31.2 Reliability Planning Process

31.2.1 Local Transmission Owner Planning Process

31.2.1.1 Criteria, Assumptions and Data

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

31.2.1.2 Process Timeline

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

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

- potential solutions under consideration, and,
- a description of the transmission facilities covered by the plan.

31.2.1.2.2 To the extent the current LTP utilizes data or inputs, related to the NYISO's planning process, not already reported by the NYISO in Form 715 and referenced on its website, any such data will be provided to the NYISO at the time each Transmission Owner posts criteria and planning assumptions in accordance with Section 31..2.1.1 and will be posted by the NYISO on its website subject to any confidentiality or Critical Energy Infrastructure Information restrictions or requirements.

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

31.2.1.2.4 Interested parties may submit written comments to a Transmission Owner with respect to its current LTP within thirty days after the meeting. Each Transmission Owner shall list on its website, as part of its LTP, the person and/or location to which comments should be sent by interested parties. All comments will be posted on the NYISO website. Each Transmission Owner will consider comments received in developing any modifications to its LTP. Any such modification will be explained in its current LTP posted on its website pursuant to Section 31.2.1.2.2 above and discussed at the next meeting held pursuant to Section 31.2.1.2.3 above.

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

31.2.1.3 LTP Dispute Resolution Process

31.2.1.3.1 Disputes Related to the LTPP; Objective; Notice

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

31.2.1.3.2 Review by the ESPWG/TPAS

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

31.2.1.3.3 Information Discussions

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

31.2.1.3.4 Alternative Dispute Resolution

In the event that the parties to the dispute are unable to resolve the dispute through informal discussions within sixty (60) days, or such other period as the parties may agree upon, the parties may, by mutual agreement, submit the dispute to mediation or any other form of alternative dispute resolution. The parties shall attempt in good faith to resolve the dispute in accordance with a mutually agreed upon schedule but in no event may the schedule extend beyond ninety (90) days from the date on which the parties agreed to submit the dispute to alternative dispute resolution.

31.2.1.3.5 Notice of Results of Dispute Resolution

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

31.2.1.3.6 Rights Under the Federal Power Act

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

31.2.1.3.7 Confidentiality

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

31.2.2 Reliability Needs Assessment

31.2.2.1 General

The NYISO shall prepare and publish the RNA as described below. The RNA will identify Reliability Needs and provide an analysis of historic congestion costs. The NYISO shall also designate in the RNA the Responsible TO with respect to each Reliability Need.

31.2.2.2 Interested Party Participation in the Development of the RNA

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

31.2.2.3 Preparation of the Reliability Needs Assessment

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

31.2.2.3.2 The starting point for the development of the Five Year Base Case will be the system as defined for the ATRA. The details of the development of the Five Year Base Case are contained in the procedures contained in the NYISO's Comprehensive Reliability Planning Process Manual.

31.2.2.3.3 The NYISO shall assess the Five Year Base Case to determine whether the BPTFs meet all Reliability Criteria for both resource and transmission adequacy in each year, and report the results of its evaluation in the RNA. Transmission analyses will include thermal, voltage, short circuit, and stability studies. Then, if any Reliability Criteria are not met in any year, the NYISO shall perform additional analyses to determine whether additional resources and/or transmission capacity expansion are needed to meet those requirements, and to determine the expected first year of need for those additional resources and/or transmission. The study will not seek to identify specific additional facilities. Reliability needs will be defined in terms of total deficiencies relative to Reliability Criteria and not necessarily in terms of specific facilities.

31.2.2.3.4 The NYISO will also evaluate the BPTFs over the second five years of the Study Period to determine whether they meet all Reliability Criteria for both resource and transmission adequacy in each year and report the results of its evaluation in the RNA. A short circuit assessment will be performed for the tenth year of the Study Period. Reliability needs will be defined in terms of total deficiencies relative to Reliability Criteria and not necessarily in terms of specific facilities.

31.2.2.3.5 The NYISO shall develop the system representation to be used for its evaluations of the second five years of the Study Period using (1) the most recent Load and Capacity Data Report published by the NYISO on its web site; (2) the most recent versions of NYISO reliability analyses and assessments provided for or published by NERC, NPCC, NYSRC, and neighboring Control Areas; (3) information reported by neighboring Control Areas such as power flow data,

forecasted load, significant new or modified generation and transmission facilities, and anticipated system conditions that the NYISO determines may impact the BPTFs; and (4) data submitted pursuant to paragraph 31.2.2.4 below.

31.2.2.4 Planning Participant Data Input

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

31.2.2.4.2 The Transmission Owners shall submit their current LTPs referenced in Section 31.1.1.2 and Section 31.2.1 to the NYISO. The NYISO will review the Transmission Owners' LTPs, as they related to BPTFs, to determine whether they will meet Reliability Needs, recommend an alternate means to resolve the needs from a regional perspective, where appropriate, or indicate that it is not in agreement with a Transmission Owner's proposed additions. The NYISO shall report its determinations under this section in the RNA and in the CRP.

31.2.2.4.3 All input received from Market Participants, Developers and other parties shall be considered in the development of the system representation for the Study

Period in accordance with the procedures contained in the NYISO's Comprehensive Reliability Planning Process Manual.

31.2.2.5 Reliability Scenario Development

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

31.2.2.6 Evaluation of Alternate Reliability Scenarios

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

31.2.2.7 Reliability Needs Assessment Report Preparation

Once all the analyses described above have been completed, NYISO Staff will prepare a draft of the RNA including discussion of its assumptions, Reliability Criteria, and results of the analyses and, if necessary, designate the Responsible Transmission Owner.

31.2.3 RNA Review Process

31.2.3.1 Collaborative Governance Process

The draft RNA shall be submitted to both TPAS and the ESPWG for review and comment. The NYISO shall make available to any interested party sufficient information to replicate the results of the draft RNA. The information made available will be electronically masked and made available subject to such other terms and conditions that the NYISO may reasonably determine are necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft RNA reflecting the revisions resulting from the TPAS and ESPWG review, shall be forwarded to the Operating Committee for discussion and action. The NYISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft RNA is to be presented. Following the Operating Committee vote, the draft RNA will be transmitted to the Management Committee for discussion and action.

31.2.3.2 Board Action

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

reviewed the Management Committee comments. Upon approval by the Board, the NYISO shall issue the final RNA to the marketplace by posting it on its web site.

The responsibilities of the Market Monitoring Unit that are addressed in the above section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.2 of the Market Monitoring Plan.

31.2.3.3 Needs Assessment Disputes

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

31.2.3.4 Public Information Sessions

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

31.2.4 Development of Solutions to Reliability Needs

31.2.4.1 Regulated Backstop Solutions

31.2.4.1.1 When a Reliability Need is identified in any RNA issued under this tariff, the NYISO shall request and the Responsible Transmission Owner shall provide to the NYISO, as soon as reasonably possible, a proposal for a regulated solution

or combination of solutions that shall serve as a backstop to meet the Reliability Need if requested by the NYISO due to the lack of sufficient viable market-based solutions to meet such Reliability Needs identified for the Study Period. Regulated backstop solutions may include generation, transmission, or demand side resources. A proposed regulated backstop solution to address a need in the second five years of the planning period that does not have a trigger date within one year or less of the CRP currently under consideration will not require the same level of detail as a proposed solution for a need in the first five years. ~~The criteria for regulated backstop solutions are included in the NYISO's Comprehensive Reliability Planning Process Manual.~~ Such proposals may include reasonable alternatives that would effectively address the Reliability Need; provided however, the Transmission Owners' obligation to propose and implement regulated backstop solutions under this tariff is limited to regulated transmission solutions. The Responsible Transmission Owner shall also estimate the lead time necessary for the implementation of its proposal. The NYISO will establish a benchmark lead time for responses submitted pursuant to Sections 31.2.4.~~2~~3, 31.2.4.~~4~~5 and 31.2.5.7 on the basis of the NYISO's independent analysis of the time period required for implementation of the proposed potential backstop solution. Prior to providing its response to the RNA, each Responsible Transmission Owner will present for discussion at the ESPWG and TPAS any updates in its LTP that impact a Reliability Need identified in the RNA. Contemporaneous with the request to the Responsible Transmission Owner, the NYISO shall solicit responses using the two-step process defined below, which shall not be a formal RFP process. Should more than one regulated backstop

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solution be proposed to address a Reliability Need, it will be the responsibility of the Responsible Transmission Owners to determine the regulated backstop solution that will proceed following a finding by the NYISO under Section 31.2.6.4 of this Attachment. The determination by the Responsible Transmission Owners will be made prior to the approval of the CRP in which the regulated backstop solution with the longest lead-time could be triggered.

31.2.4.2 Qualifications for Regulated Backstop Solutions

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31.2.4.2.1 For Reliability Needs projected to occur during the first five years of the Study Period, the submission of a regulated backstop solution shall include, at a minimum, the following details: (1) the lead time necessary to complete the project, (2) a description of the project, including planning and engineering specifications as appropriate, (3) evidence of a commercially viable technology, (4) a major milestone schedule, (5) a schedule for obtaining required siting permits and other certifications, (6) a demonstration of site control or a schedule for obtaining such control, (7) status of NYISO interconnection studies and interconnection agreement, (8) status of equipment procurement, and (9) any other information requested by the NYISO. These details also must be provided for any regulated backstop solution proposed to address a Reliability Need identified during the second five years of the Study Period if that solution has a trigger date within one year of the date that the Responsible Transmission Owner presents its proposed regulated backstop solution. If the regulated backstop solution does not meet the needs identified in the RNA, the NYISO will provide sufficient information to the Responsible Transmission Owner to determine how the regulated backstop should be modified to meet the identified reliability needs.

The Responsible Transmission Owner will make necessary changes to its proposed backstop solution to address reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review and approval.

31.2.4.2.2 For Reliability Needs projected to occur during the second five years of the Study Period (other than those for which the trigger date is within one year of the date that the Responsible Transmission Owner presents its proposed regulated backstop solution), the submission of a proposed regulated backstop solution must include, at a minimum, the following: (1) an explanation of how the Responsible Transmission Owner considered, in the development of its proposal, one (or more) compensatory MW scenarios developed by the NYISO as a guide to the development of proposed solutions that appear most likely to meet the statewide LOLE criterion of one day in ten years, (2) a description of the type of preliminary solution(s) or a variety of preliminary solution(s) (generation, demand-side, transmission, or any combination thereof) that could meet the need, (3) an estimate of the potential MW impact if either a generation or demand side solution is proposed, (4) for proposed transmission solutions, an identification of the zones where the potential solution may be located, as well as an identification indicating some general characteristics such as voltage level and approximate capacity, (5) for proposed transmission capacitor bank solutions, an identification of the MW amount of the voltage constrained interface that the Responsible Transmission Owner intends to restore up to the thermal limits of the interface, along with a commitment to size the capacitor bank solution to achieve this amount of restoration, (6) an estimated implementation time, or range of implementation times, to allow the NYISO to establish a preliminary trigger date,

and (7) any other information requested by the NYISO. In addition to the foregoing, a Responsible Transmission Owner may propose at any time a specific solution to a Reliability Need projected to occur during the second five years of the Study Period. Because the potential needs indicated by each RNA for years six through ten are a preliminary assessment of future conditions based on assumptions that will evolve over time using analysis that can only be conducted by the NYISO staff, the solutions proposed by the Responsible Transmission Owner may change in response to subsequent RNAs. The Responsible Transmission Owner must continue to collaborate with NYISO staff to determine how the preliminary backstop solutions could meet the preliminary needs identified in years six through ten (6-10) of each RNA.

~~31.2.4.1.2~~31.2.4.2.3 Market Participants and other interested parties may submit at any time optional suggestions for changes to NYISO rules or procedures which could result in the identification of additional resources or market alternatives suitable for meeting Reliability Needs.

31.2.4.~~2~~3 Market-Based Responses

At the same time that a proposal for a regulated backstop solution is requested from the Responsible Transmission Owner under Section 31.2.4.1, the NYISO shall also request market-based responses from the market place. Subject to the execution of appropriately drawn confidentiality agreements and FERC's standards of conduct, the NYISO and the appropriate Transmission Owner or Transmission Owners shall provide any party who wishes to develop such a response access to the data that is necessary to develop its response. Such data shall only be used for the purposes of preparing a market-based response to a Reliability Need under this

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

31.2.4.~~3~~4 Qualifications for a Valid Market-Based Response

~~The NYISO's procedures establishing qualifications and criteria for a valid market-based solution are included in the NYISO's Comprehensive Reliability Planning Process Manual. Such qualifications recognize the differences between various resources' characteristics and development time lines.~~ The submission of a proposed market-based solution must include: (1) evidence of a commercially viable technology, (2) a major milestone schedule, (3) evidence of site control, or a plan for obtaining site control, (4) the status of any contracts (other than an Interconnection Agreement) that are under negotiation or in place, (5) the status of any interconnection studies and an Interconnection Agreement, (6) the status of any required permits, (7) the status of equipment procurement, (8) evidence of financing, and (9) any other information requested by the NYISO. Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed market-based solution from further consideration. The NYISO will perform continuing analyses of the viability of a proposed market-based solution as follows: (1) between three and five years before the expiration of the benchmark lead time established for the regulated backstop solution, the NYISO will use a screening analysis to verify the feasibility of the proposed market-based solution (this analysis will not require final permit approvals or final contract documents), (2) between one and two years before the expiration of the benchmark lead time established for the regulated backstop solution, the NYISO will perform a more extensive review of the proposed market-based solution, including such elements as status of interconnection studies, contract negotiations, permit applications, financing, and site control, and (3) less than one year before the expiration of the benchmark lead time established for the

regulated backstop solution, the NYISO will perform a detailed review of the proposed market-based solution status and schedule. For the review conducted less than one year before the expiration of the benchmark lead time, it is expected, but not required, that the proposed market-based solution will have obtained its final permits, that any required interconnection studies will have been completed, that an interconnection agreement will have been filed, that financing will be in place, and that equipment will be on order. If the NYISO, following its analysis, determines that a proposed market-based solution is no longer viable, the proposed market-based solution will be removed from the list of potential market-based solutions.

31.2.4.~~4~~5 Alternative Regulated Responses

31.2.4.~~4~~5.1 In the event that insufficient market-based solutions qualified under Section 31.2.4.~~3~~4 are proposed, or the NYISO determines that there is imminent need to do so, the NYISO will initiate a second step of the solicitation process by requesting alternative regulated responses to Reliability Needs. Such proposals may include reasonable alternatives that would effectively address the identified Reliability Need.

31.2.4.~~4~~5.2 In response to the NYISO's request, Other Developers may develop alternative regulated proposals for generation, demand side alternatives, and/or other solutions to address a Reliability Need and submit such proposals to the NYISO. Transmission Owners, at their option, may submit additional proposals for regulated solutions to the NYISO. Transmission Owners and Other Developers may submit such proposals to the NYDPS for review at any time. Subject to the execution of appropriately drawn confidentiality agreements and FERC's standards of conduct, the NYISO and the appropriate Transmission Owner(s) shall provide Other Developers access to the data that is needed to

develop their proposals. Such data shall be used only for purposes of preparing an alternative regulated proposal in response to a Reliability Need.

31.2.4.~~6.3~~ Qualifications for Alternative Regulated Solutions

The submission of a proposed alternative regulated solution must include: (1) evidence of a commercially viable technology, (2) a major milestone schedule, (3) evidence of site control, or a plan for obtaining site control, (4) the status of any contracts (other than an Interconnection Agreement) that are under negotiation or in place, (5) the status of any interconnection studies and an Interconnection Agreement, (6) the status of any required permits, (7) the status of equipment procurement, (8) evidence of financing, and (9) any other information requested by the NYISO. Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed alternative regulated solution from further consideration. A proponent of a proposed alternative regulated solution must notify the NYISO immediately of any material change in status of a proposed alternative regulated solution. For purposes of this provision, a material change includes, but is not limited to, a change in the financial viability of the developer, a change in the siting status of the project, and a change in a major element of the project's development. If the NYISO, at any time, learns of a material change in the status of a proposed alternative regulated solution, it may, at that time, make a determination as to the continued viability of the proposed alternative regulated solution. The NYISO will perform continuing analyses of the viability of a proposed alternative regulated solution as follows: (1) between three and five years before the expiration of the benchmark lead time established

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for the regulated backstop solution, the NYISO will use a screening analysis to verify the feasibility of the proposed alternative regulated solution (this analysis will not require final permit approvals or final contract documents), (2) between one and two years before the expiration of the benchmark lead time established for the regulated backstop solution, the NYISO will perform a more extensive review of the proposed alternative regulated solution, including such elements as status of interconnection studies, contract negotiations, permit applications, financing, and site control, and (3) less than one year before the expiration of the benchmark lead time established for the regulated backstop solution, the NYISO will perform a detailed review of the proposed alternative regulated solution status and schedule. For the review conducted less than one year before the expiration of the benchmark lead time, it is expected, but not required, that the proposed alternative regulated solution will have obtained its final permits, that any required interconnection studies will have been completed, that an interconnection agreement will have been filed, that financing will be in place, and that equipment will be on order. Prior to making a determination about the viability of a proposed alternative regulated solution, the NYISO will communicate its intended determination to the project sponsor along with the basis for its intended determination, and will provide the sponsor a reasonable period (not more than two weeks) to respond to the NYISO's intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed alternative regulated solution. If the NYISO, following its analysis, determines that a proposed alternative regulated solution is no longer viable, the proposed alternative

regulated solution will be removed from the list of potential alternative regulated solutions.

31.2.4.~~5~~7 Additional Solutions

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

31.2.5 NYISO Evaluation of Proposed Solutions to Reliability Needs

31.2.5.1 Comparable Evaluation of All Proposed Solutions

When evaluating proposed solutions to Reliability Needs, all resource types shall be considered on a comparable basis as potential solutions to the Reliability Needs identified: generation, transmission and demand response.

31.2.5.2 Evaluation of Regulated Backstop Solutions

The NYISO shall evaluate a proposed regulated backstop solution submitted by a Responsible Transmission Owner pursuant to Section 31.2.4.1 to determine whether it will meet the identified Reliability Need in a timely manner, and will report the results of its evaluation in the CRP.

31.2.5.3 Evaluation of Market Based Proposals

The NYISO shall review proposals for market-based solutions and determine whether they resolve a Reliability Need. If market-based solutions are found by the NYISO to be sufficient to meet **a** Reliability Need in a timely manner, the NYISO will so state in the CRP. The NYISO will not select from among the market-based solutions if there is more than one proposal which will meet the same Reliability Need.

31.2.5.4 Evaluation of Alternative Regulated Responses

If market-based solutions do not resolve a Reliability Need, the NYISO shall proceed to review the proposed alternative regulated solutions submitted in accordance with Section 31.2.4.~~4~~5 above, and will report the results of its review in the CRP.

31.2.5.5 Resolution of Deficiencies

Following initial review of the proposals, as described above, NYISO Staff will identify any reliability deficiencies in each of the proposed solutions. The Responsible Transmission Owner, Transmission Owner or Other Developer will discuss any identified deficiencies with the NYISO Staff. Other Developers and Transmission Owners that propose alternative regulated solutions shall have the option to revise and resubmit their proposals to address any identified deficiency. With respect to regulated backstop solutions proposed by a Responsible Transmission Owner pursuant to Section 31.2.4.1, the Responsible Transmission Owner shall make necessary changes to its proposed backstop solution to address any reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review. The NYISO shall review all such revised proposals to determine that all of the identified deficiencies have been resolved.

31.2.5.6 Designation of Regulated Backstop Solution and Responsible Transmission Owner

If the NYISO determines that a market-based solution will not be available in time to meet a Reliability Need, and finds that it is necessary to take action to ensure reliability, it will state in the CRP that implementation of a regulated solution is necessary. The NYISO will also identify in the CRP (1) the regulated backstop solution that the NYISO has determined will meet the Reliability Need in a timely manner, and (2) the Responsible Transmission Owner.

31.2.5.7 Process for Consideration of Regulated Backstop ~~Transmission~~ Solution and Alternative Regulated ~~Transmission~~ Solutions

Upon a finding by the NYISO under Section 31.2.6.4 of this Attachment that a regulated solution should proceed, the Transmission Owner will make a presentation to the ESPWG that will provide a description of the regulated backstop solution. The presentation will include a non-binding preliminary cost estimate of that backstop solution; provided, however, that a Responsible Transmission Owner shall be entitled to full recovery of all reasonably incurred costs related to the regulated backstop solution. Any Alternative Regulated Solution proponent seeking regulated cost recovery for its project will also make a presentation to the ESPWG at the time of the above finding by the NYISO providing a description of the Alternative Regulated Solution, including a non-binding preliminary cost estimate of the project. The NYISO and stakeholders through this process will have the opportunity to review and discuss the scope of the projects and their associated non-binding preliminary cost estimates prior to implementation.

31.2.5.8 Regulated Solution to Proceed in Parallel with a Market-based Solution

If the NYISO determines that it is necessary for the Responsible Transmission Owner to proceed with a regulated solution to be conducted in parallel with a market-based solution in order to ensure that a Reliability Need is met in a timely manner, the CRP will so state.

31.2.5.9 Gap Solutions

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

31.2.5.9.2 If there is an imminent threat to the reliability of the New York power system, the NYISO Board, after consultation with the NYDPS, may request the appropriate Transmission Owner or Transmission Owners to propose a Gap Solution outside of the normal planning cycle.

31.2.5.9.3 Upon the NYISO's determination of the need for a Gap Solution, pursuant to either Section 31.2.5.9.1 or 31.2.5.9.2 above, the Responsible Transmission Owner will propose such a solution, as soon as reasonably possible, for consideration by the NYISO and NYDPS.

31.2.5.9.4 Any party may submit an alternative Gap Solution proposal to the NYISO and the NYDPS for their consideration. The NYISO shall evaluate all Gap Solution proposals to determine whether they will meet the Reliability Need or imminent threat. The NYISO will report the results of its evaluation to the party making the proposal as well as to the NYDPS and/or other appropriate governmental agency(ies) and/or authority(ies) for consideration in their review of the proposals. The appropriate governmental agency(ies) and/or authority(ies) with jurisdiction over the implementation or siting of Gap Solutions will determine whether the Gap Solution or an alternative Gap Solution will be implemented to address the identified Reliability Need.

31.2.5.9.5 Gap Solution proposals submitted under Sections 31.2.5.9.3 and 31.2.5.9.4 shall be designed to be temporary solutions and to strive to be compatible with permanent market-based proposals.

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

31.2.5.10 Confidentiality of Solutions

31.2.5.10.1 The term "Confidential Information" shall include all types of solutions to Reliability Needs that are submitted to the NYISO as a response to Reliability Needs identified in any RNA issued by the NYISO as part of the CRPP if the supplier or owner of that solution designates such reliability solutions as "Confidential Information."

31.2.5.10.2 For regulated backstop solutions and plans submitted by the Responsible Transmission Owner in response to the findings of the RNA, the NYISO shall maintain the confidentiality of same until the NYISO and the Responsible Transmission Owner have agreed that the Responsible Transmission Owner has submitted sufficient regulated backstop solutions and plans to meet the Reliability Needs identified in an RNA. Thereafter, the NYISO shall disclose the regulated backstop solutions and plans to the Market Participants; however, any preliminary cost estimates that may have been provided to the NYISO shall not be disclosed.

31.2.5.10.3 For an alternative regulated response, the NYISO shall determine, after consulting with the owner or supplier thereof, whether the response would meet part or all of the Reliability Needs identified in an RNA, and thereafter disclose the alternative regulated response to the Market Participants and other interested parties; however, any preliminary cost estimates that may have been provided to the NYISO shall not be disclosed.

31.2.5.10.4 For a market-based response, the NYISO shall maintain the confidentiality of same during the CRPP and in the Comprehensive Reliability Plan, except for the following information which may be disclosed by the NYISO: (i) the type of resource proposed (e.g., generation, transmission, demand side); (ii) the size of the resource expressed in Megawatts of equivalent load that would be served by

that resource; (iii) the subzone in which the resource would interconnect or otherwise be located; and (iv) the proposed in-service date of the resource.

31.2.5.10.5 In the event that the developer has made a public announcement of its project or has submitted a proposal for interconnection with the NYISO, the NYISO shall disclose the identity of the market-based developer and the specific project during the CRPP and in the Comprehensive Reliability Plan.

31.2.6 Comprehensive Reliability Plan

Following the NYISO's evaluation of the proposed market-based and regulated solutions to Reliability Needs, the NYISO will prepare a draft Comprehensive Reliability Plan ("CRP"). The draft CRP shall set forth the NYISO's findings and recommendations, including any determination that implementation of a regulated solution (which may be a Gap Solution) is necessary to ensure system reliability.

31.2.6.1 Collaborative Governance Process

The NYISO Staff shall submit the draft CRP to TPAS and ESPWG for review and comment. The NYISO shall make available to any interested party sufficient information to replicate the results of the draft CRP. The information made available will be electronically masked and made available subject to such other terms and conditions that the NYISO may reasonably determine are necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft CRP reflecting the revisions resulting from the TPAS and ESPWG review, shall be forwarded to the Operating Committee for a discussion and action. The NYISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft CRP is to be presented. Following the Operating

Committee vote, the draft CRP will be transmitted to the Management Committee for a discussion and action.

31.2.6.2 Board Action

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

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

31.2.6.3 Reliability Disputes

Notwithstanding any provision to the contrary in this Attachment, the NYISO OATT, or the NYISO Services Tariff, in the event that a Market Participant or other interested party raises a dispute solely within the NYPSC's jurisdiction concerning NYISO's final determination in the CRP that **a** proposed solution will or will not meet **a** Reliability Need, a Market Participant or other interested party seeking further review shall refer such dispute to the NYPSC for

resolution, as provided for in the NYISO's Comprehensive Reliability Planning Process Manual. The NYPSC's final determination of such disputes shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

31.2.6.4 Determination of Necessity

31.2.6.4.1 If the NYISO determines in the CRP that implementation of a regulated solution is necessary, the NYISO will request the Responsible Transmission Owner to submit its proposal for a regulated backstop solution to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process. The Responsible Transmission Owner in response to the NYISO request shall make such a submission. Other Developers and Transmission Owners proposing alternative regulated solutions pursuant to Section 31.2.4.~~4~~5.2 that have completed any changes required by the NYISO under Section 31.2.5.4, which the NYISO has determined will resolve the identified Reliability Need, may submit these proposals to the appropriate governmental agency(ies) and/or authority(ies) for review. The appropriate governmental agency(ies) and/or authority(ies) with jurisdiction over the implementation or siting will determine whether the regulated backstop solution or an alternative regulated solution will be implemented to address the identified Reliability Need. If the appropriate governmental agency(ies) and/or authority(ies) makes a final determination that an alternative regulated solution is the preferred solution to a Reliability Need and that the regulated backstop solution should not be implemented, implementation of the alternative regulated solution will be the responsibility of the Transmission Owner or Other Developer that proposed the alternative regulated solution, and

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the Responsible Transmission Owner will not be responsible for addressing the Reliability Need through the implementation of its regulated backstop solution. Should the alternative regulated solution not be implemented, the NYISO may request a Gap solution pursuant to Section 31.2.5.9 of this Attachment.

31.2.6.4.2 If the NYISO determines in the CRP that it is necessary for the Responsible Transmission Owner to proceed with the regulated solution identified in 31.2.6.4.1 in parallel with a market-based solution in order to ensure that a Reliability Need is met in a timely manner, the Responsible Transmission Owner shall proceed with due diligence to develop it in accordance with Good Utility Practice unless or until notified by the NYISO that it has determined that the regulated solution is no longer needed.

31.2.6.4.3 If, after consultation with the Responsible Transmission Owner, the NYISO determines that the Responsible Transmission Owner has not submitted its proposed solution for necessary regulatory action within a reasonable period of time, or that the Responsible Transmission Owner has been unable to obtain the approvals or property rights necessary under applicable law to construct the project, the NYISO shall submit a report to the FERC for its consideration and determination of whether any action is appropriate under federal law.

31.2.7 Monitoring of Reliability Project Status

31.2.7.1 The NYISO will monitor and report on the status of market-based solutions to ensure their continued viability to meet Reliability Needs on a timely basis in the CRP. The NYISO's criteria to assess the continued viability of such projects are included in the NYISO's Comprehensive Reliability Planning Process Manual.

31.2.7.2 The NYISO will monitor and report on the status of regulated solutions to ensure their continued viability to meet Reliability Needs on a timely basis in the CRP. The NYISO's criteria to assess the continued viability of such projects are included in the NYISO's Comprehensive Reliability Planning Process Manual.

31.2.7.3 The NYISO will apply the criteria in this Section 31.3 for halting a regulated solution that is already underway because of the entry of a viable market-based solution that the NYISO has determined will meet the same Reliability Need. These criteria shall also include a cut-off point following which a regulated solution may not be cancelled regardless of the appearance of a market-based solution.

31.2.7.3.1 The NYISO shall review proposals for market-based solutions, pursuant to Section 31.2.5.3 of this Attachment Y. If, based on the availability of market-based solution(s) to meet the identified Reliability Need, the NYISO determines that the regulated backstop solution is no longer needed and should be halted, it will immediately notify the Responsible Transmission Owner and will so state in the CRP. If a regulated backstop solution is halted by the NYISO, all of the costs incurred and commitments made by the Responsible Transmission Owner up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, will be recoverable by the Responsible Transmission Owner under the cost recovery mechanism in the NYISO tariff regardless of the nature of the solution.

31.2.7.3.2 Once the Responsible Transmission Owner submits its application for state regulatory approval of the regulated backstop solution, pursuant to Section 31.2.6.4.1 of this Attachment Y, or, if state regulatory approval is not

required, once the Responsible Transmission Owner submits its application for any necessary regulatory approval, the entry of a market-based solution will not result in the halting by the NYISO of the regulated backstop solution. The NYISO, however, will continue to evaluate proposed market-based solutions to determine their ability to meet the identified Reliability Need in a timely manner, and will provide the results of its review to the Responsible Transmission Owner, Market Participants and the appropriate state regulatory agency(ies).

31.2.7.3.3 If a material modification to the regulated backstop solution is proposed by any federal, state or local agency, the Responsible Transmission Owner will request the NYISO to conduct a supplemental reliability review. If the NYISO identifies any reliability deficiency in the modified solution, the NYISO will so advise the Responsible Transmission Owner and the appropriate federal, state or local regulatory agency(ies).

31.2.7.3.4 If the appropriate federal, state or local agency(ies) does not approve a necessary authorization for the regulated backstop solution, all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision will be recoverable by the Responsible Transmission Owner under the NYISO cost recovery mechanism regardless of the nature of the solution.

31.2.7.3.5 The NYISO is not required to review market-based solutions to determine whether they will meet the identified Reliability Need in a timely manner after the regulated backstop solution has received federal and state regulatory approval, unless a federal or state regulatory agency requests the NYISO to conduct such a

review. The NYISO will report the results of its review to the federal or state regulatory agency, with copies to the Responsible Transmission Owner.

31.2.7.3.6 If a necessary federal, state or local authorization for a regulated solution is withdrawn, all expenditures and commitments made up to that point including reasonable and necessary expenses incurred to implement an orderly termination of the project, will be recoverable under the NYISO cost recovery mechanism by the Responsible Transmission Owner regardless of the nature of the solution. When an alternative regulated solution proposed by a Transmission Owner or Other Developer has been determined by the PSC or other State authorities to be the preferred solution to a Reliability Need and the Transmission Owner or Other Developer makes all best efforts to obtain necessary federal, state or local authorization, but these authorizations are not granted or are withdrawn, then all reasonably incurred expenditures and necessary expenses incurred to implement an orderly termination of the project, will be recoverable under the NYISO cost recovery mechanism by the Transmission Owner or Other Developer, provided that such expenditures and commitments were before the PSC or other State authorities when it made its determination that the alternative regulated solution is the preferred solution.

31.2.7.4 The NYISO will apply the criteria in this Section 31.2.7.4 for determining the cutoff date for a determination that a market-based solution will not be available to meet a Reliability Need on a timely basis.

31.2.7.4.1 In the first instance, the NYISO shall employ its procedures for monitoring the viability of a market-based solution to determine when it may no longer be viable. Under the conditions where a market-based solution is

proceeding after the date on which the NYISO would otherwise have invoked a regulated backstop solution, it becomes even more critical for the NYISO to conduct a continued analysis of the viability of such market-based solutions.

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

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

31.2.7.4.4 Based upon the above information, the NYISO will perform an independent review of the development status of the market-based solution to determine that it remains viable to meet the identified reliability need in a timely manner. If the NYISO, at any time, learns of a material change in the project

status of a market-based solution, it may, at that time, make a determination as to the continued viability of such project.

31.2.7.4.5 The NYISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the project sponsor along with the basis for its intended determination. The NYISO shall provide sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO's intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed solution.

31.2.7.4.6 If the NYISO determines that a market-based solution that is needed to meet an identified Reliability Need is no longer viable, it will request the Responsible Transmission Owner to invoke the regulated backstop solution, or to seek other measures including but not limited to a Gap Solution, to ensure the reliability of the system within the benchmark timeframe.

31.2.7.4.7 If the NYISO determines that the market-based solution is still viable, but that its in-service date is likely to slip beyond the reliability need date, the NYISO will request the Responsible Transmission Owner to prepare a Gap Solution in accordance with the provisions of this Attachment Y.

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