Attachment VII

3.8 Development of Transmission Reinforcement Options

3.8.1 At the request of the NYPSC, the ISO shall, within its available resources and modeling capabilities, evaluate options, and develop associated cost estimates to address potential Reliability Needs, congestion, ~~or~~ transmission needs driven by Public Policy Requirements identified by the NYPSC, or Long-Term Transmission Needs. Such evaluation shall be made available to all customers or potential customers for the purpose of evaluating the economic costs and benefits of new facilities. Eligible Customers, including Transmission Owners, may then request a System Impact Study for a specific expansion project in accordance with Section 3.7.1 through 3.7.3. Development of the transmission reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission interface transfer capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.

3.8.2 Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 3.8.1 above. The Eligible Customer shall comply with the provisions of Sections 3.7.1 through 3.7.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.

3.8.3 Requests to proceed with a system expansion shall be subject to the provisions of Sections 3.7.4 through 3.7.8, and Sections 3.13 through 3.15.

6.10 Schedule 10 - Rate Mechanism for the Recovery of the Regulated Transmission Facilities Charge ("RTFC")

6.10.1 Applicability

6.10.1.1 Eligible Projects

This Schedule establishes the Regulated Transmission Facilities Charge ("RTFC") for the recovery of the costs of a regulated transmission project that is eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.[1] A Transmission Owner, Unregulated Transmitting Utility,[2] or Other Developer may recover through the RTFC the costs that it is eligible to recover pursuant to Attachment Y of the ISO OATT related to: (i) a Designated Backstop Transmission Project that is a regulated backstop transmission solution, or a part of a regulated backstop transmission solution, proposed by a Responsible Transmission Owner pursuant to Section 31.2.4.3.1 of Attachment Y of the ISO OATT and the ISO/TO Reliability Agreement or an Operating Agreement; (ii) a Designated Alternative Transmission Project that is an alternative regulated transmission solution, or a part of an alternative regulated transmission solution, that the ISO has selected pursuant to Section 31.2.6.5.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to a Reliability Need; or (iii) a regulated transmission Gap Solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.11.4 of Attachment Y of the ISO OATT; (iv) an alternative regulated Transmission Gap Solution that has been determined by the appropriate state regulatory agency(ies) as the preferred solution to a Reliability Need pursuant to Section 31.2.11.5 of Attachment Y of the ISO OATT; (v) a Designated Economic Transmission Project that is a Regulated Economic Transmission Project, or a part of a Regulated Economic Transmission Project, that has been approved pursuant to Section 31.5.4.6 of Attachment Y of the ISO OATT; (vi) a Designated Public Policy Project that

is a Public Policy Transmission Project, or a part of a Public Policy Transmission Project, that the ISO has selected pursuant to Section 31.4.8.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to a Public Policy Transmission Need; (vii) 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; (viii) a Designated Long-Term Transmission Project that is a Long-Term Transmission Project, or a part of a Long-Term Transmission Project, that the ISO has selected pursuant to Section 31.6.11 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to a Long-Term Transmission Need; (ix) 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; (x~~viii~~) Designated Network Upgrade Facilities identified for the interconnection of a Designated Reliability Transmission Project, Designated Economic Transmission Project, ~~or~~ Designated Public Policy Project, or Designated Long-Term Transmission Project pursuant to Attachment P of the ISO OATT; or (~~i~~xi) 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~~7~~ of Attachment Y of the ISO OATT. For purposes of this Schedule, such a transmission project is referred to as an "Eligible Project." The costs incurred for an Eligible Project by LIPA or NYPA will be billed and collected under a separate LIPA RTFC or NYPA RTFC, as applicable, as described in Section 6.10.5.

[1]Capitalized terms used in this Schedule that are not defined in this Schedule shall have the meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT and, if not therein, in Section 1 of the OATT.

[2]An "Unregulated Transmitting Utility" is a Transmission Owner, such as LIPA and NYPA, that, pursuant to Section 201(f) of the Federal Power Act, is not subject to the Commission's jurisdiction under Sections 205 and 206(a) of the Federal Power Act.

6.10.1.2 Projects Not Eligible for Cost Recovery Through the RTFC

This Schedule does not apply to projects that are not eligible pursuant to Attachment Y of the ISO OATT for cost allocation and recovery under the ISO OATT, including, but not limited to: (i) projects undertaken by Transmission Owners through the Local Transmission Owner Planning Processes pursuant to Section 31.1.3 and Section 31.2.1 of Attachment Y of the ISO OATT; (ii) market-based solutions to transmission needs identified in the CSPP; (iii) any non-transmission components of an Eligible Project (e.g., generation, energy efficiency, or demand response resources); (iv) transmission Short-Term Reliability Process Solutions selected in the Short-Term Reliability Process pursuant to Attachment FF of the ISO OATT and eligible for cost recovery through Schedule 16 (Section 6.16) of the ISO OATT; (v) transmission facilities eligible for cost recovery through another rate schedule of the ISO OATT; and (vi) facilities for which costs are recovered through the Transmission Service Charge ("TSC") or the NYPA Transmission Adjustment Charge ("NTAC") determined in accordance with Attachment H of the ISO OATT.

6.10.2 Revenue Requirement for RTFC

The RTFC (including a LIPA RTFC or NYPA RTFC, as applicable) shall be calculated in accordance with the formula set forth in Section 6.10.3 using the revenue requirement of the Transmission Owner, Unregulated Transmitting Utility, or Other Developer, as applicable, necessary to recover the costs of an Eligible Project. The revenue requirement to be used in the calculation and recovery of the RTFC for a Transmission Owner or Other Developer, other than an Unregulated Transmitting Utility, is described in Section 6.10.4. The development of a revenue requirement and recovery of costs for an Eligible Project by an Unregulated

Transmitting Utility through a NYPA RTFC or a LIPA RTFC, as applicable, is described in Section 6.10.5.

If an Eligible Project involves the construction of a facility identified as a Highway System Deliverability Upgrade in a completed Class Year Interconnection Facilities Study or Cluster Study, the Project Cost Allocation for which has been accepted and Security posted by at least one Interconnection Customer in the Class Year Study or Cluster Study, the project cost and resulting revenue requirement will be reduced to the extent permitted by Section 40.13.12.3.3 of Attachment HH of the ISO OATT.

6.10.3 Calculation and Recovery of RTFC and Payment of Recovered Revenue

6.10.3.1 The ISO will calculate and bill an RTFC (or a LIPA RTFC or NYPA RTFC, as applicable) separately for each Eligible Project in accordance with this Section 6.10.3. The ISO shall collect the RTFC from LSEs. The LSEs, including Transmission Owners, competitive LSEs, municipal systems, and any other LSEs, serving Load in the Load Zones and/or Subzones to which the costs of the Eligible Project have been allocated (each a "Responsible LSE") shall pay the RTFC. The cost of each Eligible Project shall be allocated as follows: (i) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Reliability Planning Process shall be allocated in accordance with Section 31.5.3 of Attachment Y of the ISO OATT; (ii) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Economic Planning Process shall be allocated in accordance with Section 31.5.4 of Attachment Y of the ISO OATT; (iii) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Public Policy Transmission Planning Process

shall be allocated in accordance with Section 31.5.5 of Attachment Y of the ISO OATT; (iv) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Long-Term Transmission Planning Process shall be allocated in accordance with Section 31.5.6 of Attachment Y of the ISO OATT; and (~~i~~v) the costs of an Eligible Project that is eligible for cost allocation and recovery as an Interregional Transmission Project shall be allocated in accordance with Section 31.5.8~~7~~ of Attachment Y of the ISO OATT.

6.10.3.2 The revenue requirement established by the Transmission Owner or Other Developer pursuant to Section 6.10.4 and an Unregulated Transmitting Utility pursuant to Section 6.10.5 will be the basis for the applicable RTFC Rate ($/MWh) that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.10.3.5.

6.10.3.3 The Developer shall request Incremental TCCs with respect to the Eligible Project in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and receive any Incremental TCCs to the extent awarded by the ISO pursuant to such request. As it relates solely to the Eligible Project, the Developer shall not be a "Transmission Owner" for purposes of Section 20.2.5 or Section 20.3.7 of Attachment N of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of Attachment N of the ISO OATT or Net Auction Revenues under Section 20.3.7 of Attachment N of the ISO OATT.

The Developer shall in relation to any Eligible Project exercise its right to obtain and maintain in effect all Incremental TCCs, including temporary

Incremental TCCs, to which it has rights under Section 19.2.4 of Attachment M of the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Sections 19.2.4.7 and 19.2.4.8 of Attachment M of the ISO OATT, Incremental TCCs created and awarded to the Developer as a result of implementation of an Eligible Project shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to the Developer as a result of the implementation of an Eligible Project, shall be offered by the Developer in all rounds of the six month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse the associated auction revenues to the Developer. The total amount of the auction revenues disbursed to the Developer pursuant to this Section 6.10.3.3 shall be used in the calculation of the RTFC Rate, as set forth in Section 6.10.3.5. Incremental TCCs associated with an Eligible Project shall continue to be offered for the duration of the Incremental TCCs, established pursuant to the terms of Attachment M of the ISO OATT.

The revenue offset discussed in this Section 6.10.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of an Eligible Project on or after the date the RTFC is implemented. The RTFC and the revenue offset related to Incremental TCCs associated with the implementation of an Eligible Project shall not require and shall not be dependent upon a reopening or review of: (i) the Developer's revenue requirements for the RTFC of another Eligible Project pursuant to this Section 6.10 of the ISO OATT, (ii) the Developer's revenue requirement for charges set

forth in another rate schedule of the ISO OATT, or (iii) the Transmission Owners' revenue requirements for the TSCs or NTAC set forth in Attachment H of the ISO OATT.

6.10.3.3.1 With respect to the Eligible Project only, the Developer shall receive the outage charges described herein and shall not be charged O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Auction Revenue Shortfall Charges or U/D Auction Revenue Shortfall Charges or be paid O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Surplus Payments, O/R-t-S Auction Revenue Surplus Payments or U/D Auction Revenue Surplus Payments under Section 20.2.4 and Section 20.3.6 of Attachment N of the ISO OATT. Outage charges related to any Incremental TCCs awarded by the ISO for an Eligible Project shall be assessed to the Developer, and payable by the Developer to the ISO, pursuant to Section 19.2.4 of Attachment M of the ISO OATT for an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT for any hour in the Day-Ahead Market during which an Expansion, associated with an Eligible Project, is modeled to be wholly or partially out of service.

6.10.3.4 The billing units for the RTFC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the current Billing Period for those Load Zones and/or Subzones allocated the costs of the project in the manner described in Section 6.10.3.1.

6.10.3.5 Cost Recovery Methodology

The ISO shall calculate the RTFC for each Eligible Project for each Responsible LSE as follows:

Step 1: Calculate the $ assigned to each Load Zone or Subzone (as applicable)

$$\mathrm{RTFC}_{p,z,B} = \left(\mathrm{AnnualRR}_{p,B} - \mathrm{IncrementalTransmissionRightsRevenue}_{p,B} + \mathrm{OutageCostAdjustment}_{p,B}\right) \times \left(\mathrm{ZonalCostAllocation}_{z,p}\right)$$

Step 2: Calculate a per-MWh Rate for each Load Zone or Subzone (as applicable)

$$\mathrm{RTFCRate}_{p,z,B} = \mathrm{RTFC}_{p,z,B} / \mathrm{MWh}_{z,B}$$

Step 3: Calculate charge for each Billing Period for each Responsible LSE in each Load Zone or Subzone (as applicable)

$$\mathrm{Charge}_{B,l,z,p} = \mathrm{RTFCRate}_{p,z,B} * \mathrm{MWh}_{l,z,B}$$

Step 4: Calculate charge for each Billing Period for each Responsible LSE across all Load Zones or Subzones (as applicable)

$$\mathrm{Charge}_{B,l,p} = \sum_{z \in Z} \left(\mathrm{Charge}_{B,l,z,p}\right)$$

Where,

l = the relevant Responsible LSE;

p = an individual Eligible Project;

z = an individual Load Zone or Subzone, as applicable;

Z = set of ISO Load Zones or Subzones as applicable;

B = the relevant Billing Period;

$\mathrm{MWh}_{z,B}$ = Actual Energy Withdrawals in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B;

$\mathrm{MWh}_{l,z,B}$ = Actual Energy Withdrawals for Responsible LSE l in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B;

$\mathrm{AnnualRR}_{p,B}$ = the pro rata share of the annual revenue requirement for each Eligible Project p as discussed in Section 6.10.2 above, allocated for Billing Period B;

$IncrementalTransmissionRightsRevenue_{p,B}$= the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by the Developer pursuant to Section 20.2.3 of Attachment N of the ISO OATT for each Eligible Project p, as discussed in Section 6.10.3.3 above, allocated for Billing Period B. The revenues from the sale of Incremental TCCs in the ISO's six month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of the Billing Period;

$OutageCostAdjustment_{p,B}$ = the Outage charges determined pursuant to Section 6.10.3.3.1 above for any hour in the Day-Ahead Market during which the Eligible Project p is modeled to be wholly or partially out of service aggregated across all hours in Billing Period B; and

$ZonalCostAllocation_{z,p}$ = the proportion of the cost of Eligible Project p allocated to Load Zone or Subzone, as applicable, z, in the manner described in Section 6.10.3.1 above;

6.10.3.6 The NYISO will collect the appropriate RTFC revenues each Billing Period and remit those revenues to the appropriate Transmission Owner, Unregulated Transmitting Utility, or Other Developer in accordance with the NYISO's billing and settlement procedures; *provided, however*, that LIPA will be responsible for billing and collecting the costs of an Eligible Project undertaken by LIPA that are allocated to customers within the Long Island Transmission District in accordance with Section 6.10.5.2.1.

6.10.4 Recovery of Costs Incurred by Transmission Owner or Other Developer

6.10.4.1 The RTFC shall be used as the cost recovery mechanism for the recovery of the costs of an Eligible Project undertaken by a Transmission Owner or Other Developer, other than an Unregulated Transmitting Utility, which project is authorized by the Commission to recover costs under this rate mechanism; *provided, however*, nothing in this cost recovery mechanism shall be deemed to create any additional rights for a Transmission Owner or Other Developer to proceed with a regulated transmission project that it does not otherwise have at law. Subject to the requirements in Section 6.10.6, the costs that may be included

in the revenue requirement for calculating the RTFC pursuant to Section 6.10.3 include all reasonably incurred costs, as determined by the Commission, related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Eligible Project, including those costs explicitly permitted for recovery pursuant to Attachment Y of the ISO OATT. These costs include, but are not limited to, a reasonable return on investment and any incentives for the construction of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission's regulations implementing those sections.

6.10.4.2 The period for cost recovery will be determined by the Commission and will begin if and when the Eligible Project enters into service, is halted, or as otherwise determined by the Commission, including for the recovery of CWIP or other permissible cost recovery. The Transmission Owner/Other Developer, or, at its request, the ISO, shall either make a Section 205 filing with the Commission or make an informational filing under a formula rate to provide for the Commission's review and approval or acceptance of the project cost and resulting revenue requirement to be recovered through the RTFC. The filing may include all reasonably incurred costs specified in Section 6.10.4.1 of this Schedule that are related to the Transmission Owner's or the Other Developer's undertaking an Eligible Project. The filing must be consistent with the Transmission Owner's or the Other Developer's project proposal made to and evaluated by the ISO pursuant to Attachment Y, or with respect to Designated Network Upgrade Facilities, the applicable ISO-conducted Facilities Study. If the Eligible Project

is: (A) a Designated Public Policy Project for which the Developer proposed a Cost Cap or (B) a Designated Long-Term Transmission Project for which: (i) the Developer proposed a Cost Cap and/or (ii) the Developer or Designated Entity committed to use a Voluntary Funding Arrangement, the Developer or Designated Entity must also satisfy the requirements in Section 6.10.6 in its filing. The Transmission Owner or Other Developer shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding. The ISO will begin to calculate and bill the RTFC in accordance with the period for cost recovery determined by the Commission after the Commission has accepted or approved the filing or otherwise allowed the filing to go into effect pursuant to a formula rate.

6.10.5 Recovery of Costs by an Unregulated Transmitting Utility

6.10.5.1 Subject to the requirements in Section 6.10.6, the costs that may be included in the revenue requirement for an Eligible Project undertaken by an Unregulated Transmitting Utility include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Eligible Project, including those costs explicitly permitted for recovery pursuant to Attachment Y of the ISO OATT, as well as a reasonable return on investment. Except as otherwise provided in Section 6.10.5.2.1, for any recovery of a revenue requirement by an Unregulated Transmitting Utility under the RTFC, the period of cost recovery will be determined by the Commission and will begin if and when the Eligible Project enters into service, is halted, or as otherwise determined by the Commission,

including for the recovery of CWIP or other permissible cost recovery. Except as otherwise provided in Section 6.10.5.2.1, the ISO will begin to calculate and bill the RTFC for an Unregulated Transmitting Utility pursuant to Section 6.10.3 in accordance with the period for cost recovery determined by the Commission after the Commission has accepted or approved the filing of its revenue requirement or otherwise allowed the filing to go into effect pursuant to a formula rate.

6.10.5.2 Cost Recovery for LIPA

Any costs incurred for an Eligible Project undertaken by LIPA, as an Unregulated Transmitting Utility, that are eligible for recovery under Section 6.10.5.1 under a LIPA RTFC shall be recovered over the period established by Long Island Power Authority's Board of Trustees as follows:

6.10.5.2.1 For costs to LIPA customers: Cost will be recovered pursuant to a rate recovery mechanism 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. Upon approval of the rate recovery mechanism, LIPA shall provide to the ISO, for purposes of inclusion within the ISO OATT and filing with the Commission on an informational basis only, a description of the rate recovery mechanism, the costs of the Eligible Project, and the rate that LIPA will charge and collect from responsible entities within the Long Island Transmission District in accordance with the ISO cost allocation methodology pursuant to Section 31.5 of Attachment Y of the ISO OATT.

6.10.5.2.2 For Costs to Other Transmission Districts, As Applicable: Where the ISO determines that there are Responsible LSEs serving Load outside of the Long

Island Transmission District that should be allocated a portion of the costs of the Eligible Project undertaken by LIPA, LIPA shall coordinate with and inform the ISO of the amount of such costs. Such costs will be an allocable amount of the cost base recovered through the recovery mechanism described in Section 6.10.5.2.1 in accordance with the formula set forth in Section 6.10.3.5. Such costs of the Eligible Project allocable to Responsible LSEs serving Load outside of the Long Island Transmission District shall constitute the "revenue requirement." The ISO shall file the revenue requirement with the Commission if requested to do so by LIPA, for Commission review under the same "comparability" standard as is applied to review of changes in LIPA's TSC under Attachment H of the ISO OATT. The filing must be consistent with LIPA's project proposal made to and evaluated by the ISO pursuant to Attachment Y. If the Eligible Project is: (A) a Designated Public Policy Project for which LIPA proposed a Cost Cap or (B) a Designated Long-Term Transmission Project for which LIPA (i) proposed a Cost Cap and/or (ii) committed to use a Voluntary Funding Arrangement, LIPA must also satisfy the requirements in Section 6.10.6 in its filing. LIPA shall intervene in support of such filing at the Commission and shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding. Upon the Commission's acceptance for filing of LIPA's revenue requirement and using the procedures described in Sections 6.10.3.1 through 6.10.3.5 of this Schedule, the ISO shall calculate a separate LIPA RTFC based on the revenue requirement and shall bill for LIPA the LIPA RTFC as a separate line item to the Responsible LSEs serving Load in

Transmission Districts located outside of the Long Island Transmission District. The ISO shall remit the revenues collected to LIPA in accordance with the ISO's billing and settlement procedures.

6.10.5.3 Cost Recovery for NYPA

Any costs incurred for an Eligible Project undertaken by NYPA, as an Unregulated Transmitting Utility, that are eligible for recovery under Section 6.10.5.1 shall be recovered under a NYPA RTFC as described herein. A reasonable return on investment for an Eligible Project undertaken by NYPA may include any incentives for construction of transmission projects available under Section 205 or Section 219 of the Federal Power Act and the Commission's regulations implementing those sections, as determined by the Commission.

6.10.5.3.1 NYPA shall coordinate with and inform the ISO of the amount of the costs it incurred in undertaking an Eligible Project. Such costs shall constitute the revenue requirement. Either the ISO shall make a Section 205 filing with the Commission on behalf of NYPA or NYPA shall make an informational filing under a formula rate with the Commission, of the revenue requirement. The filing must be consistent with NYPA's project proposal made to and evaluated by the ISO pursuant to Attachment Y. If the Eligible Project is: (A) a Designated Public Policy Project for which NYPA proposed a Cost Cap or (B) a Designated Long-Term Transmission Project for which NYPA (i) proposed a Cost Cap and/or (ii) committed to use a Voluntary Funding Arrangement, NYPA must also satisfy the requirements in Section 6.10.6 in its filing. NYPA shall intervene in support of such filing at the Commission and shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding, including

being solely responsible for making any arguments or reservations regarding its status as a non-Commission-jurisdictional utility and the appropriate standard for Commission review of its revenue requirement. After the Commission has accepted or approved the filing or otherwise allowed the filing to go into effect pursuant to a formula rate, the ISO shall calculate in accordance with Sections 6.10.3.1 through 6.10.3.5 of this Schedule a separate NYPA RTFC based on the revenue requirement and bill for NYPA the NYPA RTFC to the Responsible LSEs. The ISO shall remit the revenues collected to NYPA in accordance with the ISO's billing and settlement procedures.

6.10.5.4 Savings Clause. The inclusion in the ISO OATT or in a filing with the Commission pursuant to Section 6.10.5 of the revenue requirement for recovery of costs incurred by an Unregulated Transmitting Utility, including LIPA or NYPA, related to an Eligible Project undertaken pursuant to Attachment Y of the ISO OATT, as provided for in this Section 6.10.5, or the inclusion of such revenue requirement in the LIPA RTFC or NYPA RTFC, shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

6.10.6 Designated Entity's Responsibility to Include Cost Cap or Voluntary Funding Arrangement in Rate Filing for a Designated Public Policy Project or a Designated Long-Term Transmission Project.

6.10.6.1 If the Designated Entity of an Eligible Project ~~is~~:

(A) (i) is a Designated Entity for the Designated Public Policy Project that is a Public Policy Transmission Project, or part of a Public Policy Transmission Project, selected by the ISO pursuant to Sections 31.4.8.2

and 31.4.11 of Attachment Y to the ISO OATT and (ii) ~~the Designated Entity~~ submitted the Public Policy Transmission Project that resulted in the Designated Public Policy Project, or

(B) (i) is a Designated Entity for the Designated Long-Term Transmission Project that is a Long-Term Transmission Project, or part of a Long-Term Transmission Project, selected by the ISO pursuant to Section 31.6.11 of Attachment Y to the ISO OATT and (ii) submitted the Long-Term Transmission Project that resulted in the Designated Long-Term Transmission Project,

then the Designated Entity shall file with the Commission as part of its required rate filing for cost recovery under Sections 6.10.4 or 6.10.5, as applicable, any Cost Cap that it proposed for either the Public Policy Transmission Project or the Long-Term Transmission Project, including any excusing conditions described in Section 6.10.6.2. The Designated Entity 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.

6.10.6.2 The Cost Cap that the Designated Entity files at the Commission may provide for the following excusing conditions, which shall be included in the Development Agreement for the Designated Entity's Designated Public Policy Project or Designated Long-Term Transmission Project, as applicable, and which shall excuse the Designated Entity from the Cost Cap on recovering the Included Capital Costs of its Designated Public Policy Project or its Designated Long-Term

Transmission Project, as applicable, only to the extent the costs arise from one of the following excusing conditions:

A. Transmission 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, as applicable, the Public Policy Transmission Project or the Long-Term Transmission Project;

B. A Force Majeure event as defined in the Development Agreement and subject to the Force Majeure requirements in Section 15.5 of the Development 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.

6.10.6.3 If the Designated Entity proposed a soft Cost Cap, the Designated Entity must achieve the percentage cost sharing that it submits to the ISO in its proposal either: (i) through foregoing rate recovery of that percentage of capital costs in excess of the soft Cost Cap or (ii) through an alternative rate mechanism that may adjust rate recovery through only a reduction in the return on equity and any applicable incentives solely on the amount in excess of the soft Cost Cap. The alternative rate mechanism must achieve a rate recovery reduction for the

percentage of Included Capital Costs in excess of the soft Cost Cap that is equal to or better for ratepayers in the total long run revenue requirement on a present value basis for the Designated Public Policy Project or Designated Long-Term Transmission Project, as applicable, compared to that which would be achieved under option (i) based on the percentage cost sharing that the Designated Entity proposed to the ISO.

6.10.6.4 The Designated Entity's Cost Cap and the excusing conditions shall be included in the Development Agreement with the Designated Entity and will be implemented and enforced through rate proceedings at the Commission or the appropriate legal action initiated by the ISO.

6.10.6.5 If the Designated Entity of an Eligible Project is a Designated Entity for a Designated Long-Term Transmission Project that is a Long-Term Transmission Project, or part of a Long-Term Transmission Project, selected by the ISO pursuant to Section 31.6.11 of Attachment Y to the ISO OATT, then the Designated Entity shall file with the Commission as part of its required rate filing for cost recovery under Sections 6.10.4 or 6.10.5, as applicable, any Voluntary Funding Arrangement that it committed to use for the Long-Term Transmission Project or for its Designated Long-Term Transmission Project. The Designated Entity shall not seek to recover through its transmission rates the costs that it has committed to recover through the Voluntary Funding Arrangement.

6.10.6.6 The Designated Entity's Voluntary Funding Arrangement shall be included in the Development Agreement with the Designated Entity and will be

implemented and enforced through rate proceedings at the Commission or the appropriate legal action initiated by the ISO.

6.10.6.7~~5~~ Except as set forth in this Section 6.10.6, all matters concerning a Designated Entity's recovery of the costs of its Designated Public Policy Project or its Designated Long-Term Transmission Project, as applicable, shall be submitted to and decided at the Commission in accordance with the procedures set forth in Sections 6.10.4 and 6.10.5, as applicable.

22 Attachment P – Transmission Interconnection Procedures

22.1 Definitions

Whenever used in these Transmission Interconnection Procedures with initial capitalization, the following terms shall have the meanings specified in this Section 22.1. Terms used in these procedures with initial capitalization that are not defined in this Section 22.1 shall have the meanings specified in Sections 40.1 of Attachment HH , Section 31.1.1 of Attachment Y, or Section 38.1 of Attachment FF of the ISO OATT, or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

Applicable Reliability Requirements shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of Attachment HH to the ISO OATT, applied when conducting the Cluster Baseline Assessment and the Cluster Project Assessment; provided that no Party shall waive its right to challenge the applicability or validity of any requirement or guideline as applied to it in the context of the Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Transmission Interconnection Studies by the ISO, Connecting Transmission Owner, or the Transmission Developer, as described in Section 22.6.1 of the Transmission Interconnection Procedures.

Connecting Transmission Owner shall mean the New York public utility or authority (or its designated agent) that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, or (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System at the Point of Interconnection. If a Transmission Project interconnects to more than one Connecting Transmission Owner, the term Connecting Transmission Owner as it appears in this Attachment P shall be read to include all of the Transmission Project's Connecting Transmission Owners.

Designated Network Upgrade Facilities shall mean the Network Upgrade Facilities (i) 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; (ii) that meet the definition of upgrade under Section 31.1.10~~6~~.4 of Attachment Y to the ISO OATT; and (iii) that are designated to the Connecting Transmission Owner or Affected Transmission Owner pursuant to Section 22.9.6 of this Attachment P.

Facilities Study shall mean the study conducted pursuant to Section 22.9 of this Attachment P to determine a list of facilities required to reliably interconnect the Transmission Project (including Network Upgrade Facilities) as identified in the System Impact Study, the cost of those facilities,

and the time required to interconnect the Transmission Project with the New York State Transmission System.

Facilities Study Agreement shall mean the agreement described in Section 22.9.1 of this Attachment P.

In-Service Date shall mean the date upon which the Transmission Project is energized consistent with the provisions of the Transmission Project Interconnection Agreement and available to provide Transmission Service under the NYISO Tariffs.

Network Upgrade Facilities shall mean the least costly configuration of commercially available components of electrical equipment that can be used, consistent with good utility practice and Applicable Reliability Requirements, to make the modifications or additions to the New York State Transmission System that are required for the proposed Transmission Project to connect reliably to the system in a manner that meets the NYISO Transmission Interconnection Standard.

NYISO Transmission Interconnection Standard shall mean the reliability standard that must be met by any Transmission Project proposing to connect to the New York State Transmission System. The standard is designed to ensure reliable access by the proposed project to the New York State Transmission System.

Optional Feasibility Study shall mean the preliminary evaluation of the system impact and cost of interconnecting a Transmission Project to the New York State Transmission System conducted at the option of the Transmission Developer pursuant to Section 22.7 of this Attachment P.

Optional Feasibility Study Agreement shall mean the agreement described in Section 22.7.1 of this Attachment P.

Party or Parties shall mean any entity or entities subject to the requirements of these Transmission Interconnection Procedures.

Point of Interconnection shall mean the point(s) where the Transmission Project connects to the New York State Transmission System.

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

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

Scoping Meeting shall mean the meeting described in Section 22.4.2.4.

Security shall mean a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the

Connecting Transmission Owner, and/or Affected System Operator, meeting the commercially reasonable requirements of the Connecting Transmission Owner, or Affected System Operator with which it is required to be posted pursuant to Sections 22.9.3 and 22.11 of this Attachment P.

System Impact Study shall mean the study conducted pursuant to Section 22.8 of this Attachment P that evaluates the impact of the proposed Transmission Project on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Network Upgrade Facilities are needed for the proposed Transmission Project to connect reliably to the New York State Transmission System in a manner that meets the NYISO Transmission Interconnection Standard described in Section 22.6.4 of this Attachment P.

System Impact Study Agreement shall mean the agreement described in Section 22.8.1 of this Attachment P.

Transmission Interconnection Application shall mean the Transmission Developer's request, in the form of Appendix 1 to the Transmission Interconnection Procedures, to interconnect a Transmission Project to the New York State Transmission System.

Transmission Developer shall mean any entity, including the Connecting Transmission Owner or any of its Affiliates or subsidiaries that proposes to interconnect its Transmission Project with the New York State Transmission System.

Transmission Interconnection Studies shall mean any of the following studies: the Optional Feasibility Study, the System Impact Study, and the Facilities Study described in the Transmission Interconnection Procedures.

Transmission Project shall be a Transmission Developer's proposed transmission facility or facilities that collectively satisfy the definition of Transmission Project in Section 22.3.1.

Transmission Project Interconnection Agreement shall mean the interconnection agreement applicable to a Transmission Interconnection Application pertaining to a Transmission Project that is entered into in accordance with Section 22.11.

22.2 Scope and Application

22.2.1 Application of Transmission Interconnection Procedures

The Transmission Interconnection Procedures ("TIP") in Sections 22.2.1 through 22.13 apply to the processing of a Transmission Interconnection Application pertaining to a Transmission Project proposing to interconnect to the New York State Transmission System.

22.2.2 Comparability

The ISO shall receive, process and analyze all Transmission Interconnection Applications in a timely manner as set forth in the Transmission Interconnection Procedures. As described herein, the ISO will process and analyze all Transmission Interconnection Applications with independence and impartiality, in cooperation with and with input from the Transmission Developers, Connecting Transmission Owners and other Market Participants. The ISO will perform, oversee or review the Transmission Interconnection Studies to ensure compliance with the Transmission Interconnection Procedures. The ISO will use the same Reasonable Efforts in processing and analyzing Transmission Interconnection Applications from all Transmission Developers, whether or not the Transmission Projects are owned by a Transmission Owner, its subsidiaries or Affiliates, or others.

22.2.3 No Applicability to Transmission Service or Other Services

Nothing in these Transmission Interconnection Procedures shall constitute a request for Transmission Service or confer upon a Transmission Developer any right to receive Transmission Service. Nothing in these Transmission Interconnection Procedures shall constitute a request for, nor agreement to provide, any energy, Ancillary Services or Installed Capacity under the ISO Services Tariff.

22.3 Transmission Projects Subject to Transmission Interconnection Procedures

22.3.1 Definition of a Transmission Project

22.3.1.1 A Transmission Project, as defined in this Section 22.3.1, shall be subject to the Transmission Interconnection Procedures in this Attachment P.

22.3.1.2 Except as otherwise provided in Section 22.3.1.3, a Transmission Project shall include a Transmission Developer's proposed new transmission facility that will interconnect to the New York State Transmission System or a Transmission Developer's proposed upgrade – an improvement to, addition to, or replacement of a part of an existing transmission facility – to the New York State Transmission System.

22.3.1.3 Notwithstanding the definition of Transmission Project in Section 22.3.1.2, the following transmission facilities will not be a Transmission Project that is subject to these Transmission Interconnection Procedures: (i) a Class Year Transmission Project as defined in Attachment X to the ISO OATT, (ii) a Cluster Study Transmission Project as defined in Attachment HH to the ISO OATT, or (iii) a new transmission facility or upgrade proposed by a Transmission Owner in its Local Transmission Owner Plan or NYPA transmission plan that is not subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y of the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT and for which the Transmission Owner is not seeking cost allocation under the ISO OATT. A proposed controllable line for which the proposing entity is seeking CRIS to receive UDRs shall be subject, as applicable, to the interconnection requirements in Attachments S, X, or HH of the ISO OATT. A Transmission Owner's

proposed new transmission facility or upgrade that is not a Transmission Project shall be subject to the transmission expansion requirements in Section 3.7 of the ISO OATT.

22.3.2 Entering Service Early to Maintain System Reliability

If a Transmission Developer requests to enter into service prior to the completion of all Transmission Interconnection Studies and the completion of any required Network Upgrade Facilities, the Connecting Transmission Owner and the ISO will permit to the Transmission Project's early entry into service if: (i) there is a Transmission Project Interconnection Agreement for the Transmission Project, and (ii) the ISO and Connecting Transmission Owner(s) have determined that the Transmission Project can enter into service without violating Applicable Laws and Regulations, Applicable Reliability Requirements, Good Utility Practice, and the Transmission Project Interconnection Agreement.

22.3.3 Procedures for Interconnection Requests and Study Requests Submitted Prior to the Effective Date of the Transmission Interconnection Procedures

22.3.3.1 Queue Position for Pending Requests

22.3.3.1.1 Any Transmission Developer assigned one or more Queue Position(s) for its Transmission Project prior to the effective date of these Transmission Interconnection Procedures as a Developer for an Interconnection Request submitted pursuant to Attachment X of the ISO OATT or for a Study Request submitted pursuant to Sections 3.7 or 4.5 of the OATT shall retain that Queue Position and may, as applicable, consolidate multiple Queue Positions that collectively address the Transmission Project into one Queue Position.

22.3.3.1.2 If an agreement for one of the Interconnection Studies under Attachment

X of the ISO OATT or the System Impact Study or Facilities Study under Sections 3.7 or 4.5 of the OATT for a Transmission Project has not been executed as of the effective date of these Transmission Interconnection Procedures, then such study, and any subsequent studies, shall be processed in accordance with these Transmission Interconnection Procedures.

22.3.3.1.3 If an agreement for one of the Interconnection Studies under Attachment X of the ISO OATT or the System Impact Study or Facilities Study under Sections 3.7 or 4.5 of the OATT for a Transmission Project has been executed prior to the effective date of these Transmission Interconnection Procedures, the Transmission Developer (previously referred to as the Developer or Eligible Customer) that executed the agreement may elect to either complete such study in accordance with the terms of such agreement or to execute the agreement for the comparable study, and to proceed, under these Transmission Interconnection Procedures. If the Transmission Developer elects to complete the study under Attachment X of the OATT or Sections 3.7 or 4.5 of the OATT, the Transmission Developer will proceed with any subsequent studies for the Transmission Project in accordance with the Transmission Interconnection Procedures.

22.3.3.1.4 If an interconnection agreement for a facility that satisfies the definition of Transmission Project in Section 22.3.1 has been submitted to the Commission for approval before the effective date of these Transmission Interconnection Procedures, then the interconnection agreement would be grandfathered.

22.3.3.2 Transition Period

To the extent necessary, the ISO and Transmission Developers with an outstanding

request under Attachment X of the ISO OATT or Sections 3.7 or 4.5 of the OATT (*i.e.,* an Interconnection Request or a Study Request) for which an interconnection agreement has not been submitted to the Commission for approval as of the effective date of these Transmission Interconnection Procedures) shall transition to these procedures within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any Interconnection Request or Study Request, on the effective date of these Transmission Interconnection Procedures: (i) that has been submitted but not yet accepted by the ISO,; (ii) where the related interconnection agreement has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant agreements for Interconnection Studies under Attachment X of the ISO OATT or the System Impact Study or Facilities Study under Sections 3.7 or 4.5 of the OATT have not yet been executed, or (iv) where any of the relevant Interconnection Studies under Attachment X of the ISO OATT or the System Impact Study or Facilities Study under Sections 3.7 or 4.5 of the OATT are in process but not yet completed. Any Transmission Developer with an outstanding request as of the effective date of these Transmission Interconnection Procedures may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Transmission Interconnection Application. A reasonable extension shall be granted by the ISO to the extent consistent with the intent and process provided for under these Transmission Interconnection Procedures.

22.3.4 New Transmission Provider

If the ISO transfers its control of the New York State Transmission System to a successor transmission provider during the period when a Transmission Interconnection Application is pending, the ISO shall transfer to the successor transmission provider any amount of the deposit

or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by these Transmission Interconnection Procedures shall be paid by or refunded to the Transmission Developer, as appropriate. The ISO shall coordinate with the successor transmission provider to complete any Transmission Interconnection Applications (including Transmission Interconnection Studies), as appropriate, that the ISO has begun but has not completed. If the ISO has tendered a draft Transmission Project Interconnection Agreement to the Transmission Developer but the Transmission Developer has not either executed that interconnection agreement or requested the filing of an unexecuted Transmission Project Interconnection Agreement with FERC, unless otherwise provided, the Transmission Developer must complete negotiations with the successor transmission provider.

22.4 Transmission Interconnection Application

22.4.1 General

A Transmission Developer proposing to interconnect a Transmission Project to the New York State Transmission System shall submit to the ISO a Transmission Interconnection Application in the form of Appendix 1 to these Transmission Interconnection Procedures. The Transmission Interconnection Application must be accompanied by a non-refundable application fee of $10,000. The application fee shall be divided equally between the ISO and Connecting Transmission Owner(s). If the Transmission Project is a regulated transmission project designated under Sections 31.2.7, 31.3.26, 31.4.11, 31.6.11, or 38.10 of the ISO OATT and that regulated transmission project or a portion of that project is designated to a Designated Entity other than the original Developer, the Designated Entity that is not the original Developer of the project may (i) join, through a request in accordance with ISO procedures, an ongoing Transmission Interconnection Application that covers the entire regulated transmission project with the agreement of the original Transmission Developer and be jointly and severally responsible for the study costs, or (ii) submit a separate Transmission Interconnection Application for its Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project, pursuant to the requirements in this Article 22.4. In the event that the Designated Entity submits a separate Transmission Interconnection Application and the Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project is a project component(s) of a Transmission Project with an existing Transmission Interconnection Application, such component(s) will be removed from the existing Transmission Interconnection Application and

such change to the Transmission Project shall not constitute a material modification in accordance with Section 22.5.4.2.

22.4.2 Valid Transmission Interconnection Application

22.4.2.1 Initiating a Transmission Interconnection Application

To initiate a Transmission Interconnection Application, a Transmission Developer must submit a $10,000 non-refundable application fee and a completed application in the form of Appendix 1. The expected In-Service Date of the Transmission Project provided at the time of the submission of the Transmission Interconnection Application, and updates to the In-Service Date submitted after submission of the Transmission Interconnection Application, shall be no more than ten (10) years from the date the Transmission Interconnection Application is received by the ISO, subject to demonstration of reasonable progress of development of the Transmission Project.

22.4.2.2 Acknowledgment and Notification of Transmission Interconnection Application

The ISO shall acknowledge receipt of the Transmission Interconnection Application within five (5) Business Days of receipt of the request and attach a copy of the received Transmission Interconnection Application to the acknowledgement it returns to the Transmission Developer. At the same time, the ISO shall forward a copy of the Transmission Interconnection Application and its acknowledgement to the Connecting Transmission Owner(s) with whom the Transmission Developer is proposing to connect; *provided*, *however*, that any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y to the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF

of the ISO OATT shall not be forwarded to the Connecting Transmission Owner(s) until the close of the applicable solicitation window.

22.4.2.3 Deficiencies in Transmission Interconnection Application

A Transmission Interconnection Application will not be considered to be a valid application until all items in Section 22.4.2.1 have been received by the ISO and the applicable solicitation window has closed for any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y to the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT. If a Transmission Interconnection Application fails to meet the requirements set forth in Section 22.4.2.1, the ISO shall notify the Transmission Developer and the Connecting Transmission Owner(s) within five (5) Business Days of receipt of the initial Transmission Interconnection Application of the reasons for such failure and that the Transmission Interconnection Application does not constitute a valid application. However, for any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y to the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT and that fails to meet the requirements set forth in Section 22.4.2.1, the ISO shall notify the Transmission Developer and the Connecting Transmission Owner(s) no later than five (5) Business Days following the close of the applicable solicitation window. The Transmission Developer shall provide the ISO the additional requested information needed to constitute a valid application within ten (10) Business Days after receipt of such notice. The ISO shall promptly forward such information to the Connecting Transmission Owner(s); *provided*, *however*, for any Transmission Interconnection Application

that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y of the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT, such information will not be forwarded to the Connecting Transmission Owner(s) until the close of the applicable solicitation window. Failure by the Transmission Developer to comply with this Section 22.4.2.3 shall be treated in accordance with Section 22.4.5.

22.4.2.4 Scoping Meeting

Within ten (10) Business Days after receipt of a valid Transmission Interconnection Application, the ISO shall establish a date agreeable to the Transmission Developer and the Connecting Transmission Owner(s) for the Scoping Meeting. The date shall be no later than thirty (30) Calendar Days from receipt of the valid Transmission Interconnection Application, unless otherwise mutually agreed upon by the Parties.

The purposes of the Scoping Meeting shall be to discuss whether the Transmission Developer elects to pursue an Optional Feasibility Study or proceed to a System Impact Study for its Transmission Project, to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. The ISO, Connecting Transmission Owner(s), and the Transmission Developer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general stability issues, (iii) general short circuit issues, (iv) general voltage issues, (v) general reliability issues, and (vi) general system protection issues, as may be reasonably required to accomplish the purpose of the meeting. The ISO, Connecting Transmission Owner(s) and the Transmission Developer will also bring to the meeting personnel

and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. The Transmission Developer shall in writing within five (5) Business Days of this meeting: (i) make its election as to whether it will pursue an Optional Feasibility Study or proceed to a System Impact Study for its Transmission Project, and (ii) designate the Point(s) of Interconnection for the Transmission Project. The duration of the meeting shall be sufficient to accomplish its purpose.

If (i) a Transmission Developer that elects pursuant to Section 22.4.1 to submit a new Transmission Interconnection Application for its Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project that is a component of a Transmission Project that is already subject to a Transmission Interconnection Application; (ii) the Transmission Project subject to the original Transmission Interconnection Application has a completed SIS; and (iii) there have been no material modifications to the Transmission Project, including the Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project, since the ISO performed the SIS pursuant to the original Transmission Interconnection Application, then the ISO, Transmission Developer(s) of the new Transmission Interconnection Application, and Connecting Transmission Owner can agree to proceed directly to the Facilities Study with the new Transmission Interconnection Application. Such agreement to proceed directly to the Facilities Study shall not be unreasonably withheld.

22.4.3 OASIS Posting

The ISO will maintain on its OASIS a list of all valid Transmission Interconnection Applications. The list will identify, for each Transmission Interconnection Application: (i) the

maximum summer and winter megawatt electrical output, if applicable; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Transmission Interconnection Application, including Queue Position; (vi) the identity of the Transmission Developer; (vii) the availability of any studies related to the Transmission Interconnection Application; (viii) the date of the Transmission Interconnection Application; (ix) the type of the Transmission Project to be constructed; and (x) for Transmission Interconnection Applications that have not resulted in a completed interconnection, an explanation as to why it was not completed. Before holding a Scoping Meeting with an Affiliate of a Connecting Transmission Owner and that Connecting Transmission Owner, the ISO shall post on its OASIS an advance notice of its intent to do so. The ISO shall post to its OASIS site any deviations from the study timelines set forth herein. Transmission Interconnection Study reports shall be posted to the ISO password-protected website subsequent to the meeting between the Transmission Developer, the ISO and the Connecting Transmission Owner(s) to discuss the applicable study results. The ISO shall also post any known deviations in date proposed by the Transmission Project in Section 22.4.3(iv), above.

22.4.4 Coordination with Affected Systems and External Affected Systems

22.4.4.1 Coordination with Affected Systems in the New York Control Area

The ISO will coordinate the conduct of any studies required to determine the impact of the Transmission Interconnection Application on Affected Systems with Affected System Operators. The ISO will include those results on Affected Systems in its applicable Transmission Interconnection Study within the time frame specified in these Transmission Interconnection Procedures. The ISO will also include results, if available, on other Affected

Systems. The ISO will invite such Affected System Operators to all meetings held with the Transmission Developer as required by these Transmission Interconnection Procedures. The Transmission Developer will cooperate with the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems. An Affected System Operator shall cooperate with the ISO and Connecting Transmission Owner(s) with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

22.4.4.1 Coordination with External Affected Systems

If the ISO identifies potential impacts on External Affected Systems during the System Impact Study for a Transmission Interconnection Application, the ISO will notify the External Affected System Operator of the impacts and coordinate with the External Affected System Operator consistent with the requirements in Section 40.8.2 to Attachment HH to the ISO OATT.

22.4.5 Withdrawal

The Transmission Developer may withdraw its Transmission Interconnection Application at any time by written notice of such withdrawal to the ISO. In addition, if the Transmission Developer fails to adhere to all requirements of these Transmission Interconnection Procedures, except as provided in Section 22.13.5 (Disputes), the ISO shall deem the Transmission Interconnection Application to be withdrawn and shall provide written notice to the Transmission Developer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the Transmission Developer shall have a cure period of fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify the ISO of its intent to pursue Dispute Resolution.

Withdrawal following the end of the cure period shall result in the loss of the Transmission Developer's Queue Position. If a Transmission Developer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Transmission Developer's Transmission Interconnection Application is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. A Transmission Developer that withdraws or is deemed to have withdrawn its Transmission Interconnection Application shall pay to the ISO and Connecting Transmission Owner(s) all costs that the ISO and Connecting Transmission Owner(s) prudently incur with respect to that Transmission Interconnection Application prior to the receipt of notice described above. The Transmission Developer must pay all monies due to the ISO and Connecting Transmission Owner(s) before it is allowed to obtain any Transmission Interconnection Study data or results.

The ISO shall (i) update the OASIS Queue Position posting and (ii) refund to the Transmission Developer any portion of the Transmission Developer's deposit or study payments that exceeds the costs that the ISO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, the ISO and Connecting Transmission Owner(s), subject to the confidentiality provisions of Section 22.13.1, shall provide, at the Transmission Developer's request, all information that the ISO and Connecting Transmission Owner(s) developed for any completed study conducted up to the date of withdrawal of the Transmission Interconnection Application.

22.5 Queue Position

22.5.1 General

The ISO shall assign a Queue Position based upon the date and time of receipt of the valid Transmission Interconnection Application; provided that, if the sole reason a Transmission Interconnection Application is not valid is the lack of required information on the application form, and the Transmission Developer provides such information in accordance with Section 22.4.2.3, then the ISO shall assign the Transmission Developer a Queue Position based on the date the application form was originally filed. The Queue Position of each Transmission Interconnection Application will be used to determine the order of performing the Transmission Interconnection Studies. A higher queued Transmission Interconnection Application is one that has been placed "earlier" in the queue in relation to another Transmission Interconnection Application that is lower queued.

22.5.2 Clustering

At the ISO's option, Transmission Interconnection Applications may be studied serially or in clusters for the purpose of the System Impact Study or Facilities Study.

22.5.3 Transferability of Queue Position

A Transmission Developer may transfer its Queue Position to another entity only if such entity acquires the specific Transmission Project identified in the Transmission Interconnection Application and the Point(s) of Interconnection do not change. As a result of such a transfer, the acquiring entity shall become the Transmission Developer of the specific Transmission Project identified in the Transmission Interconnection Application.

22.5.4 Modifications

The Transmission Developer shall submit to the ISO, in writing, modifications to any

information provided in the Transmission Interconnection Application. The Transmission Developer shall retain its Queue Position if the modifications are permitted in accordance with Section 22.5.4.1, or are determined not to be material modifications pursuant to Section 22.5.4.3.

22.5.4.1 Prior to the parties' execution of the System Impact Study Agreement, the Transmission Developer may make any modification to the information provided in the Transmission Interconnection Application.

22.5.4.2 Following the parties' execution of the System Impact Study Agreement, a Transmission Developer may not make any modification to the proposed Transmission Project, except for changes to the project's electrical characteristics that the ISO determines do not constitute a material modification; *provided, however,* that a Transmission Developer may modify a Transmission Project to remove components of the Transmission Project that are (i) contained within a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project; (ii) designated to a Designated Entity, other than the Transmission Developer; and (iii) for which the Designated Entity submits a separate Transmission Interconnection Application pursuant to Section 22.4.1 for the components of the Transmission Project requested to be removed.

22.5.4.3 The ISO shall evaluate a modification to the Transmission Project's electrical characteristics and will inform the Transmission Developer in writing of whether the modifications constitute a material modification. The ISO shall commence and perform any necessary additional studies as soon as practicable,

but in no event shall the ISO commence such studies later than thirty (30) Calendar Days after receiving notice of Transmission Developer's request. Any additional studies resulting from such modification shall be done at Transmission Developer's cost.

22.5.4.4 If the ISO determines that a Transmission Developer's modification to its Transmission Project constitute a material modification, the Transmission Developer must perform a new System Impact Study for its modified Transmission Project, subject to the execution of a new System Impact Study Agreement and the provision of the required study deposit.

22.5.4.5 Modifications to a Transmission Project that are permitted under this Section 22.5.4 for the purposes of the Transmission Interconnection Procedures may not be permitted under the separate requirements of the Comprehensive System Planning Process in accordance with Attachment Y of the ISO OATT or the Short-Term Reliability Process in accordance with Attachment FF of the ISO OATT.

22.6 Base Case for Transmission Interconnection Procedures and NYISO Transmission Interconnection Standard

22.6.1 Base Case Data

The power flow, short circuit, and stability data bases, hereinafter referred to as Base Cases, shall include the following that will be based upon either the ISO's fifth year or tenth year case included in the most recent FERC Form No. 715:

(i) all existing generation and transmission facilities identified in the ISO's most recent NYISO Load and Capacity Data Report, excluding those facilities that are subject, as applicable, to Class Year Study or Cluster Study cost allocation but for which Class Year Study or Cluster Study cost allocations have not been accepted or for which cash or Security for the allocated amount has not been provided;

(ii) all planned projects subject, as applicable, to Attachment S or Attachment HH to the ISO OATT that have accepted their cost allocation and paid cash or posted Security for their allocated amount in a prior Class Year Study or Cluster Study cost allocation process and System Upgrade Facilities and System Deliverability Upgrades associated with those projects except that System Deliverability Upgrades where construction has been deferred pursuant to Section 40.13.12.2 and 40.13.12.3 of Attachment HH of the ISO OATT will only be included if construction of the System Deliverability Upgrades has been triggered under Section 40.13.12.3 of Attachment HH to the ISO OATT;

(iii) all Affected System Network Upgrades for which the Affected System Interconnection Customer has accepted their cost allocation and paid cash or posted security in accordance with Section 40.8.3.10 of Attachment HH to the ISO OATT;

(iv) all proposed Small Generating Facilities, together with their Interconnection Facilities and System Upgrade Facilities, that have accepted their cost allocation in accordance

with the Small Generator Interconnection Facilities in Attachment Z to the ISO OATT;

(v) all proposed generators that interconnect to the distribution system through studies conducted outside of the ISO's interconnection procedures (*e.g.*, the New York State Standardized Interconnection Requirements ("NYSSIR") process or a utility's individual interconnection procedures) and have been identified as firm in accordance with ISO Procedures;

(vi) all generation and transmission retirements and derates identified in the NYISO Load and Capacity Data Report as scheduled to occur during the study period for the Transmission Interconnection Study;

(vii) Transmission Projects that are proposed under Attachments Y or FF of the ISO OATT and have met the following milestones prior to the start date of the study conducted under this Attachment: (1) have been triggered under the Reliability Planning Process, selected under the Short-Term Reliability Process, selected under the Public Policy Transmission Planning Process, selected under the Long-Term Transmission Planning Process, or approved by beneficiaries under the Economic Planning Process, (2) have, if applicable, a completed System Impact Study in accordance with this Attachment P, and (3) are making reasonable progress under the applicable OATT Attachments Y or FF planning process;

(viii) Transmission Projects that are not proposed under Attachments Y or FF to the ISO OATT that have completed a Facilities Study and posted Security for Network Upgrade Facilities as required in Section 22.11.1 of Attachment P to the ISO OATT (if applicable);

(ix) transmission projects that are not subject to the Transmission Interconnection Procedures, the Standard Large Facility Interconnection Procedures, or the Standard Interconnection Procedures (i.e., new transmission facilities or upgrades proposed by Transmission Owner in its Local Transmission Owner Plan or NYPA transmission plan)

identified as “firm” by the Connecting Transmission Owner before the start date of the study conducted under this Attachment and either (1) have commenced a Facilities Study in accordance with section 2.7 of the OATT (if applicable) and have an Article VII application deemed complete (if applicable); or (2) are under construction and scheduled to be in-service within 12 months of the start date of the study conducted under this Attachment; and

(x) all other changes to existing facilities – other than changes that are subject to Class Year Study or Cluster Study cost allocation but that have not accepted their Class Year Study or Cluster Study cost allocation or have not paid cash or posted Security for their accepted cost allocation – that are identified in the NYISO Load and Capacity Data Report or reported by Market Participants to the NYISO as scheduled to occur during the study period for the Transmission Interconnection Study. If the ISO has triggered multiple Transmission Projects under its Reliability Planning Process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution. If the proposed Transmission Project is related to or in response to a system condition not reflected in the above requirements, the ISO may, as appropriate, amend the Base Cases to take that system condition into account in evaluating the proposed Transmission Project.

22.6.2 Release of Base Case Data

The ISO or Connecting Transmission Owner, depending upon which of those Parties possesses the data requested, shall provide base power flow, short circuit and stability databases, including all underlying assumptions and contingency lists, to the Transmission Developer upon request. All Parties shall treat Confidential Information in accordance with Section 22.13.1 of these Transmission Interconnection Procedures. The ISO and Connecting Transmission Owner

are permitted to require that the Transmission Developer sign a non-disclosure agreement before the release of Confidential Information or Critical Energy Infrastructure Information in the Base Case data.

22.6.3 The Transmission Interconnection Studies

All Transmission Projects must interconnect in compliance with the NYISO Transmission Interconnection Standard. The ISO evaluates a Transmission Interconnection Application for compliance with the NYISO Transmission Interconnection Standard throughout the Transmission Interconnection Study process. The Transmission Interconnection Studies conducted under the Transmission Interconnection Procedures consist of short circuit/fault duty, steady state (thermal and voltage) and stability analyses designed to identify the Network Upgrade Facilities required for the reliable interconnection of Transmission Projects to the New York State Transmission System in compliance with the NYISO Transmission Interconnection Standard.

22.6.4 NYISO Transmission Interconnection Standard

The NYISO Transmission Interconnection Standard is designed to ensure that a proposed Transmission Project, as it proposes to interconnect to the New York State Transmission System, is consistent with Applicable Reliability Requirements and will not degrade interface transfer capability by more than 25 MW.

22.7 Optional Feasibility Study

22.7.1 Optional Feasibility Study Agreement

As soon as practicable after receiving the Transmission Developer's election in the Scoping Meeting in accordance with Section 22.4.2.4 to pursue an Optional Feasibility Study for its Transmission Project, the ISO shall tender to the Transmission Developer and the Connecting Transmission Owner an Optional Feasibility Study Agreement. At the Scoping Meeting, the Transmission Developer shall specify for inclusion in the attachment to the Optional Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative configurations, not to exceed two alternative configurations. The Transmission Developer must provide a $60,000 study deposit to the ISO for the Optional Feasibility Study. The tendered Optional Feasibility Study Agreement will include a good faith estimate of the cost for completing the Optional Feasibility Study. The Optional Feasibility Study Agreement shall specify that the Transmission Developer is responsible for the actual costs incurred by the ISO and the Connecting Transmission Owner for the Optional Feasibility Study. The Optional Feasibility Study Agreement shall provide that if actual study costs exceed the study deposit, the Transmission Developer shall pay the ISO the amount in excess of the study deposit, and if the actual study costs are less than the study deposit, the ISO shall refund the remaining deposit amount to the Transmission Developer. The Optional Feasibility Study Agreement shall also set forth the study schedule based on the study scope. The Transmission Developer, the ISO and the Connecting Transmission Owner shall execute and deliver to the ISO the Optional Feasibility Study Agreement no later than thirty (30) Calendar Days after the ISO tenders the Optional Feasibility Study Agreement. The Transmission Developer shall, on or before the return of the executed Optional Feasibility Study Agreement to the ISO, provide the required $60,000 deposit.

On or before the return of the executed Optional Feasibility Study Agreement to the ISO,

the Transmission Developer shall provide the technical data required by the agreement. If the Transmission Developer does not provide all required technical data when it delivers the Optional Feasibility Study Agreement, the ISO shall notify the Transmission Developer of the deficiency within five (5) Business Days of the receipt of the executed Optional Feasibility Study Agreement and the Transmission Developer shall cure the deficiency within ten (10) Business Days of receipt of the notice, *provided, however*, such deficiency does not include failure to deliver the executed Optional Feasibility Study Agreement or deposit. If the Transmission Developer fails to provide the required technical data within this timeframe, the Transmission Interconnection Application shall be withdrawn in accordance with Section 22.4.5. The Transmission Developer, the ISO and the Connecting Transmission Owner shall execute the Optional Feasibility Study Agreement within thirty (30) Calendar Days after the ISO tenders the Optional Feasibility Study Agreement.

22.7.2 Optional Feasibility Study Scope and Procedures

The Optional Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the New York State Transmission System. The Optional Feasibility Study shall be conducted in accordance with Applicable Reliability Requirements and will evaluate the Transmission Project using the Base Case described in Section 22.6.1. The Optional Feasibility Study may consist of any of the following technical analyses as described in the Optional Feasibility Study scope:

a. Conceptual breaker-level one-line diagram of existing system where project proposes to interconnect;

b. Review of feasibility/constructability of conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing

substation; identification of cable routing concerns inside existing substation; environmental concerns inside the substation);

c. Preliminary review of local protection, communication, grounding issues associated with the proposed interconnection;

d. Power flow, short circuit and/or bus flow analyses; and/or

e. Identification of Network Upgrade Facilities.

The schedule for completing the Optional Feasibility Study will be documented in the Optional Feasibility Study Agreement. The ISO shall utilize existing studies to the extent practicable when it performs the study. Upon request, the ISO shall provide the Transmission Developer supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Optional Feasibility Study, subject to confidentiality arrangements consistent with Section 22.13.1.

22.7.3 Optional Feasibility Study Report Meeting

As soon as practicable after completing the initial draft of the Optional Feasibility Study report, the ISO will provide the Optional Feasibility Study report to the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems for review and comment. Upon completion of this review process, the ISO and the Connecting Transmission Owner shall meet with Transmission Developer and any Affected Systems to discuss the results of the Optional Feasibility Study.

22.8 System Impact Study

22.8.1 System Impact Study Agreement

As soon as practicable after receiving the Transmission Developer's election in the Scoping Meeting in accordance with Section 22.4.2.4 to proceed to a System Impact Study ("SIS") or simultaneously with the delivery of an Optional Feasibility Study to the Transmission Developer, the ISO shall tender the Transmission Developer and Connecting Transmission Owner a System Impact Study Agreement. Upon tendering the System Impact Study Agreement, the ISO shall provide to the Transmission Developer a non-binding good faith estimate of the cost and timeframe for completing the SIS.

The Transmission Developer must provide a $120,000 study deposit to the ISO for the SIS if the ISO is responsible for performing the entire study; *provided, however*, that if the Transmission Developer is hiring a third-party consultant to perform the analytical portion of the study, pursuant to the requirements set forth in Section 22.13.4 of this Attachment P, the required deposit is $40,000. The System Impact Study Agreement shall specify that the Transmission Developer is responsible for the actual costs incurred by the ISO and the Connecting Transmission Owner for the SIS. The System Impact Study Agreement shall provide that if actual study costs exceed the study deposit, the Transmission Developer shall pay the ISO the amount in excess of the study deposit, and if the actual study costs are less than the study deposit, the ISO shall refund the remaining deposit amount to the Transmission Developer. The System Impact Study Agreement shall also set forth the study schedule based on the study scope.

22.8.2 Execution of System Impact Study Agreement

The Transmission Developer shall execute and deliver to the ISO the System Impact Study Agreement and the applicable study deposit set forth in Section 22.8.1 no later than thirty

(30) Calendar Days after its receipt. On or before the return of the executed System Impact Study Agreement to the ISO, the Transmission Developer shall provide the technical data required by the agreement. If the Transmission Developer does not provide all required technical data when it delivers the System Impact Study Agreement, the ISO shall notify the Transmission Developer of the deficiency within five (5) Business Days of the receipt of the executed System Impact Study Agreement and the Transmission Developer shall cure the deficiency within ten (10) Business Days of receipt of the notice, *provided, however*, such deficiency does not include failure to deliver the executed System Impact Study Agreement or deposit. If the Transmission Developer fails to provide the required technical data within this timeframe, the Transmission Interconnection Application shall be withdrawn in accordance with Section 22.4.5. The Transmission Developer, the ISO and the Connecting Transmission Owner shall execute the System Impact Study Agreement within thirty (30) Calendar Days after the ISO tenders the System Impact Study Agreement. The Transmission Developer shall, on or before the return of the executed System Impact Study Agreement to the ISO, provide the required study deposit.

22.8.3 Scope of System Impact Study

The SIS shall evaluate the impact of the proposed interconnection on the reliability of the New York State Transmission System. The SIS shall be conducted in accordance with Applicable Reliability Requirements. The ISO Operating Committee shall approve the specific study scope proposed for each SIS. If an Optional Feasibility Study is not performed for the project, the SIS will also evaluate the feasibility of the proposed interconnection.

Evaluation under the NYISO Transmission Interconnection Standard involves a transmission security analysis using thermal, voltage, stability and short circuit analyses, as well

as a transfer limit analysis to ensure that a Transmission Project does not degrade interface transfer capability. A Transmission Project will trigger a Network Upgrade Facility if upgrades are necessary to mitigate impacts to the controlling limit (*i.e.*, voltage, stability, thermal) as well as any impact to the thermal limit. A Transmission Project will also trigger a Network Upgrade Facility if it degrades by more than 25 MW the pre-project transfer limits of any NYISO transmission planning interface recognized in the ISO's transmission planning studies pursuant to ISO procedures. A Transmission Project that triggers an upgrade would have to fully restore the impacted transfer limits to the pre-project limits.

22.8.4 System Impact Study Procedures

The ISO shall coordinate the SIS with any Affected System that is affected by the Transmission Interconnection Application pursuant to Section 22.4.4 above. The ISO shall utilize existing studies to the extent practicable when it performs the study.

The SIS will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to the proposed interconnection, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The SIS will provide a list of Network Upgrade Facilities that are required as a result of the Transmission Project and a nonbinding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

The ISO may evaluate Transmission Projects moving forward in the same time frame that both contribute to Network Upgrade Facilities to determine their *pro rata* cost responsibility for such Network Upgrade Facilities.

Upon request, the ISO shall provide the Transmission Developer all supporting

documentation, workpapers and relevant pre-Transmission Interconnection Application and post-Transmission Interconnection Application power flow, short circuit and stability databases for the SIS, subject to confidentiality arrangements consistent with Section 22.13.1.

22.8.5 Study Report Meeting

As soon as practicable after completing the initial draft of the System Impact Study report, the ISO will provide the System Impact Study report to the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems for review and comment. Upon completion of this review process, the ISO and the Connecting Transmission Owner shall meet with Transmission Developer and any Affected Systems to discuss the results of the SIS.

The ISO Operating Committee shall approve each final SIS.

22.9 Facilities Study

22.9.1 Facilities Study Agreement

A Transmission Developer may request that the ISO tender a Facilities Study Agreement for its Transmission Project at any time following the ISO Operating Committee's approval of the System Impact Study for the Transmission Project pursuant to Section 22.8.5. As soon as practicable after the ISO's receipt of the Transmission Developer's request, the ISO shall tender the Transmission Developer and Connecting Transmission Owner a Facilities Study Agreement. When the ISO tenders the Facilities Study Agreement, it shall provide to the Transmission Developer a non-binding good faith estimate of the cost and timeframe for completing the Facilities Study.

The Transmission Developer must provide a $100,000 study deposit to the ISO for the Facilities Study. The Facilities Study Agreement shall specify that the Transmission Developer is responsible for the actual costs incurred by the ISO and the Connecting Transmission Owner for the Facilities Study Agreement. NYISO shall invoice the Transmission Developer on a monthly basis for the work to be conducted on the Facilities Study. The Transmission Developer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. The ISO shall continue to hold the amounts on deposit until settlement of the final invoice. The Facilities Study Agreement shall provide that if actual study costs exceed the study deposit, the Transmission Developer shall pay the ISO the amount in excess of the study deposit, and if the actual study costs are less than the study deposit, the ISO shall refund the remaining deposit amount to the Transmission Developer. The Facilities Study Agreement shall also set forth the study schedule based on the study scope.

22.9.2 Execution of Facilities Study Agreement

The Transmission Developer, the ISO and the Connecting Transmission Owner shall execute and deliver to the ISO the Facilities Study Agreement no later than thirty (30) Calendar Days after the ISO tenders the Facilities Study Agreement. The Transmission Developer shall, on or before the return of the executed Facilities Study Agreement to the ISO, provide the deposit and technical data required by the agreement. If the Transmission Developer does not provide all required technical data when it delivers the Facilities Study Agreement, the ISO shall notify the Transmission Developer of the deficiency within five (5) Business Days of the receipt of the executed Facilities Study Agreement, and the Transmission Developer shall cure the deficiency within ten (10) Business Days of receipt of the notice, *provided, however*, such deficiency does not include failure to deliver the executed Facilities Study Agreement or deposit. If the Transmission Developer fails to provide the required technical data within this timeframe, the Transmission Interconnection Application shall be withdrawn in accordance with Section 22.4.5. The Transmission Developer, the ISO and the Connecting Transmission Owner shall execute and deliver to the ISO the Facilities Study Agreement no later than thirty (30) Calendar Days after the ISO tenders the Facilities Study Agreement. The Transmission Developer shall, on or before the return of the executed Facilities Study Agreement to the ISO, provide the required $100,000 deposit.

22.9.3 Scope of Facilities Study

The Facilities Study shall update and refine the description of Network Upgrade Facilities identified in the System Impact Study, including the equipment, work and related cost and time estimates necessary to construct the required Network Upgrade Facilities, and identify any additional Network Upgrade Facilities that are necessary to interconnect the Transmission

Project in accordance with the Transmission Interconnection Standard described in Section 22.8.3 of Attachment P based on, among other things, changes in the Base Case since the completion of the System Impact Study. Transmission Developer will be responsible for posting Security in the amount of the cost estimates for the Network Upgrade Facilities documented in the final Facilities Study report pursuant to Section 22.11.1 of this Attachment P, except that Security for Network Upgrade Facilities that is required under this Attachment P based on the final Facilities Study report and that satisfy the definition of upgrade under Section 31.1~~6~~.10.4 of Attachment Y to the ISO OATT, shall not be required unless and until a Connecting Transmission Owner or Affected Transmission Owner issues a timely declination notice pursuant to Section 22.9.6 of this Attachment P. The Facilities Study shall also contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new facilities, as applicable.

22.9.4 Facilities Study Procedures

22.9.4.1 The ISO shall coordinate the Facilities Study with the Connecting Transmission Owner and Affected System Operators, and with any other Affected System pursuant to Section 22.4.4. The ISO shall utilize existing studies to the extent practicable in performing the Facilities Study.

22.9.4.2 If (i) there is an upcoming or ongoing Class Year Interconnection Facilities Study or Cluster Study Process at the time the Transmission Developer, the ISO, and Connecting Transmission Owner execute a Facilities Study Agreement in accordance with Section 22.9.3 of Attachment P or during a pending Facilities Study and (ii) the Transmission Project and/or Network Upgrade Facilities required for the Transmission Project are not included in the Existing System Representation for a Class Year Interconnection Facilities Study, Cluster

Study, or Additional SDU Study, the ISO shall identify, consistent with ISO Procedures, any Class Year Project or Cluster Study Project in the ongoing Class Year Interconnection Facilities Study, Cluster Study, or Additional SDU Study that has potential interactions with the Transmission Project or associated Network Upgrade Facilities or together with a Transmission Project has an impact on the New York State Transmission System or Distribution System that requires further evaluation. The ISO, in the Facilities Study for the Transmission Project, shall perform sensitivities with the identified Class Year Projects or Cluster Study Projects to evaluate the Transmission Project and identify contingent Network Upgrade Facilities, which will be further studied under Section 22.9.4.3 of this Attachment P.

22.9.4.3 Following the conclusion of an ongoing Class Year Interconnection Facilities Study, Cluster Study, or Additional SDU Study where one or more identified Class Year Project or Cluster Study Project in Section 22.9.4.2 of this Attachment P accepts its SUF Project Cost Allocation, CTOAF and SUF Project Cost Allocation, and/or SDU Project Cost Allocation, the ISO shall review the result of the cost allocation decisions, perform any additional analysis to evaluate the interactions between the Transmission Project and those Class Year Projects or Cluster Study Projects, and associated System Upgrade Facilities, Distribution Upgrades, and/or System Deliverability Upgrades, that accepted their cost allocations, and update the Network Upgrades Facilities that were identified for the Transmission Project, accordingly. Any updates to the Transmission Project cost allocation for the Network Upgrade Facilities identified for the Transmission Project shall be allocated to and the cost responsibility of the Transmission Project, except as provided for in Section 22.9.6 of this Attachment P.

22.9.5 Study Report Issuance and Meeting

As soon as practicable after completing the initial draft of the Facilities Study report, the

ISO will provide the Facilities Study report to the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems for review and comment. The ISO shall notify the Transmission Developer whether the Transmission Project is required to be evaluated under Section 22.9.4.3 of this Attachment P to consider the impacts of Class Year Projects or Cluster Study Projects that were being studied in an ongoing Class Year Interconnection Facilities Study, Cluster Study, or Additional SDU Study for which the Transmission Project and/or associated Network Upgrade Facilities, if any, were not included in the Existing System Representation. Upon completion of this review process, the ISO and the Connecting Transmission Owner may meet with Transmission Developer and any Affected Systems to discuss the initial results of the Facilities Study.

If such evaluation under Section 22.9.4.3 is required, the ISO will perform the evaluation following the completion of the ongoing Class Year Interconnection Facilities Study, Cluster Study, and/or Additional SDU Study and issue an updated draft of the Facilities Study report to the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems for review and comment, accordingly. Upon completion of this review process, the ISO will meet with the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems and, as soon as practical thereafter, issue a final Facilities Studies report for the Transmission Project; *provided, however*, that the Facilities Study report shall be subject to further study and updating if the Transmission Project and associated Network Upgrade Facilities do not satisfy the requirements to be included in the Existing System Representation for the subsequent Class Year Interconnection Facilities Study or Cluster Study by the completion of the Cluster Baseline Assessment for such Class Year Interconnection Facilities Study or ten (10) Business Days before the Phase 1 Study Start Date for a Cluster Study and

there are one or more Class Year Projects or Cluster Study Projects that the ISO determines may have potential interactions with the Transmission Project or associated Network Upgrade Facilities or together with a Transmission Project has an impact on the New York State Transmission System or Distribution System that requires further evaluation. Following completion of any additional evaluations under Section 22.9.4 of this Attachment P, the ISO shall issue the updated draft Facilities Study detailing the identified Network Upgrade Facilities, non-binding, good faith estimate of cost responsibility and non-binding, good faith estimated time to construct.

In the event that the Transmission Developer wishes to proceed with the negotiation and execution of a Transmission Project Interconnection Agreement prior to completion of the Facilities Study and issuance of the final Facilities Study report in accordance with Section 22.11.3 of this Attachment P, the identification and estimate of cost responsibility and time to construct Network Upgrade Facilities will be contingent upon the completion of all necessary evaluations under Section 22.9.4 and the issuance of the final Facilities Study report.

22.9.6 Designation of Network Upgrade Facilities for Regulated Transmission Solutions

For a Transmission Project that includes one or more Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project, the ISO shall identify the Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.1.106.4 of Attachment Y to the ISO OATT in the Facilities Study report or update any previous identification of such Network Upgrade Facilities if the Facilities Study report is revised. In advance of finalizing the Facilities Study report or any update, the ISO shall consider any comments on such designations from the Transmission Developer and the

Connecting Transmission Owner or Affected Transmission Owner that owns the existing facility(ies) to be upgraded by one or more of the Network Upgrade Facilities. Each relevant Connecting Transmission Owner or Affected Transmission Owner must notify the ISO and the Transmission Developer in writing within 30 Calendar Days of the ISO issuing the final Facilities Study report, or any update to the Facilities Study report, if the Connecting Transmission Owner or Affected Transmission Owner declines the responsibility to build, own, and fund one or more Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.1.10~~6~~.4 of Attachment Y to the ISO OATT.

In the absence of such declination notice, the Connecting Transmission Owner or the Affected Transmission Owner shall be the designated entity responsible to build, own, and fund such Network Upgrade Facilities ("Designated Network Upgrade Facilities"). The Connecting Transmission Owner or the Affected Transmission Owner shall be eligible to allocate and recover the costs of the Designated Network Upgrade Facilities in the same manner for the Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project set forth in Attachment Y and Rate Schedule 10 of the ISO OATT or Attachment FF and Rate Schedule 16 of the ISO OATT. The Transmission Developer's and Transmission Owner's obligations and responsibilities will be documented in a Transmission Project Interconnection Agreement, as applicable, and the Transmission Owner will be required to comply with the requirements as a Designated Entity under Attachments Y or FF to the ISO OATT in building, owning, and recovering the costs of the Designated Network Upgrade Facilities, including, but not limited to, entering into or amending a Development Agreement pursuant to the requirements of Attachments Y or FF of the ISO OATT.

If the Connecting Transmission Owner or Affected Transmission Owner provides timely notice declining the responsibility to build, own, and fund one or more Network Upgrade Facilities that meet the definition of upgrade under Section 31.1.10~~6~~.4 of Attachment Y to the ISO OATT or in the event that a Development Agreement 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 covers Designated Network Upgrade Facilities is terminated and such termination is related to a default by the Connecting Transmission Owner or Affected Transmission Owner in the development of Designated Network Upgrade Facilities, then the Transmission Developer shall be responsible for funding and posting Security in accordance with Section 22.11.1 of this Attachment P for such Network Upgrade Facilities, as well as other Network Upgrade Facilities that do not meet the definition of upgrade in Section 31.1.10~~6~~.4 of the ISO OATT. The Connecting Transmission Owner or Affected Transmission Owner may mutually agree with the Transmission Developer for the Transmission Developer to build and/or own any of the Network Upgrade Facilities for which the Connecting Transmission Owner or Affected Transmission Owner declined to build, own, and fund. Such rights and obligations will be documented in a Transmission Project Interconnection Agreement. Security for the Network Upgrade Facilities shall be posted in accordance with Section 22.11.1 of this Attachment P. Any disputes concerning the classification of Network Upgrade Facilities as upgrades under Section 31.1.10~~6~~.4 of Attachment Y of the ISO OATT shall be subject to dispute resolution under Section 22.13.5 of this Attachment P.

22.10 Engineering & Procurement ("E&P") Agreement

Prior to executing a Transmission Project Interconnection Agreement, a Transmission Developer may, in order to advance the implementation of its interconnection, request and Connecting Transmission Owner shall offer the Transmission Developer, an E&P Agreement that authorizes the Connecting Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Connecting Transmission Owner shall not be obligated to offer an E&P Agreement if the Transmission Developer is in Dispute Resolution as a result of an allegation that the Transmission Developer has failed to meet any milestones or comply with any prerequisites specified in other parts of these Transmission Interconnection Procedures. The E&P Agreement is an optional procedure and it will not alter the Transmission Developer's Queue Position or In-Service Date. The E&P Agreement shall provide for the Transmission Developer to pay the cost of all activities authorized by the Transmission Developer and to make advance payments or provide other satisfactory security for such costs. The Transmission Developer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If the Transmission Developer withdraws its Transmission Interconnection Application or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, the Transmission Developer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, Connecting Transmission Owner may elect: (i) to take title to the equipment, in which event Connecting Transmission Owner shall refund the Transmission Developer any amounts paid by the Transmission Developer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such

equipment to the Transmission Developer, in which event the Transmission Developer shall pay any unpaid balance and cost of delivery of such equipment.

22.11 Transmission Project Security and Interconnection Agreement

22.11.1 Acceptance of Cost Allocation and Posting of Security

22.11.1.1 **Acceptance of Transmission Project Cost Allocation**. The Facilities Studies report will document, among other things, the Network Upgrade Facilities necessary for the Transmission Project to interconnect to the New York State Transmission System, together with a non-binding, good faith estimate of cost responsibility to build the identified Network Upgrade Facilities. If a Transmission Project includes more than one Designated Reliability Transmission Projects, Designated Economic Transmission Projects, Designated Public Policy Projects, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Projects, or Designated Short-Term Transmission Projects, the ISO may treat each Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project comprising the Transmission Project as a separate Transmission Project for purposes of this Section 22.11 and identify a non-binding, good faith estimate of cost responsibility to build the identified Network Upgrade Facilities for each Designated Entity, as applicable. For purposes of this Section 22.11, Transmission Developer and Designated Entity are used interchangeably when a Transmission Project includes more than one Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project.

Following the issuance of the final Facilities Study report in accordance with Section 22.9.5 of this Attachment P and after the expiration of the time period set forth in Section 22.9.6 of this Attachment P (if applicable), the Transmission Developer shall provide notice to the ISO, in writing and via electronic mail, within 30 Calendar Days whether it shall accept its project

cost allocation for the Network Upgrade Facilities, if any, as reported in the final Facilities Study report and signify its willingness to pay the Connecting Transmission Owner for the Transmission Developer's cost allocation for the required Network Upgrade Facilities that it accepted. Within five (5) Business Days of the submission of a notice accepting its cost allocation for the Network Upgrade Facilities in accordance with this Section 22.11.1.1, the Transmission Developer, or each Designated Entity, if applicable, must pay cash or post Security in accordance with these rules for the full amount of the Transmission Project cost allocation; *provided, however*, that (i) if the Transmission Developer and Connecting Transmission Owner are the same entity, the Transmission Developer need not post Security for Network Upgrade Facilities that connect to its own existing facilities, or (ii) if the ISO identifies any Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.1.10~~6~~.4 of Attachment Y to the ISO OATT in the Facilities Study, then the Transmission Developer shall not be obligated to post Security for such Network Upgrade Facilities until the expiration of the deadline for the applicable Transmission Owner to issue a timely declination notice in accordance with Section 22.9.6 of this Attachment P.

In the event that a Development Agreement entered into pursuant to Attachments Y or FF of the ISO OATT that covers Designated Network Upgrade Facilities is terminated and such termination is related to a default by the Connecting Transmission Owner or Affected Transmission Owner in the development of Designated Network Upgrade Facilities, then the Transmission Developer shall pay cash or post Security in accordance with these rules for the remaining amount necessary to design, procure and construct the applicable Designated Network Upgrade Facilities. Failure to accept the Transmission Project cost allocation or to pay cash or post Security in accordance with these rules shall result in withdrawal of the Transmission

Interconnection Application from the ISO's Queue.

22.11.1.2 **Posting of Security**. If the Transmission Developer elects to post Security, as applicable, the Transmission Developer (i) shall deliver to the Connecting Transmission Owner a signed security agreement, by and between the Transmission Developer and the Connecting Transmission Owner in its sole discretion, securing the performance of the Transmission Developer's cost allocation for the Network Upgrade Facilities identified in the final Facilities Study report and (ii) shall provide the Connecting Transmission Owner with an irrevocable, transferrable standby letter of credit in the from required by the aforementioned agreement in the amount of the cost estimate for the Network Upgrade Facilities, as documented in the final Facilities Study report, in accordance with Section 22.9.3 of Attachment P to the OATT. The letter of credit must be issued by a financial institution reasonably acceptable to the Connecting Transmission Owner and must specify a reasonable expiration date. Upon successful acceptance by the Connecting Transmission Owner, turnover to the Connecting Transmission Owner shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner for the purpose of performing engineering design, constructing, procuring, and installing of such Network Upgrade Facilities.

22.11.1.3 **Forfeiture of Security**. The Security that the Transmission Developer or Designated Entity provides the Connecting Transmission Owner in accordance with Section 22.11.1 of this Agreement shall be irrevocable and shall be subject to forfeiture if the Transmission Developer subsequently terminates or abandons development of the Transmission Project. Any Security provided by the Transmission Developer to the Connecting Transmission Owner shall be subject to forfeiture to the extent necessary to defray the cost of: (1) Network Upgrade Facilities required for other Transmission Developers for which the Transmission

Project interconnection studies included the Transmission Developer's Transmission Project and associated Network Upgrade Facilities in their base cases; (2) System Upgrade Facilities and System Deliverability Upgrade Facilities required for projects for which the Transmission Project and associated Network Upgrade Facilities were included in their Class Year Interconnection Facilities Study, Cluster Study, and/or Additional SDU Study existing system representations; (3) System Upgrade Facilities required by other Small Generating Facilities for which the Transmission Developer's Transmission Project and associated Network Upgrade Facilities were included in their small generator facilities study base cases; and (4) Network Upgrades required for other Eligible Customers whose Load interconnection studies included the Transmission Developer's Transmission Project and associated Network Upgrade Facilities in their base cases, as applicable. If the Transmission Developer's Security is subject to forfeiture to defray the costs of an affected upgrade pursuant to this Section 22.11.1.3 and the Security is not in a form that can be readily drawn on by the Connecting Transmission Owner to defray the costs of the affected upgrade, Transmission Developer shall negotiate in good faith with the Connecting Transmission Owner to replace the Security with cash or an alternative form of Security that can be readily drawn on by Connecting Transmission Owner up to the amount required to satisfy Transmission Developer's Security obligations under this Agreement, including defraying the costs of the affected upgrade. Connecting Transmission Owner shall only be responsible for using Transmission Developer's Security to defray the costs of an affected upgrade to the extent Transmission Developer has provided cash or Security in a form that the Connecting Transmission Owner can readily draw on to defray such costs.

22.11.2 Tender

As soon as practicable after the Transmission Developer notifies the ISO that it accepts

its Transmission Project's cost allocation for the Network Upgrade Facilities identified in the final Facilities Study report and posts Security in accordance with Section 22.11.1 of Attachment P, the ISO shall tender to the Transmission Developer and Connecting Transmission Owner a draft Transmission Project Interconnection Agreement together with draft appendices completed to the extent practicable; *provided, however*, that if a Transmission Developer's proposed Transmission Project is only interconnecting to its own, existing facilities, a Transmission Project Interconnection Agreement is not required. If a Transmission Project includes more than one Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project, the ISO may treat each Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project comprising the Transmission Project as a separate Transmission Project for purposes of this Section 22.11 and tender separate draft Transmission Project Interconnection Agreements together with draft appendices to each Designated Entity, as applicable. The draft Transmission Project Interconnection Agreement shall be consistent with the NYISO's Commission-approved Standard Interconnection Agreement located in Appendix 15 to Attachment HH of the OATT, modified to address a Transmission Project.

Upon completion of a Facilities Study in which a Transmission Developer accepts its Project Cost Allocation for Network Upgrade Facilities and funds or commits to fund such upgrades as required by Attachment P, the Transmission Developer and Affected System Operator(s) will cooperate with the ISO in development of a construction agreement to provide for the engineering, procurement and construction of the Network Upgrade Facilities on the

Affected System. The construction agreement shall be consistent with, as applicable, the NYISO's Commission-approved Standard Upgrade Construction Agreement located in Appendix 16 to Attachment HH to the ISO OATT or Standard Multiparty Upgrade Construction Agreement located in Appendix 17 to Attachment HH to the ISO OATT, as modified to address the engineering, procurement and construction of the Network Upgrade Facilities. The parties shall negotiate the construction agreement consistent with the requirements for negotiating a Transmission Project Interconnection Agreement in this Section 22.11.

22.11.3 Negotiation

Notwithstanding Section 22.11.2 for the purpose of entering into a Transmission Project Interconnection Agreement prior to the completion of an ongoing Facilities Study, at the request of the Transmission Developer, the ISO and Connecting Transmission Owner may begin negotiations with the Transmission Developer concerning the Transmission Project Interconnection Agreement and its appendices at any time after the Transmission Developer completes the Facilities Study Agreement or if the Transmission Project is a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, Designated Long-Term Transmission Project, or Designated Short-Term Transmission Project, after expiration of the deadline for the Connecting Transmission Owner or Affected Transmission Owner to issue a declination notice in accordance with Section 22.9.6 of this Attachment P. If the Transmission Developer requests to begin negotiations prior to the issuance of the final Facilities Study report or the expiration of the deadline for the applicable Transmission Owner to issue a declination notice in accordance with Section 22.9.6 of this Attachment P, any Network Upgrade Facilities identified in the System Impact Study are preliminary and contingent on the results of any evaluation under Section 22.9.4 of this

Attachment P. The ISO, Connecting Transmission Owner and Transmission Developer shall finalize the appendices and negotiate concerning any disputed provisions of the draft Transmission Project Interconnection Agreement and its appendices subject to the one hundred eighty (180) Calendar Day time limitation specified below in this Section 22.11.3. If the Transmission Developer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft Transmission Project Interconnection Agreement pursuant to Section 22.11.2 and request submission of the unexecuted Transmission Project Interconnection Agreement to FERC or initiate Dispute Resolution procedures pursuant to Section 22.13.5. If the Transmission Developer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted Transmission Project Interconnection Agreement or initiate Dispute Resolution, it shall be deemed to have withdrawn its Transmission Interconnection Application. Unless otherwise agreed by the Parties, if the Transmission Developer has not executed the Transmission Project Interconnection Agreement, requested filing of an unexecuted Transmission Project Interconnection Agreement, or initiated Dispute Resolution procedures pursuant to Section 22.13.5 within one hundred eighty (180) Calendar Days of tender of draft Transmission Project Interconnection Agreement, it shall be deemed to have withdrawn its Transmission Interconnection Application.

If the potential impact of Transmission Developer's Transmission Project is subject to an Affected System Study by an External Affected System Operator and Transmission Developer has not received its Affected System Study Report from the External Affected System Operator prior to the date that Transmission Developer would be required to execute its Transmission Project Interconnection Agreement (or request that its Transmission Project Interconnection

Agreement be filed unexecuted) in accordance with this Section 22.11.3, the deadline for Transmission Developer to execute the Transmission Project Interconnection Agreement (or to request that it be filed unexecuted) shall be eligible to be extended consistent with the requirements in Section 40.21.2.1 of Attachment HH to the ISO OATT.

22.11.4 Execution and Filing

The Transmission Developer shall either: (i) execute three (3) originals of the tendered Transmission Project Interconnection Agreement and return them to the ISO and Connecting Transmission Owner and request in writing that the ISO and Connecting Transmission Owner file with FERC for its acceptance the agreed-upon Transmission Project Interconnection Agreement; or (ii) request in writing that the ISO and Connecting Transmission Owner file with FERC a Transmission Project Interconnection Agreement in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either submission by the Transmission Developer, the ISO and Connecting Transmission Owner shall file the Transmission Project Interconnection Agreement with FERC. If the Transmission Developer has requested that the ISO file the Transmission Project Interconnection Agreement in unexecuted form, the ISO will draft the portions of the Transmission Project Interconnection Agreement and appendices that are in dispute. The ISO will provide its explanation of any matters as to which the Parties disagree and support for the costs that the Connecting Transmission Owner proposes to charge to the Transmission Developer under the Transmission Project Interconnection Agreement. An unexecuted Transmission Project Interconnection Agreement should contain terms and conditions deemed appropriate by the ISO for the Transmission Interconnection Application. The Connecting Transmission Owner will provide in a separate filing any comments it has on the unexecuted agreement, including any alternative positions, it may have

with respect to the disputed provisions. If the Parties agree to proceed with design, procurement, and construction of Network Upgrade Facilities under the agreed-upon terms of the unexecuted Transmission Project Interconnection Agreement, they may proceed pending Commission action.

22.11.5 Commencement of Interconnection Activities

Upon submission of an executed or unexecuted Transmission Project Interconnection Agreement in accordance with Section 22.11.3, the ISO, Connecting Transmission Owner and the Transmission Developer shall perform their respective obligations that are not in dispute in accordance with the terms of the Transmission Project Interconnection Agreement, subject to modification by FERC.

22.11.6 Termination of the Transmission Project Interconnection Agreement

The termination of a Transmission Project Interconnection Agreement will be effective only upon acceptance by FERC of the notice of termination and proposed effective date. Upon the effective date of the termination of the Transmission Project Interconnection Agreement, access to the Point of Interconnection of the Transmission Project will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection processes and procedures.

22.11.7 Status of Transmission Project and Associated Network Upgrade Facilities

At: (i) the completion of the first calendar quarter following, as applicable, the ISO's tendering of: (A) a Transmission Project Interconnection Agreement for the Transmission Project, (B) a construction agreement for Network Upgrade Facilities, (C) a Development Agreement for Designated Network Upgrade Facilities, or (D) draft revisions, or a draft amended version, to incorporate Designated Network Upgrade Facilities in a Development Agreement required in accordance with Attachment Y to the ISO OATT, and (ii) the conclusion of each

subsequent calendar quarter, a Transmission Developer or Designated Entity, as applicable, and their respective Connecting Transmission Owner(s) and any Affected Transmission Owner(s) shall report on the progress of the milestones in the applicable agreement in a format consistent with, and include the content required by, applicable ISO Procedures. If the Transmission Project evaluated under this Attachment P is, or is a part of, a transmission project selected, triggered, or approved in accordance with the transmission planning processes in Attachments Y or FF of the ISO OATT, the Transmission Developer, any Designated Entity for associated Network Upgrade Facilities, and any Connecting Transmission Owner(s) and Affected Transmission Owner(s) for the Transmission Project shall satisfy any reporting and stakeholder update requirements concerning the Transmission Project and Network Upgrade Facilities set forth in Attachment Y or FF of the ISO OATT and ISO Procedures.

22.12 Construction of Connecting Transmission Owner's Network Upgrade Facilities

22.12.1 Schedule

The Connecting Transmission Owner, Affected System Operators and the Transmission Developer shall negotiate in good faith concerning a schedule for the construction of the Network Upgrade Facilities. In general, the In-Service Dates set forth in applicable interconnection agreements will determine the sequence of construction of required upgrade facilities.

22.12.2.2 Advance Construction of Network Upgrade Facilities, System Upgrade Facilities, and System Deliverability Upgrades that are an Obligation of an Entity other than the Transmission Developer

A Transmission Developer with a Transmission Project Interconnection Agreement, in order to maintain its In-Service Date, may request that the Connecting Transmission Owner advance to the extent necessary the completion of Network Upgrade Facilities, System Upgrade Facilities, and System Deliverability Upgrades that: (i) were assumed in the Transmission Interconnection Studies for such Transmission Developer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Transmission Developer that is seeking interconnection to the New York State Transmission System, in time to support such In-Service Date. Upon such request, Connecting Transmission Owner will use Reasonable Efforts to advance the construction of such Network Upgrade Facilities, System Upgrade Facilities and System Deliverability Upgrades to accommodate such request; provided that the Transmission Developer commits in writing to pay Connecting Transmission Owner any associated expediting costs.

22.12.2.3 Advancing Construction of Network Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades that are Part of an Expansion Plan of the ISO or Connecting Transmission Owner

A Transmission Developer with a Transmission Project Interconnection Agreement, in order to maintain its In-Service Date, may request that the Connecting Transmission Owner advance to the extent necessary the completion of Network Upgrade Facilities, System Upgrade Facilities, and System Deliverability Upgrades that: (i) are necessary to support such In-Service Date and (ii) would otherwise not be completed, pursuant to an expansion plan of the ISO or Connecting Transmission Owner, in time to support such In-Service Date. Upon such request, Connecting Transmission Owner will use Reasonable Efforts to advance the construction of such Network Upgrade Facilities, System Upgrade Facilities, and System Deliverability Upgrades to accommodate such request; provided that the Transmission Developer commits in writing to pay Connecting Transmission Owner any associated expediting costs.

22.13 Miscellaneous

22.13.1 Confidentiality

Information exchanged by Parties in accordance with these Transmission Interconnection Procedures are subject to the Confidentiality provisions set forth in Section 40.24.1 of Attachment HH of this ISO OATT, which requirements are incorporated into this Attachment P by reference. The terms "Standard Interconnection Agreement," "Interconnection Customer," and "Standard Interconnection Procedures" as used in Section 40.24.1 of Attachment HH shall include "Transmission Project Interconnection Agreement," "Transmission Developer," and "Transmission Interconnection Procedures," respectively, as those terms are defined in this Attachment P.

22.13.2 Delegation of Responsibility

The ISO may use the services of subcontractors as it deems appropriate to perform its obligations under these Transmission Interconnection Procedures. The ISO shall remain primarily liable to the Transmission Developer for the performance of such subcontractors and compliance with its obligations under these Transmission Interconnection Procedures. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

22.13.3 Obligation for Study Costs and Study Deposits

The ISO shall charge and the Transmission Developer shall pay the actual costs of the Transmission Interconnection Studies incurred by the ISO and Connecting Transmission Owner. If a number of Transmission Interconnection Studies are conducted concurrently as a combined study, each Transmission Developer shall pay an equal share of the actual cost of the combined study. Any invoices for Transmission Interconnection Studies shall include a detailed and

itemized accounting of the cost of each Transmission Interconnection Study. Transmission Developers shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. Neither the ISO nor Connecting Transmission Owner shall be obligated to perform or continue to perform any studies unless the Transmission Developer has paid all undisputed amounts in compliance herewith.

22.13.4 Third Parties Conducting Studies

If at the time of the signing of a Transmission Interconnection Study agreement there is disagreement as to the estimated time to complete a Transmission Interconnection Study, then the Transmission Developer may request the ISO to utilize a consultant or other third party reasonably acceptable to the Transmission Developer and the ISO to perform such Transmission Interconnection Study under the direction of the ISO. At other times, the ISO may also utilize a Connecting Transmission Owner or other third party to perform such Transmission Interconnection Study, either in response to a general request of the Transmission Developer, or on its own volition. In all cases, use of a third party shall be in accord with Article 26 (Subcontractors) of the Standard Interconnection Agreement located in Attachment HH of the ISO OATT and limited to situations where the ISO determines that doing so will help maintain or accelerate the study process for the Transmission Developer's pending Transmission Interconnection Application and not interfere with the ISO's progress on Transmission Interconnection Studies, Interconnection Studies, or the Cluster Study for other pending Transmission Interconnection Applications or Interconnection Requests. In cases where the Transmission Developer requests to use a third party to perform such Transmission Interconnection Study, the Transmission Developer, ISO and Connecting Transmission Owner shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements

and the estimated study completion date and study review deadline. The ISO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Transmission Interconnection Application as soon as practicable upon the Transmission Developer's request subject to the confidentiality provision in Section 22.13.1. In any case, such third party contract may be entered into with either the Transmission Developer or the ISO at the ISO's discretion. If a Transmission Developer enters into a third party study contract, the Transmission Developer shall provide the study to ISO and the Connecting Transmission Owner for review, and such third party study contract shall provide for reimbursement by the Transmission Developer of ISO's and Connecting Transmission Owner's actual cost of participating in and reviewing the study. In the case of (iii) above in this Section 22.13.4, the Transmission Developer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party shall be required to comply with these Transmission Interconnection Procedures, Article 26 (Subcontractors) of the Standard Interconnection Agreement located in Attachment HH of the ISO OATT, and the relevant ISO OATT procedures and protocols as would apply if the ISO were to conduct the Transmission Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. The ISO and Connecting Transmission Owner shall cooperate with such third party and Transmission Developer to complete and issue the Transmission Interconnection Study in the shortest reasonable time.

22.13.5 Disputes

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with a Transmission Project Interconnection Agreement, these Transmission Interconnection Procedures, or their performance (a "Dispute"), such Party shall address the Dispute in

accordance with the Dispute provisions in Section 40.24.5 of Attachment HH of this ISO OATT, which requirements are incorporated into this Attachment P by reference. The terms "Standard Interconnection Agreement" (or "IA"), "Standard Interconnection Procedures" (or "IP"), and "Attachment Facilities, Distribution Upgrades or System Upgrades" as used in Section 40.24.5 shall include "Transmission Project Interconnection Agreement," "Transmission Interconnection Procedures," and "Network Upgrade Facilities" respectively, as those terms are defined in this Attachment P.

22.13.6 Local Furnishing Bonds and Other Tax-Exempt Financing

22.13.6.1 Connecting Transmission Owners and Affected System Operator(s) that Own Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds

This provision is applicable only to a Connecting Transmission Owner or Affected System Operator(s) that has financed facilities with tax-exempt bonds including, but not limited to, Local Furnishing Bonds ("Tax-Exempt Bonds"). Notwithstanding any other provision of the Transmission Interconnection Procedures and a Transmission Project Interconnection Agreement, neither the Connecting Transmission Owner nor Affected System Operator shall be required to construct Network Upgrade Facilities, pursuant to the Transmission Interconnection Procedures and a Transmission Project Interconnection Agreement, if such construction would jeopardize the tax-exempt status of any Tax-Exempt Bonds or impair the ability of Connecting Transmission Owner or Affected System Operator(s) to issue future tax-exempt obligations. For purposes of this provision, Tax-Exempt Bonds shall include the obligations of the Long Island Power Authority, NYPA and Consolidated Edison Company of New York, Inc., the interest on which is not included in gross income under the Internal Revenue Code.

38.1 Definitions

Whenever used in the **Short-Term Reliability Process** requirements in this Section 38 with initial capitalization, the following terms shall have the meaning specified in this Section 38.1. Terms used in this Section 38 with initial capitalization that are not defined in this Section 38.1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the ISO OATT or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

Developer: A person or entity, including a Transmission Owner, sponsoring or proposing a solution to a Short-Term Reliability Process Need pursuant to this Attachment FF.

Designated Entity: A Developer or Transmission Owner that the ISO designates pursuant to Section 31.2.7, 31.3.2.4, or 31.4.11 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, or Designated Short-Term Transmission Project, or a Transmission Owner that the ISO designates 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 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, or Designated Short-Term Transmission Project; that meet the definition of upgrade under Section 31.1.10.~~46.~~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 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 Section 38.10.5 of Attachment FF.

Generator Deactivation Assessment: The ISO's analysis, in coordination with the Responsible Transmission Owner(s), of whether a Generator Deactivation Reliability Need will result from a Generator becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Except when the ISO elects to assess the reliability impacts of a Generator's ICAP Ineligible Forced Outage outside the quarterly STAR, a Generator Deactivation Assessment will be a component of a STAR.

Short-Term Assessment of Reliability Start Date: The date on which the ISO next commences a STAR after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete. 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, then the Short-Term Assessment of Reliability Start Date is the date on which the ISO next commences a STAR; except (i) when the ISO determines that it should commence a stand alone Generator Deactivation Assessment based on the potential for an immediate reliability need to arise (*see* Section 38.3.4), or (ii) when the ISO is able to and elects to add a Generator that is in an ICAP Ineligible Forced Outage to a STAR that has already begun. Under either exception [(i) or (ii)], the Short-Term Assessment of Reliability Start Date is the date on which the Generator entered an ICAP Ineligible Forced Outage.

Generator Deactivation Notice: The form set forth in Section 38.24 (Appendix A) of this Attachment FF.

Generator Deactivation Reliability Need: A condition identified by the ISO in a STAR or a Generator Deactivation Assessment as a violation or potential violation of one or more Reliability Criteria and applicable local criteria. Violations and potential violations identified in a STAR are only Generator Deactivation Reliability Needs if the need can be resolved, in whole or in part, by the continued availability or operation of an Initiating Generator. A Generator Deactivation Reliability Need is a type of Short-Term Reliability Process Need.

Generator Owner: (a) the entity or entities that have executed an RMR Agreement and assumed ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets; (b) the entity or entities that have indicated their willingness to execute an RMR Agreement and assume ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets by submitting a filing to FERC proposing a rate for providing RMR service or seeking to recover the cost of Capital Expenditures; or (c) the entity or entities that possess ultimate responsibility for the operation of an Interim Service Provider and its participation in the ISO Administered Markets. The Generator Owner may be a Market Party and/or a Market Participant, may include one or more Market Parties and/or Market Participants, or may participate in the ISO Administered Markets by and through one or more Market Parties and/or Market Participants.

Initiating Generator: A Generator with a nameplate rating that exceeds 1 MW that submits a Generator Deactivation Notice for purposes of becoming Retired or entering into a Mothball Outage or that has entered into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, which action is being evaluated by the ISO in accordance with its Short-Term Reliability Process requirements in this Section 38 of the ISO OATT.

Interim Service Provider: A Generator that must remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181st day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date. A Generator that submitted a Generator Deactivation Notice to be Retired is an Interim Service Provider even if the ISO authorizes the Generator to be deactivated,

if the ISO or a Responsible Transmission Owner requires the step-up transformer(s) and/or other system protection equipment to remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181st day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date, or (d) the date on which the generating unit(s) deactivate. Interim Service Providers are compensated in accordance with Rate Schedule 8 to the ISO Services Tariff.

Market Party: Any person or entity that is, or proposes or plans (including any participant therein,) a project that would be, a buyer or a seller in, or that makes bids or offers to buy or sell in, or that schedules or seeks to schedule Transactions with the ISO in or affecting any of the ISO Administered Markets, or any combination of the foregoing.

Near-Term Reliability Need: A Generator Deactivation Reliability Need that the ISO determines will arise within three years of the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date; or a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need that the ISO determines will arise within three years of the posting of the STAR in which the need is identified.

New York State Bulk Power Transmission Facilities ("BPTFs"): Defined in Section 31.1.1 of the OATT.

Reliability Need: Defined in Section 31.1.1 of the OATT.

Reliability Planning Process: The term shall have the meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT.

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.~~46.~~4 of Attachment Y.

Responsible Transmission Owner: The Transmission Owner or Transmission Owners designated by the ISO pursuant to this Attachment FF: (i) to conduct the necessary reliability studies to review the impact of a Generator's proposed deactivation on the reliability of the non-BPTFs that are part of the New York State Transmission System, (ii) to prepare a Short-Term Reliability Process Solution and, if required, a conceptual permanent solution to address a Short-Term Reliability Process Need, and (iii) to proceed with a Short-Term Reliability Process Solution if directed to do so by the ISO. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the ISO identifies a Short-Term Reliability Process Need and/or that owns a transmission facility on which a Reliability Need arises.

RMR Service Offer: An offer submitted to the ISO by a Generator to provide RMR service.

RMR Start Date: The date an RMR Generator begins participating, offering, and operating in the ISO Administered Markets pursuant to the ISO Tariff rules that apply to RMR Generators and the terms of an RMR Agreement.

Short-Term Assessment of Reliability (STAR): The ISO's assessment, in coordination with the Responsible Transmission Owner(s), of whether a Short-Term Reliability Process Need will result from a Generator becoming Retired, entering into a Mothball Outage, a Generator being unavailable due to an ICAP Ineligible Forced Outage, or from other changes to the availability of Resources or to the New York State Transmission System. The ISO performs STARs on a quarterly basis, commencing on the dates specified in ISO Procedures.

Short-Term Reliability Process Need: A Generator Deactivation Reliability Need or a condition identified by the ISO in a STAR as a violation or potential violation of one or more Reliability Criteria on the BPTF.

Short-Term Reliability Process: The process set forth in this Attachment FF by which the ISO evaluates and addresses the reliability impacts resulting from both: (i) Generator Deactivation Reliability Need(s), and/or (ii) other Reliability Needs on the BPTFs that are identified in a STAR.

Short-Term Reliability Process Solution: A solution to address a Short-Term Reliability Process Need, which may include (i) an Initiating Generator, (ii) a solution proposed pursuant to Section 38.4, or (iii) a Generator identified by the ISO pursuant to Section 38.5.

Viable and Sufficient: Term that describes a proposed Short-Term Reliability Process Solution that the ISO has determined in accordance with Section 38.6 to be viable and sufficient to satisfy the identified Short-Term Reliability Process Need individually or in conjunction with other solutions.

38.2 Scope of Short-Term Reliability Process

The Short-Term Reliability Process includes within its scope the ISO's review of Generator deactivations to address any identified Generator Deactivation Reliability Needs and the ability for the ISO to address other Reliability Needs on the BPTF that are identified in a STAR. The STAR will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process, and the ISO will review key study assumptions with its stakeholders.

The Short-Term Reliability Process set forth in this Attachment FF establishes the process by which the ISO will address a Generator Deactivation Reliability Need that results from a Generator that has a nameplate rating that exceeds 1 MW becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Pursuant to this process, the ISO will first determine through a STAR (or possibly a Generator Deactivation Assessment for Generators in an ICAP Ineligible Forced Outage) whether a Generator Deactivation Reliability Need would result from a Generator's deactivation. If the STAR or Generator Deactivation Assessment identifies a Generator Deactivation Reliability Need that arises three years or less after the conclusion of the 365 day prior notice period set forth in Section 38.3.1 below, then the ISO will solicit and evaluate market-based and regulated Short-Term Reliability Process Solutions to address the need, including, but not limited to, entering into an RMR Agreement with the Initiating Generator. Generator Deactivation Reliability Needs that arise more than three years after the conclusion of the 365 day prior notice period will only be addressed using this Short-Term Reliability Process if the identified needs cannot timely be addressed through the ISO's Reliability Planning Process. Rules addressing cost allocation for Short-Term Reliability Process Solutions are set forth in Section 38.22. Rules addressing cost

recovery for Short-Term Reliability Process Solutions are set forth in Section 38.23, Rate Schedules 14 and 16 to the ISO OATT, and Rate Schedule 8 to the ISO Services Tariff.

The Short-Term Reliability Process enables the ISO to perform STARs to assess reliability concerns that should not wait for the next Reliability Needs Assessment to be conducted, and to procure solutions to identified Short-Term Reliability Process Needs. In addition to evaluating the reliability impacts of Generator deactivations, the ISO can assess the reliability impacts of other changes to the availability of Resources and to the New York State Transmission System in a STAR. STARs are performed on a quarterly basis. Each STAR looks out five years from its start date. Each STAR will use the most recent base cases from the Reliability Planning Process (year 1 through year 5), updated in accordance with ISO Procedures for the Reliability Planning Process, and the ISO will review key study assumptions with its stakeholders.

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 Generator Deactivation Reliability Needs, or (b) the posting of a completed STAR for other Reliability Needs on the BPTF, will be addressed using this Short-Term Reliability Process. 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 this Short-Term Reliability Process if an identified Reliability Need cannot timely be addressed through the ISO's Reliability Planning Process.

If the Market Participant that administers a Generator's participation in the ISO Administered Markets is a different entity than the entity that possesses the ultimate decision-

making authority concerning the deactivation, retirement and/or outage or repair of a Generator that has a nameplate rating that exceeds 1 MW, then (i) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or outage or repair of the Generator must agree, as part of the registration of the Generator with the ISO for participation in the ISO Administered Markets, that it will be subject to and comply with the requirements of this Attachment FF, and (ii) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or repair of the Generator shall, along with the Market Participant, be subject to all of the requirements in this Attachment FF that apply to a Market Participant, Market Party, Generator Owner or a Generator.

38.3 Generator Deactivation Requirements

38.3.1 Requirements for Initiating Generator Seeking to Be Retired or Enter into Mothball Outage

38.3.1.1 A Market Participant must provide the ISO with a minimum of 365 days prior notice (such period beginning after its Generator Deactivation Notice has been determined to be complete by the ISO, as explained in Section 38.3.1.4 below) before its Generator that has a nameplate rating that exceeds 1 MW may be Retired or enter into a Mothball Outage; except for Generators reclassified as Retired pursuant to Sections 5.18.2.3.1 or 5.18.3.3.1 of the ISO Services Tariff, or as provided for an RMR Generator under an RMR Agreement.

38.3.1.2 The Market Participant shall provide this notice to the ISO by submitting a Generator Deactivation Notice in the form set forth in Appendix A to this Attachment FF, along with all information required by that form, the supporting certification from a duly authorized officer, and the information required for an Initiating Generator in accordance with Sections 38.25.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF.

38.3.1.3 The Market Participant must specify in the Generator Deactivation Notice its proposed date for its Generator that has a nameplate rating that exceeds 1 MW to be Retired or enter into a Mothball Outage.

38.3.1.4 The 365-day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run on the date the ISO commences the next STAR after it issues a written notice to the Market Participant indicating that the Generator Deactivation Notice, including the supporting information and certification, is complete. For purposes of this

Attachment FF, "complete" shall mean sufficiently complete for the ISO to begin its review of the reliability impacts that would result from a Generator being Retired or entering into a Mothball Outage under this Attachment FF, to review as required by Sections 38.7 and 38.8 the information provided in accordance with Appendix B of this Attachment FF, and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

38.3.1.5 Within ten (10) business days of receiving a Generator Deactivation Notice, the ISO shall review the notice form, along with the supporting information and affidavit submitted with it, and will inform the Market Participant whether its submission is complete or whether additional information is required. The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information to determine whether the Market Participant's notice is complete. Within ten (10) business days of the ISO receiving all additional information it requested, the ISO will inform the Market Participant whether its submission is complete, or whether further information is needed. Upon its determination that a submitted Generator Deactivation Notice is complete, the ISO will concurrently notify the Generator and post a notice on its website that the Generator Deactivation Notice has been determined to be complete, and the Generator's deactivation will be included in the next STAR that the ISO commences.

38.3.1.6 If one of the two Generators in a CSR enters a Mothball Outage but the other CSR Generator continues operating, the remaining Generator may continue

to participate as a Generator in a CSR unless or until the Generator in the Mothball Outage becomes Retired.

38.3.2 Requirements for Initiating Generator that Has Entered into ICAP Ineligible Forced Outage and Generator Deactivation Assessment

Within 20 days of a Market Participant's Generator that has a nameplate rating that exceeds 1 MW entering into an ICAP Ineligible Forced Outage, the Market Participant shall submit the information required for an Initiating Generator in accordance with Sections 38.25.2 and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF. It shall also provide the information required by Section 38.25.4 of Appendix B of this Attachment FF.

Distinct from the Initiating Generator's obligation to timely submit required information to the ISO that is set forth above, when a Generator that has a nameplate rating that exceeds 1 MW enters an ICAP Ineligible Forced Outage the ISO shall determine whether it will (a) immediately commence a Generator Deactivation Assessment to review the deactivation of the Initiating Generator, or (b) if practicable, add the Initiating Generator to a STAR that is already in progress, or (c) include the Initiating Generator in the next STAR it commences. The ISO will make its determination based on the expected likelihood of identifying a Generator Deactivation Reliability Need, and the expected immediacy of any need that may arise. The ISO shall consult with the Responsible Transmission Owner(s) to the extent feasible before reaching its determination. The ISO will notify the Initiating Generator and post a notice on its website specifying whether it will immediately commence a Generator Deactivation Assessment to review the deactivation of the Initiating Generator, add the Initiating Generator to a STAR that is already in progress, or include the Initiating Generator in the next STAR it commences.

If one of the two Generators in a CSR enters an ICAP Ineligible Forced Outage but the other CSR Generator continues operating, the remaining Generator may continue to participate

as a Generator in a CSR unless or until the Generator in the ICAP Ineligible Forced Outage becomes Retired.

38.3.3 Continuing Obligation for Market Participants and Market Parties to Respond to ISO Information Requests

Following the submission of a complete Generator Deactivation Notice or the entry of its Generator into an ICAP Ineligible Forced Outage, the Market Participant (which is also a Market Party) is subject to a continuing obligation to promptly submit any additional information requested by the ISO in connection with the ISO's evaluation under this Attachment FF or to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information it receives to determine whether the information provided is sufficient to permit the ISO to perform its duties under this Attachment FF (including but not limited to the calculation of an Interim Service Provider rate and/or an Availability and Performance Rate), and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff. Within ten (10) business days of the ISO receiving all of the additional information it requested, the ISO will inform the Market Participant whether its submission is sufficient, or whether further information is needed.

38.3.4 Immediate Reliability Need

The ISO may take immediate action to implement an interim solution to maintain reliability if the ISO determines that a Short-Term Reliability Process Need may not be timely addressed through the normal Short-Term Reliability Process. To maintain reliability in such circumstances, the ISO may abbreviate, as necessary, the time periods and requirements set forth in this Attachment FF and make any necessary filings with the Commission.

To address an immediate Short-Term Reliability Process Need the ISO may pay the demonstrated costs in excess of $100,000 that a Market Party or Generator Owner incurs to repair or replace a damaged step-up transformer and/or other system protection equipment. Such costs may be recovered as Capital Expenditures in accordance with the requirements of Sections 38.17.3 and 38.17.4 of this Attachment FF to the ISO OATT even if the Generator is not eligible to be an Interim Service Provider because it is in an ICAP Ineligible Forced Outage. If the cost of returning a damaged step-up transformer and/or other system protection equipment is not expected to exceed $100,000, then the Generator Owner shall promptly return the step-up transformer and/or other system protection equipment designated by the ISO to service without additional recompense.

38.3.5 Performance of STAR or Generator Deactivation Assessment

38.3.5.1 The ISO performs STARs on a quarterly basis, commencing on the dates specified in ISO Procedures. Following the quarterly Short-Term Assessment of Reliability Start Date, the ISO will perform, in coordination with the Responsible Transmission Owner(s) identified by the ISO, a Generator Deactivation Assessment concerning the Initiating Generator(s) that have complete Generator Deactivation Notices (*see* Section 38.3.1.4 above). Except when the ISO is assessing a potential immediate reliability need, one or more Generator Deactivation Assessment(s) will be performed together as components of a STAR. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs that would result from the Generator that has a nameplate rating that exceeds 1 MW being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. The

Responsible Transmission Owner(s) will conduct the necessary reliability studies to review the impact on the reliability of the non-BPTFs that are part of the New York State Transmission System, which studies the ISO will review and verify.

In addition to reviewing Generator deactivations, STARs will also (or alternatively) assess the potential BPTF reliability impacts of other changes to the availability of Resources or to the New York State Transmission System in accordance with ISO Procedures for the Reliability Planning Process. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs, which may include assistance from the Responsible Transmission Owner(s).

For the STAR or Generator Deactivation Assessment, the ISO will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process. The study period for a stand-alone Generator Deactivation Assessment will be the four years following the conclusion of the 365-day notice period. The study period for a STAR will be the five years following the Short-Term Assessment of Reliability Start Date. For both types of assessments, the ISO will review key study assumptions with its stakeholders.

38.3.5.2 As part of the assessment, the ISO shall review whether any potential Short-Term Reliability Process Need can be addressed through the adoption of alternative ISO or Transmission Owner operating procedures or by updates to Local Transmission Owner Plans, other than an agreement with the Generator addressed in the Generator Deactivation Notice or a Generator already in a

Mothball Outage, an ICAP Ineligible Forced Outage, or that has been mothballed since before May 1, 2015.

38.3.5.3 Within ninety days of the Short-Term Assessment of Reliability Start Date, the ISO shall concurrently notify the Initiating Generator(s) and post on its website the results of the STAR or Generator Deactivation Assessment. The assessment will specify: (i) whether one or more Short-Term Reliability Process Need(s) would arise, and (ii) whether the retention of one or more Initiating Generator(s) would resolve, in whole or in part, one or more Short-Term Reliability Process Need(s), and (iii) whether the ISO has determined that any Short-Term Reliability Process Need can be timely addressed in the current or next planning cycle of the biennial Reliability Planning Process, or must be addressed using this Short-Term Reliability Process. The Short-Term Reliability Process will conclude if the STAR or Generator Deactivation Assessment: (i) does not identify a Short-Term Reliability Process Need, or (ii) states that a Short-Term Reliability Process Need identified in the assessment will be addressed in the Reliability Planning Process. The STAR or Generator Deactivation Assessment will also state whether a Generator Deactivation Reliability Need is only a reliability need on non-BPTFs for which solely the Responsible Transmission Owner may propose a regulated transmission Short-Term Reliability Process Solution. Any Generator that the ISO determines is Viable and Sufficient may participate as a Short-Term Reliability Process Solution to part or all of a Short-Term Reliability Process Need, including a Generator Deactivation Reliability Need arising only on the non-BPTFs.

38.3.5.4 If a Short-Term Reliability Process Need is identified in a STAR that could be resolved by two or more Initiating Generators that each seek to deactivate prior to the conclusion of the 365 day notice period, then the ISO shall temporarily retain as Interim Service Providers the Initiating Generator(s) necessary to resolve the Short-Term Reliability Process Need. The ISO shall determine which Initiating Generators to retain as Interim Service Providers based on the date on which each Initiating Generator's Generator Deactivation Notice was determined to be complete by the ISO; retaining the necessary Generator(s) that completed their Generator Deactivation Notice last. However, the ISO shall not retain more Initiating Generators as Interim Service Providers than are necessary to resolve a Short-Term Reliability Process Need.

38.3.6 Near-Term Reliability Needs

38.3.6.1 As part of the STAR or Generator Deactivation Assessment, the ISO will determine whether any Short-Term Reliability Process Need identified in the assessment is a Near-Term Reliability Need. Any Generator that the ISO determines is Viable and Sufficient may participate as a Short-Term Reliability Process Solution to part or all of a Near-Term Reliability Need, including a Generator Deactivation Reliability Need arising only on non-BPTFs.

38.3.6.2 If the ISO determines that a Short-Term Reliability Process Need is a Near-Term Reliability Need, the ISO shall:

38.3.6.2.1 Include an explanation in the STAR or Generator Deactivation Assessment of the Near-Term Reliability Need in sufficient detail, including the

reliability criteria violations and system conditions, to allow stakeholders to understand the need and why it is time sensitive.

38.3.6.2.2 Provide to stakeholders and post on its website a full and supported written explanation of the ISO's decision to solicit a regulated, non-generation Short-Term Reliability Process Solution solely from a Responsible Transmission Owner, including an explanation of the other transmission and non-transmission options that the ISO considered, but concluded would not sufficiently address the Near-Term Reliability Need, the circumstances that generated the need, and an explanation of why the need was not identified earlier.

38.3.6.2.3 Provide the appropriate stakeholder working group a reasonable opportunity to provide comments to the ISO on the written explanation and publicly post any written comments that the ISO receives on its web site.

38.3.6.3 The ISO shall maintain and post on its website a list of all transmission solutions selected by the ISO in prior years to be built in response to Near-Term Reliability Needs for which the ISO designated solely the Responsible Transmission Owner to propose a regulated Short-Term Reliability Process Solution. The list must include the Near-Term Reliability Need, the identity of the designated Responsible Transmission Owner, the transmission solution selected by the ISO, its in-service date, and the date on which the Responsible Transmission Owner energized or otherwise implemented the transmission solution. The ISO shall file the list with the Commission as an informational filing in January of each year covering the designations of the prior calendar year,

if the ISO selected a Responsible Transmission Owner's regulated transmission solution to a Near-Term Reliability Need in the prior year.

38.3.7 Deactivation Prior to the Expiration of the 365-Day Notice Period

If: (i) the ISO determines in a STAR or Generator Deactivation Assessment either that a Short-Term Reliability Process Need would not be resolved, in whole or in part, by the continued availability or operation of an Initiating Generator, or that the need can be timely addressed in the ISO's Reliability Planning Process, and (ii) the Market Participant indicated in the Generator Deactivation Notice an interest in deactivating its Generator earlier than the completion of the 365-day notice period, then the ISO will notify the Market Participant when its Generator has completed all required ISO administrative processes and procedures, and may be Retired or enter into a Mothball Outage, which deactivation date shall be no earlier than 91 days after the Short-Term Assessment of Reliability Start Date. The ISO's issuance of a final physical withholding determination shall occur in accordance with Section 23.4.5.6 of Attachment H of the ISO Services Tariff.

38.4 Solicitation of Short-Term Reliability Process Solutions to a Short-Term Reliability Process Need

38.4.1 If the ISO determines in its STAR or Generator Deactivation Assessment that a Short-Term Reliability Process Need should be addressed in the Short-Term Reliability Process, the ISO shall solicit Short-Term Reliability Process Solutions to address the need. The ISO shall issue one solicitation seeking solutions to all of the Short-Term Reliability Process Needs identified in a STAR. A Developer must submit a proposed Short-Term Reliability Process Solution within sixty (60) days of the ISO's request.

The solicitation process set forth in this Section 38.4 is not the process for offering a Market Participant's Generator that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015 as a proposed Short-Term Reliability Process Solution. Such Generator may be offered as a Short-Term Reliability Process Solution by submitting a statement of intent to participate as a proposed Short-Term Reliability Process Solution in accordance with Section 38.5 and satisfying the other requirements of that Section.

38.4.2 In response to the ISO's solicitation of proposed Short-Term Reliability Process Solutions:

38.4.2.1 The Responsible Transmission Owner must submit a proposed Short-Term Reliability Process Solution. The proposed solution must, to the extent practicable, completely address the Short-Term Reliability Process Need and satisfy the project information requirements in Sections 31.2.4.4.1 and 31.2.4.4.2 of Attachment Y of the ISO OATT. The Responsible Transmission Owner's

proposed Short-Term Reliability Process Solution may include transmission, demand response, or generation resources; *provided, however*, only the ISO may enter into an RMR Agreement with a Generator to address the Short-Term Reliability Process Need. The Responsible Transmission Owner may only allocate and recover under the ISO OATT the costs of a regulated transmission solution in accordance with the requirements in Sections 38.22 and 38.23. If a Generator Deactivation Reliability Need is only a reliability need on non-BPTFs, then the Responsible Transmission Owner must submit a permanent Short-Term Reliability Process Solution. If the ISO determines, after considering input from the Responsible Transmission Owner, that the Responsible Transmission Owner's proposed Short-Term Reliability Process Solution is an interim solution, then the Responsible Transmission Owner must also submit a conceptual permanent solution to address the Short-Term Reliability Process Need.

38.4.2.2 Any Developer may submit a proposed market-based Short-Term Reliability Process Solution. A market-based Short-Term Reliability Process Solution may include generation, transmission, or demand response solutions and must satisfy the project information requirements in Section 31.2.4.6 of Attachment Y of the ISO OATT. Market-based solutions are not eligible for cost recovery under Rate Schedule 8 to the ISO Services Tariff, or Rate Schedules 14 or 16 to the ISO OATT.

38.4.2.3 Any Developer may submit a proposed new Generator that requires an RMR Agreement to operate as a temporary Short-Term Reliability Process Solution. A proposed new Generator that requires an RMR Agreement must

satisfy the project information requirements in Sections 31.2.4.8.1 and 31.2.4.8.2 of Attachment Y of the ISO OATT.

38.4.2.4 Any Developer that has been determined to be qualified under Section 31.2.4.1.1.2 of Attachment Y to the ISO OATT may submit a proposed regulated transmission Short-Term Reliability Process Solution, unless: (i) the Short-Term Reliability Process Need is a Near-Term Reliability Need, or (ii) the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs as stated by the ISO in the STAR or Generator Deactivation Assessment pursuant to Section 38.3.5.3. The proposed regulated transmission solution must satisfy the project information requirements in Sections 31.2.4.8.1 and 31.2.4.8.2 of Attachment Y of the ISO OATT.

38.4.2.5 If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then for purposes of Sections 38.4.2.1, 38.4.2.2, and 38.4.2.4 of this Attachment FF, an Interregional Transmission Project (as defined in Section 31.1.1 of the ISO OATT), may be proposed as a Short-Term Reliability Process Solution. Interregional Transmission Projects proposed as Short-term Reliability Process Solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of this Attachment FF, 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 (defined in Section 31.1.1 of the OATT).

38.4.3 As part of its submission of its proposed Short-Term Reliability Process Solution, a Developer shall provide the information required for each proposed Short-Term Reliability Process Solution in accordance with Sections 38.25.3, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF. It shall also provide the information required by Section 38.25.4 of Appendix B of this Attachment FF.

38.4.4 Short-Term Reliability Process Solutions proposed under this Section 38.4 shall strive to be compatible with permanent market-based solutions and regulated solutions identified in the CSPP, as applicable. A permanent regulated solution may proceed in parallel with an interim solution selected in this Attachment FF.

38.4.5 The ISO may disclose to Market Participants and other interested parties the Short-Term Reliability Process Solution and plans proposed pursuant to this Section 38.4; *provided, however*, that the ISO will maintain as confidential the following information if designated as "Confidential Information": (i) a Responsible Transmission Owner's conceptual permanent solution, except for its proposed project type, general geographic location, and in-service date; (ii) the information required to be maintained as confidential for a market-based solution pursuant to Sections 31.2.12.5 and 31.2.12.6 of Attachment Y to the ISO OATT, and (iii) any non-public financial qualification information submitted in accordance with Section 31.2.4.1.1.1.3 of Attachment Y of the ISO OATT.

Following submission of the required information pursuant to this Section 38.4 of this Attachment FF and prior to the ISO's posting of the initial facility characterization list pursuant to Section 38.10.2.1.2 of this Attachment FF, the

ISO shall make available upon request the submission of (i) a description of a transmission solution (with the exception of a Responsible Transmission Owner's conceptual permanent 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 or 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.

38.4.6 Application Fee and Study Deposit

38.4.6.1 When the ISO performs a selection process among regulated transmission solutions, any Developer that proposes a regulated transmission Short-Term Reliability Process Solution to address the Short-Term Reliability Process Need shall submit to the ISO, at the same time it provides the project information required pursuant to Section 38.4.2, a non-refundable application fee of $10,000 and a study deposit of $100,000, which shall be applied to study costs and subject to refund as described in this Section 38.4.6.

38.4.6.2 If the ISO performs a selection process among regulated transmission solutions, the ISO shall charge, and a Developer proposing a regulated transmission Short-Term Reliability Process 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 among transmission solutions to address the Short-Term Reliability Process Need, 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 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.

38.4.6.3 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 38.4.6 that exceeds outstanding amounts that the ISO has incurred in evaluating that Developer's proposed transmission solution, including interest on the refunded amount calculated in accordance with Section 35.19a(a)(2) of FERC's regulations. 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.

38.4.6.4 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 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 calculated in accordance with Section 35.19a(a)(2) of FERC's regulations.

38.4.7 Including Identified Short Term Reliability Process Solutions in Subsequent STARs and Generator Deactivation Assessments

38.4.7.1 Short-Term Reliability Process Needs that have been identified in a STAR or a Generator Deactivation Assessment and that are in the process of being resolved shall continue to be included in subsequent STARs to identify possible changes in the scope, scale or nature of the need.

38.4.7.2 Solutions to Short-Term Reliability Process Needs will be included in subsequent STARs and Generator Deactivation Assessments when they satisfy the Reliability Planning Process base case development and inclusion rules set forth in ISO Procedures.

38.4.8 Change in Scope, Scale or Nature of Short-Term Reliability Process Need After Solicitation Issued

38.4.8.1 If the ISO determines that the scope, scale or nature of a Short-Term Reliability Process Need for which it has already solicited Short-Term Reliability Process Solutions in accordance with Sections 38.4 and 38.5 of this Attachment FF changed in a subsequent STAR, Generator Deactivation Assessment or Reliability Needs Assessment, then the ISO may:

(a) select one or more of the proposed Short-Term Reliability Process Solution(s) that address the changed scope, scale or nature of the Short-Term Reliability Process Need that the ISO identified from the solutions that the ISO received in response to its solicitation; or

(b) reject all of the proposals it received, withdraw the solicitation it issued, return all fees and deposits it received to Developers except for monies the ISO owes to third-party contractors for their assistance in

assessing a proposal or proposals, and issue a new solicitation in accordance with Sections 38.4 and 38.5 of this Attachment FF that reflects the updated Short-Term Reliability Process Need; or

(c) select one or more of the proposed Short-Term Reliability Process Solution(s) that partially address the changed scope, scale or nature of the Short-Term Reliability Process Need, and issue a new, additional solicitation covering only the unaddressed, incremental Short-Term Reliability Process Need that is not expected to be resolved by the Short-Term Reliability Process Solution(s) that the ISO has already selected.

38.5 Review and Notification of Generator(s) Currently in an Outage State

If the ISO determines that a Market Participant's Generator that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015, may be capable of satisfying in whole or in part a Short-Term Reliability Process Need, the ISO will notify the Market Participant that its Generator is under review to determine whether it can satisfy the Short-Term Reliability Process Need as a possible Short-Term Reliability Process Solution. Within ten (10) days of the ISO's issuance of a written notification (including an email), a Market Participant that is interested in offering its Generator as a Short-Term Reliability Process Solution to address the identified Reliability Need shall inform the ISO in writing whether it intends to offer its Generator as a Short-Term Reliability Process Solution. A Market Participant that submits a statement of intent to offer its Generator shall provide to the NYISO within twenty (20) days of submitting its statement of intent the information required for a Generator identified under this Section 38.5 in accordance with Sections 38.25.3.1, 38.25.3.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF if it has not previously provided such information to the ISO. If the Market Participant has previously provided such information for the relevant Generator, then it shall update all such information, including, but not limited to, the updates required by Section 38.25.4 of Appendix B of this Attachment FF.

Notwithstanding whether a Market Participant submitted a statement of intent to offer its Generator as a Short-Term Reliability Process Solution, the ISO may request at any time that a Market Participant submit the information required for a Generator identified under this Section 38.5 in accordance with Sections 38.25.3.1, 38.25.3.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF or any updates to previously submitted information addressing its Generator, which information must be submitted within twenty (20) days of the NYISO's request.

When the return to service of a Generator in a Mothball Outage or an ICAP Ineligible Forced Outage is the Short-Term Reliability Process Solution, the return to service procedures set forth in Section 5.18.4 of the ISO Services Tariff shall apply.

38.6 Viability and Sufficiency Evaluation of Proposed Short-Term Reliability Process Solutions and Monitoring of Selected Short-Term Reliability Process Solutions

38.6.1 The ISO shall evaluate all proposed Short-Term Reliability Process Solutions and, if applicable, shall evaluate the conceptual permanent solution provided by the Responsible Transmission Owner pursuant to Section 38.4.2.1 to determine whether each is viable and sufficient to satisfy individually, or in conjunction with other solutions, the Short-Term Reliability Process Need. The ISO shall perform this viability and sufficiency evaluation consistent with the requirements set forth in Sections 31.2.5.3 and 31.2.5.4 of Attachment Y of the ISO OATT. The ISO shall coordinate with the Responsible Transmission Owner(s), as necessary, in performing its evaluation.

38.6.2 If the ISO determines that there are adequate Viable and Sufficient market-based or demand response Short-Term Reliability Process Solutions to satisfy completely the identified Short-Term Reliability Process Need, the ISO will conclude the Short-Term Reliability Process under this Attachment FF. As part of its final Short-Term Reliability Process report, the ISO shall present the results of its viability and sufficiency assessment to interested parties if the Short-Term Reliability Process has been concluded because there are adequate market-based or demand response Short-Term Reliability Process Solutions to satisfy completely the Short-Term Reliability Process Need.

38.6.3 Monitoring of Selected Short-Term Reliability Process Solutions—the ISO will monitor the development of all Short-Term Reliability Process Solutions, including market-based and demand response solutions, to confirm that

they continue to develop consistent with the conditions, actions, or schedules for the projects in accordance with ISO Procedures.

38.7 ISO Review of Information

38.7.1 **Cost, Revenue and System Impact Information.** The ISO shall review, verify and/or validate to the extent necessary the information provided in accordance with Sections 38.3, 38.4, and 38.5 and Appendix B of this Attachment FF. The ISO's review, verification and/or validation, as applicable, of the financing cost of each capital expense that the ISO determines is necessary in accordance with Good Utility Practice shall consider the market interest rate available to the Market Party or the Generator Owner (as appropriate).

38.7.2 The ISO may reject, and may require a Market Party or Generator Owner to re-submit, or substantiate information (including estimates) that the ISO determines is not adequately supported or otherwise verifiable. The Market Party or the Generator Owner shall promptly provide any additional information that the ISO may request, and update and revise information previously provided, and provide new information as set forth in Section 38.25.4 of Appendix B of this Attachment FF. Upon the ISO's prior notice, the Market Party or the Generator Owner shall make qualified representatives available to answer the ISO's question(s) and otherwise facilitate the ISO's review of the information. The NYISO may terminate its consideration of a proposed Short-Term Reliability Process Solution if a Market Party or Generator Owner fails to provide requested information.

38.7.3 **Market Power Information.** The Market Participant or the Generator Owner shall provide the ISO with any information that the ISO determines it requires in order to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff. The primary focus of the NYISO's review will be

Sections 23.4.5.6 (physical withholding) and/or 23.6 (energy market participation rules) of Attachment H of the ISO Services Tariff.

38.7.4 **ISO Notification to Market Participant or Generator Owner.** The ISO shall notify the Market Participant or the Generator Owner, in writing, when the ISO has received all of the data and information it requires to perform its duties under both (a) this Attachment FF and (b) Section 23 of Attachment H of the ISO Services Tariff.

38.7.4.1 The notice that the ISO provides to a Market Participant (which is also a Market Party) or to the Generator Owner that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not absolve the Market Party or the Generator Owner of its affirmative and continuing obligation under Section 38.25.4 of Appendix B to this Attachment FF to supplement and update information and data it has submitted to the ISO when a material change in facts or circumstances occurs that makes the previously submitted information insufficient or inaccurate.

38.7.4.2 The notice that the ISO provides to a Market Participant or Generator Owner that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not bar the ISO from asking additional questions of the Market Participant or the Generator Owner, nor does it excuse the Market Participant or the Generator Owner from its continuing obligation to promptly

respond to ISO requests for information or data in accordance with Sections 38.3.3 and 38.7 of this Attachment FF.

38.8 Determining RMR Avoidable Costs

38.8.1 Determinations pursuant to this section are solely for purposes of determining the RMR Avoidable Cost of Initiating Generators and Generators that are determined to be a Viable and Sufficient Short-Term Reliability Process Solution to a Short-Term Reliability Process Need. The ISO shall determine the cost (net of estimated revenues, as applicable) of each Initiating Generator and of each Viable and Sufficient Short-Term Reliability Process Solution to a Short-Term Reliability Process Need that responds to the ISO's request for Short-Term Reliability Process Solutions in accordance with Sections 38.4 and 38.5. The ISO may also determine the costs of Viable and Sufficient Short-Term Reliability Process Solutions that do not respond to the ISO's request for Short-Term Reliability Process Solutions. The ISO's determination for a Generator shall be its "RMR Avoidable Costs." The ISO shall use the costs, revenues, and other information submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8 and Appendix B of this Attachment FF that it verifies and/or validates, as applicable. If the ISO cannot verify and/or validate, as applicable, a cost or revenue submitted by a Market Party or Generator Owner, the ISO shall substitute an estimated value. The ISO's cost determinations pursuant to this Section shall be for the shorter of (i) the duration of the Short-Term Reliability Process Need identified by the ISO in its request for Short-Term Reliability Process Solutions, and (ii) the period identified by the ISO that an Initiating Generator or Viable and Sufficient Short-Term Reliability Process Solution can satisfy the Short-Term Reliability Process Need.

38.8.1.1 Cost savings due to an Initiating Generator's continuation of service. Costs submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8, or Appendix B of this Attachment FF that arise out of an agreement that contains a cost, premium, or fee to terminate the agreement in whole or in part prior to the anticipated RMR Start Date, or commencement of service as a Short-Term Reliability Process Solution, shall be reduced by the cost, premium or fee that would have been incurred had the Generator ceased operations on a date identified in the Generator Deactivation Notice, or such other date associated with performing service as a Short-Term Reliability Process Solution.

38.8.1.2 For each transmission project that is proposed in accordance with this Attachment FF, the ISO shall calculate the net costs that would be incurred to provide the service identified in the Developer's response to the ISO's request for Short-Term Reliability Process Solutions, considering any costs the Developer otherwise had a contractual or regulatory obligation to incur.

38.8.1.3 The ISO shall identify as "Capital Expenditures" the purchase or non-operational lease of, or modification to real property or assets (including, but not limited to, land, buildings, and equipment) that (a) are necessary to permit an Initiating Generator or Viable and Sufficient Short-Term Reliability Process Solution to provide service to satisfy, in whole or in part, the Short-Term Reliability Process Need identified in the ISO's request for Short-Term Reliability Process Solutions, (b) have a useful life greater than one year, and (c) are not otherwise included in the ISO's calculation of RMR Avoidable Costs. The ISO shall also identify the reasonably anticipated date the Capital Expenditure will be

placed into service, or otherwise integrated into the Short-Term Reliability Process Solution.

38.8.1.4 Revenue Calculation. As a component to the ISO's calculation of the total net cost of each Initiating Generator and Viable and Sufficient Short-Term Reliability Process Solution, the ISO shall calculate the estimated revenues thereof.

38.8.1.4.1 If an Initiating Generator or other Generator that has been determined to be a Viable and Sufficient Short-Term Reliability Process Solution has a contract pursuant to which it provides energy, capacity, or ancillary services, the ISO shall also, for the period of such contract, calculate the estimated revenues for the provision of energy, capacity or ancillary services thereunder.

38.8.2 The ISO shall seek comment from the Market Monitoring Unit on matters relating to the inputs and the calculations performed pursuant to Section 38.8. The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 38.18.1 of this Attachment FF and in Section 30.4.6.8.6 of Attachment O to the ISO Services Tariff.

38.9 RMR Service Offers

38.9.1 If: (i) there is only one Generator that is a Viable and Sufficient Short-Term Reliability Process Solution to a Short-Term Reliability Process Need, or (ii) there are multiple Generators that are a Viable and Sufficient Short-Term Reliability Process Solutions to a Short-Term Reliability Process Need that are all owned or controlled by the same Generator Owner, then the ISO shall provide to that individual Generator or Generator Owner, as applicable, its RMR Avoidable Cost and an opportunity for it to enter into the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF to the ISO OATT. If there is more than one Generator that is a Viable and Sufficient Short-Term Reliability Process Solution for a Reliability Need and the Generators are not all owned or controlled by the same Generator Owner, the ISO shall notify each such Generator that responded to the ISO's request for Short-Term Reliability Process Solutions that it has been determined to be a Viable and Sufficient Short-Term Reliability Process Solution that the ISO is requesting RMR Service Offers to provide service pursuant to an RMR Agreement.

38.9.2 The ISO shall concurrently post on its website that it has issued a request for RMR Service Offers.

38.9.3 The ISO's notice to each Generator of a request for RMR Service Offers shall include (a) the Generator's RMR Avoidable Costs determined pursuant to Section 38.8, and separately identify the Capital Expenditure amount that is included in the RMR Avoidable Costs and the reasonably anticipated date the Capital Expenditure will be placed into service, or otherwise integrated into the Generator, (b) the duration of the period for which the ISO determined the

Generator was viable and sufficient to meet (in whole or in part) the Short-Term Reliability Process Need, (c) the deadline by which offers must be received by the ISO, and (d) any other information that must be provided in the Generator's response in accordance with ISO Procedures.

38.9.4 Offers in response to a request for RMR Service Offers shall (A) state the price at which the Generator is willing to enter into an RMR Agreement with (i) an Availability and Performance Rate or (ii) an Owner Developed Rate for which the Generator would be seeking approval from the Commission, (B) separately state the anticipated timing and cost of each Capital Expenditure that is included in the offer, (C) if any provision of the Form of Reliability Must Run Agreement set forth in Appendix C of Attachment FF to the ISO OATT is incompatible with the Generator's ability to provide service absent a modification to a term or condition, provide a blackline marking any and all changes that are necessary to permit the Generator to provide RMR service, and explain why, absent such changes, the Generator would be unable to provide RMR service, (D) state the duration for which the Generator is being made available to provide the RMR service (which shall be no longer than the duration the ISO determined the Generator is a viable and sufficient solution,) and specify whether the offer would be the same for any shorter period of time, and (E) state whether the offer is for less than or equal to the generator's full cost of service. The offer must be executed by a duly authorized officer with authority to bind the Market Party or Generator Owner to an RMR Agreement. The ISO will not consider offers that indicate they are for an amount greater than the Generator's full cost of service.

The ISO shall exclude from consideration offers that are received after the deadline.

38.10 ISO Selection of Solution to Address Short-Term Reliability Process Need

38.10.1 An Initiating Generator and other Viable and Sufficient Short-Term Reliability Process Solutions are eligible for selection by the ISO to address a Short-Term Reliability Process Need. In selecting a solution to address a Short-Term Reliability Process Need the ISO will first consider the expected impact of any Viable and Sufficient market-based or demand response Short-Term Reliability Process Solutions it identifies on the scope of the need. Prior to the ISO making its selection pursuant to this Section 38.10, the ISO may enter into an RMR Agreement with one or more Generators, if necessary, to provide the ISO sufficient time to complete the selection process.

A Viable and Sufficient transmission solution selected by the ISO shall be eligible for cost allocation in accordance with Section 38.22 and cost recovery in accordance with Section 38.23. An Initiating Generator or another Viable and Sufficient generation solution selected by the ISO shall be eligible to enter into an RMR Agreement with the ISO in accordance with Section 38.11.

38.10.1.1 If the ISO determines that there is a Viable and Sufficient permanent transmission solution that completely satisfies the Short-Term Reliability Process Need, the ISO may select that solution.

38.10.1.2 If the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs, in addition to selecting any interim solution it determines is necessary, the ISO will select a Viable and Sufficient permanent transmission Short-Term Reliability Process Solution.

If a Generator Deactivation Reliability Need arises on non-BPTFs, it shall be resolved in the Short-Term Reliability Process. Other reliability needs that arise on non-BPTFs may be reported in a STAR for informational purposes.

38.10.1.3 If, following completion of the identification of solutions pursuant to Sections 38.10.1 and 38.10.1.1 or 38.10.1.2, there remains a Short-Term Reliability Process Need, then the ISO shall perform the selection process set forth in Sections 38.10.2 through 38.10.5.

38.10.2 Selection Process if a Viable and Sufficient Transmission Solution Is Available

38.10.2.1 This solution selection process is designed to ensure that executing an RMR Agreement with a Generator is a last resort to addressing a Short-Term Reliability Process Need. The ISO will select a Viable and Sufficient transmission solution to address the Short-Term Reliability Process Need if: (i) there are one or more Viable and Sufficient transmission solutions, and (ii) none of the Viable and Sufficient generation solutions have a "distinctly higher net present value" than a transmission solution. If the ISO is selecting between and among Viable and Sufficient transmission solutions, the ISO will perform its selection based on the degree to which each transmission solution satisfies the metrics set forth in Section 38.10.4.

38.10.2.1.1 If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then the ISO shall, in performing its evaluation of transmission solutions that are proposed as Short-Term Reliability Process Solution, do so consistent with the following tariff requirements from

Attachment Y of the ISO OATT: Sections 31.2.2.7 (Consequences for Other Regions), 31.2.6.3 (Evaluation of System Impact of Proposed Regulated Transmission Solution), and 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).

When the ISO addresses a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near Term Reliability Need in the Short-Term Reliability Process, interested parties may invoke the Dispute Resolution Procedure set forth in Section 11 of the ISO Services Tariff to resolve any disputes.

38.10.2.1.2 If the ISO is required to evaluate pursuant to this Attachment FF a regulated transmission Short-Term Reliability Process Solution to address a Short-Term Reliability Process Need or if a Responsible Transmission Owner submits a regulated transmission Short-Term Reliability Process Solution to address a Near-Term Reliability Need, the ISO shall post on its website, at least 45 Calendar Days prior to its presentation to stakeholders of the initial draft Short-Term Reliability Process Report for their review and comment, a list of facilities (not including any potential interconnection facilities) that make up the proposed regulated transmission Short-Term Reliability Process Solutions that the ISO determined to be Viable and Sufficient. The list will identify which facilities are new transmission facilities and which 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 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 proposal submitted by a Developer in accordance with Sections 31.2.4.8 and 38.4.2 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 38.10.2.1.2, 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 Attachment Y. The ISO shall include the final list pursuant to this Section 38.10.2.1.2 when it posts the final Short-Term Reliability Report.

38.10.2.1.3 When the ISO addresses a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near Term Reliability Need in the Short-Term Reliability Process, and the ISO is selecting among proposed transmission solutions to address the need, the ISO shall prepare and present to stakeholders a draft Short-Term Reliability Process Report for review and comment. The draft report shall describe the transmission Short-Term Reliability Process Solution(s) the ISO proposes to select and explain the reasons supporting the ISO's proposed selection(s). The ISO shall review stakeholder comments on

the draft report prior to finalizing its selection of Short-Term Reliability Process Solution(s) in the final Short-Term Reliability Process Report it issues in accordance with Section 38.10.5 of this Attachment FF. The final Short-Term Reliability Process Report shall include a list preliminarily identifying the Designated Short-Term Transmission Project(s) that is, or is a part of, a selected regulated transmission solution and the Designated Entity responsible for each Designated Short-Term Transmission Project, which designations will be based on the criteria set forth in Section 31.2.7 of Attachment Y and finalized in accordance with Section 38.10.6 of this Attachment FF.

38.10.2.2 Determining if a Solution has a "Distinctly" Higher Net Present Value

A Short-Term Reliability Process Solution has a "distinctly" higher net present value if it is the Viable and Sufficient solution with the lowest reasonably calculated net cost to consumers to meet the identified Reliability Need until the permanent solution can be implemented. A generation solution has a "distinctly" higher net present value than a transmission solution if, after accounting for the accuracy range of each transmission project cost estimate and generation revenue estimate using the confidence interval the ISO selects, the ISO determines that the range of net present values of the generation solution is higher than the range of the net present values of the transmission solution. If there is an overlap between the ranges of net present values between a generation solution and a transmission solution, then the generation solution does not have a distinctly higher net present value than the transmission solution. If the ISO determines that a generation solution has a distinctly higher net present value than a transmission solution, then both solutions will be considered in accordance with Section 38.10.2.4 of this solution selection process.

The net present value of a generation solution is the present value of the difference between the generation solution's offered service cost and its expected market revenues for the expected duration of an RMR Agreement. The net present value of a transmission solution is the present value of the difference between the transmission solution's estimated costs and its expected market revenues (if any).

To account for the accuracy of cost estimates in comparing the net present values of Viable and Sufficient generation and transmission solutions, the NYISO will:

1. Undertake reasonable efforts to validate the information submitted in the time available; and
2. Determine an accuracy range for each solution's estimated, submitted and verified costs, including the assumptions used to develop the cost estimate based on (i) the age, operating status and technology type of each generation or transmission solution, (ii) the assumptions used to develop each cost estimate, and (iii) data from credible independent resources, including but not limited to consultants hired by the ISO.

38.10.2.3 Multi-Element Solutions

If there are no Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution, but the transmission solution or combination of transmission solutions selected by the ISO only partially satisfy the duration or the size of the Short-Term Reliability Process Need, then the ISO may supplement the partial transmission solution with one or more Viable and Sufficient generation solutions that will be eligible to enter into an RMR Agreement with the ISO. The ISO will select the supplemental Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service

Offers from more than one Generator, results in the highest net present value solution to the Short-Term Reliability Process Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT when selecting a generation solution. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance, and market impacts and the size of the Generators when selecting the generation component of a multi-element solution.

Alternatively, the ISO may select a Viable and Sufficient generation solution in place of a multi-element solution that includes transmission if it determines that the generation solution has a distinctly higher net present value than the combination of partial transmission and generation solutions the ISO might otherwise select under this Section 38.10.2.3. The ISO shall choose between a multi-element solution that includes transmission and a generation solution that has a distinctly higher net present value than the multi-element solution using the selection criteria specified in Section 38.10.2.4.

38.10.2.4 Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution will be considered when the ISO selects the solution or combination of solutions to address the Short-Term Reliability Process Need based on: (i) the net present value of each solution calculated in accordance with Section 38.8 and 38.9, and (ii) the degree to which each solution satisfies the metrics set forth in Section 38.10.4.

38.10.3 Selection Process if a Viable and Sufficient Transmission Solution Is Not Available

If there is not a Viable and Sufficient transmission solution, the ISO will select among the Viable and Sufficient generation solutions as follows. The ISO will select the Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service Offers from more than one Generator, results in the highest net present value solution to the Short-Term Reliability Process Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance and market impacts, and the size of the Generators.

38.10.4 Metrics for Evaluating Solution to Address Short-Term Reliability Process Need

The ISO will consider the following metrics in its evaluation of each Viable and Sufficient solution, as applicable:

38.10.4.1 The capital cost estimates for the proposed transmission Short-Term Reliability Process Solution or the cost information submitted by the Initiating Generator or the generation Short-Term Reliability Process Solution, including the accuracy of the proposed estimates.

38.10.4.2 The cost per MW ratio of the proposed transmission Short-Term Reliability Process Solution or the RMR Service Offers of the Initiating Generator or the generation Short-Term Reliability Process Solution. 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 Short-Term Reliability Process Need, in MW, with the additional improvement, in MW, that the proposed solution offers beyond serving the Short-Term Reliability Process 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.

38.10.4.3 The expandability of the proposed 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.

38.10.4.4 The operability of the proposed 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.

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

38.10.4.6 The extent to which the Developer of a proposed transmission Short-Term Reliability Process Solution or each generation Short-Term Reliability Process

Solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider, as applicable, whether the Developer or Market Participant: (i) already possesses property rights or the rights of way necessary to implement the solution; (ii) has completed a transmission routing study or Generator siting study, which (a) identifies, for transmission, 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 or siting and for acquiring property rights.

38.10.4.7 The potential issues associated with delay in constructing the proposed transmission Short-Term Reliability Process Solution or in entering or in returning to service the Initiating Generator or a generation Short-Term Reliability Process Solution, consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

38.10.4.8 The impact on other pending Short-Term Reliability Process Needs, other system reliability needs, and pending solutions to those needs.

38.10.5 Short-Term Reliability Process Report

If the ISO selects a transmission solution proposed by a Responsible Transmission Owner in response to a Near-Term Reliability Need, then: (i) the ISO shall post on its website and present to stakeholders a preliminary written determination indicating its proposed selection of a solution or combination of solutions, along with a reasoned explanation regarding why the

particular generator and/or transmission solutions were selected; (ii) the ISO will provide stakeholders an opportunity to submit written comments, which will be posted on the ISO's website, and (iii) the ISO will consider stakeholder comments before making its final selection in the Short-Term Reliability Process Report. The final Short-Term Reliability Process Report shall include a list preliminarily identifying the Designated Short-Term Transmission Project(s) that is, or is a part of, a selected regulated transmission solution and the Designated Entity responsible for each Designated Short-Term Transmission Project, which designations will be based on the criteria set forth in Section 31.2.7 of Attachment Y and finalized in accordance with Section 38.10.6 of this Attachment FF.

Otherwise, the ISO shall post on its website a written determination indicating its selection of a solution or combination of solutions, along with a reasoned explanation regarding why particular generation and/or transmission solutions were selected. The ISO will review the results of its determination with stakeholders.

The ISO will include in its written determination a description of any Alternative Transmission Technologies that Developers propose to include as part of their 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 transmission solutions.

Finally, following the conclusion of the Transmission Owner notification period identified in Section 38.10.6, 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 project (which may be a regulated non-transmission or partial transmission backstop solution or market-based response) and/or (ii) all Designated Entities that are responsible for the Designated Short-Term

Transmission Project(s) that make up a regulated transmission solution that was selected as a Short-Term Reliability Process Solution.

38.10.6 Transmission Owner's Responsibility to Notify the ISO

Within 30 Calendar Days following the posting of a list preliminarily identifying any Designated Short-Term Transmission Project(s) that is, or a part of, a selected regulated transmission solution, and the Designated Entity responsible for each Designated Short-Term Transmission Project in accordance with Section 38.10.2.1.3 or 38.10.5, a Transmission Owner that has been identified as a Designated Entity for a Designated Short-Term 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~~6.4~~ of Attachment Y to build, own, and recover the cost of the Reliability Transmission Upgrade(s) and serve as the Designated Entity for the Designated Short-Term Transmission Project identified for the Transmission Owner in the Short-Term Reliability Process Report. 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 Short-Term Transmission Project, the Developer that proposed the regulated transmission Short-Term Reliability Process Solution shall be the Designated Entity for such Reliability Transmission Upgrades, which shall be incorporated into that Developer's Designated Short-Term Transmission Project. If the Transmission Owner does not take action within the 30 Calendar Days with regard to one or more Reliability Transmission Upgrades identified for its Designated Short-Term Transmission Project, the Transmission Owner shall be the Designated Entity for 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 38.12.3 of this Attachment FF for constructing and placing the Reliability Transmission Upgrade(s) in service to address the Short-Term Reliability Process Need.

40.10 Phase 1 Study Process, Development of System Models, and Decision Period 2

40.10.1 Phase 1 Study Process Start Date and Duration

40.10.1.1 The Phase 1 Study process for the Cluster Study Process shall commence on the first Business Day after the end date of Decision Period 1.

40.10.1.2 The scheduled duration of the Phase 1 Study process shall be set forth in Section 40.9.2.

40.10.1.3 The Phase 1 Study process period shall conclude with the ISO's Operating Committee's approval of the Phase 1 Cost Estimates Summary Report.

40.10.2 ISO Development Work for Cluster Study Existing System Representation and Base Cases

40.10.2.1.1 The ISO will develop the Existing System Representation in accordance with the requirements in Section 40.10.3. The Existing System Representation is the foundation of the CBA and CPA base cases. The ISO shall develop the Existing System Representation and auxiliary files for a given Cluster Study during the Application Window and Customer Engagement Window for that Cluster Study Process. The Existing System Representation will be completed for a given Cluster Study after the conclusion of the Final Decision Period for the prior Class Year Study or Cluster Study and prior to the commencement of the Phase 1 Study for the ongoing Cluster Study Process.

40.10.2.1.2 Using the Existing System Representation, the ISO will develop the CBA in accordance with the requirements in Section 40.12.1. The CBA evaluates the pre-existing baseline system before the Cluster Study Projects are included and identifies any System Upgrade Facilities and associated cost estimates for the baseline system. The CBA is used to determine the cost allocation of required facilities between Transmission Owners and Cluster Study Projects. The ISO will commence the development of the CBA base cases (*e.g.*, short-

circuit, steady state) for a given Cluster Study during the Application Window and/or the Customer Engagement Window for that Cluster Study Process. The ISO will be responsible for developing and completing each CBA base case. The ISO shall provide Transmission Owners at least five (5) Business Days to review and provide comments on the draft of each CBA base case and at least five (5) Business Days to review and provide comments on any updates the ISO makes to the draft base case to address the Transmission Owner's comments.

40.10.2.1.3 The ISO will develop the CPA in accordance with the requirements in Section 40.12.2. The CPA evaluates the condition of the system with the Cluster Study Projects added to the baseline system, identifies the System Upgrade Facilities required for the Cluster Study Projects collectively, and then performs a design, preliminary engineering, and estimation of costs and time to construct for each System Upgrade Facility. The CPA determines the cost allocation of required facilities among the Cluster Study Projects. The ISO will commence the development of the CPA base cases for a given Cluster Study during the Customer Engagement Window. The ISO will be responsible for developing and completing each CPA base case. The ISO shall provide Transmission Owners at least 5 Business Days to review and provide comments on the draft of each CPA base case and at least 5 Business Days to review and provide comments on any updates the ISO makes to the draft base case to address the Transmission Owner's comments.

40.10.3 Existing System Representation

40.10.3.1 The ISO shall include in the Existing System Representation for purposes of the CBA and CPA for a given Cluster Study or Expedited Deliverability Study:

(i) the following facilities included in the ISO's most recent NYISO Load and Capacity Data Report: all generation identified as existing and all transmission facilities identified as

existing and/or firm, excluding those facilities that are subject, as applicable, to Class Year Study or Cluster Study cost allocation but for which Class Year Study or Cluster Study cost allocations have not been accepted or for which cash or Security for the allocated amount has not been provided;

(ii) all proposed Projects, together with their associated System Upgrade Facilities and System Deliverability Upgrades, as applicable, that have accepted their cost allocation and paid cash or posted Security for their allocated amount in a prior Class Year Study or Cluster Study cost allocation process or for their facilities study in accordance with the Small Generator Interconnection Procedures in Attachment Z; *provided, however*, that System Deliverability Upgrades where construction has been deferred pursuant to Section 40.13.12.3.1 will only be included if construction of the System Deliverability Upgrades has been triggered under Section 40.13.12.3.1;

(iii) all Affected System Network Upgrades for which the Affected System Interconnection Customer has accepted its cost allocation and paid cash or posted Security in accordance with Section 40.8.3.10;

(iv) all proposed generators that interconnect to the distribution system through studies conducted outside of the NYISO's interconnection procedures (*e.g.*, the New York State Standardized Interconnection Requirements ("NYSSIR") process or a utility's individual interconnection procedures) and have been identified as firm in accordance with ISO Procedures;

(v) all generation and transmission retirements and derates identified in the NYISO Load and Capacity Data Report as scheduled to occur during the five-year cost allocation study planning period;

(vi) Transmission Projects that are proposed under Attachments Y or FF of the ISO OATT and have met the following milestones prior to the start date of the Customer Engagement Window for that Cluster Study Process: (1) have been triggered under the Reliability Planning Process, selected under the Short-Term Reliability Process, selected under the Public Policy Transmission Planning Process, selected under the Long-Term Transmission Planning Process, or approved by beneficiaries under the Economic Planning Process, (2) have, if applicable, a completed System Impact Study in accordance with Attachment P to the ISO OATT, and (3) are making reasonable progress under the applicable OATT Attachments Y or FF planning process;

(vii) Transmission Projects that are not proposed under Attachments Y or FF to the ISO OATT that have completed a Facilities Study and posted Security for Network Upgrade Facilities as required in Section 22.11.1 of Attachment P to the ISO OATT (if applicable);

(viii) transmission projects that are not subject to the Transmission Interconnection Procedures, the Standard Large Facility Interconnection Procedures, or the Standard Interconnection Procedures (*i.e.*, new transmission facilities or upgrades proposed by a Transmission Owner in its Local Transmission Owner Plan or NYPA transmission plan) identified as "firm" by the Connecting Transmission Owner before the start date of the Customer Engagement Window for the Cluster Study Process and either (1) have commenced a Facilities Study in accordance with Section 3.7 of the OATT (if applicable) and have an Article VII application deemed complete (if applicable); or (2) are under construction and scheduled to be in-service within 12 months after the Cluster Study Process Start Date; and

(ix) all other changes to existing facilities – other than changes that are subject to, as applicable, Class Year Study or Cluster Study cost allocation but that have not accepted their Class Year or Cluster Study cost allocation or have not paid cash or posted Security for their

accepted cost allocation – that are identified in the NYISO Load and Capacity Data Report or reported before the start date of the Customer Engagement Window for the Cluster Study Process by Market Participants to the ISO as scheduled to occur during the five year cost allocation study planning period.

40.10.3.2 Facilities in a Mothball Outage, an ICAP Ineligible Forced Outage, or Inactive Reserves will be modeled as in, and not removed from, the Existing System Representation.

40.10.3.3 If the ISO has triggered multiple Transmission Projects under its Reliability Planning Process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution.

40.10.3.4 The point of interconnection of a Retired generator with a terminated interconnection agreement is available to proposed facilities on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures. A Retired generator with an interconnection agreement that remains in effect after it is Retired will retain its right to the specific point of interconnection as provided for in the interconnection agreement and access to this point will not be available for new facilities.

40.10.4 Phase 1 Study Scope and Procedures

40.10.4.1 Within five (5) Business Days of the Phase 1 Study Start Date, the ISO will provide to the Connecting Transmission Owners and Affected Transmission Owners identified pursuant to Section 40.5.7.1.1 an updated Cluster Study Project List and the finalized CPA short-circuit base case. Upon the ISO's submission of these materials, (i) the Connecting Transmission Owner identified by the ISO pursuant to Section 40.5.7.1.1 on which system a Cluster Study Project proposes to interconnect shall commence and perform a Phase 1 Study for

that project, and (ii) any Affected Transmission Owner identified by the ISO pursuant to Section 40.5.7.1.1 which system is impacted by the proposed interconnection of a Cluster Study Project shall commence and perform a separate Phase 1 Study for that project, unless the Affected Transmission Owner indicates that no study is required or agrees with the Connecting Transmission Owner to include its input with the Connecting Transmission Owner's Phase 1 Study report. For the Transition Cluster Study, if, within ten (10) Business Days of the start of the Customer Engagement Window, a Connecting Transmission Owner or Affected Transmission Owner demonstrates to the ISO good cause that it is unable to perform or use a contractor to perform (i) a Phase 1 Study in accordance with the requirements in Sections 40.10.4 and 40.10.5, and/or (ii) the Transmission Owner's responsibilities for the Phase 2 Study in accordance with the requirements in Section 40.11.2.2 and 40.11.4, or (iii) the Transmission Owner's responsibilities for the Additional SDU Study in accordance with the requirements in Section 40.14.2.2, then the ISO will use a third party contractor pursuant to Section 40.24.4 to perform the studies in accordance with the requirements in, as applicable, Sections 40.10.4, 40.10.5, 40.11.2.2, 40.11.4, and 40.14.2.2 provided that the Connecting Transmission Owner or Affected Transmission Owner will use commercially reasonable efforts, and coordinate directly with the ISO or its contractor (as applicable), to support the development of and performance of the studies and the completion of the draft and final studies within the timeframes in, as applicable, Sections 40.10.4, 40.10.5, 40.11.2.2, 40.11.4, and 40.14.2.2. The Phase 1 Studies for all of the Cluster Study Projects participating in a given Cluster shall be performed to the extent practicable on a concurrent basis during the Phase 1 Study period; *provided, however*, that a Phase 1 Study will not be performed for a CRIS-Only Cluster Study Project.

40.10.4.2 For purposes of the Phase 1 Study, the Connecting Transmission Owner or Affected Transmission Owner shall perform a design and engineering study to identify the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities, along with the related metering, protection, and telecommunication facilities, required to reliably interconnect the Cluster Study Project with the New York State Transmission System or Distribution System in accordance with Applicable Reliability Requirements to the extent such upgrades are not Physically Infeasible. The Phase 1 Study will evaluate any potential control equipment proposed by the Interconnection Customer for requests for ERIS that are lower than the full output of the Facility and will identify any required interconnection facilities for system protection and coordination purposes. The Phase 1 Study will also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment, and shall evaluate the use of static synchronous compensators, static VAR compensators, advanced power flow control devices, transmission switching, synchronous condensers, voltage source converters, advanced conductors, and tower lifting. The Connecting Transmission Owner or Affected Transmission Owner, as applicable, shall evaluate each identified alternative transmission technology and determine whether the above technologies should be used, consistent with Good Utility Practice, Applicable Reliability Requirements, and Applicable Laws and Regulations. The Connecting Transmission Owner or Affected Transmission Owner, as applicable, shall include an explanation of the results of the evaluation for each technology in the Phase 1 Study report, as applicable.

40.10.4.3 The Phase 1 Study shall determine a +30%/-15% estimate of the costs of the equipment, engineering and design work, procurement and construction work and commissioning of the required Local System Upgrade Facilities, Distribution Upgrades, and Connecting Transmission Owner's Interconnection Facilities that are identified in the study in accordance with Good Utility Practice and, for each of these cost categories, shall specify and estimate the cost of the work to be done at each substation and/or transmission or, if applicable, distribution line to physically and electrically connect each facility in the Cluster to the New York State Transmission System and Distribution System. The Transmission Owner will calculate cost estimates based on the assumption that the activities for which the cost estimates are calculated are the responsibility of the Transmission Owner and shall be subject to reasonable exclusions (*e.g.*, environmental, subsurface conditions, permitting, site acquisition costs). The categories of costs excluded from the estimates shall be identified in the Phase 1 Study report and the Standard Interconnection Agreement. The Phase 1 Study shall also include a preliminary schedule showing the estimated time required to complete the engineering and design, procurement, construction, installation and commissioning phases for the required Local System Upgrade Facilities, Distribution Upgrades, and Connecting Transmission Owner's Interconnection Facilities identified in the study.

40.10.4.4 Upon request, the Connecting Transmission Owner or Affected Transmission Owner shall provide each Cluster Study Project for which it has performed a Phase 1 Study supporting documentation, workpapers, and databases or data developed in the preparation of the Phase 1 Study, subject to non-disclosure arrangements consistent with Section 40.24.1.

40.10.4.5 The ISO, Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator, as applicable, may use subgroups in the Phase 1 Study or Phase 2 Study. The criteria used to define and determine subgroups will be set forth in ISO Procedures.

40.10.4.6 Prior to the end of the Application Window of a given Cluster Study Process, the ISO and Transmission Owners shall enter into appropriate agreements concerning the performance of that Cluster Study, which terms shall not be inconsistent with the requirements in this Attachment HH.

40.10.5 Phase 1 Study Reports

The Connecting Transmission Owner and any Affected Transmission Owner identified pursuant to Section 40.5.7.1.1 shall provide its draft Phase 1 Study report for a Cluster Study Project to the Interconnection Customer and the ISO no later than one hundred fifty (150) Calendar Days after the date the ISO provided it with the updated Cluster Study Project List and the CPA short-circuit base case pursuant to Section 40.10.4.1. The ISO shall establish a period of at least ten (10) Business Days for the Interconnection Customer, Affected Transmission Owner(s), and the ISO to review and provide comments on the draft report. The Connecting Transmission Owners and Affected Transmission Owners shall review comments and provide responses and issue a finalized Phase 1 Study report to the Interconnection Customer and the ISO no later than one hundred eighty (180) Calendar Days after the date the ISO provided it with the updated Cluster Study Project List and the CPA short-circuit base case pursuant to Section 40.10.4.1.

40.10.6 Stakeholder Review of the Phase 1 Cost Estimates Summary Report

Following the ISO's receipt of the draft Phase 1 Study reports, the ISO will present a draft Phase 1 Cost Estimates Summary Report that summarizes the cost estimates identified for

Cluster Study Projects in the draft Phase 1 Studies to the ISO's Operating Committee's Transmission Planning Advisory Subcommittee. Following its receipt of the finalized Phase 1 Study reports, the ISO will update the draft Phase 1 Cost Estimates Summary Report and present the final Phase 1 Cost Estimates Summary Report to stakeholders for approval at the ISO's Operating Committee.

40.10.7 Preparatory Work for Phase 2 Study

40.10.7.1 Bus Flow Analysis and Individual Breaker Analysis

40.10.7.1.1 Within sixty (60) Calendar Days of the Phase 1 Study Start Date, the ISO will provide to the Connecting Transmission Owners the finalized CBA and CPA steady state base cases. Except as otherwise indicated in Section 40.10.7.1.3, upon the ISO's submission of these base cases, the Connecting Transmission Owner shall be responsible for performing the bus flow analysis, as applicable, for its system for purposes of the ISO's thermal analysis for the Phase 2 Study and coordinating with the ISO for the development of any required solutions within the timeframe set forth in Section 40.10.7.1.4.

40.10.7.1.2 During the Phase 1 Study process, the ISO, in consultation with the Connecting Transmission Owner, will determine whether an assessment of individual breakers on the Connecting Transmission Owner's system is required. Except as otherwise indicated in Section 40.10.7.1.3, upon this determination, the Connecting Transmission Owner shall be responsible for performing the individual breaker analysis for its system for purposes of the ISO's short-circuit analysis for the Phase 2 Study and coordinating with the ISO for the development of any required solutions within the timeframe set forth in Section 40.10.7.1.4.

40.10.7.1.3 A Connecting Transmission Owner may elect for the ISO to perform the bus flow analysis and/or the individual breaker analysis for that Connecting Transmission Owner's

system by notifying the ISO of this election within fifteen (15) Business Days of the start date of the Customer Engagement Window. If a Connecting Transmission Owner makes this election, it must provide the ISO with the ratings of its equipment and the one-line diagrams for the Cluster Study Projects proposing to connect to its system within sixty (60) Calendar Days of the Phase 1 Study Start Date to enable the ISO to perform the analysis, provided that the ISO and Connecting Transmission Owner may agree that this information is only required for certain projects. The ISO shall then be responsible for performing the bus flow analysis and/or individual breaker analysis for the Connecting Transmission Owner's system within the timeframe set forth in Section 40.10.7.1.4.

40.10.7.1.4 The Connecting Transmission Owner or ISO, as applicable, may commence the bus flow analysis during the Phase 1 Study and must complete the analysis and the Connecting Transmission Owner must identify any required solutions no later than sixty (60) Calendar Days after the Phase 2 Study Start Date. The Connecting Transmission Owner or ISO, as applicable, may commence the individual breaker analysis during the Phase 1 Study and must complete the analysis and the ISO must identify any required solutions no later than sixty (60) Calendar Days after the Phase 2 Study Start Date. Within this time period, the Connecting Transmission Owner or ISO performing the analysis must provide the other entity (*i.e.*, the ISO or Connecting Transmission Owner) a period of at least ten (10) Business Days to review and provide comments on the draft results of the analysis.

40.10.7.2 Cost Recovery

To the extent the ISO, Connecting Transmission Owner(s), and Affected Transmission Owners commence study work for the Phase 2 Study during the Phase 1 Study period, Interconnection Customers shall be responsible for such study costs.

40.10.8 Decision Period 2

40.10.8.1 Decision Period 2 for the Cluster Study Process shall commence on the first Business Day after the ISO's Operating Committee's approval of the Phase 1 Cost Estimates Summary Report in accordance with Section 40.10.6.

40.10.8.2 Decision Period 2 shall be a ten (10) Business Day period.

40.10.8.3 A Cluster Study Project shall be included in the Phase 2 Study if, during Decision Period 2, the Interconnection Customer for the Cluster Study Project notifies the ISO of its election to proceed to the Phase 2 Study, and, as applicable:

(i) satisfies the Readiness Deposit 2 requirements for its Cluster Study Project as determined in accordance with Section 40.10.8.4; *provided, however*, that a CRIS-Only Cluster Study Project is not required to provide Readiness Deposit 2 to proceed to the Phase 2 Study; and

(ii) if Interconnection Customer submitted a Site Control Deposit with its Interconnection Request in lieu of demonstrating Site Control in accordance with Section 40.5.5.1.5.1, Interconnection Customer must satisfy the requirements in Section 40.5.5.4.

An Interconnection Customer may request conditional entry into the Phase 2 Study if the Interconnection Customer has a pending dispute pursuant to Section 40.24.5; *provided however,* that the Interconnection Customer must satisfy the above requirements in this Section 40.10.8.3. If the Interconnection Request for an Interconnection Customer that requests conditional entry is ultimately withdrawn from the Queue, its Readiness Deposit 2 will be refunded pursuant to Section 40.24.3.4.3.

40.10.8.4 The Readiness Deposit 2 for a Cluster Study Project is the greater of: (i) the Readiness Deposit 1 amount for the Cluster Study Project, and (ii) 20% of the cost estimate determined in the Phase 1 Study for any Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities for the Cluster Study Project.

40.10.8.4.1 To satisfy the Readiness Deposit 2 requirement for the Cluster Study Project, the Interconnection Customer must submit to the ISO during Decision Period 2 in accordance with the requirements in Section 40.2.4.2 the incremental difference, if any, between the Readiness Deposit 1 amount that it previously submitted for the project and the Readiness Deposit 2 amount for the project calculated pursuant to this Section 40.10.8.4. If the Readiness Deposit 1 amount for the project is the same as the Readiness Deposit 2 amount calculated pursuant to this Section 40.10.8.4, Interconnection Customer is not required to take any action during Decision Period 2 to satisfy the Readiness Deposit 2 requirement.

40.10.8.4.2 The Readiness Deposit 1 amount for the Cluster Study Project and the incremental difference for the project, if any, submitted by the Interconnection Customer pursuant to this Section 40.10.8.4 shall, in total, constitute the Readiness Deposit 2 for the Cluster Study Project and replace the Readiness Deposit 1 for the project.

40.10.9 Withdrawal and Withdrawal Penalties

40.10.9.1 If an Interconnection Customer does not satisfy the requirements in Section 40.10.8.3 for the Cluster Study Project to proceed to the Phase 2 Study, then the ISO shall

withdraw the Interconnection Request or CRIS-Only Request for the Cluster Study Project from the ISO's Queue pursuant to the Withdrawal requirements in Section 40.6.4.

40.10.9.2 If an Interconnection Customer withdraws the Interconnection Request or CRIS-Only Request for a Cluster Study Project, or the Interconnection Request or CRIS-Only Request for the Cluster Study Project is deemed withdrawn by the ISO, from the ISO's Queue during the Phase 1 Study or at Decision Period 2, the Interconnection Customer for the Cluster Study Project shall pay a Withdrawal Penalty in an amount equal to fifty percent (50%) of its initial Study Deposit and ten percent (10%) of its Readiness Deposit 1 for the project; except for the following:

(i) a CRIS-Only Cluster Study Project shall only pay a Withdrawal Penalty in the amount of fifty percent (50%) of its initial Study Deposit amount;

(ii) if the ISO determined that the Cluster Study Project cannot move forward due to Physical Infeasibility pursuant to Section 40.7.3, then the Cluster Study Project shall not be assessed a Withdrawal Penalty; and

(iii) if the Interconnection Request or CRIS-Only Request was for a Contingent Project that was withdrawn by the ISO pursuant to Section 40.5.4.1.3, then the Interconnection Request or CRIS-Only Request shall not be assessed a Withdrawal Penalty.

40.10.9.3 The ISO shall invoice, and Interconnection Customer shall pay, for any Withdrawal Penalty as set forth in Section 40.24.3.

40.10.9.4 The ISO shall apply the collected Withdrawal Penalty Funds pursuant to Section 40.6.5.

40.13 Deliverability Studies and Cost Allocation Methodology for CRIS

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

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

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

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

40.13.1.1 Cost Allocation Among Interconnection Customers in a Cluster

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

40.13.1.2 Expedited Deliverability Study

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

40.13.2 Categories of transmission facilities

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

40.13.2.1 Byways

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

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

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

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

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

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

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

40.13.2.2 Highways

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

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

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

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

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

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

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

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

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

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

40.13.2.3 Other Interfaces

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

40.13.3 Capacity Regions

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

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

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

40.13.4 Participation in Capacity Markets

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

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

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

40.13.5 The Pre-Existing System

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

40.13.6 CRIS Values

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

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

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

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

40.13.6.1 Winter CRIS will be calculated as follows:

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

Where:

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

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

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

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

40.13.6.1.2 For facilities first obtaining Summer CRIS on or after December 16, 2017, the Winter CRIS will be determined using the most recent temperature curve provided to and accepted by the ISO, either during the interconnection process or at the time the Summer CRIS is first obtained.

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

40.13.7 Deliverability Study Procedures

40.13.7.1 Cluster Study Deliverability Study Procedures

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

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

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

40.13.7.2 Expedited Deliverability Study Procedures

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

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

40.13.8 Deliverability Test Methodology for Highways and Byways

40.13.8.1 Definition of NYCA Deliverability

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

40.13.8.2 NYCA Deliverability Testing Methodology

40.13.8.2.1 Cluster Study

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40.13.8.2.2 Expedited Deliverability Study

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40.13.9 Deliverability Test Methodology for Other Interfaces

40.13.9.1 Cluster Study Deliverability Test Methodology for External Other Interfaces

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

40.13.9.2 Cluster Study Deliverability Test Methodology for Internal Other Interfaces

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

40.13.9.3 Expedited Deliverability Study Test Methodology for External Other Interfaces

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

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

40.13.9.4 Expedited Deliverability Study Test Methodology for Internal Other Interfaces

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

40.13.10 Deliverability of External Installed Capacity

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

40.13.11 CRIS Rights for External Installed Capacity

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

40.13.11.1 Required Commitment of External Installed Capacity

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

40.13.11.1.1 Contract Commitment

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

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

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

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

40.13.11.1.2 Non-Contract Commitment

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

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

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

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

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

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

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

40.13.11.1.3 Failure to Meet Commitment

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

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

40.13.11.1.4 Obtaining External CRIS Rights

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

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

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

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

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

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

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

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

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

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

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

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

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

40.13.12 Cost Allocation for Highway System Deliverability Upgrades

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

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

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

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

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

40.13.12.3.1 When a threshold of sixty percent (60%) of the most current cost estimate of the System Deliverability Upgrade has been paid or posted as Security by Interconnection Customers, the Highway System Deliverability Upgrade will be built by the Transmission Owner that owns the facility to be upgraded. If the facility to be constructed will be entirely new, construction should be completed by the Transmission Owner that owns or controls the necessary site or right of way. If no Transmission Owner(s) has such control, construction should be completed by the Transmission Owner in whose Transmission District the facility would be constructed. If the upgrade crosses multiple Transmission Districts, each Transmission Owner will be responsible for the portion of the upgrade in its Transmission District.

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

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

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

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

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

40.13.12.4 If an Interconnection Customer has accepted its Project Cost Allocation, the Interconnection Customer may elect before the construction of an identified Highway System Deliverability Upgrade is commenced, to be retested for deliverability by entering a Cluster Study. The Interconnection Customer's cost

responsibility for System Deliverability Upgrades shall not increase as a result of such retesting. It may decrease or be eliminated. If the Interconnection Customer's Project is found to be deliverable without the System Deliverability Upgrades previously identified, the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner will terminate Interconnection Customer's Security posting, or will return the Interconnection Customer's cash payment with the interest earned.

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

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

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

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

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

Period that commences following the next Centralized TCC Auction conducted after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs.

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

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

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

40.13.13.1 If a System Deliverability Upgrade on the Connecting Transmission Owner's system is cost allocated to an Interconnection Customer and such Interconnection Customer accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the Standard Interconnection Agreement among the Interconnection Customer, Connecting Transmission Owner, and ISO will provide for the engineering, procurement and construction of such System Deliverability Upgrade.

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

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