Attachment VI

31.1 New York Comprehensive System Planning Process ("CSPP")

31.1.1 Definitions

The following capitalized terms shall have the meanings set forth in this subsection for purposes of this Attachment Y of the ISO OATT, except as such terms are otherwise defined within this Attachment Y:

Additional Factor Category: Additional Factor Category shall have the meaning set forth in Section 31.6.4.3.1.8 of this Attachment Y.

Affected TO: The Transmission Owner who receives written notification of a dispute related to a Local Transmission Planning Process pursuant to Section 31.2.1.4.1.

Alternative Transmission Technologies: The following four technologies that may be included by Developer as a transmission project, or part of a transmission project, proposed in one of the transmission planning processes in the Comprehensive System Planning Process and Short-Term Reliability Process: (i) dynamic line ratings, (ii) advanced power flow control devices, (iii) advanced conductors, or (iv) transmission switching.

Bounded Region: A Load Zone or Zones within an area that is isolated from the rest of the NYCA as a result of constrained interface limits.

Catalog of Transmission Expansion Opportunities: The potential transmission needs that the ISO identifies as part of the Outlook pursuant to Section 31.6.6.3 for use in the consideration of Long-Term Transmission Needs.

Cost Cap: A Developer's commitment to contain the capital costs of its proposed Public Policy Transmission Project or its proposed Long-Term Transmission Project in accordance with the requirements, as applicable, in Section 31.4.5.1.8 or Section 31.6.9.5.1.10. The Cost Cap must be in the form of a hard Cost Cap or a soft Cost Cap as described in, as applicable, Section 31.4.5.1.8.3 or Section 31.6.9.5.1.10.3.

CRP: The Comprehensive Reliability Plan as approved by the ISO Board of Directors pursuant to this Attachment Y.

CSPP: The Comprehensive System Planning Process set forth in this Attachment Y, and in the Interregional Planning Protocol, which covers reliability planning, economic planning, Public Policy Requirements planning, long-term transmission planning, cost allocation and cost recovery, and the interregional planning process.

Designated Alternative Transmission Project: The alternative regulated transmission solution proposed by a Transmission Owner or Other Developer and selected by the ISO to address a Reliability Need pursuant to Section 31.2.6.5.2, or a portion of such alternative regulated

transmission solution, that the ISO designates to a Designated Entity pursuant to Sections 31.2.7 and 31.2.7.5 of this Attachment Y.

Designated Backstop Transmission Project: The regulated backstop transmission solution proposed by the Responsible Transmission Owner pursuant to Section 31.2.4.3.1 of this Attachment Y and the ISO/TO Reliability Agreement or an Operating Agreement that is included in the CRP report to address a Reliability Need, or a portion of such regulated backstop transmission solution, that the ISO designates to a Designated Entity pursuant to Sections 31.2.7 and 31.2.7.5 of this Attachment Y.

Designated Economic Transmission Project: The Regulated Economic Transmission Project, or a portion of such Regulated Economic Transmission Project, that is approved by the identified beneficiaries in accordance with Section 31.5.4.6 of Attachment Y to the OATT and that the ISO designates to a Designated Entity pursuant to Section 31.3.2.4 of this Attachment Y.

Designated Entity: A Developer or Transmission Owner that the ISO designates pursuant to Section 31.2.7, 31.3.2.4, 31.4.11, or 31.6.11 of Attachment Y or Section 38.10.2.1.3 or 38.10.5 of Attachment FF as the person or entity to build, own, and recover the costs of a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project, or a Transmission Owner that is designated pursuant to Section 22.9.6 of Attachment P as the entity to build, own, and recover the costs of Designated Network Upgrade Facilities. For Public Policy Transmission Projects selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need prior to the 2020-2021 cycle of the Public Policy Transmission Planning Process, the Designated Entity shall mean the Developer of the selected Public Policy Transmission Project.

Designated Long-Term Transmission Project: The Long-Term Transmission Project selected by the ISO as the more efficient or cost-effective solution to a Long-Term Transmission Need, or a portion of such Long-Term Transmission Project, that the ISO designates to a Designated Entity pursuant to Section 31.6.11 of this Attachment Y.

Designated Network Upgrade Facilities: The Network Upgrade Facilities that are identified through the Transmission Interconnection Procedures for a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project; that meet the definition of upgrade under Section 31.1.10.4 of Attachment Y; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner pursuant to Section 22.9.6 of Attachment P.

Designated Public Policy Project: The Public Policy Transmission Project selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need, or a portion of such Public Policy Transmission Project, that the ISO designates to a Designated Entity pursuant to Section 31.4.11 of this Attachment Y. For Public Policy Transmission Projects selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need prior to the 2020-2021 cycle of the Public Policy Transmission Planning

Process, the Designated Public Policy Project shall mean the selected Public Policy Transmission Project.

Designated Reliability Transmission Project: The Designated Backstop Transmission Project or Designated Alternative Transmission Project that the ISO designates to a Designated Entity pursuant to Sections 31.2.7 and 31.2.7.5 of this Attachment Y.

Designated Short-Term Transmission Project: The regulated transmission Short-Term Reliability Process Solution selected by the ISO to address a Short-Term Reliability Process Need, or a portion of such regulated transmission solution, that the ISO designates to a Designated Entity pursuant to Section 38.10.2.1.3 or 38.10.5 of Attachment FF.

Developer: A person or entity, including a Transmission Owner, sponsoring or proposing a project pursuant to this Attachment Y.

Development Agreement: The agreement: (i) between the ISO and a Designated Entity concerning the timely development and construction of a Designated Reliability Transmission Project to address a Reliability Need that the parties are required to enter into pursuant to Section 31.2.8.1.6 of this Attachment Y and is in the form set forth in Appendix C of Attachment Y, (ii) between the ISO and a Designated Entity concerning the timely development and construction of a Designated Economic Transmission Project that the parties are required to enter into pursuant to Section 31.3.2.6.2 of Attachment Y and is set forth in Appendix D-2 of Attachment Y, (iii) between the ISO and a Designated Entity concerning the timely development and construction of a Designated Public Policy Project that the parties are required to enter into pursuant to Section 31.4.12.2 of Attachment Y and is in the form set forth in Appendix D-1 of Attachment Y, (iv) between the ISO and a Designated Entity concerning the timely development and construction of a Designated Long-Term Transmission Project that the parties are required to enter into pursuant to Section 31.6.12.2 of Attachment Y and is in the form set forth in Appendix F of Attachment Y, or (v) between the ISO and a Designated Entity concerning the timely development and construction of a Designated Short-Term Transmission Project that the parties are required to enter into pursuant to Section 38.12.3 of Attachment FF and is in the form set forth in Appendix C of Attachment Y, as amended by the ISO to reflect the Short-Term Reliability Process.

Economic Planning Process: The ISO conducts the System & Resource Outlook in accordance with Section 31.6 of this Attachment Y as the transmission planning study for both its Long-Term Transmission Planning Process and its Economic Planning Process, except for the 2025-2044 System & Resource Outlook, which is conducted for its Economic Planning Process pursuant to the requirements in Section 31.3.1 of this Attachment Y. Pursuant to Sections 31.3 and 31.5.4 of this Attachment Y, the Economic Planning Process also establishes the requirements by which the ISO: (i) evaluates in an Economic Transmission Project Evaluation any Regulated Economic Transmission Project proposals to address any constraint(s) on the BPTFs identified in the System & Resource Outlook, which transmission projects are eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project's Load Serving Entity beneficiaries and for which the ISO shall designate a Designated Entity or Designated Entities to be responsible for developing the Designated Economic Transmission Project or Designated Economic Transmission Projects that make up the Regulated Economic Transmission Project; and (ii) conducts any Requested Economic Planning Studies.

Economic Transmission Project Evaluation: The evaluation by the ISO of a Regulated Economic Transmission Project pursuant to Sections 31.3.2 and 31.5.4 of this Attachment Y.

Economic Transmission Upgrade: Any portion(s) of a Regulated Economic Transmission Project that satisfies the definition of upgrade in Section 31.1.10.4 of this Attachment Y.

ESPWG: The Electric System Planning Work Group, or any successor work group or committee designated to fulfill the functions assigned to the ESPWG in this tariff.

Excluded Capital Costs: Excluded Capital Costs shall have the meaning set forth in, as applicable, Section 31.4.5.1.8.2 of this Attachment Y for the Public Policy Transmission Planning Process or Section 31.6.9.5.1.10.2 of this Attachment Y for the Long-Term Transmission Planning Process.

Extreme Weather Sensitivity: The sensitivity that the ISO develops in accordance with Section 31.6.5.2.3.1 of this Attachment Y and applies to each Long-Term Scenario in the Long-Term Transmission Planning Process.

Federally-Recognized Tribes: Those tribes listed in the most recent notice provided by the Bureau of Indian Affairs and published in the Federal Register.

Foundation Case: The Foundation Case shall have the meaning set forth in Section 31.6.4.1.1 of this Attachment Y.

Funding Entity: Funding Entity shall have the meaning set forth in Section 31.6.9.5.1.9 of this Attachment Y.

Gap Solution: A solution to a Reliability Need that is designed to be temporary and to strive to be compatible with permanent market-based proposals. A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

In-Kind Replacement List: For purposes of the Long-Term Transmission Planning Process, the list that each Transmission Owner is required to provide of the In-Kind Replacement Transmission Facilities that the Transmission Owner has identified for its system in accordance with Section 31.6.6.4 of this Attachment Y.

In-Kind Replacement Transmission Facility: In-Kind Replacement Transmission Facility shall have the meaning set forth in Section 31.6.6.4 of this Attachment Y.

Included Capital Costs: Included Capital Costs shall have the meaning set forth in, as applicable, Section 31.4.5.1.8.1 of this Attachment Y for the Public Policy Transmission Planning Process or Section 31.6.9.5.1.10.1 of this Attachment Y for the Long-Term Transmission Planning Process.

Interconnection-Related Transmission Need: A potential transmission need that the ISO identifies in accordance with Section 31.4.2.2 of this Attachment Y for consideration as a Public Policy Transmission Need.

Interregional Planning Protocol: The Amended and Restated Northeastern ISO/RTO Planning Coordination Protocol, or any successor to that protocol.

Interregional Transmission Project: A transmission facility located in two or more transmission planning regions that is evaluated under the Interregional Planning Protocol and proposed to address an identified Reliability Need, congestion identified in the Economic Planning Process, or a transmission need driven by a Public Policy Requirement pursuant to Order No. 1000 and the provisions of this Attachment Y.

IPTF: The Interregional Planning Task Force, or any successor ISO stakeholder working group or committee, designated to fulfill the functions assigned to the IPTF in this tariff.

ISO/RTO Region: One or more of the three ISO or RTO regions known as PJM, ISO-New England, and NYISO, which are the "Parties" to the Interregional Planning Protocol.

ISO/TO Reliability Agreement: The *Agreement Between the New York Independent System Operator, Inc., and the New York Transmission Owners on the Comprehensive Planning Process for Reliability Needs*, as filed with and accepted by the Commission in *New York Independent System Operator, Inc.*, 109 FERC ¶ 61,372 (2004) and 111 FERC ¶ 61,182 (2005) in Docket No. ER04-1144, and as amended or supplemented from time to time, or any successor agreement thereto.

LCR: An abbreviation for the term Locational Minimum Installed Capacity Requirement, as defined in the ISO Open Access Transmission Tariff.

Long-Term Scenarios: Scenarios developed by the ISO pursuant to Section 31.6.5.2 for a Long-Term Transmission Planning Process cycle that incorporate various assumptions using best available data inputs to identify potential Long-Term Transmission Needs.

Long-Term State Scenario: The Long-Term Scenario for each Long-Term Transmission Planning Process cycle for which the NYDPS will provide certain assumptions as set forth in Section 31.6.5.2.2.2.

Long-Term Transmission Need: A transmission need identified by the NYPSC from the Catalog of Transmission Expansion Opportunities for the Long-Term Transmission Planning Process pursuant to Section 31.6.8.1.

Long-Term Transmission Planning Process: Pursuant to Sections 31.6 and 31.5.6, the Long-Term Transmission Planning Process is the process by which the ISO: (i) conducts the System & Resource Outlook to assess the New York State Transmission System over a 20-year Study Period using at least three Long-Term Scenarios and an Extreme Weather Sensitivity to identify transmission expansion opportunities on the BPTFs that are included in a Catalog of Transmission Expansion Opportunities, and (ii) if a Long-Term Transmission Need is identified by the NYPSC, conducts the Long-Term Transmission Selection Process to solicit and evaluate Long-Term Transmission Projects and Other Long-Term Projects for purposes of selecting, or electing not to select, the more efficient or cost-effective transmission project to address the Long-Term Transmission Need for purposes of cost allocation and cost recovery under the ISO OATT.

Long-Term Transmission Planning Report: The report approved by the ISO Board of Directors on the ISO's evaluation of all Long-Term Transmission Projects and Other Long-Term Projects proposed to satisfy an identified Long-Term Transmission Need pursuant to Section 31.6.10; the ISO's selection of, or election not to select, a proposed Long-Term Transmission Project, if any, that is the more efficient or cost-effective transmission solution to the identified Long-Term Transmission Need pursuant to Section 31.6.11; and the ISO's designation of a Designated Entity or Designated Entities to be responsible for developing the Designated Long-Term Transmission Project(s) that compose the selected Long-Term Transmission Project.

Long-Term Transmission Project: A transmission project or portfolio of transmission projects proposed by qualified Developer(s) to satisfy an identified Long-Term Transmission Need and for which Developer(s) seek to be selected by the ISO for purposes of allocating and recovering the project's costs under the ISO OATT.

Long-Term Transmission Selection Process: Pursuant to Sections 31.6.9 through 31.6.11 of this Attachment Y, the process by which the ISO will: (i) solicit and evaluate proposed Long-Term Transmission Projects and Other Long-Term Projects to address a Long-Term Transmission Need identified by the NYPSC, (ii) select, or elect not to select, the more efficient or cost-effective Long-Term Transmission Project, if any, for eligibility for cost allocation and cost recovery under the ISO OATT; and (iii) designate a Designated Entity or Designated Entities to be responsible for developing the Designated Long-Term Transmission Project(s) that compose the selected Long-Term Transmission Project.

Long-Term Transmission Upgrade: Any portion(s) of a Long-Term Transmission Project that satisfies the definition of upgrade in Section 31.1.10.4 of this Attachment Y.

Loss of Load Expectation ("LOLE"): A measure used to determine the amount of resources needed to minimize the possibility of an involuntary loss of firm electric load on the New York State Bulk Power Transmission Facilities.

LTP: The Local Transmission Owner Plan, developed by each Transmission Owner, which describes its respective plans that may be under consideration or finalized for its own Transmission District.

LTP Dispute Resolution Process ("DRP"): The process for resolution of disputes relating to a Transmission Owner's LTP set out in Section 31.2.1.3.

LTPP: The Local Planning Process conducted by each Transmission Owner for its own Transmission District.

Management Committee: The standing committee of the ISO of that name created pursuant to the ISO Agreement.

Merchant Transmission Facility shall mean a Developer'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, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

New York State Bulk Power Transmission Facilities ("BPTFs"): The facilities identified as the New York State Bulk Power Transmission Facilities in the annual Area Transmission Review submitted to NPCC by the ISO pursuant to NPCC requirements.

NPCC: The Northeast Power Coordinating Council, or any successor organization.

NUF Responsible Party: NUF Responsible Party shall have the meaning set forth in Section 31.6.12.4 of this Attachment Y.

NYCA Free Flow Test: A NYCA unconstrained internal transmission interface test, performed by the ISO to determine if a Reliability Need is the result of a statewide resource deficiency or a transmission limitation.

NYDPS: The New York State Department of Public Service, as defined in the New York Public Service Law.

NYISO Load and Capacity Data Report: As defined in Section 25 of the ISO OATT.

NYPSC: The New York Public Service Commission, as defined in the New York Public Service Law.

Operating Agreement: An agreement between the NYISO and a non-incumbent owner of transmission facilities in the New York Control Area concerning the operation of the transmission facilities in the form of the agreement set forth in Appendix H (Section 31.11) of this Attachment Y.

Operating Committee: The standing committee of the NYISO of that name created pursuant to the ISO Agreement.

Order No. 1000: The Final Rule entitled Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, issued by the Commission on July 21, 2011, in Docket RM10-23-001, as modified on rehearing, or upon appeal. (See FERC Stats & Regs. ¶ 31,323 (2011) ("Order No. 1000"), on reh'g and clarification, 139 FERC ¶ 61,132 ("Order No. 1000-A"), on reh'g and clarification, 141 FERC ¶ 61,044 (2012) ("Order No. 1000-B").

Order No. 1920: The Final Rule entitled Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, issued by the Commission on May 13, 2024, in Docket No. RM21-17-000, as modified on rehearing, or upon appeal. (See 187 FERC ¶ 61,068 (2024) ("Order No. 1920"), on reh'g and clarification, 189 FERC ¶ 61,126 (2024) ("Order No. 1920-A"), on reh'g and clarification, 191 FERC ¶ 61,026 (2025) ("Order No. 1920-B").

Other Developer: A Developer, other than a Transmission Owner, sponsoring or proposing to sponsor a Regulated Economic Transmission Project, a Public Policy Transmission Project, an Other Public Policy Project, a Long-Term Transmission Project, an Other Long-Term Project, or a regulated solution to a Reliability Need.

Other Long-Term Project: A non-transmission project or a portfolio of transmission and non-transmission projects proposed by a Developer to satisfy an identified Long-Term Transmission Need.

Other Public Policy Project: A non-transmission project or a portfolio of transmission and non-transmission projects proposed by a Developer to satisfy an identified Public Policy Transmission Need.

Outlook Kickoff Meeting: The meeting that commences the Long-Term Transmission Planning Process cycle as described in Section 31.6.5.1 of this Attachment Y.

Public Policy Requirement: A federal or New York State statute or regulation, including a NYPSC order adopting a rule or regulation subject to and in accordance with the State Administrative Procedure Act, any successor statute, or any duly enacted law or regulation passed by a local governmental entity in New York State, that may relate to transmission planning on the BPTFs.

Public Policy Transmission Planning Process: The process by which the ISO solicits needs for transmission driven by Public Policy Requirements that may arise within 10 years; identifies Interconnection-Related Transmission Needs; provides proposed transmission needs driven by Public Policy Requirements and Interconnection-Related Transmission Needs to the NYPSC for identification of any Public Policy Transmission Needs; evaluates all Public Policy Transmission Projects and Other Public Policy Projects proposed to address a Public Policy Transmission Need on a comparable basis; selects the more efficient or cost effective Public Policy Transmission Project, if any, for eligibility for cost allocation under the ISO Tariffs; and designates a Designated Entity or Designated Entities to be responsible for developing the Designated Public Policy Project(s) that compose the selected Public Policy Transmission Project.

Public Policy Transmission Need: A transmission need identified by the NYPSC pursuant to Sections 31.4.2.4 through 31.4.2.6 that is driven by a Public Policy Requirement or an Interconnection-Related Transmission Need.

Public Policy Transmission Planning Report: The report approved by the ISO Board of Directors pursuant to this Attachment Y on the ISO's evaluation of all Public Policy Transmission Projects and Other Public Policy Projects proposed to satisfy an identified Public Policy Transmission Need pursuant to Section 31.4.6; the ISO's selection of a proposed Public Policy Transmission Project, if any, that is the more efficient or cost effective solution to the identified Public Policy Transmission Need pursuant to Section 31.4.8; and the ISO's designation of a Designated Entity or Designated Entities to be responsible for developing the Designated Public Policy Project(s) that compose the selected Public Policy Transmission Project.

Public Policy Transmission Project: A transmission project or a portfolio of transmission projects proposed by Developer(s) to satisfy an identified Public Policy Transmission Need and for which the Developer(s) seek to be selected by the ISO for purposes of allocating and recovering the project's costs under the ISO OATT.

Public Policy Transmission Upgrade: Any portion(s) of a Public Policy Transmission Project that satisfies the definition of upgrade in Section 31.1.10.4 of this Attachment Y.

Reevaluation Process: The process established in Section 31.6.13 of this Attachment Y pursuant to which the ISO will perform a reevaluation required pursuant to Section 31.6.13.1 of a Long-Term Transmission Project selected by the ISO in a previous Long-Term Transmission Planning Process cycle.

Regulated Economic Transmission Project ("RETP"): A transmission project or a portfolio of transmission projects proposed by Developer(s) to address constraint(s) on the BPTFs identified in the System & Resource Outlook pursuant to, as applicable, Section 31.3.1 or Section 31.6, which transmission project(s) are (i) evaluated in the Economic Transmission Project Evaluation; (ii) eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project's Load Serving Entity beneficiaries pursuant to Section 31.5.4 of this Attachment Y; and (iii) designated to a Designated Entity(s) that will be responsible for developing the Designated Economic Transmission Project(s) pursuant to Section 31.3.2.4 of this Attachment Y.

Reliability Criteria: The electric power system planning and operating policies, standards, criteria, guidelines, procedures, and rules promulgated by the North American Electric Reliability Corporation ("NERC"), Northeast Power Coordinating Council ("NPCC"), and the New York State Reliability Council ("NYSRC"), as they may be amended from time to time.

Reliability Need: A condition identified by the ISO as a violation or potential violation of one or more Reliability Criteria.

Reliability Planning Process: The process set forth in this Attachment Y by which the ISO determines in the RNA whether any Reliability Need(s) on the BPTFs will arise in the Study Period and addresses any identified Reliability Need(s) in the CRP, as the process is further described in Section 31.1.2.2.

Reliability Transmission Upgrade: Any portion(s) of a regulated transmission solution submitted to address a Reliability Need or a Short-Term Reliability Process Need that satisfies the definition of upgrade in Section 31.1.10.4 of Attachment Y.

Requested Economic Planning Study: A study performed solely for information purposes by the ISO pursuant to Section 31.3.3 of this Attachment Y at the request of a Market Participant or other interested party at their expense, the scope and deliverables of which are agreed upon by the ISO and the requesting entity.

Responsible Transmission Owner: The Transmission Owner or Transmission Owners designated by the ISO, pursuant to Section 31.2.4.3, to prepare a proposal for a regulated backstop solution to a Reliability Need or to proceed with a regulated solution to a Reliability

Need. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the ISO identifies a Reliability Need and/or that owns a transmission facility on which a Reliability Need arises.

Right-Sized Replacement Transmission Facility: A new transmission facility, including an entirely new transmission facility, that: (1) would meet the need to replace an existing transmission facility that a Transmission Owner has identified in its In-Kind Replacement List as set forth in Section 31.6.6.4 of this Attachment Y as one that it plans to replace with an In-Kind Replacement Transmission Facility while also addressing a Long-Term Transmission Need; (2) results in more than an incidental increase in the capacity of an existing transmission facility that a Transmission Owner has identified for replacement in its In-Kind Replacement List; and (3) is located in the same general route as, and/or uses or expands the existing rights-of-way of, the existing transmission facility that a Transmission Owner has identified for replacement in its In-Kind Replacement List. The term "incidental increase" shall have the meaning set forth in Section 31.6.6.4.1.

RNA: The Reliability Needs Assessment as approved by the ISO Board under this Attachment.

RNA Base Case: The model(s) representing the New York State Power System over the Study Period.

Short-Term Reliability Process: This term shall have the meaning set forth in Section 38.1 of Attachment FF of the ISO OATT.

Site Control: Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site or right of way for the purpose of constructing a proposed project; (2) an option to purchase or acquire a leasehold site or right of way for such purpose; or (3) an exclusivity or other business relationship between the Transmission Owner, or Other Developer, and the entity having the right to sell, lease, or grant the Transmission Owner, or Other Developer, the right to possess or occupy a site or right of way for such purpose.

Study Period: For purposes of the Reliability Planning Process, the Study Period shall mean the seven-year time period encompassing years 4 through 10 following the year in which the RNA is conducted, which is used in the RNA and the CRP. For purposes of the System & Resource Outlook conducted in the Long-Term Transmission Planning Process, the Study Period shall be the 20-year period defined in Section 31.6.5.2.1.4 of this Attachment Y.

System & Resource Outlook ("Outlook"): The Outlook shall mean: (i) the first stage of both the Long-Term Transmission Planning Process and the Economic Planning Process and (ii) the resulting report that the ISO produces pursuant to Section 31.6 of this Attachment Y: (A) to summarize the current assessments, evaluations, and plans in the Comprehensive System Planning Process and the information and sources relied upon by the ISO; and (B) to assess the New York State Transmission System over a twenty-year Study Period using at least three Long-Term Scenarios and an Extreme Weather Sensitivity to identify: (i) the potential future resource mix(es), (ii) potential transmission needs that drive the need for expansion or upgrades to the BPTFs, which are included in a Catalog of Transmission Expansion Opportunities, and (iii) economic transmission expansion opportunities for purposes of the Economic Planning Process.

For purposes of the 2025-2044 System & Resource Outlook performed in the Economic Planning Process pursuant to the requirements in Section 31.3.1 of this Attachment Y, the Outlook shall mean the biennial report that the ISO produces by which it summarizes the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process; produces a twenty-year projection of congestion on the New York State Transmission System; identifies, ranks, and groups congested elements; and assesses the potential benefits of addressing the identified congestion.

Target Year: The calendar year in which a Reliability Need arises, as determined by the ISO pursuant to Section 31.2.

TPAS: The Transmission Planning Advisory Subcommittee, or any successor work group or committee designated to fulfill the functions assigned to TPAS pursuant to this Attachment.

Trigger Date: The date by which the ISO must request implementation of a regulated backstop solution or an alternative regulated solution pursuant to Section 31.2.8 in order to meet a Reliability Need.

Viability and Sufficiency Assessment: The results of the ISO's assessment, as applicable, of the viability and sufficiency of: (i) proposed solutions to a Reliability Need under Section 31.2.5, (ii) proposed solutions to a Public Policy Transmission Need under Section 31.4.6, or (iii) proposed Other Long-Term Projects to a Long-Term Transmission Need under Section 31.6.10.6.

Voluntary Funding Arrangement: Voluntary Funding Arrangement shall have the meaning set forth in Section 31.6.9.5.1.9 of this Attachment Y.

All other capitalized terms shall have the meanings provided for them in the ISO's Tariffs.

31.1.2 Short-Term Reliability Process and Reliability Planning Process

31.1.2.1 Short-Term Reliability Process

The Short-Term Reliability Process set forth in Attachment FF of the ISO OATT establishes the process that the ISO, Transmission Owners, Market Participants, Generator Owners, Developers and other interested parties shall follow to plan to meet Generator Deactivation Reliability Needs that would result from a Generator's deactivation and other Reliability Needs identified pursuant to Attachment FF affecting the BPTFs (collectively, Short-

Term Reliability Process Needs), which needs cannot be timely addressed in the Reliability Planning Process set forth in this Attachment Y.

Consistent with Section 38.2 of the OATT, Short-Term Reliability Process Needs that arise within three years of the later of (a) the conclusion of the 365 day prior notice period for that is described in Section 38.3.1.1 of the OATT for Generator Deactivation Reliability Needs, or (b) the posting of a completed Short-Term Assessment of Reliability ("STAR") for other Reliability Needs on the BPTF, will be addressed using the Short-Term Reliability Process. The terms "Generator Deactivation Reliability Need" and "STAR" are defined in Section 38.1 of the OATT.

Short-Term Reliability Process Needs that arise more than three years after the later of (x) the conclusion of the 365 day prior notice period for Generator Deactivation Reliability Needs, or (y) the posting of a completed STAR for other Reliability Needs on the BPTF, will only be addressed using the Short-Term Reliability Process if the identified Reliability Need cannot timely be addressed through the Reliability Planning Process set forth in this Attachment Y.

31.1.2.2 Reliability Planning Process

The Reliability Planning Process set forth in Sections 31.2.1 through 31.2.13 of this Attachment Y establishes the process that the ISO, Transmission Owners, Market Participants, and other interested parties shall follow to plan to meet Reliability Needs of the BPTFs that are identified in the RNA. The objectives of the process are to: (1) evaluate the Reliability Needs of the BPTFs over the Study Period pursuant to Reliability Criteria (2) identify, through the development of appropriate scenarios, factors and issues that might adversely impact the reliability of the BPTFs; (3) provide a process whereby solutions to identified needs are

proposed, evaluated on a comparable basis, and implemented in a timely manner to ensure the reliability of the system; (4) provide a process by which the ISO will select the more efficient or cost effective regulated transmission solution to satisfy the Reliability Need for eligibility for cost allocation under the ISO Tariffs and will designate the eligible regulated transmission solution(s) to a Designated Entity or Designated Entities, which will be responsible for developing the Designated Reliability Transmission Project(s); (5) provide an opportunity first for the implementation of market-based solutions while ensuring the reliability of the BPTFs; and (6) coordinate the ISO's reliability assessments with neighboring Control Areas.

The ISO will provide, through the analysis of historical system congestion costs, information about historical congestion including the causes for that congestion so that Market Participants and other stakeholders can make appropriately informed decisions. See Appendix A.

31.1.3 Transmission Owner Planning Process

The Transmission Owners will continue to plan for their transmission systems, including the BPTFs and other NYS Transmission System facilities. The planning process of each Transmission Owner is referred to herein as the LTPP, and the plans resulting from the LTPP are referred to herein as LTPs, whether under consideration or finalized. Each Transmission Owner will be responsible for administering its LTPP and for making provisions for stakeholder input into its LTPP. The ISO's role in the LTPP is limited to the procedural activities described in this Attachment Y.

The finalized portions of the LTPs periodically prepared by the Transmission Owners will be used as inputs to the CSPP described in this Attachment Y. Each Transmission Owner

will prepare an LTP for its transmission system in accordance with the procedures described in Section 31.2.1.

31.1.4 System & Resource Outlook; Long-Term Transmission Planning Process and Economic Planning Process

31.1.4.1 Long-Term Transmission Planning Process

The Long-Term Transmission Planning Process set forth in Section 31.6 of this Attachment Y shall consist of the System & Resource Outlook and the Long-Term Transmission Selection Process. Prior to the commencement of each Long-Term Transmission Planning Process cycle, the ISO will solicit data inputs and factors from the NYDPS, stakeholders, and interested parties for purposes of developing Long-Term Scenarios, an Extreme Weather Sensitivity, and any additional scenarios and sensitivities for the Outlook. The ISO will conduct the Outlook to assess the New York State Transmission System over a 20-year Study Period using at least three Long-Term Scenarios, including a Long-Term State Scenario, and an Extreme Weather Sensitivity to identify transmission expansion opportunities on the BPTFs that are included in a Catalog of Transmission Expansion Opportunities. The ISO will provide the Outlook, including the Catalog of Transmission Expansion Opportunities, to the NYPSC to determine, with input from the ISO and stakeholders, whether to identify any Long-Term Transmission Needs. If the NYPSC identifies one or more Long-Term Transmission Needs, the ISO will conduct the Long-Term Transmission Selection Process through which the ISO will: (i) solicit and evaluate proposed Long-Term Transmission Projects and Other Long-Term Projects to address a Long-Term Transmission Need identified by the NYPSC; (ii) select, or elect not to select, the more efficient or cost-effective Long-Term Transmission Project, if any, for eligibility for cost allocation and cost recovery under the ISO OATT; and (iii) designate a Designated

Entity or Designated Entities to be responsible for developing the Designated Long-Term Transmission Project(s) that compose the selected Long-Term Transmission Project.

31.1.4.2 Economic Planning Process

As part of the System & Resource Outlook performed by the ISO pursuant to, as applicable, Section 31.3.1 or Section 31.6 of this Attachment Y, the ISO will identify economic transmission expansion opportunities. The Economic Planning Process provides opportunities for the development of market-based solutions and regulated transmission solutions to address congestion identified in the Outlook pursuant to, as applicable, Section 31.3.1 or Section 31.6. Sections 31.3.2 and 31.5.4 of this Attachment Y establish the process by which Developers may propose, and the ISO will evaluate in its Economic Transmission Project Evaluation, proposed Regulated Economic Transmission Projects to address constraint(s) on the BPTFs identified in the Outlook pursuant to, as applicable, Section 31.3.1 or Section 31.6. Such transmission projects are eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project's Load Serving Entity beneficiaries pursuant to Section 31.5.4 of this Attachment Y and for which the ISO shall designate a Designated Entity or Designated Entities to be responsible for developing the Designated Economic Transmission Project(s) that is, or is a part of, a Regulated Economic Transmission Project pursuant to Section 31.3.2.4 of this Attachment Y. The ISO will coordinate its assessments in the Economic Planning Process with neighboring Control Areas. Market Participants and other interested parties, at their own expense, may also request that the ISO perform Requested Economic Planning Studies pursuant to Section 31.3.3 of this Attachment Y solely for information purposes, which scope and deliverables will be agreed upon by the ISO and the requesting entity.

31.1.5 Public Policy Transmission Planning Process

Section 31.4 of this Attachment Y describes the planning process that the ISO, and all interested parties, shall follow to consider Public Policy Transmission Needs that are based on: (i) Public Policy Requirements that drive the need for expansions or upgrades to BPTFs, or (ii) Interconnection-Related Transmission Need(s). The objectives of the Public Policy Transmission Planning Process are to: (1) allow Market Participants and other interested parties to propose transmission needs that they believe are being driven by Public Policy Requirements that may arise within 10 years and for which transmission solutions should be evaluated, (2) allow the ISO to identify Interconnection-Related Transmission Needs, (3) provide a process by which the NYPSC will review the submitted Public Policy Requirements and Interconnection-Related Transmission Needs and, with input from the ISO, Market Participants, and other interested parties, identify the transmission needs, if any, for which transmission solutions should be evaluated, (4) provide a process whereby Public Policy Transmission Projects and Other Public Policy Projects are proposed to satisfy each identified Public Policy Transmission Need and are evaluated by the ISO on a comparable basis, (5) provide a process by which the ISO will select the more efficient or cost effective regulated Public Policy Transmission Project, if any, to satisfy each identified Public Policy Transmission Need for eligibility for cost allocation under the ISO Tariffs and will designate the selected Public Policy Transmission Project or parts of the selected Public Policy Transmission Project to a Designated Entity or Designated Entities, which will be responsible for developing the Designated Public Policy Project(s); (6) provide a cost allocation methodology for the regulated Designated Public Policy Project(s) that have been selected by the ISO and Designated Network Upgrade Facilities associated with a selected Public Policy Transmission Project (if applicable), and (7) coordinate the ISO's Public Policy Transmission Planning Process with neighboring Control Areas.

31.1.6 Interregional Planning Process

The ISO, the Transmission Owners, and Market Participants and other interested parties shall coordinate system planning activities with neighboring planning regions (*i.e.*, the ISO/RTO Regions and adjacent portions of Canada). The Interregional Planning Protocol includes a description of the committee structure, processes, and procedures through which system planning activities are openly and transparently coordinated by the ISO/RTO Regions. The objective of the interregional planning process is to contribute to the on-going reliability and the enhanced operational and economic performance of the ISO/RTO Regions through: (1) exchange of relevant data and information; (2) coordination of procedures to evaluate certain interconnection and transmission service requests; (3) periodic comprehensive interregional assessments; (4) identification and evaluation of potential Interregional Transmission Projects that can address regional needs in a manner that may be more efficient or cost-effective than separate regional solutions, in accordance with the requirements of Order No. 1000; (5) allocation of costs among the ISO/RTO Regions of Interregional Transmission Projects, identified in accordance with the Interregional Planning Protocol and approved by each region, pursuant to the cost allocation methodology set forth in Section 31.5.8 herein. The planning activities of the ISO/RTO Regions shall be conducted consistent with the planning criteria of each ISO/RTO Region's regional reliability organization(s) as well as the relevant local reliability entities. The ISO/RTO Regions shall periodically produce a Northeastern Coordinated System Plan that integrates the system plans of all of the ISO/RTO Regions.

31.1.7 Enrollment in the ISO's Transmission Planning Region

31.1.7.1 For purposes of any matter addressed by this Attachment Y, participation in the ESPWG, IPTF and TPAS shall be open to any interested entity, irrespective

of whether that entity has become a Party to the ISO Agreement. Any entity may enroll in the ISO's transmission planning region in order to fully participate in the ISO's governance process by becoming a Party to the ISO Agreement, as set forth in Section 2.02 of the ISO Agreement.

31.1.7.2. An owner of transmission in New York State may become a Transmission Owner by executing the ISO/TO Agreement or an Operating Agreement as provided for in Section 31.1.7.3.

31.1.7.3 A transmission owner that is not a party to the ISO/TO Agreement or an Operating Agreement and will own transmission facilities in the New York Control Area over which Transmission Service will be provided under the ISO Tariffs must enter into an Operating Agreement prior to energizing its transmission facilities. The ISO will tender a draft Operating Agreement as soon as practicable following its selection of the transmission owner's transmission facilities under the CSPP in this Attachment Y or under the Short-Term Reliability Process in Attachment FF of this ISO OATT. If the transmission owner's transmission facilities were not selected under the CSPP, the transmission owner shall request that the ISO tender the draft Operating Agreement as soon as practicable after receiving its Article VII certification or other applicable siting permits or authorizations under New York State law. The draft Operating Agreement will be completed by the ISO to the extent practicable for review and completion by the transmission owner. The draft shall be in the form of the ISO's Commission-approved Operating Agreement, which is located in Appendix H in Section 31.11 of this Attachment Y. The ISO and the

transmission owner shall finalize and negotiate concerning any disputed provisions. Unless otherwise agreed by the ISO and the transmission owner, the transmission owner must execute the Operating Agreement within three (3) months of the ISO's tendering of the draft Operating Agreement; *provided, however*, if, during the negotiation period, the ISO or the transmission owner determines that negotiations are at an impasse, the ISO may file the Operating Agreement in unexecuted form with the Commission on its own or following the transmission owner's request in writing that the agreement be filed unexecuted.

31.1.7.4 If the Operating Agreement resulting from the negotiation between the ISO and the transmission owner does not conform with the Commission-approved standard form in Appendix H in Section 31.11 of this Attachment Y, the ISO shall file the agreement with the Commission for its acceptance within thirty (30) Business Days after the execution of the Operating Agreement by both parties. If the transmission owner requests that the Operating Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within thirty (30) Business Days of receipt of the request from the transmission owner. The ISO will draft to the extent practicable the portions of the Operating Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The transmission owner will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions.

31.1.7.5 Upon the ISO's and the transmission owner's execution of the Operating Agreement or the ISO's filing of an unexecuted Operating Agreement with the Commission, the ISO and the transmission owner shall perform their respective obligations in accordance with the terms of the Operating Agreement that are not in dispute, subject to modification by the Commission.

31.1.7.6 As of May 25, 2021, the Transmission Owners are: (1) Central Hudson Gas & Electric Corporation, (2) Consolidated Edison Company of New York, Inc., (3) New York State Electric & Gas Corporation, (4) Niagara Mohawk Power Corporation d/b/a National Grid, (5) Orange and Rockland Utilities, Inc., (6) Rochester Gas and Electric Corporation, (7) the Power Authority of the State of New York, (8) Long Island Lighting Company d/b/a LIPA, (9) New York Transco, LLC, (10) NextEra Energy Transmission New York, Inc., and (11) LS Power Grid New York Corporation I.

31.1.8 NYISO Implementation and Administration

31.1.8.1 The ISO shall adopt procedures for the implementation and administration of the CSPP set forth in this Attachment Y, the Short-Term Reliability Process in Attachment FF of this ISO OATT, and the Interregional Planning Protocol, and shall revise those procedures as and when necessary. Such procedures will be incorporated in the ISO's manuals. The ISO Procedures shall provide for the open and transparent coordination of the CSPP to allow Market Participants and all other interested parties to have a meaningful opportunity to participate in each stage of the CSPP through the meetings conducted in accordance with the ISO system of collaborative governance. Confidential Information and Critical

Energy Infrastructure Information exchanged through the CSPP shall be subject to the protections for such information contained in the ISO's tariffs and procedures, including this Attachment Y and Attachment F of the NYISO OATT.

31.1.8.2 The ISO Procedures shall include a schedule for the collection and submission of data and the preparation of models to be used in the studies contemplated under this tariff. That schedule shall be consistent with the timeframes established in this Attachment Y for the studies conducted in each of the ISO planning processes (reliability, economic, public policy, and long-term) as part of the Comprehensive System Planning Process. The two-year cycle for the Reliability Planning Process commences with the LTPP providing input required for that process. The Public Policy Transmission Planning Process will to the extent practicable run in parallel with the Reliability Planning Process, provided that the NYPSC's issuance of a written statement pursuant to Section 31.4.2.4 will occur after the draft RNA study results are posted. If the CRP cannot be completed within a two-year cycle, the ISO will notify stakeholders and provide an estimated completion date and an explanation of the reasons the additional time is required. As detailed in Attachment FF of the ISO OATT, the Short-Term Reliability Process will be conducted on a quarterly basis and will run in parallel with the other planning processes. The Long-Term Transmission Planning Process will be conducted in accordance with the schedule developed pursuant to Sections 31.6.2 and 31.6.9.1 of this Attachment Y and will run in parallel with the other planning processes. For purposes of the Economic Planning Process, a Developer may propose a Regulated Economic Transmission

Project for evaluation in the Economic Transmission Project Evaluation in accordance with the requirements in Sections 31.3.2 and 31.5.4 of this Attachment Y. As further detailed in Sections 31.2, 31.3, 31.4, and 31.5, the interregional planning process shall be conducted in parallel with the Reliability Planning Process, the Economic Planning Process, and the Public Policy Transmission Planning Process to identify and evaluate Interregional Transmission Projects that may more efficiently or cost-effectively meet the needs of the region than a regional transmission project.

31.1.8.3 The ISO Procedures shall be designed to allow the coordination of the ISO's planning activities with those of the ISO/RTO Regions, NERC, NPCC, the NYSRC, and other regional reliability organizations so as to develop consistency of the models, databases, and assumptions utilized in making reliability and economic determinations.

31.1.8.4 The ISO Procedures shall facilitate the timely identification and resolution of all substantive and procedural disputes that arise out of the CSPP. Any party participating in the CSPP and having a dispute arising out of the CSPP may seek to have its dispute resolved in accordance with ISO governance procedures during the course of the CSPP. If the party's dispute is not resolved in this manner as a part of the plan development process, the party may invoke formal dispute resolution procedures administered by the ISO that are the same as those available to Transmission Customers under Section 11 of the ISO Market Administration and Control Area Services Tariff. Disputes arising out of the LTPP shall be addressed by the LTP DRP set forth in Section 31.2.1.3 of this Attachment Y.

31.1.8.5 Except for those cases where the ISO OATT provides that an individual customer shall be responsible for the cost, or a specified share of the cost, of an individually requested study related to interconnection or to system expansion or to congestion and resource integration, the study costs incurred by the ISO as a result of its administration of the CSPP will be recovered from all customers through and in accordance with Rate Schedule 1 of the ISO OATT.

31.1.8.6 The ISO shall make reasonable efforts to meet all deadlines provided in this Attachment Y; *provided, however,* that the ISO must meet all deadlines set forth in a development agreement entered into pursuant to this Attachment Y in accordance with the terms of that agreement. If the ISO cannot meet a deadline set forth in this Attachment Y and an extension of that deadline will not result in a reliability violation, the NYISO may extend the deadline, provided that it shall notify Market Participants and other interested parties, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable action.

31.1.8.7 The ISO may extend, at its discretion, the deadlines indicated below that are applicable to all parties participating in a given process for a reasonable period of time if the extension: (i) is applied equally to all parties that are required to meet the deadline, and (ii) will not result in a reliability violation. The deadlines eligible for extension are:

- Sixty (60) day deadline in Section 31.2.5.1 for interested Developers to propose solutions in response to the ISO's solicitation for solutions to a Reliability Need;

- Thirty (30) day deadline in Section 31.2.6.1 for Developers of viable and sufficient transmission solutions to submit project information in response to ISO request;
- Sixty (60) day deadline in Section 31.4.2.1 for stakeholders and interested parties to submit proposed transmission needs in response to ISO solicitation for proposed needs;
- Sixty (60) day deadline in Section 31.4.4.3.2: (i) for Developers to propose solutions to a Public Policy Transmission Need in response to ISO solicitation for solutions, and (ii) pursuant to Section 31.4.4.4, for Developers of Public Policy Transmission Projects to execute a study agreement, provide a study deposit, and provide an application fee in response to ISO solicitation for solutions;
- Deadline in Section 31.4.6.6 for Developers to inform the ISO following the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC that their viable and sufficient Public Policy Transmission Projects will proceed to be evaluated by the ISO for purposes of selection;
- Sixty (60) day deadline in Section 31.6.9.3.2 for Developers to propose solutions to a Long-Term Transmission Need in response to ISO solicitation for solutions; and
- Deadline in Section 31.6.8.1 for NYPSC to issue an order that identifies the Long-Term Transmission Need(s) or elects not to identify any Long-Term Transmission Need.

31.1.9 Reserved

31.1.10 Other Provisions

31.1.10.1 The Commission's Role in Dispute Resolution

Disputes directly relating to the ISO's compliance with its tariffs that are not resolved in the internal ISO collaborative governance appeals process or ISO dispute resolution process, and all disputes relating to matters that fall within the exclusive jurisdiction of the Commission, shall be reviewed at the Commission pursuant to the Federal Power Act if such review is sought by any party to the dispute. The NYPSC or any party to a dispute regarding matters over which both the NYPSC and the Commission have jurisdiction and responsibility for action may submit a request to the Commission for a joint or concurrent hearing to resolve the dispute.

31.1.10.2 Non-Jurisdictional Entities

LIPA's and NYPA's participation in the CSPP shall in no way be considered to be a waiver of their non-jurisdictional status pursuant to Section 201(f) of the Federal Power Act, including with respect to the Commission's exercise of the Federal Power Act's general ratemaking authority.

31.1.10.3 Tax Exempt Financing Provisions

Con Edison, NYPA and LIPA shall not be required to construct, or cause to construct, a transmission facility identified through the Reliability Planning Process if such construction would result in the loss of tax-exempt status of any tax-exempt bond issued by Con Edison, NYPA or LIPA, or impair their ability to secure future tax-exempt financing.

31.1.10.4 Rights of Transmission Owners

Nothing in this Attachment Y affects the right of a Transmission Owner to: (1) build, own, and recover the costs for upgrades to the facilities it owns, provided that nothing in Attachment Y affects a Transmission Owner's right to recover the costs of upgrades to its facilities except if the upgrade has been selected in the regional transmission plan for purposes of cost allocation, in which case the regional cost allocation method set forth in Attachment Y of the ISO OATT applies, unless the Transmission Owner has declined to pursue regional cost allocation; (2) retain, modify, or transfer rights-of-way subject to relevant law or regulation granting such rights-of-way; or (3) develop a local transmission solution that is not eligible for regional cost allocation to meet its reliability needs or service obligations in its Transmission District or footprint, as applicable. For purposes of Section 31.1.10.4, the term "upgrade" shall refer to an improvement to, addition to, or replacement of a part of, an existing transmission facility and shall not refer to an entirely new transmission facility.

31.1.10.5 Notice of Reliability Requirements

The Developer of a project selected pursuant to the provisions in this Attachment Y is hereby notified that it must comply with all applicable reliability criteria, policies, standards, rules, regulations, and other requirements of NERC, NPCC, NYSRC, Transmission Owners, and any other applicable reliability entities or their successors, to the extent required by, and in accordance with, their procedures.

31.2 Reliability Planning Process

31.2.1 Local Transmission Owner Planning Process

31.2.1.1 Scope

31.2.1.1.1 Criteria, Assumptions and Data

Each Transmission Owner will post on its website the planning criteria and assumptions currently used in its LTPP as well as a list of any applicable software and/or analytical tools currently used in the LTPP. Customers, Market Participants and other interested parties may review and comment on the planning criteria and assumptions used by each Transmission Owner, as well as other data and models used by each Transmission Owner in its LTPP. The Transmission Owners will take into consideration any comments received. Any planning criteria or assumptions for a Transmission Owner's BPTFs will meet or exceed any applicable NERC, NPCC or NYSRC criteria. The LTPP shall include a description of the needs addressed by the LTPP as well as the assumptions, applicable planning criteria and methodology utilized and the Public Policy Requirements considered. A link to each Transmission Owner's website will be posted on the ISO website.

31.2.1.1.2 Consideration of Transmission Needs Driven by Public Policy Requirements

31.2.1.1.2.1 Procedures for the Identification of Transmission Needs Driven by Public Policy Requirements in Local Transmission Plans and for the Consideration of Transmission Solutions

In developing its LTP, each Transmission Owner shall consider whether there is a transmission need on its system that is being driven by a Public Policy Requirement. The LTP will identify any transmission project included in the LTP as a solution to a transmission need being driven by a Public Policy Requirement. In evaluating potential transmission solutions, the

Transmission Owner will give consideration to the objectives of the Public Policy Requirement(s) driving the need for transmission.

31.2.1.1.2.2 Determination of Local Transmission Needs Driven by Public Policy Requirements

As part of its LTP process pursuant to Section 31.2.1.2 below, each Transmission Owner will consider whether there is a transmission need on its local system that is being driven by a Public Policy Requirement for which a local transmission solution should be evaluated, including needs proposed by market participants and other interested parties. A market participant or other interested party proposing a transmission need on a Transmission Owner's local system driven by a Public Policy Requirement shall submit its proposal to the ISO and the relevant Transmission Owner, and will identify the specific Public Policy Requirement that is driving the proposed transmission need and an explanation of why a local transmission upgrade is necessary to implement the Public Policy Requirement. Any proposed local system transmission need will be posted on the ISO website. The ISO will transmit proposed transmission needs on a Transmission Owner's local system driven by Public Policy Requirements to the NYDPS, with a request that the NYDPS review the proposals and provide the relevant Transmission Owner with input to assist the Transmission Owner in its determination. The Transmission Owner, after considering the input provided by the NYDPS and any information provided by a market participant or other party, will determine whether there are transmission needs driven by Public Policy Requirements for which local transmission solutions should be evaluated. The Transmission Owner will post on its website a list of the transmission needs driven by Public Policy Requirements for which local transmission solutions should be evaluated, with an explanation of why the Transmission Owner identified those transmission needs and declined to identify other proposed transmission needs.

31.2.1.1.2.3 Evaluation of Proposed Local Transmission Solutions

In evaluating potential transmission solutions, if any, the Transmission Owner will give consideration to the objectives of the Public Policy Requirement driving the need for a local transmission solution. The Transmission Owner will evaluate solutions to identified transmission needs, including transmission solutions proposed by market participants and other parties for inclusion in its LTP. The Transmission Owner, in consultation with the NYDPS, will evaluate proposed transmission solutions on its local system to determine the more efficient or cost-effective transmission solutions. The Transmission Owner will consider the relative costs and benefits of proposed transmission solutions and their impact on the Transmission Owner's transmission system and its customers. Any local transmission solution identified by the Transmission Owner through the LTP process will be reviewed with stakeholders as part of each Transmission Owner's regular LTP process and will be included in the Transmission Owner's subsequent LTP. In conducting its evaluation, the Transmission Owner will use criteria that are relevant to the Public Policy Requirement driving the transmission need, which may include its published local planning criteria and assumptions.

31.2.1.2 Process Timeline

31.2.1.2.1 Each Transmission Owner, in accordance with a schedule set forth in the ISO Procedures, will post its current LTP on its website for review and comment by interested parties sufficiently in advance of the time for submission to the ISO for input to its RNA so as to allow adequate time for stakeholder review and comment. Each LTP will include:

- identification of the planning horizon covered by the LTP,
- data and models used,

- reliability needs, needs driven by Public Policy Requirements, and other needs addressed,
- potential solutions under consideration, and,
- a description of the transmission facilities covered by the plan.

31.2.1.2.2 To the extent the current LTP utilizes data or inputs, related to the ISO's planning process, not already reported by the ISO in Form 715 and referenced on its website, any such data will be provided to the ISO at the time each Transmission Owner posts criteria and planning assumptions in accordance with Section 31.2.1.1 and will be posted by the ISO on its website subject to any confidentiality or Critical Energy Infrastructure Information restrictions or requirements.

31.2.1.2.3 Each planning cycle, the ISO shall hold one or more stakeholder meetings of the ESPWG and TPAS at which each Transmission Owner's current LTP will be discussed. Such meetings will be held either at the Transmission Owner's Transmission District, or at an ISO location. The ISO shall post notice of the meeting and shall disclose the agenda and any other material distributed prior to the meeting

31.2.1.2.4 Interested parties may submit written comments to a Transmission Owner with respect to its current LTP within thirty days after the meeting. Each Transmission Owner shall list on its website, as part of its LTP, the person and/or location to which comments should be sent by interested parties. All comments will be posted on the ISO website. Each Transmission Owner will consider comments received in developing any modifications to its LTP.Any such modification will be explained in its current LTP posted on its website pursuant to

Section 31.2.1.2.2 above and discussed at the next meeting held pursuant to Section 31.2.1.2.3 above.

31.2.1.2.5 Each planning cycle, each Transmission Owner will submit the finalized portions of its current LTP to the ISO as contemplated in Section 31.2.2.4.2 below for timely inclusion in the RNA.

31.2.1.3 ISO Evaluation of Transmission Owner Local Transmission Plans in Relation to Regional and Local Transmission Needs

The ISO will review the Transmission Owner LTPs as they relate to the BPTFs as set forth in Section 31.2.2.4.2. The ISO will also evaluate whether a regional transmission solution – including, but not limited to, regional transmission solutions proposed by Developers pursuant to this Attachment Y – could satisfy an identified regional transmission need on the BPTFs that impacts more than one Transmission District more efficiently or more cost effectively than a local transmission solution identified in a Transmission Owner's LTP in accordance with Section 31.2.6.4.2 for the satisfaction of a regional Reliability Need, Section 31.3.1.3.6 for the reduction of congestion identified in the Economic Planning Process, Section 31.4.7.2 for the satisfaction of a Public Policy Transmission Need, or Section 31.6.10.7.2 for the satisfaction of a Long-Term Transmission Need. The ISO will report the results of its evaluation solely for informational purposes in the relevant ISO planning report prepared under this Attachment Y, and the Transmission Owners shall not be required to revise their LTPs based on the results of the ISO's evaluation.

31.2.1.4 LTP Dispute Resolution Process

31.2.1.4.1 Disputes Related to the LTPP; Objective; Notice

Disputes related to the LTPP are subject to the DRP. The objective of the DRP is to assist parties having disputes in communicating effectively and resolving disputes as expeditiously as possible. Within fifteen (15) calendar days of the presentation by a Transmission Owner of its LTP to the ESPWG and TPAS, a party with a dispute shall notify in writing the Affected TO, the ISO, the ESPWG and TPAS of its intention to utilize the DRP. The notice shall identify the specific issue in dispute and describe in sufficient detail the nature of the dispute.

31.2.1.4.2 Review by the ESPWG and TPAS

The issue raised by a party with a dispute shall be reviewed and discussed at a joint meeting of the ESPWG and the TPAS in an effort to resolve the dispute. The party with a dispute and the Affected TO shall have an opportunity to present information concerning the issue in dispute to the ESPWG and the TPAS.

31.2.1.4.3 Information Discussions

To the extent the ESPWG and the TPAS are unable to resolve the dispute, the dispute will be subject to good faith informal discussions between the party with a dispute and the Affected TO. Each of those parties will designate a senior representative authorized to enter into informal discussions and to resolve the dispute. The parties to the dispute shall make a good faith effort to resolve the dispute through informal discussions as promptly as practicable.

31.2.1.4.4 Alternative Dispute Resolution

In the event that the parties to the dispute are unable to resolve the dispute through informal discussions within sixty (60) days, or such other period as the parties may agree upon,

the parties may, by mutual agreement, submit the dispute to mediation or any other form of alternative dispute resolution. The parties shall attempt in good faith to resolve the dispute in accordance with a mutually agreed upon schedule but in no event may the schedule extend beyond ninety (90) days from the date on which the parties agreed to submit the dispute to alternative dispute resolution.

31.2.1.4.5 Notice of Results of Dispute Resolution

The Affected TO shall notify the ISO and ESPWG and TPAS of the results of the DRP and update its LTP to the extent necessary. The ISO shall use in its planning process the LTP provided by the Affected TO.

31.2.1.4.6 Rights Under the Federal Power Act

Nothing in the DRP shall affect the rights of any party to file a complaint with the Commission under relevant provisions of the FPA.

31.2.1.4.7 Confidentiality

All information disclosed in the course of the DRP shall be subject to the same protections accorded to confidential information and CEII by the ISO under its confidentiality and CEII policies.

31.2.2 Reliability Needs Assessment

31.2.2.1 General

The ISO shall prepare and publish the RNA as described below. The RNA will identify Reliability Needs. The ISO shall also designate in the RNA the Responsible Transmission Owner with respect to each Reliability Need.

31.2.2.2 Interested Party Participation in the Development of the RNA

The ISO shall develop the RNA in consultation with Market Participants and all other interested parties. TPAS will have responsibility consistent with ISO Procedures for review of the ISO's reliability analyses. ESPWG will have responsibility consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of reliability assessment scenarios provided under Section 31.2.2.5, and in the reporting and analysis of historic congestion costs. Coordination and communication will be established and maintained between these two groups and ISO staff to allow Market Participants and other interested parties to participate in a meaningful way during each stage of the CSPP. The ISO staff shall report any majority and minority views of these collaborative governance work groups when it submits the RNA to the Operating Committee for a vote, as provided below.

31.2.2.3 Preparation of the Reliability Needs Assessment

31.2.2.3.1 The ISO shall evaluate bulk power system needs in the RNA over the Study Period.

31.2.2.3.2 The starting point for the development of the RNA Base Case will be the system as defined for the FERC Form No. 715 Base Case. The ISO shall develop this system representation to be used for its evaluations of the Study Period by primarily using: (1) the most recent NYISO Load and Capacity Data Report published by the ISO on its web site; (2) the most recent versions of ISO reliability analyses and assessments provided for or published by NERC, NPCC, NYSRC, and neighboring Control Areas; (3) information reported by neighboring Control Areas such as power flow data, forecasted load, significant new or modified generation and transmission facilities, and anticipated system conditions

that the ISO determines may impact the BPTFs; and (4) data submitted pursuant to paragraph 31.2.2.4 below; *provided, however*, the ISO shall not include in the RNA Base Case an Interim Service Provider, an RMR Generator, or any other interim Short-Term Reliability Process Solution selected by the ISO pursuant to Attachment FF of the ISO OATT; *provided, further*, the ISO will include in the RNA Base Case a permanent transmission Short-Term Reliability Process Solution selected by the ISO pursuant to Attachment FF of the ISO OATT if it meets the base case inclusion requirements in the ISO Procedures. The details of the development of the RNA Base Case are contained in the ISO Procedures. The RNA Base Case shall also include Interregional Transmission Projects that have been approved by the NYPSC transmission siting process and meet the base case inclusion requirements in the ISO Procedures.

31.2.2.3.3 The ISO shall assess the RNA Base Case to determine whether the BPTFs meet all Reliability Criteria for both resource and transmission adequacy in each year, and report the results of its evaluation in the RNA. Transmission analyses will include thermal, voltage, short circuit, and stability studies. Then, if any Reliability Criteria are not met in any year, the ISO shall perform additional analyses to determine whether additional resources and/or transmission capacity expansion are needed to meet those requirements, and to determine the Target Year of need for those additional resources and/or transmission. A short circuit assessment will be performed for the tenth year of the Study Period. The study will not seek to identify specific additional facilities. Reliability Needs will be

defined in terms of total deficiencies relative to Reliability Criteria and not necessarily in terms of specific facilities.

31.2.2.4 Planning Participant Data Input

31.2.2.4.1 At the ISO's request, Market Participants, Developers, and other parties shall provide, in accordance with the schedule set forth in the ISO Procedures, the data necessary for the development of the RNA. This data will include but not be limited to (1) existing and planned additions to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); (2) proposals for Merchant Transmission Facilities (to be provided by merchant transmission Developers); (3) generation additions and retirements (to be provided by generator owners, Aggregators and Developers); (4) demand response programs (to be provided by demand response providers); and (5) any long-term firm transmission requests made to the ISO.

31.2.2.4.2 The Transmission Owners shall submit their current LTPs referenced in Section 31.1.3 and Section 31.2.1 to the ISO. The Transmission Owners and the ISO will coordinate with each other in reviewing the LTPs. The ISO will review the Transmission Owners' LTPs, as they relate to BPTFs, to determine whether they will meet reliability needs identified in the LTPs, recommend an alternate means to resolve the local needs from a regional perspective pursuant to Section 31.2.6.4, and indicate if it is not in agreement with a Transmission Owner's proposed additions. The ISO shall report its determinations under this section in the RNA and in the CRP.

31.2.2.4.3 All data received from Market Participants, Developers, and other parties shall be considered in the development of the system representation for the Study Period in accordance with the ISO Procedures.

31.2.2.5 Reliability Scenario Development

The ISO, in consultation with the ESPWG and TPAS, shall develop reliability scenarios addressing the Study Period. Variables for consideration in the development of these reliability scenarios include but are not limited to: load forecast uncertainty, fuel prices and availability, new resources, retirements, transmission network topology, and limitations imposed by proposed environmental or other legislation.

31.2.2.6 Evaluation of Reliability Scenarios

The ISO will conduct additional reliability analyses for the reliability scenarios developed pursuant to paragraph 31.2.2.5. These evaluations will test the robustness of the needs assessment studies conducted under paragraphs 31.2.2.3. This evaluation will only identify conditions under which Reliability Criteria may not be met. It will not identify or propose additional Reliability Needs. In addition, the ISO will perform appropriate sensitivity studies to determine whether Reliability Needs previously identified can be mitigated through alternate system configurations or operational modes. The Reliability Needs may increase in some reliability scenarios and may decrease, or even be eliminated, in others. The ISO shall report the results of these evaluations in the RNA.

31.2.2.7 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of the reliability transmission projects on such ISO/RTO Regions using the respective planning criteria

of such ISO/RTO Regions. The ISO shall report the results in the CRP. The ISO shall not bear the costs of required upgrades in another region.

31.2.2.8 Reliability Needs Assessment Report Preparation

Once all the analyses described above have been completed, ISO staff will prepare a draft of the RNA including discussion of its assumptions, Reliability Criteria, and results of the analyses and, if necessary, designate the Responsible Transmission Owner. One or more compensatory MW/ Load adjustment scenarios will be developed by the ISO as a guide to the development of proposed solutions to meet the identified Reliability Need.

31.2.3 RNA Review Process

31.2.3.1 Collaborative Governance Process

The draft RNA shall be submitted to both TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft RNA. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Market Participants and other interested parties may submit at any time optional suggestions for changes to ISO rules or procedures which could result in the identification of additional resources or market alternatives suitable for meeting Reliability Needs. Following completion of the TPAS and ESPWG review, the draft RNA reflecting the revisions resulting from the TPAS and ESPWG review, shall be forwarded to the Operating Committee for discussion and action. The ISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft

RNA is to be presented. Following the Operating Committee vote, the draft RNA will be transmitted to the Management Committee for discussion and action.

31.2.3.2 Board Action

Following the Management Committee vote, the draft RNA, with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft RNA will be provided to the Market Monitoring Unit for its review and consideration of whether market rules changes are necessary to address an identified failure, if any, in one of the ISO's competitive markets. The Board may approve the RNA as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised RNA shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised RNA until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the final RNA to the marketplace by posting it on its web site.

The responsibilities of the Market Monitoring Unit that are addressed in the above section of this Attachment are also addressed in Section 30.4.6.8.2 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.2.3.3 Needs Assessment Disputes

Notwithstanding any provision to the contrary in this Attachment, the ISO OATT, or the NYISO Services Tariff, in the event that a Market Participant raises a dispute solely within the NYPSC's jurisdiction relating to the final conclusions or recommendations of the RNA, a Market Participant may refer such dispute to the NYPSC for resolution. The NYPSC's final determination shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the NYCPLR.

31.2.3.4 Public Information Sessions

In order to provide ample exposure for the marketplace to understand the identified Reliability Needs, the ISO will provide various opportunities for Market Participants and other potentially interested parties to discuss the final RNA. Such opportunities may include presentations at various ISO Market Participant committees, focused discussions with various industry sectors, and/or presentations in public venues.

31.2.4 Development of Solutions to Reliability Needs

31.2.4.1 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.2.4.1 and its subsections, the term "Developer" includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.2.4.1.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.2.4.1.1.1 to demonstrate its capability to satisfy the applicable qualification criteria, and (ii) a notarized officer's certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer's project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures related and applicable to the Affiliate's participation.

31.2.4.1.1 Developer Qualification and Timing

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate and maintain a transmission project to meet identified Reliability

Needs. The ISO shall consider the qualifications of each Developer in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

31.2.4.1.1.1 Developer Qualification Criteria

The ISO shall make a determination on the qualification of a Developer to propose to develop a transmission project as a solution to an identified Reliability Need based on the following criteria:

31.2.4.1.1.1.1 The technical and engineering qualifications and experience of the Developer relevant to the development, construction, operation and maintenance of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

31.2.4.1.1.1.2 The current and expected capabilities of the Developer to develop and construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.2.4.1.1.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

(1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;

(2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement, or equivalent information;

(3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch, or equivalent information, if available;

(4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

(5) such other evidence that demonstrates its current and expected capability to finance a project to solve a Reliability Need.

31.2.4.1.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering

qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

31.2.4.1.1.2 Developer Qualification Determination

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.2.4.1.1.1.3 and is designated by the Developer as "Confidential Information." The ISO shall within 15 days of a Developer's submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO's request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer's qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO's revocation of a Developer's qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a regulated transmission project as a solution to an identified Reliability Need and

shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and Rate Schedule 10, Section 6.10, of the ISO OATT for any approved project.

31.2.4.2 Interregional Transmission Projects

Interregional Transmission Projects may be proposed under Section 31.2.5.1 of this Attachment Y as regulated backstop solutions, alternative regulated solutions, or market-based solutions, in response to a request by the ISO for solutions to a Reliability Need under the relevant provisions of Section 31.2.4. Interregional Transmission Projects proposed as regulated backstop solutions, alternative regulated solutions or market-based solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of the Reliability Planning Process of this Attachment Y, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol.

31.2.4.3 Regulated Backstop Solutions

31.2.4.3.1 When a Reliability Need is identified in any RNA issued under this tariff, the ISO shall request and the Responsible Transmission Owner shall provide to the ISO, as set forth in Section 31.2.5 below, a proposal for a regulated solution or combination of solutions that shall serve as a backstop to meet the Reliability Need if requested by the ISO due to the lack of sufficient viable market-based solutions to meet such Reliability Needs identified for the Study Period. The Responsible Transmission Owner shall be eligible to recover its costs for developing its proposal and seeking necessary approvals under Rate Schedule 10 of the ISO OATT. Regulated backstop solutions may include generation,

transmission, or demand side resources. Such proposals may include reasonable alternatives that would effectively address the Reliability Need; provided however, the Responsible Transmission Owner's obligation to propose and implement regulated backstop solutions under this tariff is limited to regulated transmission solutions. Prior to providing its response to the RNA, each Responsible Transmission Owner will present for discussion at the ESPWG and TPAS any updates in its LTP that impact a Reliability Need identified in the RNA. The ISO will present at the ESPWG and TPAS any updates to its determination under Section 31.2.2.4.2 with respect to the Transmission Owners' LTPs. Should more than one regulated backstop solution be proposed by a Responsible Transmission Owner to address a Reliability Need, it will be the responsibility of that Responsible Transmission Owner to determine which of the regulated backstop solutions will proceed following a finding by the ISO under Section 31.2.8 of this Attachment Y. The determination by the Responsible Transmission Owner will be made prior to the approval of the CRP which precedes the Trigger Date for the regulated backstop solution with the longest lead time. Contemporaneous with the request to the Responsible Transmission Owner, the ISO shall solicit market-based and alternative regulated responses as set forth in Sections 31.2.4.5 and 31.2.4.7, which shall not be a formal RFP process.

31.2.4.4 Qualifications for Regulated Backstop Solutions

31.2.4.4.1 Submission Requirements for Viability and Sufficiency Assessment

The submission of a regulated backstop solution to a Reliability Need for purposes of the ISO's evaluation under Section 31.2.5 of the viability and sufficiency of the proposed solution and the determination of the Trigger Date for the proposed solution shall include, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Responsible Transmission Owner can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings, as appropriate, and the Responsible Transmission Owner's identification of any Reliability Transmission Upgrade(s) included as a part of a transmission solution; (4) evidence of a commercially viable technology; (5) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, to the extent available, or (b) the Responsible Transmission Owner voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on an ISO-conducted interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or

HH of the ISO OATT, as applicable); (6) a major milestone schedule, as well as identification of any in-service dates for specific components (such as a Reliability Transmission Upgrade) to properly sequence the project to meet the identified need; (7) the schedule for obtaining any permits and other certifications, if available; (8) status of ISO interconnection studies and interconnection agreement, if available; (9) status of equipment availability and procurement, if available; and (10) a description of any Alternative Transmission Technologies or an explanation of Responsible Transmission Owner's determination not to propose these technologies as described in Section 31.2.4.4.1.1.

31.2.4.4.1.1 A Responsible Transmission Owner shall indicate with its project information whether any element of its proposed regulated backstop solution includes Alternative Transmission Technologies. If a Responsible Transmission Owner does not propose to include any of the Alternative Transmission Technologies as part of its regulated backstop solution, the Responsible Transmission Owner shall provide with its project information an explanation detailing why it did not include any of the Alternative Transmission Technologies, including whether it did not include them due to concerns over the costs of upgrading energy management systems.

31.2.4.4.2 Submission Requirements for Evaluation and Selection

31.2.4.4.2.1 The submission of a regulated backstop solution to a Reliability Need for purposes of the ISO's evaluation of the proposed solution for possible selection as the more efficient or cost effective solution to the Reliability Need shall include, at a minimum, the following details: (1) updates to the information required under Section 31.2.4.4.1; (2) the schedule for obtaining required permits

and other certifications; (3) a demonstration of Site Control or a schedule for obtaining such control; (4) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (5) status of ISO interconnection studies and interconnection agreement; (6) status of equipment availability and procurement; (7) evidence of financing or ability to finance the project; (8) capital cost estimates for the project; (9) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; and (10) any other information requested by the ISO.

31.2.4.4.2.2 A Responsible Transmission Owner shall submit the following information to indicate its capital cost estimates for a regulated backstop transmission solution. The Responsible Transmission Owner shall provide the ISO with credible capital cost estimates for its proposed regulated backstop transmission solution, with itemized supporting work sheets that identify all material and labor cost assumptions, and related drawings to the extent applicable and available. The work sheets should include an estimated quantification of cost variance, providing an assumed plus/minus range around the capital cost estimate. The estimate shall include all components that are needed to meet the Reliability Need. To the extent information is available, the Responsible Transmission Owner should itemize: material and labor cost by equipment, engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed project, all in accordance with Good

Utility Practice. For each of these cost categories, the Responsible Transmission Owner should specify the nature and estimated cost of all major project components and estimate the cost of the work to be done at each substation and/or on each feeder to physically and electrically connect each facility to the existing system. The work sheets should itemize to the extent applicable and available all equipment for: (i) the proposed project (separately identifying new transmission facilities and Reliability Transmission Upgrades) and (ii) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT or (b) the Responsible Transmission Owner voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on an ISO-conducted interconnection study or transmission expansion study that are performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, as applicable).

31.2.4.4.2.3 A Responsible Transmission Owner shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be

completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Responsible Transmission Owner as "Confidential Information."

31.2.4.4.2.4 A Responsible Transmission Owner shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.2.4.4.2.5 A Responsible Transmission Owner shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

31.2.4.4.2.6 Upon the completion of any interconnection study or transmission expansion study of a proposed regulated backstop solution that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, the Responsible Transmission Owner of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.2.4.4.3 If the regulated backstop solution does not meet the Reliability Needs, the ISO will provide sufficient information to the Responsible Transmission Owner to determine how the regulated backstop should be modified to meet the identified Reliability Needs. The Responsible Transmission Owner will make necessary changes to its proposed regulated backstop solution to address reliability deficiencies identified by the ISO, and submit a revised proposal to the ISO for review and approval.

31.2.4.5 Market-Based Responses

At the same time that a proposal for a regulated backstop solution is requested from the Responsible Transmission Owner under Section 31.2.4.3, the ISO shall also request market-based responses from the market place. Subject to the execution of appropriately drawn confidentiality agreements and the Commission's standards of conduct, the ISO and the appropriate Transmission Owner or Transmission Owners shall provide any party who wishes to develop such a response access to the data that is necessary to develop its response. Such data shall only be used for the purposes of preparing a market-based response to a Reliability Need

under this section. Such responses will be open on a comparable basis to all resources, including generation, demand response providers, and merchant transmission Developers.

31.2.4.6 Qualifications for a Valid Market-Based Response

The submission of a proposed market-based solution must include, at a minimum: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining Site Control; (8) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place; (9) the status of ISO interconnection studies and interconnection agreement; (10) the status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; and (12) any other information requested by the ISO.

A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as "Confidential Information."

A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) copies of all loan commitment letter(s) and signed financing contract(s), or (ii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available.

Upon the completion of any interconnection study or transmission expansion study of a proposed market-based solution that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

Failure to provide any data requested by the ISO within the timeframe set forth in Section 31.2.5.1 of this Attachment Y will result in the rejection of the proposed market-based solution from further consideration during that planning cycle.

31.2.4.7 Alternative Regulated Responses

31.2.4.7.1 The ISO will request alternative regulated responses to Reliability Needs at the same time that it requests market-based responses and regulated backstop

solutions. Such proposals may include reasonable alternatives that would effectively address the identified Reliability Need.

31.2.4.7.2 In response to the ISO's request, Other Developers may develop alternative regulated proposals for generation, demand side alternatives, and/or other solutions to address a Reliability Need and submit such proposals to the ISO. Transmission Owners, at their option, may submit additional proposals for regulated solutions to the ISO. Transmission Owners and Other Developers may submit such proposals to the NYDPS for review at any time. Subject to the execution of appropriately drawn confidentiality agreements and the Commission's standards of conduct, the ISO and the appropriate Transmission Owner(s) shall provide Other Developers access to the data that is needed to develop their proposals. Such data shall be used only for purposes of preparing an alternative regulated proposal in response to a Reliability Need.

31.2.4.8 Qualifications for Alternative Regulated Solutions

31.2.4.8.1 Submission Requirements for Viability and Sufficiency Assessment

The submission of an alternative regulated solution to a Reliability Need for purposes of the ISO's evaluation under Section 31.2.5 of the viability and sufficiency of the proposed solution and the determination of the Trigger Date for the proposed solution shall include, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Other Developer or Transmission Owner can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size,

and geographic and electrical location, as well as planning and engineering specifications and drawings, as appropriate, and the Other Developer's or Transmission Owner's identification of any Reliability Transmission Upgrade(s) included as a part of a transmission solution; (4) evidence of a commercially viable technology; (5) any Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT or (b) the Other Developer or Transmission Owner voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on an ISO-conducted interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, as applicable); (6) a major milestone schedule, as well as identification of any in-service dates for specific components (such as a Reliability Transmission Upgrade) to properly sequence the project to meet the identified need; (7) the schedule for obtaining any permits and other certifications, if available; (8) status of ISO interconnection studies and interconnection agreement, if available; (9) status of equipment availability and procurement, if available; and (10) for an alternative regulated transmission solution, a description of any Alternative Transmission Technologies or an explanation of Other

Developer's determination not to propose these technologies as described in Section 31.2.4.8.1.1.

31.2.4.8.1.1 An Other Developer shall indicate with its project information whether any element of its proposed alternative regulated transmission solution includes Alternative Transmission Technologies. If an Other Developer does not propose to include any of the Alternative Transmission Technologies as part of its alternative regulated transmission solution, the Other Developer shall provide with its project information an explanation detailing why it did not include any of the Alternative Transmission Technologies, including whether it did not include them due to concerns over the costs of upgrading energy management systems.

31.2.4.8.2 Submission Requirements for Evaluation and Selection

31.2.4.8.2.1 The submission of a proposed alternative regulated solution to a Reliability Need for purposes of the ISO's evaluation of the proposed solution for possible selection as the more efficient or cost effective solution for the Reliability Need must include, at a minimum: (1) updates to the information required under Section 31.2.4.8.1; (2) a demonstration of Site Control or a schedule for obtaining Site Control; (3) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (4) the status of any interconnection studies and interconnection agreement; (5) the schedule for obtaining any required permits and other certifications; (6) the status of equipment availability and procurement; (7) evidence of financing or ability to finance the project; (8) capital cost estimates for the project; (9) a description of permitting or other risks facing the project at the stage of project development, including evidence of the

reasonableness of project cost estimates, all based on the information available at the time of the submission; and (10) any other information requested by the ISO.

31.2.4.8.2.2 An Other Developer or Transmission Owner shall submit the following information to indicate its capital cost estimates for a proposed alternative regulated transmission solution. The Other Developer or Transmission Owner shall provide the ISO with credible capital cost estimates for its proposed alternative regulated transmission solution, with itemized supporting work sheets that identify all material and labor cost assumptions, and related drawings to the extent applicable and available. The work sheets should include an estimated quantification of cost variance, providing an assumed plus/minus range around the capital cost estimate. The estimate shall include all components that are needed to meet the Reliability Need. To the extent information is available, the Other Developer or Transmission Owner should itemize: material and labor cost by equipment, engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed transmission solution, all in accordance with Good Utility Practice. For each of these cost categories, the Other Developer or Transmission Owner should specify the nature and estimated cost of all major project components and estimate the cost of the work to be done at each substation and/or on each feeder to physically and electrically connect each facility to the existing system. The work sheets should itemize to the extent applicable and available all equipment for: (i) the proposed project (separately identifying new transmission facilities and Reliability Transmission Upgrades) and (ii) Network Upgrade Facilities, System

Upgrade Facilities, System Deliverability Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT or (b) the Other Developer or Transmission Owner voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on an ISO-conducted interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, as applicable).

31.2.4.8.2.3 An Other Developer or Transmission Owner shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Other Developer or Transmission Owner as "Confidential Information."

31.2.4.8.2.4 An Other Developer or Transmission Owner shall submit the following information to indicate the status of any required permits: (i) copies of

all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.2.4.8.2.5 An Other Developer or Transmission Owner shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

31.2.4.8.2.6 Upon the completion of any interconnection study or transmission expansion study of a proposed alternative regulated solution that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, the Other Developer or Transmission Owner of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.2.4.8.3 Failure to provide any data requested by the ISO within the timeframe provided in Sections 31.2.5.1 and 31.2.6.1 of this Attachment Y will result in the rejection of the proposed alternative regulated solution from further consideration during that planning cycle. An Other Developer or Transmission Owner sponsoring a proposed alternative regulated solution must notify the ISO immediately of any material change in status of a proposed alternative regulated solution. For purposes of this provision, a material change includes, but is not limited to, a change in the financial viability of the Other Developer or Transmission Owner, a change in the siting status of the project, or a change in a major element of the project's development. If the ISO, at any time, learns of a material change in the status of a proposed alternative regulated solution, it may, at that time, make a determination as to the continued viability of the proposed alternative regulated solution.

31.2.4.9 Additional Solutions

Should the ISO determine that it has not received adequate regulated backstop or market-based solutions to satisfy the Reliability Need, the ISO may, in its discretion, solicit additional regulated backstop or market-based solutions. Other Developers or Transmission Owners may submit additional alternative regulated solutions for the ISO's consideration at that time.

31.2.5 ISO Evaluation of Viability, Sufficiency, and Trigger Date of Proposed Solutions to Reliability Needs

31.2.5.1 Timing for Submittal of Project Information and Developer Qualification Information and Opportunity to Provide Additional Information

31.2.5.1.1 Within 60 days after a request for solutions to a Reliability Need is made by the ISO after completion of the RNA, which time period may be extended by the ISO

pursuant to Section 31.1.8.7, all Developers proposing solutions to an identified Reliability Need shall submit to the ISO for purposes of its evaluation the project information, as applicable, for: (i) a proposed regulated backstop solution under Section 31.2.4.4.1, (ii) a proposed market-based solution under Section 31.2.4.6, or (iii) a proposed alternative regulated solution under Section 31.2.4.8.1 of this Attachment Y. The Developer of a proposed regulated transmission solution must also demonstrate to the ISO, simultaneous with its submission of project information, that it: (i) has submitted a Transmission Interconnection Application under Attachment P to the ISO OATT, (ii) has submitted an Interconnection Request for a Class Year Transmission Project under Attachment X to the ISO OATT, or (iii) has completed a Cluster Study Process for a Cluster Study Transmission Project under Attachment HH to the ISO OATT.

31.2.5.1.2 Any Developer that the ISO has determined under Section 31.2.4.1.1.2 or as set forth in this Section 31.2.5.1 below to be qualified to propose to develop a project as a transmission solution to an identified Reliability Need may submit the required project information; *provided, however,* that: (i) the Developer shall provide a non-refundable application fee of $10,000 and (ii) based on the actual identified need, the ISO may request that the qualified Developer provide additional Developer qualification information. Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.2.4.1.1 within 30 days after a request for solutions is made by the ISO. The ISO shall within 30 days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer qualification information or project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the additional Developer qualification information or

the required project information will not be eligible for its project to be considered in that planning cycle.

31.2.5.1.3 If the Responsible Transmission Owner, Transmission Owner, or Other Developer submits Confidential Information, as defined in Section 31.2.12, as part of its project information submitted pursuant to Sections 31.2.4.4 or 31.2.4.8, the Responsible Transmission Owner, Transmission Owner, or Other Developer shall submit redacted and un-redacted versions of the project information.

31.2.5.2 Comparable Evaluation of All Proposed Solutions

The ISO shall evaluate: (i) any proposed market-based solution submitted by a Developer pursuant to Section 31.2.4.5, (ii) any proposed regulated backstop solution submitted by a Responsible Transmission Owner pursuant to Section 31.2.4.3, and (iii) any proposed alternative regulated solution submitted by a Transmission Owner or Other Developer pursuant to Section 31.2.4.7. The ISO will evaluate whether each proposed solution is viable and is sufficient to satisfy the identified Reliability Need by the need date pursuant to Sections 31.2.5.3 and 31.2.5.4. The proposed solutions may include multiple components and resource types. When evaluating proposed solutions to Reliability Needs from any Developer, all resource types – generation, transmission, demand response, or a combination of these resource types – shall be considered on a comparable basis as potential solutions to the Reliability Needs identified. All solutions will be evaluated in the same general time frame.

31.2.5.3 Evaluation of Viability of Proposed Solution

The ISO will determine the viability of a solution – transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Reliability Need. For purposes of its analysis, the ISO will evaluate whether: (i) the Developer has provided the

required Developer qualification data pursuant to Section 31.2.4.1 and the required project information data under Sections 31.2.4.4.1, 31.2.4.6, or 31.2.4.8.1; (ii) the proposed solution is technically practicable; (iii) the Developer has indicated possession of, or an approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) the proposed solution can be completed in the required timeframe. If the ISO determines that the proposed solution is not viable and, for regulated solutions, the Developer does not address any identified deficiency pursuant to Section 31.2.5.6, the ISO shall reject the proposed solution from further consideration during that planning cycle.

31.2.5.4 Evaluation of Sufficiency of Proposed Solution

The ISO will perform a comparable analysis of each proposed solution – transmission, generation, demand response, or a combination of these resource types – through the Study Period to identify whether it satisfies the Reliability Need(s). The ISO will evaluate each solution to determine whether the solution proposed by the Developer fully eliminates the Reliability Need(s). If the ISO determines that a proposed regulated solution is not sufficient and the Developer does not address any identified deficiency pursuant to Section 31.2.5.6, the ISO shall reject the proposed regulated solution from further consideration during that planning cycle.

31.2.5.5 Establishment of Trigger Date of Proposed Regulated Solutions

Upon receipt of all Developers' proposed regulated solutions pursuant to Section 31.2.5.1, the ISO will notify all Developers if any Developer has proposed a lead time for the implementation of its regulated solution that could result in a Trigger Date for the regulated solution within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, provided that the ISO will not disclose the identity of

such Developer or the details of its project at that time. The ISO will independently analyze the lead time proposed by each Developer for the implementation of its regulated solution. The ISO will use the Developer's estimate and the ISO's analysis to establish the ISO's Trigger Date for each regulated solution. The ISO will also establish benchmark lead times for proposed market-based solutions.

31.2.5.6 Resolution of Deficiencies

Following initial review of the proposals, as described above, ISO staff will identify any reliability deficiencies in each of the proposed solutions. The Responsible Transmission Owner, Transmission Owner or Other Developer will discuss any identified deficiencies with the ISO staff. Other Developers and Transmission Owners that propose alternative regulated solutions shall have the option to remedy their proposals to address any deficiency within 30 days of notification by the ISO. With respect to regulated backstop solutions proposed by a Responsible Transmission Owner pursuant to Section 31.2.4.3, the Responsible Transmission Owner shall make necessary changes to its proposed backstop solution to address any reliability deficiencies identified by the ISO, and submit a revised proposal to the ISO for review within 30 days. The ISO shall review all such revised proposals to determine whether the identified deficiencies have been resolved.

31.2.5.7 ISO Report of Evaluation Results

The ISO shall present its Viability and Sufficiency Assessment to stakeholders, interested parties, and the NYDPS for comment and will indicate at that time whether any of the proposed regulated solutions found to be viable and sufficient under this Section 31.2.5 will have a Trigger Date within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG.

The ISO shall report in the CRP the results of its evaluation under this Section 31.2.5: (i) whether each proposed regulated backstop solution, alternative regulated solution, and market-based solution is viable and is sufficient to satisfy the identified Reliability Need by the need date, and (ii) the Trigger Dates for the proposed regulated solutions.

31.2.6 ISO Evaluation and Selection of Proposed Regulated Transmission Solutions

31.2.6.1 Submission of Project Information for Selection of Proposed Regulated Transmission Solution

If the ISO determines that the Trigger Date of any Developer's proposed regulated solution that was found to be viable and sufficient under Section 31.2.5 will occur within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, the ISO will request that all Developers of regulated transmission solutions that the ISO determined were viable and sufficient submit to the ISO their project information, as applicable, for: (i) a proposed regulated backstop transmission solution under Section 31.2.4.4.2, or (ii) a proposed alternative regulated transmission solution under Section 31.2.4.8.2. If the ISO determines that none of the Developers' proposed regulated solutions that were found to be viable and sufficient under Section 31.2.5 have a Trigger Date that will occur within the thirty-six month period, the ISO will not request further project information, perform the evaluation, or make a selection of a more efficient or cost effective regulated solution under this Section 31.2.6 for that planning cycle.

The ISO will make its request, if necessary, for project information under this Section 31.2.6.1 sufficiently in advance of the earliest Trigger Date of the viable and sufficient regulated solutions to enable the ISO to evaluate and select the more efficient or cost effective transmission solution. Upon the ISO's request for project information, the Developers shall

submit such information for their regulated transmission solution within thirty (30) days, which time period may be extended by the ISO pursuant to Section 31.1.8.7. The Developer must include with its project information: (i) for a regulated transmission solution that is subject to the Transmission Interconnection Procedures a demonstration that it has an executed System Impact Study Agreement under Attachment P to the ISO OATT or (ii) for a regulated transmission solution that is subject to the Class Year Study process in Attachment X to the ISO OATT a demonstration that its System Reliability Impact Study has commenced. A Developer shall submit additional project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the required project information will not be eligible for its project to be considered in that planning cycle.

31.2.6.2 Study Deposit for Proposed Regulated Transmission Solutions

A Developer that proposes a regulated backstop transmission solution or an alternative regulated transmission solution to satisfy the identified Reliability Need shall submit to the ISO, at the same time that it provides the project information required pursuant to Section 31.2.6.1, a study deposit of $100,000, which shall be held in an interest-bearing account for which the interest earned will be associated with the Developer and shall be applied to study costs and subject to refund as described in this Section 31.2.6.2.

The ISO shall charge, and a Developer proposing a regulated backstop transmission solution or an alternative regulated transmission solution shall pay, the actual costs of the ISO's evaluation of the Developer's proposed transmission solution for purposes of the ISO's selection of the more efficient or cost effective transmission solution to satisfy a Reliability Need for cost allocation purposes, including costs associated with the ISO's use of subcontractors. The ISO will track its staff and administrative costs, including any costs associated with using

subcontractors, that it incurs in performing the evaluation of a Developer's proposed transmission solution under this Section 31.2.6 and any supplemental evaluation or re-evaluation of the proposed transmission solution. If the ISO or its subcontractors perform study work for multiple proposed transmission solutions on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers. The ISO shall invoice the Developer monthly for study costs incurred by the ISO in evaluating the Developer's proposed transmission solution as described above. Such invoice shall include a description and an accounting of the study costs incurred by the ISO and estimated subcontractor costs. The Developer shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit until settlement of the final monthly invoice; *provided, however,* if a Developer: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described below, the ISO may draw upon the study deposit to recover the owed amount. If the ISO must draw on the study deposit, the ISO shall provide notice to the Developer, and the Developer shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Developer fails to make such payments, the ISO may halt its evaluation of the Developer's proposed transmission solution and may disqualify the Developer's proposed transmission solution from further consideration. After the conclusion of the ISO's evaluation of the Developer's proposed transmission solution or if the Developer: (i) withdraws its proposed transmission solution or (ii) fails to pay an invoiced amount and the ISO halts its evaluation of the proposed transmission solution, the ISO shall issue a final invoice and refund to the Developer any portion of the Developer's study deposit submitted to the ISO under this Section 31.2.6.2 and any interest

actually earned on the deposited amount that together exceeds the outstanding amounts that the ISO has incurred in evaluating that Developer's proposed transmission solution. The ISO shall refund the remaining portion within sixty (60) days of the ISO's receipt of all final invoices from its subcontractors and involved Transmission Owners.

In the event of a Developer's dispute over invoiced amounts, the Developer shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Developer fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform its evaluation of the Developer's proposed transmission solution. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) Calendar Days after resolution of the dispute, the Developer will pay the ISO any amounts due with interest actually earned on such amounts.

31.2.6.3 Evaluation of System Impact of Proposed Regulated Transmission Solution

A proposed regulated transmission solution that will have a significant adverse impact on the reliability of the New York State Transmission System shall not be eligible for selection by the ISO under Section 31.2.6.5. The ISO shall evaluate the system impacts for the entire Study Period of a proposed regulated transmission solution that the ISO has determined under Section 31.2.5 is viable and sufficient. As part of this evaluation, the ISO shall give due consideration to the results of: (i) any completed System Impact Study performed in accordance with Attachment P to the ISO OATT, (ii) any completed System Reliability Impact Study for a Class Year Transmission Project performed in accordance with Attachment X to the ISO OATT, or (iii) any completed Cluster Study for a Cluster Study Transmission Project performed in accordance with

Attachment HH to the ISO OATT, as applicable. The ISO shall perform power flow and short circuit studies for the proposed regulated transmission solutions and additional studies, as appropriate. If the ISO identifies a significant adverse impact based on these studies, the ISO shall request that the Developer make an adjustment to its proposed regulated transmission solution to address this impact and remain eligible for selection. The Developer shall submit the adjustment within 30 days of the ISO's notification.

If the Developer modifies its proposed regulated transmission solution, the ISO shall confirm that the adjusted solution still satisfies the viability and sufficiency requirements set forth in Section 31.2.5. If the ISO determines that the proposed regulated transmission solution does not satisfy the viability and sufficiency requirements or continues to have a significantly adverse impact on the reliability of the New York State Transmission System, the ISO shall remove the proposed solution from further consideration during that planning cycle.

31.2.6.4 Evaluation of Regional Transmission Solutions to Address Local and Regional Reliability Needs More Efficiently or More Cost Effectively Than Local Transmission Solutions

The ISO will review the LTPs as they relate to BPTFs. The results of the ISO's analysis will be reported in the CRP.

31.2.6.4.1 Evaluation of Regional Transmission Solutions to Address Local Reliability Needs Identified in Local Transmission Plans More Efficiently or More Cost Effectively than Local Transmission Solutions

The ISO, using engineering judgment, will determine whether proposed regional transmission solutions on the BPTFs may more efficiently or cost effectively satisfy reliability needs identified in the LTPs. If the ISO identifies that a regional transmission solution on the BPTFs has the potential to more efficiently or cost effectively satisfy the reliability need identified in the LTPs, it will perform a sensitivity analysis to determine whether the proposed

regional transmission solution on the BPTFs would satisfy the reliability needs identified in the LTPs. If the ISO determines that the proposed regional transmission solutions on the BPTFs would satisfy the reliability need, the ISO will evaluate the proposed regional transmission solution using the metrics set forth in Section 31.2.6.5.1 to determine whether it may be a more efficient or cost effective solution on the BPTFs to satisfy the reliability needs identified in the LTPs than the local solutions proposed in the LTPs.

31.2.6.4.2 Evaluation of Regional Transmission Solutions to Address Regional Reliability Needs More Efficiently or More Cost Effectively than Local Transmission Solutions

As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a regional transmission solution might more efficiently or more cost effectively satisfy an identified regional Reliability Need on the BPTFs that impacts more than one Transmission District than any local transmission solutions identified by the Transmission Owners in their LTPs in the event the LTPs specify such transmission solutions are included to address local reliability needs.

31.2.6.5 ISO Selection of More Efficient or Cost Effective Transmission Solution for Cost Allocation Purposes

A proposed regulated transmission solution – including a regulated backstop transmission solution submitted by a Responsible Transmission Owner pursuant to Section 31.2.4.3 and an alternative regulated transmission solution submitted by a Transmission Owner or Other Developer pursuant to Section 31.2.4.7 – that the ISO has determined satisfies the viability and sufficiency requirements in Section 31.2.5 and the system impact requirements in Section 31.2.6.3 shall be eligible under this Section 31.2.6.5 for selection in the CRP for the purpose of cost allocation and recovery under the ISO Tariffs. The ISO shall evaluate any eligible proposed

regulated transmission solutions for the planning cycle using the metrics set forth in Section 31.2.6.5.1 below. For purposes of this evaluation, the ISO will review the information submitted by the Developer and determine whether it is reasonable and how such information should be used for purposes of the ISO evaluating each metric. In its review, the ISO will give due consideration to the status of, and any available results of, any applicable interconnection or transmission expansion studies concerning the proposed regulated transmission solution performed in accordance with Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant's analysis in evaluating each metric. The ISO shall select in the CRP for cost allocation purposes the more efficient or cost effective transmission solution to satisfy a Reliability Need in the manner set forth in Section 31.2.6.5.3 below.

31.2.6.5.1 Metrics for Evaluating More Efficient or Cost Effective Regulated Transmission Solution to Satisfy Reliability Need

In determining which of the eligible proposed regulated transmission solutions is the more efficient or cost effective solution to satisfy the Reliability Need, the ISO will consider, and will consult with the NYDPS regarding, the following metrics set forth in this Section 31.2.6.5.1 and rank each proposed solution based on the quality of its satisfaction of these metrics:

31.2.6.5.1.1 The capital cost estimates for the proposed regulated transmission solutions, including the accuracy of the proposed estimates.

31.2.6.5.1.2 The cost per MW ratio of the proposed regulated transmission solutions. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed solution in current year dollars. The ISO will then determine the MW value of the solution by summing the Reliability Need, in

MW, with the additional improvement, in MW, that the proposed solution offers beyond serving the Reliability Need. The ISO will then determine the cost per MW ratio by dividing the present worth of the total capital cost by the MW value.

31.2.6.5.1.3 The expandability of the proposed regulated transmission solution. The ISO will consider the impact of the proposed solution on future construction. The ISO will also consider the extent to which any subsequent expansion will continue to use this proposed solution within the context of system expansion.

31.2.6.5.1.4 The operability of the proposed regulated transmission solution. The ISO will consider how the proposed solution may affect additional flexibility in operating the system, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed solution may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions.

31.2.6.5.1.5 The performance of the proposed regulated transmission solution. The ISO will consider how the proposed project may affect the utilization of the system (*e.g.* interface flows, percent loading of facilities).

31.2.6.5.1.6 The extent to which the Developer of a proposed regulated transmission solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider whether the Developer: (i) already possesses the rights of way necessary to implement the solution; (ii) has

completed a transmission routing study, which (a) identifies a specific routing plan with alternatives, (b) includes a schedule indicating the timing for obtaining siting and permitting, and (c) provides specific attention to sensitive areas (e.g., wetlands, river crossings, protected areas, and schools); or (iii) has specified a plan or approach for determining routing and acquiring property rights.

31.2.6.5.1.7 The potential issues associated with delay in constructing the proposed regulated transmission solution consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

31.2.6.5.2 Identification of Reliability Transmission Upgrades in Regulated Transmission Solutions

At least 30 Calendar Days prior to the ISO's presentation of the initial draft of the CRP to stakeholders, the ISO shall post on its website a list of facilities that make up the regulated backstop transmission solutions and alternative regulated transmission solutions (but not including any potential interconnection facilities) that were determined to be viable and sufficient pursuant to Section 31.2.5.2 of the ISO OATT provided that one or more regulated solution has a Trigger Date within 36 months of the ISO's presentation of the viability and sufficiency assessment. The list will identify which transmission facilities are new facilities and which transmission facilities satisfy the definition of a Reliability Transmission Upgrade. For those facilities that satisfy the definition of a Reliability Transmission Upgrade, the list will also specify the Transmission Owner that owns the existing transmission facility that is proposed to be upgraded by an identified Reliability Transmission Upgrade, to the extent such information is available. The ISO shall also post on its website a list of interconnection facilities identified in proposals submitted by Developers in accordance with Sections 31.2.4.4 and 31.2.4.8 of the ISO

OATT; however, this list of interconnection facilities shall be for informational purposes only and separate from the list of new transmission facilities and Reliability Transmission Upgrades. With the exception of the list of interconnection facilities, any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Reliability Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the ISO's posting of the list pursuant to this Section 31.2.6.5.2, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) as provided in Section 31.1.8.4 of this Attachment Y. The ISO shall post on its website the final list pursuant to this Section 31.2.6.5.2 on or before the presentation of the draft CRP to the ISO's Operating Committee.

31.2.6.5.3 ISO Selection of More Efficient or Cost Effective Regulated Transmission Solution to Satisfy Reliability Need

The ISO shall select under this Section 31.2.6.5.3 the proposed regulated transmission solution, if any, that is the more efficient or cost effective transmission solution proposed in the planning cycle to satisfy the identified Reliability Need. The ISO shall report the selected regulated transmission solution in the CRP.

The selected regulated transmission solution reported in the CRP shall be eligible to be triggered by the ISO to satisfy the identified Reliability Need pursuant to Section 31.2.8 at any point within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG. An Other Developer or Transmission Owner of an alternative regulated transmission project shall not be eligible for cost allocation and cost recovery under the ISO OATT for its project unless its project is selected pursuant to this Section 31.2.6.5.3. Once such project is selected, the Other Developer or Transmission Owner shall be eligible for cost allocation and cost recovery under the ISO OATT for its project. Within thirty

(30) days of the ISO's selection of an alternative regulated transmission solution, the Other Developer or Transmission Owner shall submit to the ISO for the ISO's approval a proposed schedule and scope of work that describe the preparation work, if any, that the Developer must perform prior to the Trigger Date of the project, including a good faith estimate of the costs of such work. Costs will be recovered when the project enters into service, is halted, or as otherwise determined by the Commission in accordance with the cost recovery requirements set forth in Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT. Actual project cost recovery, including any issues related to cost recovery and project cost overruns, will be submitted to and decided by the Commission.

31.2.7 Comprehensive Reliability Plan

Following the ISO's evaluation of the proposed market-based and regulated solutions to Reliability Need(s), the ISO will prepare a draft CRP that sets forth the ISO's findings regarding the viability and sufficiency of solutions, the trigger dates of regulated solutions, and any recommendations that implementation of regulated solutions (which may be a Gap Solution) is necessary to ensure system reliability. The draft CRP will reflect any input from the NYDPS. If the CRP cannot be completed in the two-year planning cycle, the ISO will notify stakeholders and provide an estimated completion date and an explanation of the reasons the additional time is required. The ISO will include in the draft CRP a description of any Alternative Transmission Technologies that Developers propose to include as part of their regulated backstop solutions or alternative regulated transmission solutions, along with a summary of any Developers' explanations of their determinations not to propose Alternative Transmission Technologies as part of their proposed regulated backstop solutions or alternative regulated transmission solutions.

The ISO will include in the draft CRP the list of Developers that qualify pursuant to Section 31.2.4.1 and will identify the proposed solutions that it has determined under Section 31.2.5 are viable and sufficient to satisfy the identified Reliability Need(s) by the need date. The ISO will identify in the CRP the regulated backstop solution that the ISO has determined will meet the Reliability Need by the need date and the Responsible Transmission Owner.

If the ISO determines at the time of the issuance of the CRP that sufficient market-based solutions will not be available in time to meet a Reliability Need, and finds that it is necessary to take action to ensure reliability, it will state in the CRP that the development of regulated solutions (regulated backstop or alternative regulated solution) is necessary. The draft CRP will also include the results of the ISO's analysis of the LTPs consistent with Section 31.2.6.4.

The draft CRP shall indicate whether the ISO has determined that the Trigger Date to any proposed regulated solution will occur within thirty-six months of the date of ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG. If the Trigger Date of any proposed regulated solution will occur within the thirty-six month period and the ISO makes a selection of the more efficient or cost effective transmission solution under Section 31.2.6.5.3, the draft CRP shall include the regulated transmission solution selected for cost allocation purposes pursuant to Section 31.2.6.5.3 as the more efficient or cost effective transmission solution to satisfy the Reliability Need(s) and shall indicate whether that transmission solution should be triggered.

The draft CRP shall preliminarily identify (i) the Designated Reliability Transmission Project(s) that make up the regulated transmission solution selected by the ISO as the more efficient or cost effective solution and the regulated backstop transmission solution (if different) and (ii) the Designated Entity responsible for each Designated Reliability Transmission Project. These designations will be finalized in accordance with Section 31.2.7.5 of the ISO OATT. A

Designated Reliability Transmission Project will contain all of the facilities that the ISO preliminarily identifies as being designated to a particular Designated Entity. For purposes of this preliminary designation, the Developer that proposed a regulated transmission solution will be identified by the ISO as the Designated Entity for those facilities of its regulated transmission solution that do not meet the definition of Reliability Transmission Upgrade, which facilities shall constitute a Designated Reliability Transmission Project. If more than one Developer jointly proposes the regulated transmission solution, then they will collectively be the Designated Entity and jointly and severally responsible for the completion of the Designated Reliability Transmission Project. If any facilities of the selected regulated transmission solution or regulated backstop transmission solution (if different) meet the definition of a Reliability Transmission Upgrade, the Transmission Owner owning the existing transmission facility(ies) to be upgraded will be identified by the ISO as the Designated Entity for the Reliability Transmission Upgrade(s), which Reliability Transmission Upgrade(s) shall constitute a separate Designated Reliability Transmission Project.

The draft CRP shall also indicate the date by which a solution must be in-service to satisfy the Reliability Need. The in-service date for a selected regulated transmission solution or regulated backstop transmission solution (if different) shall apply to all Designated Reliability Transmission Projects that comprise that solution regardless of the Designated Entity; *provided, however*, that the draft CRP may also include specific dates by which one or more of the Designated Reliability Transmission Projects must be in service in order for the selected alternative regulated transmission or regulated backstop transmission solution to meet the overall in-service date to satisfy the Reliability Need.

If: (i) none of the proposed regulated solutions has a Trigger Date within the thirty-six month period, or (ii) the Trigger Date of any proposed regulated solution will occur within the thirty-six month period but the ISO determines in its discretion that it is not necessary at that time to select a more efficient or cost effective transmission solution under Section 31.2.6.5.3 prior to the completion of the CRP, the draft CRP will not select a regulated transmission solution. If: (i) the Trigger Date of any proposed regulated solution will occur within the thirty-six month period, and (ii) the ISO selects a more efficient or cost effective solution subsequent to the completion of the CRP but prior to the completion of that thirty-six month period, the ISO shall issue an updated CRP pursuant to Section 31.2.7.3 that indicates the regulated transmission solution selected for cost allocation purposes pursuant to Section 31.2.6.5.3 as the more efficient or cost effective transmission solution to satisfy the Reliability Need(s) whether that transmission solution should be triggered, and the date by which a solution must be in-service to satisfy the Reliability Need.

The draft CRP shall include a comparison of a proposed regional solution to an identified Reliability Need to an Interregional Transmission Project identified and evaluated under the "Analysis and Consideration of Interregional Transmission Projects" section of the Interregional Planning Protocol, if any. An Interregional Transmission Project proposed in the Reliability Planning Process may be selected as a market based response, regulated backstop solution, or an alternative regulated solution under the provisions of the Reliability Planning Process.

31.2.7.1 Collaborative Governance Process

The ISO staff shall submit the draft CRP to the TPAS and ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft CRP. The information made available will be electronically

masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of the TPAS and ESPWG review, the draft CRP reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Operating Committee for a discussion and action. The ISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft CRP is to be presented. Following the Operating Committee vote, the draft CRP will be transmitted to the Management Committee for a discussion and action.

31.2.7.2 Board Review, Consideration, and Approval of CRP

Following the Management Committee vote, the draft CRP, with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft CRP will also be provided to the Market Monitoring Unit for its review and consideration of whether market rule changes are necessary to address an identified failure, if any, in one of the ISO's competitive markets. The Board may approve the draft CRP as submitted or propose modifications on its own motion, including the recommendations regarding the selection of transmission projects for cost allocation and cost recovery under the ISO Tariffs if such selection will occur during that planning cycle. If any changes are proposed by the Board, the revised CRP shall be returned to the Management Committee for comment. The Board shall not make a final determination on the draft CRP until it has reviewed the Management Committee comments. Upon final approval by the Board, the ISO shall issue the CRP to the marketplace by posting the CRP on its website. The ISO will provide the CRP to the appropriate regulatory agency(ies) for consideration and appropriate action.

The responsibilities of the Market Monitoring Unit that are addressed in the above section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.3 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.2.7.3 Updated CRP

If, pursuant to Section 31.2.7, the ISO identifies a proposed regulated transmission solution as the more efficient or cost effective transmission solution following the completion of the CRP, the ISO will prepare a draft updated CRP that indicates (i) the regulated transmission solution recommended for selection for cost allocation purposes pursuant to Section 31.2.6.5.3 as the more efficient or cost effective transmission solution to satisfy the Reliability Need(s) and any regulated backstop transmission solution that the ISO determined to be viable and sufficient, (ii) whether a regulated transmission solution should be triggered at that time, (iii) the date by which a solution must be in-service to satisfy the Reliability Need, and (iv) the preliminarily identification of the Designated Reliability Transmission Project(s) that comprise the recommended regulated transmission solution or regulated backstop transmission solution (if different) and the Designated Entity responsible for each Designated Reliability Transmission Project, which designations will be finalized in accordance with Section 31.2.7.5 of the ISO OATT. The draft updated CRP shall be reviewed in accordance with the stakeholder process set forth in Section 31.2.7.1 and will be then forwarded to the ISO Board for its review and action pursuant to Section 31.2.7.2.

31.2.7.4 Reliability Disputes

Notwithstanding any provision to the contrary in this Attachment, the ISO OATT, or the ISO Services Tariff, in the event that a Market Participant or other interested party raises a dispute solely within the NYPSC's jurisdiction concerning ISO's final determination in the CRP

that a proposed solution will or will not meet a Reliability Need, a Market Participant or other interested party seeking further review shall refer such dispute to the NYPSC for resolution, as provided for in the ISO Procedures. The NYPSC's final determination of such disputes shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

31.2.7.5 Transmission Owner's Responsibility to Notify the ISO

Within 60 Calendar Days following the posting of a CRP, or an updated CRP, that is approved by the Board of Directors and that identifies a proposed regulated transmission solution as the more efficient or cost effective transmission solution or a proposed regulated backstop transmission solution (if different), a Transmission Owner that has been identified as a Designated Entity for a Designated Reliability Transmission Project shall provide notice to the ISO if the Transmission Owner does not intend to exercise its right under Section 31.1.10.4 of this Attachment Y to build, own, and recover the cost of the Reliability Transmission Upgrade(s) and serve as the Designated Entity for the Designated Reliability Transmission Project identified for the Transmission Owner in the CRP, or updated CRP. If the Transmission Owner notifies the ISO of its rejection to be the Designated Entity for one or more Reliability Transmission Upgrades identified for its Designated Reliability Transmission Project, the Developer that proposed the alternative regulated transmission solution and/or regulated backstop transmission solution shall be the Designated Entity for such Reliability Transmission Upgrades, which shall be incorporated into that Developer's Designated Reliability Transmission Project. If the Transmission Owner does not take action within the 60 Calendar Days with regard to one or more Reliability Transmission Upgrades identified for its Designated Reliability Transmission Project, the Transmission Owner shall be the Designated Entity concerning such Reliability

Transmission Upgrade(s) and shall have the obligations of a Designated Entity set forth in the ISO OATT, ISO Procedures, and a Development Agreement entered into by the Designated Entity and the ISO in accordance with Section 31.2.8.1.6 of this Attachment Y for constructing and placing the Reliability Transmission Upgrade(s) in service to address the Reliability Need.

31.2.7.6 Posting of Approved Solutions

Following the later of the approval of the CRP or an updated CRP by the Board of Directors or the conclusion of the period identified in Section 31.2.7.5 of the ISO OATT, if applicable, the ISO shall post on its website a list of (i) all Developers that have undertaken a commitment to the ISO to build a market-based response or gap solution and/or (ii) all Designated Entities that are responsible for a Designated Reliability Transmission Project that is necessary to ensure system reliability, as identified in the CRP and approved by the appropriate governmental agency(ies) and/or authority(ies).

31.2.8 Determination of Necessity

31.2.8.1 Determination of Necessity of a Regulated Solution

31.2.8.1.1 The ISO shall review proposals for market-based solutions pursuant to Sections 31.2.5, 31.2.8.3, and 31.2.13.1 of this Attachment Y. The ISO will not trigger a regulated solution if, based on this review, it determines prior to or at the Trigger Date for a regulated solution: (i) that sufficient market-based solutions are timely progressing to meet the Reliability Need by the need date or (ii) that, based upon circumstances at the time of the review, there is no longer a Reliability Need. If the ISO decides not to trigger a regulated backstop solution or selected alternative regulated transmission solution, the Responsible Transmission Owner, Other Developer, or Transmission Owner will be eligible to recover its costs incurred up to that point in the same manner it may recover the costs of a halted project in accordance with Section 31.2.8.2.1 for the Responsible Transmission Owner and Section 31.2.8.2.2 for the Other Developer or Transmission Owner.

31.2.8.1.2 If: (i) the ISO determines that there are not sufficient market-based solutions to meet the identified Reliability Need by the need date and that there continues to be a Reliability Need, (ii) the regulated backstop solution proposed by the Responsible Transmission Owner is the only proposed viable and sufficient regulated solution or is selected by the ISO as the more efficient or cost effective transmission solution to meet the identified Reliability Need, and (iii) the Trigger Date for the regulated backstop solution has or will occur within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, the ISO will trigger the regulated backstop solution at its Trigger

Date. The ISO will inform the Designated Entity(ies) of the Designated Backstop Transmission Project(s) that it should submit or the Responsible Transmission Owner that it should submit the regulated backstop solution containing non-transmission components, as applicable, to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the solution. In response to the ISO's request, the Designated Entity(ies) and/or Responsible Transmission Owner shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies).

31.2.8.1.3 If: (i) the ISO determines that there are not sufficient market-based solutions to meet the identified Reliability Need by the need date and that there continues to be a Reliability Need; (ii) the ISO selects an alternative regulated transmission solution as the more efficient or cost-effective transmission solution to meet the identified Reliability Need; (iii) the Trigger Date for the regulated backstop solution is later than the Trigger Date for the selected alternative regulated transmission solution; and (iv) the Trigger Date for the selected alternative regulated transmission solution has or will occur within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, the ISO shall trigger the selected alternative regulated transmission solution at its Trigger Date. The ISO will inform the Designated Entity(ies) of the Designated Alternative Transmission Project(s) that it should submit the Designated Alternative Transmission Project(s) to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the solution. In response to the ISO's

request, the Designated Entity(ies) shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies). Prior to the Trigger Date for the regulated backstop solution, the ISO will review the status of the development by the Designated Entity(ies) of the Designated Alternative Transmission Project(s), including, but not limited to, reviewing: (i) whether the Designated Entity(ies) has executed a Development Agreement or requested that it be filed unexecuted with the Commission pursuant to Section 31.2.8.1.6; (ii) whether the Designated Entity(ies) is timely progressing against the milestones set forth in the Development Agreement; and (iii) the status of the required permits or authorizations, including whether the Designated Entity(ies) has received its Article VII or Article VIII certification or other applicable siting permits or authorizations under New York State law. If, based on its review, the ISO determines prior to or at the Trigger Date for the regulated backstop solution that it is necessary for the Designated Entity(ies) of the Designated Backstop Transmission Project(s) or the Responsible Transmission Owner of the regulated backstop solution containing non-transmission components, as applicable, to proceed with the regulated backstop solution in parallel with the selected alternative regulated transmission solution to ensure the identified Reliability Need is satisfied by the need date, the ISO will trigger the regulated backstop solution and report to stakeholders the reasons for its determination. The Designated Entity(ies) of the Designated Backstop Transmission Project(s) or the Responsible Transmission Owner of the regulated backstop solution containing non-transmission components, as applicable, shall proceed with due diligence to

develop its project in accordance with Good Utility Practice and to submit its proposed project to the appropriate governmental agency(ies) and/or authority(ies), unless or until notified by the ISO that it has determined that the regulated backstop solution is no longer needed as described in Section 31.2.8.2.1 below. If, based on its review, the ISO decides not to trigger the regulated backstop solution, the ISO will notify the Designated Entity(ies) of the Designated Backstop Transmission Projects or the Responsible Transmission Owner of the regulated backstop solution containing non-transmission components, as applicable, that its regulated backstop solution is no longer needed and will not be triggered. In such case, the Designated Entity(ies) or Responsible Transmission Owner shall be eligible to recover its costs incurred up to that point in the same manner as it may recover the costs of a halted project in accordance with Section 31.2.8.2.1.

31.2.8.1.4 If: (i) the ISO determines that there are not sufficient market-based solutions to meet the identified Reliability Need by the need date and that there continues to be a Reliability Need; (ii) the ISO selects an alternative regulated transmission solution as the more efficient or cost-effective transmission solution to meet the identified Reliability Need; (iii) the Trigger Date for the regulated backstop solution is earlier than the Trigger Date for the selected alternative regulated transmission solution; and (iv) the Trigger Date for the regulated backstop solution has or will occur within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, the ISO shall trigger both the selected alternative regulated transmission solution

and the regulated backstop solution at the Trigger Date for the regulated backstop solution. The ISO will inform the Designated Entity(ies) of the Designated Reliability Transmission Project(s) or Responsible Transmission Owner that proposed the regulated backstop solution containing non-transmission components, as applicable, and the Designated Entity(ies) of the Designated Reliability Transmission Project(s) that they should submit the proposed projects to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the projects. In response to the ISO's request, the Designated Entity(ies) and/or the Responsible Transmission Owner shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies).

31.2.8.1.5 The ISO may make its determination regarding the triggering of a regulated solution pursuant to Sections 31.2.8.1.1 through 31.2.8.1.4 in the CRP or at any time before the approval of the next CRP.

31.2.8.1.6 A Designated Entity(ies) must enter into a Development Agreement with the ISO for its Designated Reliability Transmission Project, which project may include all or a portion of: (i) a regulated transmission solution selected by the ISO as the more efficient or cost-effective transmission solution to the Reliability Need, (ii) a regulated backstop transmission solution triggered by the NYISO pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4, or (iii) a selected alternative regulated transmission solution for which the Responsible Transmission Owner has agreed to become the Designated Entity to complete pursuant to Section 31.2.10.1.4. The ISO shall tender the Designated Entity(ies) a

draft Development Agreement with draft appendices as soon as reasonably practicable considering the project's Trigger Date following, as applicable: (i) the ISO's selection of the proposed regulated transmission solution, (ii) the ISO's triggering of a regulated backstop transmission solution pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4, or (iii) the Responsible Transmission Owner's agreement to complete an alternative regulated transmission solution pursuant to Section 31.2.10.1.4. The draft will be completed by the ISO to the extent practicable for review and completion by the Developer. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement, which is in Appendix C in Section 31.7 of this Attachment Y. Each Designated Entity will receive a separate Development Agreement for its Designated Reliability Transmission Project. Each Designated Entity shall coordinate with any other Designated Entity for a Designated Reliability Transmission Project(s) that is a portion of the regulated transmission solution, to the extent feasible. The ISO and each Designated Entity shall finalize the Development Agreement and appendices and negotiate concerning any disputed provisions. For purposes of finalizing the Development Agreement, the ISO and Designated Entity shall develop the description and dates for the milestones necessary to develop and construct the selected project by the required in-service date identified in the CRP or updated CRP, as applicable, including the milestones for obtaining all necessary authorizations. Any milestone that requires action by another Designated Entity or a Connecting Transmission Owner or Affected System Operator identified pursuant to Attachment P of the ISO OATT

to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

Unless otherwise agreed by the ISO and the Designated Entity, the Designated Entity must execute the Development Agreement within three (3) months of the ISO's tendering of the draft Development Agreement; *provided, however*, if, during the negotiation period, the ISO or the Designated Entity determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own or following the Designated Entity's request in writing that the agreement be filed unexecuted. If the Development Agreement resulting from the negotiation between the ISO and the Designated Entity does not conform with the Commission-approved standard form in Appendix C in Section 31.7 of this Attachment Y, the ISO shall file the agreement with the Commission for its acceptance within thirty (30) Business Days after the execution of the Development Agreement by both parties. If the Designated Entity requests that the Development Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within thirty (30) Business Days of receipt of the request from the Designated Entity. The ISO will draft to the extent practicable the portions of the Development Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The Designated Entity will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions.

31.2.8.1.7 Upon the ISO's and Designated Entity's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission pursuant to Section 31.2.8.1.6, the ISO and Designated Entity shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modifications by the Commission.

31.2.8.1.8 Other Developers and Transmission Owners proposing alternative regulated solutions that consist of non-transmission elements and that the ISO has determined are viable and sufficient and will resolve the identified Reliability Need may submit these proposals to the appropriate governmental agency(ies) and/or authority(ies) for review. The ISO does not determine the solution that will be permitted by the appropriate governmental agency(ies) and/or authority(ies) with jurisdiction over siting or whether the regulated backstop solution or an alternative regulated solution will be constructed to address the identified Reliability Need. If the appropriate governmental agency(ies) and/or authority(ies) makes a final determination that an alternative regulated solution should be permitted and constructed to satisfy a Reliability Need and that the regulated backstop solution should not proceed, implementation of the alternative regulated solution will be the responsibility of the Transmission Owner or Other Developer that proposed the alternative regulated solution, and the Responsible Transmission Owner will not be responsible for addressing the Reliability Need through the implementation of its regulated backstop solution. Should a regulated

solution not be implemented, the ISO may request a Gap Solution pursuant to Section 31.2.11 of this Attachment Y.

31.2.8.2 Halting and Related Cost Recovery Requirements

31.2.8.2.1 If the ISO has triggered a regulated backstop solution under Sections 31.2.8.1.2, 31.2.8.1.3, 31.2.8.1.4, or 31.2.8.1.5, the ISO will immediately notify the Designated Entity(ies) of the Designated Backstop Transmission Project(s) or the Responsible Transmission Owner of the regulated backstop solution containing non-transmission components, as applicable; post such notice on its website; and will state in the next CRP if it determines that the regulated backstop solution is no longer needed and should be halted because either: (i) the ISO has determined that there are sufficient market-based solutions to ensure that the identified Reliability Need is met by the need date or that there is no longer a Reliability Need, or (ii) the ISO: (A) has triggered an alternative regulated transmission solution that the ISO selected in the CRP as the more efficient or cost effective transmission solution and (B) has determined that it is no longer necessary for the regulated backstop solution to proceed in parallel with the selected alternative regulated transmission solution to ensure the identified Reliability Need is satisfied by the need date. In making its determination under Section 31.2.8.2.1(ii), the ISO will review the status of the development by the Designated Entity(ies) of the Designated Alternative Transmission Project(s), including, but not limited to, reviewing: (i) whether the Designated Entity(ies) has executed a Development Agreement or requested that it be filed unexecuted with the Commission for the Designated Alternative Transmission Project(s) pursuant

to Section 31.2.8.1.6; (ii) whether the Designated Entity(ies) is timely progressing against the milestones set forth in the Development Agreement; and (iii) the status of the Designated Entity(ies)'s obtaining required permits or authorizations, including whether the Designated Entity(ies) has received its Article VII or Article VIII certification or other applicable siting permits or authorizations under New York State law.

If a regulated backstop solution is halted by the ISO, all of the costs incurred and commitments made by the Designated Entity(ies) or Responsible Transmission Owner for the regulated backstop solution up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable by the Designated Entity(ies) or Responsible Transmission Owner under the cost recovery mechanism in Rate Schedule 10 of this tariff regardless of the nature of the solution.

31.2.8.2.2 If the ISO has triggered an alternative regulated transmission project under Sections 31.2.8.1.3 or 31.2.8.1.4 that the ISO has selected as the more efficient or cost effective solution, the ISO will immediately notify the Designated Entity(ies) of the Designated Alternative Transmission Project(s); post such notice on its website; and state in the next CRP if it determines that the alternative regulated transmission solution is no longer needed and should be halted because the ISO has determined that there are sufficient market-based solutions to ensure that the identified Reliability Need is met by the need date or that there is no longer a Reliability Need.

If a selected alternative regulated transmission solution is halted by the ISO, all of the costs incurred and commitments made by the Designated Entity(ies) up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable by the Designated Entity(ies) under the cost recovery mechanism in Rate Schedule 10 of ISO OATT.

31.2.8.2.3 Once the Designated Entity(ies) or Responsible Transmission Owner receives state regulatory approval of its Designated Backstop Transmission Project(s) or the regulated backstop solution containing non-transmission components, respectively, or, if state regulatory approval is not required, once the Designated Entity(ies) or Responsible Transmission Owner receives necessary regulatory approval, the entry of a market-based solution or a Designated Alternative Transmission Project will not result in the halting by the ISO of the regulated backstop solution pursuant to Section 31.2.8.2.1. Similarly, once the Designated Entity(ies) of Designated Alternative Transmission Project(s) receives its state regulatory approval or any other necessary regulatory approval of its Designated Alternative Transmission Project that is, or a part of, the triggered alternative regulated transmission solution, the entry of a market-based solution will not result in the halting by the ISO of the Designated Alternative Transmission Project(s) pursuant to Section 31.2.8.2.2.

31.2.8.2.4 The ISO is not required to review market-based solutions to determine whether they will meet the identified Reliability Need by the need date after the

triggered alternative regulated transmission solution or regulated backstop solution has received federal and state regulatory approval, unless a federal or state regulatory agency requests the ISO to conduct such a review. The ISO will report the results of its review to the federal or state regulatory agency, with copies to the Responsible Transmission Owner, Other Developer, or Transmission Owner.

31.2.8.2.5 If the appropriate federal, state or local agency(ies) does not approve a necessary authorization for the triggered regulated backstop solution or alternative regulated transmission solution, all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable by the Designated Entity or Responsible Transmission Owner, as applicable, under the ISO cost recovery mechanism in Rate Schedule 10 of the ISO OATT regardless of the nature of the solution.

31.2.8.2.6 If a necessary federal, state or local authorization for a triggered alternative regulated transmission solution or regulated backstop solution is withdrawn, all expenditures and commitments made up to that point including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable under the ISO cost recovery mechanism in Rate

Schedule 10 of the ISO OATT by the Designated Entity or Responsible Transmission Owner, as applicable, regardless of the nature of the solution.

31.2.8.2.7 If a material modification to a Designated Reliability Transmission Project is proposed by any federal, state or local agency, the Designated Entity shall address any proposed modification in accordance with the requirements of the Development Agreement entered into pursuant to Section 31.2.8.1.6 of the ISO OATT. If a material modification to a regulated solution containing non-transmission components is proposed by any federal, state or local agency, the Responsible Transmission Owner, Other Developer, or Transmission Owner will request the ISO to conduct a supplemental reliability review. If the ISO identifies any reliability deficiency in the modified solution, the ISO will so advise the Responsible Transmission Owner, Other Developer, or Transmission Owner and/or the appropriate federal, state or local regulatory agency(ies).

31.2.8.3 Criteria for Cutoff Date of Market-Based Solution

31.2.8.3.1 The ISO will apply the criteria in this Section 31.2.8.3 for determining the cutoff date for a determination that a market-based solution will not be available to meet a Reliability Need by the need date.

31.2.8.3.2 In the first instance, the ISO shall employ its procedures for monitoring the viability of a market-based solution to determine when it may no longer be viable. Under the conditions where a market-based solution is proceeding after the Trigger Date for the relevant regulated solution, it becomes even more critical for the ISO to conduct a continued analysis of the viability of such market-based solutions.

31.2.8.3.3 The Developer of such a market-based solution shall submit updated information to the ISO twice during each Reliability Planning Process cycle, first during the input phase of the RNA, and again during the solutions phase during the period allowed for the solicitation for market-based and regulated solutions. If no solutions are requested in a particular year, then the second update will be provided during the ISO's analysis of whether existing solutions continue to meet identified Reliability Needs. The updated information of the project status shall include: status of final permits, status of major equipment, current status of construction schedule, estimated in-service date, any potential impediments to completion by the Target Year, and any other information requested by the ISO.

31.2.8.3.4 The Developer shall immediately report to the ISO when it has any indication of a material change in the project status or that the project in-service date may slip beyond the Target Year. A material change shall include, but not be limited to, a change in the financial viability of the Developer, a change in siting status, or a change in a major element of the project development.

31.2.8.3.5 Based upon the above information, the ISO will perform an independent review of the development status of the market-based solution to determine whether it remains viable to meet the identified Reliability Need by the need date. If the ISO, at any time, learns of a material change in the project status of a market-based solution, it may, at that time, make a determination as to the continued viability of such project.

31.2.8.3.6 The ISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the project

Developer along with the basis for its intended determination. The ISO shall provide the Developer a reasonable period (not more than 2 weeks) to respond to the ISO's intended determination, including an opportunity to provide additional information to the ISO to support the continued viability of the proposed solution.

31.2.8.3.7 If the ISO determines that a market-based solution that is needed to meet an identified Reliability Need is no longer viable, it will request that a regulated solution proceed or seek other measures including, but not limited to, a Gap Solution, to ensure the reliability of the system.

31.2.8.3.8 If the ISO determines that the market-based solution is still viable, but that its in-service date is likely to slip beyond the Target Year, the ISO may, if needed, request the Responsible Transmission Owner to prepare a Gap Solution in accordance with the provisions of Section 31.2.11 of this Attachment Y.

31.2.9 Process for Consideration of Regulated Backstop Solution and Alternative Regulated Solutions

Upon a determination by the ISO under Section 31.2.8 that a regulated solution should proceed, the Designated Entity(ies) or Responsible Transmission Owner, as applicable, will make a presentation to the ESPWG that will provide a description of the regulated solution. The presentation will include a non-binding preliminary cost estimate of that regulated solution; provided, however, that the Designated Entity of a Designated Reliability Transmission Project or the Responsible Transmission Owner of a regulated backstop solution containing non-transmission components shall be entitled to full recovery of all reasonably incurred costs as described in Rate Schedule 10 of the ISO OATT. The ISO and stakeholders through this process will have the opportunity to review and discuss the scope of the projects and their associated non-binding preliminary cost estimates prior to implementation.

31.2.10 Process for Addressing Inability to Complete Triggered Regulated Solution

31.2.10.1 The ISO may take the actions described in Sections 31.2.10.1.1 through 31.2.10.1.4 as soon as practicable if: (i) a Designated Entity of a Designated Reliability Transmission Project is required to enter into a Development Agreement pursuant to Section 31.2.8.1.6, and (ii) one of the following events occur: (A) the Designated Entity responsible for the Designated Reliability Transmission Project does not execute the Development Agreement, or does not request that it be filed unexecuted with the Commission, within the timeframes set forth in Section 31.2.8.1.6, or (B) the ISO determines that an effective Development Agreement may be terminated or terminates the Development Agreement under the terms of the agreement prior to the completion of the term of the agreement.

31.2.10.1.1 If the Development Agreement has been filed with and accepted by the Commission and is terminated under the terms of the agreement, the ISO shall, upon terminating the Development Agreement, file a notice of termination with the Commission.

31.2.10.1.2 The ISO may revoke its inclusion of the Designated Reliability Transmission Project in the CRP and the eligibility of the Designated Entity to recover its costs pursuant to the ISO's regional cost allocation mechanism; *provided, however*, the Designated Entity may recover its costs to the extent provided in Sections 31.2.8.1.1, 31.2.8.2.1, 31.2.8.2.2, 31.2.8.2.5, and 31.2.8.2.6 or as otherwise determined by the Commission.

31.2.10.1.3 The ISO may take one or more of the following actions to address the Reliability Need based on the particular circumstances: (i) address the Reliability Need in the CRP for the next planning cycle; (ii) address the Reliability Need in the next Short-Term Reliability Process; (iii) direct the Designated Entity(ies) to continue with the development of its Designated Reliability Transmission Project for completion beyond the in-service date required to address the Reliability Need; (iv) direct the Designated Entity(ies) or Responsible Transmission Owner to proceed with the regulated backstop solution if it has not yet been halted by the ISO pursuant to Section 31.2.8.2.1; (v) offer the Transmission Owner or Other Developer that originally submitted the selected alternative regulated transmission solution the opportunity to be the Designated Entity of a Designated Alternative Transmission Project in accordance with Section 31.2.10.2; (vi) request that the Responsible Transmission Owner complete a Designated Alternative Transmission Project; (vii) commence the Gap Solution process under Section 31.2.11; and/or (viii) adopt new ISO or Transmission Owner operating procedures. If a Transmission Owner or Other Developer is alternatively designated to complete a Designated Reliability Transmission Project or a Responsible Transmission Owner agrees to complete a Designated Alternative Reliability Project, it shall enter into a Development Agreement, or amend an existing Development Agreement related to fulfillment of the same Reliability Need, with the ISO in accordance with Sections 31.2.8.1.6 and 31.2.8.1.7.

31.2.10.1.4 If the Responsible Transmission Owner agrees to complete a Designated Alternative Transmission Project, the Responsible Transmission Owner shall

become the Designated Entity, and the Responsible Transmission Owner and the entity that was responsible for that Designated Alternative Transmission Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of the Designated Entity's rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii), if the Designated Entity is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the Responsible Transmission Owner and the Designated Entity will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

31.2.10.2 If the ISO determines in accordance with Section 31.2.10.1.3 that an alternative Developer should be designated to complete a Designated Reliability Transmission Project that was initially designated to the owner of the impacted transmission facility, the ISO shall first offer the Transmission Owner or Other Developer that originally proposed the regulated transmission solution the opportunity to be the Designated Entity of that Designated Reliability Transmission Project to finance and complete the development and construction of the project to bring it into service. The alternative Designated Entity shall have 30 Calendar Days from the ISO tendering its offer to accept the Designated

Reliability Transmission Project. Thereupon, the alternative Designated Entity must enter into a Development Agreement, or amend an existing Development Agreement related to fulfillment of the same Reliability Need, with the ISO in accordance with the requirements in Section 31.2.8.1.6. The alternative Designated Entity will be eligible for cost allocation and cost recovery under the ISO OATT for its development and construction of the Designated Reliability Transmission Project. The alternative Designated Entity and the original Designated Entity of the transferred Designated Reliability Transmission Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the original Designated Entity of the Designated Reliability Transmission Project is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the alternative Designated Entity and the original Designated Entity of the Designated Reliability Transmission Project may address any disputes regarding such transfer of the project using dispute resolution procedures that are the same as those available to Transmission Customers under Section 11 of the ISO Market Administration and Control Area Services Tariff.

31.2.10.3 If (i) another Designated Entity defaulted on the development of a separate Designated Reliability Transmission Project that is a component of the same regulated transmission solution to address a Reliability Need and (ii) the ISO determined to (a) address the Reliability Need in the next planning cycle for the CRP, (b) address the Reliability Need in the next Short-Term Reliability Process, (c) commence the Gap Solution process under Section 31.2.11, or (d) adopt new ISO or Transmission Owner operating procedures to address the Reliability Need pursuant to Section 31.2.10.1.3 of the ISO OATT, the ISO may elect to terminate the Development Agreement for a Designated Entity's Designated Reliability Transmission Project and Designated Network Upgrade Facilities identified for the interconnection of such Designated Reliability Transmission Project in accordance with Attachment P (as applicable) and halt the development of the Designated Reliability Transmission Project and associated Designated Network Upgrade Facilities (as applicable).

31.2.10.4 If: (i) the Responsible Transmission Owner's non-transmission or partial transmission regulated backstop solution has been triggered by the ISO under Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4, and the regulated backstop solution has not been halted by the ISO under Section 31.2.8.2.1, and (ii) the ISO determines that the Responsible Transmission Owner: (A) has not submitted its proposed regulated backstop solution for necessary regulatory action within a reasonable period of time, (B) is unable to or fails to obtain the approvals or property rights necessary to construct the project, or (C) is otherwise not taking the actions necessary to construct the project to satisfy the Reliability Need by the

need date, the ISO shall: (i) submit a report to the Commission for its consideration and determination of whether action is appropriate under federal law and (ii) take such action as it reasonably considers is appropriate to ensure that the Reliability Need is satisfied by the need date.

31.2.11 Gap Solutions

31.2.11.1 If the ISO determines that neither market-based proposals nor regulated proposals can satisfy the Reliability Needs by the need date, the ISO will set forth its determination that a Gap Solution is necessary in the CRP. The ISO will also request the Responsible Transmission Owner to seek a Gap Solution. Gap Solutions may include generation, transmission, or demand side resources.

31.2.11.2 If there is an imminent threat to the reliability of the New York State Power System, the ISO Board, after consultation with the NYDPS, may request the appropriate Transmission Owner or Transmission Owners to propose a Gap Solution outside of the normal planning cycle.

31.2.11.3 Notwithstanding Sections 31.2.11.1 and 31.2.11.2, if a Market Participant notifies the ISO of its intent for its Generator to be Retired or to enter into a Mothball Outage pursuant to Section 38.3.1 of Attachment FF of the ISO OATT or if a Market Participant's Generator enters into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, the ISO will evaluate whether a Short-Term Reliability Process Need or an immediate reliability need will result from the Generator's deactivation and will address any resulting Short-Term Reliability Process Need or immediate reliability need in

accordance with the Short-Term Reliability Process set forth in Attachment FF of the ISO OATT.

31.2.11.4 Upon the ISO's determination of the need for a Gap Solution, pursuant to Sections 31.2.11.1 or 31.2.11.2 above, the Responsible Transmission Owner will propose such a solution as soon as reasonably possible, for consideration by the ISO and NYDPS. The Responsible Transmission Owner shall be eligible to recover its costs for developing its Gap Solution proposal and seeking necessary approvals pursuant to the cost recovery requirements in Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.2.11.5 Any party may submit an alternative Gap Solution proposal to the ISO and the NYDPS for their consideration. The ISO shall evaluate all Gap Solution proposals to determine whether they will meet the Reliability Need or imminent threat. The ISO will also evaluate, as an alternative Gap Solution proposal, any Generator in a Mothball Outage or an ICAP Ineligible Forced Outage to determine whether its return to service would meet the Reliability Need or imminent threat; provided, however, that the Mothball Outage began on or after May 1, 2015 and the ICAP Ineligible Forced Outage followed a Forced Outage that began after May 1, 2015. The ISO will report the results of its evaluation to the party making the proposal, or to the Generator when evaluating its return to service, as well as to the NYDPS and/ or other appropriate governmental agency(ies) and/or authority(ies) for consideration in their review of the proposals. The appropriate governmental agency(ies) and/or authority(ies) with jurisdiction over the implementation or siting of Gap Solutions will determine

whether the Gap Solution or an alternative Gap Solution will be implemented to address the identified Reliability Need. When the return to service of a Generator in a Mothball Outage or an ICAP Ineligible Forced Outage has been selected as either the Gap Solution or to resolve a reliability issue arising on a non-New York State Bulk Power Transmission Facility during its outage, the compensation and return to service procedures set forth in Section 5.18.4 of the Services Tariff shall apply.

31.2.11.6 A Responsible Transmission Owner, Other Developer, or Transmission Owner may recover its costs with respect to a transmission Gap Solution that is implemented pursuant to Section 31.2.11.5 in accordance with the cost recovery requirements in Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.2.11.7 Gap Solution proposals submitted under Sections 31.2.11.4 and 31.2.11.5 shall be designed to be temporary solutions and to strive to be compatible with permanent market-based proposals.

31.2.11.8 A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

31.2.12 Confidentiality of Solutions

31.2.12.1 The ISO shall treat Confidential Information, as defined in this Section 31.2.12, that is submitted to the ISO by the Developer of a market-based solution, regulated backstop solution, or alternative regulated solution to a Reliability Need in accordance with the requirements for the treatment of Confidential Information in Section 12.4 of its Code of Conduct in Attachment F of the ISO OATT. The

ISO shall treat Critical Energy Infrastructure Information submitted to the ISO by the Developer of a proposed solution to a Reliability Need in accordance with ISO Procedures.

31.2.12.2 For purposes of this Section 31.2, except as provided in Sections 31.2.12.3 through 31.2.12.6, the ISO shall treat all types of solutions to Reliability Needs that are submitted to the ISO as a response to Reliability Needs identified in any RNA issued by the ISO as part of the Reliability Planning Process if the Developer of that solution designates such reliability solutions as confidential; *provided, however*, that the term "Confidential Information" shall at all times include the following non-public information submitted by a Developer and labeled as Confidential Information: (i) any part of its Developer qualification requirements pursuant to Section 31.2.4.1 or (ii) any part of its submission of the project information requirements for its market-based solution, regulated backstop solution, or alternative regulated solution to satisfy its project information requirements pursuant to Sections 31.2.4.4, 31.2.4.6, and 31.2.4.8 that includes: (a) preliminary project cost information; (b) all details of the Developer's financing arrangements; (c) any non-public financial qualification information submitted; and (d) any contracts provided under Sections 31.2.4.4.2.3, 31.2.4.6, and 31.2.4.8.2.3. Notwithstanding the requirements in this Section 31.2.12 or the Developer's designation of project information as "Confidential Information," the ISO may publicly disclose information regarding the proposed facility that the ISO is required to disclose under its interconnection or transmission expansion

processes pursuant to Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT.

31.2.12.3 For regulated transmission solutions submitted by the Responsible Transmission Owner, Transmission Owner, or Other Developer in response to the findings of the RNA, the ISO shall maintain the confidentiality of the proposed solution until the ISO has determined that (i) the regulated transmission solution is viable and sufficient to meet the Reliability Need(s) and (ii) that one or more regulated solution has a Trigger Date within 36 months of the ISO's presentation of the viability and sufficiency assessment, however, the ISO shall not disclose any Confidential Information, as defined in Section 31.2.10.1, that the Responsible Transmission Owner, Transmission Owner, or Other Developer has labeled as Confidential Information. Following submission of the required information pursuant to Section 31.2.4.4.2 and Section 31.2.4.8.2 of the ISO OATT and at least 30 Calendar Days prior to the ISO's posting of the initial facility characterization list pursuant to Section 31.2.6.5.2 of the ISO OATT, the ISO shall make available upon request the submission of (i) a description of the proposed transmission solution, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings, and (ii) the Responsible Transmission Owner's, Transmission Owner's, or Other Developer's identification of any Reliability Transmission Upgrade(s) included as part of its proposed transmission solution, subject to a requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information.

31.2.12.4 For a regulated backstop non-transmission solution or an alternative regulated non-transmission solution, the ISO shall maintain the confidentiality of such proposed solution until the ISO has determined, after consulting with the Responsible Transmission Owner, Transmission Owner, or Other Developer thereof, that the proposed solution would meet a Reliability Need identified in an RNA, whether the response is viable and sufficient to meet all or part of the Reliability Need, and the Developer consents to the ISO's inclusion of the proposed solution in the CRP or the Developer makes the information publicly available. Thereafter, the ISO shall disclose the regulated backstop non-transmission solution or an alternative regulated non-transmission solution response to the Market Participants and other interested parties; however, the ISO shall not disclose any Confidential Information, as defined in Section 31.2.12.2, that the Responsible Transmission Owner, Transmission Owner, or Other Developer has labeled as Confidential Information.

31.2.12.5 For a market-based response, the ISO shall maintain the confidentiality of the same during the Reliability Planning Process and in the CRP, except for the following information which may be disclosed by the ISO: (i) the type of resource proposed (e.g., generation, transmission, demand side); (ii) the size of the resource expressed in megawatts of equivalent load that would be served by that resource; (iii) the subzone in which the resource would interconnect or otherwise be located; and (iv) the proposed in-service date of the resource. The ISO shall not disclose any Confidential Information, as defined in Section

31.2.12.2, that the Developer of the market-based solution has labeled as Confidential Information.

31.2.12.6 In the event that the Developer of a market-based response has made a public announcement of its project or has submitted a proposal for interconnection with the ISO, the ISO shall disclose the identity of the market-based Developer and the specific project during the Reliability Planning Process and in the CRP.

31.2.13 Monitoring of Reliability Project Status

31.2.13.1 The ISO will monitor and report on the status of market-based solutions to ensure their continued viability to meet Reliability Needs by the need date in the CRP. The ISO shall assess the continued viability of such projects using the following criteria:

31.2.13.1.1 Between three and five years before the Trigger Date for a regulated solution, the ISO will use a screening analysis to verify the feasibility of the proposed market-based solution (this analysis will not require final permit approvals or final contract documents).

31.2.13.1.2 Between one and two years before the Trigger Date for a regulated solution, the ISO will perform a more extensive review of the proposed market-based solution, including such elements as: status of the required interconnection studies, contract negotiations, permit applications, financing, and Site Control.

31.2.13.1.3 Less than one year before the Trigger Date of a regulated solution, the ISO will perform a detailed review of the market-based solution's status and schedule, including the status of: (1) final permits; (2) required interconnection studies; (3)

the status of an interconnection agreement; (4) financing; (5) equipment; and (6) the implementation of construction schedules.

31.2.13.1.4 If the ISO, following its analysis, determines that a proposed market-based solution is no longer viable to meet the Reliability Need, the proposed market-based solution will be removed from the list of potential market-based solutions.

31.2.13.2 The ISO will monitor and report on the status of regulated solutions to ensure their continued viability to meet Reliability Needs by the need date in the CRP. The ISO will undertake this monitoring and reporting in accordance with this Attachment Y, ISO Procedures, and the terms of the Development Agreement (if applicable) until the project has been completed and is in-service or has been halted in accordance with this Attachment Y or the terms of the Development Agreement (if applicable). Prior to the Trigger Date for the regulated solution, the ISO shall assess the continued viability of regulated solutions using the following criteria:

31.2.13.2.1 Between three and five years before the Trigger Date for the regulated solution, the ISO will use a screening analysis to verify the feasibility of the regulated solution.

31.2.13.2.2 Between one and two years before the Trigger Date for the regulated solution, the ISO will perform a more extensive review of the proposed regulated solution, including such elements as: the status of the required interconnection studies, contract negotiations, permit applications, financing, and Site Control.

31.2.13.2.3 Less than one year before the Trigger Date for the regulated solution, the ISO will perform a detailed review of the regulated solution’s status, including the

status of: (1) final permits; (2) required interconnection studies; (3) the status of an interconnection agreement; (4) financing; (5) equipment; and (6) the implementation of construction schedules.

31.2.13.2.4 Prior to making a determination about the viability of a regulated solution, the ISO will communicate its intended determination to the project sponsor along with the basis for its intended determination, and will provide the sponsor a reasonable period (not more than two weeks) to respond to the ISO's intended determination, including an opportunity to provide additional information to the ISO to support the continued viability of the proposed regulated solution. If the ISO, following its analysis, determines that a proposed regulated solution is no longer viable to meet the Reliability Need, the proposed regulated solution will be removed from the list of potential regulated solutions.

31.3 Economic Planning Process

31.3.1 System & Resource Outlook for Economic Planning

The ISO shall conduct the 2025-2044 System & Resource Outlook in accordance with the requirements in this Section 31.3.1. Following the ISO Board's approval of the 2025-2044 System & Resource Outlook and the ISO's posting of the approved report on its website, the requirements in this Section 31.3.1 of this Attachment Y shall no longer apply. The ISO shall subsequently perform the System & Resource Outlook in accordance with the requirements in the Long-Term Transmission Planning Process in Section 31.6 of this Attachment Y.

31.3.1.1 General

The ISO shall prepare and publish the System & Resource Outlook as described below. Each System & Resource Outlook shall: (i) summarize the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process and the information and sources relied upon by the ISO; (ii) produce a twenty-year projection of congestion; (iii) identify, rank, and group the congested elements on the New York State Transmission System based on the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5; and (iv) assess the potential benefits of addressing the identified congestion. For the non-BPTF portion of the New York State Transmission System, the ISO will coordinate with the Transmission Owners in the development of the System & Resource Outlook. The ISO will incorporate the Transmission Owners' Local Transmission Owner Plans into the Economic Planning Process.

The Economic Planning Process shall determine whether to approve an Interregional Transmission Project, identified and evaluated under the "Analysis and Consideration of Interregional Transmission Projects" section of the Interregional Planning Protocol, if any, and proposed in the ISO's Economic Planning Process, as an economic transmission project in lieu

of a proposed regional Regulated Economic Transmission Project for regulated cost allocation and recovery under the ISO Tariff.

The Economic Planning Process will align with the Reliability Planning Process as provided in Section 31.1.8 of this Attachment Y.

31.3.1.2 Interested Party Participation in the Development of the System & Resource Outlook

31.3.1.2.1 The ISO shall develop the System & Resource Outlook in consultation with Market Participants and all other interested parties. The TPAS will have responsibilities consistent with ISO Procedures for review of the ISO's technical analyses. ESPWG will have responsibilities consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of the congestion assessment and the congestion assessment scenarios provided for under Section 31.3.1.5, and in the reporting and analysis of congestion costs. Coordination and communication will be established and maintained between these two groups and ISO staff to allow Market Participants and other interested parties to participate in a meaningful way during each stage of the Economic Planning Process. The ISO staff shall report any majority and minority views of these collaborative governance work groups when it submits the System & Resource Outlook to the Business Issues Committee for a vote, as provided below.

31.3.1.3 Preparation of the System & Resource Outlook

31.3.1.3.1 The Study Period for the Economic Planning Process shall be twenty years, with year one being the first year or the second year of the current biennial

Comprehensive System Planning Process, as determined by the ISO in consultation with stakeholders.

31.3.1.3.2 The base case for the System & Resource Outlook will assume a reliable system throughout the Study Period covered by the most recent Reliability Planning Process and Short-Term Reliability Process. If any Reliability Needs in the Study Period in the Reliability Planning Process or Short- Term Reliability Process remain unresolved at the time the System & Resource Outlook is conducted, the base case for the System & Resource Outlook will incorporate sufficient compensatory MW to resolve those needs for the Reliability Planning Process and Short-Term Reliability Process Study Period, starting with the most recently-approved base cases from the Reliability Planning Process and the Short-Term Reliability Process, and updated in accordance with ISO Procedures. The ISO is not required to project reliability needs or compensatory MW for the remainder of the Economic Planning Process Study Period, but may adjust load and resources in the remainder of the Economic Planning Process Study Period in the base case and/or scenarios as determined pursuant to ISO Procedures and in consultation with stakeholders.

31.3.1.3.3 In developing the System & Resource Outlook, the ISO shall assess system congestion on the New York State Transmission System over the Economic Planning Process Study Period, measuring congestion by the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5. The ISO, in conjunction with the ESPWG, will develop the specific production costing model to be used in the System & Resource Outlook. The System & Resource Outlook may include

consideration of the economic impacts of advancing a regulated solution contained in the Reliability Planning Process or the Short-Term Reliability Process.

31.3.1.3.4 In developing the System & Resource Outlook, the ISO shall identify congestion by conducting the NYCA-wide production cost simulations both with the existing constraints on the New York State Transmission System and without such constraints, and report the production cost change that results from relaxing individual constraints or groups of constraints as determined by the ISO in consultation with stakeholders. The present value of the NYCA-wide production cost change will be determined in accordance with the following formula:

Present Value in year 1 = Sum of the Present Values from each of the 20 years of the Study Period.

The discount rate to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners.

31.3.1.3.5 Additional benefit metrics may include estimates of reductions in losses, LBMP load costs, generator payments, ICAP costs, Ancillary Services costs, emission costs, TCC payments, and energy deliverability. The ISO will work with the ESPWG to determine the most useful metrics for each Economic Planning Process cycle, given overall ISO resource requirements. The additional metrics will estimate the benefits of addressing the congestion identified for information purposes only. All the quantities, except ICAP, will be the result of the forward looking production cost simulation. The additional benefit metrics will be determined by measuring the difference between the Economic Planning Process base case system value and a system value when the congestion is

relieved. The value of the additional metrics will be expressed in present value by using the following formula:

Present Value in year 1 = Sum of the Present Values from each of the 20 years of the Study Period.

The discount rate to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners. The definitions of the LBMP load cost metric, generator payments metric, reduction in losses metric, Ancillary Services costs metric, and TCC payment metric are set forth below.

31.3.1.3.5.1 LBMP load costs measure the change in total load payments and unhedged load payments. Total load payments will include the LBMP payments (energy, congestion and losses) paid by electricity demand (forecasted load, exports, and wheeling). Exports will be consistent with the input assumptions for each neighboring control area. Unhedged load payments will represent total load payments minus the TCC payments.

31.3.1.3.5.2 Reductions in losses measure the change in marginal losses payments. Losses payments will be based upon the loss component of the zonal LBMP load payments.

31.3.1.3.5.3 Generator payments measure the change in generation payments. Generation payments will include the LBMP payments (energy, congestion, losses), and may include Ancillary Services payments made to electricity suppliers. Ancillary Services costs may include payments for Regulation Services and Operating Reserves, including 10 Minute Synchronous, 10 Minute Non-synchronous and 30 Minute Non-synchronous. Generator payments will be the

sum of the LBMP payments and, if calculated, Ancillary Services payments, to generators and imports. Imports will be consistent with the input assumptions for each neighboring Control Area.

31.3.1.3.5.4 The TCC payment metric set forth below will be used for purposes of the System & Resource Outlook, and will not be used for Regulated Economic Transmission Project cost allocation under Section 31.5.4.4 of this Attachment Y. The TCC payment metric will measure the change in total congestion rents collected in the day-ahead market. These congestion rents shall be calculated as the product of the Congestion Component of the Day-Ahead LBMP in each Load Zone or Proxy Generator Bus and the withdrawals scheduled in each hour at that Load Zone or Proxy Generator Bus, minus the product of the Congestion Component of the Day-Ahead LBMP at each Generator Bus or Proxy Generator Bus and the injections scheduled in each hour at that Generator bus or Proxy Generator Bus, summed over all locations and hours.

31.3.1.3.5.5 The emission metric will measure the change in CO2, NOx, and SO2, emissions in tons on a zonal basis as well as the change in emission cost by emission type. Emission costs will be reflected in the development of the production cost curve.

31.3.1.3.5.6 The calculation of the ICAP cost metric will be determined in accordance with ISO Procedures and in consultation with interested parties in the ISO stakeholder process. Where practicable, the ICAP calculation will be consistent with the tools and methods pursuant to Section 5.11.4 of the ISO Services Tariff.

31.3.1.3.5.7 The energy deliverability metric set forth in this section will be used for purposes of the studies conducted in the Economic Planning Process, and will not be used for Regulated Economic Transmission Project cost allocation under Section 31.5.4.4 of this Attachment Y. This metric will provide information about the ability of each Resource, individually and taken collectively with other Resources, to be able to deliver its full energy capability to the system and the degree of, and the conditions that are expected to lead to, any curtailment thereof. The scope of this information will be developed in consultation with the Electric System Planning Working Group and will include, but not be limited to: (i) quantification of the energy projected to be produced by each Resource considering the impact of applicable local, statewide, and interregional transmission constraints as compared to the total amount of energy that such Resource is capable of producing in the absence of transmission constraints, and accounting for fuel availability of each Resource type including wind, solar, and water; (ii) quantification of the collective impact of Resources on energy deliverability at locations on the system that are identified as being constrained in whole or in part; and (iii) providing such additional information resulting from the study analysis, where available, concerning capability remaining on the transmission system to support energy deliverability. The metric may be expressed as a percentage of such total amount of energy or as the amount of curtailed energy.

31.3.1.3.6 As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a regional transmission solution might more efficiently or

more cost effectively address congestion on the BPTFs identified in the System & Resource Outlook that impacts more than one Transmission District than any local transmission solutions identified by the Transmission Owners in their LTPs in the event the LTPs specify that such transmission solutions are included to address congestion for economic reasons.

31.3.1.4 Planning Participant Data Input

At the ISO's request, Market Participants, Developers, and other parties shall provide, in accordance with the schedule set forth in the ISO Procedures, the data necessary for the development of the System & Resource Outlook. This input will include but not be limited to existing and planned additions and modifications to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); proposals for Merchant Transmission Facilities (to be provided by merchant Developers); generation additions and retirements (to be provided by generator owners and Developers); demand response programs (to be provided by demand response providers); any long-term firm transmission requests made to the ISO; and state policies and related agreements, procurements, and credits.

31.3.1.5 System & Resource Outlook Scenario Development

The ISO, in consultation with the ESPWG, shall develop congestion scenarios in the System & Resource Outlook for the Study Period. Variables for consideration in the development of these congestion scenarios include but are not limited to: federal, state, and local policies and regulations, load forecast uncertainty, fuel price uncertainty, new resources, retirements, emission data, the cost of allowances and potential requirements imposed by proposed environmental and energy efficiency mandates, as well as overall ISO resource

requirements. The ISO shall report the results of these scenario analyses in the System & Resource Outlook.

31.3.1.6 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a Regulated Economic Transmission Project on such neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in the Economic Transmission Project Evaluation. The ISO shall not bear the costs of required upgrades in another region.

31.3.1.7 System & Resource Outlook Preparation

Once all the analyses described above have been completed, ISO staff will prepare a draft of the System & Resource Outlook including a discussion of its assumptions, inputs, methodology, and the results of its analyses.

31.3.1.8 System & Resource Outlook Review Process and Actual Project Proposals

31.3.1.8.1 Collaborative Governance Process. The draft System & Resource Outlook shall be submitted to both TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft System & Resource Outlook. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft System & Resource Outlook reflecting the revisions resulting from the TPAS and

ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and action.

31.3.1.8.2 Board Action. Following the Management Committee vote, the draft System & Resource Outlook, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft System & Resource Outlook will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the System & Resource Outlook as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised System & Resource Outlook shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised System & Resource Outlook until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the System & Resource Outlook to the marketplace by posting it on its website. The responsibilities of the Market Monitoring Unit that are addressed in the above section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.4 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.3.1.9 Public Information Sessions

In order to provide ample exposure for the market place to understand the content of the System & Resource Outlook, the ISO will provide various opportunities for Market Participants and other potentially interested parties to discuss the final System & Resource Outlook. Such opportunities may include presentations at various ISO Market Participant committees, focused discussions with various industry sectors, and /or presentations in public venues.

31.3.2 Economic Transmission Project Evaluation

31.3.2.1 Overview

A Developer may propose a Regulated Economic Transmission Project, including an Interregional Transmission Project, to address constraint(s) on the BPTFs identified in the System & Resource Outlook pursuant to Section 31.3.1 up to the start date of the first planning cycle of the Long-Term Transmission Planning Process. A Developer may only propose a Regulated Economic Transmission Project to address constraint(s) on the BPTFs identified in the System & Resource Outlook performed pursuant to Section 31.6 of this Attachment Y within a one hundred eighty (180) calendar days' time period that commences with the earlier date of: (i) the date that the NYPSC issues an order pursuant to Section 31.6.8.1 of this Attachment Y that identifies or elects not to identify a Long-Term Transmission Need for the planning cycle of the System & Resource Outlook that identified the constraint(s), and (ii) the deadline established in Section 31.6.8.1 by which the NYPSC may issue an order to identify a Long-Term Transmission Need for the planning cycle of the System & Resource Outlook that identified the constraint(s). If a Developer proposes a Regulated Economic Transmission Project pursuant to the requirements in this Section 31.3.2.1, then the ISO will: (i) process that project proposal in an Economic Transmission Project Evaluation in accordance with the relevant provisions of Sections 31.5.1, 31.5.4 and 31.5.7 of this Attachment Y, and, for information purposes, may provide benefit/cost analysis and other analysis of potential generic solutions to the congestion identified; and (ii) for Interregional Transmission Projects, jointly evaluate the project proposal with the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol. The relevant Transmission Owners will assist the ISO in developing the generic solution cost estimates to be used by the ISO to conduct benefit/cost analysis of each of the potential solutions, if requested as part of the evaluation.

31.3.2.2 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.3.2.2 and its subsections, the term "Developer" includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.3.2.2.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.3.2.2.1.1 to demonstrate its capability to satisfy the applicable qualification criteria, and (ii) a notarized officer's certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer's project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures related and applicable to the Affiliate's participation.

31.3.2.2.1 Developer Qualification and Timing

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate and maintain a Regulated Economic Transmission Project. The ISO shall consider the qualifications of each Developer in an even-handed and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

31.3.2.2.1.1 Developer Qualification Criteria

The ISO shall make a determination on the qualification of a Developer to propose to develop a Regulated Economic Transmission Project based on the following criteria:

31.3.2.2.1.1.1 The technical and engineering qualifications and experience of the Developer relevant to the development, construction, operation and maintenance

of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

31.3.2.2.1.1.2 The current and expected capabilities of the Developer to develop and construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.3.2.2.1.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

(1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;

(2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information;

(3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch or equivalent information, if available;

(4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

(5) such other evidence that demonstrates its current and expected capability to finance a Regulated Economic Transmission Project.

31.3.2.2.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

31.3.2.2.1.2 Developer Qualification Determination

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.3.2.2.1.1.3 and is designated by the Developer as "Confidential Information." The ISO shall within 15 days of a Developer's submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit

the additional information within 30 days of the ISO's request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer's qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO's revocation of a Developer's qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a Regulated Economic Transmission Project and shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for any approved project.

31.3.2.2.2 Information Requirements for Projects

The ISO shall consider the criteria in Section 31.3.2.3 when determining whether a proposed project is eligible to be offered as a Regulated Economic Transmission Project.

31.3.2.2.3 Timing for Submittal of Project Information and Entity Qualification Information and Opportunity to Provide Additional Information

The required project information must be submitted within the time period established in Section 31.3.2.1, but the proposed Regulated Economic Transmission Project will be evaluated using the most recently available database for an Economic Transmission Project Evaluation.

Any Developer that the ISO has determined under Section 31.3.2.2.1.2 to be qualified to propose to develop a Regulated Economic Transmission Project may submit the required project information; *provided, however*, that based on the specific constraint(s) identified that requires a solution, the ISO may request that the qualified Developer provide additional Developer information. Any Developer that the ISO has not determined to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.3.2.2.1. The ISO shall within 30 days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer or project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

31.3.2.3 Project Information Requirements

31.3.2.3.1 Any Developer seeking to offer a Regulated Economic Transmission Project must provide, at a minimum, the following details: (1) contact information; (2) the in-service date and lead time necessary to complete the project including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications, as appropriate, and the Developer's identification of any Economic Transmission Upgrade(s) included as a part of the transmission project; (4) evidence of a commercially viable technology; (5) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to

interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, to the extent available, or (b) the Developer voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on an ISO-conducted interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, as applicable); (6) a major milestone schedule, including the identification of any in-service dates for specific components (such as an Economic Transmission Upgrade) to properly sequence the project to meet the overall in-service date; (7) a schedule for obtaining any required permits and other certifications; (8) a demonstration of Site Control or a schedule for obtaining such control; (9) status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (10) status of ISO interconnection studies and interconnection agreement; (11) status of equipment availability and procurement; (12) evidence of financing or ability to finance the project; (13) detailed capital cost estimates for each segment of the project; (14) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; (15) a description of any Alternative Transmission Technologies or an explanation of Developer's determination not to propose these technologies as described in Section 31.3.2.3.6; and (16) any other information requested by the ISO.

31.3.2.3.2 A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its

consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as "Confidential Information."

31.3.2.3.3 A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.3.2.3.4 A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

31.3.2.3.5 Upon the completion of any interconnection study or transmission expansion study of a proposed Regulated Economic Transmission Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, the

Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.3.2.3.6 A Developer shall indicate with its project information whether any element of its proposed Regulated Economic Transmission Project includes Alternative Transmission Technologies. If a Developer does not propose to include any of the Alternative Transmission Technologies as part of its proposed Regulated Economic Transmission Project, the Developer shall provide with its project information an explanation detailing why it did not include any of the Alternative Transmission Technologies, including whether it did not include them due to concerns over the costs of upgrading energy management systems.

31.3.2.3.7 Failure to provide any data requested by the ISO within the timeframe provided in Section 31.3.2.2.3 of this Attachment Y will result in the rejection of the proposed solution from further consideration during that planning cycle.

31.3.2.3.8 If the ISO determines that a facility is or is not an Economic Transmission Upgrade and that determination differs from the Developer's identification of an Economic Transmission Upgrade(s) included as a part of the transmission project, the Developer may provide a revised capital cost estimate and an updated description of permitting or other risks facing the project that relate to the difference in characterization of a project element.

31.3.2.4 Identification of Economic Transmission Upgrades and Designated Entities for Regulated Economic Transmission Solutions

31.3.2.4.1 Following the NYISO's completion of the Economic Transmission Project Evaluation that finds that the Regulated Economic Transmission Solution is eligible for cost allocation and recovery in accordance with Section 31.5.4 of this Attachment Y and the Developer's submission of a written request to the ISO seeking acceptance of the Regulated

Economic Transmission Project by the project beneficiaries according to the procedures set forth in Sections 31.5.4.4, 31.5.4.5, and 31.5.4.6 of this Attachment Y and ISO Procedures, the ISO shall post on its website a preliminary list of facilities that make up the Regulated Economic Transmission Project (but not including any interconnection facilities) within 60 Calendar Days of receipt of the written request from the Developer. The preliminary list of facilities will identify which facilities are new transmission facilities and which facilities satisfy the definition of Economic Transmission Upgrade. For those facilities that satisfy the definition of an Economic Transmission Upgrade, the list will also specify the Transmission Owner that owns the existing transmission facility to be upgraded by an identified an Economic Transmission Upgrade, to the extent such information is available. The ISO shall also post on its website a list of interconnection facilities identified in the proposal submitted by a Developer in accordance with Section 31.3.2.3 of this Attachment Y; however, this list of interconnection facilities is for informational purposes only and shall be separate from the list of new transmission facilities and Economic Transmission Upgrades. With the exception of the list of interconnection facilities, any interested party may dispute the ISO's determination to identify, or not identify, a facility as an Economic Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the ISO's posting of the list pursuant to this Section 31.3.2.4.1, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) as provided in Section 31.1.8.4 of this Attachment Y.

31.3.2.4.2 The ISO shall post on its website the list characterizing the facilities that make up the Regulated Economic Transmission Project no later than 60 Calendar Days prior to the date on which the ISO submits the results of the ISO's project benefit/cost analysis, which may be updated as result of an update to the Developer's capital cost estimate in accordance with

Section 31.3.2.3.7 of this Attachment Y, and beneficiary determination to the Electric System Planning Working Group and Transmission Planning Advisory Subcommittee and to the identified beneficiaries of the proposed Regulated Economic Transmission Project in accordance with Section 31.5.4.5 of this Attachment Y and ISO Procedures. At that time, the ISO shall also post on its website a list that preliminarily identifies (i) the Designated Economic Transmission Project(s) that comprise the Regulated Economic Transmission Project that is under consideration for acceptance by the identified beneficiaries and (ii) the Designated Entity responsible for each Designated Economic Transmission Project, which designations will be finalized in accordance with Section 31.3.2.4.3 of this Attachment Y. A Designated Economic Transmission Project will contain all of the facilities that the ISO preliminarily identifies as being designated to a particular Designated Entity. For purposes of this preliminary designation, the Developer that proposed the Regulated Economic Transmission Project will be identified by the ISO as the Designated Entity for those facilities of its project that do not meet the definition of Economic Transmission Upgrade, which facilities shall constitute a Designated Economic Transmission Project. If more than one Developer jointly proposes the Regulated Economic Transmission Project, then they will collectively be the Designated Entity and jointly and severally responsible for the completion of the Designated Economic Transmission Project. If any facilities of the Regulated Economic Transmission Project meet the definition of Economic Transmission Upgrade, the Transmission Owner owning the existing transmission facility(ies) to be upgraded will be identified by the ISO as the Designated Entity for the Economic Transmission Upgrade(s), which Economic Transmission Upgrade(s) shall constitute a separate Designated Economic Transmission Project.

31.3.2.4.3 Within 60 Calendar Days following the report of a vote of the identified beneficiaries approving a Regulated Economic Transmission Project, a Transmission Owner that has been identified as a Designated Entity for a Designated Economic Transmission Project identified for the Transmission Owner in accordance with Section 31.3.2.4.2 of this Attachment Y shall provide notice to the ISO if the Transmission Owner does not intend to exercise the right under Section 31.1.10.4 of this Attachment Y to build, own, and recover the cost of the Economic Transmission Upgrade(s) and serve as the Designated Entity for the Designated Economic Transmission Project. If the Transmission Owner notifies the ISO of its rejection to be the Designated Entity for one or more Economic Transmission Upgrades identified for its Designated Economic Transmission Project, the Developer that proposed the Regulated Economic Transmission Project shall be the Designated Entity for such Economic Transmission Upgrades, which shall be incorporated into that Developer's Designated Economic Transmission Project. If the Transmission Owner does not take action within the 60 Calendar Days with regard to one or more Economic Transmission Upgrades identified for its Designated Economic Transmission Project, the Transmission Owner shall be the Designated Entity for such Economic Transmission Upgrade(s) and shall have the obligations of a Designated Entity set forth in the ISO OATT, ISO Procedures, and a Development Agreement entered into by the Designated Entity and the ISO pursuant to Section 31.3.2.6.2 of this Attachment Y for the Economic Transmission Upgrade(s).

31.3.2.5 Posting of Approved Solutions

Following the later of the approval of a Regulated Economic Transmission Project by project beneficiaries in accordance with Section 31.5.4.6 of this Attachment Y or the conclusion of the period identified in Section 31.3.2.4.3 of this Attachment Y, if applicable, the ISO shall

post on its website a list of all Designated Entities who have undertaken a commitment to build Designated Economic Transmission Project(s), which is the Regulated Economic Transmission Project or a part of the Regulated Economic Transmission Project that has been approved by project beneficiaries in accordance with Section 31.5.4.6 of this Attachment Y.

31.3.2.6 Designated Entity's Responsibilities Following Approval of a Regulated Economic Transmission Project

31.3.2.6.1 Designated Entity's Responsibility to Obtain Necessary Approvals and Authorizations.

Upon the ISO's posting of a list of Designated Entities and Designated Economic Transmission Projects pursuant to Section 31.3.2.5 of this Attachment Y, each Designated Entity should submit its Designated Economic Transmission Project to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the project. The Designated Entity should make such a submission to the appropriate governmental agency(ies) and/or authority(ies) to the extent such authorization has not already been requested or obtained. If there is more than one Designated Entity, those Designated Entities are responsible for coordinating on the development and implementation of their respective Designated Economic Transmission Projects to place into service the Regulated Economic Transmission Project as approved by the identified beneficiaries in accordance with Section 31.5.4.6 of this Attachment Y.

If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws authorization, for a Designated Economic Transmission Project or Designated Network Upgrade Facilities identified for the interconnection of such Designated Economic

Transmission Project in accordance with Attachment P (if applicable), the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.4 of this Attachment Y, except as otherwise determined by the Commission. The Designated Entity shall be eligible to recover such costs in accordance with Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.3.2.6.2 Development Agreement

As soon as reasonably practicable following the ISO's posting of a list of Designated Entities and Designated Economic Transmission Projects pursuant to Section 31.3.2.5 of this Attachment Y, the ISO shall tender to each Designated Entity of a Designated Economic Transmission Project a draft Development Agreement with draft appendices completed by the ISO to the extent practicable for review and completion by the Designated Entity. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement, which is in Appendix D-2 in Section 31.7 of this Attachment Y. Each Designated Entity will receive a separate draft Development Agreement for its Designated Economic Transmission Project.

The ISO and each Designated Entity, as applicable, shall finalize a Development Agreement and appendices and negotiate any disputed provisions.

For purposes of finalizing the Development Agreement, the ISO and Designated Entity shall prepare the description and dates for the milestones necessary to develop and construct the Designated Economic Transmission Project by the in-service date for the Regulated Economic Transmission Project identified in the Developer's submission of a Regulated Economic Transmission Project and as approved by the identified beneficiaries pursuant to Section 31.5.4.6 of the ISO OATT, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Economic Transmission Projects for the approved Regulated Economic Transmission Project to the extent feasible. Any milestone that requires action by another Designated Entity or a Connecting Transmission Owner or Affected System Operator identified pursuant to Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

Unless otherwise agreed by the ISO and the Designated Entity, the Designated Entity must execute the Development Agreement within three (3) months of the ISO's tendering of the draft Development Agreement; provided, however, that if, during the negotiation period, the ISO or the Designated Entity determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own or following the Designated Entity's request in writing that the agreement be filed unexecuted. If the Development Agreement resulting from the negotiation between the ISO and the Designated Entity does not conform with the Commission-approved standard

form in Appendix D-2 in Section 31.7 of this Attachment Y, the ISO shall file the agreement with the Commission for its acceptance within thirty (30) Business Days after the execution of the Development Agreement by both parties. If the Designated Entity requests that the Development Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within thirty (30) Business Days of receipt of the request from the Designated Entity. The ISO will draft to the extent practicable the portions of the Development Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The Designated Entity will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions. Upon the ISO's and the Designated Entity's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission, the ISO and the Designated Entity shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modification by the Commission.

31.3.3 Requested Economic Planning Study

31.3.3.1 A Market Participant or another interested party may request that the ISO perform a Requested Economic Planning Study separate from and in addition to the System & Resource Outlook performed, as applicable, in accordance with Section 31.3.1 or Section 31.6 of this Attachment Y. For purposes of this Section 31.3.3, the Market Participant or other interested party requesting the Requested Economic Planning Study shall be known as the "Requestor." A Requested

Economic Planning Study is also separate from and addition to: (i) studies related to firm point-to-point transmission service pursuant to Section 3.7 of the ISO OATT, (ii) studies that a customer can request related to Network Integration Transmission Service pursuant to Section 4.5 of the ISO OATT, (iii) studies related to Interconnection Requests pursuant to Attachments X, Z, or HH of the ISO OATT, (iv) studies related to Transmission Interconnection Applications pursuant to Attachment P of the ISO OATT, and (v) requests for evaluation of projects as potential solutions to Short-Term Reliability Process Needs, Reliability Needs, or Public Policy Transmission Needs pursuant to Attachment Y or Attachment FF of the ISO OATT. The ISO shall, upon request and subject to resource limits, conduct a Requested Economic Planning Study at any time during the year. The ISO will accommodate all study requests to the extent reasonable and practicable, subject to resource limitations.

31.3.3.2 A Requestor may request that the ISO perform a Requested Economic Planning Study by submitting to the ISO: (i) a completed and executed Requested Economic Planning Study Request Form in the form included in Section 31.13 of this Attachment Y, and (ii) a study deposit in the amount of $25,000. A Requestor must submit a separate request form and a separate study deposit for multiple study requests that involve significant differences in study scope and assumptions. The ISO shall acknowledge receipt of the Requested Economic Planning Study Request Form within ten (10) business days of its receipt and shall inform Requestor whether, in the ISO's judgement, the form is complete. If the form is not complete, the ISO will request additional information. The ISO

will post the following on its website regarding a submitted Requested Economic Planning Study Request Form: (i) a general description of the requested study, (ii) the date the ISO received the request form, and (iii) the identity of the Requestor.

31.3.3.3 The ISO will process Requested Economic Planning Study Request Forms in the order it receives the requests on a first come, first served basis; *provided, however,* that the ISO is not required to complete and report the results of the Requested Economic Planning Studies in the order the request forms are received. The Requested Economic Planning Study Request Form will be deemed received by the ISO on the date that the ISO receives the completed request form and the required deposit. If the scope and subject matter of two or more contemporaneous Requested Economic Planning Studies overlap, the ISO, with the agreement of each affected Requestor, may conduct the overlapping study work on a consolidated basis and allocate the costs of such study work equally to each affected Requestor.

31.3.3.4 Following its receipt of a complete Requested Economic Planning Study Request Form, the ISO shall establish with the Requestor a mutually agreeable time for a scoping meeting. The scoping meeting shall determine the scope of the study to be conducted and deliverables to be provided. The Requestor may define the scope for its study, such as: (i) additional metrics for measuring congestion and the benefits of relieving that congestion; (ii) additional scenarios and the assumptions to be used; (iii) whether the Requestor wants the ISO to analyze potential transmission, generation, demand response and/or energy efficiency

solutions and the characteristics of those solutions; and (iv) the degree of certainty requested for the solution cost estimates.

31.3.3.5 Following the scoping meeting, the ISO will memorialize in writing the scope of work and the deliverables to be provided by the ISO in a Study Agreement for a Requested Economic Planning Study in the form set forth in Section 31.14 of this Attachment Y. The ISO will provide the study agreement to the Requestor and a non-binding estimate of the total study costs. The ISO may require, at its discretion, Requestor to pay a deposit amount in addition to the initial $25,000 deposit that the Requestor must provide pursuant to Section 31.3.3.2 to cover the total study cost estimate. For the ISO to commence the Requested Economic Planning Study, the Requestor must execute the study agreement and provide any required additional study deposit amount. If Requestor modifies the scope of the Requested Economic Planning Study in a manner that increases the estimated total costs of the study, the ISO may require, at its discretion, that Requestor pay an additional deposit to cover any cost increase. The ISO shall hold the study deposit(s) provided by Requestor with its Requested Economic Planning Study Request Form pursuant to Section 31.3.3.2 and any additional study deposit(s) provided by Requestor pursuant to this Section 31.3.3.5 in an interest-bearing account for which the interest earned will be associated with Requestor and shall be applied to study costs and subject to refund as described in Section 31.3.3.8.

31.3.3.6 The ISO shall use the database and base case assumptions in the scope agreed upon by the Requestor and the ISO for the Requested Economic Planning

Study. The ISO will use reasonable efforts to complete each Requested Economic Planning Study by a date mutually agreed to with the Requestor. If the ISO determines this target date will not be met, the ISO will promptly inform the Requestor and provide the Requestor with an updated estimate of the new date by which the Requested Economic Planning Study will be completed. Requestor may withdraw its Requested Economic Planning Study Request Form at any time by written notice to the ISO. Upon receipt of such request, the ISO will immediately terminate any further study work, except as reasonably necessary to wrap up work and return information to the Requestor.

31.3.3.7 The ISO shall charge, and Requestor shall pay, the actual costs incurred by the ISO in performing a Requested Economic Planning Study. This includes costs that the ISO incurs at its discretion to use contractors or consultants, computing services, and costs that Transmission Owners may incur to supply study-related data at the ISO's request. The ISO shall track its staff and administrative costs that it incurs in performing the Requested Economic Planning Study, including any costs associated with using contractors or consultants, computing services, and costs incurred by involved Transmission Owners.

31.3.3.8 The ISO shall invoice the Requestor monthly for study costs incurred by the ISO in performing the Requested Economic Planning Study. Such invoice shall include a description and an accounting of the study costs incurred by the ISO, estimated consultant and contractor costs, estimated computing services costs, and estimated costs incurred by Transmission Owners. Requestor shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the

monthly invoice. The ISO shall continue to hold the full amount of the study deposit(s) that Requestor submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5 until settlement of the final invoice; *provided, however,* if a Requestor: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described in Section 31.3.3.9 below, the ISO may draw upon the study deposit(s) to recover the owed amount. If the ISO must draw on the study deposit(s), the ISO shall provide notice to the Requestor, and the Requestor shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Requestor fails to make such payments, the ISO may halt its performance of the Requested Economic Planning Study. Upon: (i) the completion of the Requested Economic Planning Study or the withdrawal of the Requestor's Requested Economic Planning Study Request Form, including withdrawal due to the termination of its Requested Economic Planning Study Agreement, and (ii) the ISO's receipt of all final invoices from its consultants and contractors, computing services, and involved Transmission Owners, the ISO shall issue a final invoice to Requestor. Upon the ISO's receipt of Requestor's final payment for all outstanding invoiced amounts, the ISO shall refund to Requestor: (i) its study deposit(s) submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5, less any amount that the ISO was required to draw upon to satisfy prior invoiced amounts, and (ii) any interests earned on the net study deposit amount held by the ISO.

31.3.3.9 In the event of a Requestor's dispute over invoiced amounts, Requestor shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Requestor fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform the Requested Economic Planning Study or to provide the study results. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) calendar days after resolution of the dispute, Requestor will pay the ISO any amounts due with interest actually earned on such amounts.

31.3.3.10 Upon completion of the Requested Economic Planning Study, the ISO will provide the agreed upon deliverables for the Requested Economic Planning Study to Requestor. If Requestor has withdrawn its Requested Economic Planning Study Request Form prior to the completion of the study, the ISO will forward to the Requestor the results of any study work, related to the deliverables, completed prior to the withdrawal date following Requestor's final payment. The ISO will remove any Confidential Information or aggregate or mask such information to avoid disclosure of Confidential Information prior to providing the study results to Requestor. Upon request, the ISO will schedule a meeting to review the study results with the Requestor. The results of a Requested Economic Planning Study will be treated as Confidential Information under Attachment F to the OATT; *provided, however*, the ISO will post the results of the Requested Economic Planning Study if and when: (i) Requestor requests that the ISO post

the results of the Requested Economic Planning Study; (ii) the ISO is informed that the results of the Requested Economic Planning Study have been made public; or (iii) Requestor seeks regulated cost recovery for a Regulated Economic Transmission Project under the ISO Tariff based upon the results of the Requested Economic Planning Study, and the ISO will note in such posting whether the database and base case assumptions used in the study are different from such study assumptions that are required for seeking regulated cost recovery under the Economic Transmission Project Evaluation.

31.4 Public Policy Transmission Planning Process

31.4.1 General

The Public Policy Transmission Planning Process shall consist of three steps: (1) identification of Public Policy Transmission Needs; (2) requests for proposed Public Policy Transmission Projects and Other Public Policy Projects to address those Public Policy Transmission Needs and the evaluation of those projects; and (3) selection of the more efficient or cost-effective Public Policy Transmission Project, if any, to satisfy each Public Policy Transmission Need to be eligible for cost allocation under the ISO OATT and designation of the selected Public Policy Transmission Project to the Designated Entity or Designated Entities that shall be responsible for developing the Designated Public Policy Project(s). The Public Policy Transmission Planning Process will be conducted on a two-year cycle, unless requested by the NYPSC to be conducted out of that cycle. If the Public Policy Transmission Planning Process cannot be completed in the two-year cycle, the ISO will notify stakeholders and provide an estimated completion date and an explanation of the reasons the additional time is required. The NYPSC's issuance of a written statement pursuant to Section 31.4.2.4 below will occur after the draft RNA study results are posted.

31.4.2 Identification and Posting of Proposed Transmission Needs Driven by Public Policy Requirements and Interconnection-Related Transmission Needs

31.4.2.1 Solicitation of Proposed Transmission Needs Driven by Public Policy Requirements

At the start of each cycle for the Public Policy Transmission Planning Process, the ISO will provide a 60-day period, which time period may be extended by the ISO pursuant to Section 31.1.8.7, to allow any stakeholders or interested parties to submit to the ISO, or for the ISO on its

own initiative to identify, any proposed transmission need(s) that may arise within ten (10) years that it believes are being driven by Public Policy Requirement(s) and for which transmission solutions should be requested and evaluated. Each submittal will identify the Public Policy Requirement(s) that the party believes is driving the need for transmission, propose criteria for the evaluation of transmission solutions to that need, and describe how the construction of transmission will fulfill the Public Policy Requirement(s).

31.4.2.2 Identification of Interconnection-Related Transmission Needs

During the transmission needs solicitation period established in Section 31.4.2.1, the ISO will identify the Interconnection-Related Transmission Needs that shall be considered as part of the determination of Public Policy Transmission Needs pursuant to Sections 31.4.2.4 through 31.4.2.6 during the planning cycle of the Public Policy Transmission Planning Process. The ISO will identify Interconnection-Related Transmission Need(s) that meets all of the requirements established in Sections 31.4.2.2.1 through 31.4.2.2.6.

31.4.2.2.1 The ISO identified the transmission need in at least two cycles of, as applicable, its Class Year Study process in Attachments S and X of the ISO OATT and/or its Cluster Study Process in Attachment HH of the ISO OATT, which study process cycle was completed prior to the ISO's commencement of the transmission needs solicitation period established in Section 31.4.2.1. For purposes of this Section 31.4.2.2. a cycle will be considered complete only when an Additional SDU Study triggered in that cycle has been completed or terminated in accordance with the applicable requirements in Attachment HH.

31.4.2.2.2 The ISO identified a non-Local System Upgrade Facility or a System Deliverability Upgrade to meet the identified transmission need and each of the identified upgrades had a voltage of at least 200 kV and an estimated cost of at least $30 million.

31.4.2.2.3 The Interconnection Requests or CRIS-Only Requests that led to the identification of the transmission need in two or more cycles of, as applicable, the Class Year Study process and/or the Cluster Study Process have been withdrawn and no more than five calendar years have passed between the date of an earlier Interconnection Request or CRIS-Only Request withdrawal and the date of a later Interconnection Request or CRIS-Only Request withdrawal.

31.4.2.2.4 A Developer or Interconnection Customer, as applicable, has not accepted the Project Cost Allocation for and paid cash or posted the related Security for the non-Local System Upgrade Facility or System Deliverability Upgrade to address the relevant transmission need in the decision period, as applicable, of: (i) the Class Year Study, including any Additional SDU Study, in accordance with Sections 25.8.2 through 25.8.4 of Attachment S of the ISO OATT or (ii) the Cluster Study, including any Additional SDU Study, in accordance with Sections 40.15.1 through 40.15.4 of Attachment HH of the ISO OATT.

31.4.2.2.5 The Interconnection Request or CRIS-Only Request withdrawals associated with the repeatedly identified transmission need occurred no earlier than seven calendar years prior to the commencement date of the applicable planning cycle for the Public Policy Transmission Planning Process.

31.4.2.2.6 The recurring transmission need has not been identified by the ISO as an Interconnection-Related Transmission Need in a prior planning cycle of the Public Policy Transmission Planning Process.

31.4.2.3 Posting and Submission of Potential Transmission Needs to NYPSC and Long Island Power Authority

After the end of the transmission needs solicitation period established in Section 31.4.2.1, the ISO will post on its website and will submit to the NYPSC: (A) all submittals proposed by

stakeholders, other interested parties, and any additional transmission needs and criteria identified by the ISO pursuant to Section 31.4.2.1, and (B) all Interconnection-Related Transmission Needs identified by the ISO pursuant to Section 31.4.2.2. For submittals to identify transmission needs and Interconnection-Related Transmission Needs that require a physical modification to transmission facilities in the Long Island Transmission District pursuant to Section 31.4.2.6, the ISO will, after the end of the transmission needs solicitation period: (i) post on its website all submittals proposed by stakeholders and interested parties, and (ii) provide to the NYPSC and the Long Island Power Authority: (A) all submittals proposed by stakeholders, other interested parties, and any additional transmission needs and criteria identified by the ISO, and (B) all Interconnection-Related Transmission Needs.

31.4.2.4 Identification and Determination of Transmission Needs for Evaluation in the Public Policy Transmission Planning Process

The NYPSC will review all proposed transmission need(s) provided by the ISO and, with input from the ISO and interested parties, identify the transmission needs, if any, for which specific transmission solutions should be requested and evaluated. The NYPSC will maintain procedures to govern the process by which it will review proposed transmission need(s), which procedures shall: ensure that such process is open and transparent, provide the ISO and interested parties a meaningful opportunity to participate in such process, provide input regarding the NYPSC's considerations, and result in the development of a written determination as required by law, inclusive of the input provided by the ISO and interested parties. In addition, the NYPSC may, on its own, identify a transmission need driven by a Public Policy Requirement. Any such transmission need identified by the NYPSC on its own shall be described by the NYPSC in accordance with the requirements for stakeholder submittals set forth in Section 31.4.2.1, and shall be identified and posted to the ISO's website prior to NYPSC's issuance of the required

written statement discussed below in this Section 31.4.2.4 so as to provide the ISO and interested parties an opportunity to provide input to the NYPSC relating thereto.

The ISO shall assist the NYPSC in its analyses as requested. The NYPSC may also request that the ISO, pursuant to Section 3.8.1 of the ISO OATT, conduct an evaluation of alternative options to address the transmission needs.

The NYPSC shall issue a written statement that identifies the relevant Public Policy Requirements and Interconnection-Related Transmission Needs driving transmission needs and explains why it has identified the Public Policy Transmission Needs for which transmission solutions will be requested by the ISO. The statement shall also explain why transmission solutions to other suggested transmission needs should not be requested. The NYPSC's statement may also provide: (i) additional criteria for the evaluation of transmission solutions and non-transmission projects, (ii) the required timeframe, if any, for completion of the proposed solution, and (iii) the type of analyses that it will request from the ISO.

If the NYPSC does not identify any transmission needs driven by Public Policy Requirements or Interconnection-Related Transmission Needs, it will provide confirmation of that conclusion to the ISO, and the ISO shall not request solutions. The ISO shall post the NYPSC's statement on the ISO's website.

31.4.2.5 Disputes of NYPSC Determinations

In the event that a dispute is raised solely within the NYPSC's jurisdiction relating to any NYPSC decision to either accept or deny a proposed transmission need as one for which transmission solutions should be requested, the dispute shall be addressed through judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

31.4.2.6 Identification and Determination of Transmission Needs Within the Long Island Transmission District for Evaluation in the Public Policy Transmission Planning Process

The Long Island Power Authority, pursuant to its jurisdiction under Title 1-A of Article 5 (§1020 et seq.) of the Public Authorities Law of the State of New York, shall identify and determine whether a Public Policy Requirement or Interconnection-Related Transmission Need drives the need for a physical modification to transmission facilities in the Long Island Transmission District. The identification and determination of such transmission needs shall be consistent with Section 31.4.2.4, as further supplemented by this Section 31.4.2.6. The Long Island Power Authority shall have no authority to identify a transmission need outside of the Long Island Transmission District.

Based on the information provided by the ISO pursuant to Section 31.4.2, the Long Island Power Authority shall review whether a proposed Public Policy Requirement or Interconnection-Related Transmission Need drives the need for a physical modification to transmission facilities in the Long Island Transmission District. In addition, the following requirements shall apply to the Long Island Power Authority:

(i) The Long Island Power Authority shall consult with the NYDPS on the identification of transmission needs driven by a Public Policy Requirement or an Interconnection-Related Transmission Need solely within the Long Island Transmission District;

(ii) Upon completion of its review, the Long Island Power Authority shall issue a written statement explaining whether a Public Policy Requirement or an Interconnection-Related Transmission Need does or does not drive the need for a physical modification to transmission facilities solely within the Long Island

Transmission District, and describing the consultation undertaken with the NYDPS;

(iii) In conjunction with the issuance of its written statement, the Long Island Power Authority shall transmit to the NYPSC and request that it review and determine whether a transmission need solely within the Long Island Transmission District identified by the Long Island Power Authority as being driven by a Public Policy Requirement or an Interconnection-Related Transmission Need should be considered a Public Policy Transmission Need for purposes of the evaluation of solutions by the ISO and the potential eligibility of transmission solutions for selection and regional cost allocation under the ISO OATT. Any transmission need within the Long Island Transmission District that has been identified by the Long Island Power Authority, but which the NYPSC has not determined to be a Public Policy Transmission Need that would be evaluated by the ISO, shall be addressed under the Long Island Power Authority's Local Transmission Plan.

(iv) The determination of whether there is a transmission need solely within the Long Island Transmission District is the sole responsibility of the Long Island Power Authority;

(v) The NYDPS and Long Island Power Authority shall consult and coordinate on procedures to be adopted by the NYPSC and Long Island Power Authority to ensure that their respective determinations under this Section 31.4.2.6, including any NYPSC determination that there is a Public Policy Transmission Need within the Long Island Transmission District for which solutions should be evaluated by the ISO, are completed, publicly posted and transmitted to the ISO at the same

time as the NYPSC makes its final determinations pursuant to Section 31.4.2.4; and

(vi) In the event that a dispute is raised solely within the Long Island Power Authority's jurisdiction relating to a decision by the Long Island Power Authority to either accept or deny a proposed transmission need solely within the Long Island Transmission District, the dispute shall be addressed through judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

31.4.3 Request for Proposed Solutions

The ISO will request proposed Public Policy Transmission Projects, including Interregional Transmission Projects, to satisfy each Public Policy Transmission Need identified pursuant to Sections 31.4.2.4 through 31.4.2.6. An Interregional Transmission Project shall be: (i) evaluated in accordance with the applicable requirements of the Public Policy Transmission Planning Process of this Attachment Y, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol. The ISO shall also accept specific proposed Other Public Policy Projects to satisfy a Public Policy Transmission Need identified pursuant to Sections 31.4.2.4 through 31.4.2.6.

31.4.3.1 ISO Request for Proposed Solutions

Following posting of a determination pursuant to Sections 31.4.2.4 through 31.4.2.6, the ISO will request that Developers propose specific solutions, whether Public Policy Transmission Project(s) or Other Public Policy Project(s), to satisfy each identified Public Policy Transmission Need in accordance with the requirements set forth in Section 31.4.4.3. Any proposed

transmission needs that are under appeal pursuant to Section 31.4.2.5 or Section 31.4.2.6(vi) may be addressed with proposed solutions, if required, except where the NYPSC order has been stayed pending the resolution of that appeal.

31.4.3.2 NYPSC and LIPA Requests for Solutions

To ensure that there will be a response to a Public Policy Transmission Need, the NYPSC may request the appropriate Transmission Owner(s) or Other Developer, as identified by the NYPSC, to propose a Public Policy Transmission Project. With respect to a transmission need identified by the Long Island Power Authority and determined to be a Public Policy Transmission Need by the NYPSC pursuant to Section 31.4.2.6, the Long Island Power Authority's Board of Trustees may request that an appropriate Transmission Owner(s) or Other Developer propose a Public Policy Transmission Project or Other Public Policy Project. A request for the provision of a Public Policy Transmission Project or Other Public Policy Project by either the NYPSC or the Long Island Power Authority's Board of Trustees, pursuant to this section, is supplementary to, and not to the exclusion of, the submission of proposed projects pursuant to Section 31.4.3.1. Costs incurred by a Transmission Owner or Other Developer in preparing a proposed transmission solution in response to a request under this Section 31.4.3.2 will be recoverable under Section 31.5.7 and Rate Schedule 10 of the ISO OATT. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission.

31.4.4 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.4.4 and its subsections, the term "Developer" includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent

that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.4.4.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.4.4.1.1 to demonstrate its capability to satisfy the applicable qualification criteria and (ii) a notarized officer's certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer's project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures, related and applicable to the Affiliate's participation.

31.4.4.1 Developer Qualification and Timing

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate, and maintain a Public Policy Transmission Project. The ISO shall consider the qualification of each Developer in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

31.4.4.1.1 Developer Qualification Criteria

The ISO shall make a determination on the qualification of a Developer to propose to develop a Public Policy Transmission Project based on the following criteria:

31.4.4.1.1.1 The technical and engineering qualifications and experience of the Developer relevant to the development, construction, operation and maintenance of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

31.4.4.1.1.2 The current and expected capabilities of the Developer to develop and construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.4.4.1.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

(1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;

(2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information, if available;

(3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch or equivalent information, if available;

(4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

(5) such other evidence that demonstrates its current and expected capability to finance a project to solve a Public Policy Transmission Need.

31.4.4.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

31.4.4.1.2 Developer Qualification Determination

Any Developer seeking to be qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.4.4.1.1.3 and is designated by the Developer as "Confidential Information." The ISO shall within 15 days of a Developer's submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO's request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material

change in the Developer's qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO's revocation of a Developer's qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a regulated Public Policy Transmission Project and shall be eligible to use the cost allocation and cost recovery mechanism for regulated Public Policy Transmission Projects set forth in Section 31.5 of this Attachment Y and the Rate Schedule 10 of the ISO OATT for any approved project.

31.4.4.2 Reserved.

31.4.4.3 Submittal of Project Information and Developer Qualification Information and Opportunity to Provide Additional Information

31.4.4.3.1 Following the posting of the NYPSC's determination of a Public Policy Transmission Need in accordance with Sections 31.4.2.4 through 31.4.2.6 and before issuing a solicitation for solutions in accordance with Section 31.4.3, the ISO shall hold a technical conference with Developers and interested parties to obtain their input on the ISO's application of the selection metrics set forth in Section 31.4.8.1 for purposes of soliciting solutions to the Public Policy Transmission Need. To the extent practicable, before issuing a solicitation for solutions in accordance with Section 31.4.3, the ISO will present to Developers and interested parties any contingency percentage and escalation factors that its

independent consultant will use in formulating capital cost estimates for proposed Public Policy Transmission Projects.

31.4.4.3.2 All Developers proposing Public Policy Transmission Projects or Other Public Policy Projects to satisfy a Public Policy Transmission Need shall submit to the ISO within 60 days of the ISO's request for solutions to a Public Policy Transmission Need, which time period may be extended by the ISO pursuant to Section 31.1.8.7, the project information required under Section 31.4.5. The only permitted alternatives within a proposed Public Policy Transmission Project are routing alternatives as provided in Section 31.4.5.1.3. Any other alternative must be submitted as a separate Public Policy Transmission Project.

31.4.4.3.3 If the Developer submits Confidential Information, as defined in Section 31.4.15, as part of its project information submitted pursuant to Section 31.4.4.3.2 or as part of its additional project information submitted pursuant to Section 31.4.4.3.5, the Developer shall submit redacted and un-redacted versions of this project information pursuant to Section 31.4.15.4.

31.4.4.3.4 The Developer of a Public Policy Transmission Project must also demonstrate to the ISO, simultaneous with its submission of project information, that it: (i) has submitted, as applicable, a new or revised Transmission Interconnection Application under Attachment P to the ISO OATT or Interconnection Request under Attachment X to the ISO OATT, or (ii) has completed a Cluster Study Process for a Cluster Study Transmission Project under Attachment HH to the ISO OATT. The project information submitted by the Developer for its Public Policy Transmission Project in accordance with this

Section 31.4.4.3 shall be the same as the Developer's proposed project in its Transmission Interconnection Application or Interconnection Request, as applicable, including the same electrical characteristics, related modeling information, and contingency information necessary to perform all analyses, including thermal, voltage, stability, short circuit, and transfer limit analyses.

31.4.4.3.5 If: (i) the ISO determines that a Developer's submission of its project information is incomplete, or (ii) the ISO determines at any time in the planning process that additional project information is required, the ISO shall request that the Developer provide additional project information within the timeframe set forth in Section 31.4.4.3.8. A Developer's failure to provide the data requested by the ISO or to satisfy the other requirements in Sections 31.4.4.3 or 31.4.4.4 within the required timeframes shall result in the rejection of the Developer's proposed Public Policy Transmission Project or Other Public Policy Project from further consideration during that planning cycle.

31.4.4.3.6 Any Developer that the ISO has determined under Section 31.4.4.1.2 of this Attachment Y to be qualified to propose to develop a transmission project as a transmission solution to a Public Policy Transmission Need may submit the required project information for its proposed Public Policy Transmission Project; *provided, however*, that based on the actual identified need that requires resolution, the ISO may request that the qualified Developer provide additional Developer qualification information within the timeframe set forth in Section 31.4.4.3.8.

31.4.4.3.7 Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a Public Policy Transmission Project, must submit to the ISO the information required for Developer qualification under Section 31.4.4.1 within 30 days after a request for solutions is made by the ISO. The ISO shall within 30 days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete and request that the Developer provide additional Developer qualification information within the timeframe set forth in Section 31.4.4.3.8. The ISO shall notify a Developer that has submitted the requested Developer qualification information whether it is qualified to propose to develop a Public Policy Transmission Project to be considered in that planning cycle.

31.4.4.3.8 The Developer shall submit additional Developer qualification information or project information required by the ISO within 15 days of the ISO's request.

31.4.4.3.9 If a Developer fails to timely submit the additional Developer qualification information requested by the ISO, the Developer will not be eligible for its proposed Public Policy Transmission Project to be considered in that planning cycle.

31.4.4.3.10 Within five (5) business days of its receipt of proposed Public Policy Transmission Projects and Other Public Policy Projects pursuant to Section 31.4.4.3.2, the ISO shall publicly post a brief description of the project proposals in accordance with ISO Procedures, which description shall not include Critical

Energy Infrastructure Information or Confidential Information, as defined in Section 31.4.15.

31.4.4.3.11 Following the ISO's determination that the project information submitted by the Developer for its proposed Public Policy Transmission Project pursuant to Sections 31.4.4.3.2 and 31.4.4.3.5 is complete (provided that the ISO may request at any time additional information pursuant to Section 31.4.4.3.5) and at least 30 calendar days prior to the ISO's presentation of its Viability and Sufficiency Assessment pursuant to Section 31.4.6.5, the ISO shall make available upon request the redacted version of Developer's initial submission of project information required pursuant to Section 31.4.5 for its proposed Public Policy Transmission Project, subject to the requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information. Within thirty (30) days of the ISO's receipt of any additional project information submitted by the Developer for its proposed Public Policy Transmission Project pursuant to Section 31.4.4.3.5, the ISO shall make available to any requestor that requested the initial submission of project information or upon request from any other requestor the redacted version of the additional project information, subject to the requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information.

31.4.4.4. Application Fee and Study Deposit for Proposed Regulated Public Policy Transmission Project

All Developers that propose Public Policy Transmission Projects shall for each such project, at the same time that they provide project information pursuant to Section 31.4.4.3.2, (i)

execute a study agreement with the ISO in the form set forth in Section 31.12 (Appendix I) of this Attachment Y for purposes of the ISO's evaluation of the proposed Public Policy Transmission Project under Sections 31.4.7, 31.4.8, 31.4.9, 31.4.10, and 31.4.11, and (ii) submit to the ISO: (A) a non-refundable application fee of $10,000, and (B) a study deposit of $100,000, which shall be applied to study costs and subject to refund as described in this Section 31.4.4.4. The study deposit shall be held in an interest-bearing account for which the interest earned will be associated with the Developer and shall be applied to study costs and subject to refund as described in this Section 31.4.4.4.

The ISO shall charge, and a Developer proposing a regulated Public Policy Transmission Project shall pay, the actual costs of the ISO's evaluation of the Developer's proposed Public Policy Transmission Project for purposes of the ISO's selection of the more efficient or cost effective Public Policy Transmission Project to satisfy a Public Policy Transmission Need for cost allocation purposes, including costs associated with the ISO's use of subcontractors. The ISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs in performing the evaluation of a Developer's proposed Public Policy Transmission Project under Sections 31.4.7, 31.4.8, 31.4.9, 31.4.10, and 31.4.11 and any supplemental evaluation or re-evaluation of the proposed Public Policy Transmission Project. If the ISO or its subcontractors perform study work for multiple proposed Public Policy Transmission Projects on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers.

The ISO shall invoice the Developer monthly for study costs incurred by the ISO in evaluating the Developer's proposed Public Policy Transmission Projects as described above. Such invoice shall include a description and an accounting of the study costs incurred by the ISO

and estimated subcontractor costs. The Developer shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit until settlement of the final monthly invoice; *provided, however,* if a Developer: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described below, the ISO may draw upon the study deposit to recover the owed amount. If the ISO must draw on the study deposit, the ISO shall provide notice to the Developer, and the Developer shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Developer fails to make such payments, the ISO may halt its evaluation of the Developer's proposed Public Policy Transmission Project and may disqualify the Developer's proposed Public Policy Transmission Project from further consideration. After the conclusion of the ISO's evaluation of the Developer's proposed Public Policy Transmission Project or if the Developer: (i) withdraws its proposed Public Policy Transmission Project or (ii) fails to pay an invoiced amount and the ISO halts its evaluation of the proposed Public Policy Transmission Project, the ISO shall issue a final invoice and refund to the Developer any portion of the Developer's study deposit submitted to the ISO under this Section 31.4.4.4 and any interest actually earned on the deposited amount that together exceeds the outstanding amounts that the ISO has incurred in evaluating that Developer's proposed Public Policy Transmission Project. The ISO shall refund the remaining portion within sixty (60) days of the ISO's receipt of all final invoices from its subcontractors and involved Transmission Owners.

In the event of a Developer's dispute over invoiced amounts, the Developer shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Developer fails to

meet these two requirements, then the ISO shall not be obligated to perform or continue to perform its evaluation of the Developer's proposed Public Policy Transmission Project. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) Calendar Days after resolution of the dispute, the Developer will pay the ISO any amounts due with interest actually earned on such amounts.

31.4.5 Project Information Requirements

31.4.5.1 Requirements for Public Policy Transmission Projects

31.4.5.1.1 In response to the ISO's solicitation for solutions pursuant to Section 31.4.4.3.2, a Developer proposing a Public Policy Transmission Project to satisfy a Public Policy Transmission Need must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications as appropriate and Developer's identification of any Public Policy Transmission Upgrade(s) included as part of its project; (4) evidence of a commercially viable technology; (5) a detailed major milestone schedule and expected In-Service Date of the project, as well as identification of in-service dates for specific components (such as a Public Policy Transmission Upgrade) to properly sequence the project; (6) a schedule for obtaining any required permits and other certifications; (7) a transmission and substation routing study or studies and demonstration that the

Developer already possesses the rights of way necessary to implement the project or has specified a detailed plan or approach and schedule for acquiring property rights; (8) status of any contracts (other than an interconnection agreement) that are under negotiations or in place, including any contracts with third-party contractors; (9) a Transmission Interconnection Application or Interconnection Request, as applicable, as described in Section 31.4.4.3.4; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) capital cost estimates for the project; (13) any Cost Cap that the Developer voluntarily submits in accordance with Section 31.4.5.1.8; (14) a description of permitting requirements and other specific risks facing the project at the stage of project development, including any specific proposed mitigation to permitting risks, and evidence of the reasonableness of project capital cost estimates all based on the information available at the time of the submission; (15) a description of any Alternative Transmission Technologies or an explanation of Developer's determination not to propose these technologies as described in Section 31.4.5.1.9; and (16) any other information required by ISO Procedures or requested by the ISO.

31.4.5.1.2 A Developer shall submit the following information to indicate its capital cost estimates for the project. The Developer shall provide the ISO with credible capital cost estimates for its proposed project, with itemized supporting work sheets that identify all material and labor cost assumptions, and related drawings to the extent applicable and available. The work sheets should include an estimated quantification of cost variance, providing an assumed plus/minus range

around the capital cost estimate. The estimate shall include all components that are needed to meet the Public Policy Transmission Need. To the extent information is available, the Developer should itemize: material and labor cost by equipment, engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed project, all in accordance with Good Utility Practice. For each of these cost categories, the Developer should specify the nature and estimated cost of all major project components and estimate the cost of the work to be done at each substation and/or on each feeder to physically and electrically connect each facility to the existing system. The work sheets should itemize to the extent applicable and available all equipment for: (i) the proposed project (separately identifying new transmission facilities and Public Policy Transmission Upgrades) and (ii) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, Distribution Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Attachments P, S, X, or HH of the ISO OATT or (b) the Developer voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on ISO-conducted interconnection or transmission expansion studies, as applicable).

31.4.5.1.3 A completed transmission and substation routing study provided by the Developer shall: (i) identify a specific routing plan with alternatives, (ii) include a schedule indicating the timing for obtaining siting and permitting, and (iii) provide specific attention to sensitive areas (*e.g.,* wetlands, river crossings, protected areas, and schools).

31.4.5.1.4 A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of Section 31.4.15 and its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as "Confidential Information."

31.4.5.1.5 A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.4.5.1.6 A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for

financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

31.4.5.1.7 Upon the completion of any interconnection study or transmission expansion study of a proposed Public Policy Transmission Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.4.5.1.8 A Developer may voluntarily submit with its project information a Cost Cap for its proposed Public Policy Transmission Project that covers its Included Capital Costs, as defined in Section 31.4.5.1.8.1, but not its Excluded Capital Costs, as defined in Section 31.4.5.1.8.2. The Developer must submit any Cost Cap in the form of a hard Cost Cap or a soft Cost Cap in accordance with Section 31.4.5.1.8.3. If the Developer's proposed Public Policy Transmission Project is selected by the ISO pursuant to Sections 31.4.8.2 and 31.4.11, the Developer shall include its proposed Cost Cap in its Development Agreement for its Designated Public Policy Project in accordance with Section 31.4.12.2. In accordance with Section 6.10.6 of the ISO OATT, the Developer of the selected Public Policy

Transmission Project shall file its Cost Cap for its Designated Public Policy Project at the Commission and shall not seek to recover through its transmission rates or through any other means costs for the Included Capital Costs above its agreed-upon Cost Cap, except as permitted for excusing conditions in Section 6.10.6.2 of the ISO OATT. The Developer of the selected Public Policy Transmission Project may recover for its Designated Public Policy Project through Rate Schedule 10 of the ISO OATT, subject to the cost recovery requirements in Section 6.10.4 or 6.10.5, as applicable, of the ISO OATT, the Included Capital Costs that do not exceed the amount in its Cost Cap, Excluded Capital Costs as defined in Section 31.4.5.1.8.2, and any Included Capital Costs permitted for excusing conditions as defined in Section 6.10.6.2 of the ISO OATT.

31.4.5.1.8.1 A Developer that elects to submit a Cost Cap for its proposed Public Policy Transmission Project must propose to contain all capital costs incurred by a Developer to plan for and construct a Public Policy Transmission Project, and to make it ready for its intended use (the "Included Capital Costs"), with the exception of the capital costs defined as Excluded Capital Costs in Section 31.4.5.1.8.2. Capital costs include the cost of contract work, labor, materials and supplies, transportation, special machine services, shop services, protection, injuries and damages, privileges and permits, engineering services, reasonably expected environmental site remediation and environmental mitigation costs as described in Section 31.4.5.1.8.1.1, general administration services, legal services, real estate and land rights, rents, studies, training, asset retirement, and taxes. At

its option, a Developer may choose to include as Included Capital Costs real estate costs for existing rights-of-way that are part of the proposed Public Policy Transmission Project, but are not owned by the Developer (*e.g.,* existing utility rights-of-way).

31.4.5.1.8.1.1 For purposes of Section 31.4.5.1.8.1, the phrase "reasonably expected environmental site remediation and environmental mitigation costs" means any estimated site investigation and remediation costs to the extent they would arise in the normal course of planning and constructing a Public Policy Transmission Project, which includes, but is not limited to, the following circumstances:

(i) For project sites for which an environmental site assessment has already been conducted or environmental remediation or mitigation activities are ongoing, the Developer shall provide an estimate of any additional environmental site investigation, remediation, or mitigation that is known or reasonably anticipated at the time of submission.

(ii) For project sites for which the Developer has no reason to believe any environmental remediation or mitigation is required without undertaking a site investigation, such as but not limited to any greenfield or undeveloped land, the Developer shall provide an estimate of the cost to perform a Phase I Environmental Site Assessment on a per mile basis.

(iii) For project sites for which the Developer has reason to believe environmental site investigation, remediation, or mitigation may be required, the Developer shall provide an estimate of the cost to perform such environmental site investigation,

remediation, or mitigation to the extent possible based upon the information reasonably available to the Developer at the time of submission.

31.4.5.1.8.2 A Developer may not include the "Excluded Capital Costs" of a proposed Public Policy Transmission Project in a Cost Cap submitted to the ISO. Excluded Capital Costs include the following categories of costs: (i) the cost of Public Policy Transmission Upgrade(s); (ii) the cost of upgrade facilities determined by the ISO that are necessary for the reliable interconnection of the proposed Public Policy Transmission Project in one of its transmission expansion or interconnection processes; (iii) debt costs, allowance for funds used during construction ("AFUDC"), and other representations of the cost of financing the transmission project during the construction timeframe that may be included as part of the capital cost of the project when it enters into service or as otherwise determined by the Commission; (iv) unforeseeable environmental remediation and environmental mitigation costs as described in Section 31.4.5.1.8.2.1, (v) real estate costs for existing rights-of-way that are part of the proposed Public Policy Transmission Project, but are not owned by the Developer, that Developer chooses not to include as Included Capital Costs pursuant to Section 31.4.5.1.8.1; and (vi) the costs of integrating the Public Policy Transmission Project into the ISO's energy management system(s).

31.4.5.1.8.2.1 For purposes of Section 31.4.5.1.8.2, the phrase "unforeseeable environmental remediation and environmental mitigation costs" means any costs relating to environmental remediation and environmental mitigation that are not anticipated by the Developer or are otherwise indeterminable based upon

information reasonably available to the Developer at the time of submission, including any environmental remediation or mitigation costs that cannot be estimated by the Developer without performing an environmental site assessment or investigation; *provided, however*, that the cost of conducting such environmental site assessment or investigation shall be considered an Included Capital Cost pursuant to Section 31.4.5.1.8.1. Costs attributable to environmental investigation, remediation, and mitigation that exceed the amount estimated in the Developer's bid based on, among other things, changes in the extent of known contamination will be considered "unforeseeable environmental remediation and environmental mitigation costs" and Excluded Capital Costs.

31.4.5.1.8.3 A Developer may submit a Cost Cap for its proposed Public Policy Transmission Project in the form of a hard Cost Cap or a soft Cost Cap. A hard Cost Cap for Included Capital Costs is a dollar amount for those costs above which the Developer commits in its proposed Public Policy Transmission Project not to recover from ratepayers. A soft Cost Cap for Included Capital Costs is a dollar amount for those costs above which the Included Capital Costs are shared between the Developer and ratepayers based on a defined percentage. The Developer's percentage of cost sharing under a soft Cost Cap of Included Capital Costs shall be at least twenty (20) percent.

31.4.5.1.8.4. A Developer must include contingency percentage and escalation factors, if any, applicable to the Included Capital Costs in its Cost Cap provided to the ISO as part of its proposal.

31.4.5.1.8.5 If the ISO identifies a deficiency in a Developer's Cost Cap, such as a discrepancy resulting from the ISO determining that (i) a Public Policy Transmission Upgrade is included in the Included Capital Costs or (ii) a facility identified by a Developer as a Public Policy Transmission Upgrade is not a Public Policy Transmission Upgrade, the ISO shall request additional information from the Developer pursuant to Section 31.4.4.3.8, and the Developer may provide a revised Cost Cap that addresses the deficiency identified by the ISO.

31.4.5.1.9 A Developer shall indicate with its project information whether any element of its proposed Public Policy Transmission Project includes Alternative Transmission Technologies. If a Developer does not propose to include any of the Alternative Transmission Technologies as part of its proposed Public Policy Transmission Project, the Developer shall provide with its project information an explanation detailing why it did not include any of the Alternative Transmission Technologies, including whether it did not include them due to concerns over the costs of upgrading energy management systems.

31.4.5.2 Requirements for Other Public Policy Projects

31.4.5.2.1 In response to the ISO's solicitation for solutions pursuant to Section 31.4.4.3.2, a Developer proposing an Other Public Policy Project to satisfy a Public Policy Transmission Need must provide, at a minimum: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical

location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications, if available; (7) a demonstration of Site Control or a schedule for obtaining Site Control, as applicable; (8) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place; (9) the status of ISO interconnection studies and interconnection agreement, as applicable and if available; (10) the status of equipment availability and procurement, as applicable and if available; (11) evidence of financing or ability to finance the project; and (12) any other information required by ISO Procedures or requested by the ISO.

31.4.5.2.2 A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of Section 31.4.15 and its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as "Confidential Information."

31.4.5.2.3 A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional

actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.4.5.2.4 A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) copies of all loan commitment letter(s) and signed financing contract(s), or (ii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available.

31.4.5.2.5 Upon the completion of any interconnection study or transmission expansion study of a proposed Other Public Policy Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, Z, or HH of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.4.6 ISO Evaluation of Proposed Solutions to Public Policy Transmission Needs

31.4.6.1 Evaluation Time Period

The ISO will study proposed Public Policy Transmission Projects and Other Public Policy Projects using: (i) the most recent base case from the Reliability Planning Process, (ii) updates in accordance with ISO Procedures, and (iii) compensatory MWs as needed to resolve the Reliability Needs over the ten-year Study Period. The ISO will extend the most recent reliability and economic planning models for modeling solutions for Public Policy Transmission

Needs by up to an additional twenty years following the Study Period, as appropriate based upon the Public Policy Requirement and the identified Public Policy Transmission Need.

31.4.6.2 Comparable Evaluation of All Proposed Solutions

The ISO shall evaluate any proposed Public Policy Transmission Project or Other Public Policy Project submitted by a Developer to a Public Policy Transmission Need. The ISO will evaluate whether each proposed solution is viable pursuant to Section 31.4.6.3 below and is sufficient to satisfy the Public Policy Transmission Need pursuant to Section 31.4.6.4. The proposed solution may include multiple components and resource types. When evaluating proposed solutions to a Public Policy Transmission Need from any Developer, the ISO shall consider all resource types – including generation, transmission, demand response, or a combination of these resource types – on a comparable basis as potential solutions. All solutions will be evaluated in the same general time frame.

31.4.6.3 Evaluation of Viability of Proposed Solution

The ISO will determine the viability of a Public Policy Transmission Project or Other Public Policy Project – whether transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Public Policy Transmission Need. For purposes of its analysis, the ISO will consider: (i) the Developer qualification data provided pursuant to Section 31.4.4 and the project information data provided under Section 31.4.5; (ii) whether the proposed solution is technically practicable; (iii) the Developer's possession of, or approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) whether the proposed solution can be completed in the required timeframe, if any. If the ISO determines that the proposed solution is

not viable, the ISO shall reject the proposed solution from further consideration during that planning cycle.

31.4.6.4 Evaluation of Sufficiency of Proposed Solution

The ISO will perform a comparable analysis of each proposed Public Policy Transmission Project or Other Public Policy Project – whether transmission, generation, demand response, or a combination of these resource types – to confirm that the proposed solution satisfies the Public Policy Transmission Need. The ISO will evaluate each solution to measure the degree to which the proposed solution independently satisfies the Public Policy Transmission Need, including the evaluation criteria provided by the NYPSC. If the ISO determines that the proposed solution is not sufficient, the ISO shall reject the proposed solution from further consideration during that planning cycle.

31.4.6.5 Viability and Sufficiency Assessment

The ISO will present its Viability and Sufficiency Assessment to stakeholders, interested parties, and the NYDPS for comment. The Viability and Sufficiency Assessment shall identify the information and sources relied upon by the ISO, describe the ISO's assumptions, inputs, methodologies, and state the results of its analyses. The ISO shall file the final Viability and Sufficiency Assessment at the NYPSC. The ISO shall report in the Public Policy Transmission Planning Report the results of its evaluation under this Section 31.4.6 of whether each proposed Public Policy Transmission Project or Other Public Policy Project is viable and is sufficient to satisfy the identified Public Policy Transmission Need.

31.4.6.5.1 Identification of Public Policy Transmission Upgrades in Proposed Public Policy Transmission Projects

31.4.6.5.1.1 At least 30 Calendar Days prior to the ISO's presentation of the initial draft of the Viability and Sufficiency Assessment, the ISO shall post a list of the facilities that make up the Public Policy Transmission Projects (but not including potential interconnection facilities) that were evaluated in the Viability and Sufficiency Assessment. The list will identify which facilities are new transmission facilities and which facilities satisfy the definition of a Public Policy Transmission Upgrade. For those facilities that satisfy the definition of a Public Policy Transmission Upgrade, the list will also specify the Transmission Owner that owns the existing transmission facility that would be modified by an identified Public Policy Transmission Upgrade, to the extent such information is available. The ISO shall also include in the list, for informational purposes only, interconnection facilities identified in a proposal submitted by a Developer in accordance with Section 31.4.5.1.2 of this Attachment Y. Any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Public Policy Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the ISO's posting of the list pursuant to this Section 31.4.6.5.1.1, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) through the ISO governance procedures in discussing the Viability and Sufficiency Assessment and as provided in Section 31.1.8.4 of this Attachment Y. The ISO shall post the final list pursuant to this Section 31.4.6.5.1.1 on or before the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC and shall note whether any of the facilities still have pending disputes at the time the list is posted.

31.4.6.5.1.2 For purposes of the ISO's ongoing solicitation as of October 12, 2021 of proposed solutions to address a Public Policy Transmission Need identified for the 2020-2021 planning cycle of the Public Policy Transmission Process, the ISO shall post a list of the

facilities that make up the Public Policy Transmission Projects (but not including potential interconnection facilities) that were evaluated in the Viability and Sufficiency Assessment in accordance with the requirements in Section 31.4.6.5.1.1; *provided, however*, that, if the Commission has not accepted this Section 31.4.6.5.1 as of 30 Calendar Days prior to the ISO's presentation of the initial draft of the Viability and Sufficiency Assessment, the ISO will: (i) post the list of facilities as soon as reasonably practicable following an order from the Commission accepting this Section 31.4.6.5.1 and (ii) specify at that time the date for its posting the final list of facilities, which shall not be more than 60 Calendar Days following the posting of the initial list. Any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Public Policy Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the ISO's posting of the initial list, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) through the ISO governance procedures and as provided in Section 31.1.8.4 of this Attachment Y. The ISO shall post the final list under this Section 31.4.6.5.1.2 on or before the later date of: (i) the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC, or (ii) the posting date specified by the ISO with its provision of the initial facilities list. The ISO shall note whether any of the facilities still have pending disputes at the time the list is posted.

31.4.6.6 Developer's Determination to Proceed

Within 15 Calendar Days following the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC, which time period may be extended by the ISO pursuant to Section 31.1.8.7, all Developers of proposed Public Policy Transmission Projects that the ISO has determined satisfy the viability and sufficiency requirements in this Section 31.4.6 shall notify the ISO whether they intend for their projects to proceed to be evaluated by the ISO for purposes

of the ISO's selection of the more efficient or cost effective Public Policy Transmission Project to satisfy an identified Public Policy Transmission Need. To proceed, a Developer must include with its notification to the ISO under this Section 31.4.6.6: (i) a demonstration that it has an executed System Impact Study Agreement for a Public Policy Transmission Project that is subject to the Transmission Interconnection Procedures in Attachment P to the ISO OATT, or (ii) a demonstration that a System Reliability Impact Study has commenced for a Public Policy Transmission Project that is subject to the Class Year Study process in Attachment X to the ISO OATT. If a Developer: (i) notifies the ISO that it does not intend for its proposed Public Policy Transmission Project to proceed to be evaluated for purposes of the ISO's selection, or (ii) does not provide the required notification to the ISO under this Section 31.4.6.6, the ISO will remove the project from further consideration during that planning cycle.

31.4.6.7 NYPSC's Modification or Elimination of a Public Policy Transmission Need

31.4.6.7.1 If, at any time prior to the ISO's selection of the more efficient or cost effective transmission solution pursuant to Section 31.4.11.2, the NYPSC issues an order, subject to and in accordance with the State Administrative Procedure Act, that determines that either: (i) there is no longer a transmission need driven by a Public Policy Requirement or an Interconnection-Related Transmission Need that requires the ISO's evaluation of potential transmission solutions, or (ii) the transmission need should be modified, the ISO shall take the following action.

31.4.6.7.2 If the NYPSC determines that there is no longer a transmission need driven by a Public Policy Requirement or an Interconnection-Related Transmission Need in an order as set forth in Section 31.4.6.7.1, the ISO will not perform or complete, as applicable, an evaluation, or make a selection of, a more

efficient or cost-effective transmission solution under Sections 31.4.7 through 31.4.11 for the Public Policy Transmission Need initially identified by the NYPSC for that planning cycle pursuant to Section 31.4.2.4.

31.4.6.7.3 If the NYPSC modifies the transmission need driven by a Public Policy Requirement or an Interconnection-Related Transmission Need in an order as set forth in Section 31.4.6.7.1, the ISO will re-start its Public Policy Transmission Planning Process as an out-of-cycle process to evaluate Public Policy Transmission Projects to address the modified Public Policy Transmission Need. This out-of-cycle process will begin with the ISO's solicitation for Public Policy Transmission Projects to address the modified Public Policy Transmission Need in accordance with Sections 31.4.3 and 31.4.4.3. The ISO shall then perform the remainder of the out-of-cycle Public Policy Transmission Planning Process in accordance with the process requirements in Section 31.4 that follow its solicitation for proposed solutions.

31.4.7 Evaluation of Regional Public Policy Transmission Projects to Address Local and Regional Needs Driven by Public Policy Requirements More Efficiently or More Cost Effectively Than Local Transmission Solutions

The ISO will review the LTPs as they relate to the BPTFs. The ISO will include the results of its analysis in its Public Policy Transmission Planning Report, as approved by the ISO Board.

31.4.7.1 Evaluation of Regional Public Policy Transmission Projects to Address Local Needs Driven By Public Policy Requirements Identified in Local Transmission Plans More Efficiently or More Cost Effectively than Local Transmission Solutions

The ISO, using engineering judgment, will determine whether any proposed regional Public Policy Transmission Project on the BPTFs more efficiently or cost-effectively satisfies any needs driven by a Public Policy Requirement identified in the LTPs. If the ISO identifies that a regional Public Policy Transmission Project has the potential to more efficiently or cost effectively satisfy the needs driven by a Public Policy Requirement identified in the LTPs, it will perform a sensitivity analysis to determine whether the proposed regional Public Policy Transmission Project on the BPTFs would satisfy the needs driven by a Public Policy Requirement identified in the LTPs. If the ISO determines that the proposed regional Public Policy Transmission Project would satisfy the need, the ISO will evaluate the proposed regional Public Policy Transmission Project using the metrics set forth in Section 31.4.8.1 below to determine whether it may be a more efficient or cost effective solution on the BPTFs to the needs driven by a Public Policy Requirement identified in the LTPs than the local solutions proposed in the LTPs.

31.4.7.2 Evaluation of Regional Public Policy Transmission Project to Address Regional Pubic Policy Transmission Needs More Efficiently or More Cost Effectively than Local Transmission Solutions

As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a regional Public Policy Transmission Project might more efficiently or more cost effectively satisfy an identified regional Public Policy Transmission Need on the BPTFs that impacts more than one Transmission District than any local transmission solutions identified by the Transmission Owners in their LTPs in the event the LTPs specify that such transmission solutions are included to address local transmission needs driven by Public Policy Requirements.

31.4.8 ISO Selection of More Efficient or Cost Effective Public Policy Transmission Project to Satisfy a Public Policy Transmission Need

A proposed regulated Public Policy Transmission Project submitted by a Developer that the ISO has determined has provided the required notification to proceed under Section 31.4.6.6 shall be eligible under this Section 31.4.8 for selection in the Public Policy Transmission Planning Report for the purpose of cost allocation under the ISO Tariffs. The ISO shall evaluate any proposed regulated Public Policy Transmission Projects that are eligible for selection in the planning cycle of the Public Policy Transmission Planning Process using the metrics set forth in Section 31.4.8.1 below. For purposes of this evaluation, the ISO will review the information submitted by the Developer and determine whether it is reasonable and how such information should be used for purposes of the ISO evaluating each metric. In its review, the ISO will give due consideration to the status of, and any available results of, any applicable interconnection or transmission expansion studies concerning the proposed Public Policy Transmission Project performed in accordance with Sections 3.7 or 4.5 of the ISO OATT or Attachments X, P, or HH of the ISO OATT. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant's analysis in evaluating each metric. In formulating the independent consultant's estimate for the total capital costs of a Public Policy Transmission Project, the ISO and its independent consultant may add appropriate contingency percentages and escalation factors. The ISO shall select in the Public Policy Transmission Planning Report for cost allocation purposes the more efficient or cost effective transmission solution to satisfy a Public Policy Transmission Need in the manner set forth in Section 31.4.8.2 below.

31.4.8.1 Metrics for Evaluating More Efficient or Cost Effective Regulated Public Policy Transmission Project to Satisfy Public Policy Transmission Need

In determining which of the eligible proposed regulated Public Policy Transmission Projects is the more efficient or cost effective solution to satisfy a Public Policy Transmission Need, the ISO will consider, and will consult with the NYDPS regarding, the metrics set forth below in this Section 31.4.8.1 and rank each proposed project based on the quality of its satisfaction of these metrics:

31.4.8.1.1 The capital cost estimates for the proposed regulated Public Policy Transmission Project, including the accuracy of the proposed estimates and any Cost Cap voluntarily submitted by the Developer of the proposed Public Policy Transmission Project pursuant to Sections 31.4.5.1.1 and 31.4.5.1.8. For this evaluation, the ISO will apply an independent capital cost estimate, contingency percentage, and escalation factors for the Public Policy Transmission Upgrade components of a proposed regulated Public Policy Transmission Project.

31.4.8.1.2 A qualitative evaluation of any Cost Cap voluntarily submitted by the Developer of the proposed Public Policy Transmission Project as determined pursuant to Section 31.4.8.2.2.

31.4.8.1.3 The cost per MW ratio of the proposed regulated Public Policy Transmission Project. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed project in current year dollars as determined by Section 31.4.8.1.1. The ISO will then determine the cost per MW ratio by dividing the capital cost by the MW value of increased transfer capability.

31.4.8.1.4 The expandability of the proposed regulated Public Policy Transmission Project. The ISO will consider the impact of the proposed project on future construction. The ISO will also consider the extent to which any subsequent expansion will continue to use this proposed project within the context of system expansion.

31.4.8.1.5 The operability of the proposed regulated Public Policy Transmission Project. The ISO will consider how the proposed project may affect additional flexibility in operating the system, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed project may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions.

31.4.8.1.6 The performance of the proposed regulated Public Policy Transmission Project. The ISO will consider how the proposed project may affect the utilization of the system (*e.g.,* interface flows, percent loading of facilities).

31.4.8.1.7 The extent to which the Developer of a proposed regulated Public Policy Transmission Project has the property rights, or ability to obtain the property rights, required to implement the project. The ISO will consider the completed transmission and substation routing studies, including identified routing alternatives, and whether the Developer: (i) already possesses the rights of way

necessary to implement the project; or (ii) has specified a plan or approach and schedule for determining routing and acquiring property rights.

31.4.8.1.8 The potential issues associated with delay in constructing the proposed regulated Public Policy Transmission Project consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

31.4.8.1.9 The ISO shall apply any criteria specified by the Public Policy Requirement or provided by the NYPSC and perform the analyses requested by the NYPSC, to the extent compliance with such criteria and analyses are feasible.

31.4.8.1.10 The ISO, in consultation with stakeholders, shall, as appropriate, consider other metrics in the context of the Public Policy Requirement, such as: change in production costs; LBMP; losses; emissions; ICAP; TCC; congestion; impact on transfer limits; and deliverability.

31.4.8.2 Evaluation of Capital Cost and Cost Caps for Included Capital Costs

The ISO will consider in its evaluation and selection of the more efficient or cost effective transmission solution any voluntary Cost Cap made by a Developer on a quantitative and qualitative basis as described in this Section 31.4.8.2. Any voluntarily submitted Cost Cap by the Developer under Section 31.4.5.1.8.5 will not be considered for purposes of the ISO's evaluation to the extent that the Cost Cap includes any Public Policy Transmission Upgrade as an Included Capital Cost.

31.4.8.2.1 Quantitative Evaluation of Cost Cap. The ISO will use the Developer's Cost Cap in the manner described in this Section 31.4.8.2.1 in estimating the total capital costs for the transmission facilities that are part of the Included Capital

Costs of the Developer's Public Policy Transmission Project for purposes of the ISO's evaluation of that project under the metrics set forth in Section 31.4.8.1. If the Developer elected to submit a Cost Cap, the ISO will calculate the total capital costs by estimating and adding the amount of Excluded Capital Costs for the Developer's proposed Public Policy Transmission Project, including costs of any Public Policy Transmission Upgrades, to the amount of Included Capital Costs for the Public Policy Transmission Project that is determined pursuant to Sections 31.4.8.2.1.1 or 31.4.8.2.1.2, as applicable. If the Developer elected not to submit a Cost Cap, the ISO will rely on its independent consultant to estimate the total capital cost of the Developer's Public Policy Transmission Project. For purposes of its calculation of the total capital costs of a Public Policy Transmission Project, the ISO will not estimate and will not add to the Excluded Capital Costs any costs concerning unforeseeable environmental mitigation or remediation costs set forth in Section 31.4.5.1.8.2(iii), or concerning the financing of the Public Policy Transmission Project set forth in Section 31.4.5.1.8.2(ii), including debt costs, AFUDC, and any other financing costs.

31.4.8.2.1.1 If the Developer submits a hard Cost Cap for the Included Capital Costs of its proposed Public Policy Transmission Project, the ISO will use the amount of the Developer's Cost Cap as the amount for Included Capital Costs.

31.4.8.2.1.2 If the Developer submits a soft Cost Cap for the Included Capital Costs of its proposed Public Policy Transmission Project, the ISO will calculate the Included Capital Costs amount for that project as follows. If the Developer's soft Cost Cap for the Included Capital Costs is above the amount estimated by the

ISO's independent consultant, the ISO will rely on the Developer's amount for the Included Capital Costs to calculate the total capital cost of the Developer's Public Policy Transmission Project. If the Developer's soft Cost Cap for the Included Capital Costs is below the amount estimated by the ISO's independent consultant, the ISO will calculate an adjusted value for the Included Capital Costs. The ISO will calculate the adjusted value of the Included Capital Costs by: (i) multiplying the difference between (a) the independent consultant's cost estimate for Included Capital Costs and (b) the Developer's Included Capital Costs amount, by (c) the risk percentage assumed by ratepayers, and (ii) adding that amount to the Developer's Included Capital Costs amount. The ISO will use the adjusted value for the Included Capital Costs to estimate the total capital cost of the Developer's Public Policy Transmission Project.

31.4.8.2.2 Qualitative Evaluation of Cost Cap. For purposes of the ISO's evaluation of a proposed Public Policy Transmission Project under the metric in Section 31.4.8.1.2, the ISO will evaluate on a qualitative basis a Developer's proposed Cost Cap for Included Capital Costs and assess the proposed project based upon the following criteria:

(i) The effectiveness of the proposed Cost Cap in providing an incentive to the Developer to contain its Included Capital Costs, *i.e.,* how aligned is the Developer's incentive to maximize its profits by avoiding cost overruns compared to the level of risk exposure to consumers, and what degree of risk is the Developer assuming to pay for cost overruns;

(ii) The effectiveness of the proposed Cost Cap in protecting ratepayers from Included Capital Cost overruns;

(iii) The magnitude of the difference between the Cost Cap and the independent cost estimate as described below;

a. If the Developer's proposed Cost Cap is below the ISO's independent consultant's cost estimate for Included Capital Costs, the ISO will assess how close (*i.e.,* how far below) is the Developer's proposed Cost Cap for Included Capital Costs to the ISO's independent cost estimate, considering the Developer's financial and technical qualifications, and considering the likelihood that the project could be constructed at the Cost Cap amount;

b. If the Developer's proposed Cost Cap is above the ISO's independent consultant's cost estimate for Included Capital Costs, the ISO will assess (a) how close (*i.e.,* how far above) is the Developer's proposed Cost Cap for Included Capital Costs to the ISO's independent cost estimate; (b) whether the Cost Cap is so significantly above the ISO independent consultant's cost estimate that it is unlikely to bind the Developer and provide benefit to ratepayers; and (c) whether the Cost Cap exceeds the ISO's independent cost estimate by only a small amount, such that the Cost Cap could protect ratepayers from cost overruns.

In conducting the evaluation in this Section 31.4.8.2.2, the ISO may request from the Developer additional project information pursuant to Section 31.4.4.3.5 and Developer financial qualification information pursuant to Section 31.4.4.3.6.

31.4.8.3 ISO Selection of More Efficient or Cost Effective Regulated Public Policy Transmission Project to Satisfy a Public Policy Transmission Need

31.4.8.3.1 The ISO shall identify under this Section 31.4.8 the proposed regulated Public Policy Transmission Project, if any, that is the more efficient or cost effective transmission solution proposed in the planning cycle for the Public Policy Transmission Planning Process to satisfy a Public Policy Transmission Need. The ISO shall include the more efficient or cost effective transmission solution in the Public Policy Transmission Planning Report.

31.4.8.3.2 The ISO shall also preliminarily identify in the Public Policy Transmission Planning Report the Designated Public Policy Project(s) that compose the more efficient or cost effective Public Policy Transmission Project and shall identify the Designated Entity that will be responsible for and have the right to build, own, and recover the costs of each Designated Public Policy Project. The ISO shall finalize the list of Designated Public Policy Project(s) that compose the selected Public Policy Transmission Project and the Designated Entity responsible for each Designated Public Policy Project in accordance with Section 31.4.11 of this Attachment Y.

31.4.8.3.3 The Designated Entity responsible for a Designated Public Policy Project or Designated Network Upgrade Facilities designated to the Designated Entity in accordance with Section 22.9.6 of Attachment P to the ISO OATT, if applicable, shall be eligible to recover costs for those facilities only if the underlying Public Policy Transmission Project is selected by the ISO, except as otherwise provided in Section 31.4.3.2 or as otherwise determined by the Commission. Costs will be recovered when the Designated Public Policy Project or Designated Network Upgrade Facilities, as applicable, enter into service, are halted, or as otherwise determined by the Commission in accordance with the cost recovery requirements set forth in Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT. Actual project cost

recovery, including any issues related to cost recovery and project cost overruns, will be submitted to and decided by the Commission; *provided, however*, that when the Developer that submitted the Public Policy Transmission Project is the Designated Entity for a resulting Designated Public Policy Project, it: (i) shall include in the Development Agreement for its Designated Public Policy Project in accordance with Section 31.4.12.2 any Cost Cap proposed under Section 31.4.5.1 and (ii) shall agree in the Development Agreement that it shall not seek to recover through its transmission rates or through any other means costs for the Included Capital Costs for its Designated Public Policy Project above its agreed-upon Cost Cap in accordance with Section 6.10.6 of the ISO OATT, except as permitted for excusing conditions in Section 6.10.6.2 of the ISO OATT.

31.4.8.3.4 Any selection of a Public Policy Transmission Project by the ISO under Section 31.4.8, including but not limited to the selection of a project that involves the physical modification of facilities within the Long Island Transmission District, shall not affect the obligation and responsibility of the Designated Entity to apply for, and receive, all necessary authorizations or permits required by federal or state law for its Designated Public Policy Project.

31.4.9 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a transmission solution driven by Public Policy Requirements on neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in its Public Policy Transmission Planning Report. The ISO shall not bear the costs of required upgrades in another region.

31.4.10 Evaluation of Impact of Proposed Public Policy Transmission Project on ISO Wholesale Electricity Markets

The ISO shall evaluate using the metrics set forth in Section 31.4.8.1.9 the impacts on the ISO-administered wholesale electricity markets of a proposed Public Policy Transmission Project that the ISO has determined under Section 31.4.6 is viable and sufficient. The ISO shall include the results of its analysis in the Public Policy Transmission Planning Report.

31.4.11 Public Policy Transmission Planning Report

Following the ISO's evaluation of the proposed solutions to Public Policy Transmission Need(s), the ISO will prepare a draft Public Policy Transmission Planning Report that identifies the information and sources relied upon by the ISO, describes the ISO's assumptions, inputs, methodologies, and states the results of its analyses. The draft Public Policy Transmission Planning Report will reflect any input from the NYDPS. The ISO will include in the draft Public Policy Transmission Planning Report a description of any Alternative Transmission Technologies that Developers propose to include as part of their Public Policy Transmission Projects, along with a summary of any Developers' explanations of their determinations not to propose Alternative Transmission Technologies as part of their proposed Public Policy Transmission Projects.

Except as otherwise provided in the confidentiality requirements in Section 31.4.15, the ISO will include in the draft Public Policy Transmission Planning Report: (i) the list of Developers and their proposed Public Policy Transmission Projects and Other Public Policy Projects that qualify pursuant to Sections 31.4.4 and 31.4.5; (ii) the proposed Public Policy Transmission Projects and Other Public Policy Projects that the ISO has determined under Section 31.4.6 are viable and sufficient to satisfy the identified Public Policy Transmission Need(s); (iii) the list of facilities that the ISO posted pursuant to Section 31.4.6.5.1; (iv) the total

amount of Included Capital Costs and any cost sharing percentage contained in any Cost Cap proposed by a Developer that has determined to proceed with a viable and sufficient project under Section 31.4.6.6; and (v) the regulated Public Policy Transmission Project, if any, that the ISO staff recommends for selection for cost allocation purposes pursuant to Section 31.4.8 as the more efficient or cost effective transmission solution to satisfy each identified Public Policy Transmission Need. The draft Public Policy Transmission Planning Report shall include a breakdown of the new transmission facilities and Public Policy Transmission Upgrades that compose the regulated Public Policy Transmission Project that the ISO staff recommends for selection. The draft report shall preliminarily identify the Designated Public Policy Project(s) that compose the recommended Public Policy Transmission Project and the Designated Entity responsible for each Designated Public Policy Project, which designations will be finalized in accordance with Section 31.4.11.3 of this Attachment Y. A Designated Public Policy Project will contain all of the facilities that the ISO preliminarily identifies as being designated to a particular Designated Entity. For purposes of this preliminary designation, the Developer that proposed the regulated Public Policy Transmission Project will be identified by the ISO as the Designated Entity for those facilities of its Public Policy Transmission Project that do not meet the definition of Public Policy Transmission Upgrades, which facilities shall constitute a Designated Public Policy Project. If more than one Developer jointly proposed the regulated Public Policy Transmission Project, then they will collectively be the Designated Entity and jointly and severally responsible for the completion of the Designated Public Policy Project. If any facilities of the Public Policy Transmission Project meet the definition of Public Policy Transmission Upgrade, the Transmission Owner owning the existing transmission facility(ies) to be upgraded will be identified by the ISO as the Designated Entity for the Public Policy

Transmission Upgrade(s), which Public Policy Transmission Upgrade(s) shall constitute a separate Designated Public Policy Project.

The draft Public Policy Transmission Planning Report will also include the results of the ISO's analysis of the LTPs consistent with Section 31.4.7.

The draft Public Policy Transmission Planning Report shall also indicate the date by which the Public Policy Transmission Project must be in-service to address the Public Policy Transmission Need. The in-service date for the Public Policy Transmission Project shall be: (i) the date prescribed by the NYPSC in its order identifying the Public Policy Transmission Need as described in Section 31.4.2.4 or in a subsequent order, or (ii) if the NYPSC has not prescribed a date, the date proposed by the Developer for its proposed Public Policy Transmission Project and reviewed and accepted by the ISO, which date may be either: (A) the in-service date included in the Developer's project proposal, or (B) such other date accepted by the ISO as reasonable in light of the Public Policy Transmission Need. The in-service date for the selected Public Policy Transmission Project shall apply to all Designated Public Policy Projects that compose the selected Public Policy Transmission Project regardless of the Designated Entity; *provided, however*, the draft Public Policy Transmission Planning Report may also include specific dates by which one or more of the Designated Public Policy Projects must be in service in order for the selected Public Policy Transmission Project to meet the overall in-service date.

The draft Public Policy Transmission Planning Report shall include a comparison of a proposed Public Policy Transmission Project to an Interregional Transmission Project proposed in the Public Policy Transmission Planning Process, if any, identified and evaluated under the "Analysis and Consideration of Interregional Transmission Projects" section of the Interregional Planning Protocol. An Interregional Transmission Project proposed in the ISO's Public Policy

Transmission Planning Process may be selected as a regulated Public Policy Transmission Project under the provisions of this process.

31.4.11.1 Collaborative Governance Process

The draft Public Policy Transmission Planning Report shall be submitted to both TPAS and the ESPWG for review and comment. Concurrently, the draft report will be provided to the Market Monitoring Unit for its review and consideration. The Market Monitoring Unit's evaluation will be provided to the Management Committee prior to the Management Committee's advisory vote. The ISO shall make available to any interested party sufficient information to replicate the results of the draft Public Policy Transmission Planning Report. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft report reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and an advisory vote.

31.4.11.2 Board Review, Consideration, and Approval of Public Policy Transmission Planning Report

Following the Management Committee vote, the draft Public Policy Transmission Planning Report, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the Market Monitoring Unit's evaluation will be provided to the Board. The Board may approve the Public Policy Transmission Planning Report as submitted or propose modifications on its own motion, including a determination not to select a Public Policy Transmission Project to satisfy a Public

Policy Transmission Need. If any changes are proposed by the Board, the revised report shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised report until it has reviewed the Management Committee comments, including comments regarding the Market Monitoring Unit's evaluation. Upon approval by the Board, the ISO shall issue the report to the marketplace by posting it on its website. If the ISO Board determines not to select a Public Policy Transmission Project under this Section 31.4.11.2, the Board shall state the reasons for its determination.

The responsibilities of the Market Monitoring Unit that are addressed in the above Section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.5 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.4.11.3 Transmission Owner's Responsibility to Notify the ISO

Within 30 Calendar Days following the posting of a Public Policy Transmission Planning Report approved by the ISO Board that selects a regulated Public Policy Transmission Project pursuant to this Section 31.4.11, a Transmission Owner that has been identified as a Designated Entity for a Designated Public Policy Project that contains Public Policy Transmission Upgrades proposed by another Developer shall provide notice to the ISO if the Transmission Owner does not intend to exercise the right under Section 31.1.10.4 of this Attachment Y to build, own, and recover the cost of the Public Policy Transmission Upgrades and serve as the Designated Entity for the Designated Public Policy Project identified for the Transmission Owner in the Public Policy Transmission Planning Report. If the Transmission Owner notifies the ISO of its rejection to be the Designated Entity for one or more Public Policy Transmission Upgrades identified for its Designated Public Policy Project, the Developer that proposed the Public Policy Transmission Project shall be the Designated Entity for such Public Policy Transmission

Upgrades, which shall be incorporated into the Developer's Designated Public Policy Project. If the Transmission Owner does not take action within the 30 Calendar Days with regard to one or more Public Policy Transmission Upgrades identified for its Designated Public Policy Project, the Transmission Owner shall be the Designated Entity concerning such Public Policy Transmission Upgrade(s) and shall be responsible for constructing and placing the Public Policy Transmission Upgrades in service by the in-service date for the Designated Public Policy Project identified in the Public Policy Transmission Planning Report.

The ISO shall post on its website a list of the Designated Entities and associated Designated Public Policy Projects identified in the final Public Policy Transmission Planning Report at the conclusion of the notification period.

31.4.12 Designated Entity's Responsibilities Following Selection of a Public Policy Transmission Project

31.4.12.1 Designated Entity's Responsibility to Obtain Necessary Approvals and Authorizations

Upon the ISO's posting of a list of Designated Entities and Designated Public Policy Projects pursuant to Section 31.4.11.3 or following the expiration of the deadline for a Transmission Owner to decline to be a Designated Entity for Designated Network Upgrade Facilities in accordance with Section 22.9.6 of Attachment P to the ISO OATT, the ISO will inform each Designated Entity that it should submit its Designated Public Policy Project and/or Designated Network Upgrade Facilities to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the facilities. In response to the ISO's request, the Designated Entity shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies) to the extent such authorization has not already been requested or obtained.

If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws authorization, for the Designated Public Policy Project or Designated Network Upgrade Facilities, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The ISO shall recover such costs in accordance with Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

When the Designated Entity is a Transmission Owner, the Developer that proposed the Public Policy Transmission Project is not required to provide any additional information or resources other than the information that was included in the redacted project proposal submitted in accordance with Sections 31.4.4.3.3 and 31.4.15.4.

31.4.12.2 Development Agreement

As soon as reasonably practicable following the ISO's posting of a list of Designated Entities and Designated Public Policy Projects pursuant to Section 31.4.11.3 or the expiration of the deadline for a Transmission Owner to decline to be a Designated Entity for Designated Network Upgrade Facilities in accordance with Section 22.9.6 of Attachment P to the ISO OATT, the ISO shall tender to each Designated Entity of a Designated Public Policy Project and/or Designated Network Upgrade Facilities a draft Development Agreement, or draft amended Development Agreement, with draft appendices completed by the ISO to the extent practicable for review and completion by the Designated Entity. The draft Development

Agreement shall be in the form of the ISO's Commission-approved Development Agreement, which is in Appendix D-1 in Section 31.7 of this Attachment Y. Each Designated Entity will receive a separate draft Development Agreement. If the Designated Entity originally submitted the Public Policy Transmission Project and submitted a Cost Cap for its Public Policy Transmission Project selected by the ISO, its Development Agreement for that its Designated Public Policy Project shall contain the Cost Cap.

The ISO and each Designated Entity, as applicable, shall finalize a Development Agreement and appendices and negotiate concerning any disputed provisions. For purposes of finalizing the Development Agreement, the ISO and Designated Entity shall develop the description and dates for the milestones necessary to develop and construct the Designated Public Policy Project by the required in-service date for the Designated Public Policy Project identified in the Public Policy Transmission Planning Report, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Public Policy Projects for the selected Public Policy Transmission Project to the extent feasible. The ISO and Designated Entity shall also develop, as applicable, the description and date for the milestones necessary to develop and construct Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the ISO OATT by the Project Required In-Service Date identified in the Public Policy Transmission Planning Report, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Public Policy Projects for the selected Public Policy Transmission Project to the extent feasible. Any milestone that requires action by another Designated Entity or a Connecting Transmission Owner or Affected System

Operator identified pursuant to Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

Unless otherwise agreed by the ISO and the Designated Entity, the Designated Entity must execute the Development Agreement within three (3) months of the ISO's tendering of the draft Development Agreement; *provided, however*, if, during the negotiation period, the ISO or the Designated Entity determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own or following the Designated Entity's request in writing that the agreement be filed unexecuted. If the Development Agreement resulting from the negotiation between the ISO and the Designated Entity does not conform with the Commission-approved standard form in Appendix D-1 in Section 31.7 of this Attachment Y, the ISO shall file the agreement with the Commission for its acceptance within thirty (30) Business Days after the execution of the Development Agreement by both parties. If the Designated Entity requests that the Development Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within thirty (30) Business Days of receipt of the request from the Designated Entity. The ISO will draft to the extent practicable the portions of the Development Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The Designated Entity will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions. Upon the ISO's and the Designated Entity's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission, the ISO and the Designated Entity shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modification by the

Commission. The Connecting Transmission Owner(s) and Affected System Operator(s) that are identified in Attachment P of the ISO OATT in connection with the Designated Public Policy Transmission Project shall act in good faith in timely performing their obligations that are required for the Designated Entity to satisfy its obligations under the Development Agreement.

31.4.12.3 Process for Addressing Inability of Designated Entity to Complete Designated Public Policy Project

31.4.12.3.1 The ISO may take the actions described in Sections 31.4.12.3.1.1 through 31.4.12.3.1.3 as soon as practicable if one of the following events occur: (i) a Designated Entity that is required to execute the Development Agreement for its Designated Public Policy Project pursuant to Section 31.4.12.2 does not execute the Development Agreement, or does not request that it be filed unexecuted with the Commission, within the timeframes set forth in Section 31.4.12.2, or (ii) the ISO determines that an effective Development Agreement for a Designated Public Policy Project may be terminated or terminates the Development Agreement under the terms of the agreement prior to the completion of the term of the agreement.

31.4.12.3.1.1 If the Development Agreement has been filed with and accepted by the Commission and is terminated under the terms of the agreement, the ISO shall, upon terminating the Development Agreement file a notice of termination with the Commission.

31.4.12.3.1.2 The ISO may take one or more of the following actions to address a Public Policy Transmission Need based on the particular circumstances: (i) address the Public Policy Transmission Need in the subsequent planning cycle or, if requested by the NYPSC pursuant to Section 31.4.1, in an out-of-cycle process; (ii) direct

the Designated Entity to continue with the development of its Designated Public Policy Project for completion beyond the in-service date required to address the Public Policy Transmission Need; (iii) solicit bids from qualified Developers to complete the Designated Public Policy Project in accordance with Section 31.4.12.3.1.3; or (iv) offer the Developer that originally submitted the Public Policy Transmission Project the opportunity to be the Designated Entity of the Designated Public Policy Project in accordance with Section 31.4.12.3.1.4.

31.4.12.3.1.3 If the ISO determines in accordance with Section 31.4.12.3.1.2 that an alternative Developer should be designated to complete a Designated Public Policy Project and the original Developer that proposed the Public Policy Transmission Project rejects the offer to be designated to complete the Designated Public Policy Project pursuant to Section 31.4.12.3.1.4, the ISO shall solicit bids from Developers to finance and complete the development and construction of the Designated Public Policy Project to bring it into service. Any Developer that is qualified at the time of the ISO's solicitation to propose a Public Policy Transmission Project may submit a proposal to complete the Designated Public Policy Project. The ISO will specify in its solicitation for bids by Developers those categories of project information described in Section 31.4.5.1.1 that the Developer must submit and will identify the metrics in Section 31.4.8 that the ISO will use to select among the bidding Developers. The ISO will determine the appropriate project information and metrics based on the current status of development of the Designated Public Policy Project. The ISO will make any selection of an alternative Developer using the selection metrics identified in its

solicitation for bids and consistent with the selection processes set forth in Sections 31.4.8 and 31.4.11, including issuing an updated Public Policy Transmission Planning Report. The ISO shall charge, and a Developer bidding for the Designated Public Policy Project shall pay, the actual costs of the ISO's evaluation of its bid for purposes of selecting a Developer to complete the project consistent with Section 31.4.4.4. Each bidding Developer will reimburse the ISO for its actual study costs consistent with the requirements in Section 31.4.4.4. The selected alternative Designated Entity must enter into a Development Agreement for the Designated Public Policy Project with the ISO in accordance with the requirements in Section 31.4.12.2. The selected alternative Designated Entity will be eligible for cost allocation under the ISO OATT for its development and construction of the Designated Public Policy Project. The selected alternative Designated Entity and the Designated Entity that the ISO initially identified to be responsible for the Designated Public Policy Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of Developer's rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the Developer is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the selected alternative Designated Entity and the initial Designated Entity will

address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

31.4.12.3.1.4 If the ISO determines in accordance with Section 31.4.12.3.1.2 that an alternative Developer should be designated to complete a Designated Public Policy Project that was initially designated to the owner of the impacted transmission facility, the ISO shall first offer the Developer that originally proposed the Public Policy Transmission Project the opportunity to be the Designated Entity of that Designated Public Policy Project to finance and complete the development and construction of the project to bring it into service. The alternative Designated Entity shall have 30 Calendar Days from the ISO tendering its offer to accept the Designated Public Policy Project. Thereupon, the alternative Designated Entity must enter into a Development Agreement or amend an existing Development Agreement with the ISO related to fulfillment of the same Public Policy Transmission Need in accordance with the requirements in Section 31.4.12.3. The alternative Designated Entity will be eligible for cost allocation and cost recovery under the ISO OATT for its development and construction of the Designated Public Policy Project. The alternative Designated Entity and the original Designated Entity of the Designated Public Policy Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of rights-of-way under federal or state law,

regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the original Designated Entity of the Designated Public Policy Project is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the alternative Designated Entity and the original Designated Entity of the Designated Public Policy Project will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

31.4.12.3.1.5 If the ISO elects to terminate the Development Agreement for a Designated Entity's Designated Public Policy Project because (i) another Designated Entity defaulted on the development of a separate Designated Public Policy Project that is a component of the same selected Public Policy Transmission Project and (ii) the ISO determined to address the underlying Public Policy Transmission Need in a future planning cycle pursuant to Section 31.4.12.3.1.2 of Attachment Y of the ISO OATT, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the notice of termination of the Development Agreement from the ISO, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The ISO shall

recover such costs in accordance with Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.4.12.4 Execution of ISO/TO Agreement or Comparable Agreement

The Designated Entity of a Designated Public Policy Project of a selected Public Policy Transmission Project shall execute the ISO/TO Agreement or an Operating Agreement in accordance with Section 31.1.7 of this Attachment Y prior to energizing the Public Policy Transmission Project.

31.4.13 ISO Monitoring of Designated Public Policy Projects

The ISO shall monitor the Designated Public Policy Projects and Designated Network Upgrade Facilities, if applicable, to confirm that they continue to develop consistent with the conditions, actions, or schedules for the projects.

31.4.14 Posting of Approved Solutions

The ISO shall post on its website a list of all entities that have accepted the terms and conditions of an Article VII certificate under the New York Public Service Law, or any successor statute, or any other applicable permits to build a Designated Public Policy Project in response to a need driven by a Public Policy Requirement or an Interconnection-Related Transmission Need.

31.4.15 Confidentiality of Solutions

31.4.15.1 The ISO shall treat Confidential Information, as defined in Section 31.4.15.2, that is submitted to the ISO by the Developer of a proposed Public Policy Transmission Project or Other Public Policy Project in accordance with the requirements for the treatment of Confidential Information in Section 12.4 of its Code of Conduct in Attachment F of the ISO OATT. The ISO shall treat Critical

Energy Infrastructure Information submitted to the ISO by the Developer of a proposed Public Policy Transmission Project in accordance with ISO Procedures.

31.4.15.2 For purposes of this Section 31.4, the term "Confidential Information" shall only include the following non-public information submitted by the Developer and labeled as Confidential Information as part of its submission to satisfy its Developer qualification requirements pursuant to Section 31.4.4 or part of its submission of the project information requirements described in Section 31.4.5 for its Public Policy Transmission Project or Other Public Policy Project to satisfy its project information requirements pursuant to Sections 31.4.4.3.2 and 31.4.4.3.5: (i) all project cost information; (ii) all details of the Developer's financing arrangements; (iii) any non-public financial qualification information submitted pursuant to Section 31.4.4.1.2; and (iv) any contracts provided under Sections 31.4.5.1.4 or 31.4.5.2.2; *provided, however*, that the total amount of Included Capital Costs and any cost sharing percentage contained in any Cost Cap proposed by a Developer that are included in the draft Public Policy Transmission Planning Report pursuant to Section 31.4.11 shall, upon the posting of the draft report, not be treated or designated as Confidential Information for purposes of this Section 31.4 and Attachment F of the ISO OATT.

31.4.15.3 All other project information submitted by a Developer of a Public Policy Transmission Project or an Other Public Policy Project shall not be treated or designated as Confidential Information for purposes of this Section 31.4 and Attachment F of the ISO OATT.

31.4.15.4 If a Developer of a Public Policy Transmission Project intends for the ISO to maintain certain project information as Confidential Information, the Developer shall submit both an un-redacted and a redacted version of the project information required pursuant to Section 31.4.5.1 for its proposed Public Policy Transmission Project. The Developer shall label the material in the un-redacted version that it deems to be "Confidential Information" and shall not include this material in the redacted version. The ISO may review the Developer's proposed redactions to ensure that the redacted information is consistent with the ISO's requirements for Confidential Information in this Section 31.4.15. Based on its review, the ISO may require additional redactions or require the disclosure of redacted information.

31.4.15.5 Regardless of whether the information is requested pursuant to Section 31.4.4.3.11, the ISO may disclose any information submitted by the Developer that is not Confidential Information, as defined in this Section 31.4.15, to the extent required to administer its Public Policy Transmission Planning Process or interconnection process, including, but not limited to, using such information in its Viability and Sufficiency Assessment and its Public Policy Transmission Planning Report.

31.5 Cost Allocation and Cost Recovery

31.5.1 The Scope of Attachment Y Cost Allocation

31.5.1.1 Regulated Responses

The cost allocation principles and methodologies in this Attachment Y cover only Designated Reliability Transmission Projects, Designated Economic Transmission Projects, Designated Public Policy Projects, and Designated Long-Term Transmission Projects. The cost allocation principles and methodology for: (i) Designated Reliability Transmission Projects are contained in Sections 31.5.3.1 and 31.5.3.2 of this Attachment Y, (ii) Designated Economic Transmission Projects are contained in Sections 31.5.4.1 and 31.5.4.2 of this Attachment Y, (iii) Designated Public Policy Projects are contained in Section 31.5.5 of this Attachment Y; and (iv) Designated Long-Term Transmission Projects are contained in Section 31.5.6 of this Attachment Y. The cost allocation principle and methodology applied for a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, or Designated Long-Term Transmission Project (as applicable) in accordance with this Section 31.5 shall also apply to Designated Network Upgrade Facilities identified for the interconnection of such Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, or Designated Long-Term Transmission Project in accordance with Attachment P.

31.5.1.2 Market-Based Responses

The cost allocation principles and methodologies in this Attachment Y do not apply to market-based solutions to Reliability Needs, to market-based responses to congestion identified in the Economic Planning Process, to Other Public Policy Projects, or to Other Long-Term

Projects. The cost of a market-based project shall be the responsibility of the developer of that project.

31.5.1.3 Interconnection Cost Allocation

The cost allocation principles and methodologies in this Attachment Y do not apply to the interconnection costs of generation projects and Merchant Transmission Facilities. Interconnection costs are determined and allocated in accordance with Attachments P, S, X, Z, or HH of the ISO OATT. Cost related to the deliverability of a resource will be addressed, as applicable, under the ISO's deliverability procedures in Attachments S or HH of the ISO OATT.

31.5.1.4 Individual Transmission Service Requests

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission expansion projects undertaken in connection with an individual request for Transmission Service. The cost of such a project is determined and allocated in accordance with Section 3.7 or Section 4.5 of the ISO OATT.

31.5.1.5 LTP Facilities

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission projects included in LTPs or LTP updates. Each Transmission Owner will recover the cost of such transmission projects in accordance with its then existing rate recovery mechanisms.

31.5.1.6 Regulated Non-Transmission Projects

Costs related to regulated non-transmission projects will be recovered by Responsible Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other

applicable state law. Nothing in this section shall affect the Commission's jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

31.5.1.7 Eligibility for Cost Allocation and Cost Recovery

Any entity, whether a Responsible Transmission Owner, Other Developer, or Transmission Owner, shall be eligible for cost allocation and cost recovery as set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for: (i) a Designated Reliability Transmission Project, a Designated Economic Transmission Project, a Designated Public Policy Project, or a Designated Long-Term Transmission Project that are determined by the ISO to be eligible under Sections 31.2, 31.3, 31.4, or 31.6, as applicable, and (ii) any Designated Network Upgrade Facilities identified for the interconnection of a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, or Designated Long-Term Transmission Project in accordance with Attachment P (as applicable). Interregional Transmission Projects identified in accordance with the Interregional Planning Protocol, and that have been accepted in each region's planning process, shall be eligible for interregional cost allocation and cost recovery, as set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT. The ISO's share of the cost of an Interregional Transmission Project selected pursuant to this Attachment Y to meet a Reliability Need, constraint(s) on the BPTFs identified in the Economic Planning Process, or a Public Policy Transmission Need shall be eligible for cost allocation consistent with the cost allocation methodology applicable to the type of regional transmission project that would be replaced through the construction of such Interregional Transmission Project.

31.5.2 Cost Allocation Principles Required Under Order Nos. 1000 and 1920

31.5.2.1 In compliance with Commission Order No. 1000, the ISO shall implement the specific cost allocation methodologies in Sections 31.5.3.2, 31.5.4.4, and 31.5.5.4 in accordance with the Regional Cost Allocation Principles set forth below ("Order No. 1000 Regional Cost Allocation Principles"). In compliance with Commission Order No. 1920, the ISO shall implement the specific cost allocation methodology in Section 31.5.6.4 in accordance with the Order No. 1000 Regional Cost Allocation Principles 1 through 5.

Regional Cost Allocation Principle 1: The ISO shall allocate the cost of transmission facilities to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. In determining the beneficiaries of transmission facilities, the ISO's CSPP will consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, meeting Public Policy Requirements, and/or meeting Long-Term Transmission Needs.

Regional Cost Allocation Principle 2: The ISO shall not involuntarily allocate any of the costs of transmission facilities to those that receive no benefit from transmission facilities.

Regional Cost Allocation Principle 3: In the event that the ISO adopts a benefit to cost threshold in its CSPP to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, such benefit to cost threshold will not be so high that

transmission facilities with significant positive net benefits are excluded from cost allocation. If the ISO chooses to adopt such a threshold in its CSPP it will not include a ratio of benefits to costs that exceeds 1.25 unless the ISO justifies and the Commission approves a higher ratio.

Regional Cost Allocation Principle 4: The ISO's allocation method for the cost of a transmission facility selected pursuant to the process in the CSPP shall allocate costs solely within the ISO's transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. Costs for an Interregional Transmission Project must be assigned only to regions in which the facility is physically located. Costs cannot be assigned involuntarily to another region. The ISO shall not bear the costs of required upgrades in another region.

Regional Cost Allocation Principle 5: The ISO's cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility shall be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility, as consistent with confidentiality requirements set forth in this Attachment Y and the ISO Code of Conduct in Attachment F of the OATT.

Regional Cost Allocation Principle 6: The ISO's CSPP provides a different cost allocation method for different types of transmission facilities in the regional transmission plan and each cost allocation method is set out clearly and explained in detail in this Section 31.5.

31.5.2.2 In compliance with Commission Order No. 1000, the ISO shall implement the specific cost allocation methodology in Section 31.5.8 of this Attachment Y in accordance with the following Interregional Cost Allocation Principles:

Interregional Cost Allocation Principle 1: The ISO shall allocate the cost of new Interregional Transmission Projects to each region in which an Interregional Transmission Project is located in a manner that is at least roughly commensurate with estimated benefits of the Interregional Transmission Project in each of the regions. In determining the beneficiaries of Interregional Transmission Projects, the ISO will consider benefits including, but not limited to, those associated with maintaining reliability and sharing reserves, production cost savings and congestion relief, and meeting Public Policy Requirements.

Interregional Cost Allocation Principle 2: The ISO shall not involuntarily allocate any of the costs of an Interregional Transmission Project to a region that receives no benefit from an Interregional Transmission Project that is located in that region, either at present or in a likely future scenario.

Interregional Cost Allocation Principle 3: In the event that the ISO adopts a benefit-cost threshold ratio to determine whether an Interregional Transmission Project has sufficient net benefits to qualify for interregional cost allocation, this ratio shall not be so large as to exclude an Interregional Transmission Project with significant positive net benefits from cost allocation. If the ISO chooses to adopt such a threshold, they will not include a ratio of benefits to costs that exceeds 1.25 unless the Parties justify and the Commission approves a higher ratio.

Interregional Cost Allocation Principle 4: The ISO's allocation of costs for an Interregional Transmission Project shall be assigned only to regions in which the Interregional Transmission Project is located. The ISO shall not assign costs involuntarily to a region in which that Interregional Transmission Project is not located. The ISO shall, however, identify consequences for other regions, such as upgrades that may be required in a third region. The ISO's interregional cost allocation methodology includes provisions for allocating the costs of upgrades among the beneficiaries in the region in which the Interregional Transmission Project is located to the transmission providers in such region that agree to bear the costs associated with such upgrades.

Interregional Cost Allocation Principle 5: The ISO's cost allocation methodology and data requirements for determining benefits and identifying beneficiaries for an Interregional Transmission Project shall be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed Interregional Transmission Project, as consistent with the confidentiality requirements set forth in this Attachment Y and the ISO Code of Conduct in Attachment F of the OATT.

Interregional Cost Allocation Principle 6: Though Order No. 1000 allows the ISO to provide a different cost allocation methodology for different types of interregional transmission facilities, such as facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements, the ISO has chosen to adopt one interregional cost allocation methodology for all Interregional Transmission Planning Projects. The interregional cost allocation methodology is

set out clearly and explained in detail in Section 31.5.8 of this Attachment Y. The share of the cost related to any Interregional Transmission Project assigned to the ISO shall be allocated as described in Section 31.5.8.1.

31.5.3 Regulated Responses to Reliability Needs

31.5.3.1 Cost Allocation Principles

The ISO shall implement the specific cost allocation methodology in Section 31.5.3.2 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. This methodology shall apply to cost allocation for a regulated transmission solution to a Reliability Need, including all Designated Reliability Transmission Projects making up such solution, identified in the Reliability Planning Process, including the ISO's share of the costs of an Interregional Transmission Project proposed as a regulated transmission solution to a Reliability Need identified in the Reliability Planning Process allocated in accordance with Section 31.5.8 of this Attachment Y. The cost allocation methodology that is applied to a regulated transmission solution to a Reliability Need shall also apply to Designated Network Upgrade Facilities identified for the interconnection of the regulated transmission solution in accordance with Attachment P.

The specific cost allocation methodology in Section 31.5.3.2 incorporates the following elements:

31.5.3.1.1 The focus of the cost allocation methodology shall be on solutions to Reliability Needs.

31.5.3.1.2 Potential impacts unrelated to addressing the Reliability Needs shall not be considered for the purpose of cost allocation for regulated solutions.

31.5.3.1.3 Primary beneficiaries shall initially be those Load Zones or Subzones identified as contributing to the reliability violation.

31.5.3.1.4 The cost allocation among primary beneficiaries shall be based upon their relative contribution to the need for the regulated solution.

31.5.3.1.5 The ISO will examine the development of specific cost allocation rules based on the nature of the reliability violation (*e.g.*, thermal overload, voltage, stability, resource adequacy and short circuit).

31.5.3.1.6 Cost allocation shall recognize the terms of prior agreements among the Transmission Owners, if applicable.

31.5.3.1.7 Consideration should be given to the use of a materiality threshold for cost allocation purposes.

31.5.3.1.8 The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.

31.5.3.1.9 Consideration should be given to the "free rider" issue as appropriate. The methodology shall be fair and equitable.

31.5.3.1.10 The methodology shall provide cost recovery certainty to investors to the extent possible.

31.5.3.1.11 The methodology shall apply, to the extent possible, to Gap Solutions.

31.5.3.1.12 Cost allocation is independent of the actual triggered project(s), except when allocating cost responsibilities associated with meeting a Locational Minimum Installed Capacity Requirement ("LCR"), and is based on a separate process that results in NYCA meeting its LOLE requirement.

31.5.3.1.13 Cost allocation for a solution that meets the needs of a Target Year assumes that backstop solutions of prior years have been implemented.

31.5.3.1.14 Cost allocation will consider the most recent values for LCRs. LCRs must be met for the Target Year.

31.5.3.2 Cost Allocation Methodology

The cost allocation mechanism under this Section 31.5.3.2 sets forth the basis for allocating costs associated with a Responsible Transmission Owner's regulated backstop transmission solution or an Other Developer's or Transmission Owner's alternative regulated transmission solution selected by the ISO as the more efficient or cost-effective transmission solution to a Reliability Need identified in the Reliability Planning Process. The same cost allocation methodology set forth in this Section 31.5.3.2 shall apply to (i) the Designated Reliability Transmission Project(s) that comprise the regulated transmission solution and (ii) the Designated Network Upgrade Facilities identified for the interconnection of such Designated Reliability Transmission Project(s) in accordance with Attachment P.

The formula is not applicable to that portion of a project beyond the size of the solution needed to provide the more efficient or cost-effective solution appropriate to the Reliability Need identified in the RNA. Nor is the formula applicable to that portion of the cost of a regulated transmission reliability solution that is, pursuant to, as applicable, Section 25.7.12 of Attachment S or Section 40.13.12 to Attachment HH to the ISO OATT, paid for with funds previously committed by or collected from Interconnection Customer(s) for the installation of System Deliverability Upgrades required for the interconnection of generation projects, Class Year Transmission Projects, or Cluster Study Transmission Projects.

This Section 31.5.3.2 establishes the allocation of the costs related to resolving Reliability Needs resulting from resource adequacy, BPTF thermal transmission security, BPTF voltage security, dynamic stability, and short circuit issues. Costs will be allocated in accordance with the following hierarchy: (i) resource adequacy pursuant to Section 31.5.3.2.1, (ii) BPTF thermal transmission security pursuant to Section 31.5.3.2.2, (iii) BPTF voltage security pursuant to Section 31.5.3.2.3, (iv) dynamic stability pursuant to Section 31.5.3.2.4, and (v) short circuit pursuant to Section 31.5.3.2.5.

31.5.3.2.1 Resource Adequacy Reliability Solution Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 31.5.3.2, this section sets forth the cost allocation methodology applicable to that portion of the costs of the solution attributable to resolving resource adequacy. The same cost allocation formula is applied regardless of the project or sets of projects being triggered; however, the nature of the solution set may lead to some terms equaling zero, thereby dropping out of the equation. To ensure that appropriate allocation to the LCR and non-LCR zones occurs, the zonal allocation percentages are developed through a series of steps that first identify responsibility for LCR deficiencies, followed by responsibility for remaining need. The following formula shall apply to the allocation of the costs of the solution attributable to resource adequacy:

$$\text{Resource Adequacy Cost Allocation}_i = \left[\frac{\text{LCRdef}_i}{\text{Soln Size}} + \left(\frac{\text{Concident Peak}_i * (1 + \text{IRM} - \text{LCR}_\text{i})}{\sum_{k=1}^{n} \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_\text{k})} * \frac{\text{Soln STWdef}}{\text{Soln Size}} \right) + \left(\frac{\text{Concident Peak}_i * (1 + \text{IRM} - \text{LCR}_\text{i})}{\sum_{l=1}^{m} \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_\text{l})} * \frac{\text{Soln Cldef}}{\text{Soln Size}} \right) \right] * 100\%$$

Where *i* is for each applicable zone, *n* represent the total zones in NYCA, *m* represents the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, $LCRdef_i$ is the applicable zonal LCR deficiency, SolnSTWdef is the STWdef for each applicable project, SolnCIdef is the CIdef for each applicable project, and Soln_Size represents the total compensatory MW addressed by each applicable project for all reliability cost allocation steps in this Section 31.5.3.2.

Three step cost allocation methodology for regulated reliability solutions:

31.5.3.2.1.1 Step 1 - LCR Deficiency

31.5.3.2.1.1.1 Any deficiencies in meeting the LCRs for the Target Year will be referred to as the LCRdef. If the reliability criterion is met once the LCR deficiencies have been addressed, that is LOLE ≤ 0.1 for the Target Year is achieved, then the only costs allocated will be those related to the LCRdef MW. Cost responsibility for the LCRdef MW will be borne by each deficient locational zone(s), to the extent each is individually deficient.

For a single solution that addresses only an LCR deficiency in the applicable LCR zone, the equation would reduce to:

$$\text{Allocation}_i = \frac{\text{LCRdef}_i}{\text{Soln_Size}} * 100\%$$

Where *i* is for each applicable LCR zone, $LCRdef_i$ represents the applicable zonal LCR deficiency, and Soln_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.1.1.2 Prior to the LOLE calculation, voltage constrained interfaces will be recalculated to determine the resulting transfer limits when the LCRdef MW are added.

31.5.3.2.1.2 Step 2 - Statewide Resource Deficiency. If the reliability criterion is not met after the LCRdef has been addressed, that is an LOLE > 0.1, then a NYCA Free Flow Test will be conducted to determine if NYCA has sufficient resources to meet an LOLE of 0.1.

31.5.3.2.1.2.1 If NYCA is found to be resource limited, the ISO, using the transfer limits and resources determined in Step 1, will determine the optimal distribution of additional resources to achieve a reduction in the NYCA LOLE to 0.1.

31.5.3.2.1.2.2 Cost allocation for compensatory MW added for cost allocation purposes to achieve an LOLE of 0.1, defined as a Statewide MW deficiency (STWdef), will be prorated to all NYCA zones, based on the NYCA coincident peak load. The allocation to locational zones will take into account their locational requirements. For a single solution that addresses only a statewide deficiency, the equation would reduce to:

$$\text{Allocation}_i = \left[\frac{\text{Concident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^{n} \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}} \right] *100\%$$

Where *i* is for each applicable zone, *n* is for the total zones in NYCA, IRM is the statewide reserve margin, and LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, Soln STWdef is the STWdef for the applicable project, and

Soln_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.1.3 Step 3 - Constrained Interface Deficiency. If the NYCA is not resource limited as determined by the NYCA Free Flow Test, then the ISO will examine constrained transmission interfaces, using the Binding Interface Test.

31.5.3.2.1.3.1 The ISO will provide output results of the reliability simulation program utilized for the RNA that indicate the hours that each interface is at limit in each flow direction, as well as the hours that coincide with a loss of load event. These values will be used as an initial indicator to determine the binding interfaces that are impacting LOLE within the NYCA.

31.5.3.2.1.3.2 The ISO will review the output of the reliability simulation program utilized for the RNA along with other applicable information that may be available to make the determination of the binding interfaces.

31.5.3.2.1.3.3 Bounded Regions are assigned cost responsibility for the compensatory MW, defined as CIdef, needed to reach an LOLE of 0.1.

31.5.3.2.1.3.4 If one or more Bounded Regions are isolated as a result of binding interfaces identified through the Binding Interface Test, the ISO will determine the optimal distribution of compensatory MW to achieve a NYCA LOLE of 0.1. Compensatory MW will be added until the required NYCA LOLE is achieved.

31.5.3.2.1.3.5 The Bounded Regions will be identified by the ISO's Binding Interface Test, which identifies the bounded interface limits that can be relieved and have the greatest impact on NYCA LOLE. The Bounded Region that will have the greatest benefit to NYCA LOLE will be the area to be first allocated costs in this

step. The ISO will determine if after the first addition of compensating MWs the Bounded Region with the greatest impact on LOLE has changed. During this iterative process, the Binding Interface Test will look across the state to identify the appropriate Bounded Region. Specifically, the Binding Interface Test will be applied starting from the interface that has the greatest benefit to LOLE (the greatest LOLE reduction per interface compensatory MW addition), and then extended to subsequent interfaces until a NYCA LOLE of 0.1 is achieved.

31.5.3.2.1.3.6 The CIdef MW are allocated to the applicable Bounded Region isolated as a result of the constrained interface limits, based on their NYCA coincident peaks. Allocation to locational zones will take into account their locational requirements. For a single solution that addresses only a binding interface deficiency, the equation would reduce to:

$$\text{Allocation}_i = \left[\frac{\text{Concident Peak}_i * (1 + \text{IRM} - \text{LCR}_\text{i})}{\sum_{l=1}^{m} \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_\text{l})} * \frac{\text{SolnCIdef}}{\text{Soln Size}} \right] *100\%$$

Where *i* is for each applicable zone, *m* is for the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, SolnCIdef is the CIdef for the applicable project and Soln_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.2 BPTF Thermal Transmission Security Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 31.5.3.2, this section sets forth the cost allocation methodology applicable to that portion of the costs of the

solution attributable to resolving BPTF thermal transmission security issues. If, after consideration of the compensatory MW identified in the resource adequacy reliability solution cost allocation in accordance with Section 31.5.3.2.1, there remains a BPTF thermal transmission security issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the BPTF thermal transmission security issue(s) to the Subzones that contribute to the BPTF thermal transmission security issue(s) in the following manner.

31.5.3.2.2.1 Calculation of Nodal Distribution Factors. The ISO will calculate the nodal distribution factor for each load bus modeled in the power flow case utilizing the output of the reliability simulation program that identified the Reliability Need, including the NYCA generation dispatch and NYCA coincident peak Load. The nodal distribution factor represents the percentage of the Load that flows across the facility subject to the Reliability Need. The sign (positive or negative) of the nodal distribution factor represents the direction of flow.

31.5.3.2.2.2 Calculation of Nodal Flow. The ISO will calculate the nodal megawatt flow, defined as Nodal Flow, for each load bus modeled in the power flow case by multiplying the amount of Load in megawatts for the bus, defined as Nodal Load, by the nodal distribution factor for the bus. Nodal Flow represents the number of megawatts that flow across the facility subject to the Reliability Need due to the Load.

31.5.3.2.2.3 Calculation of Contributing Load and Contributing Flow. The Nodal Load for a load bus with a positive nodal distribution factor is a contributing Load, defined as CLoad, and the Nodal Flow for that Load is contributing flow, defined as CFlow. To identify contributing Loads that have a material impact on

the Reliability Need, the ISO will calculate a contributing materiality threshold, defined as CMT, as follows:

$$CMT = \frac{\sum_{k=1}^{m}\sum_{Lk=1}^{n} CFlow_{Lk}}{\sum_{k=1}^{m}\sum_{Lk=1}^{n} CLoad_{Lk}}$$

Where *m* is for the total number of Subzones and *n* is for the total number of load buses in a given Subzone.

31.5.3.2.2.4 Calculation of Helping Load and Helping Flow. The Nodal Load for a load bus with a negative or zero nodal distribution factor is a helping Load, defined as HLoad, and the Nodal Flow for that Load is helping flow, defined as HFlow. To identify helping Loads that have a material impact on the Reliability Need, the ISO will calculate a helping materiality threshold, defined as HMT, as follows:

$$HMT = \frac{\sum_{k=1}^{m}\sum_{Lk=1}^{n} HFlow_{Lk}}{\sum_{k=1}^{m}\sum_{Lk=1}^{n} HLoad_{Lk}}$$

Where *m* is for the total number of Subzones and *n* is for the total number of load buses in a given Subzone.

31.5.3.2.2.5 Calculation of Net Material Flow for Each Subzone. The ISO will identify material Nodal Flow for each Subzone and calculate the net material flow for each Subzone. For each load bus, the Nodal Flow will be identified as material flow, defined as MFlow, if the nodal distribution factor is (i) greater than or equal to CMT, or (ii) less than or equal to HMT. The net material flow for each Subzone, defined as SZ_NetFlow, is calculated as follows:

$$SZ_NetFlow_j = \sum_{Lj=1}^{n} MFlow_{Lj}$$

Where *j* is for each Subzone and *n* is for the total number of load buses in a given Subzone.

31.5.3.2.2.6 Identification of Allocated Flow for Each Subzone. The ISO will identify the allocated flow for each Subzone and verify that sufficient contributing flow is being allocated costs. For each Subzone, if the SZ_NetFlow is greater than zero, that Subzone has a net material contribution to the Reliability Need and the SZ_NetFlow is identified as allocated flow, defined as SZ_AllocFlow. If the SZ_NetFlow is less than or equal to zero, that Subzone does not have a net material contribution to the Reliability Need and the SZ_AllocFlow is zero for that Subzone. If the total SZ_AllocFlow for all Subzones is less than 60% of the total CFlow for all Subzones, then the CMT will be reduced and SZ_NetFlow recalculated until the total SZ_AllocFlow for all Subzones is at least 60% of the total CFlow for all Subzones.

31.5.3.2.2.7 Cost Allocation for a Single BPTF Thermal Transmission Security Issue. For a single solution that addresses only a BPTF thermal transmission security issue, the equation for cost allocation would reduce to:

$$BPTF\ Thermal\ Cost\ Alloction_j = \frac{SZ_AllocFlow_j}{\sum_{k=1}^{m} SZ_AllocFlow_k} \times \frac{SolnBTSdef}{Soln_Size}$$

Where *j* is for each Subzone; *m* is for the total number of Subzones; SZ_AllocFlow is the allocated flow for each Subzone; SolnBTSdef is the number of compensatory MW for the BPTF thermal transmission security issue for the applicable project; and Soln_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.2.8 Cost Allocation for Multiple BPTF Thermal Transmission Security Issues. If a single solution addresses multiple BPTF thermal transmission security issues, the ISO will calculate weighting factors based on the ratio of the present value of the estimated costs for individual solutions to each BPTF thermal transmission security issue. The present values of the estimated costs for the individual solutions shall be based on a common base date that will be the beginning of the calendar month in which the cost allocation analysis is performed (the "Base Date"). The ISO will apply the weighting factors to the cost allocation calculated for each Subzone for each individual BPTF thermal transmission security issue. The following example illustrates the cost allocation for such a solution:

- A cost allocation analysis for the selected solution is to be performed during a given month establishing the beginning of that month as the Base Date.
- The ISO has identified two BPTF thermal transmission security issues, Overload X and Overload Y, and the ISO has selected a single solution (Project Z) to address both BPTF thermal transmission security issues.
- The cost of a solution to address only Overload X (Project X) is Cost(X), provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (X) is N(X).
- The cost of a solution to address only Overload Y (Project Y) is Cost(Y), provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project Y is N(Y).
- The discount rate, D, to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners.

- Based on the foregoing assumptions, the following formulas will be used:
  - Present Value of Cost (X) = PV Cost (X) = Cost (X) / $(1+D)^{N(X)}$
  - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / $(1+D)^{N(Y)}$
  - Overload X weighting factor = PV Cost (X)/[PV Cost (X) + PV Cost (Y)]
  - Overload Y weighting factor = PV Cost (Y)/[PV Cost (X) + PV Cost (Y)]
- Applying those formulas, if:

  Cost (X) = $100 Million and N(X) = 6.25 years

  Cost (Y) = $25 Million and N(Y) = 4.75 years

  D = 7.5% per year

  Then:

  PV Cost (X) = $100/(1+0.075)^{6.25}$ = 63.635 Million

  PV Cost (Y) = $25/(1+0.075)^{4.75}$ = 17.732 Million

  Overload X weighting factor = 63.635 / (63.635 + 17.732) = 78.21%

  Overload Y weighting factor = 17.732 / (63.635 + 17.732) = 21.79%
- Applying those weighing factors, if:

  Subzone A cost allocation for Overload X is 15%

  Subzone A cost allocation for Overload Y is 70%

  Then:

  Subzone A cost allocation % for Project Z =

  (15% * 78.21%) + (70% * 21.79%) = 26.99%

31.5.3.2.2.9 Exclusion of Subzone(s) Based on De Minimis Impact. If a Subzone is assigned a BPTF thermal transmission security cost allocation less than a *de minimis* dollar threshold of the total project costs, that Subzone will not be

allocated costs; *provided however,* that the total *de minimis* Subzones may not exceed 10% of the total BPTF thermal transmission security cost allocation. The *de minimis* threshold is initially $10,000. If the total allocation percentage of all *de minimis* Subzones is greater than 10%, then the *de minimis* threshold will be reduced until the total allocation percentage of all *de minimis* Subzones is less than or equal to 10%.

31.5.3.2.3 BPTF Voltage Security Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 31.5.3.2.1 and BPTF thermal transmission security cost allocation in accordance with Section 31.5.3.2.2, there remains a BPTF voltage security issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the BPTF voltage security issue(s) to the Subzones that contribute to the BPTF voltage security issue(s). The cost responsibility for the portion (MW or MVAr) of the solution attributable to resolving the BPTF voltage security issue(s), defined as SolnBVSdef, will be allocated on a Load-ratio share to each Subzone to which each bus with a voltage issue is connected, as follows:

$$BPTF\ Voltage\ Cost\ Alloction_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^{m} Coincident\ Peak_k} \times \frac{SolnBVSdef}{Soln_Size}$$

Where *j* is for each Subzone; *m* is for the total number of Subzones that are subject to BPTF voltage cost allocation; Coincident Peak is for the total peak Load for each Subzone; SolnBVSdef is for the portion of the solution necessary to resolve the BPTF voltage security issue(s); and Soln_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.4 Dynamic Stability Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 31.5.3.2.1, BPTF thermal transmission security cost allocation in accordance with Section 31.5.3.2.2, and BPTF voltage security cost allocation in accordance with Section 31.5.3.2.3, there remains a dynamic stability issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the dynamic stability issue(s) to all Subzones in the NYCA on a Load-ratio share basis, as follows:

$$Dynamic\ Stability\ Cost\ Alloction_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^{m} Coincident\ Peak_k} \times \frac{DynamicMW}{Soln_Size}$$

Where *j* is for each Subzone; *m* is for the total number of Subzones; Coincident Peak is for the total peak Load for each Subzone; DynamicMW is for the megawatt portion of the solution necessary to resolve the dynamic stability issue(s) for the applicable project; and Soln_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.5 Short Circuit Issues

If, after the completion of the prior reliability cost allocation steps, there remains a short circuit issue, the short circuit issue will be deemed a local issue and related costs will not be allocated under this process.

31.5.4 Regulated Economic Transmission Projects

31.5.4.1 The Scope of Section 31.5.4

As discussed in Section 31.5.1 of this Attachment Y, the cost allocation principles and methodologies of this Section 31.5.4 apply only to (i) Regulated Economic Transmission Projects proposed in response to constraint(s) on the BPTFs identified in the System & Resource Outlook pursuant to, as applicable, Section 31.3.1 or Section 31.6 and studied in Economic

Transmission Project Evaluations and (ii) Designated Network Upgrade Facilities identified for the interconnection of a Regulated Economic Transmission Project in accordance with Attachment P.

This Section 31.5.4 does not apply to generation or demand side management projects, nor does it apply to any market-based projects. This Section 31.5.4 does not apply to regulated solutions triggered by the ISO pursuant to the CSPP, provided, however, the cost allocation principles and methodologies in this Section 31.5.4 will apply to regulated solutions when the implementation of the regulated solution is accelerated solely to reduce congestion in earlier years of the Study Period. The ISO will work with the ESPWG to develop procedures to deal with the acceleration of regulated solutions for economic reasons.

Nothing in this Attachment Y mandates the implementation of any Regulated Economic Transmission Project studied in an Economic Transmission Project Evaluation; however, if a Regulated Economic Transmission Project is approved by the identified beneficiaries pursuant to Section 31.5.4.6 of this Attachment Y, the Designated Entity(ies) will enter into a Development Agreement for purposes of constructing and placing the Designated Economic Transmission Project(s) in service in accordance with the requirements in Section 31.3.2.6.2 of this Attachment Y.

31.5.4.2 Cost Allocation Principles

The ISO shall implement the specific cost allocation methodology in Section 31.5.4.4 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. The specific cost allocation methodology in Section 31.5.4.4 incorporates the following elements:

31.5.4.2.1 The focus of the cost allocation methodology shall be on responses to specific conditions identified in the System & Resource Outlook pursuant to, as applicable, Section 31.3.1 or Section 31.6.

31.5.4.2.2 Potential impacts unrelated to addressing the identified congestion shall not be considered for the purpose of cost allocation for Regulated Economic Transmission Projects or Designated Network Upgrade Facilities identified for the interconnection of such Regulated Economic Transmission Project in accordance with Attachment P to the ISO OATT (if applicable).

31.5.4.2.3 Projects analyzed hereunder as proposed Regulated Economic Transmission Projects may proceed on a market basis with willing buyers and sellers at any time.

31.5.4.2.4 Cost allocation shall be based upon a beneficiaries pay approach. Cost allocation under the ISO Tariffs for a Regulated Economic Transmission Project and Designated Network Upgrade Facilities identified for the interconnection of such Regulated Economic Transmission Project in accordance with Attachment P to the ISO OATT (if applicable) shall be applicable only when a super majority of the beneficiaries of the project, as defined in Section 31.5.4.6 of this Attachment Y, vote to support the project.

31.5.4.2.5 Beneficiaries of a Regulated Economic Transmission Project shall be those entities economically benefiting from the proposed project. The cost allocation among beneficiaries shall be based upon their relative economic benefit.

31.5.4.2.6 Consideration shall be given to the proposed project's payback period.

31.5.4.2.7 The cost allocation methodology shall address the possibility of cost overruns.

31.5.4.2.8 Consideration shall be given to the use of a materiality threshold for cost allocation purposes.

31.5.4.2.9 The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.

31.5.4.2.10 Consideration should be given to the "free rider" issue as appropriate. The methodology shall be fair and equitable.

31.5.4.2.11 The methodology shall provide cost recovery certainty to investors to the extent possible.

31.5.4.2.12 Benefits determination shall consider various perspectives, based upon the agreed-upon metrics for analyzing congestion.

31.5.4.2.13 Benefits determination shall account for future uncertainties as appropriate (e.g., load forecasts, fuel prices, environmental regulations).

31.5.4.2.14 Benefits determination shall consider non-quantifiable benefits as appropriate (*e.g.,* system operation, environmental effects, renewable integration).

31.5.4.3 Project Eligibility for Cost Allocation

The methodologies in this Section 31.5.4.3 will be used to determine the eligibility of a proposed Regulated Economic Transmission Project to have its cost allocated and recovered pursuant to the provisions of this Attachment Y.

31.5.4.3.1 The ISO will evaluate the benefits against the costs (as provided by the Developer) of each proposed Regulated Economic Transmission Project studied in an Economic Transmission Project Evaluation over a ten-year period

commencing with the proposed in-service date for the project. The Developer of each Regulated Economic Transmission Project will pay the cost incurred by the ISO to conduct the ten-year benefit/cost analysis of its project in the Economic Transmission Project Evaluation.

31.5.4.3.2 The benefit metric for eligibility under the ISO's benefit/cost analysis will be expressed as the present value of the annual NYCA-wide production cost savings that would result from the implementation of the proposed Regulated Economic Transmission Project, measured for the first ten years from the proposed in-service date for the project.

31.5.4.3.3 The cost for the ISO's benefit/cost analysis will be supplied by the Developer of the project, including any updates to the cost that represent a reasonable estimation of the cost of Economic Transmission Upgrades and that are submitted in accordance with Section 31.3.2.3.7 of this Attachment Y, and the cost metric for eligibility will be expressed as the present value of the first ten years of annual total revenue requirements for the project, reasonably allocated over the first ten years from the proposed in-service date for the project.

31.5.4.3.4 For informational purposes only, the ISO will also calculate the present value of the annual total revenue requirement for the project over a 30-year period commencing with the proposed in-service date of the project.

31.5.4.3.5 To be eligible for cost allocation and recovery under this Attachment Y, the benefit of the proposed Regulated Economic Transmission Project must exceed its cost measured over the first ten years from the proposed in-service date for the project, and the requirements of Section 31.5.4.2 must be met. The total

capital cost of the project must exceed $25 million. In addition, a super-majority of the beneficiaries must vote in favor of the project, as specified in Section 31.5.4.6 of this Attachment Y.

31.5.4.3.6 In addition to calculating the benefit metric as defined in Section 31.5.4.3.2, the ISO will calculate additional metrics to estimate the potential benefits of the proposed Regulated Economic Transmission Project in the Economic Transmission Project Evaluation, for information purposes only, in accordance with Section 31.3.1.3.5, for the applicable metric. These additional metrics may include those that measure reductions in LBMP load costs, changes to generator payments, ICAP costs, Ancillary Service costs, emissions costs, losses, and energy deliverability. TCC revenues will be determined in accordance with Section 31.5.4.4.2.3. The ISO will provide information on these additional metrics to the maximum extent practicable considering its overall resource commitments.

31.5.4.3.7 In addition to the benefit/cost analysis performed by the ISO under this Section 31.5.4.3, the ISO will work with the ESPWG to consider the development and implementation of scenario analyses, for information only, that shed additional light on the benefit/cost analysis of a proposed project. These additional scenario analyses may cover fuel and load forecast uncertainty, emissions data and the cost of allowances, pending environmental or other regulations, alternate resource and energy efficiency scenarios, and variances in the cost of Economic Transmission Upgrades. Consideration of these additional scenarios will take into account the resource commitments of the ISO.

31.5.4.4 Cost Allocation for Eligible Projects

As noted in Section 31.5.4.2 of this Attachment Y, the cost of a Regulated Economic Transmission Project will be allocated to those entities that would economically benefit from implementation of the proposed project. This methodology shall apply to cost allocation for a Regulated Economic Transmission Project, including the ISO's share of the costs of an Interregional Transmission Project proposed as a Regulated Economic Transmission Project allocated in accordance with Section 31.5.8 of this Attachment Y, and Designated Network Upgrade Facilities identified for the interconnection of the Regulated Economic Transmission Project in accordance with Attachment P.

31.5.4.4.1 The ISO will identify the beneficiaries of the proposed project over a ten-year time period commencing with the proposed in-service date for the project.

31.5.4.4.2 The ISO will identify beneficiaries of a proposed project as follows:

31.5.4.4.2.1 The ISO will measure the present value of the annual zonal LBMP load savings for all Load Zones which would have a load savings, net of reductions in TCC revenues, and net of reductions from bilateral contracts (based on available information provided by Load Serving Entities to the ISO as set forth in subsection 31.5.4.4.2.5 below) as a result of the implementation of the proposed project. For purposes of this calculation, the present value of the load savings will be equal to the sum of the present value of the Load Zone's load savings for each year over the ten-year period commencing with the project's in-service date. The load savings for a Load Zone will be equal to the difference between the zonal LBMP load cost without the project and the LBMP load cost with the project, net of reductions in TCC revenues and net of reductions from bilateral contracts.

31.5.4.4.2.2 The beneficiaries will be those Load Zones that experience net benefits measured over the first ten years from the proposed in-service date for the project. If the sum of the zonal benefits for those Load Zones with load savings is greater than the revenue requirements for the project (both load savings and revenue requirements measured in present value over the first ten years from the in-service date of the project), the ISO will proceed with the development of the zonal cost allocation information to inform the beneficiary voting process.

31.5.4.4.2.3 Reductions in TCC revenues will reflect the forecasted impact of the project on TCC auction revenues and day-ahead residual congestion rents allocated to load in each zone, not including the congestion rents that accrue to any Incremental TCCs that may be made feasible as a result of this project. This impact will include forecasts of: (1) the total impact of that project on the Transmission Service Charge offset applicable to loads in each zone (which may vary for loads in a given zone that are in different Transmission Districts); (2) the total impact of that project on the NYPA Transmission Adjustment Charge offset applicable to loads in that zone; and (3) the total impact of that project on payments made to LSEs serving load in that zone that hold Grandfathered Rights or Grandfathered TCCs, to the extent that these have not been taken into account in the calculation of item (1) above. These forecasts shall be performed using the procedure described in Appendix B to this Attachment Y.

31.5.4.4.2.4 Estimated TCC revenues from any Incremental TCCs created by a proposed Regulated Economic Transmission Project over the ten-year period

commencing with the project's in-service date will be added to the Net Load Savings used for the cost allocation and beneficiary determination.

31.5.4.4.2.5 The ISO will solicit bilateral contract information from all Load Serving Entities, which will provide the ISO with bilateral energy contract data for modeling contracts that do not receive benefits, in whole or in part, from LBMP reductions, and for which the time period covered by the contract is within the ten-year period beginning with the in-service date of the project. Bilateral contract payment information that is not provided to the ISO will not be included in the calculation of the present value of the annual zonal LBMP savings in section 31.5.4.4.2.1 above.

31.5.4.4.2.5.1 All bilateral contract information submitted to the ISO must identify the source of the contract information, including citations to any public documents including but not limited to annual reports or regulatory filings

31.5.4.4.2.5.2 All non-public bilateral contract information will be protected in accordance with the ISO's Code of Conduct, as set forth in Section 12.4 of Attachment F of the ISO OATT, and Section 6 of the ISO Services Tariff.

31.5.4.4.2.5.3 All bilateral contract information and information on LSE-owned generation submitted to the ISO must include the following information:

(1) Contract quantities on an annual basis:

(a) For non-generator specific contracts, the Energy (in MWh) contracted to serve each Zone for each year.

(b) For generator specific contracts or LSE-owned generation, the name of the generator(s) and the MW or percentage output contracted or self-owned for use by Load in each Zone for each year.

(2) For all Load Serving Entities serving Load in more than one Load Zone, the quantity (in MWh or percentage) of bilateral contract Energy to be applied to each Zone, by year over the term of the contract.

(3) Start and end dates of the contract.

(4) Terms in sufficient detail to determine that either pricing is not indexed to LBMP, or, if pricing is indexed to LBMP, the manner in which prices are connected to LBMP.

(5) Identify any changes in the pricing methodology on an annual basis over the term of the contract.

31.5.4.4.2.5.4 Bilateral contract and LSE-owned generation information will be used to calculate the adjusted LBMP savings for each Load Zone as follows:

AdjLBMPS$_{y,z}$, the adjusted LBMP savings for each Load Zone *z* in each year *y*, shall be calculated using the following equation:

$$AdjLBMPS_{y,z} = \max\left[0, TL_{\mathrm{y,z}} - \sum_{b \in B_{y,z}} \left(BCL_{\mathrm{b,y,z}} * \left(1 - Ind_{\mathrm{b,y,z}}\right)\right) - SG_{\mathrm{y,z}}\right] * \left(LBMP1_{\mathrm{y,z}} - LBMP2_{\mathrm{y,z}}\right)$$

Where:

TL$_{y,z}$ is the total annual amount of Energy forecasted to be consumed by Load in year *y* in Load Zone *z*;

$B_{y,z}$ is the set of blocks of Energy to serve Load in Load Zone *z* in year *y* that are sold under bilateral contracts for which information has been provided to the ISO that meets the requirements set forth elsewhere in this Section 31.5.4.4.2.5

$BCL_{b,y,z}$ is the total annual amount of Energy sold into Load Zone *z* in year *y* under bilateral contract block *b*;

$Ind_{b,y,z}$ is the ratio of (1) the increase in the amount paid by the purchaser of Energy, under bilateral contract block *b*, as a result of an increase in the LBMP in Load Zone *z* in year *y* to (2) the increase in the amount that a purchaser of that amount of Energy would pay if the purchaser paid the LBMP for that Load Zone in that year for all of that Energy (this ratio shall be zero for any bilateral contract block of Energy that is sold at a fixed price or for which the cost of Energy purchased under that contract otherwise insensitive to the LBMP in Load Zone *z* in year *y*);

$SG_{y,z}$ is the total annual amount of Energy in Load Zone *z* that is forecasted to be served by LSE-owned generation in that Zone in year *y*;

LBMP1y,z is the forecasted *annual load-weighted average LBMP* for Load Zone *z* in year *y*, calculated under the assumption that the project is not in place; and

$LBMP2_{y,z}$ is the forecasted annual load-weighted average LBMP for Load Zone *z* in year *y*, calculated under the assumption that the project is in place.

31.5.4.4.2.6 NZS_z, the Net Zonal Savings for each Load Zone *z* resulting from a given project, shall be calculated using the following equation:

$$NZS_z = \max\left[0, \sum_{y=PS}^{PS+9}\left(\left(AdjLBMPS_{\mathrm{y,z}} - TCCRevImpact_{\mathrm{y,z}}\right) * DF_{\mathrm{y}}\right)\right]$$

Where:

PS is the year in which the project is expected to enter commercial operation;

$AdjLBMPS_{y,z}$ is as calculated in Section 31.5.4.4.2.5;

$TCCRevImpact_{y,z}$ is the forecasted impact of TCC revenues allocated to Load Zone *z* in year *y*, calculated using the procedure described in Appendix B in Section 31.7 of this Attachment Y; and

DF_y is the discount factor applied to cash flows in year *y* to determine the present value of that cash flow in year *PS*.

31.5.4.4.3 Load Zones not benefiting from a proposed Regulated Economic Transmission Project will not be allocated any of the costs of the project under this Attachment Y. There will be no "make whole" payments to non-beneficiaries.

31.5.4.4.4 Costs of a project will be allocated to beneficiaries as follows:

31.5.4.4.4.1 The ISO will allocate the cost of the Regulated Economic Transmission Project based on the zonal share of total savings to the Load Zones determined pursuant to Section 31.5.4.4.2 to be beneficiaries of the proposed project. Total savings will be equal to the sum of load savings for each Load Zone that experiences net benefits pursuant to Section 31.5.4.4.2. A Load Zone's cost allocation will be equal to the present value of the following calculation:

$$\text{Zonal Cost Allocation} = \text{Project Cost} * \left(\frac{(\text{Zonal Benefits})}{\text{Total Zonal Benefits for zone with positive net benefits}} \right)$$

31.5.4.4.4.2 Zonal cost allocation calculations for a Regulated Economic Transmission Project will be performed prior to the commencement of the ten-year period that begins with the project's in-service date, and will not be adjusted during that ten-year period.

31.5.4.4.4.3 Within zones, costs will be allocated to LSEs based on MWhs calculated for each LSE for each zone using data from the most recent available 12 month period. Allocations to an LSE will be calculated in accordance with the following formula:

$$\text{LSE Intrazonal Cost Allocation} = \text{Zonal Cost Allocation} * \left(\frac{\text{LSE Zonal MWh}}{\text{Total Zonal MWh}}\right)$$

31.5.4.4.5 Project costs allocated under this Section 31.5.4.4 will be determined as follows:

31.5.4.4.5.1 The project cost allocated under this Section 31.5.4.4 will be based on the total project revenue requirement, as supplied by the Developer of the project, for the first ten years of project operation. The total project revenue requirement will be determined in accordance with the formula rate on file at the Commission. If there is no formula rate on file at the Commission, then the Developer shall provide to the ISO the project-specific parameters to be used to calculate the total project revenue requirement.

31.5.4.4.5.2 Once the benefit/cost analysis is completed the amortization period and the other parameters used to determine the costs that will be recovered for the project should not be changed, unless so ordered by the Commission or a court of applicable jurisdiction, for cost recovery purposes to maintain the continued validity of the benefit/cost analysis.

31.5.4.4.5.3 The ISO, in conjunction with the ESPWG, will develop procedures to allocate the risk of project cost increases that occur after the ISO completes its benefit/cost analysis under this Attachment Y. These procedures may include consideration of an additional review and vote prior to the start of construction

and whether the Designated Entity(ies) for the Designated Economic Transmission Project(s) that comprise the Regulated Economic Transmission Project should bear all or part of the cost of any overruns; provided, however, that a Designated Entity that (i) is a Transmission Owner and is not the Developer that submitted the Regulated Economic Transmission Project and (ii) is designated an Economic Transmission Upgrade as a result of owning the existing transmission facility to be upgraded shall not, unless otherwise agreed to by the Transmission Owner, be responsible to bear the cost of any overrun for its Designated Economic Transmission Project.

31.5.4.4.6 The Commission must approve the cost of a proposed Regulated Economic Transmission Project, as well as associated Designated Network Upgrade Facilities identified for the interconnection of such Regulated Economic Transmission Project in accordance with Attachment P to the ISO OATT, for that cost to be recovered through Rate Schedule 10 of the ISO OATT. The Designated Entity's filing of its revenue requirement for its Designated Economic Transmission Project and Designated Network Upgrade Facilities identified for the interconnection of such Designated Economic Transmission Project in accordance with Attachment P to the ISO OATT (as applicable) with the Commission pursuant to Rate Schedule 10 must be consistent with the Regulated Economic Transmission Project proposal evaluated by the ISO under this Attachment Y and approved in accordance with Section 31.5.4.6 of this Attachment Y and the Designated Network Upgrade Facilities identified for the

Regulated Economic Transmission Project pursuant to Attachment P of the ISO OATT (as applicable) in order to be cost allocated to beneficiaries.

31.5.4.5 Collaborative Governance Process and Board Action

31.5.4.5.1 The ISO shall submit the results of its project benefit/cost analysis and beneficiary determination to the ESPWG and TPAS, and to the identified beneficiaries of the proposed Regulated Economic Transmission Project for comment. The ISO will include with its presentation for the ESPWG and TPAS a description of any Alternative Transmission Technologies that the Developer proposes to include as part of its Regulated Economic Transmission Project, along with a summary of any Developer explanation of its determination not to propose Alternative Transmission Technologies as part of its proposed Regulated Economic Transmission Project. The ISO shall make available to any interested party sufficient information to replicate the results of the benefit/cost analysis and beneficiary determination. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following the completion of this review by the ESPWG and TPAS, the ISO shall forward to the Business Issues Committee and, thereafter, to the Management Committee for discussion and action: (i) the ISO's analysis reflecting any revisions resulting from the TPAS and ESPWG review and (ii) a preliminary list identifying the Designated Economic Transmission Project(s) the comprise the Regulated Economic Transmission Project and the Designated

Entity(ies) responsible for each Designated Economic Transmission Project prepared in accordance with Section 31.3.2.4.2 of the ISO OATT.

31.5.4.5.2 Following the Management Committee vote, the ISO's project benefit/cost analysis, beneficiary determination, and the preliminary list identifying the Designated Economic Transmission Project(s) that comprise the Regulated Economic Transmission Project and the Designated Entity(ies) responsible for each Designated Economic Transmission Project will be forwarded, with the input of the Business Issues Committee and Management Committee, to the ISO Board for review and action in accordance with this Section 31.5.4.5.2. In addition, the ISO's determination of the beneficiaries' voting shares will be forwarded to the ISO Board for review and action. The Board may approve the analysis and beneficiary determinations as submitted or propose modifications on its own motion. If any changes to the benefit/cost analysis or the beneficiary determinations are proposed by the Board, the revised analysis and beneficiary determinations shall be returned to the Management Committee for comment. If the Board proposes any changes to the ISO's voting share determinations, the Board shall so inform the LSE or LSEs impacted by the proposed change and shall allow such an LSE or LSEs an opportunity to comment on the proposed change. The Board shall not make a final determination on the project benefit/cost analysis and beneficiary determination until it has reviewed the Management Committee comments. Upon final approval of the Board, project benefit/cost analysis and beneficiary determinations shall be posted by the ISO on

its website and shall form the basis of the beneficiary voting described in Section 31.5.4.6 of this Attachment Y.

31.5.4.6 Voting by Project Beneficiaries

31.5.4.6.1 Only LSEs serving Load located in a beneficiary zone determined in accordance with the procedures in Section 31.5.4.4 of this Attachment Y shall be eligible to vote on (i) a proposed Regulated Economic Transmission Project or (ii) a subsequent determination on whether to continue the implementation of a Regulated Economic Transmission Project based on a change to the project in accordance with the provisions of a Development Agreement between the ISO and the Designated Entity or pursuant to ISO Procedures. The ISO will, in conjunction with the ESPWG, develop procedures to determine the specific list of voting entities for each proposed project. Prior to a vote being conducted, the Developer of the Regulated Economic Transmission Project must have a completed System Impact Study or System Reliability Impact Study, as applicable.

31.5.4.6.2 The voting share of each LSE shall be weighted in accordance with its share of the total project benefits, as allocated by Section 31.5.4.4 of this Attachment Y.

31.5.4.6.3 The costs of a Regulated Economic Transmission Project shall be allocated under this Attachment Y if eighty percent (80%) or more of the actual votes cast on a weighted basis are cast in favor of implementing, or continuing with the implementation of, the project.

31.5.4.6.4 If the proposed Regulated Economic Transmission Project meets the required vote in favor of implementing, or continuing with the implementation of, the project, and the project is implemented, all beneficiaries, including those voting "no," will pay their proportional share of the cost of the project.

31.5.4.6.5 The ISO will tally the results of the vote in accordance with procedures set forth in the ISO Procedures, and report the results to stakeholders. Beneficiaries voting against approval of a Regulated Economic Transmission Project, or approval of the continued implementation of a Regulated Economic Transmission Project, must submit to the ISO their rationale for their vote within 30 days of the date that the vote is taken. Beneficiaries must provide a detailed explanation of the substantive reasons underlying the decision, including, where appropriate: (1) which additional benefit metrics, either identified in the tariff or otherwise, were used; (2) the actual quantification of such benefit metrics or factors; (3) a quantification and explanation of the net benefit or net cost of the project to the beneficiary; and (4) data supporting the metrics and other factors used. Such explanation may also include uncertainties, and/or alternative scenarios and other qualitative factors considered, including state public policy goals. The ISO will report this information to the Commission in an informational filing to be made within 60 days of the vote. The informational filing will include: (1) a list of the identified beneficiaries; (2) the results of the benefit/cost analysis; and (3) where a project is not approved or halted, whether the developer has provided any formal indication to the ISO as to the future development of the project.

31.5.4.6.6 Costs will be recovered when the Designated Economic Transmission Project, or the Designated Facilities Network Upgrade Facilities identified for the interconnection of such Designated Economic Transmission Project in accordance with Attachment P (if applicable), enters into service, is halted, or as otherwise determined by the Commission in accordance with the cost recovery requirements set forth in this Section 31.5.4 and Rate Schedule 10 of the ISO OATT. Actual project cost recovery, including any issues related to cost recovery and project cost overruns, will be submitted to and decided by the Commission in accordance with its regulations.

31.5.4.7 **Inability to Complete a Designated Economic Transmission Project**

31.5.4.7.1 If one of the following events occur: (i) a Designated Entity of a Designated Economic Transmission Project that is required to execute a Development Agreement does not execute the Development Agreement or does not request that it be filed unexecuted with the Commission, within the timeframes set forth in this Section 31.3.2.6.2, or (ii) the ISO determines that an effective Development Agreement may be terminated or terminates the Development Agreement under the terms of the agreement prior to the completion of the term of the agreement, the ISO may take one or more of the following actions related to the Designated Economic Transmission Project(s) that is, or a part of, the approved Regulated Economic Transmission Project based on the particular circumstances: (i) offer the Developer that originally submitted the Regulated Economic Transmission Project to be the Designated Entity of a Designated Economic Transmission Project that was initially designated to the owner of the existing transmission facility to be upgraded, or (ii) in all other

cases, advise the other Designated Entity(ies) with a Designated Economic Transmission Project(s) that is a part of the same Regulated Economic Transmission Project to halt further development of its respective Designated Economic Transmission Project and inform the LSE or LSEs that were identified pursuant to Sections 31.5.4.4 and 31.5.4.5 for the Regulated Economic Transmission Project. If the Development Agreement has been filed with and accepted by the Commission and is terminated under the terms of the agreement, the ISO shall, upon terminating the Development Agreement, file a notice of termination with the Commission and notify the identified beneficiaries.

31.5.4.7.2 If the ISO determines in accordance with Section 31.5.4.7.1 that the original Developer should be designated to complete a Designated Economic Transmission Project that was initially designated to the owner of the existing transmission facility to be upgraded, the ISO shall offer the Developer that originally proposed the Regulated Economic Transmission Project the opportunity to be the Designated Entity of that Designated Economic Transmission Project to finance and complete the development and construction of the project to bring it into service. The original Developer shall have 30 Calendar Days from the ISO tendering its offer to accept the Designated Economic Transmission Project. If the designation is accepted, the original Developer shall (i) become the Designated Entity for the Designated Economic Transmission Project and (ii) enter into a Development Agreement, or amend its existing Development Agreement, with the ISO related to the same Regulated Economic Transmission Project in accordance with the requirements in Section 31.3.2.6.2 of the ISO

OATT; and the NYISO will inform the LSE or LSEs that were identified pursuant to Sections 31.5.4.4 and 31.5.4.5 for the Regulated Economic Transmission Project. The alternative Designated Entity will be eligible for cost allocation and cost recovery under the ISO OATT for its development and construction of the Designated Economic Transmission Project. The alternative Designated Entity and the original Designated Entity of the Designated Economic Transmission Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the original Designated Entity of the Designated Economic Transmission Project is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the alternative Designated Entity and the original Designated Entity of the Designated Economic Transmission Project may address any disputes regarding such transfer of the project using dispute resolution procedures that are the same as those available to Transmission Customers under Section 11 of the ISO Market Administration and Control Area Services Tariff.

31.5.4.7.3 If the ISO elects to terminate the Development Agreement for a Designated Entity's Designated Economic Transmission Project because another Designated Entity defaulted on the development of a separate Designated

Economic Transmission Project that is a component of the same approved Regulated Economic Transmission Project, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the notice of termination of the Development Agreement from the ISO, including reasonable and necessary expenses incurred to implement an orderly termination of the project and Designated Network Upgrade Facilities identified for the interconnection of such Designated Economic Transmission Project in accordance with Attachment P (if applicable), to the extent permitted by the Commission in accordance with its regulations. The ISO shall allocate these costs among the LSE or LSEs in accordance with Section 31.5.4, except as otherwise determined by the Commission. The Designated Entity(ies) shall be eligible to recover such costs in accordance with Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.5.5 Regulated Transmission Solutions to Public Policy Transmission Needs

31.5.5.1 The Scope of Section 31.5.5

As discussed in Section 31.5.1 of this Attachment Y, the cost allocation principles and methodologies of this Section 31.5.5 apply only to a regulated Designated Public Policy Project that is a Public Policy Transmission Project, or part of a Public Policy Transmission Project, selected by the ISO as the more efficient or cost effective transmission solution to address a Public Policy Transmission Need, and Designated Network Upgrade Facilities designated pursuant to Section 22.9.6 of Attachment P to the ISO OATT and associated with a Public Policy Transmission Project selected by the ISO as the more efficient or cost effective transmission solution to address a Public Policy Transmission Need. This Section 31.5.5 does not apply to

Other Public Policy Projects, including generation or demand side management projects, or any market-based projects. This Section 31.5.5 does not apply to regulated reliability solutions implemented pursuant to the Reliability Planning Process, to Regulated Economic Transmission Projects, or to Long-Term Transmission Projects.

A regulated solution shall only utilize the cost allocation methodology set forth in Section 31.5.3 where it is: (1) a Responsible Transmission Owner's regulated backstop solution, (2) an alternative regulated transmission solution selected by the ISO as the more efficient or cost effective regulated transmission solution to satisfy a Reliability Need, or (3) seeking cost recovery where it has been halted or cancelled pursuant to the provisions of Section 31.2.8.2. A Regulated Economic Transmission Project approved pursuant to Section 31.5.4.6 shall only be eligible to utilize the cost allocation principles and methodologies set forth in Section 31.5.4. A regulated solution shall only utilize the cost allocation methodology set forth in Section 31.5.6 when it is a regulated Long-Term Transmission Project selected as the more efficient or cost-effective transmission solution to address a Long-Term Transmission Need.

31.5.5.2 Cost Allocation Principles

The ISO shall implement the specific cost allocation methodology in Section 31.5.5.4 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. The specific cost allocation methodology in Section 31.5.5.4 incorporates the following elements:

31.5.5.2.1 The focus of the cost allocation methodology shall be on regulated Designated Public Policy Projects.

31.5.5.2.2 Projects analyzed hereunder as Designated Public Policy Projects may proceed on a market basis with willing buyers and sellers at any time.

31.5.5.2.3 Cost allocation shall be based on a beneficiaries pay approach.

31.5.5.2.4 Project benefits will be identified in accordance with Section 31.5.5.4.

31.5.5.2.5 Identification of beneficiaries for cost allocation and cost allocation among those beneficiaries shall be according to the methodology specified in Section 31.5.5.4.

31.5.5.3 Project Eligibility for Cost Allocation

The Designated Entity for a Designated Public Policy Project or Designated Network Upgrade Facilities will be eligible for cost allocation for the Designated Public Policy Project or Designated Network Upgrade Facilities in accordance with the process set forth in Section 31.5.5.4; *provided, however*, that if (i) the appropriate federal, state, or local agency(ies) rejects the Designated Public Policy Project's necessary authorizations, or such authorizations are withdrawn or (ii) the Development Agreement for the Designated Public Policy Project or Designated Network Upgrade Facilities are terminated as a result of another Designated Entity defaulting on the development of a separate Designated Public Policy Project or Designated Network Upgrade Facilities that compose the selected Public Policy Transmission Project and the ISO determines that the Public Policy Transmission Need will be addressed in a future planning cycle pursuant to Section 31.4.12.3.1.2, the costs that the Designated Entity is eligible to recover under Sections 31.4.12.1 or 31.4.12.3.1.5 shall be allocated in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The Designated Entity of a Designated Public Policy Project or Designated Network Upgrade Facilities may recover its costs in accordance with Section 31.5.7 and Rate Schedule 10 of the ISO OATT. If a Developer proposed its Public Policy Transmission Project in response to a request by the NYPSC or Long Island Power Authority pursuant to Section 31.4.3.2 and its project was not selected by the ISO,

the costs that such a Developer is eligible to recover pursuant to Section 31.4.3.2 shall be allocated in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. Such a Developer may recover these costs in accordance with Section 31.5.7 and Rate Schedule 10 of the ISO OATT.

31.5.5.4 Cost Allocation for Eligible Projects

As noted in Section 31.5.5.2 of this Attachment Y, the identification of beneficiaries for cost allocation and the cost allocation of a selected Public Policy Transmission Project will be conducted in accordance with the process described in this Section 31.5.5.4. This Section will also apply to the allocation within New York of the ISO's share of the costs of an Interregional Transmission Project proposed as a solution to a Public Policy Transmission Need allocated in accordance with Section 31.5.8 of this Attachment Y. The establishment of a cost allocation methodology and rates for a proposed solution that is undertaken by LIPA or NYPA as an Unregulated Transmitting Utility to a Public Policy Transmission Need as determined in Sections 31.4.2.4 through 31.4.2.6, as applicable, or an Interregional Transmission Project shall occur pursuant to Section 31.5.5.4.4 through 31.5.5.4.6, as applicable. Nothing herein shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. The ISO shall apply the cost allocation methodology accepted by the Commission. The cost allocation methodology that is accepted or approved by the Commission for a

particular Public Policy Transmission Project in accordance with this Section 31.5.5.4 will be set forth in Appendix E (Section 31.8) of this Attachment Y.

31.5.5.4.1 If the Public Policy Requirement that results in the identification by the NYPSC of a Public Policy Transmission Need prescribes the use of a particular cost allocation and recovery methodology, then the ISO shall file that methodology with the Commission within 60 days of the issuance by the NYPSC of its identification of a Public Policy Transmission Need. Nothing herein shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. If the Transmission Owner or Other Developer files a different proposed cost allocation methodology under Section 205 of the Federal Power Act, it shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles taking into account the methodology specified in the Public Policy Requirement.

31.5.5.4.2 Subject to the provisions of Section 31.5.5.4.1, a Designated Entity responsible for a Designated Public Policy Project may submit to the NYPSC for its consideration – no later than 60 days after the ISO's selection of the regulated Public Policy Transmission Project – a proposed cost allocation methodology, which may include a cost allocation based on load ratio share, adjusted to reflect, as applicable, the Public Policy Requirement or Public Policy Transmission Need,

the party(ies) responsible for complying with the Public Policy Requirement, and the party(ies) who benefit from the transmission facility.

31.5.5.4.2.1 The NYPSC shall have 150 days following the deadline set forth in Section 31.5.5.4.2 to submit a proposed cost allocation methodology to review the proposed cost allocation methodology(ies) submitted by a Designated Entity(ies) and to inform the Designated Entity(ies) whether it supports a proposed methodology.

31.5.5.4.2.2. If the NYPSC supports a proposed cost allocation methodology, the Designated Entity that proposed that cost allocation methodology shall file that cost allocation methodology with the Commission for its acceptance under Section 205 of the Federal Power Act within 30 days of the NYPSC informing the Developer of its support. The Designated Entity shall have the burden of demonstrating that the proposed cost allocation methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles.

31.5.5.4.2.3 If the NYPSC does not support a proposed cost allocation methodology, then the Designated Entity shall take reasonable steps to respond to the NYPSC's concerns and to develop a mutually agreeable cost allocation methodology over a period of no more than 60 days after the NYPSC informing the Designated Entity(ies) that it does not support the methodology(ies).

31.5.5.4.2.4 If a mutually acceptable cost allocation methodology is developed during the timeframe set forth in Section 31.5.5.4.2.3, a Designated Entity shall file it with the Commission for acceptance under Section 205 of the Federal Power Act no later than 30 days after the conclusion of the 60 day discussion period with the

NYPSC. The Designated Entity shall have the burden of demonstrating that the proposed cost allocation methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles.

31.5.5.4.2.5 If no mutually agreeable cost allocation methodology is developed, the Designated Entity(ies) shall file its preferred cost allocation methodology with the Commission for acceptance under Section 205 of the Federal Power Act no later than 30 days after the conclusion of the 60 day discussion period with the NYPSC. The Designated Entity(ies) shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles in consideration of the position of the NYPSC. The filing shall include the methodology supported by NYPSC for the Commission's consideration. If the Designated Entity(ies) elects to use the load ratio share cost allocation methodology referenced below in Section 31.5.5.4.3, the Designated Entity(ies) shall notify the Commission of its intent to utilize the load ratio share methodology and shall include in its notice the NYPSC supported methodology for the Commission's consideration.

31.5.5.4.3. Unless the Commission has accepted an alternative cost allocation methodology pursuant to this Section, the ISO shall allocate the costs of the Public Policy Transmission Project to all Load Serving Entities in the NYCA using the default cost allocation methodology, based upon a load ratio share methodology.

31.5.5.4.4 The NYISO will make any Section 205 filings related to this Section on behalf of NYPA to the extent requested to do so by NYPA. NYPA shall bear the

burden of demonstrating that such a filing is compliant with the Order No. 1000 Regional Cost Allocation Principles. NYPA shall also be solely responsible for making any jurisdictional reservations or arguments related to their status as non-Commission-jurisdictional utilities that are not subject to various provisions of the Federal Power Act.

31.5.5.4.5 The cost allocation methodology and any rates for cost recovery for a proposed solution to a Public Policy Transmission Need undertaken by LIPA, as an Unregulated Transmitting Utility (for purposes of this section a "LIPA project"), shall be established and recovered as follows:

31.5.5.4.5.1 *For costs solely to LIPA customers.* The cost allocation methodology and rates to be established for a LIPA project, for which cost recovery will only occur from LIPA customers, will be established pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Prior to the adoption of any cost allocation mechanism or rates for such a LIPA project, and pursuant to Section 1020-f(u), the Long Island Power Authority's Board of Trustees shall request that the NYDPS provide a recommendation with respect to the cost allocation methodology and rate that LIPA has proposed and the Board of Trustees shall consider such recommendation in accordance with the requirements of Section 1020-f(u). Upon approval of the cost allocation mechanism and/or rates by the Long Island Power Authority's Board of Trustees, LIPA shall provide to the ISO, for purposes of inclusion within the ISO OATT and filing with FERC on an informational basis only, a description of the cost allocation mechanism and

the rate that LIPA will charge and collect within the Long Island Transmission District.

31.5.5.4.5.2 *For Costs for a LIPA Project That May be Allocated to Other Transmission Districts.* A LIPA project that meets a Public Policy Transmission Need as determined by the NYPSC pursuant to Section 31.4.2.6(iii) may be allocated to market participants outside of the Long Island Transmission District. The cost allocation methodology and rate for such a LIPA project shall be established in accordance with the following procedures. LIPA's proposed cost allocation methodology and/or rate shall be reviewed and approved by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Prior to the adoption of any cost allocation mechanism or rates for such project and pursuant to Section 1020-f(u), the Long Island Power Authority's Board of Trustees shall request that the NYDPS provide a recommendation with respect to the cost allocation methodology and rate that LIPA has proposed and the Board of Trustees shall consider such recommendation in accordance with the requirements of Section 1020-f(u). LIPA shall inform the ISO of the cost allocation methodology and rate that has been approved by the Long Island Power Authority's Board of Trustees for filing with the Commission.

Upon approval by the Long Island Power Authority's Board of Trustees, LIPA shall submit and request that the ISO file the LIPA cost allocation methodology for approval with the Commission. Any cost allocation methodology for a LIPA project that allocates costs to market participants outside

of the Long Island Transmission District shall be reviewed as to whether there is comparability in the derivation of the cost allocation for market participants such that LIPA has demonstrated that the proposed cost allocation is compliant with the Order No. 1000 cost allocation principles, there are benefits provided by the project to market participants outside of the Long Island Transmission District, and that the proposed allocation is roughly commensurate to the identified benefits.

Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s, requires that LIPA's rates be established at the lowest level consistent with sound fiscal and operating practices of the Long Island Power Authority and which provide for safe and adequate service. Upon approval of a LIPA rate by the Long Island Power Authority's Board of Trustees pursuant to Section 1020-f(u), LIPA shall submit, and request that the ISO file, the LIPA rate with the Commission for review under the same comparability standard as applied to the review of changes in LIPA's TSC under Attachment H of this tariff.

In the event that the cost allocation methodology or rate approved by the Long Island Power Authority's Board of Trustees did not adopt the NYDPS recommendation, the NYDPS recommendation shall be included in the filing for the Commission's consideration.

31.5.5.4.5.3 *Support for Filing*. LIPA shall intervene in support of the filing(s) made pursuant to Section 31.5.5.4.5 at the Commission and shall take the responsibility to demonstrate that: (i) the cost allocation methodology and/or rate approved by the Long Island Power Authority's Board of Trustees meets the applicable

standard of comparability, and (ii) the Commission should accept such methodology or rate for filing. LIPA shall also be responsible for responding to, and seeking to resolve, concerns about the contents of the filing that might be raised in such proceeding.

31.5.5.4.5.4 *Billing of LIPA Charges Outside of the Long Island Transmission District*. For Transmission Districts other than the Long Island Transmission District, the ISO shall bill for LIPA, as a separate charge, the costs incurred by LIPA for a solution to a Public Policy Transmission Need allocated using the cost allocation methodology and rates established pursuant to Section 31.5.5.4.5.2 and accepted for filing by the Commission and shall remit the revenues collected to LIPA each Billing Period in accordance with the ISO's billing and settlement procedures.

31.5.5.4.6 The inclusion in the ISO OATT or in a filing with the Commission of the cost allocation and charges for recovery of costs incurred by NYPA or LIPA related to a solution to a transmission need driven by a Public Policy Requirement or Interregional Transmission Project as provided for in Sections 31.5.5.4.4 and 31.5.5.4.5 shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

31.5.6 Regulated Transmission Solutions to Long-Term Transmission Needs

31.5.6.1 The Scope of Section 31.5.6

As discussed in Section 31.5.1 of this Attachment Y, the cost allocation principles and methodologies of this Section 31.5.6 apply only to a regulated Designated Long-Term Transmission Project that is a Long-Term Transmission Project, or part of a Long-Term Transmission Project, selected by the ISO as the more efficient or cost effective transmission

solution to address a Long-Term Transmission Need, and Designated Network Upgrade Facilities designated pursuant to Section 22.9.6 of Attachment P to the ISO OATT and associated with a Long-Term Transmission Project selected by the ISO as the more efficient or cost-effective transmission solution to address a Long-Term Transmission Need. This Section 31.5.6 does not apply to Other Long-Term Projects, including generation or demand side management projects, or any market-based projects. This Section 31.5.6 does not apply to regulated reliability solutions implemented pursuant to the Reliability Planning Process, Regulated Economic Transmission Projects, or Public Policy Transmission Projects.

31.5.6.2 Cost Allocation Principles

The ISO shall implement the specific cost allocation methodology in Section 31.5.6.4 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles 1 through 5 as set forth in Section 31.5.2.1. The specific cost allocation methodology in Section 31.5.6.4 incorporates the following elements:

31.5.6.2.1 The focus of the cost allocation methodology shall be on regulated Designated Long-Term Transmission Projects.

31.5.6.2.2 Projects analyzed hereunder as Designated Long-Term Transmission Projects may proceed on a market basis with willing buyers and sellers at any time.

31.5.6.2.3 Cost allocation shall be based on a beneficiaries pay approach.

31.5.6.2.4 Project benefits will be identified in accordance with Section 31.5.6.4.

31.5.6.2.5 Identification of beneficiaries for cost allocation and cost allocation among those beneficiaries shall be according to the methodology specified in Section 31.5.6.4.

31.5.6.3 Project Eligibility for Cost Allocation

The Designated Entity for a Designated Long-Term Transmission Project or associated Designated Network Upgrade Facilities will be eligible for cost allocation for the Designated Long-Term Transmission Project or Designated Network Upgrade Facilities in accordance with the process set forth in Section 31.5.6.4; *provided, however*, that if (i) the appropriate federal, state, or local agency(ies) rejects the Designated Long-Term Transmission Project's necessary authorizations, or such authorizations are withdrawn, (ii) the Designated Long-Term Transmission Project is terminated as part of the Reevaluation Process pursuant to Section 31.6.14.3, or (iii) the Development Agreement for the Designated Long-Term Transmission Project or Designated Network Upgrade Facilities is terminated pursuant to Section 31.6.14.3 as a result of another Designated Entity defaulting on the development of a separate Designated Long-Term Transmission Project or Designated Network Upgrade Facilities that compose the selected Long-Term Transmission Project, the costs that the Designated Entity is eligible to recover under Sections 31.6.12.1 or 31.6.14.6 shall be allocated in accordance with Section 31.5.6.4.3, except as otherwise determined by the Commission. The Designated Entity of a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities may recover its costs in accordance with Section 31.5.7 and Rate Schedule 10 of the ISO OATT. If a Developer proposed its Long-Term Transmission Project in response to a request by the NYPSC pursuant to Section 31.6.9.1.4 and its project was not selected by the ISO, the costs that such a Developer is eligible to recover pursuant to Section 31.6.9.1.4 shall be allocated in accordance with Section 31.5.6.4.3, except as otherwise determined by the Commission. Such a Developer may recover these costs in accordance with Section 31.5.7 and Rate Schedule 10 of the ISO OATT.

31.5.6.4 Cost Allocation for Eligible Projects

As noted in Section 31.5.6.2 of this Attachment Y, the identification of beneficiaries for cost allocation and the cost allocation of a selected Long-Term Transmission Project will be conducted in accordance with the process described in this Section 31.5.6.4. If LIPA, as an Unregulated Transmitting Utility, is the Designated Entity for a Designated Long-Term Transmission Project or Designated Network Upgrade Facility that is subject to cost allocation under this Section 31.5.6.4, the cost allocation methodology and rates for the LIPA Project (as defined in Section 31.5.6.4.5 below) shall be established pursuant to Section 31.5.6.4.5. If NYPA, as an Unregulated Transmitting Utility, is the Designated Entity for a Designated Long-Term Transmission Project or Designated Network Upgrade Facility that is eligible for cost allocation under this Section 31.5.6.4, NYPA's responsibility concerning any Section 205 filings under this Section 31.5.6.4 shall be addressed pursuant to Section 31.5.6.4.4. Nothing in this Section 31.5.6.4 shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. The ISO shall apply the cost allocation methodology accepted by the Commission. The cost allocation methodology that is accepted or approved by the Commission for a particular Long-Term Transmission Project in accordance with this Section 31.5.6.4 will be set forth in Appendix G (Section 31.10) of this Attachment Y.

31.5.6.4.1 If the NYPSC prescribes the use of a particular cost allocation and recovery methodology with its determination of the Long-Term Transmission Need, which methodology differs from the default methodology set forth in Section 31.5.6.4.3, then the ISO shall file that methodology with the Commission within 60 days of the NYPSC's issuance of its determination. Nothing in this Section 31.5.6.4.1 shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. If the Transmission Owner or Other Developer files a different proposed cost allocation methodology under Section 205 of the Federal Power Act, it shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles 1 through 5 taking into account the methodology specified by the NYPSC with its determination of the Long-Term Transmission Need.

31.5.6.4.2 Subject to the provisions of Section 31.5.6.4.1, a Designated Entity responsible for a Designated Long-Term Transmission Project may submit to the NYPSC for its consideration – no later than 60 days after the ISO's selection of the regulated Long-Term Transmission Project – a proposed cost allocation methodology, which may include a cost allocation based on load ratio share, adjusted to reflect, as applicable, the Long-Term Transmission Need, the party(ies) responsible for complying with the Long-Term Transmission Need, and the party(ies) who benefit from the transmission facility.

31.5.6.4.2.1 The NYPSC shall have 150 days following the deadline set forth in Section 31.5.6.4.2 to submit a proposed cost allocation methodology to review the proposed cost allocation methodology submitted by a Designated Entity and to inform the Designated Entity whether it supports or does not support a proposed methodology.

31.5.6.4.2.2 If the NYPSC supports the Designated Entity's proposed cost allocation methodology, the Designated Entity shall file that cost allocation methodology with the Commission for its acceptance under Section 205 of the Federal Power Act within 30 days of the NYPSC's response pursuant to Section 31.5.6.4.2.1. The Designated Entity shall have the burden of demonstrating that the proposed cost allocation methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles 1 through 5.

31.5.6.4.2.3 If the NYPSC does not support the Designated Entity's proposed cost allocation methodology, then the Designated Entity shall take reasonable steps to respond to the NYPSC's concerns and to develop a mutually agreeable cost allocation methodology over a period of no more than 60 days after the NYPSC's response pursuant to Section 31.5.6.4.2.1. Reasonable steps shall include, but not be limited to, providing information to the NYPSC or NYDPS related to the proposed cost allocation methodology that they may reasonably require.

31.5.6.4.2.4 If a mutually acceptable cost allocation methodology is developed during the timeframe set forth in Section 31.5.6.4.2.3, the Designated Entity shall file it with the Commission for acceptance under Section 205 of the Federal Power Act no later than 30 days after the conclusion of the 60-day discussion period with the

NYPSC. The Designated Entity shall have the burden of demonstrating that the proposed cost allocation methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles 1 through 5.

31.5.6.4.2.5 If no mutually agreeable cost allocation methodology is developed, the Designated Entity shall file its preferred cost allocation methodology with the Commission for acceptance under Section 205 of the Federal Power Act no later than 30 days after the conclusion of the 60-day discussion period with the NYPSC. The Designated Entity shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles 1 through 5 and shall identify areas of disagreement with the NYPSC. The filing shall include the methodology supported by NYPSC for the Commission's consideration. If the Designated Entity elects to use the load ratio share cost allocation methodology referenced below in Section 31.5.6.4.3, the Designated Entity shall notify the Commission of its intent to utilize the load ratio share methodology and shall include in its notice the NYPSC supported methodology for the Commission's consideration.

31.5.6.4.3 Unless the Commission has accepted an alternative cost allocation methodology pursuant to this Section, the ISO shall allocate the costs of the Long-Term Transmission Project to all Load Serving Entities in the NYCA using the default cost allocation methodology, based upon a load ratio share methodology.

31.5.6.4.4 The ISO will make any Section 205 filings related to this Section on behalf of NYPA to the extent requested to do so by NYPA. NYPA shall bear the burden of demonstrating that such a filing is compliant with the Order No. 1000

Regional Cost Allocation Principles 1 through 5. NYPA shall also be solely responsible for making any jurisdictional reservations or arguments related to its status as a non-Commission-jurisdictional utility that is not subject to various provisions of the Federal Power Act.

31.5.6.4.5 The cost allocation methodology and any rates for cost recovery for a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities that is subject to cost allocation under this Section 31.5.6.4 for which LIPA is the Designated Entity (for purposes of this section a "LIPA Project") shall be established and recovered as follows:

31.5.6.4.5.1 Unless the Commission has accepted an alternative cost allocation methodology, the ISO shall allocate the costs of a LIPA Project to all Load Serving Entities in the NYCA using the default cost allocation methodology established pursuant to Section 31.5.6.4.3, based upon a load ratio share methodology. The Long Island Power Authority's Board of Trustees ("LIPA Board") may recommend an alternative cost allocation methodology to be applied to a LIPA Project, after first consulting with, and considering recommendations received from, the NYDPS. Following the LIPA Board's determination, which will be completed within 150 calendar days from the date upon which LIPA is identified as a Designated Entity for a LIPA Project pursuant to Section 31.6.11.5, the alternative cost allocation methodology will be provided to the NYPSC for consideration consistent with the procedures set forth in the consultations specified in Sections 31.5.6.4.2 and 31.5.6.4.2.1 through 31.5.6.4.3. Following completion of the NYPSC review, LIPA shall submit and request that the ISO file

the alternative cost allocation methodology for approval with the Commission, including a statement of the NYPSC on the proposed, alternative cost allocation methodology. Any proposed, alternative cost allocation methodology for a LIPA Project, filed by the ISO with the Commission, shall be reviewed as to whether there is comparability in the derivation of the cost allocation for market participants such that LIPA has demonstrated that the proposed, alternative cost allocation is compliant with the Order No. 1000 Regional Cost Allocation Principles 1 through 5 and that the proposed allocation is roughly commensurate to the identified benefits.

31.5.6.4.5.2 The rates for a LIPA Project shall be established in accordance with the following procedures. LIPA's proposed rate shall be reviewed and approved by the LIPA Board pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Prior to the adoption of any rates for the LIPA Project and pursuant to Section 1020-f(u), the LIPA Board shall request that the NYDPS provide a recommendation with respect to the rate that LIPA has proposed and the LIPA Board shall consider such recommendation in accordance with the requirements of Section 1020-f(u). Upon approval of a rate for a LIPA Project by the LIPA Board pursuant to Section 1020-f(u), LIPA shall submit, and request that the ISO file, such rate with the Commission for review under the same comparability standard as applied to the review of changes in LIPA's TSC under Attachment H of this Tariff.

In the event the rate approved by the LIPA Board does not adopt the NYDPS recommendation, the NYDPS recommendation shall be included in the filing for the Commission's consideration.

31.5.6.4.5.3 *Support for Filing*. LIPA shall intervene in support of the filing(s) made by the ISO at the request of LIPA pursuant to Section 31.5.6.4.5 at the Commission and shall take the responsibility to demonstrate that: (i) the cost allocation methodology and/or rate approved by the LIPA Board meets the applicable standard of comparability, and (ii) the Commission should accept such methodology or rate for filing, as applicable. LIPA shall also be responsible for responding to, and seeking to resolve, concerns about the contents of the filing that might be raised in such proceeding.

31.5.6.4.5.4 *Billing of LIPA Charges Outside of the Long Island Transmission District*. For Transmission Districts other than the Long Island Transmission District, the ISO shall bill for LIPA, as a separate charge, the costs incurred by LIPA for a solution to a Long-Term Transmission Need allocated using the cost allocation methodology and rates established pursuant to Section 31.5.6.4.5.2 and accepted for filing by the Commission and shall remit the revenues collected to LIPA each Billing Period in accordance with the ISO's billing and settlement procedures.

31.5.6.4.6 The inclusion in the ISO OATT or in a filing with the Commission of the cost allocation and charges for recovery of costs incurred by NYPA or LIPA related to a solution to a Long-Term Transmission Need as provided for in Sections 31.5.6.4.4 and 31.5.6.4.5 shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

31.5.6.4.7 Amendments to Cost Allocation Requirements for Selected Long-Term Transmission Projects

31.5.6.4.7.1 Prior to seeking stakeholder approval of a proposed amendment to the requirements in Section 31.5.6.4 that would be subject to a filing with the Commission pursuant to Section 205 of the Federal Power Act, the ISO will provide NYDPS and LIPA with an opportunity to consult concerning such proposed amendments. The ISO will provide notice to NYDPS and LIPA that establishes a period of at least 30 calendar days during which the ISO, NYDPS, and LIPA have the opportunity to consult concerning the proposed amendment. The notice shall include: a description of the proposed amendment; potential meeting times to assist scheduling a meeting among the NYISO, NYDPS, and LIPA; contact information that NYDPS and LIPA may use to communicate with the ISO concerning the proposed amendment; and a deadline for NYDPS and LIPA to provide any written comments to the ISO concerning the proposed amendment, including any alternative proposals. NYDPS and LIPA may elect not to participate in this consultation process or may provide its written comments, including any alternative proposal, in advance of the deadline established in the notice. The ISO will post on its website its notice to NYDPS and LIPA and any written comments, including alternative proposals, received from NYDPS and LIPA for the ISO's and its stakeholders' consideration. The ISO will detail in its filing of any proposed amendments to Section 31.5.6.4 pursuant to Section 205 of the Federal Power Act its compliance with the requirements in this Section 31.5.6.4.7.1, including indicating whether the proposed amendment differs from an alternative proposal provided by NYDPS and LIPA pursuant to this Section 31.5.6.4.7.1.

31.5.6.4.7.2 NYDPS and LIPA may provide notice to the ISO at any time of a proposed amendment to the requirements in this Section 31.5.6.4. The ISO will post this notice on its website and will commence a stakeholder process to consider the proposed amendment.

NYDPS and LIPA shall provide the ISO with the materials required to support the proposed amendment for the stakeholder meetings no less than five (5) Business Days in advance of a stakeholder working group meeting and no less than seven (7) Business Days in advance of a stakeholder committee meeting. NYDPS and LIPA shall be responsible for presenting and supporting the proposed amendment at stakeholder meetings. If the ISO's Management Committee and the ISO Board approve the amendment pursuant to the requirements in Section 2.10 of the ISO OATT and Article 19 of the ISO Agreement, the ISO shall file the proposed amendment with the Commission pursuant to Section 205 of the Federal Power Act. NYDPS and LIPA shall reasonably cooperate with the NYISO with respect to such filing and shall provide all information reasonably requested by the ISO to support the filing, including, but not limited to, justification, affidavits, and/or testimony detailing how the proposed amendment complies with the cost allocation requirements in this Section 31.5 and Commission precedent. If the ISO Board does not approve the proposed amendment, the ISO will post on its website an explanation of its determination not to approve the amendment.

31.5.6.4.7.3 Nothing in this Section 31.5.6.4.7: (i) limits the NYDPS's or LIPA's ability to participate in the NYISO's stakeholder process concerning proposed amendments to the requirements in Section 31.5.6.4 to the processes established in Sections 31.5.6.4.7.1 or 31.5.6.4.7.2 or (ii) the NYDPS's or LIPA's ability to participate in any subsequent proceeding before FERC.

31.5.7 Cost Recovery for Regulated Projects

31.5.7.1 Cost Recovery for Regulated Transmission Project to Address a Reliability Need Identified in the Reliability Planning Process

31.5.7.1.1 A Responsible Transmission Owner, a Transmission Owner, or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT

the costs incurred with respect to the implementation of: (i) a Designated Backstop Transmission Project; (ii) a Designated Alternative Transmission Project; (iii) a regulated transmission Gap Solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.11.4 of this Attachment Y; (iv) an alternative regulated transmission Gap Solution that has been determined by the appropriate state regulatory agency(ies) as the preferred solution(s) to a Reliability Need pursuant to Section 31.2.11.5 of Attachment Y of the ISO OATT; or (v) Designated Network Upgrade Facilities identified for the interconnection of a Designated Reliability Transmission Project in accordance with Attachment P.

31.5.7.1.2 If a Designated Reliability Transmission Project, including Designated Network Upgrade Facilities identified for the interconnection of such Designated Reliability Transmission Project in accordance with Attachment P, or regulated transmission Gap Solution: (i) is eligible for cost recovery as described in Section 31.5.7.1.1 and (ii) is not triggered or is halted pursuant to Sections 31.2.8 or 31.2.10.1.2 of this Attachment Y, the Responsible Transmission Owner, Transmission Owner or Other Developer of that solution may recover the costs that it eligible to recover pursuant to Sections 31.2.8 or 31.2.10.1.2 in accordance with Rate Schedule 10 of the ISO OATT.

31.5.7.1.3 Costs related to non-transmission regulated solutions to Reliability Needs will be recovered by a Responsible Transmission Owner, Transmission Owner, or Other Developer in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. A

Responsible Transmission Owner, a Transmission Owner, or Other Developer may propose and undertake a regulated non-transmission solution, provided that the appropriate state agency(ies) has established cost recovery procedures comparable to those provided in this tariff for regulated transmission solutions to ensure the full and prompt recovery of all reasonably-incurred costs related to such non-transmission solutions. Nothing in this section shall affect the Commission's jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

31.5.7.2 Cost Recovery for Regulated Economic Transmission Project

A Transmission Owner or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation a Designated Economic Transmission Project that has been approved pursuant to Section 31.5.4.6 of this Attachment Y and Designated Network Upgrade Facilities identified for the interconnection of the Designated Economic Transmission Project in accordance with Attachment P (as applicable).

31.5.7.3 Cost Recovery for Regulated Transmission Project to Address a Public Policy Transmission Need

31.5.7.3.1 A Transmission Owner or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation of: (i) a Designated Public Policy Project that is a Public Policy Transmission Project, or part of a Public Policy Transmission Project, including Designated Network Upgrade Facilities designated pursuant to Section 22.9.6 of Attachment P to the ISO OATT and associated with the Public Policy

Transmission Project, or part of the Public Policy Transmission Project, that the ISO has selected as the more efficient or cost-effective solution to a Public Policy Transmission Need, or (ii) a Public Policy Transmission Project proposed by a Developer in response to a request by the NYPSC or Long Island Power Authority in accordance with Section 31.4.3.2 of Attachment Y of the ISO OATT. Such cost recovery will also include reasonable costs incurred by the Designated Entity to provide a more detailed study or cost estimate for a Designated Public Policy Project or Designated Network Upgrade Facilities at the request of the NYPSC, and to prepare the application required to comply with New York Public Service Law Article VII, or any successor statute or any other applicable permits, and to seek other necessary authorizations.

31.5.7.3.2 If a regulated solution that: (i) is eligible for cost recovery as described in Section 31.5.7.3.1 and (ii) is halted as described in Sections 31.4.12.1 or 31.4.12.3.1.5 of this Attachment Y, the Designated Entity of that solution may recover the costs that it is eligible to recover pursuant to Sections 31.4.12.1 or 31.4.12.3.1.5 in accordance with Rate Schedule 10 of the ISO OATT.

31.5.7.4 Cost Recovery for Regulated Transmission Project to Address a Long-Term Transmission Need

31.5.7.4.1 A Transmission Owner or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to: (i) the implementation of a Designated Long-Term Transmission Project that is a Long-Term Transmission Project, or part of a Long-Term Transmission Project, including Designated Network Upgrade Facilities designated pursuant to Section 22.9.6 of Attachment P to the ISO OATT and associated with the Long-Term

Transmission Project, or part of the Long-Term Transmission Project, that the ISO has selected as the more efficient or cost-effective solution to a Long-Term Transmission Need, or (ii) the preparation of a Long-Term Transmission Project proposed by a Developer in response to a request by the NYPSC in accordance with Section 31.6.9.1.4 of Attachment Y of the ISO OATT. Such cost recovery will also include reasonable costs incurred by the Designated Entity to provide a more detailed study or cost estimate for a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities at the request of the NYPSC, and to prepare the application required to comply with New York Public Service Law Article VII, Article VIII, or any successor statute or any other applicable permits, and to seek other necessary authorizations.

31.5.7.4.2 If a regulated solution that: (i) is eligible for cost recovery as described in Section 31.5.7.4.1 and (ii) is halted as described in Sections 31.6.12.1 or 31.6.14.6 of this Attachment Y, the Designated Entity of that solution may recover the costs that it is eligible to recover pursuant to Section 31.6.12.1 or 31.6.14.6 in accordance with Rate Schedule 10 of the ISO OATT.

31.5.7.5 Cost Recovery for Interregional Transmission Project

A Responsible Transmission Owner, a Transmission Owner, or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation of the portion of an Interregional Transmission Project selected by the ISO in the CSPP that is allocated to the NYISO region pursuant to Section 31.5.8 of Attachment Y of the ISO OATT.

31.5.8 Cost Allocation for Eligible Interregional Transmission Projects

31.5.8.1 Costs of Approved Interregional Transmission Projects

The cost allocation methodology reflected in this Section 31.5.8.1 shall be referred to as the "Northeastern Interregional Cost Allocation Methodology" (or "NICAM"), and shall not be modified without the mutual consent of the Section 205 rights holders in each region.

The costs of Interregional Transmission Projects, as defined in the Interregional Planning Protocol, evaluated under the Interregional Planning Protocol and selected by ISO-NE, PJM and the ISO in their regional transmission plans for purposes of cost allocation under their respective tariffs shall, when applicable, be allocated to the ISO-NE region, PJM region and the ISO region in accordance with the cost allocation principles of FERC Order No. 1000, as follows:

(a) To be eligible for interregional cost allocation, an Interregional Transmission Project must be selected in the regional transmission plan for purposes of cost allocation in each of the transmission planning regions in which the transmission project is proposed to be located, pursuant to agreements and tariffs on file at FERC for each region. With respect to Interregional Transmission Projects and other transmission projects involving the ISO and PJM, the cost allocation of such projects shall be in accordance with the Joint Operating Agreement ("JOA") among and between the ISO and PJM. With respect to Interregional Transmission Projects and other transmission projects involving the ISO and ISO-NE, the cost allocation for such projects shall be in accordance with this Section 31.5.8 of Attachment Y of the NYISO Open Access Transmission Tariff and with the respective tariffs of ISO-NE.

(b) The share of the costs of an Interregional Transmission Project allocated to a region will be determined by the ratio of the present value of the estimated costs of such region's displaced regional transmission project to the total of the present values of the estimated costs of

the displaced regional transmission projects in all regions that have selected the Interregional Transmission Project in their regional transmission plans.

(i) The present values of the estimated costs of each region's displaced regional transmission project shall be based on a common base date that will be the beginning of the calendar month of the cost allocation analysis for the subject Interregional Transmission Project (the "Base Date").

(ii) In order to perform the analysis in this Section 31.5.8.1(b), the estimated cost of the displaced regional transmission projects shall specify the year's dollars in which those estimates are provided.

(iii) The present value analysis for all displaced regional transmission projects shall use a common discount rate. The regions having displaced projects will mutually agree, in consultation with their respective transmission owners, and for purposes of the ISO, its other stakeholders, on the discount rate to be used for the present value analysis.

(iv) For the purpose of this allocation, cost estimates shall use comparable cost estimating procedures. In the Interregional Planning Stakeholder Advisory Committee review process, the regions having displaced projects will review and determine, in consultation with their respective transmission owners, and for purposes of the NYISO, its other stakeholders, that reasonably comparable estimating procedures have been used prior to applying this cost allocation.

(c) No cost shall be allocated to a region that has not selected the Interregional Transmission Project in its regional transmission plan.

(d) When a portion of an Interregional Transmission Project evaluated under the Interregional Planning Protocol is included by a region (Region 1) in its regional transmission plan but there is no regional need or displaced regional transmission project in Region 1, and the neighboring region (Region 2) has a regional need or displaced regional project for the Interregional Transmission Project and selects the Interregional Transmission Project in its regional transmission plan, all of the costs of the Interregional Transmission Project shall be allocated to Region 2 in accordance with the NICAM and none of the costs shall be allocated to Region 1. However, Region 1 may voluntarily agree, with the mutual consent of the Section 205 rights holders in the other affected region(s) (including the Long Island Power Authority and the New York Power Authority in the NYISO region) to use an alternative cost allocation method filed with and accepted by the Commission.

(e) The portion of the costs allocated to a region pursuant to the NICAM shall be further allocated to that region's transmission customers pursuant to the applicable provisions of the region's FERC-filed documents and agreements, for the ISO in accordance with Section 31.5.1.7 of Attachment Y of the ISO OATT.

(f) The following example illustrates the cost allocation for such an Interregional Transmission Project:

- A cost allocation analysis of the costs of Interregional Transmission Project Z is to be performed during a given month establishing the beginning of that month as the Base Date.
- Region A has identified a reliability need in its region and has selected a transmission project (Project X) as the preferred solution in its regional plan. The estimated cost of

Project X is: Cost (X), provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (X) is: N(X).

- Region B has identified a reliability need in its region and has selected a transmission project (Project Y) as the preferred solution in its Regional Plan. The estimated cost of Project Y is: Cost (Y), provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (Y) is: N(Y).
- Regions A and B, through the interregional planning process have determined that an Interregional Transmission Project (Project Z) will address the reliability needs in both regions more efficiently and cost-effectively than the separate regional projects. The estimated cost of Project Z is: Cost (Z). Regions A and B have each determined that Interregional Transmission Project Z is the preferred solution to their reliability needs and have adopted that Interregional Transmission Project in their respective regional plans in lieu of Projects X and Y respectively. If Regions A and B have agreed to bear the costs of upgrades in other affected transmission planning regions, these costs will be considered part of Cost (Z).
- The discount rate used for all displaced regional transmission projects is: D
- Based on the foregoing assumptions, the following formulas will be used:
    - Present Value of Cost (X) = PV Cost (X) = Cost (X) / $(1+D)^{N(X)}$
    - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / $(1+D)^{N(Y)}$
    - Cost Allocation to Region A = Cost (Z) x PV Cost (X)/[PV Cost (X) + PV Cost (Y)]

- Cost Allocation to Region B = Cost (Z) x PV Cost (Y)/[PV Cost (X) + PV Cost (Y)]

- Applying those formulas, if:

  Cost (X) = $60 Million and N(X) = 8.25 years

  Cost (Y) = $40 Million and N(Y) = 4.50 years

  Cost (Z) = $80 Million

  D = 7.5% per year

  Then:

  PV Cost (X) = $60/(1+0.075)^{8.25}$ = 33.039 Million

  PV Cost (Y) = $40/(1+0.075)^{4.50}$ = 28.888 Million

  Cost Allocation to Region A = $80 x 33.039/(33.039 + 28.888) = $42,681 Million

  Cost Allocation to Region B = $80 x 28.888/(33.039+28.888) = $37.319 Million

31.5.8.2 Other Cost Allocation Arrangements

(a) Except as provided in Section 31.5.8.2(b), the NICAM is the exclusive means by which any costs of an Interregional Transmission Project may be allocated between or among PJM, the ISO, and ISO-NE.

(b) Nothing in the FERC-filed documents of ISO-NE, the ISO or PJM shall preclude agreement by entities with cost allocation rights under Section 205 of the Federal Power Act for their respective regions (including the Long Island Power Authority and the New York Power Authority in the ISO region) to enter into separate agreements to allocate the cost-of Interregional Transmission Projects proposed to be located in their regions as an alternative to the NICAM, or other transmission projects identified pursuant to assessments and studies conducted pursuant to Section 6 of the Interregional Planning Protocol. Such other cost-

allocation methodologies must be approved in each region pursuant to the Commission-approved rules in each region, filed with and accepted by the Commission, and shall apply only to the region's share of the costs of an Interregional Transmission Project or other transmission projects pursuant to Section 6 of the Interregional Planning Protocol, as applicable.

31.5.8.3 Filing Rights

Nothing in this Section 31.5.8 will convey, expand, limit or otherwise alter any rights of ISO-NE, the ISO, PJM, each region's transmission owners, market participants, or other entities to submit filings under Section 205 of the Federal Power Act regarding interregional cost allocation or any other matter.

Where applicable, the regions have been authorized by entities that have cost allocation rights for their respective regions to implement the provisions of this Section 31.5.8.

31.5.8.4. Merchant Transmission and Individual Transmission Owner Projects

Nothing in this Section 31.5.8 shall preclude the development of Interregional Transmission Projects that are funded solely by merchant transmission developers or by individual transmission owners.

31.5.8.5 Consequences to Other Regions from Regional or Interregional Transmission Projects

Except as provided herein in Sections 31.5.8.1 and 31.5.8.2, or where cost responsibility is expressly assumed by ISO-NE, the ISO or PJM in other documents, agreements or tariffs on file with FERC, neither the ISO-NE region, the ISO region nor the PJM region shall be responsible for compensating another region or each other for required upgrades or for any other consequences in another planning region associated with regional or interregional transmission facilities, including but not limited to, transmission projects identified pursuant to Section 6 of

the Interregional Planning Protocol and Interregional Transmission Projects identified pursuant to Section 7 of the Interregional Planning Protocol.

31.6 Long-Term Transmission Planning Process

The Long-Term Transmission Planning Process is the process established in this Section 31.6 of Attachment Y of the ISO OATT.

31.6.1 Scope of Long-Term Transmission Planning Process

31.6.1.1 The Long-Term Transmission Planning Process shall consist of: (a) the System & Resource Outlook ("Outlook") and (b) the Long-Term Transmission Selection Process. The ISO will perform the Outlook for each Long-Term Transmission Planning Process cycle: (A) to summarize the current assessments, evaluations, and plans in the Comprehensive System Planning Process and the information and sources relied upon by the ISO; and (B) to assess the New York State Transmission System over a 20-year Study Period using at least three Long-Term Scenarios and an Extreme Weather Sensitivity to identify: (i) potential future resource mix(es), (ii) potential transmission needs that drive the need for expansion or upgrades to the BPTFs, which are included in a Catalog of Transmission Expansion Opportunities, and (iii) economic transmission expansion opportunities for purposes of the Economic Planning Process. If the NYPSC identifies one or more Long-Term Transmission Needs from the Catalog of Transmission Expansion Opportunities included in the Outlook, the ISO will perform the Long-Term Transmission Selection Process for that Long-Term Transmission Planning Process cycle to solicit and evaluate proposed Long-Term Transmission Projects and Other Long-Term Projects for purposes of selecting, or electing not to select, the more efficient or cost-effective transmission solution to address the identified Long-Term Transmission Need for purposes of cost allocation and cost recovery under the ISO OATT. The ISO will coordinate its performance of the Long-Term Transmission Planning Process with the NYDPS concerning New York State planning processes to the extent reasonably practicable.

31.6.1.2 The ISO will commence the Long-Term Transmission Planning Process cycle on the start date for the Outlook for the planning cycle in accordance with the scheduling requirements set forth in Section 31.6.2.1. If the ISO is required to perform a Long-Term Transmission Selection Process for a Long-Term Transmission Planning Process cycle, the ISO will perform the process in parallel with its performance of the Outlook for the subsequent planning cycle as set forth in Section 31.6.2.1.1.2. The ISO will perform the Long-Term Transmission Planning Process in coordination with and with input from the NYPSC/NYDPS, Transmission Owners, Market Participants, stakeholders, and other interested parties as detailed in this Section 31.6.

31.6.1.3 The primary components of the Long-Term Transmission Planning Process include the following steps.

(1) The ISO will solicit and collect factors and data inputs for the development of the assumptions required for the Long-Term Scenarios, the Extreme Weather Sensitivity, and any additional scenarios and sensitivities that will be used in the upcoming Long-Term Transmission Planning Process cycle as set forth in Section 31.6.4.2.

(2) The ISO will commence the Outlook component of the Long-Term Transmission Planning Process cycle with the Outlook Kickoff Meeting as set forth in Section 31.6.5.1.

(3) The ISO will develop at least three Long-Term Scenarios, including any Long-Term State Scenario, and an Extreme Weather Sensitivity for each Long-Term Scenario as set forth in Section 31.6.5.2 for its performance of its analysis for the Outlook.

(4) The ISO will assess the New York State Transmission System over a 20-year Study Period using Long-Term Scenarios, an Extreme Weather Sensitivity, and any additional scenarios and sensitivity(ies) to identify potential transmission needs that drive the need for expansion or

upgrades to the BPTFs for inclusion in the Catalog of Transmission Expansion Opportunities included in the Outlook as set forth in Section 31.6.6.

(5) The ISO will develop the Outlook for stakeholder review and action, for Market Monitoring Unit review, and for approval by the ISO Board of Directors as set forth in Section 31.6.7.

(6) Following the ISO Board of Directors' approval of the Outlook, the ISO will file the Outlook, including the Catalog of Transmission Expansion Opportunities, with the NYPSC. The NYPSC will review the Catalog of Transmission Expansion Opportunities identified in the Outlook to determine, with input from the ISO and stakeholders, whether to identify Long-Term Transmission Need(s) for the Long-Term Transmission Planning Process cycle for which the ISO must solicit and evaluate proposed solutions as set forth in Section 31.6.8.

(7) If the NYPSC identifies one or more Long-Term Transmission Need(s), the ISO will commence the Long-Term Transmission Selection Process component of the Long-Term Transmission Planning Process and will solicit proposals from Developers for Long-Term Transmission Projects and Other Long-Term Projects to address an identified Long-Term Transmission Need as set forth in Section 31.6.9.

(8) The ISO will apply the selection metrics, including the measurement and evaluation of the benefits, and other criteria identified by the NYPSC with the Long-Term Transmission Need to the proposed Long-Term Transmission Projects as set forth in Section 31.6.10 and will assess the viability and sufficiency of proposed Other Long-Term Projects as set forth in Section 31.6.10.6.

(9) The ISO will develop the Long-Term Transmission Planning Report for stakeholder review and action, for Market Monitoring Unit review, and for approval by the ISO Board of Directors as set forth in Section 31.6.11.

(10) The ISO Board of Directors will elect to select, or not to select, a Long-Term Transmission Project as the more efficient or cost-effective transmission solution to address a Long-Term Transmission Need for purposes of cost allocation and cost recovery under the ISO OATT, and the ISO will designate a selected Long-Term Transmission Project to the Designated Entity(ies) that shall be responsible for developing the Designated Long-Term Transmission Project(s) as set forth in Section 31.6.11.

(11) The ISO will tender and enter into Development Agreement(s) with the Designated Entity(ies) for the Designated Long-Term Transmission Project(s) as set forth in Section 31.6.12.2.

(12) The costs of the Designated Long-Term Transmission Projects that constitute the selected Long-Term Transmission Project will be allocated as set forth in Section 31.5 of Attachment Y to the ISO OATT, and Designated Entities will recover their costs as set forth in Section 6.10 of the ISO OATT.

31.6.2 General Long-Term Transmission Planning Process Requirements31.6.2.1 Start Date, End Date, and Scheduled Duration of the Long-Term Transmission Planning Process Cycle

31.6.2.1.1 The ISO shall establish the start date for the Long-Term Transmission Planning Process cycle in accordance with the requirements in Sections 31.6.2.1.1.1 and 31.6.2.1.1.2. The start date of the Long-Term Transmission Planning Process cycle shall also be the start date for the Outlook for that planning cycle. The ISO shall host the Outlook Kickoff Meeting on the start date in accordance with Section 31.6.5.1.

31.6.2.1.1.1 The start date for the first Long-Term Transmission Planning Process cycle shall be no later than June 1, 2027. The ISO will notify stakeholders at least thirty (30) calendar days prior to this start date.

31.6.2.1.1.2 The ISO will determine, and will notify stakeholders of, the scheduled start date for a subsequent Long-Term Transmission Planning Process cycle following the ISO Board of Directors' approval of the Outlook for the prior planning cycle. The scheduled start date shall be no later than five (5) years following the start date for the prior planning cycle. In setting the scheduled start date for a subsequent Long-Term Transmission Planning Process cycle, the ISO shall consider, and shall address in its notice to stakeholders establishing the start date, the alignment of the next Long-Term Transmission Planning Process cycle with the timeframes of the ISO's other transmission planning processes in its Comprehensive System Planning Process and with the timeframes of state planning processes. The ISO will commence and perform the Outlook component for a Long-Term Transmission Planning Process cycle in parallel with the ISO's performance of the Long-Term Transmission Selection Process, if required, for the prior Long-Term Transmission Planning Process cycle.

31.6.2.1.2 The end date of the Long-Term Transmission Planning Process cycle shall be the date on which one of the following actions occurs for the planning cycle: (i) the NYPSC determines not to identify a Long-Term Transmission Need for the Long-Term Transmission Planning Process cycle pursuant to Section 31.6.8.1, which shall include the NYPSC not issuing an order that identifies the Long-Term Transmission Need(s) for the Long-Term Transmission

Planning Process cycle within the time period provided for such order; (ii) the NYPSC determines – after identifying one or more Long-Term Transmission Need(s) for the Long-Term Transmission Planning Process cycle and prior to the ISO's selection of the more efficient or cost-effective transmission solution(s) – to withdraw all of the Long-Term Transmission Need(s) it identified for that planning cycle pursuant to Section 31.6.8.2.1; or (iii) the ISO Board approves the Long-Term Transmission Planning Report pursuant to Section 31.6.11.4 indicating its determination to select or not to select a Long-Term Transmission Project to address a Long-Term Transmission Need identified in that planning cycle.

31.6.2.1.3 As part of its notice establishing the start date for the Long-Term Transmission Planning Process cycle, the ISO shall include a schedule for the Outlook component of the planning cycle and for the filing of the Outlook, including the Catalog of Transmission Expansion Opportunities, with the NYPSC. The scheduled duration of the Outlook component shall be a time period of up to one-year and six months from the start date established pursuant to Section 31.6.2.1.1 to the scheduled date that the ISO Board would approve the Outlook in that planning cycle pursuant to Section 31.6.7.1.2.

31.6.2.1.4 The ISO will notify stakeholders if there are any extensions to the deadlines for the performance of the Outlook in this Section 31.6 pursuant to Sections 31.1.8.6 or 31.1.8.7 or any delays in meeting the deadlines in the schedule for the Outlook for the planning cycle that the ISO provides pursuant to Section 31.6.2.1.3, which extension or delay requires extending the scheduled duration of the Outlook for the planning cycle. In such case, the ISO will provide stakeholders with an updated schedule that accounts for the estimated time for addressing the extension or delay and includes an explanation concerning the extension or delay.

31.6.3 Interested Parties' Participation in the Long-Term Transmission Planning Process

The ISO shall perform the Long-Term Transmission Planning Process, including developing the Outlook, in consultation with Market Participants, stakeholders, NYPSC/NYDPS, and all other interested parties. The TPAS will have responsibilities consistent with ISO Procedures for review of the ISO's technical analyses. The ESPWG will have responsibilities consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of the Foundation Case, Long-Term Scenarios, the Extreme Weather Sensitivity, and any additional scenarios and sensitivities. ISO staff will establish and maintain coordination and communication between itself and the ESPWG and the TPAS to allow all interested parties to participate in a meaningful way during the Long-Term Transmission Planning Process through the ISO's open and transparent stakeholder forums.

31.6.4 Long-Term Transmission Planning Process Requirements Prior to Start Date

31.6.4.1 Development of Foundation Case

31.6.4.1.1 Prior to the start date of each Long-Term Transmission Planning Process cycle, the ISO will commence the development of the Foundation Case for use in that planning cycle. The Foundation Case shall represent a "business as usual" scenario throughout the Study Period, which shall assume a reliable system in accordance with Section 31.6.4.1.2 and will incorporate load, generation, and transmission assumptions in accordance with ISO Procedures. The ISO is not required to account in the Foundation Case for factors derived from the categories of factors set forth in Section 31.6.4.3, and the Foundation Case will be used for informational purposes for the Long-Term Transmission Planning Process.

31.6.4.1.2 The Foundation Case will assume a reliable system throughout the Study Period used for the most recent Reliability Planning Process and Short-Term Reliability Process. If any

Reliability Needs in the Study Period used for the Reliability Planning Process or Short-Term Reliability Process remain unresolved at the time the Outlook is conducted, the Foundation Case will incorporate sufficient compensatory MW to resolve those needs for the Reliability Planning Process and Short-Term Reliability Process Study Period, starting with the most recently-approved base cases from the Reliability Planning Process and the Short-Term Reliability Process, as updated in accordance with ISO Procedures. The ISO is not required to project reliability needs or compensatory MW for the remainder of the Study Period for the Long-Term Transmission Planning Process, but may adjust load and resources for the remainder of the Study Period used for the Foundation Case as determined pursuant to ISO Procedures and in consultation with stakeholders**.**

31.6.4.2 Solicitation and Identification of Factors and Data Inputs for Development of Long-Term Scenarios, Extreme Weather Sensitivity, and Any Additional Scenarios and Sensitivities

31.6.4.2.1 The ISO shall establish a period of no fewer than ninety (90) calendar days prior to the start date of each Long-Term Transmission Planning Process cycle for any stakeholder or interested party to: (i) propose factors based on the categories of factors set forth in Section 31.6.4.3; (ii) propose data inputs required by the ISO pursuant to ISO Procedures; (iii) provide feedback on additional data inputs and assumptions required for the development of Long-Term Scenarios, the Extreme Weather Sensitivity, and any additional scenarios and sensitivities; (iv) identify sources of best available data; (v) propose which future outcomes are probable and can be captured through assumptions made in the development of Long-Term Scenarios; and (vi) propose how a factor may affect Long-Term Transmission Needs and explain how that factor could be reflected in the development of Long-Term Scenarios, including the extent to which it is appropriate to discount the effects of certain factors on Long-Term Transmission Needs.

31.6.4.2.2 Within the same time period established in Section 31.6.4.2.1: (i) the ISO may independently identify factors based on the categories of factors set forth in Section 31.6.4.3 and

additional data inputs; (ii) the ISO is responsible for identifying factors in Factor Category Four, Factor Category Five, and Factor Category Six, regardless of whether stakeholders or interested parties provide input on these categories of factors; and (iii) the NYDPS will provide the ISO with assumptions for the ISO's development of a Long-Term State Scenario.

31.6.4.2.3 Any information provided by stakeholders and interested parties that is classified as Confidential Information or Critical Energy Infrastructure Information shall be subject to the ISO's requirements concerning the treatment and disclosure of such information as described in Section 31.1.8.1 of this Attachment Y.

31.6.4.3 Categories of Factors

31.6.4.3.1 The ISO will use factors identified from the following categories of factors, as further described in ISO Procedures, in the development of Long-Term Scenarios as described in Section 31.6.5.2:

31.6.4.3.1.1 Federal, Federally-Recognized Tribal, state, and local laws and regulations affecting the resource mix and demand ("Factor Category One");

31.6.4.3.1.2 Federal, Federally-Recognized Tribal, state, and local laws and regulations on decarbonization and electrification ("Factor Category Two");

31.6.4.3.1.3 State approved supply obligations for load serving entities as well as any NYPSC or state approved plans for generation procurements developed and reviewed pursuant to applicable state law ("Factor Category Three");

31.6.4.3.1.4 Trends in fuel costs and in the cost, performance, and availability of generation, electric storage resources, and building and transportation electrification technologies ("Factor Category Four");

31.6.4.3.1.5 Resource retirements ("Factor Category Five");

31.6.4.3.1.6 Interconnection requests and withdrawals ("Factor Category Six"); and

31.6.4.3.1.7 Utility commitments and federal, Federally-Recognized Tribal, state, and local policy goals that affect Long-Term Transmission Needs ("Factor Category Seven").

31.6.4.3.1.8 The ISO may, at its discretion and in consultation with the ESPWG and the NYDPS, identify one or more additional categories of factors for a given planning cycle of the Long-Term Transmission Planning Process (each an "Additional Factor Category" and collectively "Additional Factor Categories").

31.6.4.3.2 For purposes of Section 31.6.4.3, Federally-Recognized Tribal laws and regulations shall mean legally binding obligations, incentives, and/or restrictions promulgated by Federally-Recognized Tribes that will affect new or existing generators, or demand.

31.6.4.3.3 For purposes of Section 31.6.4.3, a state law and regulation shall include an NYPSC order adopting a rule or regulation subject to and in accordance with the State Administrative Procedure Act.

31.6.5 Commencement of Outlook Process

31.6.5.1 Outlook Kickoff Meeting

The ISO shall host an Outlook Kickoff Meeting at an ESPWG meeting, which meeting shall commence the Long-Term Transmission Planning Process cycle as set forth in Section 31.6.2.1.1. The purpose of the Outlook Kickoff Meeting shall be for the ISO to review with its stakeholders and other interested parties its initial determination of assumptions for use in the development of the Long-Term Scenarios based on the factors, data inputs, and assumptions received by the ISO pursuant to Section 31.6.4.2.1, independently identified by the ISO pursuant to Section 31.6.4.2.2, and provided by the NYDPS pursuant to Section 31.6.4.2.2.

31.6.5.2 Development of Long-Term Scenarios and Sensitivities

In accordance with the requirements in this Section 31.6.5.2, the ISO shall develop, in consultation with the ESPWG and the NYDPS, at least three, plausible and diverse Long-Term Scenarios for the Outlook and an Extreme Weather Sensitivity that will be applied to each Long-Term Scenario. The ISO may also develop additional scenarios and sensitivities in accordance with the requirements in this Section 31.6.5.2.

31.6.5.2.1 General Requirements

31.6.5.2.1.1 The ISO shall use its professional and engineering judgement and the best available data inputs in developing the assumptions, the Long-Term Scenarios, and the Extreme Weather Sensitivity, as further detailed in ISO Procedures; *provided, however*, that the ISO will use assumptions provided by the NYDPS for a Long-Term State Scenario pursuant to Section 31.6.5.2.2.2. For purposes of the Outlook, "best available data inputs" are data inputs adopted in the Outlook process that are timely, developed using best practices and diverse and expert perspectives, and reflect, as applicable, the list of factors accounted for in the Long-Term Scenarios.

31.6.5.2.1.2 The ISO shall use the Foundation Case as the starting point for the development of Long-Term Scenarios.

31.6.5.2.1.3 The ISO shall develop the assumptions for the Long-Term Scenarios, the Extreme Weather Sensitivity, and any additional scenarios or sensitivities in accordance with Section 31.6.5.2.2. The ISO may, at its discretion and in consultation with the ESPWG and the NYDPS, update these assumptions during the Outlook process to account for significant and material changes to the factors or data inputs underlying those assumptions.

31.6.5.2.1.4 The Study Period for each Long-Term Scenario shall be a 20-year period, which time period shall be based on the start date of the Long-Term Transmission Planning Process cycle as established pursuant to Section 31.6.2.1.1.

31.6.5.2.1.5 The ISO shall develop a minimum of three Long-Term Scenarios for each Long-Term Transmission Planning Process cycle. The ISO shall develop a Long-Term State Scenario as one of the three required Long-Term Scenarios if the NYDPS provides the ISO with assumptions for this scenario pursuant to Section 31.6.4.2.2. The ISO may determine, at its discretion and in consultation with the ESPWG and the NYDPS, to develop, subject to resource availability: (i) additional Long-Term Scenario(s) for the planning cycle, which additional Long-Term Scenario(s) must comply with the same requirements as the three required Long-Term Scenarios, and (ii) additional scenarios for the planning cycle that may be used for information purposes.

31.6.5.2.1.6 The ISO will take appropriate steps (*e.g.,* electronically masking, aggregation) to prevent the disclosure of Confidential Information or Critical Energy Infrastructure Information contained in information produced by the ISO in connection with the development of the assumptions, Long-Term Scenarios, Extreme Weather Sensitivity, or additional scenarios and sensitivities.

31.6.5.2.2 Development of Assumptions for Long-Term Scenarios, the Extreme Weather Sensitivity, and Additional Scenarios and Sensitivities

31.6.5.2.2.1 The ISO shall determine, in consultation with the ESPWG and the NYDPS, the assumptions that it will use in the development of the Long-Term Scenarios, the Extreme Weather Sensitivity, and any additional scenarios and sensitivities.

31.6.5.2.2.2 For purposes of developing the Long-Term State Scenario pursuant to Section 31.6.5.2.1.5, the ISO shall incorporate assumptions submitted by the NYDPS if submitted pursuant to Section 31.6.4.2.2.

31.6.5.2.2.3 In developing the assumptions, the ISO shall review the information that it received pursuant to Section 31.6.4.2.1 and that it identified pursuant to Section 31.6.4.2.2 and shall determine, using the best available data inputs and in consultation with the ESPWG and the NYDPS: (i) how a factor (or a group of similar factors) identified from the categories of factors in Section 31.6.4.3 is likely to affect Long-Term Transmission Needs, and (ii) how to account for the factors that it determined are likely to affect Long-Term Transmission Needs in the development of the Long-Term Scenarios. The ISO shall consult with the NYDPS as to how to account for factors related to state laws, policies, and regulations when determining the assumptions. This includes consulting with the NYDPS regarding whether a specific state law, policy, or regulation that will likely affect Long-Term Transmission Needs must be accounted for as a factor, how to account for the specific state law, policy, or regulation in the development of Long-Term Scenarios, and how to adjust the treatment of the specific state law, policy, or regulation across Long-Term Scenarios.

31.6.5.2.2.4 For those factors that the ISO has determined are likely to affect Long-Term Transmission Needs, the ISO, as further described in ISO Procedures: (i) must account for, be consistent with, and not discount factors identified from the first three categories of factors set forth in Sections 31.6.4.3.1.1 through 31.6.4.3.1.3, and (ii) may discount or assign greater weight to the effects on Long-Term Transmission Needs of factors identified from the final four categories of factors and any Additional Factor Categories in Sections 31.6.4.3.1.4 through 31.6.4.3.1.8. The ISO shall make reasonable efforts to avoid double counting the effect of identified factors. If an identified factor could be incorporated either into one of the first three categories of factors or one of the remaining categories of factors, the ISO shall incorporate the factor within the first three categories of factors.

31.6.5.2.2.5 If an interested party disputes the ISO's determination concerning the assumptions for a Long-Term Scenario, the ISO and disputing party(ies) should attempt to resolve

such dispute(s) through the ISO governance procedures in discussing the Long-Term Scenarios and as provided in Section 31.1.8.4 of this Attachment Y.

31.6.5.2.3 Development of Sensitivities

31.6.5.2.3.1 The ISO shall develop an Extreme Weather Sensitivity that it will apply to each Long-Term Scenario. The Extreme Weather Sensitivity will account for uncertain operational outcomes that determine the benefits of and/or need for transmission facilities during multiple concurrent and sustained generation and/or transmission outages due to an extreme weather event across a wide area.

31.6.5.2.3.2 The ISO may determine, at its discretion and in consultation with the ESPWG and the NYDPS, to develop additional sensitivities to apply in the planning cycle subject to the ISO's resource availability.

31.6.5.2.4 Information Concerning Long-Term Scenarios

31.6.5.2.4.1 Prior to the completion of the development of the Long-Term Scenarios, the ISO shall publish on the public portion of its OASIS or public website: (i) the list of the factors in each of the seven required categories of factors that it will account for in the Long-Term Scenarios; (ii) a description of each factor that it will account for in the Long-Term Scenarios; (iii) a general statement explaining how it will account for each of those factors in the Long-Term Scenarios; (iv) a description of the extent to which it will discount any factors in Factor Categories Four through Seven in each Long-Term Scenario; and (v) a list of the factors that it considered but did not incorporate in the Long-Term Scenarios.

31.6.5.2.4.2 Prior to the completion of the development of the Long-Term Scenarios, the ISO shall publish on the public portion of its OASIS or public website: (i) the list of each Additional Factor Category, and the factors in each of the Additional Factor Categories that it will account for in the Long-Term Scenarios; (ii) a description of each Additional Factor Category and a description of

each factor that it will account for in the Long-Term Scenarios; (iii) a general statement explaining how it will account for each Additional Factor Category and each of the additional factors in the Long-Term Scenarios; (iv) a description of the extent to which it will discount any factors in each Additional Factor Category; and (v) a list of the factors that it considered but did not incorporate in each Additional Factor Category in the Long-Term Scenarios.

31.6.5.2.4.3 The ISO shall make available to any interested party reasonable information and data inputs that the ISO used in the creation of each Long-Term Scenario. The ISO will take appropriate steps (e.g., electronically masking, aggregation) to prevent the disclosure of Confidential Information or Critical Energy Infrastructure Information contained in the information and data inputs provided by the ISO.

31.6.6 Performance of Studies for the Outlook and Identification of the Catalog of Transmission Expansion Opportunities

31.6.6.1 Performance of Studies for the Outlook

The ISO shall develop and use, as appropriate, production cost, capacity expansion, power flow, and other models for the purpose of performing its analyses in the Outlook for the Study Period of the Foundation Case, Long-Term Scenarios, Extreme Weather Sensitivity, and any additional scenarios and sensitivities used for the planning cycle and shall develop and use, as appropriate, metrics for assessing the New York State Transmission System. The ISO shall: (i) consult with the ESPWG and NYDPS concerning the identification of the appropriate model(s) and metric(s) to be developed and used in the Outlook for the particular planning cycle for the Long-Term Transmission Planning Process; (ii) develop and use the model(s) and metric(s) consistent with the requirements for such model(s) and metric(s) set forth in this Section 31.6.6.1, in Section 31.6.6.2, and in ISO Procedures; (iii) support the identification of Long-Term Transmission Needs through the Catalog of Transmission Expansion Opportunities

as described in Section 31.6.6.3; and (iv) consider for purposes of the Outlook the impacts of needs or project proposals identified in the ISO's planning processes.

As part of its assessment of the New York State Transmission System, the ISO shall: (1) project congestion on the New York State Transmission System and system conditions over the Study Period; (2) identify, rank, and group the congested elements on the New York State Transmission System based on the metrics identified for the Outlook for that Long-Term Transmission Planning Process cycle; and (3) assess the potential benefits of addressing the identified congestion. For purposes of the identification of economic transmission expansion opportunities for the Economic Planning Process, the ISO will perform these assessments using the production cost savings metric.

31.6.6.2 Metrics & Analyses

For purposes of the Outlook, the ISO shall assess the New York State Transmission System and system conditions over the Study Period using appropriate model(s) and measuring the metrics identified pursuant to Section 31.6.6.1, as further described in this Section 31.6.6.2 and ISO Procedures. These metrics will include: production cost, transmission congestion, Location Based Marginal Price (LBMP), emissions, and energy deliverability. The ISO may also use other metrics, including, but not limited to: load payments, generator payments, ancillary service costs, capacity costs, energy losses, energy curtailment, and unserved energy.

31.6.6.3 Outlook Study Results and Identification of Catalog of Transmission Expansion Opportunities

The ISO shall include in the Outlook the results of the models and metrics developed and applied in accordance with Sections 31.6.6.1 and 31.6.6.2 concerning the economic and operational performance of the New York State Transmission System, along with a summary of

historic actual transmission congestion metrics. The ISO shall assess these study results and, using its engineering judgment, shall identify potential transmission needs, which are areas of significant and persistent limitations on the New York State Transmission System that drive the need for expansion or upgrades to the BPTFs, as further defined in ISO Procedures. In making this determination, the ISO will consult with the NYDPS, the Transmission Owners, and the ESPWG. The ISO shall include the potential transmission need(s) in the Catalog of Transmission Expansion Opportunities, which will be included in the Outlook.

31.6.6.4 Provision of In-Kind Replacement Lists

Prior to the ISO Board's approval of the Outlook, each Transmission Owner shall provide the ISO with its In-Kind Replacement List, which shall include details established in ISO Procedures concerning the In-Kind Replacement Transmission Facilities that the Transmission Owner has identified for its system. An "In-Kind Replacement Transmission Facility" shall mean a new transmission facility that:

(1) would replace a transmission facility operating at or above 200 kV, or a transmission facility operating at a lower kV level at a Transmission Owner's discretion, that the Transmission Owner that owns the transmission facility anticipates replacing in-kind with a new transmission facility during the 10-year period following the start date of the Long-Term Transmission Planning Process, or a longer period at a Transmission Owner's discretion;

(2) would result in no more than an incidental increase in capacity over the existing transmission facility identified as needing to be replaced, as "incidental increase" is defined in Section 31.6.6.4.1; and

(3) is located in the same general route as, and/or uses the existing rights-of-way of, the existing transmission facility identified as needing to be replaced.

The ISO shall post on its website the In-Kind Replacement List submitted by a Transmission Owner, subject to any Critical Energy Infrastructure Information restrictions or requirements. At any time prior to the ISO's solicitation of proposed Long-Term Transmission Projects pursuant to Section 31.6.9.3.2, a Transmission Owner: (i) may provide the ISO for posting on the ISO's website with an update to its In-Kind Replacement List solely for purposes of updating the information concerning the In-Kind Replacement Transmission Facilities that were included in the list provided by the Transmission Owner for that planning cycle, and (ii) may present at an ISO stakeholder meeting for informational purposes one or more right-sizing opportunities for In-Kind Replacement Transmission Facilities identified by that Transmission Owner for its system.

31.6.6.4.1 For purposes of Section 31.6.6.4, an "incidental increase" shall mean an increase in transmission capacity achieved by advancements in technology and/or replacements consistent with current Transmission Owner design standards, industry standards, codes, laws or regulations, which is not reasonably severable from a Transmission Owner's asset management projects and activities. For purposes of this definition, "asset management projects and activities" are maintenance, compliance, work on infrastructure at or approaching the end-of-useful life, or infrastructure security projects that the Transmission Owner undertakes to maintain its existing electric transmission system and meet regulatory compliance requirements.

31.6.6.4.2 The use of the term "new transmission facility" in the definitions of In-Kind Replacement Transmission Facilities and Right-Sized Replacement Transmission Facilities in Section 31.1.1 of this Attachment Y and this Section 31.6.6.4 will not be the basis for the ISO's

determination of whether a transmission facility is an "entirely new transmission facility" or an "upgrade" pursuant to Section 31.1.10.4.

31.6.7 Preparation of Outlook

Following the ISO's completion of the analyses described in Sections 31.6.6.1 through 31.6.6.3, ISO staff will prepare a draft report of the Outlook. The draft report will include (A) a summary of the current assessments, evaluations, and plans in the Comprehensive System Planning Process and the information and sources relied upon by the ISO; (B) a summary of the assumptions, inputs, and methodology of the Outlook for that planning cycle; and (C) the results of the ISO's analyses in the Outlook including (i) the identification of potential future resource mix(es), (ii) the Catalog of Transmission Expansion Opportunities, and (iii) the identification of economic transmission expansion opportunities for purposes of the Economic Planning Process.

31.6.7.1 System & Resource Outlook Review Process

31.6.7.1.1 Collaborative Governance Process. The draft System & Resource Outlook shall be submitted to both the TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party reasonable information and data inputs that it used to develop the draft System & Resource Outlook. The ISO will take appropriate steps (e.g., electronically masking, aggregation) to prevent the disclosure of Confidential Information or Critical Energy Infrastructure Information contained in the information that the ISO makes available. Following completion of that review, the draft System & Resource Outlook reflecting the revisions resulting from the TPAS and the ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and action.

31.6.7.1.2 Board Action. Following the Management Committee vote, the draft System & Resource Outlook, with Business Issues Committee and Management Committee input, will be

forwarded to the ISO Board for review and action. Concurrently, the draft System & Resource Outlook will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the System & Resource Outlook as submitted, or it may propose modifications on its own motion. If material changes are proposed by the Board, the revised System & Resource Outlook shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised System & Resource Outlook until it has reviewed the Management Committee comments. The responsibilities of the Market Monitoring Unit that are addressed in this section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.4 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

Upon approval by the Board, the ISO shall: (i) issue the System & Resource Outlook to the marketplace by posting it on its website and (ii) submit the Outlook, including the Catalog of Transmission Expansion Opportunities, to the NYPSC.

31.6.8 Identification of Long-Term Transmission Needs

31.6.8.1 NYPSC Identification of Long-Term Transmission Needs

The NYPSC will review the Catalog of Transmission Expansion Opportunities identified in the Outlook and, with input from the ISO and interested parties, identify from the Catalog of Transmission Expansion Opportunities the Long-Term Transmission Needs, if any, for which specific transmission solutions should be requested and evaluated by the ISO in the Long-Term Transmission Planning Process. The NYPSC will maintain procedures to govern the process by which it will review the Catalog of Transmission Expansion Opportunities, which procedures shall: ensure that such process is open and transparent, provide the ISO and interested parties a meaningful opportunity to participate in such process, provide input regarding the NYPSC's considerations, and result in the development of a written determination as required by law, inclusive of the input provided by the ISO and interested parties.

The ISO shall assist the NYPSC in its review of the Catalog of Transmission Expansion Opportunities and how it relates to the results of other state planning processes as requested.

The NYPSC shall issue an order that identifies the Long-Term Transmission Need(s) or elects not to identify any Long-Term Transmission Needs and that explains why it has identified the Long-Term Transmission Need(s) for which transmission solutions will be requested by the ISO. The NYPSC's order may also provide: (i) additional criteria for the evaluation of transmission solutions and non-transmission projects, (ii) the required timeframe, if any, for completion of the proposed solution, and (iii) the type of analyses that it will request from the ISO.

If the NYPSC does not issue an order consistent with this Section 31.6.8.1 that identifies the Long-Term Transmission Need(s) for the Long-Term Transmission Planning Process cycle within 180 calendar days of the ISO's submission of the Outlook to the NYPSC, then the ISO shall not commence the process in Section 31.6.9 to request solutions to Long-Term Transmission Need(s) and shall conclude the Long-Term Transmission Planning Process cycle. This 180 calendar day period: (i) will be extended by 30 calendar days at the request of NYDPS, and (ii) may be extended for a longer period of time at the ISO's discretion pursuant to Section 31.1.8.7 in response to a request from NYDPS that specifies the additional requested time period and describes the need for the extension, which request will be posted on the ISO website.

31.6.8.2 NYPSC's Withdrawal or Modification of a Long-Term Transmission Need

31.6.8.2.1 If, at any time prior to the ISO Board's approval of the Long-Term Transmission Planning Report, the NYPSC issues an order, in accordance with the State Administrative Procedure Act, that determines to withdraw one or more of the Long-Term Transmission Need(s) determinations that the NYPSC made for that planning cycle pursuant to Section 31.6.8.1, then the ISO will not perform or

complete, as applicable, an evaluation, or make a selection of, a more efficient or cost-effective transmission solution under Sections 31.6.10 and 31.6.11to address the Long-Term Transmission Need(s) withdrawn by the NYPSC. If, following this withdrawal, there are no remaining Long-Term Transmission Needs for the planning cycle, the ISO shall conclude the Long-Term Transmission Planning Process cycle.

31.6.8.2.2 If, at any time prior to the ISO Board's approval of the Long-Term Transmission Planning Report, the NYPSC issues an order, in accordance with the State Administrative Procedure Act, modifying a Long-Term Transmission Need that it identified in accordance with Section 31.6.8.1, the ISO will take one of the following actions to account for the NYPSC's modification to the Long-Term Transmission Need: (i) direct Developers to account for the modification in their proposed solutions if the solicitation window is still open pursuant to Section 31.6.9.3.2, (ii) establish a period of time of at least 30 calendar days for Developers to update their proposed solutions to account for the modification if the solicitation period is completed, or (iii) re-start the Long-Term Transmission Selection Process and re-solicit solutions to address the modified Long-Term Transmission Need. In making this determination, the ISO will consider, among other things, the point in the Long-Term Transmission Selection Process in which the modification is identified, the extent of the modification to the originally identified Long-Term Transmission Need, and the potential impact to the

competitive transmission evaluation and selection process of re-opening project proposals.

31.6.8.3 Disputes of NYPSC Determinations

In the event that a dispute is raised solely within the NYPSC's jurisdiction relating to any NYPSC decision to either accept or deny a proposed transmission need as one for which transmission solutions should be requested, the dispute shall be addressed through judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

31.6.9 Long-Term Transmission Selection Process

31.6.9.1 Commencement of Long-Term Transmission Selection Process and Request for Proposed Solutions

31.6.9.1.1 If the NYPSC identifies one or more Long-Term Transmission Needs for the Long-Term Transmission Planning Process cycle pursuant to Section 31.6.8.1, then the ISO shall determine, and shall notify stakeholders of, the start date for the Long-Term Transmission Selection Process for that planning cycle. As part of this notice, the ISO shall include a schedule for the Long-Term Transmission Selection Process. The scheduled duration of the Long-Term Transmission Selection Process shall be a time period of up to 2 years from the start date established pursuant to this Section 31.6.9.1.1 to the scheduled date for the ISO Board's approval of the Long-Term Transmission Planning Report indicating its determination to select or not to select a Long-Term Transmission Project to address a Long-Term Transmission Need identified in that planning cycle.

31.6.9.1.2 The ISO will notify stakeholders if there are any extensions to the deadlines for the performance of the Long-Term Transmission Selection Process pursuant to Sections 31.1.8.6 or 31.1.8.7 or any delays in meeting the deadlines in the schedule for the Long-Term

Transmission Selection Process for the planning cycle that the ISO provides pursuant to Section 31.6.9.1.1, which extension or delay requires extending the scheduled duration of the Long-Term Transmission Selection Process. In such case, the ISO will provide stakeholders with an updated schedule that accounts for the estimated time for addressing the extension or delay and includes an explanation concerning the extension or delay.

31.6.9.1.3 In accordance with the schedule established pursuant to Section 31.6.9.1.1, the ISO will request that Developers propose specific solutions, whether Long-Term Transmission Project(s) or Other Long-Term Project(s), to satisfy each identified Long-Term Transmission Need in accordance with the requirements set forth in Section 31.6.9.3. An appeal of the NYPSC's determination of a Long-Term Transmission Need shall not delay the ISO's request for and evaluation of proposed solutions to address the Long-Term Transmission Need, unless the NYPSC's order has been stayed by a court of competent jurisdiction.

31.6.9.1.4 NYPSC Request for Solutions

In response to a Long-Term Transmission Need, the NYPSC may request the appropriate Transmission Owner(s) or Other Developer, as identified by the NYPSC, to propose a Long-Term Transmission Project. A request for the provision of a Long-Term Transmission Project or Other Long-Term Project by the NYPSC, pursuant to this section, is supplementary to, and not to the exclusion of, the submission of proposed projects pursuant to Section 31.6.9.1.3. Costs incurred by a Transmission Owner or Other Developer in preparing a proposed transmission solution in response to a request under this Section 31.6.9.1.4 will be recoverable under Section 31.5.7 and Rate Schedule 10 of the ISO OATT. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.6.4.3, except as otherwise determined by the Commission.

31.6.9.2 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.6.9.2 and its subsections, the term "Developer" includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.6.9.2.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.6.9.2.1.1 to demonstrate its capability to satisfy the applicable qualification criteria and (ii) a notarized officer's certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer's project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures, related and applicable to the Affiliate's participation.

31.6.9.2.1 Developer Qualification and Timing

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate, and maintain a Long-Term Transmission Project. The ISO shall consider the qualification of each Developer in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

31.6.9.2.1.1 Developer Qualification Criteria

The ISO shall make a determination on the qualification of a Developer to propose to develop a Long-Term Transmission Project based on the following criteria:

31.6.9.2.1.1.1 The technical and engineering qualifications and experience of the Developer relevant to the development, construction, operation and maintenance

of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

31.6.9.2.1.1.2 The current and expected capabilities of the Developer to develop and construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.6.9.2.1.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

(1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;

(2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information, if available;

(3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch or equivalent information, if available;

(4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

(5) such other evidence that demonstrates its current and expected capability to finance a project to solve a Long-Term Transmission Need.

31.6.9.2.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

31.6.9.2.1.2 Developer Qualification Determination

Any Developer seeking to be qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.6.9.2.1.1.3 and is designated by the Developer as "Confidential Information." The ISO shall within 15 calendar days of a Developer's submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the

additional information within 30 calendar days of the ISO's request. The ISO shall notify the Developer of its qualification status within 30 calendar days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer's qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within 30 calendar days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the 3-year period or following the ISO's revocation of a Developer's qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a regulated Long-Term Transmission Project and shall be eligible to use the cost allocation and cost recovery mechanism for regulated Long-Term Transmission Projects set forth in Section 31.5 of this Attachment Y and the Rate Schedule 10 of the ISO OATT for any approved project.

31.6.9.3 Submittal of Project Information and Developer Qualification Information; Opportunity to Provide Additional Information; and Project Withdrawal

31.6.9.3.1 Following the posting of the NYPSC's determination of a Long-Term Transmission Need in accordance with Section 31.6.8.1 and before issuing a solicitation for solutions in accordance with Section 31.6.9.1.3, the ISO shall hold a technical conference with Developers and interested parties to obtain their input on the ISO's application of the selection metrics set forth in Section 31.6.10.4 for

purposes of soliciting solutions to the Long-Term Transmission Need. To the extent practicable, before issuing a solicitation for solutions in accordance with Section 31.6.9.1.3, the ISO will present to Developers and interested parties a good faith estimate of any contingency percentage and escalation factors that its independent consultant may use in formulating capital cost estimates for proposed Long-Term Transmission Projects.

31.6.9.3.2 All Developers proposing Long-Term Transmission Projects or Other Long-Term Projects to satisfy a Long-Term Transmission Need shall submit to the ISO the project information required under Section 31.6.9.5 within 60 calendar days of the ISO's request for solutions to a Long-Term Transmission Need, which time period may be extended by the ISO pursuant to Section 31.1.8.7. The only permitted alternatives within a proposed Long-Term Transmission Project are routing alternatives as provided in Section 31.6.9.5.1.3. Any other alternative must be submitted as a separate Long-Term Transmission Project.

31.6.9.3.3 If the Developer submits Confidential Information, as defined in Section 31.6.15, as part of its project information submitted pursuant to Section 31.6.9.3.2 or as part of its additional project information submitted pursuant to Section 31.6.9.3.5, the Developer shall include this information in the appropriate form set forth in ISO Procedures.

31.6.9.3.4 The Developer of a Long-Term Transmission Project must also demonstrate to the ISO, simultaneous with its submission of project information, that it: (i) has submitted, as applicable, a new or revised Transmission

Interconnection Application under Attachment P to the ISO OATT or (ii) has completed a Cluster Study Process for a Cluster Study Transmission Project under Attachment HH to the ISO OATT. The project information submitted by the Developer for its Long-Term Transmission Project in accordance with Section 31.6.9.3 shall be the same as the Developer's proposed project in its Transmission Interconnection Application or Interconnection Request, as applicable, including the same transmission facilities that are part of the Long-Term Transmission Project (including Long-Term Transmission Upgrades and Right-Sized Replacement Transmission Facilities), electrical characteristics, related modeling information, and contingency information necessary to perform all analyses, including thermal, voltage, stability, short circuit, and transfer limit analyses.

31.6.9.3.5 If: (i) the ISO determines that a Developer's submission of its project information is incomplete, or (ii) the ISO determines at any time in the planning process that additional project information is required, the ISO shall request that the Developer provide additional project information within the timeframe set forth in Section 31.6.9.3.8. A Developer's failure to provide the information requested by the ISO or to satisfy the other requirements in Sections 31.6.9.3 or 31.6.9.4 within the required timeframes shall result in the rejection of the Developer's proposed Long-Term Transmission Project or Other Long-Term Project from further consideration during that planning cycle.

31.6.9.3.6 Any Developer that the ISO has determined under Section 31.6.9.2.1.2 to be qualified to propose to develop a transmission project as a transmission solution to a Long-Term Transmission Need may submit the required project

information for its proposed Long-Term Transmission Project; *provided, however*, that based on the actual identified need that requires resolution, the ISO may request that the qualified Developer provide additional Developer qualification information within the timeframe set forth in Section 31.6.9.3.8.

31.6.9.3.7 Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a Long-Term Transmission Project, must submit to the ISO the information required for Developer qualification under Section 31.6.9.2.1 within 30 calendar days after a request for solutions is made by the ISO. The ISO shall, within 30 calendar days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete and request that the Developer provide additional Developer qualification information within the timeframe set forth in Section 31.6.9.3.8. The ISO shall notify a Developer that has submitted the requested Developer qualification information whether it is qualified to propose to develop a Long-Term Transmission Project to be considered in that planning cycle.

31.6.9.3.8 The Developer shall submit additional Developer qualification information or project information required by the ISO within 15 calendar days of the ISO's request.

31.6.9.3.9 If a Developer fails to timely submit the additional Developer qualification information requested by the ISO, the Developer will not be eligible for its proposed Long-Term Transmission Project to be considered in that planning cycle.

31.6.9.3.10 Within 15 business days of the conclusion of the solicitation period established pursuant to Section 31.6.9.3.2 , the ISO shall publicly post a brief description of the project proposals received during the solicitation period in accordance with ISO Procedures, which description shall not include Critical Energy Infrastructure Information or Confidential Information, as defined in Section 31.6.15.

31.6.9.3.11 Following the ISO's determination that the project information submitted by the Developer for its proposed Long-Term Transmission Project pursuant to Sections 31.6.9.3.2 and 31.6.9.3.5 is complete (provided that the ISO may request at any time additional information pursuant to Section 31.6.9.3.5) and within180 calendar days after the conclusion of the solicitation period established pursuant to Section 31.6.9.3.2, the ISO shall make available upon request the project information required pursuant to Section 31.6.9.5 for the proposed Long-Term Transmission Projects that is not excluded from disclosure as Confidential Information pursuant to Section 31.6.15, subject to the requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information. Within sixty (60) calendar days of the ISO's receipt of any additional project information submitted by the Developer for its proposed Long-Term Transmission Project pursuant to Section 31.6.9.3.5, the ISO shall make available to any requestor that requested the initial submission of project information or upon request from any other requestor the additional project information that is not excluded from disclosure as Confidential Information pursuant to Section 31.6.15, subject to the requestor's compliance with the ISO's

requirements concerning the disclosure of Critical Energy Infrastructure Information.

31.6.9.3.12 A Developer may withdraw its proposed Long-Term Transmission Project or Other Long-Term Project from consideration during the evaluation and selection process at any time prior to the ISO Board's decision by submitting written notice of the withdrawal to the ISO. A Developer that withdraws its proposed Long-Term Transmission Project or Other Long-Term Project shall pay to the ISO in accordance with the requirements in Section 31.6.9.4 the study costs incurred by the ISO in evaluating the Developer's proposed project prior to the ISO's receipt of the notice of withdrawal from the Developer.

31.6.9.4 Application Fee, Deposit, and Invoice and Payment Requirements for Proposed Long-Term Transmission Projects and Other Long-Term Projects

31.6.9.4.1 All Developers that propose Long-Term Transmission Projects and Other Long-Term Projects shall for each such project, at the same time that they provide project information pursuant to Section 31.6.9.3.2, (i) execute a study agreement with the ISO in the form set forth in Section 31.15 (Appendix L) of this Attachment Y for purposes of, as applicable: (A) the ISO's review of project information and evaluation of the proposed Long Term Transmission Project pursuant to Sections 31.6.9, 31.6.10, and 31.6.11, and, if applicable, the ISO's development of the Development Agreement and its appendices pursuant to Section 31.6.12.2 for the selected project or the portion of the project designated to the Developer, or (B) the ISO's review of project information and evaluation of the proposed Other Long-Term Project pursuant to Sections 31.6.9 and 31.6.10.6, and (ii) submit to the ISO: (A) a non-refundable application fee of $10,000, and (B) a deposit of $100,000, which shall be applied to study and

administrative costs and subject to refund as described in this Section 31.6.9.4. The deposit shall be held in an interest-bearing account for which the interest earned will be associated with the Developer and shall be applied to study and administrative costs and be subject to refund as described in this Section 31.6.9.4. A Developer's or Designated Entity's responsibility concerning the costs the ISO incurs in connection with an effective Development Agreement or in performing a Reevaluation Process for a selected Long-Term Transmission Project shall be addressed in the Development Agreement(s) for the Designated Long-Term Transmission Projects that constitute the selected Long-Term Transmission Project.

31.6.9.4.2 The ISO shall charge, and a Developer proposing a Long-Term Transmission Project or an Other Long-Term Project shall pay, the actual costs, including the costs associated with the ISO's use of subcontractors, of, as applicable, (i) the ISO's review of project information and evaluation of the Developer's proposed Long-Term Transmission Project for purposes of the ISO's selection of the more efficient or cost-effective Long-Term Transmission Project to satisfy a Long-Term Transmission Need for cost allocation and cost recovery purposes and, if applicable, the ISO's development of the Development Agreement and its appendices for the selected project or the portion of the project designated to the Developer, or (ii) the ISO's review of project information and evaluation of the viability and sufficiency of the Developer's Other Long-Term Project. The ISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs in performing: (1) the review of project information and evaluation of a Developer's proposed Long-Term Transmission Project pursuant to Sections 31.6.9, 31.6.10, and 31.6.11 and, if applicable, the ISO's development of the Development Agreement and its appendices pursuant to Section 31.6.12.2 for the selected project or the portion of the project designated to the Developer, or (2) a Developer's proposed

Other Long-Term Project pursuant to Sections 31.6.9 and 31.6.10.6. If the ISO or its subcontractors perform study work on a combined basis for or across multiple proposed Long-Term Transmission Projects, multiple Other Long-Term Projects, and/or multiple Designated Long-Term Transmission Projects that constitute the selected Long-Term Transmission Project, the ISO will allocate the costs of the combined study work equally among the applicable Developers.

31.6.9.4.3 The ISO shall invoice the Developer monthly for study costs incurred by the ISO concerning the Developer's proposed Long-Term Transmission Project or Other Long-Term Project as described above. Such invoice shall include a description and an accounting of the study costs incurred by the ISO and estimated subcontractor costs. The Developer shall pay the invoiced amount within 30 calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the deposit until settlement of the final monthly invoice; *provided, however,* if a Developer: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described below, the ISO may draw upon the deposit to recover the owed amount. If the ISO must draw on the deposit, the ISO shall provide notice to the Developer, and the Developer shall make payments to the ISO to restore the full deposit amount within thirty (30) calendar days of such notice. If the Developer fails to make such payments, the ISO may halt its evaluation of the Developer's proposed Long-Term Transmission Project or Other Long-Term Project or its development of the Development Agreement for the Designated Long-Term Transmission Project and may disqualify the Developer's proposed project from further consideration. The ISO shall issue a final invoice after any of the following actions: (i) the ISO's conclusion of its evaluation of (A) the Developer's proposed Long-Term Transmission Project that is not selected

as the more efficient or cost-effective Long-Term Transmission Project for that planning cycle or (B) the Developer's proposed Other Long-Term Project; (ii) the ISO's conclusion of the Long-Term Transmission Planning Process due to the NYPSC's withdrawal of the Long-Term Transmission Need in accordance with Section 31.6.8.2.1 or due to a re-start of the process to address a modified Long-Term Transmission Need in accordance with Section 31.6.8.2.2; (iii) the Developer's withdrawal of its proposed Long-Term Transmission Project or Other Long-Term Project; (iv) the Developer's failure to pay an invoiced amount that results in the ISO's halting of its evaluation of the proposed Long-Term Transmission Project or Other Long-Term Project or its development of the Development Agreement; or (v) the ISO's and Designated Entity's full execution of a Development Agreement for the Designated Long-Term Transmission Project that is, or is a portion of, the selected Long-Term Transmission Project or the Commission's acceptance of an unexecuted version of the Development Agreement. The ISO shall refund to the Developer any portion of the Developer's deposit submitted to the ISO under Section 31.6.9.4 and any interest actually earned on the deposited amount that together exceeds the outstanding amounts that the ISO has incurred pursuant to Section 31.6.9.4 concerning that Developer's proposed Long-Term Transmission Project or Other Long-Term Project. The ISO shall refund the remaining portion within ninety (90) calendar days of the ISO's receipt of a Developer's payment for its final invoice.

31.6.9.4.4 In the event of a Developer's dispute over invoiced amounts, the Developer shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Developer fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform its review and evaluation of the Developer's proposed Long-Term

Transmission Project or Other Long-Term Project or its development of the Development Agreement. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) calendar days after resolution of the dispute, the Developer will pay the ISO any amounts due with interest actually earned on such amounts.

31.6.9.5 Project Information Requirements

31.6.9.5.1 Requirements for Long-Term Transmission Projects

31.6.9.5.1.1 In response to the ISO's solicitation for solutions pursuant to Section 31.6.9.3.2, a Developer proposing a Long-Term Transmission Project to satisfy a Long-Term Transmission Need must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications as appropriate and Developer's identification of any Long-Term Transmission Upgrade(s) or any Right-Sized Replacement Transmission Facility(ies) included as part of its project; (4) evidence of a commercially viable technology; (5) a detailed major milestone schedule and expected In-Service Date of the project, as well as identification of in-service dates for specific components (such as a Long-Term Transmission Upgrade or Right-Sized Replacement Transmission Facility) to properly sequence the project; (6) a schedule for obtaining any required permits and other certifications; (7) a transmission and substation routing study or studies

and demonstration that the Developer already possesses the rights of way necessary to implement the project or has specified a detailed plan or approach and schedule for acquiring property rights; (8) status of any contracts (other than an interconnection agreement) that are under negotiations or in place, including any contracts with third-party contractors; (9) a Transmission Interconnection Application or Interconnection Request, as applicable, as described in Section 31.6.9.3.4; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) capital cost estimates for the project; (13) any Voluntary Funding Arrangement that the Developer voluntary submits in accordance with Section 31.6.9.5.1.9; (14) any Cost Cap that the Developer voluntarily submits in accordance with Section 31.6.9.5.1.10; (15) a description of permitting requirements and other specific risks facing the project at the stage of project development, including any specific proposed mitigation to permitting risks, and evidence of the reasonableness of project capital cost estimates all based on the information available at the time of the submission; (16) a description of any Alternative Transmission Technologies included as part of the project or an explanation of Developer's determination not to propose these technologies as described in Section 31.6.9.5.1.7; and (17) any other information required by ISO Procedures or requested by the ISO.

31.6.9.5.1.2 A Developer shall submit the following information to indicate its capital cost estimates for the project. The Developer shall provide the ISO with credible capital cost estimates for its proposed project, with itemized supporting work sheets that identify all material and labor cost assumptions, and related drawings

to the extent applicable and available. The work sheets should include an estimated quantification of cost variance, providing an assumed plus/minus range around the capital cost estimate. The estimate shall include all components that are needed to meet the Long-Term Transmission Need. To the extent information is available, the Developer should itemize: material and labor cost by equipment, engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed project, all in accordance with Good Utility Practice. For each of these cost categories, the Developer should specify the nature and estimated cost of all major project components and estimate the cost of the work to be done at each substation and/or on each feeder to physically and electrically connect each facility to the existing system. The work sheets should itemize to the extent applicable and all available equipment for: (i) the proposed project (separately identifying new transmission facilities, Long-Term Transmission Upgrades, and Right-Sized Replacement Transmission Facilities) and (ii) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, Distribution Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or HH of the ISO OATT or (b) the Developer voluntarily identifies as potentially necessary to

reliably interconnect the proposed project (subject to modification based on ISO-conducted interconnection or transmission expansion studies, as applicable).

31.6.9.5.1.3 A completed transmission and substation routing study provided by the Developer shall: (i) identify a specific routing plan and, if applicable, any alternatives, (ii) include a schedule indicating the timing for obtaining siting and permitting, and (iii) provide specific attention to sensitive areas (*e.g.,* wetlands, river crossings, protected areas, and schools).

31.6.9.5.1.4 A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of Section 31.6.15 and its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as "Confidential Information."

31.6.9.5.1.5 A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.6.9.5.1.6 A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

31.6.9.5.1.7 A Developer shall indicate with its project information whether any element of its proposed Long-Term Transmission Project includes Alternative Transmission Technologies. If a Developer does not propose to include any of the Alternative Transmission Technologies as part of its proposed Long-Term Transmission Project, the Developer shall provide with its project information an explanation detailing why it did not include any of the Alternative Transmission Technologies, including whether it did not include them due to concerns over the costs of upgrading energy management systems.

31.6.9.5.1.8 Upon the completion of any interconnection study or transmission expansion study of a proposed Long-Term Transmission Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or HH of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.6.9.5.1.9 A Developer may submit with its project information a commitment to use an arrangement by which a New York State governmental entity, a local governmental entity in New York State, and/or one or more third-party entities (the "Funding Entity") will fund the costs of, or a portion of the costs of, the proposed Long-Term Transmission Project in place of the costs being recoverable through the project's transmission rates (the "Voluntary Funding Arrangement"). A Developer that commits to use a Voluntary Funding Arrangement must satisfy the requirements in this Section 31.6.9.5.1.9.

31.6.9.5.1.9.1 A Developer proposing to use a Voluntary Funding Arrangement must submit with its project information the following information and documents concerning the arrangement: (i) a list of the transmission facilities that are part of the Long-Term Transmission Project that will be subject to the Voluntary Funding Arrangement; (ii) the identity of the Funding Entity that has agreed to provide funding for these facilities; (iii) the amount of funding that the Funding Entity has agreed to provide for each of the transmission facilities in the Long-Term Transmission Project; (iv) the mechanism by which the Funding Entity will provide its funding and documentation confirming the source of funding and the scope, terms, and enforceability of the mechanism (e.g., copies of contracts between the Developer and the Funding Entity, order authorizing state funding for project), including whether this funding is applicable solely to the Developer or can be applied to a Transmission Owner for which the ISO designates a portion of the Long-Term Transmission Project; (v) documentation concerning the Funding Entity's current and expected capability to finance, or its

experience in arranging financing for, transmission facilities in accordance with the requirements in Section 31.6.9.2.1.1.3; (vi) a notarized certification signed by an authorized officer of the Developer, in a form acceptable to the ISO, confirming the Developer's commitment to use the Voluntary Funding Arrangement and not to recover through its transmission rates the costs that it has committed to recover through the Voluntary Funding Arrangement; and (vii) a notarized certification signed by an authorized officer of the Funding Entity or equivalent official with the authority to bind its organization or state or local entity, in a form acceptable to the ISO, confirming the Funding Entity's agreement to fund the costs, or a portion of the costs, of the Long-Term Transmission Project consistent with the description of the Voluntary Funding Arrangement provided by the Developer.

31.6.9.5.1.9.2 If, pursuant to Section 31.6.9.6, the ISO determines that a transmission facility that is, or is a part of, the Long-Term Transmission Project must be classified differently than the Developer's classification in its project submission (i.e., new transmission facility, Long-Term Transmission Upgrade, or Right-Sized Replacement Transmission Facility), the Developer may update the information it provided pursuant to Section 31.6.9.5.1.9.1 that is required to account for the new classification up to thirty (30) calendar days following the ISO's posting of the final list classifying the proposed transmission facilities pursuant to Section 31.6.9.6.

31.6.9.5.1.9.3 If a Developer proposes a Voluntary Funding Arrangement for a Long-Term Transmission Project that includes a transmission facility that

satisfies the definition of a Long-Term Transmission Upgrade or a Right-Sized Replacement Transmission Facility, the Developer must coordinate in good faith with the Transmission Owner that is eligible to be designated as the Designated Entity to build, own, and recover the costs of that facility pursuant to Section 31.6.11.5 concerning whether or not the Transmission Owner commits to use the Voluntary Funding Arrangement subject to its election to be the Designated Entity of the facility pursuant to Section 31.6.11.5. If the Transmission Owner commits to use the Voluntary Funding Arrangement, the Developer shall submit to the ISO, in addition to the information and documentation required in Section 31.6.9.5.1.9.1, the following information up to thirty (30) calendar days following the ISO's posting of the final list classifying the proposed transmission facilities for that planning cycle pursuant to Section 31.6.9.6: (i) the list of Long-Term Transmission Upgrades and Right-Sized Replacement Transmission Facilities subject to the Voluntary Funding Arrangement, (ii) the amount of funding that the Funding Entity has agreed to provide for each of the transmission facilities; (iii) the mechanism by which the Funding Entity will provide this funding to the Transmission Owner or will transfer this funding from the Developer to the Transmission Owner; and (iv) a notarized certification signed by an authorized officer of the Transmission Owner, in a form acceptable to the ISO, confirming the Transmission Owner's commitment to use the Voluntary Fund Arrangement and not to recover through its transmission rates the costs that it has committed to recover through the Voluntary Funding Arrangement. The Transmission Owner shall not be required to use the Voluntary Funding Arrangement for any

Designated Long-Term Transmission Project unless it has provided the notarized certification pursuant to this Section 31.6.9.5.1.9.3.

31.6.9.5.1.9.4 If the ISO selects a Long-Term Transmission Project pursuant to Section 31.6.11 for which the Developer committed to use a Voluntary Funding Arrangement, the Developer – and any other Transmission Owner that committed to using the Voluntary Funding Arrangement if it elects to be a Designated Entity pursuant to Section 31.6.11.5 – shall: (i) include the Voluntary Funding Arrangement in its Development Agreement for its Designated Long-Term Transmission Project in accordance with Section 31.6.12.2 and (ii) detail its Voluntary Funding Arrangement for its Designated Long-Term Transmission Project with any transmission rate filing at the Commission and not seek to recover through its transmission rates the project costs that it committed to recover through the Voluntary Funding Arrangement in accordance with Section 6.10.6 of the ISO OATT.

31.6.9.5.1.10 A Developer may voluntarily submit with its project information a Cost Cap for its proposed Long-Term Transmission Project that covers its Included Capital Costs, as defined in Section 31.6.9.5.1.10.1, but not its Excluded Capital Costs, as defined in Section 31.6.9.5.1.10.2. The Developer must submit any Cost Cap in the form of a hard Cost Cap or a soft Cost Cap in accordance with Section 31.6.9.5.1.10.3. If the Developer's proposed Long-Term Transmission Project is selected by the ISO pursuant to Section 31.6.11.4, the Developer shall include its proposed Cost Cap in its Development Agreement for its Designated Long-Term Transmission Project in accordance with Section 31.6.12.2. In accordance with

Section 6.10.6 of the ISO OATT, the Developer of the selected Long-Term Transmission Project shall file its Cost Cap for its Designated Long-Term Transmission Project at the Commission and shall not seek to recover through its transmission rates or through any other means costs for the Included Capital Costs above its agreed-upon Cost Cap, except as permitted for excusing conditions in Section 6.10.6.2 of the ISO OATT. The Developer of the selected Long-Term Transmission Project may recover for its Designated Long-Term Transmission Project through Rate Schedule 10 of the ISO OATT, subject to the cost recovery requirements in Section 6.10.4 or 6.10.5, as applicable, of the ISO OATT, the Included Capital Costs that do not exceed the amount in its Cost Cap, Excluded Capital Costs as defined in Section 31.6.9.5.1.10.2, and any Included Capital Costs permitted for excusing conditions as defined in Section 6.10.6.2 of the ISO OATT.

31.6.9.5.1.10.1 A Developer that elects to submit a Cost Cap for its proposed Long-Term Transmission Project must propose to contain all capital costs incurred by a Developer to plan for and construct a Long-Term Transmission Project, and to make it ready for its intended use (the "Included Capital Costs"), with the exception of the capital costs defined as Excluded Capital Costs in Section 31.6.9.5.1.10.2. Capital costs include the cost of contract work, labor, materials and supplies, software, transportation, special machine services, shop services, protection, injuries and damages, privileges and permits, engineering services, reasonably expected environmental site remediation and environmental mitigation costs as described in Section 31.6.9.5.1.10.1.1, general administration

services, legal services, real estate and land rights, rents, studies, training, asset retirement, and taxes. At its option, a Developer may choose to include as Included Capital Costs real estate costs for existing rights-of-way that are part of the proposed Long-Term Transmission Project, but are not owned by the Developer (*e.g.,* existing utility rights-of-way).

31.6.9.5.1.10.1.1 For purposes of Section 31.6.9.5.1.10.1, the phrase "reasonably expected environmental site remediation and environmental mitigation costs" means any estimated site investigation and remediation costs to the extent they would arise in the normal course of planning and constructing a Long-Term Transmission Project, which includes, but is not limited to, the following circumstances:

(i) For project sites for which an environmental site assessment has already been conducted or environmental remediation or mitigation activities are ongoing, the Developer shall provide an estimate of any additional environmental site investigation, remediation, or mitigation that is known or reasonably anticipated at the time of submission.

(ii) For project sites for which the Developer has no reason to believe any environmental remediation or mitigation is required without undertaking a site investigation, such as but not limited to any greenfield or undeveloped land, the Developer shall provide an estimate of the cost to perform a Phase I Environmental Site Assessment on a per mile basis.

(iii) For project sites for which the Developer has reason to believe environmental site investigation, remediation, or mitigation may be required, the Developer shall

provide an estimate of the cost to perform such environmental site investigation, remediation, or mitigation to the extent possible based upon the information reasonably available to the Developer at the time of submission.

31.6.9.5.1.10.2 A Developer may not include the "Excluded Capital Costs" of a proposed Long-Term Transmission Project in a Cost Cap submitted to the ISO. Excluded Capital Costs include the following categories of costs: (i) the cost of Long-Term Transmission Upgrade(s); (ii) the cost of Right-Sized Replacement Transmission Facilities; (iii) the cost of upgrade facilities determined by the ISO that are necessary for the reliable interconnection of the proposed Long-Term Transmission Project in one of its transmission expansion or interconnection processes; (iv) debt costs, allowance for funds used during construction ("AFUDC"), and other representations of the cost of financing the transmission project during the construction timeframe that may be included as part of the capital cost of the project when it enters into service or as otherwise determined by the Commission; (v) unforeseeable environmental remediation and environmental mitigation costs as described in Section 31.6.9.5.1.10.2.1; (vi) real estate costs for existing rights-of-way that are part of the proposed Long-Term Transmission Project, but are not owned by the Developer, that the Developer chooses not to include as Included Capital Costs pursuant to Section 31.6.9.5.1.10.1; and (vii) the costs of integrating the Long-Term Transmission Project into the ISO's energy management system(s).

31.6.9.5.1.10.2.1 For purposes of Section 31.6.9.5.1.10.2, the phrase "unforeseeable environmental remediation and environmental mitigation costs" means any costs

relating to environmental remediation and environmental mitigation that are not anticipated by the Developer or are otherwise indeterminable based upon information reasonably available to the Developer at the time of submission, including any environmental remediation or mitigation costs that cannot be estimated by the Developer without performing an environmental site assessment or investigation; *provided, however*, that the cost of conducting such environmental site assessment or investigation shall be considered an Included Capital Cost pursuant to Section 31.6.9.5.1.10.1. Costs attributable to environmental investigation, remediation, and mitigation that exceed the amount estimated in the Developer's bid based on, among other things, changes in the extent of known contamination will be considered "unforeseeable environmental remediation and environmental mitigation costs" and Excluded Capital Costs.

31.6.9.5.1.10.3 A Developer may submit a Cost Cap for its proposed Long-Term Transmission Project in the form of a hard Cost Cap or a soft Cost Cap. A hard Cost Cap for Included Capital Costs is a dollar amount for those costs above which the Developer commits in its proposed Long-Term Transmission Project not to recover from ratepayers. A soft Cost Cap for Included Capital Costs is a dollar amount for those costs above which the Included Capital Costs are shared between the Developer and ratepayers based on a defined percentage. The Developer's percentage of cost sharing under a soft Cost Cap of Included Capital Costs shall be at least twenty (20) percent.

31.6.9.5.1.10.4 A Developer must include contingency percentage and escalation factors, if any, applicable to the Included Capital Costs in its Cost Cap provided to the ISO as part of its proposal.

31.6.9.5.1.10.5 If, pursuant to Section 31.6.9.6, the ISO determines that a transmission facility that is, or is a part of, the Long-Term Transmission Project must be classified differently than Developer's classification in its project submission (i.e., new transmission facility, Long-Term Transmission Upgrade, or Right-Sized Replacement Transmission Facility), Developer may provide a revised Cost Cap that is required to account for the new classification up to thirty (30) calendar days following the ISO's posting of the final list classifying the proposed transmission facilities pursuant to Section 31.6.9.6.

31.6.9.5.2 Requirements for Other Long-Term Projects

31.6.9.5.2.1 In response to the ISO's solicitation for solutions pursuant to Section 31.6.9.3.2, a Developer proposing an Other Long-Term Project to satisfy a Long-Term Transmission Need must provide, at a minimum: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications, if available; (7) a demonstration of Site Control or a schedule for obtaining Site Control, as

applicable; (8) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place; (9) the status of ISO interconnection studies and interconnection agreement, as applicable and if available; (10) the status of equipment availability and procurement, as applicable and if available; (11) evidence of financing or ability to finance the project; and (12) any other information required by ISO Procedures or requested by the ISO.

31.6.9.5.2.2 A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of Section 31.6.15 and its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as "Confidential Information."

31.6.9.5.2.3 A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

31.6.9.5.2.4 A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) copies of all loan commitment letter(s) and signed financing contract(s), or (ii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available.

31.6.9.5.2.5 Upon the completion of any interconnection study or transmission expansion study of a proposed Other Long-Term Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or HH of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.6.9.6 Identification of Long-Term Transmission Upgrades and Right-Sized Replacement Transmission Facilities in Proposed Long-Term Transmission Projects

The ISO shall post a list of the facilities that make up the proposed Long-Term Transmission Projects (but not including potential interconnection facilities) within 180 calendar days from the conclusion of the solicitation period established pursuant to Section 31.6.9.3.2. Upon the ISO's request, a Transmission Owner shall promptly provide the ISO with the system information it requires to develop this list of facilities. The list will identify which facilities are new transmission facilities and which facilities satisfy the definition of a Long-Term Transmission Upgrade or Right-Sized Replacement Transmission Facility. For those facilities that satisfy the definition of a Long-Term Transmission Upgrade or a Right-Sized Replacement

Transmission Facility, the list will also specify the Transmission Owner that owns the existing transmission facility that would be modified by an identified Long-Term Transmission Upgrade or a Right-Sized Replacement Transmission Facility, to the extent such information is available. The ISO shall also include in the list, for informational purposes only, interconnection facilities identified in a proposal submitted by a Developer in accordance with Section 31.6.9.5.1.2. Any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Long-Term Transmission Upgrade or a Right-Sized Replacement Transmission Facility by providing the ISO with written notice within 20 calendar days of the ISO's posting of the list pursuant to this Section 31.6.9.6, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) through the ISO governance procedures and as provided in Section 31.1.8.4 of this Attachment Y. The ISO shall post the final list no later than its posting of the draft Long-Term Transmission Planning Report pursuant to Section 31.6.11.3 and shall note whether any of the facilities still have pending disputes at the time the list is posted.

31.6.10 ISO Evaluation of Proposed Solutions to Long-Term Transmission Needs and Application of Selection Metrics to Proposed Long-Term Transmission Projects

31.6.10.1 Scenarios and Sensitivities for Evaluation

The ISO will use the Long-Term Scenarios, the Extreme Weather Sensitivity, and, at its discretion, any additional scenarios and sensitivities developed for the Outlook, as updated pursuant to this Section 31.6.10.1, to evaluate proposed Long-Term Transmission Projects and Other Long-Term Projects. The ISO may develop additional scenarios and sensitivities for purposes of the evaluation process. The ISO may, at its discretion and in consultation with the

ESPWG and the NYDPS, update the assumptions during the evaluation process to account for significant and material changes to the factors or data inputs underlying those assumptions.

The ISO may update the Foundation Case, Long-Term Scenarios, the Extreme Weather Sensitivity, or any additional scenarios or sensitivities: (i) to provide for a reliable system developed consistent with the requirements in Section 31.6.4.1.2, and (ii) to perform additional updates in accordance with ISO Procedures. The ISO will extend the Foundation Case, Long-Term Scenarios, the Extreme Weather Sensitivity, and any additional scenarios and sensitivities, as needed, to cover the 20-year time period following the latest in-service date of the proposed Long-Term Transmission Projects.

31.6.10.2 Comparable Evaluation of All Proposed Solutions

The ISO shall evaluate any proposed Long-Term Transmission Project or Other Long-Term Project submitted by a Developer to satisfy a Long-Term Transmission Need. The proposed solution may include, as applicable, multiple components and resource types. When evaluating proposed solutions to a Long-Term Transmission Need from any Developer, the ISO shall consider all resource types – including generation, transmission, demand response, or a combination of these resource types – on a comparable basis as potential solutions. All solutions will be evaluated in the same general time frame.

31.6.10.3 ISO's Application of Selection Metrics for Assessing the More Efficient or Cost-Effective Long-Term Transmission Project to Satisfy a Long-Term Transmission Need

A proposed regulated Long-Term Transmission Project submitted by a Developer shall be eligible under Section 31.6.11 for selection in the Long-Term Transmission Planning Report for the purpose of cost allocation and cost recovery under the ISO OATT. The ISO shall evaluate any proposed regulated Long-Term Transmission Projects that are eligible for selection

in the planning cycle of the Long-Term Transmission Planning Process using the metrics set forth in Section 31.6.10.4. For purposes of this evaluation, the ISO will review the information submitted by the Developer and determine whether it is reasonable and how such information should be used for purposes of the ISO evaluating each metric. As part of this review, the ISO will assess the extent to which a Developer's proposed Voluntary Funding Arrangement for a Long-Term Transmission Project can be reasonably relied upon for purposes of determining how such arrangement should be used in applying the metrics to the project. In its review, the ISO will give due consideration to the status of, and any available results of, any applicable interconnection or transmission expansion studies concerning the proposed Long-Term Transmission Project performed in accordance with Sections 3.7 or 4.5 of the ISO OATT or Attachments P or HH of the ISO OATT. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant's analysis in evaluating each metric. In formulating the independent consultant's estimate for the total capital costs of a Long-Term Transmission Project, the ISO and its independent consultant may add appropriate contingency percentages and escalation factors. The ISO shall select in the Long-Term Transmission Planning Report for cost allocation and cost recovery purposes the more efficient or cost-effective transmission solution to satisfy a Long-Term Transmission Need in the manner set forth in Section 31.6.11.

31.6.10.4 Metrics for Evaluating More Efficient or Cost-Effective Regulated Long-Term Transmission Project to Satisfy Long-Term Transmission Need

31.6.10.4.1 In determining which of the eligible proposed regulated Long-Term Transmission Projects is the more efficient or cost-effective solution to satisfy a Long-Term Transmission Need, the ISO will apply the metrics set forth below, as further detailed in ISO

Procedures, to each proposed regulated Long-Term Transmission Project using the Long-Term Scenarios, the Extreme Weather Sensitivity, and, at its discretion, any additional scenarios and sensitivities and using a time horizon that extends to 20-years from the latest in-service date of the proposed Long-Term Transmission Projects. The ISO will consult with the NYDPS regarding the application of the metrics. The ISO will rank proposed Long-Term Transmission Projects, or a subset of the projects, based on the quality of their satisfaction of the metrics.

31.6.10.4.2 The ISO shall apply all of the metrics set forth in this Section 31.6.10.4.2 for the proposed Long-Term Transmission Projects.

31.6.10.4.2.1 The reduction in costs due to avoided or delayed transmission investment otherwise required to address reliability needs or replace aging transmission facilities.

31.6.10.4.2.2 The reduction of loss of load probability or the reduction in the capital costs of generation required to meet resource adequacy requirements (i.e., reserve margin).

31.6.10.4.2.3 The changes in production cost due to the proposed regulated Long-Term Transmission Project.

31.6.10.4.2.4 The reduction in total energy required to meet demand stemming from reduced energy losses incurred in transmittal of power from generation to load.

31.6.10.4.2.5 The reduction in production costs resulting from avoided congestion during transmission outages.

31.6.10.4.2.6 The reduction in production costs and reduced loss of load (or emergency procurements necessary to support the system), including due to

increased interregional transfer capability, during extreme weather events and unexpected system conditions.

31.6.10.4.2.7 The reduction in generation capacity investment needed to meet peak load.

31.6.10.4.3 The ISO, at its discretion and in consultation with the NYDPS and the ESPWG, will determine based on the particular Long-Term Transmission Need whether to apply one or more of the additional metrics included in this Section 31.6.10.4.3 to the Long-Term Transmission Projects or a subset of the projects.

31.6.10.4.3.1 The capital cost estimates for the proposed regulated Long-Term Transmission Project, including accuracy of the proposed estimates and any Cost Cap voluntarily submitted by the Developer of the proposed Long-Term Transmission Project pursuant to Sections 31.6.9.5.1.1 and 31.6.9.5.1.10. For this evaluation, the ISO may apply an independent capital cost estimate, contingency percentage, and escalation factors for the Long-Term Transmission Upgrade and Right-Sized Replacement Transmission Facility components of a proposed regulated Long-Term Transmission Project.

31.6.10.4.3.2 A qualitative evaluation of any Cost Cap voluntarily submitted by the Developer of the proposed Long-Term Transmission Project as determined pursuant to Section 31.6.10.5.2.

31.6.10.4.3.3 The cost per MW ratio of the proposed regulated Long-Term Transmission Project. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed project in current year dollars as determined by Section 31.6.10.4.3.1. The ISO will then determine the

cost per MW ratio by dividing the capital cost by the MW value of increased transfer capability.

31.6.10.4.3.4 The expandability of the proposed regulated Long-Term Transmission Project. The ISO will consider the impact of the proposed project on future construction. The ISO will also consider the extent to which any subsequent expansion will continue to use this proposed project within the context of system expansion.

31.6.10.4.3.5 The operability of the proposed regulated Long-Term Transmission Project. The ISO will consider how the proposed project may affect additional flexibility in operating the system during construction of the project and after the project is in-service, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed project may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions.

31.6.10.4.3.6 The performance of the proposed regulated Long-Term Transmission Project. The ISO will consider how the proposed project may affect the utilization of the system (*e.g.,* interface flows, percent loading of facilities).

31.6.10.4.3.7 The extent to which the Developer of a proposed regulated Long-Term Transmission Project has the property rights, or ability to obtain the property rights, required to implement the project. The ISO will consider the completed

transmission and substation routing studies, including identified routing alternatives, and whether the Developer: (i) already possesses the rights of way necessary to implement the project; or (ii) has specified a plan or approach and schedule for determining routing and acquiring property rights.

31.6.10.4.3.8 The potential issues associated with delay in constructing the proposed regulated Long-Term Transmission Project consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

31.6.10.4.3.9 The ISO shall apply any criteria provided by the NYPSC with its identification of the Long-Term Transmission Need and perform the analyses requested by the NYPSC, to the extent compliance with such criteria and analyses are feasible.

31.6.10.4.3.10 Additional metrics such as: LBMP; emissions; impact on transfer limits; deliverability; and other metrics as appropriate based on the Long-Term Transmission Need.

31.6.10.5 Evaluation of Capital Cost and Cost Caps for Included Capital Costs

The ISO will consider in its evaluation and selection of the more efficient or cost-effective transmission solution any voluntary Cost Cap made by a Developer on a quantitative and qualitative basis as described in this Section 31.6.10.5. Any voluntarily submitted Cost Cap by the Developer under Section 31.6.9.5.1.10.5 will not be considered for purposes of the ISO's evaluation to the extent that the Cost Cap includes any Long-Term Transmission Upgrade or Right-Sized Replacement Transmission Facility as an Included Capital Cost.

31.6.10.5.1 Quantitative Evaluation of Cost Cap. The ISO will use the Developer's Cost Cap in the manner described in this Section 31.6.10.5.1 in estimating the total capital costs for the transmission facilities that are part of the Included Capital Costs of the Developer's Long-Term Transmission Project for purposes of the ISO's evaluation of that project under the metrics set forth in Section 31.6.10.4. If the Developer elected to submit a Cost Cap, the ISO will calculate the total capital costs by estimating and adding the amount of Excluded Capital Costs for the Developer's proposed Long-Term Transmission Project, including costs of any Long-Term Transmission Upgrades and any Right-Sized Replacement Transmission Facilities, to the amount of Included Capital Costs for the Long-Term Transmission Project that is determined pursuant to Sections 31.6.10.5.1.1 or 31.6.10.5.1.2, as applicable. If the Developer elected not to submit a Cost Cap, the ISO will rely on its independent consultant to estimate the total capital cost of the Developer's Long-Term Transmission Project. For purposes of its calculation of the total capital costs of a Long-Term Transmission Project, the ISO will not estimate and will not add to the Excluded Capital Costs any costs concerning unforeseeable environmental mitigation or remediation costs set forth in Section 31.6.9.5.1.10.2(v), or concerning the financing of the Long-Term Transmission Project set forth in Section 31.6.9.5.1.10.2(iv), including debt costs, AFUDC, and any other financing costs.

31.6.10.5.1.1 If the Developer submits a hard Cost Cap for the Included Capital Costs of its proposed Long-Term Transmission Project, the ISO will use the amount of the Developer's Cost Cap as the amount for Included Capital Costs.

31.6.10.5.1.2 If the Developer submits a soft Cost Cap for the Included Capital Costs of its proposed Long-Term Transmission Project, the ISO will calculate the Included Capital Costs amount for that project as follows. If the Developer's soft Cost Cap for the Included Capital Costs is above the amount estimated by the ISO's independent consultant, the ISO will rely on the Developer's amount for the Included Capital Costs to calculate the total capital cost of the Developer's Long-Term Transmission Project. If the Developer's soft Cost Cap for the Included Capital Costs is below the amount estimated by the ISO's independent consultant, the ISO will calculate an adjusted value for the Included Capital Costs. The ISO will calculate the adjusted value of the Included Capital Costs by: (i) multiplying the difference between (a) the independent consultant's cost estimate for Included Capital Costs and (b) the Developer's Included Capital Costs amount, by (c) the risk percentage assumed by ratepayers, and (ii) adding that amount to the Developer's Included Capital Costs amount. The ISO will use the adjusted value for the Included Capital Costs to estimate the total capital cost of the Developer's Long-Term Transmission Project.

31.6.10.5.2 Qualitative Evaluation of Cost Cap. For purposes of the ISO's evaluation of a proposed Long-Term Transmission Project under the metric in Section 31.6.10.4.3.2, the ISO will evaluate on a qualitative basis a Developer's proposed Cost Cap for Included Capital Costs and assess the proposed project based upon the following criteria:

(i) The effectiveness of the proposed Cost Cap in providing an incentive to the Developer to contain its Included Capital Costs, *i.e.,* how aligned is the

Developer's incentive to maximize its profits by avoiding cost overruns compared to the level of risk exposure to consumers, and what degree of risk is the Developer assuming to pay for cost overruns;

(ii) The effectiveness of the proposed Cost Cap in protecting ratepayers from Included Capital Cost overruns;

(iii) The magnitude of the difference between the Cost Cap and the independent cost estimate as described below;

a. If the Developer's proposed Cost Cap is below the ISO's independent consultant's cost estimate for Included Capital Costs, the ISO will assess how close (*i.e.,* how far below) is the Developer's proposed Cost Cap for Included Capital Costs to the ISO's independent cost estimate, considering the Developer's financial and technical qualifications, and considering the likelihood that the project could be constructed at the Cost Cap amount;

b. If the Developer's proposed Cost Cap is above the ISO's independent consultant's cost estimate for Included Capital Costs, the ISO will assess (a) how close (*i.e.,* how far above) is the Developer's proposed Cost Cap for Included Capital Costs to the ISO's independent cost estimate; (b) whether the Cost Cap is so significantly above the ISO independent consultant's cost estimate that it is unlikely to bind the Developer and provide benefit to ratepayers; and (c) whether the Cost Cap exceeds the ISO's independent cost estimate by only a small amount, such that the Cost Cap could protect ratepayers from cost overruns.

In conducting the evaluation in this Section 31.6.10.5.2, the ISO may request from the Developer additional project information pursuant to Section 31.6.9.3.5 and Developer financial qualification information pursuant to Section 31.6.9.3.6.

31.6.10.6 Evaluation of Viability and Sufficiency of Proposed Other Long-Term Projects

The ISO will determine the viability and sufficiency of an Other Long-Term Project – whether transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Long-Term Transmission Need. For purposes of its analysis, the ISO will consider: (i) the Developer qualification data provided pursuant to Section 31.6.9.2 and the project information data provided under Section 31.6.9.5; (ii) whether the proposed solution is technically practicable; (iii) the Developer's possession of, or approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) whether the proposed solution can be completed in the required timeframe, if any. The ISO will evaluate each Other Long-Term Project to determine whether the proposed solution independently satisfies the Long-Term Transmission Need, including any criteria provided by the NYPSC.

31.6.10.7 Evaluation of Long-Term Transmission Projects to Address Local and Regional Long-Term Transmission Needs More Efficiently or More Cost Effectively Than Local Transmission Solutions

The ISO will review the LTPs as they relate to the BPTFs. The ISO will include the results of its analysis in its Long-Term Transmission Planning Report, as approved by the ISO Board.

31.6.10.7.1 Evaluation of Long-Term Transmission Projects to Address Transmission Needs on the BPTFs Identified in Local Transmission Plans with Same Scope as Long-Term Transmission Need More Efficiently or More Cost Effectively than Local Transmission Solutions

The ISO, using engineering judgment, will determine whether any proposed Long-Term Transmission Project on the BPTFs more efficiently or cost-effectively satisfies any transmission need(s) on the BPTFs identified in the LTPs with the same scope as a Long-Term Transmission Need. If the ISO identifies that a Long-Term Transmission Project has the potential to more efficiently or cost effectively satisfy the transmission need identified in the LTPs, it will perform a sensitivity analysis to determine whether the proposed Long-Term Transmission Project on the BPTFs would satisfy the transmission need identified in the LTPs. If the ISO determines that the proposed Long-Term Transmission Project would satisfy the need, the ISO will evaluate the proposed Long-Term Transmission Project using the metrics set forth in Section 31.6.10.4 to determine whether it may be a more efficient or cost-effective solution on the BPTFs to the transmission identified in the LTPs than the local solutions proposed in the LTPs.

31.6.10.7.2 Evaluation of Long-Term Transmission Project to Address Regional Long-Term Transmission Needs More Efficiently or More Cost Effectively than Local Transmission Solutions on the BPTFs

As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a Long-Term Transmission Project might more efficiently or more cost effectively satisfy an identified regional Long-Term Transmission Need on the BPTFs that impacts more than one Transmission District than any local transmission solutions on the BPTFs identified by the Transmission Owners in their LTPs in the event the LTPs specify that such transmission solutions are included to address a transmission need(s) on the BPTFs with the same scope of a Long-Term Transmission Need.

31.6.10.8 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a Long-Term Transmission Project on neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in its Long-Term Transmission Planning Report. The ISO shall not bear the costs of required upgrades in another region.

31.6.10.9 Evaluation of Impact of Proposed Long-Term Transmission Project on ISO Wholesale Electricity Markets

The ISO shall evaluate using the metrics set forth in Section 31.6.10.4.3.10 the impacts on the ISO-administered wholesale electricity markets of a proposed Long-Term Transmission Project. The ISO shall include the results of its analysis in the Long-Term Transmission Planning Report.

31.6.11 ISO Selection of More Efficient or Cost-Effective Transmission Solution and Designation of Designated Long-Term Transmission Projects

31.6.11.1 ISO Selection of More Efficient or Cost-Effective Regulated Long-Term Transmission Project to Satisfy a Long-Term Transmission Need

31.6.11.1.1 The ISO shall identify under this Section 31.6.11 the proposed regulated Long-Term Transmission Project, if any, that is the more efficient or cost-effective transmission solution proposed in the planning cycle for the Long-Term Transmission Planning Process to satisfy a Long-Term Transmission Need. The ISO shall include the more efficient or cost-effective transmission solution in the Long-Term Transmission Planning Report.

31.6.11.1.2 The ISO shall also preliminarily identify in the Long-Term Transmission Planning Report the Designated Long-Term Transmission Project(s) that compose the more efficient or cost-effective Long-Term Transmission Project and shall identify the Designated

Entity that will be responsible for and have the right to build, own, and recover the costs of each Designated Long-Term Transmission Project. The ISO shall finalize the list of Designated Long-Term Transmission Project(s) that compose the selected Long-Term Transmission Project and the Designated Entity responsible for each Designated Long-Term Transmission Project in accordance with Section 31.6.11.2.

31.6.11.1.3 The Designated Entity responsible for a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities designated to the Designated Entity in accordance with Section 22.9.6 of Attachment P to the ISO OATT, if applicable, shall be eligible to recover costs for those facilities only if the underlying Long-Term Transmission Project is selected by the ISO, except as otherwise provided in Section 31.6.9.1.4 or as otherwise determined by the Commission. Costs will be recovered when the Designated Long-Term Transmission Project or Designated Network Upgrade Facilities, as applicable, enter into service, are halted, or as otherwise determined by the Commission in accordance with the cost recovery requirements set forth in Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT. Actual project cost recovery, including any issues related to cost recovery and project cost overruns, will be submitted to and decided by the Commission; *provided, however*, that the Designated Entity shall include in the Development Agreement for its Designated Long-Term Transmission Project in accordance with Section 31.6.12.2 any Cost Cap that it proposed under Section 31.6.9.5.1 and any Voluntary Funding Arrangement that it proposed or committed to use under Section 31.6.9.5.1 and (ii) shall agree in the Development Agreement that it shall not seek to recover through its transmission rates or through any other means: (A) costs for the Included Capital Costs for its Designated Long-Term Transmission Project above its agreed-upon Cost Cap in accordance with Section 6.10.6 of the ISO OATT, except as permitted for excusing

conditions in Section 6.10.6.2 of the ISO OATT; and (B) costs that it has committed to recover through a Voluntary Funding Arrangement.

31.6.11.1.4 Any selection of a Long-Term Transmission Project by the ISO under Section 31.6.11.4, including but not limited to the selection of a project that involves the physical modification of facilities within the Long Island Transmission District, shall not affect the obligation and responsibility of the Designated Entity to apply for, and receive, all necessary authorizations or permits required by federal or state law for its Designated Long-Term Transmission Project.

31.6.11.2 Long-Term Transmission Planning Report

31.6.11.2.1 Following the ISO's evaluation of the proposed Long-Term Transmission Projects to address Long-Term Transmission Need(s) and the ISO's viability and sufficiency assessment of the Other Long-Term Projects, the ISO will prepare a draft Long-Term Transmission Planning Report that identifies the information and sources relied upon by the ISO, describes the ISO's assumptions, inputs, methodologies, and states the results of its analyses. The draft Long-Term Transmission Planning Report will reflect input from the NYDPS. The ISO will include in the draft Long-Term Transmission Planning Report a description of any Alternative Transmission Technologies that Developers propose to include as part of their Long-Term Transmission Projects, along with a summary of any Developers' explanations of their determination not to propose Alternative Transmission Technologies as part of their proposed Long-Term Transmission Projects.

31.6.11.2.2 Except as otherwise provided in the confidentiality requirements in Section 31.6.15, the ISO will include in the draft Long-Term Transmission Planning Report: (i) the list of Developers and their proposed Long-Term Transmission Projects and Other Long-Term Projects

that qualify pursuant to Sections 31.6.9.2 and 31.6.9.5; (ii) the findings of the Viability and Sufficiency Assessment for the proposed Other Long-Term Projects that the ISO has determined under Section 31.6.10.6 are viable and sufficient to satisfy the identified Long-Term Transmission Need(s); (iii) the list of facilities that the ISO posted pursuant to Section 31.6.9.6; (iv) the total amount of Included Capital Costs and any cost sharing percentage contained in any Cost Cap proposed by a Developer; (v) a description of any Voluntary Funding Arrangement proposed by a Developer; and (vi) the regulated Long-Term Transmission Project, if any, that the ISO staff recommends for selection for cost allocation and cost recovery purposes pursuant to Section 31.6.11.1.1 as the more efficient or cost-effective transmission solution to satisfy each identified Long-Term Transmission Need.

31.6.11.2.3 The draft Long-Term Transmission Planning Report shall include a breakdown of the new transmission facilities, Long-Term Transmission Upgrades, and Right-Sized Replacement Transmission Facilities that compose the regulated Long-Term Transmission Project that the ISO staff recommends for selection. The draft report shall preliminarily identify the Designated Long-Term Transmission Project(s) that compose the recommended Long-Term Transmission Project and the Designated Entity responsible for each Designated Long-Term Transmission Project, which designations will be finalized in accordance with Section 31.6.11.5. A Designated Long-Term Transmission Project will contain all of the facilities that the ISO preliminarily identifies as being designated to a particular Designated Entity. For purposes of this preliminary designation, the Developer that proposed the regulated Long-Term Transmission Project will be identified by the ISO as the Designated Entity for those facilities of its Long-Term Transmission Project that do not meet the definition of either Long-Term Transmission Upgrades or Right-Sized Transmission Replacement Facilities, which facilities shall constitute a

Designated Long-Term Transmission Project. If more than one Developer jointly proposed the regulated Long-Term Transmission Project, then they will collectively be the Designated Entity and jointly and severally responsible for the completion of the Designated Long-Term Transmission Project. If any facilities of the Long-Term Transmission Project meet the definition of either a Long-Term Transmission Upgrade or a Right-Sized Replacement Transmission Facility, the Transmission Owner owning the existing transmission facility(ies) to be upgraded or right-sized will be identified by the ISO as the Designated Entity for the Long-Term Transmission Upgrade(s) or the Right-Sized Replacement Transmission Facility(ies), which Long-Term Transmission Upgrade(s) or Right-Sized Replacement Transmission Facility(ies) shall constitute a separate Designated Long-Term Transmission Project.

31.6.11.2.4 The draft Long-Term Transmission Planning Report shall also indicate the date by which the Long-Term Transmission Project must be in-service to address the Long-Term Transmission Need. The in-service date for the Long-Term Transmission Project shall be: (i) the date prescribed by the NYPSC in its order identifying the Long-Term Transmission Need as described in Section 31.6.8.1 or in a subsequent order, or (ii) if the NYPSC has not prescribed a date, the date proposed by the Developer for its proposed Long-Term Transmission Project and reviewed and accepted by the ISO, which date may be either: (A) the in-service date included in the Developer's project proposal, or (B) such other date accepted by the ISO as reasonable in light of the Long-Term Transmission Need. The in-service date for the selected Long-Term Transmission Project shall apply to all Designated Long-Term Transmission Projects that compose the selected Long-Term Transmission Project regardless of the Designated Entity; *provided, however*, the draft Long-Term Transmission Planning Report may also include specific dates by which one or more of the Designated Long-Term Transmission Projects must be in

service in order for the selected Long-Term Transmission Project to meet the overall in-service date.

31.6.11.2.5 The draft Long-Term Transmission Planning Report will also include the results of the ISO's analysis of the LTPs consistent with Section 31.6.10.7.

31.6.11.3 Collaborative Governance Process

The draft Long-Term Transmission Planning Report shall be submitted to both TPAS and the ESPWG for review and comment. Concurrently, the draft report will be provided to the Market Monitoring Unit for its review and consideration of the impacts on the ISO-administered wholesale markets of the Long-Term Transmission Project recommended for selection. The Market Monitoring Unit will provide the results of its review to the Management Committee prior to the Management Committee's advisory vote. The ISO shall make available to any interested party reasonable information to replicate the results of the draft Long-Term Transmission Planning Report. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft report reflecting the revisions resulting from the TPAS and the ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and an advisory vote.

31.6.11.4 Board Review, Consideration, and Approval of Long-Term Transmission Planning Report

Following the Management Committee vote, the draft Long-Term Transmission Planning Report, with Business Issues Committee and Management Committee input, will be forwarded to

the ISO Board for review and action. Concurrently, the Market Monitoring Unit will provide the results of its review performed pursuant to Section 31.6.11.3 to the Board. The Board may approve the Long-Term Transmission Planning Report as submitted or propose modifications on its own motion, including a determination not to select a Long-Term Transmission Project to satisfy a Long-Term Transmission Need. If any changes are proposed by the Board, the revised report shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised report until it has reviewed the Management Committee comments, including comments regarding the Market Monitoring Unit's review. Upon approval by the Board, the ISO shall issue the report to the marketplace by posting it on its website. If the ISO Board determines not to select a Long-Term Transmission Project under this Section 31.6.11.4, the Board shall state the reasons for its determination.

The responsibilities of the Market Monitoring Unit that are addressed in the above Section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.7 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.6.11.5 Transmission Owner's Responsibility to Notify the ISO

Within 30 calendar days following the posting of a Long-Term Transmission Planning Report approved by the ISO Board that selects a regulated Long-Term Transmission Project pursuant to Section 31.6.11.4, a Transmission Owner that has been identified as a Designated Entity for a Designated Long-Term Transmission Project that contains Long-Term Transmission Upgrades or Right-Sized Replacement Transmission Facilities proposed by another Developer shall provide notice to the ISO if the Transmission Owner does not intend: (A)(i) to exercise the right under Section 31.1.10.4 of this Attachment Y to build, own, and recover the cost of the Long-Term Transmission Upgrades or (ii) to build, own, and recover the costs of the Right-Sized

Replacement Transmission Facilities and (B) to serve as the Designated Entity for the Designated Long-Term Transmission Project identified for the Transmission Owner in the Long-Term Transmission Planning Report. If the Transmission Owner notifies the ISO of its rejection to be the Designated Entity for one or more Long-Term Transmission Upgrades or Right-Sized Replacement Transmission Facilities identified for its Designated Long-Term Transmission Project, the Developer that proposed the Long-Term Transmission Project shall be the Designated Entity for such Long-Term Transmission Upgrades or Right-Sized Replacement Transmission Facilities, which shall be incorporated into the Developer's Designated Long-Term Transmission Project. If the Transmission Owner does not take action within the 30 calendar days with regard to one or more Long-Term Transmission Upgrades or Right-Sized Replacement Transmission Facilities identified for its Designated Long-Term Transmission Project, the Transmission Owner shall be the Designated Entity concerning such Long-Term Transmission Upgrade(s) or Right-Sized Replacement Transmission Facility(ies) and shall be responsible for constructing and placing the Long-Term Transmission Upgrades or Right-Sized Replacement Transmission Facilities in service by the in-service date for the Designated Long-Term Transmission Project identified in the Long-Term Transmission Planning Report.

The ISO shall post on its website a list of the Designated Entities and associated Designated Long-Term Transmission Projects identified in the final Long-Term Transmission Planning Report at the conclusion of the notification period. Within 30 calendar days of the ISO's posting of the final list on its website, a Designated Entity that is not the Developer that proposed the selected Long-Term Transmission Project shall: (i) execute a study agreement with the ISO in the form set forth in Section 31.16 (Appendix M) of this Attachment Y for purposes of the ISO's development of the Development Agreement and its appendices for the Designated

Long-Term Transmission Project that constitutes the selected Long-Term Transmission Project, or a portion of that project, pursuant to Section 31.6.12.2, and (ii) submit to the ISO: (A) a non-refundable application fee of $10,000, and (B) a deposit of $50,000, which shall be applied to the study and administrative costs and subject to refund as described in Section 31.6.9.4. The invoice and deposit requirements established in Section 31.6.9.4 shall apply to these deposit and payment requirements.

31.6.11.6 Cost and Benefit Breakdown of Selected Long-Term Transmission Project

Following the later in time of: (i) the expiration of the deadlines set forth in Section 31.5.6.4 of this Attachment Y by which the NYPSC or a Designated Entity may propose an alternative cost allocation methodology for a Long-Term Transmission Project or Designated Long-Term Transmission Project if an alternative methodology is not proposed during that period, or (ii) if one or more alternative methodologies are proposed pursuant to Section 31.5.6.4, the Commission's final determination concerning the proposed alternative cost allocation methodology or methodologies, the ISO shall post on its website a breakdown of how the estimated costs that the ISO used in the selection of the Long-Term Transmission Project will be allocated by Load Zone and a quantification of those estimated benefits, as such benefits can be reasonably estimated or allocated.

31.6.12 Designated Entity's Responsibilities Following Selection of a Long-Term Transmission Project

31.6.12.1 Designated Entity's Responsibility to Obtain Necessary Approvals and Authorizations

Upon the ISO's posting of a list of Designated Entities and Designated Long-Term Transmission Projects pursuant to Section 31.6.11.5 or following the expiration of the deadline

for a Transmission Owner to decline to be a Designated Entity for Designated Network Upgrade Facilities in accordance with Section 22.9.6 of Attachment P to the ISO OATT, the ISO will inform each Designated Entity that it should submit its Designated Long-Term Transmission Project and/or Designated Network Upgrade Facilities to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the facilities. In response to the ISO's request, the Designated Entity shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies) to the extent such authorization has not already been requested or obtained.

If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws authorization, for the Designated Long-Term Transmission Project or Designated Network Upgrade Facilities, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.6.4.3, except as otherwise determined by the Commission. The ISO shall recover such costs in accordance with Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

When the Designated Entity is a Transmission Owner, the Developer that proposed the Long-Term Transmission Project is not required to provide any additional information or resources other than the information that Developer has provided in its project proposal that is not Confidential Information in accordance with Sections 31.6.9.3.3 and 31.6.15.

31.6.12.2 Development Agreement

As soon as reasonably practicable following the ISO's posting of a list of Designated Entities and Designated Long-Term Transmission Projects pursuant to Section 31.6.11.5 or the expiration of the deadline for a Transmission Owner to decline to be a Designated Entity for Designated Network Upgrade Facilities in accordance with Section 22.9.6 of Attachment P to the ISO OATT, the ISO shall tender to each Designated Entity of a Designated Long-Term Transmission Project and/or Designated Network Upgrade Facilities a draft Development Agreement, or draft amended Development Agreement, with draft appendices completed by the ISO to the extent practicable for review and completion by the Designated Entity. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement, which is in Appendix F in Section 31.9 of this Attachment Y. Each Designated Entity will receive a separate draft Development Agreement. If the Designated Entity: (i) is the Developer that originally submitted the Long-Term Transmission Project selected by the ISO and proposed a Cost Cap and/or a Voluntary Funding Arrangement for its project or (ii) is a Transmission Owner that committed to use a Voluntary Funding Arrangement for its designated component of a selected Long-Term Transmission Project that was submitted by another Developer, its Development Agreement for its Designated Long-Term Transmission Project shall contain the Cost Cap and/or the Voluntary Funding Arrangement that it proposed or committed to use.

The ISO and each Designated Entity, as applicable, shall finalize a Development Agreement and appendices and negotiate concerning any disputed provisions. For purposes of finalizing the Development Agreement, the ISO and Designated Entity shall develop the description and dates for the milestones necessary to develop and construct the Designated Long-Term Transmission Project by the required in-service date for the Designated Long-Term

Transmission Project identified in the Long-Term Transmission Planning Report, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Long-Term Transmission Projects for the selected Long-Term Transmission Project to the extent feasible. The ISO and Designated Entity shall also develop, as applicable, the description and date for the milestones necessary to develop and construct Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the ISO OATT by the Project Required In-Service Date identified in the Long-Term Transmission Planning Report, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Long-Term Transmission Projects for the selected Long-Term Transmission Project to the extent feasible. Any milestone that requires action by another Designated Entity or a Connecting Transmission Owner or Affected System Operator identified pursuant to Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

Unless otherwise agreed by the ISO and the Designated Entity, the Designated Entity must execute the Development Agreement within three (3) months of the ISO's tendering of the draft Development Agreement; *provided, however*, if, during the negotiation period, the ISO or the Designated Entity determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own or following the Designated Entity's request in writing that the agreement be filed unexecuted. If the Development Agreement resulting from the negotiation between the ISO and the Designated Entity does not conform with the Commission-approved standard form in Appendix F in Section 31.9 of this Attachment Y, the ISO shall file the agreement with the Commission for its

acceptance within thirty (30) business days after the execution of the Development Agreement by both parties. If the Designated Entity requests that the Development Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within thirty (30) business days of receipt of the request from the Designated Entity. The ISO will draft to the extent practicable the portions of the Development Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The Designated Entity will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions. Upon the ISO's and the Designated Entity's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission, the ISO and the Designated Entity shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modification by the Commission. The Connecting Transmission Owner(s) and Affected System Operator(s) that are identified in Attachment P of the ISO OATT in connection with the Designated Long-Term Transmission Project shall act in good faith in timely performing their obligations that are required for the Designated Entity to satisfy its obligations under the Development Agreement.

31.6.12.3 Execution of ISO/TO Agreement or Comparable Agreement

The Designated Entity of a Designated Long-Term Transmission Project of a selected Long-Term Transmission Project shall execute the ISO/TO Agreement or an Operating Agreement in accordance with Section 31.1.7 of this Attachment Y prior to energizing the Designated Long-Term Transmission Project.

31.6.12.4 Monitoring of Designated Long-Term Transmission Projects

31.6.12.4.1 The ISO shall monitor the Designated Long-Term Transmission Projects and associated Network Upgrade Facilities, if applicable, to confirm that they continue to develop consistent with the conditions, actions, or schedules for the projects. As part of this monitoring, the ISO will track the cost and schedule of the Designated Long-Term Transmission Project(s) and associated Network Upgrade Facilities in accordance with ISO Procedures for purposes of the ISO's Reevaluation Process pursuant to Section 31.6.13. The Designated Entity shall provide the ISO with the information required by the ISO to monitor its project pursuant to this Section 31.6.12.4 and shall be responsible for providing updates to the cost estimates for its Designated Long-Term Transmission Project and associated Network Upgrade Facilities within 60 calendar days of the ISO's request. If an entity other than a Designated Entity is responsible for Network Upgrade Facilities associated with the selected Long-Term Transmission Project pursuant to Attachment P of the ISO OATT ("NUF Responsible Party"), the NUF Responsible Party shall provide the ISO with the information required by this Section 31.6.12.4.

31.6.12.4.2 The Designated Entity of a Designated Long-Term Transmission Project and/or associated Network Upgrade Facilities or the NUF Responsible Party for associated Network Upgrade Facilities, as applicable, shall present updates to stakeholders at an ESPWG meeting on a recurring basis established by this Section 31.6.12.4.2 concerning the status of the development of its project, including, if applicable, any changes to project information included in the final Long-Term Transmission Planning Report. The Designated Entity or the NUF Responsible Party, as applicable, shall present updates concerning its project to stakeholders at least once every six months. The ISO will coordinate with, as applicable, the Designated Entity or the NUF Responsible Party to schedule its update presentations, including the commencement of the presentations following, as applicable, the selection of the Long-Term Transmission

Project that includes its Designated Long-Term Transmission Project or the completion of the Facilities Study pursuant to Attachment P of the OATT for its associated Network Upgrade Facilities. The Designated Entity or NUF Responsible Party shall not be required to provide further update presentations once its Designated Long-Term Transmission Project or its associated Network Upgrade Facilities, as applicable, commence service.

31.6.12.5 Posting of Approved Solutions

The ISO shall post on its website a list of all entities that have accepted the terms and conditions of, as applicable, an Article VII or Article VIII certificate under the New York Public Service Law, or any successor statute, or any other applicable permits to build a Designated Long-Term Transmission Project in response to a Long-Term Transmission Need.

31.6.13 Reevaluation Process for a Selected Long-Term Transmission Project

31.6.13.1 The ISO shall perform a Reevaluation Process pursuant to Section 31.6.13.2 for a Long-Term Transmission Project selected by the ISO pursuant to Section 31.6.11 if, prior to the start date of a subsequent Long-Term Transmission Planning Process cycle:

(i) the ISO determines, as further detailed in ISO Procedures, that the actual or projected costs for all of the Designated Long-Term Transmission Projects that constitute the Long-Term Transmission Project selected by the ISO, including any associated Network Upgrade Facilities identified in accordance with Attachment P of the ISO OATT, significantly exceed the cost estimates used in the selection of that Long-Term Transmission Project, including the cost estimates of the associated Network Upgrade Facilities; or

(ii) (A) the ISO becomes aware of significant changes in federal, Federally-Recognized Tribal, state, or local laws or regulations that cause reasonable concern that the previously selected Long-Term Transmission Project may no longer meet the ISO's selection criteria, and

(B) the in-service date that the Developer proposed for its Long-Term Transmission Project in the Long-Term Transmission Selection Process in which the project was selected was in the second half of the 20-year Study Period for that planning cycle.

31.6.13.1.1 For purposes of Section 31.6.13.1(i), the ISO will determine that the actual or projected costs of a Long-Term Transmission Project significantly exceed the cost estimates for that project if the actual or projected costs exceed the expected upper accuracy range of the estimated cost used by the ISO in the selection of the Long-Term Transmission Project.

31.6.13.1.2 Notwithstanding Section 31.6.13.1, the ISO shall not commence a Reevaluation Process for a previously selected Long-Term Transmission Project if one or more of the Designated Entities described in this Section 31.6.13.1.2 demonstrates to the ISO prior to the start date of the Long-Term Transmission Planning Process cycle that either: (A) it has received any required Article VII or Article VIII, as applicable, certificate(s) under the New York Public Service Law or any successor statute for its Designated Long-Term Transmission Project or (B) if an Article VII or Article VIII is not required for a Designated Long-Term Transmission Project, it has procured major equipment. For purposes of this Section 31.6.13.1.2, the applicable Designated Entities are: (i) the Designated Entity that is the Developer that proposed the selected Long-Term Transmission Project, and (ii) any other Designated Entity of a Designated Long-Term Transmission Project that constitutes 20% or more of the cost estimate of the selected Long Term Transmission Project used by the ISO in its selection process.

31.6.13.1.3 If the ISO determines pursuant to Section 31.6.13.1 that a Reevaluation Process is required for a Long-Term Transmission Project because the actual or projected costs of the project and associated Network Upgrade Facilities significantly exceed their cost estimates, each Designated Entity and/or NUF Responsible Party of a project component for the

selected Long-Term Transmission Project and any associated Network Upgrade Facilities shall present at an ESPWG meeting the updated cost estimates for its project component and describe the grounds for any increase in their project costs.

31.6.13.2 Reevaluation Process

31.6.13.2.1 If the ISO determines that it is required to commence a Reevaluation Process pursuant to Section 31.6.13.1, the ISO: (i) will notify all of the Designated Entities of the Designated Long-Term Transmission Projects that make up the Long-Term Transmission Project subject to the Reevaluation Process, along with any NUF Responsible Parties responsible for associated Network Upgrade Facilities and (ii) will post a notice of the Reevaluation Process on its website. The ISO will perform any Reevaluation Process required pursuant to Section 31.6.13.1 in parallel with its performance of the Outlook for the Long-Term Transmission Planning Process cycle that commences after the ISO's determination of the need for the re-evaluation. The Designated Entity or Designated Entities of the Designated Long-Term Transmission Project(s) that constitute the selected Long-Term Transmission Project that is subject to re-evaluation and any other NUF Responsible Parties responsible for associated Network Upgrade Facilities shall provide the ISO, upon the ISO's request, with the information required for the ISO to perform the re-evaluation.

31.6.13.2.2 The ISO will perform the reevaluation using some or all of the Long-Term Scenarios developed for the Outlook that is being performed in parallel with the Reevaluation Process and may use additional scenarios and sensitivities developed by the ISO consistent with the requirements in Section 31.6.5.2. The ISO will establish an updated cost estimate of the Long-Term Transmission Project and any associated Network Upgrade Facilities and will evaluate the Long-Term Transmission Project consistent with the selection metric requirements

in Sections 31.6.10.3 and 31.6.10.4. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Designated Entity(ies) and NUF Responsible Party(ies) and may rely on the independent consultant's analysis in evaluating each metric.

31.6.13.2.3 For purposes of the reevaluation, the ISO will consider the extent to which proceeding with the Long-Term Transmission Project, or portions of the project, maximize benefits accounting for the updated cost estimates determined pursuant to Section 31.6.13.2.2 without over-building transmission facilities. In making this determination, the ISO may consider: (i) the benefits of the Long-Term Transmission Project, or portion of the project, accounting for any changes in costs, including any Cost Cap or Voluntary Funding Arrangement, sunk costs, and the advancement of construction activities; (ii) the causes of any cost increases to the Long-Term Transmission Project that resulted in the reevaluation; (iii) the status of the Designated Long-Term Transmission Project(s) obtaining any required Article VII or VIII certifications; (iv) the extent to which the Designated Long-Term Transmission Project and any associated Network Upgrade Facilities have commenced or completed construction; (v) the impact of the Long-Term Transmission Project, or portions of the project, on the reliability and operations of the New York State Transmission System; (vi) whether the Long-Term Transmission Project, or portions of the project, include Right-Sized Replacement Transmission Facilities that replace In-Kind Replacement Transmission Facilities that were intended to address transmission or distribution needs; and (vii) the impact of the Long-Term Transmission Project, or portions of the project, on the ISO's transmission planning and transmission expansion and interconnection processes.

31.6.13.2.4 Following the ISO's performance of its analysis for the Reevaluation Process, the ISO will prepare a draft written summary concerning the re-evaluation of the Long-Term Transmission Project. The summary will describe the ISO's analysis under the Reevaluation Process; any actions that the ISO recommends concerning the Long-Term Transmission Project, or portions of the project, pursuant to Section 31.6.14; and the ISO's grounds for any recommendation action. The ISO will provide the draft summary to the NYDPS and the ESPWG with an opportunity for review and comment and shall consider any comments. The ISO Board must approve any actions recommended by the ISO through the Reevaluation Process to modify or terminate the Long-Term Transmission Project, or portions of the project, pursuant to Section 31.6.14, including any modifications to the Designated Entity responsible for a Designated Long-Term Transmission Project that is part of the Long-Term Transmission Project. The ISO will finalize and publish the summary on its website. Any Designated Entity(ies) and NUF Responsible Party(ies) which Designated Long-Term Transmission Project or associated Network Upgrade Facilities are impacted by the ISO's determination in the Reevaluation Process shall cooperate with the ISO in making any necessary amendments to, as applicable, their Development Agreement or their interconnection or construction agreement for Network Upgrade Facilities entered into pursuant to Attachment P of the ISO OATT to implement the results of the Reevaluation Process.

31.6.14 Process for Addressing Outcome of the ISO's Reevaluation of a Long-Term Transmission Project or the Inability of Designated Entity to Complete Designated Long-Term Transmission Project

31.6.14.1 The ISO may take the actions described in Sections 31.6.14.3 through 31.6.14.5: (A) as part of its determination on the reevaluation of a selected Long-Term Transmission Project pursuant to Section 31.6.13 or (B) as soon as

practicable if one of the following events occur: (i) a Designated Entity that is required to execute the Development Agreement for its Designated Long-Term Transmission Project pursuant to Section 31.6.12.2 does not execute the Development Agreement, or does not request that it be filed unexecuted with the Commission, within the timeframes set forth in Section 31.6.12.2, or (ii) the ISO determines that an effective Development Agreement for a Designated Long-Term Transmission Project may be terminated or terminates the Development Agreement under the terms of the agreement prior to the completion of the term of the agreement.

31.6.14.2 If the Development Agreement has been filed with and accepted by the Commission and is terminated under the terms of the agreement, the ISO shall, upon terminating the Development Agreement file a notice of termination with the Commission.

31.6.14.3 The ISO may take one or more of the following actions to address a Long-Term Transmission Need based on the particular circumstances: (i) terminate one or more of the Designated Long-Term Transmission Projects that constitute the selected Long-Term Transmission Project; (ii) direct the Designated Entity or Designated Entities to continue with the development of one or more of the Designated Long-Term Transmission Projects, including for completion beyond the in-service date required to address the Long-Term Transmission Need; (iii) solicit bids from qualified Developers to complete the Designated Long-Term Transmission Project in accordance with Section 31.6.14.4; or (iv) offer the Developer that originally submitted the Long-Term Transmission Project the

opportunity to be the Designated Entity of the Designated Long-Term Transmission Project in accordance with Section 31.6.14.5.

31.6.14.3.1 For purposes of its determination pursuant to Section 31.6.14.3 to permit a Designated Entity to continue with its Designated Long-Term Transmission Project, the ISO may require the use of a mitigation plan proposed by a Designated Entity or identified by the ISO to alleviate the grounds that resulted in the reevaluation of its project or that may result in the termination of a Development Agreement. In such case, the ISO and Designated Entity shall include the requirements concerning the mitigation plan in the Development Agreement for the Designated Long-Term Transmission Project, including amending the Development Agreement if required.

31.6.14.4 If the ISO determines in accordance with Section 31.6.14.3 that an alternative Developer should be designated to complete a Designated Long-Term Transmission Project and the original Developer that proposed the Long-Term Transmission Project rejects the offer to be designated to complete the Designated Long-Term Transmission Project pursuant to Section 31.6.14.5, the ISO shall solicit bids from Developers to finance and complete the development and construction of the Designated Long-Term Transmission Project to bring it into service. Any Developer that is qualified at the time of the ISO's solicitation to propose a Long-Term Transmission Project may submit a proposal to complete the Designated Long-Term Transmission Project. The ISO will specify in its solicitation for bids by Developers those categories of project information described in Section 31.6.9.5.1 that the Developer must submit and will identify

the metrics in Section 31.6.10.4 that the ISO will use to select among the bidding Developers. The ISO will determine the appropriate project information and metrics based on the current status of development of the Designated Long-Term Transmission Project. The ISO will make any selection of an alternative Developer using the selection metrics identified in its solicitation for bids and consistent with the selection processes set forth in Sections 31.6.10.4 and 31.6.11, including issuing an updated Long-Term Transmission Planning Report. The ISO shall charge, and a Developer bidding for the Designated Long-Term Transmission Project shall pay, the actual costs of the ISO's evaluation of its bid for purposes of selecting a Developer to complete the project consistent with Section 31.6.9.4. Each bidding Developer will reimburse the ISO for its actual study costs consistent with the requirements in Section 31.6.9.4. The selected alternative Designated Entity must enter into a Development Agreement for the Designated Long-Term Transmission Project with the ISO in accordance with the requirements in Section 31.6.12.2. The selected alternative Designated Entity will be eligible for cost allocation and cost recovery under the ISO OATT for its development and construction of the Designated Long-Term Transmission Project. The selected alternative Designated Entity and the Designated Entity that the ISO initially identified to be responsible for the Designated Long-Term Transmission Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii)

any requirements or restrictions on the transfer of Developer's rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the Developer is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the selected alternative Designated Entity and the initial Designated Entity will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff.

31.6.14.5 If the ISO determines in accordance with Section 31.6.14.3 that an alternative Developer should be designated to complete a Designated Long-Term Transmission Project that was initially designated to the owner of the impacted transmission facility, the ISO shall first offer the Developer that originally proposed the Long-Term Transmission Project the opportunity to be the Designated Entity of that Designated Long-Term Transmission Project to finance and complete the development and construction of the project to bring it into service. The alternative Designated Entity shall have 30 calendar days from the ISO tendering its offer to accept the Designated Long-Term Transmission Project. Thereupon, the alternative Designated Entity must enter into a Development Agreement or amend an existing Development Agreement with the ISO related to fulfillment of the same Long-Term Transmission Need in accordance with the requirements in Section 31.6.12.2. The alternative Designated Entity will be eligible for cost allocation and cost recovery under the ISO OATT for its development and construction of the Designated Long-Term Transmission

Project. The alternative Designated Entity and the original Designated Entity of the Designated Long-Term Transmission Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the original Designated Entity of the Designated Long-Term Transmission Project is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the alternative Designated Entity and the original Designated Entity of the Designated Long-Term Transmission Project will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff.

31.6.14.6 If the ISO elects: (i) to terminate a Designated Entity's Designated Long-Term Transmission Project as part of the Reevaluation Process or (ii) to terminate the Development Agreement for a Designated Entity's Designated Long-Term Transmission Project because another Designated Entity defaulted on the development of a separate Designated Long-Term Transmission Project that is a component of the same selected Long-Term Transmission Project, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the, as applicable, the ISO's publication of its final

summary of the Reevaluation Process specifying the termination of the Designated Long-Term Transmission Project or its notice of termination of the Development Agreement from the ISO, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.6.4.3, except as otherwise determined by the Commission. The ISO shall recover such costs in accordance with Section 31.5.7 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.6.15 Confidentiality of Solutions

31.6.15.1 The ISO shall treat Confidential Information, as defined in Section 31.6.15.2, that is submitted by the Developer of a proposed Long-Term Transmission Project or Other Long-Term Project to the ISO consistent with the requirements in Section 31.6.9.3.3 in accordance with the requirements for the treatment of Confidential Information in Section 12.4 of its Code of Conduct in Attachment F of the ISO OATT. The ISO shall treat Critical Energy Infrastructure Information submitted to the ISO by the Developer of a proposed Long-Term Transmission Project in accordance with ISO Procedures.

31.6.15.2 For purposes of this Section 31.6, the term "Confidential Information" shall only include the following non-public information submitted by the Developer and labeled as Confidential Information as part of its submission to satisfy its Developer qualification requirements pursuant to Section 31.6.9.2 or part of its submission of the project information requirements described in Section

31.6.9.5 for its Long-Term Transmission Project or Other Long-Term Project to satisfy its project information requirements pursuant to Sections 31.6.9.3.2 and 31.6.9.3.5: (i) all project cost information; (ii) all details of the Developer's financing arrangements; (iii) any non-public financial qualification information submitted pursuant to Section 31.6.9.2.1.2; (iv) any contracts provided under Sections 31.6.9.5.1.4 or 31.6.9.5.2.2; and (v) the information and documents provided by the Developer for a Voluntary Funding Arrangement pursuant to Section 31.6.9.5.1.9; *provided, however*, that the following information included in the draft Long-Term Transmission Planning Report pursuant to Section 31.6.11.2 shall, upon the posting of the draft report, not be treated or designated as Confidential Information for purposes of this Section 31.6 and Attachment F of the ISO OATT: (A) the total amount of Included Capital Costs and any cost sharing percentage contained in any Cost Cap proposed by a Developer and (B) the type and total funding amount of a Voluntary Funding Arrangement, the Funding Entity for that arrangement, and the transmission facilities that are part of the Long-Term Transmission Project that will be subject to the Voluntary Funding Arrangement.

31.6.15.3 All other project information submitted by a Developer of a Long-Term Transmission Project or an Other Long-Term Project shall not be treated or designated as Confidential Information for purposes of this Section 31.6 and Attachment F of the ISO OATT.

31.6.15.4 Regardless of whether the information is requested pursuant to Section 31.6.9.3.11, the ISO may disclose any information submitted by the Developer

that is not Confidential Information, as defined in this Section 31.6.15, to the extent required to administer its Long-Term Transmission Planning Process or interconnection process, including, but not limited to, using such information in its Long-Term Transmission Planning Report.

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APPENDIX A – REPORTING OF HISTORIC AND PROJECTED CONGESTION

1.0 General

As part of its CSPP, the ISO will prepare summaries and detailed analysis of historic and projected congestion across the NYS Transmission System. This will include analysis to identify the significant causes of historic congestion in an effort to help Market Participants and other interested parties distinguish persistent and addressable congestion from congestion that results from one time events or transient adjustments in operating procedures that may or may not recur. This information will assist Market Participants and other stakeholders to make appropriately informed decisions.

2.0 Historic Congestion Reporting

The ISO will report historic Day-Ahead Market congestion-related data. The following elements of historic congestion-related data will be reported: (i) LBMP load costs (energy, congestion and losses) by Load Zone; (ii) LBMP payments to generators (energy, congestion and losses) by Load Zone; (iii) congestion cost by constraint; and (iv) congestion cost of each constraint to load (commonly referred to in the Economic Planning Process as "demand dollar congestion" by constraint).

3.0 Analysis

Each RNA will include the ISO's summaries and detailed analysis of the prior year's congestion across the NYS Transmission System. The ISO's analysis will identify the significant causes of the historic congestion.

Each study of projected congestion for the System & Resource Outlook will include the results of the ISO's analysis conducted in accordance with Section 31.3.1 and 31.6.6 of this

Attachment Y. The ISO's analysis will identify the significant causes of the projected congestion.

4.0 Detailed Cause Analysis for Unusual Events

The ISO will perform an analysis to identify unusual events causing significant congestion levels. Such analysis will include the following elements: (i) identification of major transmission or generation outages; and (ii) quantification of the market impact of relieving historic constraints.

Some of the information necessary to this analysis may constitute critical energy infrastructure information and will need to be handled with appropriate confidentiality limitations to protect national security interests.

5.0 Summary Reports

The ISO will prepare various reports of historic and projected congestion costs. Historic congestion reports will be based upon the actual congestion-related data from the Day-Ahead Market, and will include the information required by Section 2.0 of this Appendix A to Attachment Y of the ISO OATT. Results of projected congestion studies conducted pursuant to Section 31.3.1 and 31.6.6 of this Attachment Y will include summaries of selected additional metrics and scenarios.

APPENDIX B – PROCEDURE FOR FORECASTING THE NET REDUCTIONS IN TCC REVENUES THAT WOULD RESULT FROM A PROPOSED PROJECT

For the purpose of determining the allocation of costs associated with a proposed project as described in Section 31.5.4.4 of this Attachment Y, the ISO shall use the procedure described

herein to forecast the net reductions in TCC revenues allocated to Load in each Load Zone as a result of a proposed project.

Definitions

The following definitions will apply to this appendix:

Pre-Evaluation Centralized TCC Auction: The last Centralized TCC Auction that had been completed as of the date the input assumptions were determined for the Economic Transmission Project Evaluation in which the Project was identified as a candidate for development under the provisions of this Attachment Y.

Project: The proposed Regulated Economic Transmission Project for which the evaluation of the net benefits forecasted for Load in each Load Zone, as described in Section 31.5.4.4.2 of this Attachment Y, is being performed.

TCC Revenue Factor: A factor that is intended to reflect the expected ratio of (1) revenue realized in the TCC auction from the sale of a TCC to (2) the Congestion Rents that a purchaser of that TCC would expect to realize. The value to be used for the TCC Revenue Factor shall be stated in the ISO Procedures.

Steps 1 Through 6 of the Procedure

For each Project, the ISO will perform Steps 1 through 6 of this procedure twice for each of the ten (10) years following the proposed commercial operation date of the Project: once under the assumption that the Project is in place in each of those years, and once under the assumption that the Project is not in place in each of those years.

Forecasting the Value of Grandfathered TCCs and TCC Auction Revenue

Step 1. The ISO shall forecast Congestion Rents collected on the New York electricity system in each year, which shall be equal to:

(a) the product of:

(i) the forecasted Congestion Component of the Day-Ahead LBMP for each hour at each Load Zone or Proxy Generator Bus and

(ii) forecasted withdrawals scheduled in that hour in that Load Zone or Proxy Generator Bus,

summed over all locations and over all hours in that year, minus:

(b) the product of:

(i) the forecasted Congestion Component of the Day-Ahead LBMP for each hour at each Generator bus or Proxy Generator Bus and

(ii) forecasted injections scheduled in that hour at that Generator bus or Proxy Generator Bus,

summed over all locations and over all hours in that year.

Step 2. The ISO shall forecast:

(a) payments in each year associated with any Incremental TCCs that the ISO projects would be awarded in conjunction with that Project (which will be zero for the calculation that is performed under the assumption that the Project is not in place);

(b) payments in each year associated with any Incremental TCCs that the ISO has awarded, or that the ISO projects it would award, in conjunction with other projects that have entered commercial operation or are expected to enter commercial operation before the Project enters commercial operation; and

(c) payments that would be made to holders of Grandfathered Rights and imputed payments that would be made to the Primary Holders of Grandfathered TCCs that would be in effect in each year, under the following assumptions:

(i) all Grandfathered Rights and Grandfathered TCCs expire at their stated expiration dates;

(ii) imputed payments to holders of Grandfathered Rights are equal to the payments that would be made to the Primary Holder of a TCC with the same Point of Injection and Point of Withdrawal as that Grandfathered Right; and

(iii) in cases where a Grandfathered TCC is listed in Table 1 of Attachment M of the ISO OATT, the number of those TCCs held by their Primary Holders shall be set to the number of such TCCs remaining at the conclusion of the ETCNL reduction procedure conducted before the Pre-Evaluation Centralized TCC Auction.

Step 3. The ISO shall forecast TCC auction revenues for each year by subtracting:

(a) the forecasted payments calculated for that year in Steps 2(a), 2(b) and 2(c) of this procedure

from:

(b) the forecasted Congestion Rents calculated for that year in Step 1 of this procedure, and multiplying the difference by the TCC Revenue Factor.

Forecasting the Allocation of TCC Auction Revenues Among the Transmission Owners

Step 4. The ISO shall forecast the following:

(a) payments in each year to the Primary Holders of Original Residual TCCs and

(b) payments in each year to the Primary Holders of TCCs that correspond to the amount of ETCNL remaining at the conclusion of the ETCNL reduction procedure conducted before the Pre-Evaluation Centralized TCC Auction,

and multiply each by the TCC Revenue Factor to determine the forecasted payments to the Primary Holders of Original Residual TCCs and the Transmission Owners that have been allocated ETCNL.

Step 5. The ISO shall forecast residual auction revenues for each year by subtracting:

(a) the sum of the forecasted payments for each year to the Primary Holders of Original Residual TCCs and the Transmission Owners that have been allocated ETCNL, calculated in Step 4 of this procedure

from:

(b) forecasted TCC auction revenues for that year calculated in Step 3 of this procedure.

Step 6. The ISO shall forecast each Transmission Owner's share of residual auction revenue for each year by multiplying:

(a) the forecast of residual auction revenue calculated in Step 5 of this procedure and

(b) the ratio of:

(i) the amount of residual auction revenue allocated to that Transmission Owner in the Pre-Evaluation Centralized TCC Auction to

(ii) the total amount of residual auction revenue allocated in the Pre-Evaluation Centralized TCC Auction.

Steps 7 Through 10 of the Procedure

The ISO will perform Steps 7 through 10 of this procedure once for each of the ten (10) years following the proposed commercial operation date of the Project, using the results of the preceding calculations performed both under the assumption that the Project is in place in each of those years, and under the assumption that the Project is not in place in each of those years.

Forecasting the Impact of the Project on TSC Offsets and the NTAC Offset

Step 7. The ISO shall calculate the forecasted net impact of the Project on the TSC offset for each megawatt-hour of electricity consumed by Load in each Transmission District (other than the NYPA Transmission District) in each year by:

(a) summing the following, each forecasted for that Transmission District for that year under the assumption that the Project is in place:

(i) forecasted Congestion Rents associated with any Incremental TCCs that the ISO has awarded, or that the ISO projects it would award, as calculated in Step 2(b) of this procedure, in conjunction with other projects that have entered commercial operation or are expected to enter commercial operation before the Project enters commercial operation, if those Congestion Rents would affect the TSC for that Transmission District;

(ii) forecasted Congestion Rents associated with any Grandfathered TCCs and forecasted imputed Congestion Rents associated with any Grandfathered Rights held by the Transmission Owner serving that Transmission District that would be paid to that Transmission Owner for that year, as calculated in Step 2(c) of this procedure, if those Congestion Rents would affect the TSC for that Transmission District;

(iii) the payments that are forecasted to be made for that year to the Primary Holders of Original Residual TCCs and ETCNL that have been allocated to the Transmission Owner serving that Transmission District, as calculated in Step 4 of this procedure; and

(iv) that Transmission District's forecasted share of residual auction revenues for that year, as calculated in Step 6 of this procedure for the Transmission Owner serving that Transmission District;

(b) subtracting the sum of items (i) through (iv) above, each forecasted for that Transmission District for that year under the assumption that the Project is not in place; and

(c) dividing this difference by the amount of Load forecasted to be served in that Transmission District in that year, stated in terms of megawatt-hours, net of any Load served by municipally owned utilities that is not subject to the TSC.

Step 8. The ISO shall calculate the forecasted net impact of the Project on the NTAC offset for each megawatt-hour of electricity consumed by Load in each year by:

(a) summing the following, each forecasted for that year under the assumption that the Project is in place:

(i) forecasted Congestion Rents associated with any Incremental TCCs that the ISO has awarded, or that the ISO projects it would award, as calculated in Step 2(b) of this procedure, in conjunction with other projects that have entered commercial operation or are expected to enter commercial operation before the Project enters commercial operation, if those Congestion Rents would affect the NTAC;

(ii) forecasted Congestion Rents associated with any Grandfathered TCCs and forecasted imputed Congestion Rents associated with any Grandfathered Rights held by NYPA that would be paid to NYPA for that year, as calculated in Step 2(c) of this procedure, if those Congestion Rents would affect the NTAC;

(iii) the payments that are forecasted to be made for that year to NYPA in association with Original Residual TCCs allocated to NYPA, as calculated in Step 4 of this procedure; and

(iv) NYPA's forecasted share of residual auction revenues for that year, as calculated in Step 6 of this procedure;

(b) subtracting the sum of items (i) through (iv) above, each forecasted for that year under the assumption that the Project is not in place; and

(c) dividing this difference by the amount of Load expected to be served in the NYCA in that year, stated in terms of megawatt-hours, net of any Load served by municipally owned utilities that is not subject to the NTAC.

Forecasting the Net Impact of the Project on TCC Revenues Allocated to Load in Each Zone

Step 9. The ISO shall calculate the forecasted net impact of the Project in each year in each Load Zone on payments made in conjunction with TCCs and Grandfathered Rights that benefit Load but which do not affect TSCs or the NTAC, which shall be the sum of:

(a) Forecasted Congestion Rents paid or imputed to municipally owned utilities serving Load in that Load Zone that own Grandfathered Rights or Grandfathered TCCs that were not included in the calculation of the TSC offset in Step 7(a)(ii) of this procedure or the NTAC offset in Step 8(a)(ii) of this procedure, which the ISO shall calculate by:

(i) summing forecasted Congestion Rents that any such municipally owned utilities serving Load in that Load Zone would be paid for that year in association with any such Grandfathered TCCs and any forecasted imputed Congestion Rents that such a municipally owned utility would be paid for that year in association with any such Grandfathered Rights, as calculated in Step 2(c) of this procedure under the assumption that the Project is in place; and

(ii) subtracting forecasted Congestion Rents that any such municipally owned utilities would be paid for that year in association with any such Grandfathered TCCs, and any forecasted imputed Congestion Rents that such a municipally owned utility would be paid for that year in association with any such Grandfathered Rights, as calculated in Step 2(c) of this procedure under the assumption that the Project is not in place.

(b) Forecasted Congestion Rents collected from Incremental TCCs awarded in conjunction with projects that were previously funded through this procedure, if those Congestion Rents are used to reduce the amount that Load in that Load Zone must pay to fund such projects, which the ISO shall calculate by:

(i) summing forecasted Congestion Rents that would be collected for that year in association with any such Incremental TCCs, as calculated in Step 2(b) of this procedure under the assumption that the Project is in place; and

(ii) subtracting forecasted Congestion Rents that would be collected for that year in association with any such Incremental TCCs, as calculated in Step 2(b) of this procedure under the assumption that the Project is not in place.

Step 10. The ISO shall calculate the forecasted net reductions in TCC revenues allocated to Load in each Load Zone as a result of a proposed Project by summing the following:

(a) the product of:

(i) the forecasted net impact of the Project on the TSC offset for each megawatt-hour of electricity consumed by Load, as calculated for each Transmission District (other than the NYPA Transmission District) in Step 7 of this procedure; and

(ii) the number of megawatt-hours of energy that are forecasted to be consumed by Load in that year, in the portion of that Transmission District that is in that Load Zone, for Load that is subject to the TSC;

summed over all Transmission Districts;

(b) the product of:

(i) the forecasted net impact of the Project on the NTAC offset for each megawatt-hour of electricity consumed by Load, as calculated in Step 8 of this procedure; and

(ii) the number of megawatt-hours of energy that are forecasted to be consumed by Load in that year in that Load Zone, for Load that is subject to the NTAC; and

(c) the forecasted net impact of the Project on payments and imputed payments made in conjunction with TCCs and Grandfathered Rights that benefit Load but which do not affect TSCs or the NTAC, as calculated in Step 9 of this procedure.

Additional Notes Concerning the Procedure

For the purposes of Steps 2(c) and 4(b) of this procedure, the ISO will utilize the currently effective version of Attachment L of the ISO OATT to identify Existing Transmission Agreements and Existing Transmission Capacity for Native Load.

Each Transmission Owner, other than NYPA, will inform the ISO of any Grandfathered Rights and Grandfathered TCCs it holds whose Congestion Rents should be taken into account in Step 7 of this procedure because those Congestion Rents affect its TSC.

NYPA will inform the ISO of any Grandfathered Rights and Grandfathered TCCs it holds whose Congestion Rents should be taken into account in Step 8 of this procedure because those Congestion Rents affect the NTAC.

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THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this ___ day of _____ 20__, by and between _____, a [corporate description] organized and existing under the laws of the State/Commonwealth of _____ ("Designated Entity"), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York ("NYISO"). Designated Entity or NYISO each may be referred to as a "Party" or collectively referred to as the "Parties."

RECITALS

WHEREAS, the NYISO administers the Comprehensive System Planning Process ("CSPP") in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"), as accepted by the Federal Energy Regulatory Commission ("FERC");

WHEREAS, as part of the CSPP, the NYISO administers a Reliability Planning Process pursuant to which the reliability of the New York State Bulk Power Transmission Facilities is assessed over a ten-year Study Period; Reliability Need(s) that may arise over this period are identified; proposed solutions to the identified need(s) are solicited by the NYISO; the more efficient or cost-effective transmission solution to satisfy the identified need(s) is selected by the NYISO; the selected and/or triggered regulated transmission solution(s) is designated to one or more Designated Entities; and the results are reported in the NYISO's Comprehensive Reliability Plan;

[Alternative 1 – To include if the Designated Entity's Designated Reliability Transmission Project is part of the regulated transmission solution selected as the more efficient or cost effective solution:

WHEREAS, the NYISO has selected a regulated transmission solution *("Transmission Project") as the more efficient or cost-effective transmission solution to satisfy an identified Reliability Need; has designated the Designated Entity as responsible for developing a Designated Reliability Transmission Project, which is the Transmission Project, or a part of the Transmission Project, and/or Designated Network Upgrade Facilities pursuant to Section 22.9.6 of Attachment P to the OATT, as specified in Appendix A ("Designated Project"); and has directed the Designated Entity to proceed with the Designated Project pursuant to Section 31.2.8.1 of Attachment Y of the OATT;]*

[Alternative 2 – To include if the NYISO triggers a regulated backstop transmission solution that has not been selected pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4:

WHEREAS*, the NYISO has triggered a regulated backstop transmission solution to satisfy an identified Reliability Need ("Transmission Project") to proceed pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4 of Attachment Y of the OATT; has designated the Designated Entity as responsible for developing a Designated Reliability Transmission Project, which is the Transmission Project, or a part of the Transmission Project and/or Designated Network Upgrade Facilities pursuant to Section 22.9.6 of Attachment P to the OATT, as specified in Appendix A ("Designated Project"); and has directed the Designated Entity to proceed with the Designated Project pursuant to Section 31.2.8.1 of Attachment Y of the OATT;]*

[Alternative 3 – To include if a Transmission Owner or Other Developer agrees to complete an Designated Reliability Transmission Project pursuant to Section 31.2.10.1.3:

WHEREAS*, the Designated Entity has agreed to step-in to complete a Designated Reliability Transmission Project as specified in Appendix A to satisfy an identified Reliability Need ("Designated Project") pursuant to Section 31.2.10.1.3 of Attachment Y of the OATT;****]***

WHEREAS, the Designated Entity has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Designated Project, to develop and construct the Designated Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

WHEREAS, the Designated Entity and the NYISO have agreed to enter into this Agreement pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT for the purpose of ensuring that the Designated Project will be constructed and in service by the required date(s) ("Required Designated Project In-Service Date") to enable the Transmission Project to be constructed and in service in time to satisfy the Reliability Need ("Required Transmission Project In-Service Date"); and

WHEREAS, the Designated Entity has agreed to construct, and the NYISO has requested that the Designated Entity proceed with construction of, the Designated Project to place the Designated Project in service by the Required Designated Project In-Service Date to address the identified Reliability Need.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the OATT or, if not therein, in Article 1 of the OATT.

Advisory Milestones shall mean the milestones set forth in the Development Schedule in Attachment C to this Agreement that are not Critical Path Milestones.

Affected System Operator shall mean any Affected System Operator(s) identified in connection with the Designated Project pursuant to Attachment P of the ISO OATT.

Applicable Laws and Regulations shall mean: (i) 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, and (ii) all applicable requirements of the ISO Tariffs, ISO Procedures, and ISO Related Agreements.

Applicable Reliability Organizations shall mean the NERC, the NPCC, and the NYSRC.

Applicable Reliability Requirements shall mean the requirements, criteria, rules, standards, and guidelines, as they may be amended and modified and in effect from time to time, of: (i) the Applicable Reliability Organizations, (ii) the Connecting Transmission Owner(s), (iii) [*to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iv) any Affected System Operator; *provided, however*, that no Party shall waive its right to challenge the applicability or validity of any requirement, criteria, rule, standard, or guideline as applied to it in the context of this Agreement.

Breach shall have the meaning set forth in Article 7.1 of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

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

Calendar Day shall mean any day including Saturday, Sunday, or a federal holiday.

Change of Control shall mean a change in ownership of more than 50% of the membership or ownership interests or other voting securities of the Designated Entity to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Designated Entity to a third party.

Confidential Information shall mean any information that is defined as confidential by Article 11.2.

Connecting Transmission Owner shall be the Connecting Transmission Owner(s) identified in connection with the Designated Project pursuant to Attachment P of the ISO OATT.

Critical Path Milestones shall mean the milestones identified as such in the Development Schedule in Attachment C to this Agreement that must be met for the Designated Project to be constructed and operating by the Required Designated Project In-Service Date.

Default shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 7.2 of this Agreement.

Designated Entity shall have the meaning set forth in the introductory paragraph.

Designated Network Upgrade Facilities shall mean the Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a selected and/or triggered regulated transmission solution to a Reliability Need pursuant to Section 31.2 of Attachment Y to the ISO OATT; that meet the definition of upgrade under Section 31.1.10.4 of Attachment Y to the ISO OATT; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner in accordance with Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Designated Project shall mean the Designated Reliability Transmission Project that the Designated Entity has been designated to develop and place into service pursuant to Section 31.2.7 of Attachment Y and the Designated Network Upgrade Facilities that the Designated

Entity has been designated to develop and place into service pursuant Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Development Schedule shall mean the schedule of Critical Path Milestones and Advisory Milestones set forth in Appendix C to this Agreement.

Effective Date shall mean the date upon which this Agreement becomes effective as determined in Article 2.1 of this Agreement.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

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.

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 practice, 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 delineate 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, public authority, 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 the NYISO, the Designated Entity, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

In-Service Date shall mean the date upon which the Designated Project is energized consistent with the provisions of the Transmission Project Interconnection Agreement for the Designated Project and available to provide Transmission Service under the NYISO Tariffs.

ISO/TO Agreement shall mean the *Agreement Between the New York Independent System Operator and Transmission Owners*, as filed with and accepted by the FERC in *Cent. Hudson Gas & Elec. Corp*., *et al.*, 88 FERC ¶ 61,138 (1999) in Docket Nos. ER97-1523, *et al.*, and as amended or supplemented from time to time, or any successor agreement thereto.

ISO/TO Reliability Agreement shall mean the Agreement Between the New York Independent System Operator, Inc., and the New York Transmission Owners on the Comprehensive Planning

Process for Reliability Needs, as filed with and accepted by the FERC in New York Independent System Operator, Inc., 109 FERC ¶ 61,372 (2004) and 111 FERC ¶ 61,182 (2005) in Docket No. ER04-1144, and as amended or supplemented from time to time, or any successor agreement thereto.

New York State Transmission System shall mean the entire New York State electrical transmission system, which includes: (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

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

NYSRC shall mean the New York State Reliability Council or its successor organization.

OATT shall mean the NYISO's Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Party or Parties shall mean the NYISO, the Designated Entity, or both.

Point of Interconnection shall mean the point or points at which the Designated Entity's Designated Project will interconnect to the New York State Transmission System.

Project Description shall mean the description of the Designated Project set forth in Appendix A to this Agreement for which the Designated Entity was designated to develop and place into service and (i) that is consistent with the Designated Project component of the Transmission Project proposed and evaluated in the NYISO's Reliability Planning Process and, if applicable, selected by the NYISO Board of Directors as the more efficient or cost-effective transmission solution to the identified Reliability Need and/or (ii) that is consistent with the Designated Network Upgrade Facilities identified for the Transmission Project in a NYISO-conducted Facilities Study under Attachment P to the ISO OATT.

Reliability Planning Process Manual shall mean the NYISO's manual adopted by the NYISO stakeholder Operating Committee describing the NYISO's procedures for implementing the Reliability Planning Process component of the NYISO's Comprehensive System Planning Process, as the manual is amended or supplemented from time to time, or any successor manual thereto.

Required Designated Project In-Service Date shall mean the in-service date or dates by which the Designated Project must be constructed and operating in order to address the identified Reliability Need, which date(s) are set forth in the Comprehensive Reliability Plan or the updated Comprehensive Reliability Plan. The Required Designated Project In-Service Date may be the same date as or an earlier date or dates than the Required Transmission Project In-Service Date if necessary to sequence the implementation of one or more Designated Reliability Transmission Projects. The Required Designated Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Required Transmission Project In-Service Date shall mean the in-service date by which the Transmission Project, including all Designated Network Upgrade Facilities identified for the Transmission Project (if applicable), must be constructed and operating to satisfy the Reliability Need, as specified in the Development Schedule set forth in Appendix C to this Agreement.

Services Tariff shall mean the NYISO's Market Administration and Control Area Services Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Significant Modification shall mean a Designated Entity's proposed modification to its Designated Project that: (i) could impair the Transmission Project's or Designated Project's ability to meet the identified Reliability Need, (ii) could delay the In-Service Date of the Transmission Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use by the NYISO in evaluating the Transmission Project for purposes of selecting the more efficient or cost-effective transmission solution to meet the identified Reliability Need.

Scope of Work shall mean the description of the work required to implement the Designated Project as set forth in Appendix B to this Agreement. The Scope of Work shall be drawn from the Developer's submission of the Required Data Submission for Solutions to Reliability Needs, which is set forth in Attachment C of the NYISO Reliability Planning Manual, as may be updated as agreed upon by the Parties. The Scope of Work shall include, but not be limited to, a description of: the acquisition of required rights-of-ways, the work associated with the licensing, design, financing, environmental and regulatory approvals, engineering, procurement of equipment, construction, installation, testing, and commissioning of the Designated Project; the relevant technical requirements, standards, and guidelines pursuant to which the work will be performed; the major equipment and facilities to be constructed and/or installed in connection with the Designated Project, and the cost estimates for the work associated with the Designated Project.

Transmission Owner Technical Standards shall mean the technical requirements and standards (*e.g,* equipment or facilities electrical and physical capabilities, design characteristics, or construction requirements), as those requirements and standards are amended and modified and in effect from time to time, of: (i) the Connecting Transmission Owner(s), (ii) [*to insert the name(s) of any other Transmission Owners, other Designated Entities, or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iii) any Affected System Operator.

Transmission Project shall mean the regulated backstop transmission solution or selected alternative regulated transmission solution that the ISO selected and/or triggered to address a Reliability Need. The Designated Project subject to this Agreement shall be the Transmission Project, or the part of the Transmission Project, designated to the Designated Entity pursuant to Section 31.2.7 of Attachment Y.

ARTICLE 2. EFFECTIVE DATE AND TERM

2.1. Effective Date

This Agreement shall become effective on the date it has been executed by all Parties; *provided, however*, if the Agreement is filed with FERC as a non-conforming or an unexecuted agreement pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the Agreement shall become effective on the effective date accepted by FERC.

2.2. Filing

If the Agreement must be filed with FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO shall file this Agreement for acceptance with FERC within the timeframe set forth for the filing in Section 31.2.8.1.6 of Attachment Y of the OATT. The Designated Entity shall cooperate in good faith with the NYISO with respect to such filing and provide any information requested by the NYISO to comply with Applicable Laws and Regulations. Any Confidential Information shall be treated in accordance with Article 11.2 of this Agreement.

2.3. Term of Agreement

Subject to the termination provisions in Article 8 of this Agreement, this Agreement shall remain in effect from the Effective Date until: (i) the Designated Entity has executed either the ISO/TO Agreement or an operating agreement with the NYISO, and (ii) the Designated Project: (A) has been completed in accordance with the terms and conditions of this Agreement, and (B) is in-service; *provided, however,* that the terms of this Agreement shall continue in effect to the extent provided in Article 14 of this Agreement.

ARTICLE 3. TRANSMISSION PROJECT DEVELOPMENT AND CONSTRUCTION

3.1. Application for Required Authorizations and Approvals

The Designated Entity shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date. The required authorizations and approvals are listed in the Scope of Work in Appendix B to this Agreement. The Designated Entity shall seek and obtain the required authorizations and approvals in accordance with the milestones set forth in the Development Schedule in Appendix C to this Agreement. The milestones for obtaining the required authorizations and approvals are included in the Development Schedule as Critical Path Milestones and Advisory Milestones, as designated by the Parties under Article 3.3.1. The Designated Entity shall notify the NYISO in accordance with the notice requirements in Article 3.3 if it has reason to believe that it may be unable to timely obtain or is denied an approval or authorization by a Governmental Authority required for the development, construction, or operation of the Designated Project, or if such approval or authorization is withdrawn or modified.

3.2. Development and Construction of Designated Project

The Designated Entity shall design, engineer, procure, install, construct, test and commission the Designated Project in accordance with: (i) the terms of this Agreement, including, but not limited to, the Project Description in Appendix A to this Agreement, the Scope of Work in Appendix B to this Agreement, and the Development Schedule in Appendix C to this Agreement; (ii) Applicable Reliability Requirements; (iii) Applicable Laws and Regulations; (iv) Good Utility Practice; (v) the Transmission Owner Technical Standards, (vi) any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, and (vii) any engineering, procurement, and construction ("EPC") agreement(s) associated with the interconnection of the Designated Project to the New York State Transmission System.

3.3. Milestones

3.3.1. The NYISO has provided the Designated Entity with the Required Transmission Project In-Service Date and Required Designated Project In-Service Date that is set forth in the Comprehensive Reliability Plan or the updated Comprehensive Reliability Plan, as applicable, in accordance with Sections 31.2.7 and 31.2.7.3 of Attachment Y of the OATT and/or the estimated time to construct Designated Network Upgrade Facilities contained in the NYISO-conducted Facilities Study report, which date shall be no later than the Required Transmission Project In-Service Date. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Designated Entity agreed to the Critical Path Milestones and Advisory Milestones set forth in the Development Schedule in Appendix C to this Agreement for the development, construction, and operation of the Designated Project to allow the Designated Project to go into service by the Required Designated Project In-Service Date in accordance with Section 31.2.8.1.6 of Attachment Y of the OATT; provided that any such milestone for the Designated Project that requires action by a Designated Entity of another Designated Reliability Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project, a Connecting Transmission Owner, or an Affected System Operator to complete was included as an Advisory Milestone.

3.3.2. The Designated Entity shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Designated Entity's inability or failure to meet a Critical Path Milestone specified in the Development Schedule, as such Critical Path Milestone may be amended with the agreement of the NYISO under this Article 3.3, shall constitute a Breach of this Agreement under Article 7.1.

3.3.3. The Designated Entity shall notify the NYISO thirty (30) Calendar Days prior to the date of each Critical Path Milestone specified in the Development Schedule whether, to the best of its knowledge, it expects to meet the Critical Path Milestone by the specified date; *provided,* however, that notwithstanding this requirement:

(i) the Designated Entity shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Designated Entity's discovery of a potential delay in meeting a Critical Path Milestone, including a delay caused by a Force Majeure event; and

(ii) the NYISO may request in writing at any time, and Designated Entity shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Designated Entity will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.

3.3.4. The Designated Entity shall not make a change to a Critical Path Milestone without the prior written consent of the NYISO. To request a change to a Critical Path Milestone, the Designated Entity shall: (i) inform the NYISO in writing of the proposed change to the Critical Path Milestone and the reason for the change, including the occurrence of a Force Majeure event in accordance with Section 15.5, (ii) submit to the NYISO a revised Development Schedule containing any necessary changes to Critical Path Milestones and Advisory Milestones that provide for the Designated Project to be completed and achieve its In-Service Date no later than the Required Designated Project In-Service Date, (iii) submit a notarized officer's certificate in a form acceptable to the NYISO certifying the Designated Entity's capability to complete the Designated Project in accordance with the modified schedule taking into account the schedule for completing any other Designated Reliability Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project, and (iv) submit an officer's certificate in a form acceptable to the NYISO from any other Designated Entity responsible for developing Designated Reliability Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project certifying its capability to complete its Designated Reliability Transmission Project or Designated Network Upgrade Facilities in accordance with the modified schedule for the Designated Project, if applicable. If the Designated Entity: (i) is required to notify the NYISO of a potential delay in meeting a Critical Path Milestone in accordance with one of the notification requirements in Section 3.3.3 or (ii) is requesting a change to a Critical Path Milestone to cure a Breach in Section 7.2, the Designated Entity shall submit any request to change the impacted Critical Path Milestone(s) within the relevant notification timeframe set forth in Section 3.3.3 or the cure period set forth in Section 7.2, as applicable. The NYISO will promptly review the Designated Entity's requested change. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Designated Entity demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone: (i) will not delay the In-Service Date of the Designated Project beyond the Required Transmission Project In-Service Date and (ii) or will not materially affect the completion of any other Designated Reliability Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project being developed by another Designated Entity by any required in-service date for the other Designated Reliability Transmission Project or Designated Network Upgrade Facilities and/or the Required Transmission Project In-Service Date, if applicable,

then the NYISO's consent to extending the Critical Path Milestone date will not be unreasonably withheld, conditioned, or delayed. The NYISO's written consent to a revised Development Schedule proposed by the Designated Entity will satisfy the amendment requirements in Article 15.8, and the NYISO will not be required to file the revised Development Schedule with FERC.

3.3.5. Within fifteen (15) Calendar Days of the Designated Entity's discovery of a potential delay in meeting an Advisory Milestone, the Designated Entity shall inform the NYISO of the potential delay and describe the impact of the delay on meeting th**e** Critical Path Milestones. The Designated Entity may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO's written consent to make such change is required as described in Article 3.3.4.

3.3.6. In the event that another Designated Entity of a Designated Reliability Transmission Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its schedule, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.4. Modifications to Designated Project

The Designated Entity shall not make a Significant Modification to the Designated Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Designated Entity to obtain required approvals or authorizations from Governmental Authorities; *provided, however*, that a proposed Significant Modification of a Designated Network Upgrade Facilities shall be addressed through the procedures contained in Attachment P to the OATT. The NYISO's determination regarding a Significant Modification to the Designated Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Designated Project under Attachment P of the OATT. The Designated Entity may request that the NYISO review whether a modification to the Designated Project would constitute a Significant Modification. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. The NYISO's consent to the Significant Modification will not be unreasonably withheld, conditions, or delayed if the Designated Entity demonstrates to the NYISO's satisfaction that its proposed Significant Modification: (i) does not impair the Designated Project's ability to satisfy the identified Reliability Need, (ii) does not delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, and (iii) does not change the grounds upon which the NYISO selected the Transmission Project as the more efficient or cost-effective transmission solution to the identified Reliability Need (if applicable), (iv) will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (v) through submittal of an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Reliability Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying that the

proposed modification will not materially impact the development of such other Designated Reliability Transmission Projects or Designated Network Upgrade Facilities. The NYISO's performance of this review shall not constitute its consent to delay the completion of any Critical Path Milestone.

3.5. Billing and Payment

The NYISO shall charge, and the Designated Entity shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3 and 3.4, or (ii) any assessment of the Designated Project by the NYISO or its subcontractor(s) under Article 3.7. The NYISO will invoice the Designated Entity on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Designated Entity shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO's issuance of a monthly invoice. In the event the Designated Entity disputes an amount to be paid, the Designated Entity shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Designated Entity's favor, the NYISO will net the disputed amount, including interest calculated from Designated Entity's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Designated Entity and pay the balance to the Designated Entity. This Article 3.5 shall survive the termination, expiration, or cancellation of this Agreement.

3.6. Project Monitoring

The Designated Entity shall provide regular status reports to the NYISO in accordance with the monitoring requirements set forth in the Development Schedule, the Reliability Planning Process Manual and Attachment Y of the OATT. The Designated Entity shall also provide updates and information upon the NYISO's request to assist with the coordination of the Designated Project with other Designated Reliability Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project.

3.7. Right to Inspect

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Designated Project for the purpose of assessing the progress of the development and construction of the Designated Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Designated Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such inspection shall take place during normal business hours, shall not interfere with the construction of the Designated Project and shall be subject to such reasonable safety and procedural requirements as the Designated Entity shall specify.

3.8. Exclusive Responsibility of Designated Entity

As between the Parties, the Designated Entity shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and

Transmission Owner Technical Standards associated with the Designated Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Designated Entity's development of the Designated Project or the compliance of the Designated Entity with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Designated Entity in good faith in providing information to assist the Designated Entity in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date, including, if applicable, information describing the NYISO's basis for selecting the Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Reliability Need.

3.9. Subcontractors

3.9.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided*, however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further,* that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

3.9.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

3.10. No Services or Products Under NYISO Tariffs

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If the Designated Entity wishes to receive or supply such products or services, the Designated Entity must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

3.11. Tax Status

Each Party shall cooperate with the other Party to maintain each Party's tax status to the extent the Party's tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

ARTICLE 4. COORDINATION WITH THIRD PARTIES

4.1. Interconnection Requirements for Designated Project

The Designated Entity shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a "Transmission Project" to interconnect the Designated Project to the New York State Transmission System by the Required Designated Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application for the Designated Project or joining with the agreement of the "Transmission Developer" a pending Transmission Interconnection Application that includes the Designated Project; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement for the Designated Project and/or EPC agreement(s), as applicable; and constructing, or arranging for the construction of, all required Network Upgrade Facilities.

If the NYISO determines that the proposed interconnection of a "Transmission Project" under Attachment P could affect the Designated Project under this Agreement, the Designated Entity shall participate in the Transmission Interconnection Procedures as an Affected System Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a "Large Generating Facility," "Small Generating Facility," or "Class Year Transmission Project" under Attachments X or Z of the OATT or a "Facility" or "Cluster Study Transmission Project" under Attachment HH of the OATT could affect the Designated Project, the Designated Entity shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth, as applicable, in Section 30.3.5 of Attachment X or Section 40.8 of Attachment HH to the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Designated Project, the Designated Entity shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

4.2. Interconnection with Affected System

If part of the Designated Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Designated Entity shall satisfy the requirements of the Affected System Operator for the interconnection of the Designated Entity Project, including entering into any applicable EPC agreement(s).

4.3. Coordination of Interregional Transmission Project

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address an identified Reliability Need, the Designated Entity shall coordinate its development and construction of the Designated Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

ARTICLE 5. OPERATION REQUIREMENTS FOR THE DESIGNATED PROJECT

If the Designated Entity is a Transmission Owner, the Designated Entity shall comply with the operating requirements set forth in the ISO/TO Agreement or the operating agreement that the Designated Entity has executed. If the Designated Entity is not a Transmission Owner, the Designated Entity shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Designated Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Designated Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and Transmission Operators; and (v) prior to energizing the Designated Project, execute an operating agreement with the NYISO.

ARTICLE 6. INSURANCE

The Designated Entity shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated "A- (minus) VII" or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

6.1 Workers' Compensation and Employers' Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Designated Project will be located in part outside of New York State, Designated Entity shall maintain such Employers' Liability Insurance coverage with a minimum limit of One Million Dollars ($1,000,000).

6.2 Commercial General Liability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars ($2,000,000) per occurrence/Four Million Dollars ($4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

6.3 Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

6.4 Umbrella/Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars ($25,000,000) per occurrence/Twenty-Five Million Dollars ($25,000,000) aggregate.

6.5 Builder's Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.

6.6 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Designated Entity shall name the NYISO and its respective directors, officers, agents, servants and employees ("NYISO Parties") as additional insureds. For Commercial General Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04 13 ("Additional Insured – Owners, Lessees or Contractors – Completed Operations") and (ii) (A) ISO Coverage Form No. CG 20 10 04 13 ("Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization"), or (B) ISO Coverage Form No. CG 20 26 04 13 ("Additional Insured – Designated Person or Organization"). For Commercial Business Automobile Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 ("Designated Insured for Covered Autos Liability Coverage"), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

6.7 All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO Parties prior to non-renewal, cancellation or any material change in coverage or condition.

6.8 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Designated Entity shall be responsible for its respective deductibles or retentions.

6.9 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Designated Entity and the NYISO.

6.10 The requirements contained herein as to the types and limits of all insurance to be maintained by the Designated Entity are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Designated Entity under this Agreement.

6.11 The Designated Entity shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO's date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.

6.12 Notwithstanding the foregoing, the Designated Entity may self-insure to meet the minimum insurance requirements of Articles 6.1 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Designated Entity's senior debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 6.1 through 6.10. For any period of time that the Designated Entity's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, the Designated Entity shall comply with the insurance requirements applicable to it under Articles 6.2 through 6.11. In the event that the Designated Entity is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.

6.13 The Designated Entity and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

6.14 Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Designated Entity: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Designated Entity and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

ARTICLE 7. BREACH AND DEFAULT

7.1. Breach

A Breach of this Agreement shall occur when: (i) the Designated Entity notifies the NYISO in writing that it will not proceed to develop the Designated Project for reasons other than those set forth in Articles 8.1(i) through (v); (ii) the Designated Entity fails to meet a Critical Path Milestone, as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to

this Agreement; (iii) the Designated Entity makes a Significant Modification to the Designated Project without the prior written consent of the NYISO; (iv) the Designated Entity fails to pay a monthly invoice within the timeframe set forth in Article 3.5; (v) the Designated Entity misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Designated Entity fails to comply with any other material term or condition of this Agreement; (viii) a custodian, receiver, trustee or liquidator of the Designated Entity, or of all or substantially all of the assets of the Designated Entity, is appointed in any proceeding brought by the Designated Entity; or (ix) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Designated Entity that is not discharged within ninety (90) Days after such appointment, or if the Designated Entity consents to or acquiesces in such appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by another Designated Entity, a Connecting Transmission Owner, or an Affected System Operator.

7.2. Default

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Designated Project by the Required Designated Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date or other Designated Entities' ability to complete Designated Reliability Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project by their designated project in-service date and the Required Transmission Project In-Service Date; *provided, however*, that if the Breach is the result of a Designated Entity's inability or failure to meet a Critical Path Milestone, the Designated Entity may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO's satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Designated Project will achieve its In-Service Date no later than the Required Designated Project In-Service Date and other Designated Reliability Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project will achieve their in-service dates before their required designated project in-service dates and the Required Transmission Project In-Service Date, or (ii) the Designated Entity requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Designated Project to be completed by the Required Designated Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

7.3. Remedies

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party's liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 8. TERMINATION

8.1. Termination by the NYISO

The NYISO may terminate this Agreement by providing written notice of termination to the Designated Entity in the event that: (i) the Transmission Project is not triggered pursuant to Section 31.2.8.1.1 of Attachment Y of the OATT or is halted pursuant to Sections 31.2.8.2.1 or 31.2.8.2.2, as applicable, of Attachment Y of the OATT; (ii) the Designated Entity notifies the NYISO that it is unable to receive or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date; (iii) the Designated Entity notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iv) the Designated Entity cannot complete the Designated Project by the Required Designated Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Designated Entity from completing the Transmission Project by the Required Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner, an Affected System Operator, or other Designated Entity responsible for completing a Designated Reliability Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project; (v) the NYISO declares a default pursuant to Article 7.2 of this Agreement; or (vi) another Designated Entity defaults on the development of a separate Designated Reliability Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project and the ISO determines to address the Reliability Need through one or more options set forth in Section 31.2.10.1.3 of Attachment Y of the OATT that would not require the continued development of the Transmission Project.

The NYISO will provide the written notice of termination to the Designated Entity within fifteen (15) Business Days of its determination under Article 8.1(i), which notice will specify the date of termination. If the NYISO identifies grounds for termination under Articles 8.1(v) or (vi) or receives notice from the Developer under Articles 8.1(ii), (iii) or (iv), the NYISO may, prior to providing a written notice of termination, take action in accordance with Section 31.2.10.1.3 of Attachment Y of the OATT to address the Reliability Need and, notwithstanding the confidentiality provisions in Article 11.2, may disclose information regarding the Transmission Project to Governmental Authorities as needed to implement such action. If the NYISO decides

to terminate this Agreement under Article 8.1, it will provide written notice of termination to the Designated Entity, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Designated Entity, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1(i), (ii), (iii), or (vi), the Designated Entity may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iv) or (v), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Designated Entity shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Designated Project.

8.2. Reporting of Inability to Comply with Provisions of Agreement

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

8.3. Designated Project Transfer Rights Upon Termination

If the Designated Project (i) is, or is a part of, a selected alternative regulated transmission solution that was selected by the NYISO as the more efficient or cost-effective transmission solution to a Reliability Need or (ii) is, or is a part of, of a regulated transmission solution that was designated to the Designated Entity as the owner of the existing transmission facility pursuant to Section 31.2.7 of Attachment Y and the NYISO terminates this Agreement pursuant to Article 8.1 (except pursuant to Article 8.1(vi)), the NYISO shall have the right, but shall not be required, to request an entity other than the Designated Entity to complete the Designated Project. The NYISO may exercise this right by providing the Designated Entity with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO exercises its right under this Article 8.3 and Section 31.2.10.1.3 of Attachment Y of the OATT, the Designated Entity shall work cooperatively with the NYISO's designee pursuant to the requirements set forth in Section 31.2.10.1.4 of Attachment Y of the OATT to implement the transition, including entering into good faith negotiations with the NYISO's designee to transfer the Designated Project to the NYISO's designee. If the NYISO exercises the right to request an entity other than the Designated Entity to complete the Designated Reliability Transmission Project and if there are Designated Network Upgrade Facilities covered by this Agreement, the NYISO may (i) request the Designated Entity to continue with the development of the Designated Network Upgrade Facilities and amend this Agreement to, among other things, revise the Designated Project as described in the Project Description set forth in Appendix A to this Agreement or (ii) execute or amend a Transmission Interconnection Agreement if termination under Articles 8.1(iv) or (v) is related to the development of Designated Network Upgrade Facilities. All liabilities under this Agreement existing prior to such transfer shall remain with

the Designated Entity, unless otherwise agreed upon by the Designated Entity and the NYISO's designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 9. LIABILITY AND INDEMNIFICATION

9.1. Liability

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the Other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party's liability for damages shall be limited only to direct actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

9.2. Indemnity

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Designated Entity shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further*, that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the ISO OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 10. ASSIGNMENT

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

(i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party's prior written consent;

(ii) an assignment by the Designated Entity shall be contingent upon the Designated Entity or assignee demonstrating to the satisfaction of the NYISO prior to the

effective date of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Designated Project by the Required Designated Project In-Service Date consistent with the assignor's cost estimates for the Designated Project; and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.2.4.1.1 of Attachment Y of the OATT; and

(iii) the Designated Entity shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Designated Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Designated Project meets the requirements for the assignee of a Designated Entity described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY

11.1. Information Access

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

11.2. Confidentiality

11.2.1 Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential Information"; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*,

that Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.

11.2.2 The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Designated Entity receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party's Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

ARTICLE 12. REPRESENTATIONS, WARRANTIES, AND COVENANTS

12.1. General

The Designated Entity makes the following representations, warranties, and covenants, which are effective as to the Designated Entity during the full time this Agreement is effective:

12.2. Good Standing

The Designated Entity is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Designated Entity is qualified to do business in the state or states in which the Designated Project is located. The Designated Entity has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

12.3. Authority

The Designated Entity has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Designated Entity, enforceable against the Designated Entity in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

12.4. No Conflict

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Designated Entity, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Designated Entity or any of its assets.

12.5. Consent and Approval

The Designated Entity has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

12.6. Compliance with All Applicable Laws and Regulations

The Designated Entity will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

ARTICLE 13. DISPUTE RESOLUTION

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO's Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO's Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

ARTICLE 14. SURVIVAL

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, and the billing and payment provisions in Article 3.5 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

ARTICLE 15. MISCELLANEOUS

15.1. Notices

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:

[Insert contact information.]

Designated Entity:

[Insert contact information.]

15.2. Entire Agreement

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Designated Entity's and NYISO's rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, as such interconnection agreements may be amended, supplemented, or modified from time to time.

15.3. Cost Recovery

The Designated Entity may recover the costs of the Designated Project in accordance with the cost recovery requirements in the ISO Tariffs and, if the Designated Entity is the Responsible Transmission Owner, the ISO Tariffs and the ISO/TO Reliability Agreement.

15.4. Binding Effect

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

15.5. Force Majeure

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Designated Entity to meet a Critical Path Milestone. If the notifying Party is the Designated Entity, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Designated Project in time for other Designated Reliability Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project to go into service by their required designated project in-service date(s) and the Required Transmission Project In-Service Date. If the Force Majeure will delay the Designated Entity's ability to meet one or more Critical Path Milestones, the Designated Entity shall request with its notice a change to the impacted milestones in accordance with the

requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that the Designated Entity will not be able to complete the Designated Project by the Required Designated Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

15.6. Disclaimer

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

15.7. No NYISO Liability for Review or Approval of Designated Entity Materials

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer that submitted the Transmission Project under Attachment Y of the ISO OATT or by the Designated Entity nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Designated Entity from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Designated Entity or any other person by reason of its or its subcontractor's review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

15.8. Amendment

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

15.9. No Third Party Beneficiaries

With the exception of the indemnification rights of the NYISO's directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed

are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

15.10. Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

15.11. Rules of Interpretation

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

15.12. Severability

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

15.13. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

15.14. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

15.15. Headings

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

15.16. Governing Law

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

15.17. Jurisdiction and Venue

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County, New York or the United States District Court of the Northern District of New York situated in Albany, New York.

IN WITNESS WHEREFORE, the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: _____

Title:_____

Date:_____

[Insert name of Designated Entity]

By:_____

Title:_____

Date:_____

Appendix A – Project Description

Appendix B – Scope of Work

Appendix C – Development Schedule

[*To be prepared by Designated Entity consistent with the Transmission Project information submission, pursuant to Attachment C of the Reliability Planning Process Manual, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.*]

[*The Designated Entity shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.*]

Critical Path Milestones: *[To be developed with consideration of each of the work plan requirements submitted by the sponsoring Transmission Owner or Developer pursuant to Attachment C to the Reliability Planning Process Manual and presented herein according to the sequence of the critical path. The NYISO anticipates that the Designated Entity's critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Designated Entity's Designated Project and schedule.*]

Advisory Milestones: [*To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Designated Entity and reported to NYISO.*]

[*Example Milestones:*

- *Interconnection studies*
- *Siting activities (e.g. locating line routing, access roads, and substation site location options)*
- *Environmental impact studies (relative to siting options)*
- *Engineering (initial)*
- *Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)*
- *Public outreach plan*
- *Initiation of negotiation of key contracts and financing*
- *Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals*
- *Closing of project financing*
- *Completion of key contracts*

- *Engineering (detailed)*
- *Procurement of major equipment and materials*
- *Environmental management & construction plan (for Article VII or Article VIII certification)*
- *Acquisition of [all or %] required rights of way and property / demonstration of site control*
- *Surveying and geotechnical assessment (relative to line and station layouts)*
- *Execution, or filing of unexecuted version, of interconnection agreement*
- *Engineering (completed)*
- *Delivery of major electrical equipment*
- *Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.*
- *Construction outage and restoration coordination plan*
- *Completion, verification and testing*
- *Operating and maintenance agreements and instructions*
- *In-Service Date*
- *Required Designated Project In-Service Date and/or Required Transmission Project In-Service Date, if different*]

APPENDIX D-1 – PUBLIC POLICY TRANSMISSION PLANNING PROCESS DEVELOPMENT AGREEMENT

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THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this ___ day of _____ 20__, by and between _____, a [corporate description] organized and existing under the laws of the State/Commonwealth of _____ ("Designated Entity"), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York ("NYISO"). Designated Entity or NYISO each may be referred to as a "Party" or collectively referred to as the "Parties."

RECITALS

WHEREAS, the NYISO administers the Comprehensive System Planning Process ("CSPP") in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"), as accepted by the Federal Energy Regulatory Commission ("FERC");

WHEREAS, as part of the CSPP, the NYISO administers a Public Policy Transmission Planning Process pursuant to which Public Policy Transmission Need(s) are identified; proposed solutions to the identified need(s) are solicited by the NYISO; and the more efficient or cost-effective transmission solution to satisfy the identified need(s) is selected by the NYISO and reported in the NYISO's Public Policy Transmission Planning Report;

WHEREAS, the NYISO has selected a Public Policy Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Public Policy Transmission Need ("Transmission Project"); has designated the Designated Entity as responsible for developing the Designated Public Policy Project, which constitutes the Transmission Project, or a part of the Transmission Project, as specified in Appendix A, and/or Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the ISO OATT, as specified in Appendix A ("Designated Project"); and directed the Designated Entity to proceed with the Designated Project;

WHEREAS, the Designated Entity has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Designated Project, to develop and construct the Designated Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

WHEREAS, the Designated Entity and the NYISO have agreed to enter into this Agreement pursuant to Section 31.4.12.2 of Attachment Y of the OATT for the purpose of ensuring that the Designated Project will be constructed and in service by the required date(s) ("Required Designated Project In-Service Date") to enable the Transmission Project to be constructed and in-service by the required date to satisfy the Public Policy Transmission Need ("Required Transmission Project In-Service Date"); and

WHEREAS, the Designated Entity has agreed to construct, and the NYISO has requested that the Designated Entity proceed with construction of, the Designated Project to provide for the Designated Project to be in-service by the Required Designated Project In-Service Date(s).

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the OATT or, if not therein, in Article 1 of the OATT.

Advisory Milestones shall mean the milestones set forth in the Development Schedule in Attachment C to this Agreement that are not Critical Path Milestones.

Affected System Operator shall mean any Affected System Operator(s) identified in connection with the Designated Project pursuant to Attachment P of the ISO OATT.

Applicable Laws and Regulations shall mean: (i) 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, and (ii) all applicable requirements of the ISO Tariffs, ISO Procedures, and ISO Related Agreements.

Applicable Reliability Organizations shall mean the NERC, the NPCC, and the NYSRC.

Applicable Reliability Requirements shall mean the requirements, criteria, rules, standards, and guidelines, as they may be amended and modified and in effect from time to time, of: (i) the Applicable Reliability Organizations, (ii) the Connecting Transmission Owner(s), (iii) [*to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iv) any Affected System Operator; *provided, however*, that no Party shall waive its right to challenge the applicability or validity of any requirement, criteria, rule, standard, or guideline as applied to it in the context of this Agreement.

Breach shall have the meaning set forth in Article 7.1 of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

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

Calendar Day shall mean any day including Saturday, Sunday, or a federal holiday.

Change of Control shall mean a change in ownership of more than 50% of the membership or ownership interests or other voting securities of the Designated Entity to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Designated Entity to a third party.

Confidential Information shall mean any information that is defined as confidential by Article 11.2.

Connecting Transmission Owner shall be the Connecting Transmission Owner(s) identified in connection with the Designated Project pursuant to Attachment P of the ISO OATT.

Critical Path Milestones shall mean the milestones identified as such in the Development Schedule in Attachment C to this Agreement that must be met for the Designated Project to be constructed and operating by the Required Designated Project In-Service Date.

Default shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 7.2 of this Agreement.

Designated Entity shall have the meaning set forth in the introductory paragraph.

Designated Network Upgrade Facilities shall mean the Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a Public Policy Transmission Project selected under Attachment Y to the ISO OATT; that meet the definition of upgrade under Section 31.1.10.4 of Attachment Y to the ISO OATT; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner in accordance with Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Designated Project shall mean the Designated Public Policy Project that the Designated Entity has been designated to develop and place into service pursuant to Section 31.4.11 of Attachment Y and the Designated Network Upgrade Facilities that the Designated Entity has been designated to develop and place into service pursuant Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Development Schedule shall mean the schedule of Critical Path Milestones and Advisory Milestones set forth in Appendix C to this Agreement.

Effective Date shall mean the date upon which this Agreement becomes effective as determined in Article 2.1 of this Agreement.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

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.

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 practice, 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 delineate 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, public authority, 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 the NYISO, the Designated Entity, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

In-Service Date shall mean the date upon which the Designated Project is energized consistent with the provisions of the Transmission Project Interconnection Agreement for the Designated Project and available to provide Transmission Service under the NYISO Tariffs.

ISO/TO Agreement shall mean the *Agreement Between the New York Independent System Operator and Transmission Owners*, as filed with and accepted by the FERC in *Cent. Hudson Gas & Elec. Corp*., *et al.*, 88 FERC ¶ 61,138 (1999) in Docket Nos. ER97-1523, *et al.*, and as amended or supplemented from time to time, or any successor agreement thereto.

New York State Transmission System shall mean the entire New York State electrical transmission system, which includes: (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

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

NYPSC shall mean the New York State Public Service Commission or its successor.

NYSRC shall mean the New York State Reliability Council or its successor organization.

OATT shall mean the NYISO's Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Party or Parties shall mean the NYISO, the Designated Entity, or both.

Point of Interconnection shall mean the point or points at which the Designated Entity's Designated Project will interconnect to the New York State Transmission System.

Project Description shall mean the description of the Designated Project set forth in Appendix A to this Agreement for which the Designated Entity was designated to develop and place into service and (i) that is consistent with the Designated Project component of the Transmission Project proposed and evaluated in the NYISO's Public Policy Transmission Planning Process and selected by the NYISO Board of Directors as the more efficient or cost-effective transmission solution to the identified Public Policy Transmission Need and/or (ii) that is consistent with the Designated Network Upgrade Facilities identified for the Transmission Project in a NYISO-conducted Facilities Study under Attachment P to the ISO OATT.

Public Policy Transmission Planning Process Manual shall mean the NYISO's manual adopted by the NYISO stakeholder Operating Committee describing the NYISO's procedures for implementing the Public Policy Transmission Planning Process component of the NYISO's Comprehensive System Planning Process, as the manual is amended or supplemented from time to time, or any successor manual thereto.

Required Designated Project In-Service Date shall mean the in-service date or dates by which the Designated Project must be constructed and operating, which date(s) will be identified by the NYISO as either: (A) the in-service date specified by the Developer in the project information it submitted under Attachment Y for one or more of the components of the Designated Project for use by the NYISO in its selection of the Transmission Project as the more efficient or cost-effective transmission solution to satisfy the Public Policy Transmission Need, or (B) such other date accepted by the NYISO for one or more of the components of the Designated Project as reasonable in light of the Public Policy Transmission Need. The Required Designated Project In-Service Date may be the same date as or an earlier date or dates than the Required Transmission Project In-Service Date. The Required Designated Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Required Transmission Project In-Service Date shall mean the in-service date by which the Transmission Project, including all Designated Public Policy Projects that constitute the Transmission Project and Designated Network Upgrade Facilities identified for the Transmission Project (if applicable), must be constructed and operating, which date shall be: (i) the date by which the Public Policy Transmission Need must be satisfied as prescribed by the NYPSC in its order identifying the need or in a subsequent order, or (ii) if the NYPSC has not prescribed a date, the date proposed by the Developer in the project information submittal for the Transmission Project and reviewed and accepted by the NYISO, which date may be either: (A) the in-service date specified by the Developer in the project information it submitted under Attachment Y of the OATT for use by the NYISO in its selection of the Transmission Project as the more efficient or cost-effective transmission solution to satisfy the Public Policy Transmission Need, or (B) such other date accepted by the NYISO as reasonable in light of the Public Policy Transmission Need. The Required Transmission Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Services Tariff shall mean the NYISO's Market Administration and Control Area Services Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Significant Modification shall mean a Designated Entity's proposed modification to its Designated Project that: (i) could impair the Transmission Project's or Designated Project's ability to meet the identified Public Policy Transmission Need, (ii) could delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use by the NYISO in evaluating the Transmission Project for purposes of selecting the more efficient or cost-effective transmission solution to meet the identified Public Policy Transmission Need.

Scope of Work shall mean the description of the work required to implement the Designated Project as set forth in Appendix B to this Agreement. The Scope of Work shall be drawn from the Developer's submission of the "Information for a Proposed Solution to a Public Policy Transmission Need" and the "Data Submission for Public Policy Transmission Projects," which are set forth in Attachments B and C of the NYISO Public Policy Transmission Planning Process Manual, as may be updated as agreed upon by the Parties. The Scope of Work shall include, but not be limited to, a description of: the acquisition of required rights-of-ways, the work associated with the licensing, design, financing, environmental and regulatory approvals, engineering, procurement of equipment, construction, installation, testing, and commissioning of the Designated Project; the relevant technical requirements, standards, and guidelines pursuant to which the work will be performed; the major equipment and facilities to be constructed and/or installed in connection with the Designated Project, and the cost estimates for the work associated with the Designated Project.

Transmission Owner Technical Standards shall mean the technical requirements and standards (*e.g,* equipment or facilities electrical and physical capabilities, design characteristics, or construction requirements), as those requirements and standards are amended and modified and in effect from time to time, of: (i) the Connecting Transmission Owner(s), (ii) [*to insert the name(s) of any other Transmission Owners, other Designated Entities, or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iii) any Affected System Operator.

Transmission Project shall mean a Public Policy Transmission Project selected by the NYISO as the more efficient or cost-effective transmission solution to a Public Policy Transmission Need. The Designated Project subject to this Agreement shall be the Transmission Project, or the part of the Transmission Project, designated to the Designated Entity pursuant to Section 31.4.11 of Attachment Y.

ARTICLE 2. EFFECTIVE DATE AND TERM

2.1. Effective Date

This Agreement shall become effective on the date it has been executed by all Parties; *provided, however*, if the Agreement is filed with FERC as a non-conforming or an unexecuted agreement pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the Agreement shall become effective on the effective date accepted by FERC.

2.2. Filing

If the Agreement must be filed with FERC pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the NYISO shall file this Agreement for acceptance with FERC within the timeframe set forth for the filing in Section 31.4.12.2 of Attachment Y of the OATT. The Designated Entity shall cooperate in good faith with the NYISO with respect to such filing and provide any information requested by the NYISO to comply with Applicable Laws and Regulations. Any Confidential Information shall be treated in accordance with Article 11.2 of this Agreement.

2.3. Term of Agreement

Subject to the termination provisions in Article 8 of this Agreement, this Agreement shall remain in effect from the Effective Date until: (i) the Designated Entity has executed either the ISO/TO Agreement or an operating agreement with the NYISO, and (ii) the Designated Project: (A) has been completed in accordance with the terms and conditions of this Agreement, and (B) is in-service; *provided, however,* that the terms of this Agreement shall continue in effect to the extent provided in Article 14 of this Agreement.

ARTICLE 3. DESIGNATED PROJECT DEVELOPMENT AND CONSTRUCTION

3.1. Application for Required Authorizations and Approvals

The Designated Entity shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date. The required authorizations and approvals are listed in the Scope of Work in Appendix B to this Agreement. The Designated Entity shall seek and obtain the required authorizations and approvals in accordance with the milestones set forth in the Development Schedule in Appendix C to this Agreement. The milestones for obtaining the required authorizations and approvals are included in the Development Schedule as Critical Path Milestones and Advisory Milestones, as designated by the Parties under Article 3.3.1. The Designated Entity shall notify the NYISO in accordance with the notice requirements in Article 3.3 if it has reason to believe that it may be unable to timely obtain or is denied an approval or authorization by a Governmental Authority required for the development, construction, or operation of the Designated Project, or if such approval or authorization is withdrawn or modified.

3.2. Development and Construction of Designated Project

The Designated Entity shall design, engineer, procure, install, construct, test and commission the Designated Project in accordance with: (i) the terms of this Agreement, including, but not limited to, the Project Description in Appendix A to this Agreement, the Scope of Work in Appendix B to this Agreement, and the Development Schedule in Appendix C to this Agreement; (ii) Applicable Reliability Requirements; (iii) Applicable Laws and Regulations; (iv) Good Utility Practice; (v) the Transmission Owner Technical Standards, (vi) any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, and (v) any engineering, procurement, and construction ("EPC") agreement(s) associated with the interconnection of the Designated Project to the New York State Transmission System.

3.3. Milestones

3.3.1. The NYISO has provided the Designated Entity with the Required Transmission Project In-Service Date and Required Designated Project In-Service Date that is set forth in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y of the OATT and the estimated time to construct Designated Network Upgrade Facilities contained in the NYISO-conducted Facilities Study

report. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Designated Entity agreed to the Critical Path Milestones and Advisory Milestones set forth in the Development Schedule in Appendix C to this Agreement for the development, construction, and operation of the Designated Project to allow the Designated Project to go into service by the Required Designated Project In-Service Date in accordance with Section 31.4.12.2 of Attachment Y of the OATT; provided that any such milestone for the Designated Project that requires action by a Designated Entity of another Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project, a Connecting Transmission Owner, or an Affected System Operator to complete was included as an Advisory Milestone.

3.3.2. The Designated Entity shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Designated Entity's inability or failure to meet a Critical Path Milestone specified in the Development Schedule, as such Critical Path Milestone may be amended with the agreement of the NYISO under this Article 3.3, shall constitute a Breach of this Agreement under Article 7.1.

3.3.3. The Designated Entity shall notify the NYISO thirty (30) Calendar Days prior to the date of each Critical Path Milestone specified in the Development Schedule whether, to the best of its knowledge, it expects to meet the Critical Path Milestone by the specified date; *provided, however*, that notwithstanding this requirement:

(i) the Designated Entity shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Designated Entity's discovery of a potential delay in meeting a Critical Path Milestone, including a delay caused by a Force Majeure event; and

(ii) the NYISO may request in writing at any time, and Designated Entity shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Designated Entity will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.

3.3.4. The Designated Entity shall not make a change to a Critical Path Milestone without the prior written consent of the NYISO. To request a change to a Critical Path Milestone, the Designated Entity must: (i) inform the NYISO in writing of the proposed change to the Critical Path Milestone and the reason for the change, including the occurrence of a Force Majeure event in accordance with Section 15.5, (ii) submit to the NYISO a revised Development Schedule containing any necessary changes to Critical Path Milestones and Advisory Milestones that provide for the Designated Project to be completed and achieve its In-Service Date no later than the Required Designated Project In-Service Date, (iii) submit an officer's certificate in a form acceptable to the NYISO certifying the Designated Entity's capability to complete the Designated Project in accordance with the modified schedule taking into account the schedule for completing any other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project, and (iv) submit an officer's certificate in a form acceptable to the NYISO from any other

Designated Entity responsible for developing Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying its capability to complete its Designated Public Policy Project or Designated Network Upgrade Facilities in accordance with the modified schedule for the Designated Project, if applicable. If the Designated Entity: (i) must notify the NYISO of a potential delay in meeting a Critical Path Milestone in accordance with one of the notification requirements in Section 3.3.3 or (ii) is requesting a change to a Critical Path Milestone to cure a Breach in Section 7.2, the Designated Entity shall submit any request to change the impacted Critical Path Milestone(s) within the relevant notification timeframe set forth in Section 3.3.3 or the cure period set forth in Section 7.2, as applicable. The NYISO will promptly review the Designated Entity's requested change. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Designated Entity demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone: (i) will not delay the In-Service Date of the Designated Project beyond the Required Designated Project In-Service Date and (ii) will not materially affect the completion of any other Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project being developed by another Designated Entity by any required in-service date for the other Designated Public Policy Project or Designated Network Upgrade Facilities and/or the Required Transmission Project In-Service Date, if applicable, then the NYISO's consent to extending the Critical Path Milestone date will not be unreasonably withheld, conditioned, or delayed. The NYISO's written consent to a revised Development Schedule proposed by the Designated Entity will satisfy the amendment requirements in Article 15.8, and the NYISO will not be required to file the revised Development Schedule with FERC.

3.3.5. Within fifteen (15) Calendar Days of the Designated Entity's discovery of a potential delay in meeting an Advisory Milestone, the Designated Entity shall inform the NYISO of the potential delay and describe the impact of the delay on meeting the Critical Path Milestones. The Designated Entity may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO's written consent to make such change is required as described in Article 3.3.4.

3.3.6. In the event that another Designated Entity of a Designated Public Policy Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its schedule, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.4. Modifications to Required Project In-Service Dates

3.4.1. The Designated Entity shall not make a change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date without the prior written consent of the NYISO. To request a change, the Designated Entity must: (i)

inform the NYISO in writing of the proposed change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date and the reason for the change, including the occurrence of a Force Majeure event, (ii) submit to the NYISO a revised Development Schedule that provides for the Designated Project and the Transmission Project to be completed and achieve its In-Service Date no later than the proposed, modified Required Designated Project In-Service Date and Required Transmission Project In-Service Date, respectively, taking into account the schedule for completing other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project, if applicable, (iii) demonstrate that the Designated Entity has made reasonable progress against the milestones set forth in the Development Schedule, and is capable of completing the Designated Project in accordance with the modified schedule, and (iv) submit a an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying their capability to complete their projects in accordance with the Designated Entity's modified schedule and the proposed, modified Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. If the Required Transmission Project In-Service Date is the date prescribed by the NYPSC in its order identifying the Public Policy Transmission Need or in a subsequent order, the Designated Entity must also demonstrate that the NYPSC has issued an order modifying its prescribed date.

3.4.2. The NYISO will promptly review Designated Entity's requested change to the Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Designated Entity fails to provide the NYISO with the information required to make its determination, the NYISO shall not be obligated to make this determination. The NYISO's consent to extend the Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date will not be unreasonably withheld, conditioned, or delayed if the Designated Entity demonstrates to the NYISO's satisfaction that: (i) its proposed modified Required Transmission Project In-Service Date or Required Designated Project In-Service Date is reasonable in light of the Public Policy Transmission Need, (ii) it has made reasonable progress against the milestones set forth in the Development Schedule, (iii) its proposed modified date will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (iv) its proposed modified date will not materially impact the development of Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project being developed by other Designated Entities. The Parties shall amend this Agreement in accordance with Article 15.8 to incorporate a revised Required Project In-Service Date and Development Schedule.

3.4.3 In the event that another Designated Entity of a Designated Public Policy Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its project, its project's Required Designated Project In-Service Date, or the

Required Transmission Project In-Service Date, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.5. Modifications to Designated Project

The Designated Entity shall not make a Significant Modification to the Designated Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Designated Entity to obtain required approvals or authorizations from Governmental Authorities; *provided, however*, that a proposed Significant Modification of a Designated Network Upgrade Facilities shall be addressed through the procedures contained in Attachment P to the OATT; *provided, however*, *further* that a proposed Significant Modification that is a proposed modification to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date shall be addressed in accordance with Article 3.4. The NYISO's determination regarding a Significant Modification to the Designated Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Designated Project under Attachment P of the OATT. The Designated Entity may request that the NYISO review whether a modification to the Designated Project would constitute a Significant Modification. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. The NYISO's consent to the Significant Modification will not be unreasonably withheld, conditioned, or delayed if the Designated Entity demonstrates to the NYISO's satisfaction that its proposed Significant Modification: (i) does not impair the Transmission Project's ability to satisfy the identified Public Policy Transmission Need, (ii) does not delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, (iii) does not change the grounds upon which the NYISO selected the Transmission Project as the more efficient or cost-effective transmission solution to the identified Public Policy Transmission Need, (iv) will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (v) through submittal of an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project, certifies that the proposed modification will not materially impact the development of such other Designated Public Policy Projects or Designated Network Upgrade Facilities. The NYISO's performance of this review shall not constitute its consent to delay the completion of any Critical Path Milestone.

3.6. Billing and Payment

The NYISO shall charge, and the Designated Entity shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3, 3.4, and 3.5, or (ii) any assessment of the Designated Project by the NYISO or its subcontractor(s) under Article 3.8. The NYISO will invoice Designated Entity on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Designated Entity shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO's issuance of a monthly invoice. In the event the Designated

Entity disputes an amount to be paid, the Designated Entity shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Designated Entity's favor, the NYISO will net the disputed amount, including interest calculated from Designated Entity's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Designated Entity and pay the balance to the Designated Entity. This Article 3.6 shall survive the termination, expiration, or cancellation of this Agreement.

3.7. Project Monitoring

The Designated Entity shall provide regular status reports to the NYISO in accordance with the monitoring requirements set forth in the Development Schedule, the Public Policy Transmission Planning Process Manual and Attachment Y of the OATT. The Designated Entity shall also provide updates and information upon the NYISO's request to assist with the coordination of the Designated Project with other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project.

3.8. Right to Inspect

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Designated Project for the purpose of assessing the progress of the development and construction of the Designated Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Designated Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such inspection shall take place during normal business hours, shall not interfere with the construction of the Designated Project and shall be subject to such reasonable safety and procedural requirements as the Designated Entity shall specify.

3.9. Exclusive Responsibility of Designated Entity

As between the Parties, the Designated Entity shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards associated with the Designated Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Designated Entity's development of the Designated Project or the compliance of the Designated Entity with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Designated Entity in good faith in providing information to assist the Designated Entity in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date, including, if applicable, information describing the NYISO's basis for selecting the Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Public Policy Transmission Need.

3.10. Subcontractors

3.10.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; *provided, however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further,* that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

3.10.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

3.11. No Services or Products Under NYISO Tariffs

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If Designated Entity wishes to receive or supply such products or services, the Designated Entity must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

3.12. Tax Status

Each Party shall cooperate with the other Party to maintain each Party's tax status to the extent the Party's tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

ARTICLE 4. COORDINATION WITH THIRD PARTIES

4.1. Interconnection Requirements for Designated Project

The Designated Entity shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a "Transmission Project" to interconnect the Designated Project to the New York State Transmission System by the Required Designated Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application for the Designated Project or joining with the agreement of the "Transmission Developer" a pending Transmission Interconnection Application that includes the Designated Project; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement for the Designated Project and/or EPC agreement(s), as applicable; and constructing, or arranging for the construction of, all required Network Upgrade Facilities.

If the NYISO determines that the proposed interconnection of a "Transmission Project" under Attachment P could affect the Designated Project under this Agreement, the Designated Entity shall participate in the Transmission Interconnection Procedures as an Affected System

Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a "Large Generating Facility," "Small Generating Facility," or "Class Year Transmission Project" under Attachments X or Z of the OATT or a "Facility" or "Cluster Study Transmission Project" under Attachment HH of the OATT could affect the Designated Project, the Designated Entity shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth, as applicable, in Section 30.3.5 of Attachment X or Section 40.8 of Attachment HH to the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Designated Project, the Designated Entity shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

4.2. Interconnection with Affected System

If part of the Designated Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Designated Entity shall satisfy the requirements of the Affected System Operator for the interconnection of the Designated Project, including entering into any applicable EPC agreement(s).

4.3. Coordination of Interregional Transmission Project

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address an identified Public Policy Transmission Need, the Designated Entity shall coordinate its development and construction of the Designated Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

ARTICLE 5. OPERATION REQUIREMENTS FOR THE DESIGNATED PROJECT

If the Designated Entity is a Transmission Owner, the Designated Entity shall comply with the operating requirements set forth in the ISO/TO Agreement or the operating agreement that the Designated Entity has executed. If the Designated Entity is not a Transmission Owner, the Designated Entity shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Designated Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Designated Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and Transmission Operators; and (v) prior to energizing the Designated Project, execute an operating agreement with the NYISO.

ARTICLE 6. INSURANCE

The Designated Entity shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated "A- (minus) VII" or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

6.1 Workers' Compensation and Employers' Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Designated Project will be located in part outside of New York State, Designated Entity shall maintain such Employers' Liability Insurance coverage with a minimum limit of One Million Dollars ($1,000,000).

6.2 Commercial General Liability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars ($2,000,000) per occurrence/Four Million Dollars ($4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

6.3 Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

6.4 Umbrella/Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars ($25,000,000) per occurrence/Twenty-Five Million Dollars ($25,000,000) aggregate.

6.5 Builder's Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.

6.6 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Designated Entity shall name the NYISO and its respective directors, officers, agents, servants and employees ("NYISO Parties") as additional insureds. For Commercial General Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04 13 ("Additional Insured – Owners, Lessees or Contractors – Completed Operations") and (ii) (A) ISO Coverage Form No. CG 20 10

04 13 (“Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization”), or (B) ISO Coverage Form No. CG 20 26 04 13 (“Additional Insured – Designated Person or Organization”). For Commercial Business Automobile Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 (“Designated Insured for Covered Autos Liability Coverage”), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

6.7 All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO Parties prior to non-renewal, cancellation or any material change in coverage or condition.

6.8 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer’s liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Designated Entity shall be responsible for its respective deductibles or retentions.

6.9 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Designated Entity and the NYISO.

6.10 The requirements contained herein as to the types and limits of all insurance to be maintained by the Designated Entity are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Designated Entity under this Agreement.

6.11 The Designated Entity shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO’s date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.

6.12 Notwithstanding the foregoing, the Designated Entity may self-insure to meet the minimum insurance requirements of Articles 6.1 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Designated Entity’s senior debt is rated at investment grade, or better, by Standard & Poor’s and that its self-insurance program meets the minimum insurance requirements of Articles 6.1 through 6.10. For

any period of time that the Designated Entity's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, the Designated Entity shall comply with the insurance requirements applicable to it under Articles 6.1 through 6.10. In the event that the Designated Entity is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.

6.13 The Designated Entity and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

6.14 Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Designated Entity: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Designated Entity and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

ARTICLE 7. BREACH AND DEFAULT

7.1. Breach

A Breach of this Agreement shall occur when: (i) the Designated Entity notifies the NYISO in writing that it will not proceed to develop the Designated Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Designated Entity fails to meet a Critical Path Milestone, as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to this Agreement; (iii) the Designated Entity makes a Significant Modification to the Designated Project without the prior written consent of the NYISO; (iv) the Designated Entity fails to pay a monthly invoice within the timeframe set forth in Article 3.6; (v) the Designated Entity misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Designated Entity fails to file with the FERC any Cost Cap that the Designated Entity submitted to the NYISO as a part of its Public Policy Transmission Project and agreed to in this Agreement or seeks to recover through its transmission rates for the Designated Project or through any other means costs for the Included Capital Costs (as defined in Section 31.4.5.1.8.1 of the ISO OATT) above its Cost Cap, except as permitted for excusing conditions in Section 6.10.6.2 of the ISO OATT and Article 15.3 of this Agreement; (viii) the Designated Entity fails to comply with any other material term or condition of this Agreement; (ix) a custodian, receiver, trustee or liquidator of the Designated Entity, or of all or substantially all of the assets of the Designated Entity, is appointed in any proceeding brought by the Designated Entity; or (x) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Designated Entity that is not discharged within ninety (90) Days after such appointment, or if the Designated Entity consents to or acquiesces in such

appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by another Designated Entity, a Connecting Transmission Owner, or an Affected System Operator.

7.2. Default

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Designated Project by the Required Designated Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date or other Designated Entities' ability to complete Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project by their required designated project in-service date and the Required Transmission Project In-Service Date; *provided, however*, that if the Breach is the result of a Designated Entity's inability or failure to meet a Critical Path Milestone, the Designated Entity may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO's satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Designated Project will achieve its In-Service Date no later than the Required Designated Project In-Service Date and other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project will achieve their in-service dates before their required designated project in-service dates and the Required Transmission Project In-Service Date, or (ii) the Designated Entity requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Designated Project to be completed by the Required Designated Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

7.3. Remedies

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party's liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 8. TERMINATION

8.1. Termination by the NYISO

The NYISO may terminate this Agreement by providing written notice of termination to the Designated Entity in the event that: (i) the Designated Entity notifies the NYISO that it is unable to or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date; (ii) the Designated Entity notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iii) the Designated Entity cannot complete the Designated Project by the Required Designated Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Designated Entity from completing the Designated Project by the Required Designated Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner, an Affected System Operator, or other Designated Entity responsible for completing a Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project; (iv) the NYISO declares a default pursuant to Article 7.2 of this Agreement; or (v) another Designated Entity defaults on the development of a separate Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project and the ISO determines to address the Public Policy Transmission Need in a future planning cycle pursuant to Section 31.4.12.3.1.2 of Attachment Y of the OATT.

If the NYISO identifies grounds for termination under Articles 8.1(iii) or (iv) or receives notice from the Designated Entity under Articles 8.1(i) or (ii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Sections 31.4.12.3.1.3 and 31.4.12.3.1.4 of Attachment Y of the OATT to address the Public Policy Transmission Need and, notwithstanding the confidentiality provisions in Article 11.2, may disclose information regarding the Transmission Project to Governmental Authorities as needed to implement such action. If the NYISO decides to terminate this Agreement under Article 8.1(i), (ii), (iii), (iv), or (v), it will provide written notice of termination to the Designated Entity, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Designated Entity, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1 (i), (ii), or (v), the Designated Entity may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iii) or (iv), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Designated Entity shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Designated Project.

8.2. Reporting of Inability to Comply with Provisions of Agreement

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming

aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

8.3. Designated Project Transfer Rights Upon Termination

If the NYISO terminates this Agreement pursuant to Article 8.1 (except pursuant to Article 8.1(v)), the NYISO shall have the right, but shall not be required, to request an entity other than the Designated Entity to complete the Designated Public Policy Project. The NYISO may exercise this right by providing the Designated Entity with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO exercises its right under this Article 8.3 and Sections 31.4.12.3.1.3 and 31.4.12.3.1.4 of Attachment Y of the OATT, the Designated Entity shall work cooperatively with the NYISO's designee pursuant to the requirements set forth, as applicable, in Sections 31.4.12.3.1.3 or 31.4.12.3.1.4 of Attachment Y of the OATT to implement the transition, including entering into good faith negotiations with the NYISO's designee to transfer the Designated Public Policy Project to the NYISO's designee. If the NYISO exercises the right to request an entity other than the Designated Entity to complete the Designated Public Policy Project and if there are Designated Network Upgrade Facilities covered by this Agreement, the NYISO may (i) request the Designated Entity to continue with the development of the Designated Network Upgrade Facilities and amend this Agreement to, among other things, revise the Designated Project as described in the Project Description set forth in Appendix A to this Agreement or (ii) execute or amend a Transmission Interconnection Agreement if termination under Articles 8.1(iii) or (iv) is related to the development of Designated Network Upgrade Facilities. All liabilities under this Agreement existing prior to such transfer shall remain with the Designated Entity, unless otherwise agreed upon by the Designated Entity and the NYISO's designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 9. LIABILITY AND INDEMNIFICATION

9.1. Liability

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the Other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party's liability for damages shall be limited only to direct actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

9.2. Indemnity

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Designated Entity shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further,* that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the ISO OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 10. ASSIGNMENT

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

(i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party's prior written consent;

(ii) an assignment by the Designated Entity shall be contingent upon the Designated Entity or assignee demonstrating to the satisfaction of the NYISO prior to the effective date of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Designated Project by the Required Designated Project In-Service Date consistent with the assignor's cost estimates for the Designated Project; and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.4.4 of Attachment Y of the OATT; and

(iii) the Designated Entity shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Designated Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Designated Project meets the requirements for the assignee of a Designated Entity described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY

11.1. Information Access

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

11.2. Confidentiality

11.2.1. Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential Information"; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*, that Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.

11.2.2. The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Designated Entity receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party's Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1. General

The Designated Entity makes the following representations, warranties, and covenants, which are effective as to the Designated Entity during the full time this Agreement is effective:

12.2. Good Standing

The Designated Entity is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Designated Entity is qualified to do business in the state or states in which the Designated Project is located. The Designated Entity has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

12.3. Authority

The Designated Entity has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Designated Entity, enforceable against the Designated Entity in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

12.4. No Conflict

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Designated Entity, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Designated Entity or any of its assets.

12.5. Consent and Approval

The Designated Entity has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

12.6. Compliance with All Applicable Laws and Regulations

The Designated Entity will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

ARTICLE 13. DISPUTE RESOLUTION

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO's Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO's Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

ARTICLE 14. SURVIVAL

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, the cost recovery provisions in Article 15.3 and Appendix D, and the billing and payment provisions in Article 3.6 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

ARTICLE 15. MISCELLANEOUS

15.1. Notices

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:
[Insert contact information.]
Designated Entity:
[Insert contact information.]

15.2. Entire Agreement

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Designated Entity's and NYISO's rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, as such interconnection agreements may be amended, supplemented, or modified from time to time.

15.3. Cost Recovery

The Designated Entity may recover the costs of the Designated Project in accordance with the cost recovery requirements in the ISO Tariffs. If the Designated Entity submitted a Cost Cap for the Included Capital Costs (as defined in Section 31.4.5.1.8.1 of the ISO OATT) of the Designated Project pursuant to Section 31.4.5.1 of the ISO OATT, the Designated Entity's Cost Cap for the Included Capital Costs shall be detailed in Appendix D of this Agreement, which description shall include the Cost Cap in the Designated Entity's project proposal. Designated Entity agrees to file this Cost Cap for Included Capital Costs with the FERC in accordance with the requirements in Rate Schedule 10 of the ISO OATT. If the Cost Cap is a soft Cost Cap, Designated Entity agrees to implement the Cost Cap in accordance with Section 6.10.6.3 of Rate Schedule 10. The Designated Entity further agrees in accordance with Rate Schedule 10 of the OATT that it shall not seek to recover through its transmission rates for the Designated Project or through any other means costs for the Included Capital Cost above its agreed-upon Cost Cap; *provided, however*, the Designated Entity may recover costs above its agreed-upon Cost Cap resulting from one of the following excusing conditions, but only to the extent the costs arise from the excusing condition:

A. Designated Project changes, delays, or additional costs that are due to the actions or omissions of the ISO, Connecting Transmission Owner(s), Interconnecting Transmission Owner(s), Affected Transmission Owner(s), or other Designated Entity(ies) responsible for completing other parts of the Transmission Project;

B. A Force Majeure event as defined in this Agreement and subject to the Force Majeure requirements in Section 15.5 of this Agreement;

C. Changes in laws or regulations, including but not limited to applicable taxes;

D. Material modifications to scope or routing arising from siting processes under Public Service Law Article VII or applicable local laws as determined by the New York State Public Service Commission or local governments respectively; and

E. Actions or inactions of regulatory or governmental entities, and court orders.

The provisions of this Section 15.3 and the Designated Entity 's Cost Cap for the Included Capital Costs detailed in Appendix D shall not be subject to change through application to the FERC pursuant to the provisions of Section 205 of the Federal Power Act absent the agreement of all Parties to the Agreement. In any proceeding conducted pursuant to Section 206 of the Federal Power Act, the standard of review for any change to this Section 15.3 and the Designated Entity's Cost Cap for the Included Capital Costs detailed in Appendix D shall be the "public interest" application of the just and reasonable standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.,* 350 U.S. 332 (1956), and *Fed. Power Comm'n v. Sierra Pacific Power Co.,* 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.,* 554 U.S. 527 (2008), and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n,* 558 U.S. 165 (2010).

15.4. Binding Effect

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

15.5. Force Majeure

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Designated Entity to meet a Critical Path Milestone. If the notifying Party is the Designated Entity, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Designated Project in time for other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project to go into service by their required designated project in-service date(s) and the Required Transmission Project In-Service Date. If the Force Majeure will delay the Designated Entity's ability to meet one or more Critical Path Milestones, the Designated Entity shall request with its notice a change to the impacted milestones in accordance with the requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that the Designated Entity will not be able to complete the Designated Project by the Required Designated Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

15.6. Disclaimer

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

15.7. No NYISO Liability for Review or Approval of Designated Entity Materials

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer that submitted the Transmission Project under Attachment Y of the ISO OATT or by the Designated Entity nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Designated Entity from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such

works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Designated Entity or any other person by reason of its or its subcontractor's review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

15.8. Amendment

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

15.9. No Third Party Beneficiaries

With the exception of the indemnification rights of the NYISO's directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

15.10. Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

15.11. Rules of Interpretation

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or

thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

15.12. Severability

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

15.13. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

15.14. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

15.15. Headings

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

15.16. Governing Law

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

15.17. Jurisdiction and Venue

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County,

New York or the United States District Court of the Northern District of New York situated in Albany, New York.

IN WITNESS WHEREFORE, the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: _____

Title:_____

Date:_____

[Insert name of Designated Entity]

By:_____

Title:_____

Date:_____

Appendix A – Project Description

Appendix B – Scope of Work

Appendix C – Development Schedule

[To be prepared by Designated Entity consistent with the project information submission pursuant to Attachment C of the Public Policy Transmission Planning Process Manual, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.]

The Designated Entity shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.

Critical Path Milestones: [To be developed with consideration of each of the work plan requirements submitted by the Designated Entity pursuant to Attachment C to the Public Policy Transmission Planning Process Manual and presented herein according to the sequence of the critical path. The NYISO anticipates that the Designated Entity's critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Designated Entity's Designated Project and schedule.]

Advisory Milestones: [To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Designated Entity and reported to NYISO.]

[Example Milestones:

- Interconnection studies
- Siting activities (e.g. locating line routing, access roads, and substation site location options)
- Environmental impact studies (relative to siting options)
- Engineering (initial)
- Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)
- Public outreach plan
- Initiation of negotiation of key contracts and financing
- Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals
- Closing of project financing
- Completion of key contracts
- Engineering (detailed)
- Procurement of major equipment and materials
- Environmental management & construction plan (for Article VII or Article VIII certification)
- Acquisition of [all or %] required rights of way and property / demonstration of site control
- Surveying and geotechnical assessment (relative to line and station layouts)
- Execution, or filing of unexecuted version, of interconnection agreement
- Engineering (completed)
- Delivery of major electrical equipment

- Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.
- Construction outage and restoration coordination plan
- Completion, verification and testing
- Operating and maintenance agreements and instructions
- In-Service Date
- Required Designated Project In-Service Date
- Required Transmission Project In-Service Date, if different]

Appendix D – Cost Cap

APPENDIX D-2 – ECONOMIC PLANNING PROCESS DEVELOPMENT AGREEMENT

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THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this ___ day of _____ 20__, by and between _____, a [corporate description] organized and existing under the laws of the State/Commonwealth of _____ ("Designated Entity"), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York ("NYISO"). Designated Entity or NYISO each may be referred to as a "Party" or collectively referred to as the "Parties."

RECITALS

WHEREAS, the NYISO administers the Comprehensive System Planning Process ("CSPP") in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"), as accepted by the Federal Energy Regulatory Commission ("FERC");

WHEREAS, as part of the CSPP, the NYISO administers an Economic Planning Process pursuant to which Developers can propose to develop a Regulated Economic Transmission Project to address constraints on the Bulk Power Transmission Facilities and can seek approval from project beneficiaries to allocate and recover the costs under the OATT;

WHEREAS, a Regulated Economic Transmission Project has been approved by the project beneficiaries in accordance with Section 31.5.4.6 of the OATT ("Transmission Project"); the NYISO has designated the Designated Entity to be responsible for developing the Designated Economic Transmission Project, which constitutes the Transmission Project, or a part of the Transmission Project, as specified in Appendix A, and/or Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the ISO OATT, as specified in Appendix A ("Designated Project"); and the Designated Entity is proceeding with the development of the Designated Project;

WHEREAS, the Designated Entity has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Designated Project, to develop and construct the Designated Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

WHEREAS, the Designated Entity and the NYISO have agreed to enter into this Agreement pursuant to Section 31.3.2.6.2 of Attachment Y of the OATT for the purpose of constructing the Designated Project and placing it in service by the identified date(s) ("Required Designated Project In-Service Date") to enable the Transmission Project to be constructed and placed in service by the overall identified date consistent with the Transmission Project ("Required Transmission Project In-Service Date"); and

WHEREAS, the Designated Entity has agreed to construct the Designated Project to provide for the Designated Project to be in service by the Required Designated Project In-Service Date(s).

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the OATT or, if not therein, in Article 1 of the OATT.

Advisory Milestones shall mean the milestones set forth in the Development Schedule in Attachment C to this Agreement that are not Critical Path Milestones.

Affected System Operator shall mean any Affected System Operator(s) identified in connection with the Designated Project pursuant to Attachment P of the ISO OATT.

Applicable Laws and Regulations shall mean: (i) 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, and (ii) all applicable requirements of the ISO Tariffs, ISO Procedures, and ISO Related Agreements.

Applicable Reliability Organizations shall mean the NERC, the NPCC, and the NYSRC.

Applicable Reliability Requirements shall mean the requirements, criteria, rules, standards, and guidelines, as they may be amended and modified and in effect from time to time, of: (i) the Applicable Reliability Organizations, (ii) the Connecting Transmission Owner(s), (iii) [*to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iv) any Affected System Operator; *provided, however*, that no Party shall waive its right to challenge the applicability or validity of any requirement, criteria, rule, standard, or guideline as applied to it in the context of this Agreement.

Breach shall have the meaning set forth in Article 7.1 of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

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

Calendar Day shall mean any day including Saturday, Sunday, or a federal holiday.

Change of Control shall mean a change in ownership of more than 50% of the membership or ownership interests or other voting securities of the Designated Entity to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Designated Entity to a third party.

Confidential Information shall mean any information that is defined as confidential by Article 11.2.

Connecting Transmission Owner shall be the Connecting Transmission Owner(s) identified in connection with the Designated Project pursuant to Attachment P of the ISO OATT.

Critical Path Milestones shall mean the milestones identified as such in the Development Schedule in Attachment C to this Agreement that must be met for the Designated Project to be constructed and operating by the Required Designated Project In-Service Date.

Default shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 7.2 of this Agreement.

Designated Entity shall have the meaning set forth in the introductory paragraph.

Designated Network Upgrade Facilities shall mean the Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a Regulated Economic Transmission Project approved by the project beneficiaries under Attachment Y to the ISO OATT; that meet the definition of upgrade under Section 31.1.10.4 of Attachment Y to the ISO OATT; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner in accordance with Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Designated Project shall mean the Designated Economic Transmission Project that the Designated Entity has been designated to develop and place into service pursuant to Section 31.3.2.4 of Attachment Y and the Designated Network Upgrade Facilities that the Designated Entity has been designated to develop and place into service pursuant Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Development Schedule shall mean the schedule of Critical Path Milestones and Advisory Milestones set forth in Appendix C to this Agreement.

Economic Planning Process Manual shall mean the NYISO's manual adopted by the NYISO stakeholder Business Issues Committee describing the NYISO's procedures for implementing the Economic Planning Process component of the NYISO's Comprehensive System Planning Process, as the manual is amended or supplemented from time to time, or any successor manual thereto.

Effective Date shall mean the date upon which this Agreement becomes effective as determined in Article 2.1 of this Agreement.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

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.

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 practice, 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 delineate 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, public authority, 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 the NYISO, the Designated Entity, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

Identified Project Beneficiaries shall mean the Load Serving Entity or Load Serving Entities that were identified pursuant to Sections 31.5.4.4 and 31.5.4.5 of Attachment Y of the OATT for the Transmission Project and participated in the vote pursuant to Section 31.5.4.6 of Attachment Y of the OATT that resulted in a super majority vote to implement the Transmission Project.

In-Service Date shall mean the date upon which the Designated Project is energized consistent with the provisions of the Transmission Project Interconnection Agreement for the Designated Project and available to provide Transmission Service under the NYISO Tariffs.

ISO/TO Agreement shall mean the *Agreement Between the New York Independent System Operator and Transmission Owners*, as filed with and accepted by the FERC in *Cent. Hudson Gas & Elec. Corp*., *et al.*, 88 FERC ¶ 61,138 (1999) in Docket Nos. ER97-1523, *et al.*, and as amended or supplemented from time to time, or any successor agreement thereto.

New York State Transmission System shall mean the entire New York State electrical transmission system, which includes: (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

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

NYPSC shall mean the New York State Public Service Commission or its successor.

NYSRC shall mean the New York State Reliability Council or its successor organization.

OATT shall mean the NYISO's Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Party or Parties shall mean the NYISO, the Designated Entity, or both.

Point of Interconnection shall mean the point or points at which the Designated Entity's Designated Project will interconnect to the New York State Transmission System.

Project Description shall mean the description of the Designated Project set forth in Appendix A to this Agreement for which the Designated Entity was designated to develop and place into service and (i) that is consistent with the Designated Project component of the Transmission Project proposed and approved by a vote of the Identified Project Beneficiaries in the Economic Planning Process and/or (ii) that is consistent with the Designated Network Upgrade Facilities identified for the Transmission Project in a NYISO-conducted Facilities Study under Attachment P to the ISO OATT.

Required Designated Project In-Service Date shall mean the in-service date or dates by which the Designated Project must be constructed and operating in order for the Transmission Project to be placed in service by the Required Transmission Project In-Service Date, which date(s) are identified by the Developer of the Transmission Project and listed in the project information considered by the Identified Project Beneficiaries in voting to approve the Transmission Project. The Required Designated Project In-Service Date may be the same date as or an earlier date or dates than the Required Transmission Project In-Service Date. The Required Designated Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Required Transmission Project In-Service Date shall mean the in-service date by which the Transmission Project, including all Designated Network Upgrade Facilities identified for the Transmission Project (if applicable), must be constructed and operating, which date shall be the date identified by the Developer of the Transmission Project and listed in the project information considered by the Identified Project Beneficiaries in voting to approve the Transmission Project. The Required Transmission Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Services Tariff shall mean the NYISO's Market Administration and Control Area Services Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Significant Modification shall mean a Designated Entity's proposed modification to its Designated Project that: (i) could impair the Transmission Project's or Designated Project's ability to achieve the benefit/cost ratio provided to the Identified Project Beneficiaries pursuant to Section 31.5.4.5.2 of Attachment Y of the OATT, (ii) could delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use in evaluating and approving the Transmission Project.

Scope of Work shall mean the description of the work required to implement the Designated Project as set forth in Appendix B to this Agreement. The Scope of Work shall be drawn from the Developer's submission of the project conceptual package in accordance with Section 31.3.2 of the OATT and the Economic Planning Process Manual, as may be updated as agreed upon by the Parties. The Scope of Work shall include, but not be limited to, a description of: the

acquisition of required rights-of-ways, the work associated with the licensing, design, financing, environmental and regulatory approvals, engineering, procurement of equipment, construction, installation, testing, and commissioning of the Designated Project; the relevant technical requirements, standards, and guidelines pursuant to which the work will be performed; the major equipment and facilities to be constructed and/or installed in connection with the Designated Project, and the cost estimates for the work associated with the Designated Project.

Transmission Owner Technical Standards shall mean the technical requirements and standards (*e.g.,* equipment or facilities electrical and physical capabilities, design characteristics, or construction requirements), as those requirements and standards are amended and modified and in effect from time to time, of: (i) the Connecting Transmission Owner(s), (ii) [*to insert the name(s) of any other Transmission Owners, other Designated Entities, or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iii) any Affected System Operator.

Transmission Project shall mean a Regulated Economic Transmission Project approved by a vote of the Identified Project Beneficiaries in accordance with Section 31.5.4.6 of Attachment Y. The Designated Project subject to this Agreement shall be the Transmission Project, or the part of the Transmission Project, designated to the Designated Entity pursuant to Section 31.3.2.4 of Attachment Y.

ARTICLE 2. EFFECTIVE DATE AND TERM

2.1. Effective Date

This Agreement shall become effective on the date it has been executed by all Parties; *provided, however*, if the Agreement is filed with FERC as a non-conforming or an unexecuted agreement pursuant to Section 31.3.2.6.2 of Attachment Y of the OATT, the Agreement shall become effective on the effective date accepted by FERC.

2.2. Filing

If the Agreement must be filed with FERC pursuant to Section 31.3.2.6.2 of Attachment Y of the OATT, the NYISO shall file this Agreement for acceptance with FERC within the timeframe set forth for the filing in Section 31.3.2.6.2 of Attachment Y of the OATT. The Designated Entity shall cooperate in good faith with the NYISO with respect to such filing and provide any information requested by the NYISO to comply with Applicable Laws and Regulations. Any Confidential Information shall be treated in accordance with Article 11.2 of this Agreement.

2.3. Term of Agreement

Subject to the termination provisions in Article 8 of this Agreement, this Agreement shall remain in effect from the Effective Date until: (i) the Designated Entity has executed either the ISO/TO Agreement or an operating agreement with the NYISO, and (ii) the Designated Project: (A) has been completed in accordance with the terms and conditions of this Agreement, and (B) is in-service; *provided, however,* that the terms of this Agreement shall continue in effect to the extent provided in Article 14 of this Agreement.

ARTICLE 3. DESIGNATED PROJECT DEVELOPMENT AND CONSTRUCTION

3.1. Application for Required Authorizations and Approvals

The Designated Entity shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date. The required authorizations and approvals are listed in the Scope of Work in Appendix B to this Agreement. The Designated Entity shall seek and obtain the required authorizations and approvals in accordance with the milestones set forth in the Development Schedule in Appendix C to this Agreement. The milestones for obtaining the required authorizations and approvals are included in the Development Schedule as Critical Path Milestones and Advisory Milestones, as designated by the Parties under Article 3.3.1. The Designated Entity shall notify the Identified Project Beneficiaries and the NYISO in accordance with the notice requirements in Article 3.3 if it has reason to believe that it may be unable to timely obtain or is denied an approval or authorization by a Governmental Authority required for the development, construction, or operation of the Designated Project, or if such approval or authorization is withdrawn or modified.

3.2. Development and Construction of Designated Project

The Designated Entity shall design, engineer, procure, install, construct, test and commission the Designated Project in accordance with: (i) the terms of this Agreement, including, but not limited to, the Project Description in Appendix A to this Agreement, the Scope of Work in Appendix B to this Agreement, and the Development Schedule in Appendix C to this Agreement; (ii) Applicable Reliability Requirements; (iii) Applicable Laws and Regulations; (iv) Good Utility Practice; (v) the Transmission Owner Technical Standards, (vi) any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, and (v) any engineering, procurement, and construction ("EPC") agreement(s) associated with the interconnection of the Designated Project to the New York State Transmission System.

3.3. Milestones

3.3.1. The NYISO has provided the Designated Entity with the Required Transmission Project In-Service Date and Required Designated Project In-Service Date that is set based on the in-service date identified in the project information requirements for the Transmission Project in accordance with Section 31.3.2.3 of Attachment Y of the OATT and/or the estimated time to construct Designated Network Upgrade Facilities contained in the NYISO-conducted Facilities Study report. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Designated Entity agreed to the Critical Path Milestones and Advisory Milestones set forth in the Development Schedule in Appendix C to this Agreement for the development, construction, and operation of the Designated Project to allow the Designated Project to go into service by the Required Designated Project In-Service Date; provided that any such milestone for the Designated Project that requires action by a Designated Entity of another Designated Economic Transmission Project or Designated Network Upgrade Facilities

related to the Transmission Project, a Connecting Transmission Owner, or an Affected System Operator to complete was included as an Advisory Milestone.

3.3.2. The Designated Entity shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Designated Entity's inability or failure to meet a Critical Path Milestone specified in the Development Schedule, as such Critical Path Milestone may be amended with the agreement of the NYISO under this Article 3.3, shall constitute a Breach of this Agreement under Article 7.1.

3.3.3. The Designated Entity shall notify the NYISO thirty (30) Calendar Days prior to the date of each Critical Path Milestone specified in the Development Schedule whether, to the best of its knowledge, it expects to meet the Critical Path Milestone by the specified date; *provided, however*, that notwithstanding this requirement:

(i) the Designated Entity shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Designated Entity's discovery of a potential delay in meeting a Critical Path Milestone, including a delay caused by a Force Majeure event; and

(ii) the NYISO may request in writing at any time, and Designated Entity shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Designated Entity will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.

3.3.4. The Designated Entity shall not make a change to a Critical Path Milestone without the prior written consent of the NYISO. To request a change to a Critical Path Milestone, the Designated Entity must: (i) inform the NYISO in writing of the proposed change to the Critical Path Milestone and the reason for the change, including the occurrence of a Force Majeure event in accordance with Section 15.5, (ii) submit to the NYISO a revised Development Schedule containing any necessary changes to Critical Path Milestones and Advisory Milestones that provide for the Designated Project to be completed and achieve its In-Service Date no later than the Required Designated Project In-Service Date, (iii) submit an officer's certificate in a form acceptable to the NYISO certifying the Designated Entity's capability to complete the Designated Project in accordance with the modified schedule taking into account the schedule for completing any other Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project, and (iv) submit an officer's certificate in a form acceptable to the NYISO from any other Designated Entity responsible for developing Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying its capability to complete its Designated Economic Transmission Project or Designated Network Upgrade Facilities in accordance with the modified schedule for the Designated Project, if applicable. If the Designated Entity: (i) must notify the NYISO of a potential delay in meeting a Critical Path Milestone in accordance with one of the notification requirements in Section 3.3.3 or (ii) is requesting a change to a Critical Path Milestone to cure a Breach in Section 7.2,

the Designated Entity shall submit any request to change the impacted Critical Path Milestone(s) within the relevant notification timeframe set forth in Section 3.3.3 or the cure period set forth in Section 7.2, as applicable. The NYISO will promptly review the Designated Entity's requested change. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Designated Entity demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone: (i) will not delay the In-Service Date of the Designated Project beyond the Required Designated Project In-Service Date and (ii) will not materially affect the completion of any other Designated Economic Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project being developed by another Designated Entity by any required in-service date for the other Designated Economic Transmission Project or Designated Network Upgrade Facilities and/or the Required Transmission Project In-Service Date, if applicable, then the NYISO's consent to extending the Critical Path Milestone date will not be unreasonably withheld, conditioned, or delayed. The NYISO's written consent to a revised Development Schedule proposed by the Designated Entity will satisfy the amendment requirements in Article 15.8, and the NYISO will not be required to file the revised Development Schedule with FERC.

3.3.5. Within fifteen (15) Calendar Days of the Designated Entity's discovery of a potential delay in meeting an Advisory Milestone, the Designated Entity shall inform the NYISO of the potential delay and describe the impact of the delay on meeting the Critical Path Milestones. The Designated Entity may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO's written consent to make such change is required as described in Article 3.3.4.

3.3.6. In the event that another Designated Entity of a Designated Economic Transmission Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its schedule, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.4. Modifications to Required Project In-Service Dates

3.4.1. The Designated Entity shall not make a change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date without requesting the NYISO to conduct a vote of the Identified Project Beneficiaries pursuant to Section 31.5.4.6 of Attachment Y of the OATT and receiving approval for the continued implementation of the Designated Project with the proposed change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date. To request a change, the Designated Entity must: (i) inform the NYISO in writing of the proposed change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, (ii) a request for the NYISO to conduct a vote of the Identified Project Beneficiaries to approve the continued implementation of the Designated Project with the changed date(s), and the reason for

the change, including the occurrence of a Force Majeure event, (iii) submit to the NYISO a revised Development Schedule that provides for the Designated Project and the Transmission Project to be completed and achieve its In-Service Date no later than the proposed, modified Required Designated Project In-Service Date and Required Transmission Project In-Service Date, respectively, taking into account the schedule for completing other Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project, if applicable, (iv) demonstrate that the Designated Entity has made reasonable progress against the milestones set forth in the Development Schedule, and is capable of completing the Designated Project in accordance with the modified schedule, (v) demonstrate that its proposed modified date will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (vi) submit a an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying their capability to complete their projects in accordance with the Designated Entity's modified schedule and the proposed, modified Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date.

3.4.2. The NYISO will promptly review Designated Entity's requested change to the Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. The Designated Entity shall provide the NYISO with all required information to support the consideration of a change in the Required Transmission Project In-Service Date or Required Designated Project In-Service Date by the Identified Project Beneficiaries and shall be responsible for the costs of any study work the NYISO performs. If the Designated Entity fails to provide the information required to support the Identified Project Beneficiaries review and determination, the NYISO shall not be obligated to conduct a vote of the Identified Project Beneficiaries. The Parties shall amend this Agreement in accordance with Article 15.8 to incorporate a revised Required Project In-Service Date and Development Schedule.

3.4.3 In the event that another Designated Entity of a Designated Economic Transmission Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its project, its project's Required Designated Project In-Service Date, or the Required Transmission Project In-Service Date, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.5. Modifications to Designated Project

3.5.1 The Designated Entity shall not make a Significant Modification to the Designated Project, including, but not limited to, modifications necessary for the Designated Entity to obtain required approvals or authorizations from Governmental Authorities, without requesting the NYISO to conduct a vote of the Identified Project Beneficiaries pursuant to Section 31.5.4.6 of Attachment Y of the OATT and receiving approval for the continued implementation of the Designated Project with the Significant Modification; *provided, however*, that a proposed Significant Modification of a

Designated Network Upgrade Facilities shall be addressed through the procedures contained in Attachment P to the OATT; *provided, however, further* that a proposed Significant Modification that is a proposed modification to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date shall be addressed in accordance with Article 3.4.

3.5.2 When the Designated Entity submits to the NYISO a written request for the NYISO to conduct a vote of the Identified Project Beneficiaries, the Designated Entity must submit the specific Significant Modification and any related updates to the cost information, risk profiles, and other project information that the Identified Project Beneficiaries considered in approving the implementation of the Transmission Project. The Designated Entity must also demonstrate in its written submission that the Significant Modification (i) does not impair the Transmission Project's ability to achieve the benefits consistent with the benefit/cost analysis provided to the Identified Project Beneficiaries pursuant to Section 31.5.4.5.2 of the OATT, (ii) does not delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, (iii) will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (iv) through submittal of an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project, certifies that the proposed modification will not materially impact the development of such other Designated Economic Transmission Projects or Designated Network Upgrade Facilities. If the Designated Entity fails to provide the information required by this Article 3.4 to support the Identified Project Beneficiaries review and determination, the NYISO shall not be obligated to conduct a vote of the Identified Project Beneficiaries. A determination regarding a Significant Modification to the Designated Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Designated Project under Attachment P of the OATT.

3.5.3 The Designated Entity may request that the NYISO review whether a modification to the Designated Project would constitute a Significant Modification. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. The NYISO's performance of the NYISO's review of whether a modification to the Designated Project would constitute a Significant Modification or the review and vote of a request for a Significant Modification shall not constitute the NYISO's consent to delay the completion of any Critical Path Milestone.

3.6. Billing and Payment

The NYISO shall charge, and the Designated Entity shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3, 3.4, and 3.5 or (ii) any assessment of the Designated Project by the NYISO or its subcontractor(s) under Article

3.8. The NYISO will invoice Designated Entity on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Designated Entity shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO's issuance of a monthly invoice. In the event the Designated Entity disputes an amount to be paid, the Designated Entity shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Designated Entity's favor, the NYISO will net the disputed amount, including interest calculated from Designated Entity's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Designated Entity and pay the balance to the Designated Entity. This Article 3.6 shall survive the termination, expiration, or cancellation of this Agreement.

3.7. Project Monitoring

The Designated Entity shall provide regular status reports to the NYISO and the Identified Project Beneficiaries in accordance with the monitoring requirements set forth in the Development Schedule, the Economic Planning Process Manual, and the OATT. The Designated Entity shall also provide updates and information upon the NYISO's request to assist with the coordination of the Designated Project with other Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project.

3.8. Right to Inspect

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Designated Project for the purpose of assessing the progress of the development and construction of the Designated Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Designated Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such inspection shall take place during normal business hours, shall not interfere with the construction of the Designated Project and shall be subject to such reasonable safety and procedural requirements as the Designated Entity shall specify.

3.9. Exclusive Responsibility of Designated Entity

As between the Parties, the Designated Entity shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards associated with the Designated Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Designated Entity's development of the Designated Project or the compliance of the Designated Entity with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Designated Entity in good faith in providing information to assist the Designated Entity in obtaining all approvals and authorizations from

Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date, including, if applicable, information describing publicly available analysis performed pursuant to Attachment Y of the OATT.

3.10. Subcontractors

3.10.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; *provided, however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further,* that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

3.10.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

3.11. No Services or Products Under NYISO Tariffs

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If Designated Entity wishes to receive or supply such products or services, the Designated Entity must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

3.12. Tax Status

Each Party shall cooperate with the other Party to maintain each Party's tax status to the extent the Party's tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

ARTICLE 4. COORDINATION WITH THIRD PARTIES

4.1. Interconnection Requirements for Designated Project

The Designated Entity shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a "Transmission Project" to interconnect the Designated Project to the New York State Transmission System by the Required Designated Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application for the Designated Project or joining with the agreement of the "Transmission Developer" a pending Transmission Interconnection Application that includes the Designated Project; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement for the Designated Project and/or EPC agreement(s), as applicable; and constructing, or arranging for the construction of, all required Network Upgrade Facilities.

If the NYISO determines that the proposed interconnection of a "Transmission Project" under Attachment P could affect the Designated Project under this Agreement, the Designated Entity shall participate in the Transmission Interconnection Procedures as an Affected System Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a "Large Generating Facility," "Small Generating Facility," or "Class Year Transmission Project" under Attachments X or Z of the OATT or a "Facility" or "Cluster Study Transmission Project" under Attachment HH of the OATT could affect the Designated Project, the Designated Entity shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth, as applicable, in Section 30.3.5 of Attachment X or Section 40.8 of Attachment HH to the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Designated Project, the Designated Entity shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

4.2. Interconnection with Affected System

If part of the Designated Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Designated Entity shall satisfy the requirements of the Affected System Operator for the interconnection of the Designated Project, including entering into any applicable EPC agreement(s).

4.3. Coordination of Interregional Transmission Project

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address a constraint(s) on the bulk systems, the Designated Entity shall coordinate its development and construction of the Designated Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

ARTICLE 5. OPERATION REQUIREMENTS FOR THE DESIGNATED PROJECT

If the Designated Entity is a Transmission Owner, the Designated Entity shall comply with the operating requirements set forth in the ISO/TO Agreement or the operating agreement that the Designated Entity has executed. If the Designated Entity is not a Transmission Owner, the Designated Entity shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Designated Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Designated Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and

Transmission Operators; and (v) prior to energizing the Designated Project, execute an operating agreement with the NYISO.

ARTICLE 6. INSURANCE

The Designated Entity shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated "A- (minus) VII" or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

6.1 Workers' Compensation and Employers' Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Designated Project will be located in part outside of New York State, Designated Entity shall maintain such Employers' Liability Insurance coverage with a minimum limit of One Million Dollars ($1,000,000).

6.2 Commercial General Liability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars ($2,000,000) per occurrence/Four Million Dollars ($4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

6.3 Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

6.4 Umbrella/Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars ($25,000,000) per occurrence/Twenty-Five Million Dollars ($25,000,000) aggregate.

6.5 Builder's Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.

6.6 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Designated Entity shall name the NYISO and its respective directors, officers, agents, servants and employees ("NYISO Parties") as additional insureds. For Commercial General Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i)

ISO Coverage Form No. CG 20 37 04 13 ("Additional Insured – Owners, Lessees or Contractors – Completed Operations") and (ii) (A) ISO Coverage Form No. CG 20 10 04 13 ("Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization"), or (B) ISO Coverage Form No. CG 20 26 04 13 ("Additional Insured – Designated Person or Organization"). For Commercial Business Automobile Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 ("Designated Insured for Covered Autos Liability Coverage"), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

6.7 All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO Parties prior to non-renewal, cancellation or any material change in coverage or condition.

6.8 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Designated Entity shall be responsible for its respective deductibles or retentions.

6.9 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Designated Entity and the NYISO.

6.10 The requirements contained herein as to the types and limits of all insurance to be maintained by the Designated Entity are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Designated Entity under this Agreement.

6.11 The Designated Entity shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO's date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.

6.12 Notwithstanding the foregoing, the Designated Entity may self-insure to meet the minimum insurance requirements of Articles 6.1 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Designated Entity's senior debt

is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 6.1 through 6.10. For any period of time that the Designated Entity's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, the Designated Entity shall comply with the insurance requirements applicable to it under Articles 6.1 through 6.10. In the event that the Designated Entity is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.

6.13 The Designated Entity and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

6.14 Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Designated Entity: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Designated Entity and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

ARTICLE 7. BREACH AND DEFAULT

7.1. Breach

A Breach of this Agreement shall occur when: (i) the Designated Entity notifies the NYISO in writing that it will not proceed to develop the Designated Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Designated Entity fails to meet a Critical Path Milestone, as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to this Agreement; (iii) the Designated Entity makes a Significant Modification to the Designated Project without complying with the requirements of Article 3.5; (iv) the Designated Entity fails to pay a monthly invoice within the timeframe set forth in Article 3.6; (v) the Designated Entity misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Designated Entity fails to comply with any other material term or condition of this Agreement; (viii) a custodian, receiver, trustee or liquidator of the Designated Entity, or of all or substantially all of the assets of the Designated Entity, is appointed in any proceeding brought by the Designated Entity; or (ix) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Designated Entity that is not discharged within ninety (90) Days after such appointment, or if the Designated Entity consents to or acquiesces in such appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by another Designated Entity, a Connecting Transmission Owner, or an Affected System Operator.

7.2. Default

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Designated Project by the Required Designated Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date or other Designated Entities' ability to complete Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project by their required designated project in-service date and the Required Transmission Project In-Service Date; *provided, however*, that if the Breach is the result of a Designated Entity's inability or failure to meet a Critical Path Milestone, the Designated Entity may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO's satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Designated Project will achieve its In-Service Date no later than the Required Designated Project In-Service Date and other Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project will achieve their in-service dates before their required designated project in-service dates and the Required Transmission Project In-Service Date, or (ii) the Designated Entity requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Designated Project to be completed by the Required Designated Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

7.3. Remedies

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party's liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 8. TERMINATION

8.1. Termination by the NYISO

The NYISO may terminate this Agreement by providing written notice of termination to the Designated Entity in the event that: (i) the Designated Entity notifies the NYISO that it is unable to receive or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date; (ii) the Designated Entity notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iii) the Designated Entity cannot complete the Designated Project by the Required Designated Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Designated Entity from completing the Transmission Project by the Required Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner, an Affected System Operator, or other Designated Entity responsible for completing a Designated Economic Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project; (iv) the NYISO declares a default pursuant to Article 7.2 of this Agreement; (v) another Designated Entity defaults on the development of a separate Designated Economic Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project and the Regulated Economic Transmission Project is halted in accordance with Section 31.5.4.7 of Attachment Y of the OATT.

If the NYISO identifies grounds for termination under Articles 8.1(iv) or (v) or receives notice from the Developer under Articles 8.1(i), (ii), or (iii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Section 31.5.4.7 of Attachment Y of the OATT. If the NYISO decides to terminate this Agreement under Article 8.1, it will provide written notice of termination to the Designated Entity, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.3.2.6.2 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Designated Entity, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1(i), (ii), (iii), or (v), the Designated Entity may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iv), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Designated Entity shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Designated Project.

8.2. Reporting of Inability to Comply with Provisions of Agreement

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply,

including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

8.3. Designated Project Transfer Rights Upon Termination

If the Designated Project is, or is a part of, the Transmission Project designated to a Transmission Owner as the owner of the existing facilities to be modified by the Designated Project and the NYISO terminates this Agreement pursuant to Article 8.1 (except pursuant to Article 8.1(v)), the NYISO shall have the right, but shall not be required, to offer the Developer of the Transmission Project to complete the Designated Project, unless the termination is related to Designated Network Upgrade Facilities. The NYISO may exercise this right by providing the Designated Entity with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO takes action to offer the Designated Project to the Developer under this Article 8.3 and Section 31.5.4.7 of Attachment Y of the OATT, the Designated Entity shall work cooperatively with the alternative Designated Entity to implement the transition, including entering into good faith negotiations with the alternative Designated Entity to transfer the Designated Project to the alternative Designated Entity. If the NYISO offers an entity other than the Designated Entity to complete the Designated Economic Transmission Project and that entity accepts and if there are Designated Network Upgrade Facilities covered by this Agreement, the NYISO may (i) request the Designated Entity to continue with the development of the Designated Network Upgrade Facilities and amend this Agreement to, among other things, revise the Designated Project as described in the Project Description set forth in Appendix A to this Agreement or (ii) execute or amend a Transmission Interconnection Agreement if termination under Articles 8.1(iii) or (iv) is related to the development of Designated Network Upgrade Facilities. All liabilities under this Agreement existing prior to such transfer shall remain with the Designated Entity, unless otherwise agreed upon by the Designated Entity and the NYISO's designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 9. LIABILITY AND INDEMNIFICATION

9.1. Liability

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the Other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party's liability for damages shall be limited only to direct actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

9.2. Indemnity

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Designated Entity shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further,* that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the ISO OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 10. ASSIGNMENT

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

(i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party's prior written consent;

(ii) an assignment by the Designated Entity shall be contingent upon the Designated Entity or assignee demonstrating to the satisfaction of the NYISO prior to the effective date of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Designated Project by the Required Designated Project In-Service Date consistent with the assignor's cost estimates and risk profiles, if applicable, for the Designated Project, and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.3.2.2 of Attachment Y of the OATT; and

(iii) the Designated Entity shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Designated Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Designated Project meets the requirements for the assignee of a Designated Entity described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY

11.1. Information Access

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

11.2. Confidentiality

11.2.1. Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential Information"; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*, that Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.

11.2.2. The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Designated Entity receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party's Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1. General

The Designated Entity makes the following representations, warranties, and covenants, which are effective as to the Designated Entity during the full time this Agreement is effective:

12.2. Good Standing

The Designated Entity is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Designated Entity is qualified to do business in the state or states in which the Designated Project is located. The Designated Entity has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

12.3. Authority

The Designated Entity has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Designated Entity, enforceable against the Designated Entity in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

12.4. No Conflict

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Designated Entity, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Designated Entity or any of its assets.

12.5. Consent and Approval

The Designated Entity has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

12.6. Compliance with All Applicable Laws and Regulations

The Designated Entity will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

ARTICLE 13. DISPUTE RESOLUTION

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO's Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO's Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

ARTICLE 14. SURVIVAL

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, the cost recovery provisions in Article 15.3 and Appendix D, and the billing and payment provisions in Article 3.6 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

ARTICLE 15. MISCELLANEOUS

15.1. Notices

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:

[Insert contact information.]

Designated Entity:

[Insert contact information.]

15.2. Entire Agreement

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Designated Entity's and NYISO's rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York

State Transmission System, as such interconnection agreements may be amended, supplemented, or modified from time to time.

15.3. Cost Recovery

The Designated Entity may recover the costs of the Designated Project in accordance with the cost recovery requirements in the ISO Tariffs.

15.4. Binding Effect

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

15.5. Force Majeure

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Designated Entity to meet a Critical Path Milestone. If the notifying Party is the Designated Entity, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Designated Project in time for other Designated Economic Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project to go into service by their required designated project in-service date(s) and the Required Transmission Project In-Service Date. If the Force Majeure will delay the Designated Entity's ability to meet one or more Critical Path Milestones, the Designated Entity shall request with its notice a change to the impacted milestones in accordance with the requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that the Designated Entity will not be able to complete the Designated Project by the Required Designated Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

15.6. Disclaimer

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

15.7. No NYISO Liability for Review or Approval of Designated Entity Materials

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer that submitted the Transmission Project under Attachment Y of the ISO OATT or by the Designated Entity nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Designated Entity from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Designated Entity or any other person by reason of its or its subcontractor's review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

15.8. Amendment

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.3.2.6.2 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

15.9. No Third Party Beneficiaries

With the exception of the indemnification rights of the NYISO's directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

15.10. Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

15.11. Rules of Interpretation

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to

time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

15.12. Severability

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

15.13. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

15.14. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

15.15. Headings

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

15.16. Governing Law

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

15.17. Jurisdiction and Venue

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County, New York or the United States District Court of the Northern District of New York situated in Albany, New York.

IN WITNESS WHEREFORE, the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: _____

Title:_____

Date:_____

[Insert name of Designated Entity]

By:_____

Title:_____

Date:_____

Appendix A – Project Description

Appendix B – Scope of Work

Appendix C – Development Schedule

[*To be prepared by Designated Entity consistent with the Transmission Project information submission, pursuant to the Economic Planning Process Manual and Section 31.3.2.3, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.*]

[*The Designated Entity shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.*]

Critical Path Milestones: *[To be developed with consideration of each of the work plan requirements submitted by the sponsoring Transmission Owner or Developer pursuant to the Economic Planning Process Manual and Section 31.3.2.3 and presented herein according to the sequence of the critical path. The NYISO anticipates that the Designated Entity's critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Designated Entity's Designated Project and schedule.*]

Advisory Milestones: [*To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Designated Entity and reported to NYISO.*]

[*Example Milestones:*

- *Interconnection studies*
- *Siting activities (e.g. locating line routing, access roads, and substation site location options)*
- *Environmental impact studies (relative to siting options)*
- *Engineering (initial)*
- *Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)*
- *Public outreach plan*
- *Initiation of negotiation of key contracts and financing*
- *Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals*
- *Closing of project financing*
- *Completion of key contracts*

- *Engineering (detailed)*
- *Procurement of major equipment and materials*
- *Environmental management & construction plan (for Article VII or Article VIII certification)*
- *Acquisition of [all or %] required rights of way and property / demonstration of site control*
- *Surveying and geotechnical assessment (relative to line and station layouts)*
- *Execution, or filing of unexecuted version, of interconnection agreement*
- *Engineering (completed)*
- *Delivery of major electrical equipment*
- *Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.*
- *Construction outage and restoration coordination plan*
- *Completion, verification and testing*
- *Operating and maintenance agreements and instructions*
- *In-Service Date*
- *Required Designated Project In-Service Date and/or Required Transmission Project In-Service Date, if different]*

31.9 APPENDIX F –LONG-TERM TRANSMISSION PLANNING PROCESS DEVELOPMENT AGREEMENT

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THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this ___ day of _____ 20__, by and between _____, a [corporate description] organized and existing under the laws of the State/Commonwealth of _____ ("Designated Entity"), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York ("NYISO"). Designated Entity or NYISO each may be referred to as a "Party" or collectively referred to as the "Parties."

RECITALS

WHEREAS, the NYISO administers the Comprehensive System Planning Process ("CSPP") in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"), as accepted by the Federal Energy Regulatory Commission ("FERC");

WHEREAS, as part of the CSPP, the NYISO administers a Long-Term Transmission Planning Process pursuant to which Long-Term Transmission Need(s) are identified; proposed solutions to the identified need(s) are solicited by the NYISO; and the more efficient or cost-effective transmission solution to satisfy the identified need(s) is selected by the NYISO and reported in the NYISO's Long-Term Transmission Planning Report;

WHEREAS, the NYISO has selected a Long-Term Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Long-Term Transmission Need ("Transmission Project"); has designated the Designated Entity as responsible for developing the Designated Long-Term Transmission Project, which constitutes the Transmission Project, or a part of the Transmission Project, as specified in Appendix A, and/or Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the OATT, as specified in Appendix A ("Designated Project"); and directed the Designated Entity to proceed with the Designated Project;

WHEREAS, the Designated Entity has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Designated Project, to develop and construct the Designated Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

WHEREAS, the Designated Entity and the NYISO have agreed to enter into this Agreement pursuant to Section 31.6.12.2 of Attachment Y of the OATT for the purpose of ensuring that the Designated Project will be constructed and in service by the required date(s) ("Required Designated Project In-Service Date") to enable the Transmission Project to be constructed and in-service by the required date to satisfy the Long-Term Transmission Need ("Required Transmission Project In-Service Date"); and

WHEREAS, the Designated Entity has agreed to construct, and the NYISO has requested that the Designated Entity proceed with construction of, the Designated Project to provide for the Designated Project to be in-service by the Required Designated Project In-Service Date(s).

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the OATT or, if not therein, in Article 1 of the OATT.

Advisory Milestones shall mean the milestones set forth in the Development Schedule in Attachment C to this Agreement that are not Critical Path Milestones.

Affected System Operator shall mean any Affected System Operator(s) identified in connection with the Designated Project pursuant to Attachment P of the OATT.

Applicable Laws and Regulations shall mean: (i) 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, and (ii) all applicable requirements of the ISO Tariffs, ISO Procedures, and ISO Related Agreements.

Applicable Reliability Organizations shall mean the NERC, the NPCC, and the NYSRC.

Applicable Reliability Requirements shall mean the requirements, criteria, rules, standards, and guidelines, as they may be amended and modified and in effect from time to time, of: (i) the Applicable Reliability Organizations, (ii) the Connecting Transmission Owner(s), (iii) [*to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iv) any Affected System Operator; *provided, however*, that no Party shall waive its right to challenge the applicability or validity of any requirement, criteria, rule, standard, or guideline as applied to it in the context of this Agreement.

Breach shall have the meaning set forth in Article 7.1 of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

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

Calendar Day shall mean any day including Saturday, Sunday, or a federal holiday.

Change of Control shall mean a change in ownership of more than 50% of the membership or ownership interests or other voting securities of the Designated Entity to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Designated Entity to a third party.

Confidential Information shall mean any information that is defined as confidential by Article 11.2.

Connecting Transmission Owner shall be the Connecting Transmission Owner(s) identified in connection with the Designated Project pursuant to Attachment P of the OATT.

Critical Path Milestones shall mean the milestones identified as such in the Development Schedule in Attachment C to this Agreement that must be met for the Designated Project to be constructed and operating by the Required Designated Project In-Service Date.

Default shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 7.2 of this Agreement.

Designated Entity shall have the meaning set forth in the introductory paragraph.

Designated Network Upgrade Facilities shall mean the Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a Long-Term Transmission Project selected under Attachment Y to the OATT; that meet the definition of upgrade under Section 31.1.10.4 of Attachment Y to the OATT; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner in accordance with Section 22.9.6 of Attachment P to the OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Designated Project shall mean the Designated Long-Term Transmission Project that the Designated Entity has been designated to develop and place into service pursuant to Section 31.6.11 of Attachment Y and the Designated Network Upgrade Facilities that the Designated Entity has been designated to develop and place into service pursuant Section 22.9.6 of Attachment P to the OATT, as described in the Project Description set forth in Appendix A to this Agreement.

Development Schedule shall mean the schedule of Critical Path Milestones and Advisory Milestones set forth in Appendix C to this Agreement.

Effective Date shall mean the date upon which this Agreement becomes effective as determined in Article 2.1 of this Agreement.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

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.

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 practice, 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 delineate 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, public authority, 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 the NYISO, the Designated Entity, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

In-Service Date shall mean the date upon which the Designated Project is energized consistent with the provisions of the Transmission Project Interconnection Agreement for the Designated Project and available to provide Transmission Service under the NYISO Tariffs.

ISO/TO Agreement shall mean the *Agreement Between the New York Independent System Operator and Transmission Owners*, as filed with and accepted by the FERC in *Cent. Hudson Gas & Elec. Corp*., *et al.*, 88 FERC ¶ 61,138 (1999) in Docket Nos. ER97-1523, *et al.*, and as amended or supplemented from time to time, or any successor agreement thereto.

Long-Term Transmission Planning Process Manual shall mean the NYISO's manual adopted by the NYISO stakeholder Operating Committee describing the NYISO's procedures for implementing the Long-Term Transmission Planning Process component of the NYISO's Comprehensive System Planning Process, as the manual is amended or supplemented from time to time, or any successor manual thereto.

New York State Transmission System shall mean the entire New York State electrical transmission system, which includes: (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

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

NYPSC shall mean the New York State Public Service Commission or its successor.

NYSRC shall mean the New York State Reliability Council or its successor organization.

OATT shall mean the NYISO's Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Party or Parties shall mean the NYISO, the Designated Entity, or both.

Point of Interconnection shall mean the point or points at which the Designated Entity's Designated Project will interconnect to the New York State Transmission System.

Project Description shall mean the description of the Designated Project set forth in Appendix A to this Agreement for which the Designated Entity was designated to develop and place into

service and (i) that is consistent with the Designated Project component of the Transmission Project proposed and evaluated in the NYISO's Long-Term Transmission Planning Process and selected by the NYISO Board of Directors as the more efficient or cost-effective transmission solution to the identified Long-Term Transmission Need and/or (ii) that is consistent with the Designated Network Upgrade Facilities identified for the Transmission Project in a NYISO-conducted Facilities Study under Attachment P to the OATT.

Required Designated Project In-Service Date shall mean the in-service date or dates by which the Designated Project must be constructed and operating, which date(s) will be identified by the NYISO as either: (A) the in-service date specified by the Developer in the project information it submitted under Attachment Y for one or more of the components of the Designated Project for use by the NYISO in its selection of the Transmission Project as the more efficient or cost-effective transmission solution to satisfy the Long-Term Transmission Need, or (B) such other date accepted by the NYISO for one or more of the components of the Designated Project as reasonable in light of the Long-Term Transmission Need. The Required Designated Project In-Service Date may be the same date as or an earlier date or dates than the Required Transmission Project In-Service Date. The Required Designated Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Required Transmission Project In-Service Date shall mean the in-service date by which the Transmission Project, including all Designated Long-Term Transmission Projects that constitute the Transmission Project and Designated Network Upgrade Facilities identified for the Transmission Project (if applicable), must be constructed and operating, which date shall be: (i) the date by which the Long-Term Transmission Need must be satisfied as prescribed by the NYPSC in its order identifying the need or in a subsequent order, or (ii) if the NYPSC has not prescribed a date, the date proposed by the Developer in the project information submittal for the Transmission Project and reviewed and accepted by the NYISO, which date may be either: (A) the in-service date specified by the Developer in the project information it submitted under Attachment Y of the OATT for use by the NYISO in its selection of the Transmission Project as the more efficient or cost-effective transmission solution to satisfy the Long-Term Transmission Need, or (B) such other date accepted by the NYISO as reasonable in light of the Long-Term Transmission Need. The Required Transmission Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

Services Tariff shall mean the NYISO's Market Administration and Control Area Services Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff thereto.

Significant Modification shall mean a Designated Entity's proposed modification to its Designated Project that: (i) could impair the Transmission Project's or Designated Project's ability to meet the identified Long-Term Transmission Need, (ii) could delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use by the NYISO in evaluating the Transmission Project for purposes of selecting the more efficient or cost-effective transmission solution to meet the identified Long-Term Transmission Need.

Scope of Work shall mean the description of the work required to implement the Designated Project as set forth in Appendix B to this Agreement. The Scope of Work shall be drawn from the Developer's submission of the "Information for a Proposed Solution to a Long-Term Transmission Need" and the "Data Submission for Long-Term Transmission Projects," which are set forth in Attachments B and C of the NYISO Long-Term Transmission Planning Process Manual, as may be updated as agreed upon by the Parties. The Scope of Work shall include, but not be limited to, a description of: the acquisition of required rights-of-ways, the work associated with the licensing, design, financing, environmental and regulatory approvals, engineering, procurement of equipment, construction, installation, testing, and commissioning of the Designated Project; the relevant technical requirements, standards, and guidelines pursuant to which the work will be performed; the major equipment and facilities to be constructed and/or installed in connection with the Designated Project, and the cost estimates for the work associated with the Designated Project.

Transmission Owner Technical Standards shall mean the technical requirements and standards (*e.g,* equipment or facilities electrical and physical capabilities, design characteristics, or construction requirements), as those requirements and standards are amended and modified and in effect from time to time, of: (i) the Connecting Transmission Owner(s), (ii) [*to insert the name(s) of any other Transmission Owners, other Designated Entities, or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project*], and (iii) any Affected System Operator.

Transmission Project shall mean a Long-Term Transmission Project selected by the NYISO as the more efficient or cost-effective transmission solution to a Long-Term Transmission Need. The Designated Project subject to this Agreement shall be the Transmission Project, or the part of the Transmission Project, designated to the Designated Entity pursuant to Section 31.6.11 of Attachment Y.

ARTICLE 2. EFFECTIVE DATE AND TERM

2.1. Effective Date

This Agreement shall become effective on the date it has been executed by all Parties; *provided, however*, if the Agreement is filed with FERC as a non-conforming or an unexecuted agreement pursuant to Section 31.6.12.2 of Attachment Y of the OATT, the Agreement shall become effective on the effective date accepted by FERC.

2.2. Filing

If the Agreement must be filed with FERC pursuant to Section 31.6.12.2 of Attachment Y of the OATT, the NYISO shall file this Agreement for acceptance with FERC within the timeframe set forth for the filing in Section 31.6.12.2 of Attachment Y of the OATT. The Designated Entity shall cooperate in good faith with the NYISO with respect to such filing and provide any information requested by the NYISO to comply with Applicable Laws and Regulations. Any Confidential Information shall be treated in accordance with Article 11.2 of this Agreement.

2.3. Term of Agreement

Subject to the termination provisions in Article 8 of this Agreement, this Agreement shall remain in effect from the Effective Date until: (i) the Designated Entity has executed either the ISO/TO Agreement or an operating agreement with the NYISO, and (ii) the Designated Project: (A) has been completed in accordance with the terms and conditions of this Agreement, and (B) is in-service; *provided, however,* that the terms of this Agreement shall continue in effect to the extent provided in Article 14 of this Agreement.

ARTICLE 3. DESIGNATED PROJECT DEVELOPMENT AND CONSTRUCTION

3.1. Application for Required Authorizations and Approvals

The Designated Entity shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date. The required authorizations and approvals are listed in the Scope of Work in Appendix B to this Agreement. The Designated Entity shall seek and obtain the required authorizations and approvals in accordance with the milestones set forth in the Development Schedule in Appendix C to this Agreement. The milestones for obtaining the required authorizations and approvals are included in the Development Schedule as Critical Path Milestones and Advisory Milestones, as designated by the Parties under Article 3.3.1. The Designated Entity shall notify the NYISO in accordance with the notice requirements in Article 3.3 if it has reason to believe that it may be unable to timely obtain or is denied an approval or authorization by a Governmental Authority required for the development, construction, or operation of the Designated Project, or if such approval or authorization is withdrawn or modified.

3.2. Development and Construction of Designated Project

The Designated Entity shall design, engineer, procure, install, construct, test and commission the Designated Project in accordance with: (i) the terms of this Agreement, including, but not limited to, the Project Description in Appendix A to this Agreement, the Scope of Work in Appendix B to this Agreement, and the Development Schedule in Appendix C to this Agreement; (ii) Applicable Reliability Requirements; (iii) Applicable Laws and Regulations; (iv) Good Utility Practice; (v) the Transmission Owner Technical Standards, (vi) any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, and (v) any engineering, procurement, and construction ("EPC") agreement(s) associated with the interconnection of the Designated Project to the New York State Transmission System.

3.3. Milestones

3.3.1. The NYISO has provided the Designated Entity with the Required Transmission Project In-Service Date and Required Designated Project In-Service Date that is set forth in the Long-Term Transmission Planning Report in accordance with Section 31.6.11.2 of Attachment Y of the OATT and the estimated time to construct Designated Network Upgrade Facilities contained in the NYISO-conducted Facilities

Study report. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Designated Entity agreed to the Critical Path Milestones and Advisory Milestones set forth in the Development Schedule in Appendix C to this Agreement for the development, construction, and operation of the Designated Project to allow the Designated Project to go into service by the Required Designated Project In-Service Date in accordance with Section 31.6.12.2 of Attachment Y of the OATT; provided that any such milestone for the Designated Project that requires action by a Designated Entity of another Designated Long-Term Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project, a Connecting Transmission Owner, or an Affected System Operator to complete was included as an Advisory Milestone.

3.3.2. The Designated Entity shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Designated Entity's inability or failure to meet a Critical Path Milestone specified in the Development Schedule, as such Critical Path Milestone may be amended with the agreement of the NYISO under this Article 3.3, shall constitute a Breach of this Agreement under Article 7.1.

3.3.3. The Designated Entity shall notify the NYISO thirty (30) Calendar Days prior to the date of each Critical Path Milestone specified in the Development Schedule whether, to the best of its knowledge, it expects to meet the Critical Path Milestone by the specified date; *provided, however*, that notwithstanding this requirement:

(i) the Designated Entity shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Designated Entity's discovery of a potential delay in meeting a Critical Path Milestone, including a delay caused by a Force Majeure event; and

(ii) the NYISO may request in writing at any time, and Designated Entity shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Designated Entity will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.

3.3.4. The Designated Entity shall not make a change to a Critical Path Milestone without the prior written consent of the NYISO. To request a change to a Critical Path Milestone, the Designated Entity must: (i) inform the NYISO in writing of the proposed change to the Critical Path Milestone and the reason for the change, including the occurrence of a Force Majeure event in accordance with Section 15.5, (ii) submit to the NYISO a revised Development Schedule containing any necessary changes to Critical Path Milestones and Advisory Milestones that provide for the Designated Project to be completed and achieve its In-Service Date no later than the Required Designated Project In-Service Date, (iii) submit an officer's certificate in a form acceptable to the NYISO certifying the Designated Entity's capability to complete the Designated Project in accordance with the modified schedule taking into account the schedule for completing any other Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission

Project, and (iv) submit an officer's certificate in a form acceptable to the NYISO from any other Designated Entity responsible for developing Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying its capability to complete its Designated Long-Term Transmission Project or Designated Network Upgrade Facilities in accordance with the modified schedule for the Designated Project, if applicable. If the Designated Entity: (i) must notify the NYISO of a potential delay in meeting a Critical Path Milestone in accordance with one of the notification requirements in Section 3.3.3 or (ii) is requesting a change to a Critical Path Milestone to cure a Breach in Section 7.2, the Designated Entity shall submit any request to change the impacted Critical Path Milestone(s) within the relevant notification timeframe set forth in Section 3.3.3 or the cure period set forth in Section 7.2, as applicable. The NYISO will promptly review the Designated Entity's requested change. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Designated Entity demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone: (i) will not delay the In-Service Date of the Designated Project beyond the Required Designated Project In-Service Date and (ii) will not materially affect the completion of any other Designated Long-Term Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project being developed by another Designated Entity by any required in-service date for the other Designated Long-Term Transmission Project or Designated Network Upgrade Facilities and/or the Required Transmission Project In-Service Date, if applicable, then the NYISO's consent to extending the Critical Path Milestone date will not be unreasonably withheld, conditioned, or delayed. The NYISO's written consent to a revised Development Schedule proposed by the Designated Entity will satisfy the amendment requirements in Article 15.8, and the NYISO will not be required to file the revised Development Schedule with FERC.

3.3.5. Within fifteen (15) Calendar Days of the Designated Entity's discovery of a potential delay in meeting an Advisory Milestone, the Designated Entity shall inform the NYISO of the potential delay and describe the impact of the delay on meeting the Critical Path Milestones. The Designated Entity may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO's written consent to make such change is required as described in Article 3.3.4.

3.3.6. In the event that another Designated Entity of a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its schedule, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.4. Modifications to Required Project In-Service Dates

3.4.1. The Designated Entity shall not make a change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date without the prior

written consent of the NYISO. To request a change, the Designated Entity must: (i) inform the NYISO in writing of the proposed change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date and the reason for the change, including the occurrence of a Force Majeure event, (ii) submit to the NYISO a revised Development Schedule that provides for the Designated Project and the Transmission Project to be completed and achieve its In-Service Date no later than the proposed, modified Required Designated Project In-Service Date and Required Transmission Project In-Service Date, respectively, taking into account the schedule for completing other Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project, if applicable, (iii) demonstrate that the Designated Entity has made reasonable progress against the milestones set forth in the Development Schedule, and is capable of completing the Designated Project in accordance with the modified schedule, and (iv) submit a an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying their capability to complete their projects in accordance with the Designated Entity's modified schedule and the proposed, modified Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. If the Required Transmission Project In-Service Date is the date prescribed by the NYPSC in its order identifying the Long-Term Transmission Need or in a subsequent order, the Designated Entity must also demonstrate that the NYPSC has issued an order modifying its prescribed date.

3.4.2. The NYISO will promptly review Designated Entity's requested change to the Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Designated Entity fails to provide the NYISO with the information required to make its determination, the NYISO shall not be obligated to make this determination. The NYISO's consent to extend the Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date will not be unreasonably withheld, conditioned, or delayed if the Designated Entity demonstrates to the NYISO's satisfaction that: (i) its proposed modified Required Transmission Project In-Service Date or Required Designated Project In-Service Date is reasonable in light of the Long-Term Transmission Need, (ii) it has made reasonable progress against the milestones set forth in the Development Schedule, (iii) its proposed modified date will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (iv) its proposed modified date will not materially impact the development of Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project being developed by other Designated Entities. If the NYISO determines that Designated Entity's proposed modified date could result in a significant adverse impact to the reliability of the New York State Transmission System, the NYISO may consider, among other things, in determining whether to consent to the requested change in the date: (i) whether a mitigation plan proposed by the Designated Entity or identified by the NYISO could

alleviate the identified reliability impact, and (ii) whether to proceed with the Transmission Project and to address any reliability impact that could arise through the Short-Term Reliability Process or Reliability Planning Process. The Parties shall amend this Agreement in accordance with Article 15.8 to incorporate a revised Required Project In-Service Date and Development Schedule and to incorporate the requirements of any required mitigation plan.

3.4.3 In the event that another Designated Entity of a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its project, its project's Required Designated Project In-Service Date, or the Required Transmission Project In-Service Date, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

3.5. Modifications to Designated Project

The Designated Entity shall not make a Significant Modification to the Designated Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Designated Entity to obtain required approvals or authorizations from Governmental Authorities; *provided, however*, that a proposed Significant Modification of a Designated Network Upgrade Facilities shall be addressed through the procedures contained in Attachment P to the OATT; *provided, however*, *further* that a proposed Significant Modification that is a proposed modification to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date shall be addressed in accordance with Article 3.4. The NYISO's determination regarding a Significant Modification to the Designated Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Designated Project under Attachment P of the OATT. The Designated Entity may request that the NYISO review whether a modification to the Designated Project would constitute a Significant Modification. The Designated Entity shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. The NYISO's consent to the Significant Modification will not be unreasonably withheld, conditioned, or delayed if the Designated Entity demonstrates to the NYISO's satisfaction that its proposed Significant Modification: (i) does not impair the Transmission Project's ability to satisfy the identified Long-Term Transmission Need, (ii) does not delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, (iii) does not change the grounds upon which the NYISO selected the Transmission Project as the more efficient or cost-effective transmission solution to the identified Long-Term Transmission Need, (iv) will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (v) through submittal of an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project, certifies that the proposed modification will not materially impact the development of such other Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities. If the NYISO determines that Designated Entity's proposed Significant Modification could result in a

significant adverse impact to the reliability of the New York State Transmission System, the NYISO may consider, among other things, in determining whether to consent to the Significant Modification: (i) whether a mitigation plan proposed by the Designated Entity or identified by the NYISO could alleviate the identified reliability impact, and (ii) whether to proceed with the Transmission Project and to address any reliability impact that could arise through the Short-Term Reliability Process or Reliability Planning Process. The Parties shall amend this Agreement in accordance with Article 15.8 to incorporate the requirements of any required mitigation plan. The NYISO's performance of this review shall not constitute its consent to delay the completion of any Critical Path Milestone.

3.6. Billing and Payment

The NYISO shall charge, and the Designated Entity shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3, 3.4, and 3.5, (ii) any assessment of the Designated Project by the NYISO or its subcontractor(s) under Article 3.8, or (iii) any study work performed by the NYISO or it subcontractor(s) as part of a Reevaluation Process for the Transmission Project or Designated Project performed pursuant to Article 3.13 of this Agreement and Section 31.6.13 of Attachment Y to the OATT. The NYISO will invoice Designated Entity on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Designated Entity shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO's issuance of a monthly invoice. In the event the Designated Entity disputes an amount to be paid, the Designated Entity shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Designated Entity's favor, the NYISO will net the disputed amount, including interest calculated from Designated Entity's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Designated Entity and pay the balance to the Designated Entity. This Article 3.6 shall survive the termination, expiration, or cancellation of this Agreement.

3.7. Project Monitoring

The Designated Entity shall provide regular status reports to the NYISO and updates to NYISO stakeholders in accordance with the monitoring requirements set forth in the Development Schedule, the Long-Term Transmission Planning Process Manual and Attachment Y of the OATT. The Designated Entity shall also provide updates and information upon the NYISO's request to assist with the coordination of the Designated Project with other Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project.

3.8. Right to Inspect

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Designated Project for the purpose of assessing the progress of the development and construction of the Designated Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Designated Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such

inspection shall take place during normal business hours, shall not interfere with the construction of the Designated Project and shall be subject to such reasonable safety and procedural requirements as the Designated Entity shall specify.

3.9. Exclusive Responsibility of Designated Entity

As between the Parties, the Designated Entity shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards associated with the Designated Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Designated Entity's development of the Designated Project or the compliance of the Designated Entity with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Designated Entity in good faith in providing information to assist the Designated Entity in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date, including, if applicable, information describing the NYISO's basis for selecting the Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Long-Term Transmission Need.

3.10. Subcontractors

3.10.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; *provided, however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further,* that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

3.10.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

3.11. No Services or Products Under NYISO Tariffs

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If Designated Entity wishes to receive or supply such products or services, the Designated Entity must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

3.12. Tax Status

Each Party shall cooperate with the other Party to maintain each Party's tax status to the extent the Party's tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

3.13 Reevaluation of Transmission Project

If the NYISO is required to perform a reevaluation of the Transmission Project through a Reevaluation Process pursuant to Section 31.6.13 of Attachment Y to the OATT or to take any action as a result of the Reevaluation Process pursuant to Section 31.6.14 of Attachment Y to the OATT, the Designated Entity shall cooperate in good faith with the NYISO concerning the performance of the Reevaluation Process and the implementation of resulting actions, including providing the NYISO with any requested information to assist the NYISO in performing the Reevaluation Process and addressing the results of the Reevaluation Process.

ARTICLE 4. COORDINATION WITH THIRD PARTIES

4.1. Interconnection Requirements for Designated Project

The Designated Entity shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a "Transmission Project" to interconnect the Designated Project to the New York State Transmission System by the Required Designated Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application for the Designated Project or joining with the agreement of the "Transmission Developer" a pending Transmission Interconnection Application that includes the Designated Project; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement for the Designated Project and/or EPC agreement(s), as applicable; and constructing, or arranging for the construction of, all required Network Upgrade Facilities.

If the NYISO determines that the proposed interconnection of a "Transmission Project" under Attachment P could affect the Designated Project under this Agreement, the Designated Entity shall participate in the Transmission Interconnection Procedures as an Affected System Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a "Large Generating Facility," "Small Generating Facility," or "Class Year Transmission Project" under Attachments X or Z of the OATT or a "Facility" or "Cluster Study Transmission Project" under Attachment HH of the OATT could affect the Designated Project, the Designated Entity shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth, as applicable, in Section 30.3.5 of Attachment X or Section 40.8 of Attachment HH to the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Designated Project, the Designated Entity shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

4.2. Interconnection with Affected System

If part of the Designated Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Designated Entity shall satisfy the requirements of the Affected System Operator for the interconnection of the Designated Project, including entering into any applicable EPC agreement(s).

4.3. Coordination of Interregional Transmission Project

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address an identified Long-Term Transmission Need, the Designated Entity shall coordinate its development and construction of the Designated Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

ARTICLE 5. OPERATION REQUIREMENTS FOR THE DESIGNATED PROJECT

If the Designated Entity is a Transmission Owner, the Designated Entity shall comply with the operating requirements set forth in the ISO/TO Agreement or the operating agreement that the Designated Entity has executed. If the Designated Entity is not a Transmission Owner, the Designated Entity shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Designated Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Designated Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and Transmission Operators; and (v) prior to energizing the Designated Project, execute an operating agreement with the NYISO.

ARTICLE 6. INSURANCE

The Designated Entity shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated "A- (minus) VII" or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

6.1 Workers' Compensation and Employers' Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Designated

Project will be located in part outside of New York State, Designated Entity shall maintain such Employers' Liability Insurance coverage with a minimum limit of One Million Dollars ($1,000,000).

6.2 Commercial General Liability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars ($2,000,000) per occurrence/Four Million Dollars ($4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

6.3 Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

6.4 Umbrella/Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars ($25,000,000) per occurrence/Twenty-Five Million Dollars ($25,000,000) aggregate.

6.5 Builder's Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.

6.6 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Designated Entity shall name the NYISO and its respective directors, officers, agents, servants and employees ("NYISO Parties") as additional insureds. For Commercial General Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04 13 ("Additional Insured – Owners, Lessees or Contractors – Completed Operations") and (ii) (A) ISO Coverage Form No. CG 20 10 04 13 ("Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization"), or (B) ISO Coverage Form No. CG 20 26 04 13 ("Additional Insured – Designated Person or Organization"). For Commercial Business Automobile Liability Insurance, the Designated Entity shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 ("Designated Insured for Covered Autos Liability Coverage"), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

6.7 All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO

Parties prior to non-renewal, cancellation or any material change in coverage or condition.

6.8 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Designated Entity shall be responsible for its respective deductibles or retentions.

6.9 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Designated Entity and the NYISO.

6.10 The requirements contained herein as to the types and limits of all insurance to be maintained by the Designated Entity are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Designated Entity under this Agreement.

6.11 The Designated Entity shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO's date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.

6.12 Notwithstanding the foregoing, the Designated Entity may self-insure to meet the minimum insurance requirements of Articles 6.1 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Designated Entity's senior debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 6.1 through 6.10. For any period of time that the Designated Entity's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, the Designated Entity shall comply with the insurance requirements applicable to it under Articles 6.1 through 6.10. In the event that the Designated Entity is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.

6.13 The Designated Entity and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

6.14 Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Designated Entity: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Designated Entity and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

ARTICLE 7. BREACH AND DEFAULT

7.1. Breach

A Breach of this Agreement shall occur when: (i) the Designated Entity notifies the NYISO in writing that it will not proceed to develop the Designated Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Designated Entity fails to meet a Critical Path Milestone, as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to this Agreement; (iii) the Designated Entity makes a Significant Modification to the Designated Project without the prior written consent of the NYISO; (iv) the Designated Entity fails to pay a monthly invoice within the timeframe set forth in Article 3.6; (v) the Designated Entity misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Designated Entity fails to file with the FERC any Cost Cap that the Designated Entity submitted to the NYISO as a part of its Long-Term Transmission Project and agreed to in this Agreement or seeks to recover through its transmission rates for the Designated Project or through any other means costs for the Included Capital Costs (as defined in Section 31.6.9.5.1.10.1 of the OATT) above its Cost Cap, except as permitted for excusing conditions in Section 6.10.6.2 of the OATT and Article 15.3 of this Agreement; (viii) the Designated Entity fails to file with FERC any Voluntary Funding Arrangement that the Designated Entity committed to use for the Long-Term Transmission Project or its Designated Long-Term Transmission Project and agreed to in this Agreement or seeks to recover through its transmission rates for the Designated Project the costs that the Designated Entity has committed to recover through the Voluntary Funding Arrangement; (ix) the Designated Entity fails to comply with any other material term or condition of this Agreement; (x) a custodian, receiver, trustee or liquidator of the Designated Entity, or of all or substantially all of the assets of the Designated Entity, is appointed in any proceeding brought by the Designated Entity; or (xi) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Designated Entity that is not discharged within ninety (90) Days after such appointment, or if the Designated Entity consents to or acquiesces in such appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by another Designated Entity, a Connecting Transmission Owner, or an Affected System Operator.

7.2. Default

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Designated Project by the Required Designated Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date or other Designated Entities' ability to complete Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project by their required designated project in-service dates and the Required Transmission Project In-Service Date; *provided, however*, that if the Breach is the result of a Designated Entity's inability or failure to meet a Critical Path Milestone, the Designated Entity may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO's satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Designated Project will achieve its In-Service Date no later than the Required Designated Project In-Service Date and other Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project will achieve their in-service dates before their required designated project in-service dates and the Required Transmission Project In-Service Date, or (ii) the Designated Entity requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Designated Project to be completed by the Required Designated Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

7.3. Remedies

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party's liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 8. TERMINATION

8.1. Termination by the NYISO

The NYISO may terminate this Agreement by providing written notice of termination to the Designated Entity in the event that: (i) the Designated Entity notifies the NYISO that it is unable to or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date; (ii) the Designated Entity notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iii) the Designated Entity cannot complete the Designated Project by the Required Designated Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Designated Entity from completing the Designated Project by the Required Designated Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner, an Affected System Operator, or other Designated Entity responsible for completing a Designated Long-Term Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project; (iv) the NYISO declares a default pursuant to Article 7.2 of this Agreement; (v) another Designated Entity defaults on the development of a separate Designated Long-Term Transmission Project or Designated Network Upgrade Facilities related to the Transmission Project and the NYISO determines not to proceed with the Designated Project pursuant to Section 31.6.14.3, or (vi) the NYISO performs a revaluation of the Transmission Project through a Reevaluation Process pursuant to Section 31.6.13 of Attachment Y to the OATT and determines as a result of the reevaluation pursuant to Section 31.6.14.3 of Attachment Y of the OATT to terminate the Transmission Project or the Designated Project or to transfer the Designated Project to another entity.

If the NYISO identifies grounds for termination under Articles 8.1(iii), (iv), or (vi) or receives notice from the Designated Entity under Articles 8.1(i) or (ii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Sections 31.6.14.4 and 31.6.14.5, as applicable, of Attachment Y of the OATT to address the Long-Term Transmission Need and, notwithstanding the confidentiality provisions in Article 11.2, may disclose information regarding the Transmission Project to Governmental Authorities as needed to implement such action. If the NYISO decides to terminate this Agreement under Article 8.1(i), (ii), (iii), (iv), (v), or (vi), it will provide written notice of termination to the Designated Entity, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.6.12.2 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Designated Entity, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1 (i), (ii), (v), or (vi), the Designated Entity may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iii) or (iv), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Designated Entity shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Designated Project.

8.2. Reporting of Inability to Comply with Provisions of Agreement

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

8.3. Designated Project Transfer Rights Upon Termination

If the NYISO terminates this Agreement pursuant to Article 8.1 (except pursuant to Article 8.1(v)), the NYISO shall have the right, but shall not be required, to request an entity other than the Designated Entity to complete the Designated Long-Term Transmission Project. The NYISO may exercise this right by providing the Designated Entity with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO exercises its right under this Article 8.3 and Sections 31.6.14.4 and 31.6.14.5, as applicable, of Attachment Y of the OATT, the Designated Entity shall work cooperatively with the NYISO's designee pursuant to the requirements set forth, as applicable, in Sections 31.6.14.4 or 31.6.14.5 of Attachment Y of the OATT to implement the transition, including entering into good faith negotiations with the NYISO's designee to transfer the Designated Long-Term Transmission Project to the NYISO's designee. If the NYISO exercises the right to request an entity other than the Designated Entity to complete the Designated Long-Term Transmission Project and if there are Designated Network Upgrade Facilities covered by this Agreement, the NYISO may (i) request the Designated Entity to continue with the development of the Designated Network Upgrade Facilities and amend this Agreement to, among other things, revise the Designated Project as described in the Project Description set forth in Appendix A to this Agreement or (ii) execute or amend a Transmission Interconnection Agreement if termination under Articles 8.1(iii), (iv), or (vi) is related to the development of Designated Network Upgrade Facilities. All liabilities under this Agreement existing prior to such transfer shall remain with the Designated Entity, unless otherwise agreed upon by the Designated Entity and the NYISO's designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 9. LIABILITY AND INDEMNIFICATION

9.1. Liability

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party's liability for damages shall be limited only to direct

actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

9.2. Indemnity

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Designated Entity shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further,* that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 10. ASSIGNMENT

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

(i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party's prior written consent;

(ii) an assignment by the Designated Entity shall be contingent upon the Designated Entity or assignee demonstrating to the satisfaction of the NYISO prior to the effective date of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Designated Project by the Required Designated Project In-Service Date consistent with the assignor's cost estimates for the Designated Project; and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.6.9.2 of Attachment Y of the OATT; and

(iii) the Designated Entity shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Designated Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or

mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Designated Project meets the requirements for the assignee of a Designated Entity described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY

11.1. Information Access

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

11.2. Confidentiality

11.2.1. Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential Information"; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*, that Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.

11.2.2. The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Designated Entity receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party's Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in

response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1. General

The Designated Entity makes the following representations, warranties, and covenants, which are effective as to the Designated Entity during the full time this Agreement is effective:

12.2. Good Standing

The Designated Entity is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Designated Entity is qualified to do business in the state or states in which the Designated Project is located. The Designated Entity has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

12.3. Authority

The Designated Entity has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Designated Entity, enforceable against the Designated Entity in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

12.4. No Conflict

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Designated Entity, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Designated Entity or any of its assets.

12.5. Consent and Approval

The Designated Entity has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

12.6. Compliance with All Applicable Laws and Regulations

The Designated Entity will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

ARTICLE 13. DISPUTE RESOLUTION

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO's Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO's Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

ARTICLE 14. SURVIVAL

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, the cost recovery provisions in Article 15.3 and Appendix D, and the billing and payment provisions in Article 3.6 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

ARTICLE 15. MISCELLANEOUS

15.1. Notices

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:
[Insert contact information.]
Designated Entity:
[Insert contact information.]

15.2. Entire Agreement

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Designated Entity's and NYISO's rights and responsibilities, under any interconnection agreement(s) and under any engineering, procurement, and construction agreement(s) entered into by and among, as applicable, the NYISO, Designated Entity, Connecting Transmission Owner(s), Affected System Owner(s), and Affected Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System and for any Designated Network Upgrade Facilities, as such agreements may be amended, supplemented, or modified from time to time.

15.3. Cost Recovery

The Designated Entity may recover the costs of the Designated Project in accordance with the cost recovery requirements in the ISO Tariffs. If the Designated Entity submitted a Cost Cap for the Included Capital Costs (as defined in Section 31.6.9.5.1.10.1 of the OATT) of the Designated Project pursuant to Section 31.6.9.5.1.10 of the OATT, the Designated Entity's Cost Cap for the Included Capital Costs shall be detailed in Appendix D of this Agreement, which description shall include the Cost Cap in the Designated Entity's project proposal. Designated Entity agrees to file this Cost Cap for Included Capital Costs with the FERC in accordance with the requirements in Rate Schedule 10 of the OATT. If the Cost Cap is a soft Cost Cap, Designated Entity agrees to implement the Cost Cap in accordance with Section 6.10.6.3 of Rate Schedule 10.

The Designated Entity further agrees in accordance with Rate Schedule 10 of the OATT that it shall not seek to recover through its transmission rates for the Designated Project or through any other means costs for the Included Capital Cost above its agreed-upon Cost Cap; *provided, however*, the Designated Entity may recover costs above its agreed-upon Cost Cap resulting from one of the following excusing conditions, but only to the extent the costs arise from the excusing condition:

A. Designated Project changes, delays, or additional costs that are due to the actions or omissions of the ISO, Connecting Transmission Owner(s), Interconnecting Transmission Owner(s), Affected Transmission Owner(s), or other Designated Entity(ies) responsible for completing other parts of the Transmission Project;

B. A Force Majeure event as defined in this Agreement and subject to the Force Majeure requirements in Section 15.5 of this Agreement;

C. Changes in laws or regulations, including but not limited to applicable taxes;

D. Material modifications to scope or routing arising from siting processes under Public Service Law Article VII or Article VIII, as applicable, or applicable local laws as determined by the New York State Public Service Commission or local governments respectively; and

E. Actions or inactions of regulatory or governmental entities, and court orders.

If the Designated Entity committed to use a Voluntary Funding Arrangement for the Transmission Project or its Designated Project, the Voluntary Funding Arrangement shall be

detailed in Appendix E of this Agreement, which description shall include the Voluntary Funding Arrangement that the Designated Entity committed to use in the Long-Term Transmission Planning Process. Designated Entity agrees to file this Voluntary Funding Arrangement with the FERC in accordance with the requirements in Rate Schedule 10 of the OATT. The Designated Entity agrees in accordance with Rate Schedule 10 of the OATT that it shall not seek to recover through its transmission rates for the Designated Project the costs that it has committed to recover through the Voluntary Funding Arrangement.

The provisions of this Section 15.3, the Designated Entity 's Cost Cap for the Included Capital Costs detailed in Appendix D, and the Designated Entity's Voluntary Funding Arrangement detailed in Appendix E shall not be subject to change through application to the FERC pursuant to the provisions of Section 205 of the Federal Power Act absent the agreement of all Parties to the Agreement. In any proceeding conducted pursuant to Section 206 of the Federal Power Act, the standard of review for any change to this Section 15.3, the Designated Entity's Cost Cap for the Included Capital Costs detailed in Appendix D, and the Designated Entity's Voluntary Funding Arrangement detailed in Appendix E shall be the "public interest" application of the just and reasonable standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.,* 350 U.S. 332 (1956), and *Fed. Power Comm'n v. Sierra Pacific Power Co.,* 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.,* 554 U.S. 527 (2008), and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n,* 558 U.S. 165 (2010).

15.4. Binding Effect

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

15.5. Force Majeure

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Designated Entity to meet a Critical Path Milestone. If the notifying Party is the Designated Entity, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Designated Project in time for other Designated Long-Term Transmission Projects or Designated Network Upgrade Facilities related to the Transmission Project to go into service by their required designated project in-service date(s) and the Required Transmission Project In-Service Date. If the Force Majeure will delay the Designated Entity's ability to meet one or more Critical Path Milestones, the Designated Entity shall request with its notice a change to the impacted milestones in accordance with the requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date. A Party shall be excused from whatever performance is affected only

for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that the Designated Entity will not be able to complete the Designated Project by the Required Designated Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

15.6. Disclaimer

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

15.7. No NYISO Liability for Review or Approval of Designated Entity Materials

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer that submitted the Transmission Project under Attachment Y of the OATT or by the Designated Entity nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Designated Entity from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Designated Entity or any other person by reason of its or its subcontractor's review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

15.8. Amendment

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.6.12.2 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

15.9. No Third Party Beneficiaries

With the exception of the indemnification rights of the NYISO's directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

15.10. Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any

obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

15.11. Rules of Interpretation

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

15.12. Severability

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

15.13. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

15.14. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

15.15. Headings

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

15.16. Governing Law

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

15.17. Jurisdiction and Venue

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County, New York or the United States District Court of the Northern District of New York situated in Albany, New York.

IN WITNESS WHEREFORE, the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: _____

Title:_____

Date:_____

[Insert name of Designated Entity]

By:_____

Title:_____

Date:_____

Appendix A – Project Description

Appendix B – Scope of Work

Appendix C – Development Schedule

[To be prepared by Designated Entity consistent with the project information submission pursuant to Attachment C of the Long-Term Transmission Planning Process Manual, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.]

The Designated Entity shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.

Critical Path Milestones: [To be developed with consideration of each of the work plan requirements submitted by the Designated Entity pursuant to Attachment C to the Long-Term Transmission Planning Process Manual and presented herein according to the sequence of the critical path. The NYISO anticipates that the Designated Entity's critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Designated Entity's Designated Project and schedule.]

Advisory Milestones: [To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Designated Entity and reported to NYISO.]
[Example Milestones:

- Interconnection studies
- Siting activities (e.g. locating line routing, access roads, and substation site location options)
- Environmental impact studies (relative to siting options)
- Engineering (initial)
- Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)
- Public outreach plan
- Initiation of negotiation of key contracts and financing
- Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals
- Closing of project financing
- Completion of key contracts
- Engineering (detailed)
- Procurement of major equipment and materials
- Environmental management & construction plan (for Article VII or Article VIII certification)
- Acquisition of [all or %] required rights of way and property / demonstration of site control
- Surveying and geotechnical assessment (relative to line and station layouts)
- Execution, or filing of unexecuted version, of interconnection agreement
- Engineering (completed)

- Delivery of major electrical equipment
- Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.
- Construction outage and restoration coordination plan
- Completion, verification and testing
- Operating and maintenance agreements and instructions
- In-Service Date
- Required Designated Project In-Service Date
- Required Transmission Project In-Service Date, if different]

Appendix D – Cost Cap

Appendix E – Voluntary Funding Arrangement

31.10 Appendix G – Long-Term Transmission Need Cost Allocation Methodologies

31.10.1 General

Under the Long-Term Transmission Planning Process, Section 31.5.6.4 of Attachment Y to the ISO OATT provides the process for prescribing an alternative to the default cost allocation methodology for Long-Term Transmission Projects that the ISO selected pursuant to Section 31.6.11 of Attachment Y to the ISO OATT. This Appendix G contains the Commission-accepted alternative cost allocation methodologies that the ISO will apply instead of the default cost allocation methodology set forth in Section 31.5.6.4.3 of Attachment Y to the ISO OATT for selected Long-Term Transmission Projects.

31.10.2 [Reserved for future use]

31.15 Appendix L - Study Agreement for Evaluation of Long-Term Transmission Project or Other Long-Term Project

STUDY AGREEMENT FOR EVALUATION OF LONG-TERM TRANSMISSION PROJECT OR OTHER LONG-TERM PROJECT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Developer"), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York ("NYISO"). Developer and NYISO each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Developer is proposing to develop, as applicable, a Long-Term Transmission Project or Other Long-Term Project to address one or more identified Long-Term Transmission Needs ("Project");

WHEREAS, pursuant to Sections 31.6.9.1, 31.6.9.3, and 31.6.9.4 of Attachment Y to the NYISO's Open Access Transmission Tariff ("OATT"), the NYISO has requested that interested entities submit proposed solutions to the Long-Term Transmission Need, including submitting their project information, executing this Agreement, and submitting an application fee and deposit for purposes of the NYISO's review of the project information and its evaluation of the Project in the Long-Term Transmission Planning Process;

WHEREAS, pursuant to Sections 31.6.9.1, 31.6.9.3, and 31.6.9.4 of Attachment Y to the OATT, Developer will submit, together with the execution of this Agreement, its project information, application fee, and deposit for the purpose of the NYISO's performance of its Evaluation (as defined below) under this Agreement concerning the Project;

WHEREAS, Developer has requested that the NYISO: (i) if the Project is a Long-Term Transmission Project review the project information and evaluate the Project for the purpose of evaluating and selecting the more efficient or cost-effective transmission solution to the identified Long-Term Transmission Need(s) or (ii) if the Project is an Other Long-Term Project review the project information and evaluate the Project for the purpose of assessing the viability and sufficiency of the Project to address the Long-Term Transmission Need;

WHEREAS, if the Project is a Long-Term Transmission Project selected by the NYISO as the more efficient or cost-effective transmission solution to the identified Long-Term Transmission Need, Developer is responsible pursuant to Section 31.6.12.2 of Attachment Y to the OATT for entering a Development Agreement with the NYISO for the Project, or the portion of the Project designated to the Developer, and the NYISO is responsible for developing the draft Development Agreement and its appendices and for negotiating and finalizing these materials with Developer.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified but not otherwise defined herein shall have the meanings indicated in Section 31.1.1 of Attachment Y to the OATT, or if not defined therein, in the OATT.

2.0 Developer elects and the NYISO shall cause to be performed the following scope of work, which shall constitute the "Evaluation" of the Project: (i) if the Project is a Long-Term Transmission Project: (A) the NYISO's review of project information and evaluation of the proposed Long-Term Transmission Project pursuant to Sections 31.6.9, 31.6.10, and 31.6.11, and (B) if the NYISO selects the Project as the more efficient or cost-effective transmission solution to the identified Long-Term Transmission Need pursuant to Section 31.6.11, the NYISO's development of the draft Development Agreement and its appendices for the Project, or the portion of the Project designated to the Developer, and its negotiation and finalization of these materials with Developer pursuant to Section 31.6.12.2; or (ii) if the Project is an Other Long-Term Project, the NYISO's review of project information and evaluation of the proposed Other Long-Term Project pursuant to Sections 31.6.9 and 31.6.10.6. The terms of Sections 31.6.9, 31.6.10, 31.6.11, and 31.6.12.2 of the OATT are hereby incorporated by reference herein.

3.0 Upon the execution of this Agreement, Developer shall provide the NYISO with the project information for its Project in accordance with Section 31.6.9.3 of Attachment Y to the OATT. Developer shall provide the project information required under, as applicable, Section 31.6.9.5.1 for a Long-Term Transmission Project or Section 31.6.9.5.2 for an Other Long-Term Project.

4.0 Upon the execution of this Agreement, Developer shall also provide the NYISO with: (i) a non-refundable application fee of $10,000 and (ii) a deposit of $100,000 in accordance with Section 31.6.9.4 of Attachment Y to the OATT to secure Developer's payment of the NYISO's expenses incurred in performing the Evaluation. The NYISO will not commence its Evaluation of the Project prior to its receipt of Developer's deposit. The NYISO shall invoice, and Developer shall pay to the NYISO, the actual costs of the Evaluation in accordance with Section 31.6.9.4 of Attachment Y to the OATT. Upon settlement of the final invoice, the NYISO will return to Developer any remaining portion of the deposit, including any accrued interest, in accordance with Section 31.6.9.4 of Attachment Y to the OATT.

5.0 The NYISO will use the project information provided by Developer as described in Section 3.0 above as an input for its Evaluation; *provided, however*, that the NYISO may engage an independent consultant to review the reasonableness and comprehensiveness of the project information provided by Developer for a Long-Term Transmission Project or Other Long-Term Project and to assist in the performance of the Evaluation and may rely on the independent consultant's work and analysis in performing its Evaluation. The NYISO reserves the right to request additional project information from Developer as

may become necessary in accordance with Section 31.6.9.3.5 of Attachment Y to the OATT, and Developer shall submit such additional information within 15 calendar days of the NYISO's request as required under Section 31.6.9.3.8 of Attachment Y to the OATT. Developer shall meet with the NYISO, as the NYISO deems necessary, to discuss Developer's project information.

6.0 The scope of the Evaluation shall be subject to the study purposes and criteria set forth in Attachment Y to the OATT and to the assumptions set forth in Attachment A to this Agreement, if different from those determined in Attachment Y.

7.0 As part of the NYISO's Evaluation of the Project and prior to identifying the more efficient or cost-effective Long-Term Transmission Project to address the Long-Term Transmission Need(s), the NYISO will meet with Developer to discuss its findings and to address any questions regarding the project information. After completing the required analysis of all of the proposed Long-Term Transmission Projects and Other Long-Term Projects and identifying the more efficient or cost-effective Long-Term Transmission Project to address the Long-Term Transmission Need(s), the NYISO will provide all stakeholders with the results of its analysis, including which Long-Term Transmission Project has been identified as the more efficient or cost-effective transmission solution to address the Long-Term Transmission Need(s), in the Long-Term Transmission Planning Report pursuant to Section 31.6.11 of Attachment Y to the OATT.

8.0 Miscellaneous.

8.1 Accuracy of Information. Except as Developer may otherwise specify in writing when it provides information to the NYISO under this Agreement, Developer represents and warrants that to the best of its knowledge and belief the information it has provided or subsequently provides to the NYISO is and shall be accurate and complete as of the date the information is provided. Developer shall promptly provide the NYISO with any additional information needed to update information previously provided.

8.2 Disclaimer of Warranty. In performing the Evaluation, the NYISO and any subcontractor consultants engaged by the NYISO will have to rely on information provided by Developer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the NYISO nor any subcontractor consultant engaged by the NYISO makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy, content, or conclusions of the Evaluation performed pursuant to this Agreement and the OATT. Developer acknowledges that it has not relied on any representations or warranties by

the NYISO or its subcontractor consultants not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

8.3 Limitation of Liability. The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall either Party or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with this Agreement and the OATT or any reliance on the Evaluation by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall either Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement.

8.4 Third-Party Beneficiaries. Without limitation of Sections 8.2 and 8.3 of this Agreement, Developer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the Evaluation of the Project shall be deemed third party beneficiaries of these Sections 8.2 and 8.3.

8.5 Term and Termination. This Agreement shall be effective from the date hereof and, unless earlier terminated in accordance with this Section 8.5, shall continue in effect until completion of the Evaluation, which shall be the later of: (i) the date on which the NYISO Board's approval of the Long-Term Transmission Planning Report for the planning cycle is final and not the subject of dispute resolution or a challenge before a court or regulatory body, and (ii) if the Project is selected by the NYISO as the more efficient or cost-effective Long-Term Transmission Project to address the Long-Term Transmission Need, the date on which the Development Agreement for the Project, or the portion of the Project designated to the Developer, is fully executed by the NYISO and Developer or the unexecuted version of the Development Agreement is accepted by the Commission. Developer or NYISO may end the Evaluation and terminate this Agreement upon: (i) the withdrawal by Developer of its Project prior to the NYISO Board's approval of the Long-

Term Transmission Planning Report; (ii) the rejection by the NYISO of the Project from further consideration during the planning cycle in accordance with the OATT, including for failure to pay invoiced amounts; (iii) the termination of the Project due to its failure to enter into a Development Agreement; or (iv) the NYISO's conclusion of the Long-Term Transmission Planning Process prior to the NYISO Board's approval of the Long-Term Transmission Planning Report due to the New York State Public Service Commission's ("NYPSC") withdrawal of the Long-Term Transmission Need or due to a re-start of the process to address a Long-Term Transmission Need modified by the NYPSC.

8.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice of laws provisions.

8.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

8.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

8.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.

8.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein and the payment obligations provided under Section 4.0 shall survive the expiration or termination of this Agreement.

8.11 Independent Contractor. NYISO shall at all times be deemed to be an independent contractor for purposes of this Agreement and none of its employees or the employees of its subcontractors shall be considered to be employees of Developer as a result of this Agreement.

8.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right

to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.

8.13 Successors and Assigns. This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

8.14 Confidentiality. NYISO shall maintain the project information submitted by Developer under this Agreement in accordance with the requirements set forth in Sections 31.6.9.3.10, 31.6.9.3.11, and 31.6.15 of Attachment Y to the OATT.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents and to be effective from the day and year first above written.

NYISO	**[Insert name of Developer]**
By: _____	By: _____
Name:_____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

31.16 Appendix M - Study Agreement for Evaluation of Designated Long-Term Transmission Project (If Designated Entity Did Not Propose the Long-Term Transmission Project)

STUDY AGREEMENT FOR EVALUATION OF DESIGNATED LONG-TERM TRANSMISSION PROJECT (If Designated Entity Did Not Propose the Long-Term Transmission Project)

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Developer"), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York ("NYISO"). Developer and NYISO each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, pursuant to Section 31.6.11.5 of Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"), the Developer was designated as the Designated Entity for a Designated Long-Term Transmission Project that is the Long-Term Transmission Project, or a portion of the project, that the NYISO selected pursuant to Section 31.6.11 as the more efficient or cost-effective Long-Term Transmission Project to address a Long-Term Transmission Need (the "Project");

WHEREAS, pursuant to Section 31.6.12.2, the Designated Entity is responsible for entering into a Development Agreement with the NYISO for the development of the Project;

WHEREAS, pursuant to Section 31.6.12.2, the NYISO is responsible to develop the draft Development Agreement and its appendices and to negotiate and finalize these materials with Developer; and

WHEREAS, pursuant to Section 31.6.11.5 of Attachment Y to the OATT, Developer will submit, together with the execution of this Agreement, its application fee and deposit for the purpose of the NYISO's performance of its Evaluation (as defined below) under this Agreement concerning the Project.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified but not otherwise defined herein shall have the meanings indicated in Section 31.1.1 of Attachment Y to the OATT, or if not defined therein, in the OATT.

2.0 Pursuant to Section 31.6.12.2 of Attachment Y to the OATT, the NYISO shall develop the draft Development Agreement and its appendices and shall negotiate and finalize these materials with Developer, including any associated administrative and study work.

This work shall constitute the "Evaluation" under this agreement. The terms of Section 31.6.12.2 are hereby incorporated by reference herein.

3.0 Upon the execution of this Agreement, Developer shall also provide the NYISO with: (i) a non-refundable application fee of $10,000 and (ii) a deposit of $50,000 in accordance with Section 31.6.11.5 of Attachment Y to the OATT to secure Developer's payment of the NYISO's expenses incurred in performing the Evaluation. The NYISO will not commence its Evaluation of the Project prior to its receipt of Developer's deposit. The NYISO shall invoice, and Developer shall pay to the NYISO, the actual costs of the Evaluation in accordance with Sections 31.6.9.4 and 31.6.11.5 of Attachment Y to the OATT. Upon settlement of the final invoice, the NYISO will return to Developer any remaining portion of the deposit, including any accrued interest, in accordance with Sections 31.6.9.4 and 31.6.11.5 of Attachment Y to the OATT.

4.0 The NYISO may engage an independent consultant to assist in the performance of the Evaluation and may rely on the independent consultant's work and analysis in performing its Evaluation.

5.0 The scope of the Evaluation shall be subject, as applicable, to the study purposes and criteria set forth in Attachment Y to the OATT and to the assumptions set forth in Attachment A to this Agreement, if different from those determined in Attachment Y.

6.0 Miscellaneous.

6.1 Accuracy of Information. Except as Developer may otherwise specify in writing when it provides information to the NYISO under this Agreement, Developer represents and warrants that to the best of its knowledge and belief the information it has provided or subsequently provides to the NYISO is and shall be accurate and complete as of the date the information is provided. Developer shall promptly provide the NYISO with any additional information needed to update information previously provided.

6.2 Disclaimer of Warranty. In performing the Evaluation, the NYISO and any subcontractor consultants engaged by the NYISO will have to rely on information provided by Developer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the NYISO nor any subcontractor consultant engaged by the NYISO makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy, content, or conclusions of the Evaluation performed pursuant to this Agreement and the OATT. Developer acknowledges that it has not relied on any representations or warranties by

the NYISO or its subcontractor consultants not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

6.3 Limitation of Liability. The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall either Party or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with this Agreement and the OATT or any reliance on the Evaluation by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall either Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement.

6.4 Third-Party Beneficiaries. Without limitation of Sections 6.2 and 6.3 of this Agreement, Developer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the Evaluation of the Project shall be deemed third party beneficiaries of these Sections 6.2 and 6.3.

6.5 Term and Termination. This Agreement shall be effective from the date hereof and, unless earlier terminated in accordance with this Section 6.5, shall continue in effect until completion of the Evaluation, which shall be the date on which the Development Agreement for the Project is fully executed by the NYISO and Developer or the unexecuted version of the Development Agreement is accepted by the Commission. Developer or NYISO may end the Evaluation and terminate this Agreement upon the termination of the Project due to its failure to enter into a Development Agreement.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice of laws provisions.

6.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or

void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

6.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

6.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.

6.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein and the payment obligations provided under Section 3.0 shall survive the expiration or termination of this Agreement.

6.11 Independent Contractor. NYISO shall at all times be deemed to be an independent contractor for purposes of this Agreement and none of its employees or the employees of its subcontractors shall be considered to be employees of Developer as a result of this Agreement.

6.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.

6.13 Successors and Assigns. This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

6.14 Confidentiality. NYISO shall maintain the project information submitted by Developer under this Agreement in accordance with the requirements set forth in Sections 31.6.9.3.10, 31.6.9.3.11, and 31.6.15 of Attachment Y to the OATT.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents and to be effective from the day and year first above written.

NYISO	**[Insert name of Developer]**
By: _____	By: _____
Name:_____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____