.2.9 External system imports will be adjusted as necessary to eliminate or minimize overloads, other than the following external system imports: (i) the grandfathered import contract rights listed in Attachment E to the Installed Capacity Manual, (ii) the operating protocols set forth in Schedule C of Attachment CC to the ISO OATT, (iii) the appropriate rules for reflecting PJM service to RECo load, (iv) the Existing Transmission Capacity for Native Load

listed for the New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT, (v) any External CRIS Rights awarded pursuant to Section 40.13.11, either as a result of the conversion of grandfathered rights over the Quebec (via Chateauguay) Interface or as a result of a Class Year Deliverability Study or a Cluster Study Deliverability Study, until, as of the Expedited Deliverability Study start date, the time available to renew the External CRIS Rights has expired, as described in Section 40.18.2.4.

40.13.8.2.2.10 Flows associated with generators physically located in the NYCA but selling capacity out of the market will be modeled as such in the deliverability base cases.

40.13.8.2.2.11 Resources and demand are brought into balance in the baseline. If resources are greater than demand in the New York Control Area, all resources within the New York Control Area are prorated down; provided, however, doing so would not cause baseline violations. If prorating down all resources within the New York Control Area causes baseline violations between Capacity Regions, all resources in the impacted Capacity Region can be increased to mitigate the baseline violations.

40.13.8.2.2.12 PARs within the applicable Capacity Region will be adjusted as necessary, in either direction and within their angle capability, to eliminate or minimize overloads without creating new ones. PARs controlling external ties and ties between the Capacity Regions will be modeled, within their angle capability, to hold the individual tie flows to their respective deliverability baseline schedules,

which shall be set recognizing firm commitments and operating protocol set forth in Schedule C of Attachment CC to the ISO OATT.

40.13.8.2.2.13 Deliverability testing will proceed as follows - The generation/load mix is split into two groups of generation and load, one upstream and one downstream for each zone or sub-zone tested within the Capacity Region. For a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in the Capacity Region). All elements that are part of the New York State Transmission System within the Capacity Region will be monitored. If there is excess generation upstream (that is, more upstream generation than is necessary to serve the upstream load plus LFU), then the generation excess, taking into account generator derate factors described in Section 40.13.8.2.2.2 above, is assumed to displace downstream generation to serve the downstream load plus LFU. If the lesser of either the dispatch of the upstream excess generation or the downstream load plus LFU causes an overload, this overload is flagged as a potential deliverability problem and will be used to determine the amount of partial CRIS, if any, for the applicable Projects in the Expedited Deliverability Study.

40.13.8.2.2.14 For Highway interfaces, the Projects in an Expedited Deliverability Study, whether or not they are otherwise deliverable, will not be considered deliverable if their aggregate impact degrades the transfer capability of the interface more than the lesser of 25 MW or 2 percent (2%) of the transfer capability identified in

the CPA and results in an increase to the NYCA LOLE determined for the CPA of .01 or more. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

40.13.9 Deliverability Test Methodology for Other Interfaces

40.13.9.1 Cluster Study Deliverability Test Methodology for External Other Interfaces

The Cluster Study Projects in the current Cluster Study Deliverability Study, whether or not they are otherwise deliverable across Highways and Byways, will not be considered deliverable if their aggregate impact degrades the transfer capability of any External Other Interface more than the lesser of 25 MW or 2 percent (2%) of the transfer capability of the External Other Interface identified in the CBA. Each Interconnection Customer will be responsible for its *pro rata* Cluster share of one hundred percent (100%) of the cost of System Deliverability Upgrades needed to restore transfer capability on the External Other Interfaces impacted by the Cluster Study CRIS Projects but only to the extent that the degradation of transfer capability on the External Other Interfaces, compared to that measured in the current CBA for the Cluster Study, would not occur but for the aggregate impact of the Cluster Study Projects. Where two or more Projects contribute to the degradation of the transfer capability of an External Other Interface, each Project Interconnection Customer shall pay for a share of the required System Deliverability Upgrades based on its contribution to the degradation of the transfer capability. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Cluster Study.

40.13.9.2 Cluster Study Deliverability Test Methodology for Internal Other Interfaces

The Cluster Study Projects in the current Cluster Study Deliverability Study, whether or not they are otherwise deliverable across Highways and Byways, will not be considered deliverable if their aggregate impact degrades the transfer capability of any Internal Other Interface more than the lesser of 25 MW or 2 percent (2%) of the transfer capability of the Internal Other Interface identified in the CBA and results in an increase to the NYCA LOLE determined for the CBA of .01 or more. Each Interconnection Customer will be responsible for its *pro rata* Cluster share of one hundred percent (100%) of the cost of System Deliverability Upgrades needed to restore transfer capability on the Internal Other Interfaces impacted by the Cluster Study CRIS Projects but only to the extent that the degradation of transfer capability on the Internal Other Interfaces, compared to that measured in the current CBA for the Cluster Study, would not occur but for the aggregate impact of the Cluster Study Projects. Where two or more Projects contribute to the degradation of the transfer capability of an Internal Other Interface, each Project Interconnection Customer shall pay for a share of the required System Deliverability Upgrades based on its contribution to the degradation of the transfer capability. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Cluster Study.

40.13.9.3 Expedited Deliverability Study Test Methodology for External Other Interfaces

The Projects in an Expedited Deliverability Study, whether or not they are otherwise deliverable across Highways and Byways, will not be considered deliverable if their aggregate impact degrades the transfer capability of any External Other Interface more than the lesser of 25 MW or 2 percent (2%) of the transfer capability of the External Other Interface identified in the

CPA. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

40.13.9.4 Expedited Deliverability Study Test Methodology for Internal Other Interfaces

The Projects in an Expedited Deliverability Study, whether or not they are otherwise deliverable across Highways and Byways, will not be considered deliverable if their aggregate impact degrades the transfer capability of any Internal Other Interface more than the lesser of 25 MW or 2 percent (2%) of the transfer capability of the Internal Other Interface identified in the CPA and results in an increase to the NYCA LOLE determined for the CPA of .01 or more. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

40.13.10 Deliverability of External Installed Capacity

External Installed Capacity not associated with Unforced Capacity Deliverability Rights, External-to-ROS Deliverability Rights or External CRIS Rights will be subject to the deliverability test in Section 40.13.8 and 40.13.9 of this Attachment HH, but not as a part of the Cluster Study Deliverability Study. As described in detail in Section 5.12.2 of the ISO Services Tariff, the deliverability of External Installed Capacity not associated with Unforced Capacity Deliverability Rights, External-to ROS Deliverability Rights or External CRIS Rights will be evaluated separately as a part of the annual process under the ISO Services Tariff that sets import rights for the upcoming Capability Year, to determine the amount of External Installed Capacity that can be imported to the New York Control Area.

40.13.11 CRIS Rights for External Installed Capacity

An entity, by following the procedures and satisfying the requirements described in this Section 40.13.11, may obtain External CRIS Rights. While the External CRIS Rights are in effect, External Installed Capacity associated with External CRIS Rights is not subject to (1) the deliverability determination described above in Section 40.13.10 of this Attachment HH, (2) the annual deliverability determination applied in the import limit setting process described in Section 5.12.2.2 of the ISO Services Tariff, or (3) to the allocation of import rights described in ISO Procedures.

40.13.11.1 Required Commitment of External Installed Capacity

An entity requesting External CRIS Rights for a specified number of MW of External Installed Capacity must commit to supply that number of MW of External Installed Capacity for a period of at least five (5) years ("Award Period"). The entity's commitment to supply the specified number of MW for the Award Period may be based upon either an executed bilateral contract to supply ("Contract Commitment") or based upon another kind of long-term commitment ("Non-Contract Commitment"), both as described herein.

40.13.11.1.1 Contract Commitment

An entity making a Contract Commitment of External Installed Capacity must have one or more executed bilateral contract(s) to supply a specified number of MW of External Installed Capacity ("Contract CRIS MW") to a Load Serving Entity or Installed Capacity Supplier for an Award Period of at least five (5) years. The entity must have ownership or contract control of External Installed Capacity to fulfill its bilateral supply contract throughout the Award Period, and that otherwise satisfies ISO requirements.

40.13.11.1.1.1 The bilateral supply contract(s) individually or in the aggregate, must be for all months of the Summer Capability Periods over the term of the bilateral supply contract(s), but need not include any of the months of the Winter Capability Periods over that term. The entity seeking External CRIS Rights must specify which, if any, months of the Winter Capability Period it will supply External Installed Capacity under the bilateral supply contract(s) ("Specified Winter Months").

40.13.11.1.1.2 The bilateral supply contract(s) must be for the same number of MW for all months of the Summer Capability Periods ("Summer Contract CRIS MW") and the same number of MW for all Specified Winter Months ("Winter Contract CRIS MW"). The Winter Contract CRIS MW level must be less than or equal to the Summer Contract CRIS MW level.

40.13.11.1.1.3 An entity holding External CRIS Rights under a Contract Commitment must certify the bilateral supply contract for every month of the Summer Capability Periods and all Specified Winter Months for the applicable Contract CRIS MW. The Summer Contract CRIS MW must be certified for every month of the Summer Capability Period, and the Winter Contract CRIS MW must be certified for every Specified Winter Month (if any).

40.13.11.1.2 Non-Contract Commitment

An entity holding External CRIS Rights under a Non-Contract Commitment must offer the committed number of MW of External Installed Capacity for every month of the commitment, as described below, in the ISO Installed Capacity auctions for an Award Period of

at least five (5) years. The entity must have ownership or contract control of External Installed Capacity to fulfill its Non-Contract Commitment throughout the Award Period.

40.13.11.1.2.1 The Non-Contract Commitment must be made for all months of the Summer Capability Periods over the term of the Award Period but need not include any months in the Winter Capability Periods. The entity must identify the Specified Winter Months, if any, of the Winter Capability Periods for which it will make the commitment.

40.13.11.1.2.2 The commitment must be for the same number of MW for each month of the Summer Capability Period ("Summer Non-Contract CRIS MW"), and the same number of MW for all Specified Winter Months ("Winter Non-Contract CRIS MW"). The Winter Non-Contract CRIS MW level must be less than or equal to the Summer Contract CRIS MW level.

40.13.11.1.2.3 An entity holding External CRIS Rights under a Non-Contract Commitment must offer the committed capacity (a) in at least one of the following NYCA auctions: the Capability Period Auction, the Monthly Auction or the ICAP Spot Market Auction, or (b) through a certified and scheduled Bilateral Transaction (as such terms not defined in this Attachment HH are defined in the ISO Services Tariff). The Summer Non-Contract CRIS MW must be offered for every month of the Summer Capability Period, and the Winter Non-Contract CRIS MW must be offered for every Specified Winter Month (if any).

40.13.11.1.2.4 Notwithstanding other capacity mitigation measures that may apply, the offers to sell Installed Capacity into an auction submitted pursuant to this Non-Contract Commitment will be subject to an offer cap for each month of the

Summer Capability Periods and each Specified Winter Month. This offer cap will be determined in accordance with the provisions contained in Section 5.12.2.4 of the ISO Services Tariff.

40.13.11.1.3 Failure to Meet Commitment

If an entity fails to certify or offer the full number of Contract CRIS MW or Non-Contract CRIS MW in accordance with the terms stated above, in Sections 40.13.11.1.1 and 40.13.11.1.2, the entity shall pay the ISO an amount equal to 1.5 times the Installed Capacity Spot Auction Market Clearing Price for the month in which either the capacity under Non-Contract Commitment was not offered or the Contract Commitment to supply ICAP was not certified ("Supply Failure"), times the number of MW committed under the Non-Contract or Contract Commitment but not offered.

40.13.11.1.3.1 Within a given Award Period and each subsequent renewal of an Award Period pursuant to Section 40.18.2.4 herein, for the first three (3) instances of a Supply Failure, no additional actions will be taken. Upon the fourth instance within the Award Period or the fourth instance within a subsequent renewal period of a Supply Failure, the associated External CRIS Rights will be terminated in their entirety with no ability to renew. Entities that had External CRIS Rights terminated may reapply for External CRIS in accordance with Section 40.13.11.1.4.2 below. Nothing in this Section 40.13.11.1.3 shall be construed to limit or diminish any provision in the Market Power Mitigation Measures or the Market Monitoring Plan.

40.13.11.1.4 Obtaining External CRIS Rights

An entity making a Contract Commitment or Non-Contract Commitment of External Installed Capacity may obtain External CRIS Rights for a specified number of MW of External Installed Capacity in one of two different ways, either (i) by converting MW of grandfathered deliverability rights over the External Interface with Quebec (via Chateauguay), or (ii) by having its specified MW of External Installed Capacity evaluated in a Cluster Study Deliverability Study, both as described herein.

40.13.11.1.4.1 One-Time Conversion of Grandfathered Rights. An entity can request to convert a specified number of MW pursuant to the conversion process established in Section 5.12.2.3 of the ISO Services Tariff.

40.13.11.1.4.2 Cluster Study Deliverability Study. An entity may seek to obtain External CRIS Rights for its External Installed Capacity by requesting that its External Installed Capacity be evaluated for deliverability in a Cluster Study Process. To make such a request an entity must submit a CRIS-Only Request in accordance with Section 40.2 of this Attachment HH.

40.13.11.1.4.2.1 Upon satisfaction of the CRIS-Only Request requirements in Section 40.2.3 of this Attachment HH, the entity requesting External CRIS Rights for its External Installed Capacity is made a Cluster Study Project.

40.13.11.1.4.2.2 The entity's MW of External Installed Capacity covered by its bilateral contract(s) or, in the case of a Non-Contract Commitment the number of MW committed by the entity, are evaluated for deliverability within the Rest of State Capacity Region. The entity's External Installed Capacity is not subject to the NYISO Minimum Interconnection Standard. The ISO will determine whether

the requests for External CRIS Rights within a given Cluster Study exceed the import limit, established pursuant to ISO procedures, for the applicable External Interface that is in effect on the Phase 1 Study Start Date when combined, to the extent not already reflected in the import limit, with the following: (1) awarded External CRIS Rights at the same External Interface, (2) Grandfathered External Installed Capacity Agreements listed in Attachment E of the ISO Installed Capacity Manual at the same External Interface, and (3) the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT (applies to the PJM interface only) ("Combined Total MW"). In addition to the other requirements stated herein, External CRIS Rights will only be awarded to the extent that the Combined Total MW does not exceed the import limit, as described above.

40.13.11.1.4.2.3 The Cluster Study Deliverability Study report will include an SDU Project Cost Allocation and a Deliverable MW number for the entity's External Installed Capacity.

40.13.11.1.4.2.4 The entity will have the same decision alternatives as other Cluster Study Projects participating in the Cluster Study Deliverability Study only. That is, the entity may either (a) accept its SDU Project Cost Allocation, (b) decline its SDU Project Cost Allocation and accept its Deliverability MW figure, or (c) decline both its SDU Project Cost Allocation and its Deliverable MW. If the entity does decline both its SDU Project Cost Allocation and its Deliverable MW, the entity's External Installed Capacity will be removed from the Cluster Study Deliverability Study.

40.13.11.1.4.2.5 If the entity accepts its SDU Project Cost Allocation, it must pay cash or provide Security for the System Deliverability Upgrades, like any other Cluster Study Project.

40.13.11.1.4.2.6 If the entity accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrades as required by this Attachment HH, the entity must also execute and fulfill agreement(s) with the ISO and the Connecting Transmission Owner and any Affected Transmission Owner to cover the engineering, procurement and construction of the System Deliverability Upgrades pursuant to Section 40.21.

40.13.11.1.4.2.7 By the end of the Initial Decisional Round of the Final Decision Period (*i.e.*, thirty (30) days from ISO Operating Committee approval of the Cluster Study Deliverability Study), an entity making a Contract Commitment and accepting either its SDU Project Cost Allocation or Deliverable MW quantity, must provide specific contract and resource information to the ISO. Unless entities are supplying External Installed Capacity as Control Area System Resources, requests for External Installed Capacity shall be resource-specific. Entities are permitted to substitute resources located in the same External Control Area. Such substitutions shall be subject to review and approval by ISO consistent with ISO Procedures and deadlines specified therein.

40.13.11.1.4.2.8 If the entity satisfies the requirements described in this Section 40.13.11.1.4, the entity will obtain External CRIS Rights for the number of MW determined to be deliverable, made deliverable through a System Deliverability

Upgrade (with an accepted SDU Project Cost Allocation), or deemed deliverable through a commitment to pay for a System Deliverability Upgrade.

40.13.12 Cost Allocation for Highway System Deliverability Upgrades

40.13.12.1 If the portion of the Highway System Deliverability Upgrades (measured in MW) required to make one or more Cluster Study CRIS Projects in a Cluster Study deliverable is ninety percent (90%) or more of the total size (measured in MW) of the System Deliverability Upgrades, each Interconnection Customer(s) of such Cluster Study CRIS Project(s) will be responsible for its *pro rata* Cluster share of one hundred percent (100%) of the cost of the System Deliverability Upgrades.

40.13.12.2 If the portion of the System Deliverability Upgrades required to make one or more Cluster Study CRIS Projects in a Cluster Study deliverable is less than ninety percent (90%) of the total size (measured in MW) of the Highway System Deliverability Upgrade, the Interconnection Customer(s) will be required to pay or commit to pay for a percentage share of the total cost of the Highway System Deliverability Upgrades equal to the estimated percentage megawatt usage by the Class Year CRIS Project of the total megawatts provided by the System Deliverability Upgrades. Other Cluster Study Projects in the current Cluster Study Deliverability Study may share in the cost of these System Deliverability Upgrades, on the same basis. Projects in the current Cluster Study Deliverability Study will not be allocated all of the cost of these System Deliverability Upgrades. The rest of the cost of these System Deliverability Upgrades will be allocated to Load Serving Entities and subsequent Interconnection Customers, as

described in this Section 40.13.12. The Interconnection Customer may either (1) make a cash payment of its proportionate share of the upgrade, which will be held by the Connecting Transmission Owner and Affected Transmission Owner(s) in interest-bearing account(s); or (2) post Security (as defined in this Attachment HH) meeting the commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s) for the Interconnection Customer's proportionate share of the cost of the upgrade. The amount(s) of cash or Security that an Interconnection Customer must provide to its Connecting Transmission Owner and any Affected Transmission Owners will be included in the Cluster Study Deliverability Study report. If the Interconnection Customer chooses to provide Security, its allocated cost will be increased by an annual construction-focused inflation index. The Interconnection Customer will update its Security on an annual basis to reflect this increase. Except for this adjustment for inflation, the cost allocated to the Interconnection Customers will not be increased if the estimated cost of the Highway System Deliverability Upgrade increases. However, the costs allocated to subsequent Interconnection Customers will be based on a current cost estimate of the Highway System Deliverability Upgrade project.

40.13.12.3 If requesting CRIS, the Cluster Study Project in the current Cluster Study Deliverability Study will be considered deliverable, and eligible to become a qualified Installed Capacity Supplier or to receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, as applicable and subject to eligibility requirements in the ISO Procedures, when the Project

associated with the CRIS request is in service, provided the Interconnection Customer has paid its share of the total cost of System Deliverability Upgrades necessary to support the requested CRIS level, or made a satisfactory commitment to do so. Highway System Deliverability Upgrades – where the System Deliverability Upgrades are below the ninety percent (90%) threshold discussed in Section 40.13.12.2 above – will be constructed and funded either (i) according to Sections 40.13.12.3.1 and 40.13.12.3.2 below, or (ii) according to Section 40.13.12.3.3 below.

40.13.12.3.1 When a threshold of sixty percent (60%) of the most current cost estimate of the System Deliverability Upgrade has been paid or posted as Security by Interconnection Customers, the Highway System Deliverability Upgrade will be built by the Transmission Owner that owns the facility to be upgraded. 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.

40.13.12.3.2 The actual cost of the Highway System Deliverability Upgrade project described above that was paid for by Interconnection Customers will be funded by Load Serving Entities, using the rate mechanism contained in Schedule 12 of the ISO OATT. Load Serving Entity funding responsibility for the Highway System

Deliverability Upgrade will be allocated among Load Serving Entities based on their proportionate share of the ICAP requirement in the statewide capacity market, adjusted to subtract their locational capacity requirements; *provided, however*, that Load Serving Entities will not be responsible for actual costs in excess of their share of the final Class Year estimated cost of the Highway System Deliverability Upgrade if the excess results from causes, as described in Section 40.16.3.4 of this Attachment HH, within the control of a Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade.

40.13.12.3.3 If the ISO triggers a transmission project under the Reliability Planning Process, selects a transmission project under the Short-Term Reliability Process, selects a transmission upgrade under the Public Policy Transmission Planning Process, or results in a Regulated Economic Transmission Project being approved under the Economic Planning Process (collectively "CSPP transmission upgrade") and the CSPP transmission upgrade requires construction of a transmission facility that provides the same or greater transfer limit capability as the Highway facility identified as a Highway System Deliverability Upgrade to be constructed earlier than would be the case pursuant to Section 40.13.12.3.1, the CSPP transmission upgrade will be constructed as determined in the CSPP or the Short-Term Reliability Process, as applicable. Funds collected from Interconnection Customers (pursuant to Section 40.13.12.2, above) will be used to cover a portion of the regulated solution costs to the extent that the funds collected from Interconnection Customers were collected for System Deliverability Upgrades that are actually constructed by the regulated solution. To the extent this is true,

these funds originally collected (or posted as Security) for System Deliverability Upgrades will be used as an offset to the total CSPP transmission upgrade cost, with the remainder of the upgrade cost to be allocated per the requirements of the CSPP, as set forth in Section 31.5 of Attachment Y to the ISO OATT, or the Short-Term Reliability Process, as set forth in Section 38.22 of Attachment FF to the ISO OATT.

To the extent funds collected from Interconnection Customers for System Deliverability Upgrades are insufficient to cover the entire cost of the CSPP transmission upgrades, the Interconnection Customers' contribution to the System Deliverability Upgrades allocated to the CSPP transmission upgrades will not exceed the Interconnection Customers' respective Project Cost Allocations for the System Deliverability Upgrade. To the extent funds collected from Interconnection Customers for System Deliverability Upgrades exceed the cost of the CSPP transmission upgrades, the funds collected for the System Deliverability Upgrades will be allocated to the CSPP transmission upgrade *pro rata* with the Interconnection Customers' contribution to the System Deliverability Upgrades, and excess funds or Security for System Deliverability Upgrades above the cost of the CSPP transmission upgrade will be returned to the Interconnection Customers.

40.13.12.4 If an Interconnection Customer has accepted its Project Cost Allocation, the Interconnection Customer may elect before the construction of an identified Highway System Deliverability Upgrade is commenced, to be retested for deliverability by entering a Cluster Study. The Interconnection Customer's cost responsibility for System Deliverability Upgrades shall not increase as a result of

such retesting. It may decrease or be eliminated. If the Interconnection Customer's Project is found to be deliverable without the System Deliverability Upgrades previously identified, the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner will terminate Interconnection Customer's Security posting, or will return the Interconnection Customer's cash payment with the interest earned.

40.13.12.5 When the Highway System Deliverability Upgrades are placed in to Commercial Operation and any resulting Incremental TCCs related to the Highway System Deliverability Upgrade become effective in accordance with Section 19.2.4 of Attachment M of the ISO OATT, an Interconnection Customer electing to receive its proportionate share of such Incremental TCCs, as further described in Section 40.13.2.2 of this Attachment HH, will receive its proportionate share of such Incremental TCCs.

40.13.12.5.1 Load Serving Entities required by this Section 40.13.12 to fund a portion of the costs of a Highway System Deliverability Upgrade will receive the corresponding financial value of any Incremental TCCs related to the System Deliverability Upgrade held by the Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade, as further described in Section 40.13.2.2 of this Attachment HH. The corresponding financial value of any such Incremental TCCs will be accounted for in determining the applicable Highway Facilities Charge in accordance with Schedule 12 of the ISO OATT. The eligibility of the Load Serving Entities to the financial value of any Incremental TCCs related to the System Deliverability Upgrade held by the

Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade shall commence as of the date such Incremental TCCs become effective in accordance with Section 19.2.4 of Attachment M to the OATT and continue until the earlier of: (i) the expiration of any such Incremental TCCs; or (ii) the termination of the obligation of the Load Serving Entities to fund a portion of the costs of the Highway System Deliverability Upgrade.

40.13.12.6 As new generators, Class Year Transmission Projects, and Cluster Study Transmission Projects come on line and use the Headroom on System Deliverability Upgrades created by a prior Highway System Deliverability Upgrade, the Interconnection Customers of those new facilities will reimburse the prior Interconnection Customers or will compensate the Load Serving Entities who funded the System Deliverability Upgrades for use of the Headroom created by the prior Interconnection Customers and Load Serving Entities in accordance with Sections 40.17.1.4 and 40.17.1.5 of these rules.

40.13.12.6.1 In accordance with Section 40.13.2.2 of this Attachment HH, as subsequent Interconnection Customers make Headroom payments to prior Interconnection Customers and if a subsequent Interconnection Customer elects to receive its proportionate share of any Incremental TCCs related to the Highway System Deliverability Upgrade, such Incremental TCCs will be transferred to the subsequent Interconnection Customers; *provided, however*, that Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted

after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs.

40.13.12.6.2 In accordance with Section 40.13.2.2 of this Attachment HH, as subsequent Interconnection Customers compensate Load Serving Entities for use of their Headroom by providing any such Headroom payments to the Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade and if a subsequent Interconnection Customer elects to receive its proportionate share of any Incremental TCCs related to the Highway System Deliverability Upgrade, such Incremental TCCs will be transferred to the subsequent Interconnection Customer.

40.13.12.7 The Transmission Owner responsible for constructing a System Deliverability Upgrade or an Interconnection Customer contributing toward the cost of a System Deliverability Upgrade can elect to construct upgrades that are larger and/or more expensive than the System Deliverability Upgrades identified to support the requested level of CRIS for the Cluster Study CRIS Project in the Cluster Study Deliverability Study, provided that those upgrades are reasonably related to the Cluster Study Project. The party electing to construct the larger upgrade will pay for the incremental cost of the upgrade; *i.e.*, the difference in cost between the cost of the System Deliverability Upgrades as determined by these rules, and the cost of the larger and/or more expensive upgrade.

40.13.13 Agreements for the Engineering, Procurement, and Construction of System Deliverability Upgrades

40.13.13.1 If a System Deliverability Upgrade on the Connecting Transmission Owner's system is cost allocated to an Interconnection Customer and such Interconnection Customer

accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the Standard Interconnection Agreement among the Interconnection Customer, Connecting Transmission Owner, and ISO will provide for the engineering, procurement and construction of such System Deliverability Upgrade.

40.13.13.2 If a System Deliverability Upgrade on an Affected System is cost allocated to an Interconnection Customer and such Interconnection Customer accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the ISO shall tender to the Interconnection Customer and Affected System Operator a Standard Upgrade Construction Agreement in accordance with the requirements in Section 40.21 to this Attachment HH to provide for the engineering, procurement and construction of the System Deliverability Upgrades on the Affected System.

40.13.13.3 If a System Deliverability Upgrade is cost allocated to multiple Interconnection Customers and multiple Interconnection Customers accept their SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the ISO shall tender to the Interconnection Customer(s)and, as applicable, Affected System Operator or Connecting Transmission Owner, a Standard Multiparty Upgrade Construction Agreement to provide for the engineering, procurement and construction of the System Deliverability Upgrade.