NEW YORK INDEPENDENT SYSTEM OPERATOR
10 Krey Boulevard ♦ Rensselaer, NY 12144

January 23, 2017

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: ***New York Independent System Operator, Inc.*****, Proposed Tariff Revisions Regarding Interconnection Process Improvements, Request for Expedited Commission Action, Request for Waiver of Prior Notice Requirement, and Request for Shortened Comment Period; Docket No. ER17-____**

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act[1] and Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations,[2] the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to the interconnection procedures set forth in Attachments S (Section 25) and X (Section 30) of its Open Access Transmission Tariff ("OATT").[3]

The proposed revisions improve upon the NYISO's interconnection study process by providing Developers with additional flexibility in addressing the regulatory milestone requirement that must be met for a project to enter into a Class Year Interconnection Facilities Study ("Class Year Study"). The tariff revisions were developed as part of an ongoing effort by NYISO staff and stakeholders to identify and implement improvements to current tariff requirements related to the interconnection process. The revisions address a specific concern raised by Developers and were broadly approved by stakeholders with limited abstentions.

The NYISO respectfully requests that the Commission issue an order no later than February 22, 2017, that the Commission waive its prior notice requirements to make the tariff revisions effective no later than February 22, 2017, and that the Commission adopt a shortened comment period of seven days to allow these proposed tariff revisions to apply to the next Class Year Study, which is scheduled to start on March 1, 2017. As described in Part IV of this letter, there is good cause for the Commission to adopt a shortened comment period and to expeditiously issue an order with a February 22, 2017 effective date. The requested effective

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[1] *See* 16 U.S.C. § 824d (2000).

[2] 18 C.F.R § 35 *et seq.* (2009).

[3] Capitalized terms not otherwise defined in this letter have the meaning set forth in Attachments S, X and Z of the OATT.

date and expedited treatment may significantly benefit up to 18 Developers in the NYISO's interconnection queue and will not, to the NYISO's knowledge, prejudice any stakeholder. NYISO stakeholders and interested parties have been on notice since December 9, 2016 of the proposed tariff revisions, which were approved without stakeholder objection.

I. Documents Submitted

The NYISO submits the following documents with this filing letter:

- A clean version of the proposed revisions to Attachments S and X of the OATT ("Attachment I"); and

- A blacklined version of the proposed revisions to Attachment S and X to the OATT ("Attachment II").

II. Background

Attachment X to the OATT contains the NYISO's procedures for evaluating proposed interconnections of Large Generating Facilities and Merchant Transmission Facilities to the New York State Transmission System or Distribution System. Attachment X establishes three successive Interconnection Studies of each proposed project. The first study is the Interconnection Feasibility Study, which is a high-level evaluation of the configuration and local system impacts.[4] The second study is the Interconnection System Reliability Impact Study ("SRIS"), which is a detailed single-project study that evaluates the project's impact on transfer capability and system reliability.[5] The third and final study is the Class Year Study.[6]

The Class Year Study is a detailed study that evaluates the cumulative impact of a group of projects - a "Class Year" of projects - that have met specified eligibility requirements by the Class Year Start Date and have elected to enter that Class Year Study.[7] The Class Year Study identifies the upgrade facilities needed to reliably interconnect all of the projects in the Class Year.[8] The Class Year Study procedures are primarily contained in Attachment S to the OATT.[9]

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[4] *See* Attachment X, Section 30.6.

[5] *See* Attachment X, Section 30.7.

[6] *See* Attachment X, Section 30.8.

[7] *See* Attachment X, Section 8.2; s*ee also* Attachment S, Sections 25.6.2.3.1 and 25.6.2.3.4 (Class Year eligibility and re-entry criteria).

[8] Specifically, the Class Year Study allocates the cost of System Upgrade Facilities and System Deliverability Upgrades identified in the study among the projects in the Class Year in accordance with the cost allocation methodologies set forth in Attachment S to the OATT.

[9] Attachment X details the obligations related to execution of a Class Year Study Agreement and provides a highlevel scope of the Class Year Study and Class Year Study procedures, but it incorporates by reference the terms of Attachment S, which provide more detailed Class Year Study procedures.

The hallmark of the NYISO's Class Year Study process is that it is performed for a group of projects that have achieved similar developmental milestones to determine the cumulative impact of such projects. Specifically, to enter a Class Year, a Developer's project must: (i) have an SRIS approved by the NYISO's stakeholder Operating Committee and (ii) must have satisfied one of the regulatory milestones described in Section 25.6.2.3.1 of Attachment S. The regulatory milestones are primarily state regulatory determinations or actions related to siting and permitting requirements for the facility.

For generators, the most commonly applicable regulatory milestone is a determination by the New York Department of Public Service ("DPS") that a facility's Article 10 application concerning the siting of power plants over 25 MW is in compliance with New York Public Service Law § 164 (*i.e.*, that the application is "deemed complete").[10] Section 25.6.2.3.1.1.7 of Attachment S requires:

> For a Large Generator that is larger than 25 MW, a determination pursuant to Article 10 of the Public Service Law that the Article 10 application filed for the Large Generator is in compliance with Public Service Law § 164.

The milestone is satisfied when a project's Article 10 application has been deemed complete by DPS.

The NYISO intended this Article 10 milestone to be comparable to a Developer satisfying one of the following milestones relied on under the former power plant siting process that preceded the relatively new Article 10 process: (i) the application is deemed complete or (ii) the Draft Environmental Impact Statement is deemed complete.[11] The new Article 10 process places much of the developer requirements at the inception of that process, and developers have raised concerns through the NYISO's stakeholder process regarding their ability to timely complete this milestone within the NYISO's Class Year Study eligibility time gframe. As a result, projects may not be able to reach the completed application stage in time to enter a desired Class Year Study.

In response, the NYISO recently proposed, and the Commission accepted, revisions to the interconnection process that were intended to permit additional time within which a Developer can satisfy regulatory milestones, while still encouraging projects to move through the interconnection process without unnecessary delays.[12] Specifically, the NYISO revised the

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[10] *See* Attachment S, Section 25.6.2.3.1.1.7. For Merchant Transmission Facilities, the most commonly applicable regulatory milestone is a determination by the DPS that the facility's Article VII application is in compliance with New York Public Service Law §122. *See* Attachment S, Section 25.6.2.3.1.1.7.

[11] *See New York Independent System Operator, Inc.*, 142 FERC ¶ 61,113 (2013) (accepting insertion of Article 10 regulatory milestone in Section 25.6.2.3.1.1.7 of Attachment S).

[12] *See New York Independent System Operator, Inc.*, Letter Order, Docket No. ER16-1627-000 (June 6, 2016) (accepting tariff revisions proposed by the NYISO in its May 5, 2016, filing in this docket).

Class Year requirements to allow a project to provisionally enter a Class Year Study without having met its regulatory milestone. The project would then be withdrawn if it has not satisfied the regulatory milestone requirement within 90 days of the Class Year Start Date. In addition, the recent tariff revisions provide a project more time to meet its regulatory milestone before it is subject to withdrawal from the NYISO's interconnection queue. Rather than having to meet the milestone within two years after the approval of the SRIS for the project by the Operating Committee, the tariff now allows a project three Class Years to achieve its regulatory milestone.

Notwithstanding these improvements, Developers have continued to express concerns regarding the challenges they face to timely enter and complete a Class Year Study due to the regulatory milestone requirement. Absent further process changes, as many as 18 projects may not be eligible to enter the next Class Year Study. In light of these concerns, the NYISO proposes the tariff revisions described in Part III to provide Developers with additional flexibility to satisfy the regulatory milestone requirement, and is seeking expedited treatment of this proposal from the Commission in order to address these issues in time for the next Class Year Study.

The proposed revisions to Attachments S and X were approved by the NYISO's stakeholders after an extensive and open process, including four stakeholder meetings. This process resulted in a consensus among stakeholders on the amendments proposed in this filing. While there were stakeholders who abstained from the Operating Committee and Management Committee votes approving the proposal and tariff language, no stakeholders opposed the proposal or proposed tariff revisions. The tariff revisions have been approved by the NYISO's Board of Directors.

III. Description of the Proposed Tariff Modifications

A. Deposit In Lieu of Satisfying Regulatory Milestone

The NYISO proposes to revise the Class Year eligibility requirements in Section 25.6.2.3.1 of Attachment S to provide Developers with an alternative to satisfying the regulatory milestone requirement to enter a Class Year. As revised, Section 25.6.2.3.1 provides that a Developer that has obtained Operating Committee approval of the SRIS for its project may enter a Class Year by either: (i) demonstrating that its project has satisfied one of the applicable Attachment S regulatory milestones (as is currently required), or (ii) submitting a two-part deposit[13] in lieu of satisfying the regulatory milestone.[14]

The first part of the deposit is an "at risk" refundable deposit of $100,000. This amount is fully refundable to the Developer if it proceeds to satisfy the applicable regulatory milestone

[13] These deposits in lieu of the regulatory milestone are in addition to the $100,000 Class Year study deposit.

[14] The NYISO proposes conforming revisions to Section 30.8.1 of the OATT.

by the earlier of: (i) twelve months after the Class Year Start Date or (ii) the Operating Committee's approval of the Class Year Study. The second part of the deposit is a fully refundable deposit in the amount of $3,000 per MW. This portion of the deposit is refundable upon the earlier of the Developer's satisfaction of the applicable regulatory milestone or its withdrawal of its project from the NYISO's interconnection queue.

The proposed revisions will enable Developers of projects that are prepared to proceed, but have not completed the Article 10 application process, to enter into a Class Year Study. The NYISO has set the two-part deposit at a level that is sufficient to indicate that the Developer making the deposit is likely to proceed with its project, which is consistent with the purpose of the regulatory milestone for entering into a Class Year. The Commission has previously indicated that the use of a deposit can demonstrate a project's commercial viability and its ability to proceed to construction.[15] Moreover, the Commission has accepted both in the NYISO's interconnection process and in other regions the use of a deposit as an appropriate mechanism for demonstrating a project's capability to proceed in the interconnection process.

Both the Southwest Power Pool, Inc. ("SPP") and the Midcontinent Independent System Operator, Inc. ("MISO") use a Developer's provision of deposits in an amount comparable to the NYISO's proposal as milestones for the project to advance in the interconnection process.

SPP requires that an Interconnection Customer submit with its executed Definitive Interconnection System Impact Study Agreement a security deposit in the amount of $1000 per MW, which deposit is refundable at commercial operation or if the interconnection request is withdrawn prior to executing the Facilities Study agreement.[16] In addition, the Interconnection Customer must provide an additional security deposit with an executed Interconnection Facilities Study Agreement equal to $3000 per MW that is refundable unless the withdrawal of the project increases the upgrade costs to other customers or the cost estimate for network upgrades has increased between studies by at least 25%.[17]

MISO requires an Interconnection Customer to make an initial milestone payment of $4000 per MW before its preliminary System Impact Study and to make subsequent milestone payments prior to the Revised System Impact Study and the Final System Impact Study of 10% and 20% of the costs of the required Network Upgrades (less previously paid amounts), respectively.[18] As the Interconnection Customer makes further milestone payments, its previous milestone payments become at risk.

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[15] *See Midwest Independent Transmission System Operator, Inc.*, 138 FERC ¶ 61,233 (2012) at P 148 ("By placing the risk of losing the capital contribution on the customer, each interconnection customer must consider its project and the accompanying risks before making the commitment to enter the Definitive Planning Phase and proceed to commercial operation. In so doing, we believe that the M2 milestone payment will help to ensure that projects that enter the Definitive Planning Phase are commercially viable and likely to proceed to commercial operation.")

[16] *See* SPP OATT, Attachment V Section 8.2.f.

[17] *See* SPP OATT, Attachment V Section 8.9.

[18] *See Midcontinent Independent System Operator, Inc.,* 158 FERC ¶ 61,003 (2017) at PP 37-43.

Finally, the NYISO's OATT includes an analogous deposit process by which a Developer that does not possess Site Control may provide a deposit for its project to proceed through the interconnection process in lieu of demonstrating Site Control.[19] The deposit will become non-refundable if the Developer does not demonstrate Site Control within a set period.

B. Time Frame for Satisfying Regulatory Milestone

The NYISO's proposed revisions do not eliminate a Developer's requirement to satisfy a regulatory milestone prior to completing the NYISO's interconnection process, even if the Developer satisfies the Class Year eligibility requirements and enters a Class Year Study by submitting a deposit in lieu of satisfying a regulatory milestone at that time. As described above, the NYISO recently revised Attachment S to modify the time frames by which a Developer must satisfy the regulatory milestone. In light of the additional revisions proposed in this filing, the NYISO proposes to revise these timing requirements to ensure that the applicable Attachment S regulatory milestones have been satisfied within a specified time after the completion of the Class Year Study.

First, the NYISO proposes to eliminate in Sections 25.6.3.1 and 25.6.2.3.3 the requirements that permit a project to enter a Class Year provisionally as long as it proceeds to satisfy a regulatory milestone with 90 days.[20] This provisional process is no longer needed as a Developer can enter into a Class Year by submitting a deposit to the NYISO.

Second, the NYISO proposes to revise the requirement in Section 25.6.2.3.2 that a project must enter a Class Year and satisfy a regulatory milestone within 90 days after the Class Year Start Date of the third Class Year Study after the Operating Committee's approval of the project's SRIS. Instead, the NYISO proposes to require that a Developer must satisfy a regulatory milestone within six months after the date the NYISO tenders the Developer with the draft Standard Large Generator Interconnection Agreement ("Interconnection Agreement").[21] This aligns with the time frame under the tariff within which an Interconnection Agreement must be executed (or a request submitted by the Developer to file an unexecuted Interconnection Agreement). Unless requested earlier, the NYISO tenders the Interconnection Agreement as soon as practicable after completion of the Class Year in which the project accepted its Project Cost Allocation and posted Security.[22] Under the NYISO's proposed tariff revisions, if a Developer does not satisfy its regulatory milestone within six months of the NYISO's tender of

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[19] *See* OATT, Attachment X Section 30.3.3.1.

[20] The NYISO also proposes to relocate from Section 25.6.2.3.1 to Section 25.6.2.3.1.1 the requirement that the applicable regulatory body must determine that a permitting application is complete.

[21] The NYISO proposes conforming revisions to Section 30.11.1 of the OATT.

[22] The proposed revisions are only applicable to Large Facilities. Small Generating Facilities are not subject to the regulatory milestone requirement in Attachment S. The only Small Generating Facilities subject to a Class Year Study are those with non-Local System Upgrade Facilities or those that request Capacity Resource Interconnection Service - in either case, they may enter the Class Year Study without satisfying a regulatory milestone.

the draft Interconnection Agreement, its project will be withdrawn from the NYISO's interconnection queue.

The revised process provides Developers with additional time to complete the regulatory milestone, while ensuring that a project satisfies its regulatory milestone requirement within a specified time period after completion of the Class Year Study. Moreover, notwithstanding the additional time provided to the Developer, the Developer still has an incentive to satisfy its regulatory milestone as soon as possible. Otherwise, as described above, the Developer may forfeit the $100,000 first part of its deposit.

IV. Request for Expedited Consideration, Wavier of Prior Notice Period and Request for Shortened Comment Period

The NYISO requests that the Commission act expeditiously and issue an order accepting the proposed tariff revisions no later than February 22, 2017. The NYISO also requests waiver of the prior notice requirements[23] in order that its proposed tariff revisions may become effective on or before February 22, 2017.

There is good cause for the Commission to shorten the usual 60 day notice period[24] and issue an order by February 22, 2017, making the tariff revisions effective on or before February 22, 2017. The scheduled Class Year Start Date for the next Class Year is March 1, 2017. The requested effective date will provide up to 18 Developers[25] proposing over 2,600 MW of new generation (over 2,000 MW of which is from proposed renewable resources) with additional options to meet the Class Year eligibility requirements, so that their projects may be eligible to enter into the next Class Year Study. The requested effective date is not expected to prejudice any stakeholder as the tariff revisions provide all Developers with additional flexibility to participate in the Class Year Study.

On the other hand, an effective date after February 22, 2017 will harm up to 18 Developers that may not be able to satisfy the existing eligibility requirements and would, therefore, be unable to enter into a Class Year Study beginning March 1, 2017. The subsequent Class Year Study will likely not begin before March 1, 2018.

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[23] 18 C.F.R. §§ 35.3 and 35.11.

[24] Section 35.11 of the Commission's regulations provides that "[u]pon application and for good cause shown, the Commission may, by order, provide that a rate schedule, tariff, or service agreement, or part thereof, shall be effective as of a date prior to the date of filing or prior to the date the rate schedule or tariff would become effective in accordance with these rules."

[25] Ten projects in the NYISO's interconnection queue that may be impacted by these tariff revisions have Operating Committee-approved SRISs and an additional 8 such projects have SRISs in progress that might be approved prior to March 1, 2017 scheduled Class Year Start Date. With these proposed tariff revisions in place, all of these 18 projects with Operating Committee-approved SRISs could be eligible to enter the Class Year 2017 Study.

NYISO stakeholders and interested parties have been on notice since December 9, 2016 of the proposed tariff revisions.[26] In developing the tariff revisions, the NYISO informed stakeholders of its intent to request an effective date that would permit the application of the new tariff revisions to Class Year 2017.[27] These tariff revisions were approved without stakeholder objection.

The requested effective date of no later than February 22, 2017 will allow the NYISO to advise potential Class Year Project Developers whether these tariff revisions have been approved and whether they will be eligible to enter the Class Year Study without having satisfied the regulatory milestone requirement. Eligible projects would then have time to consider their options and notify the NYISO as to whether they seek to enter Class Year 2017.

V. Requisite Stakeholder Approval

The tariff revisions proposed in this filing were the product of discussions with stakeholders in the NYISO's Transmission Planning Advisory Subcommittee of the Operating Committee beginning on December 1, 2016. The proposed changes to the OATT were first vetted with stakeholders on December 9, 2016 and were ultimately unanimously approved (with abstentions) by the Operating Committee on December 15, 2016, and by the Management Committee on December 21, 2016. The NYISO Board of Directors also approved the filing of these proposed changes and authorized the NYISO to make this filing.

VI. Communications and Correspondence

All communications and services in this proceeding should be directed to:

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[26] *See, e.g., New York Independent System Operator, Inc.*, 135 FERC 61,014 (2011) at P 11 (waiving 60 day prior notice requirement for good cause, noting that interested parties were aware of the proposed tariff revisions months in advance and the earlier effective date was required to enable the revisions to be implemented for timely application).

[27] *See* Slide 11 of *Modifications to Class Year Regulatory Milestone Requirements* (presented by NYISO to December 21, 2016 Management Committee meeting), *available at*: http://www.nyiso.com/public/webdocs/markets_operations/committees/mc/meeting_materials/2016-12-21/Agenda%2005_Regulatory%20Milestone%20Proposal.pdf.

[28] The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) to permit service on counsel for the NYISO

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VII. Service

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

VIII. Conclusion

For the foregoing reasons, the NYISO respectfully requests that the Commission act expeditiously by adopting a shortened comment period of seven days and issuing an order accepting for filing the proposed revisions to the OATT that are attached hereto no later than February 22, 2017, with the changes becoming effective no later than February 22, 2017.

Respectfully submitted,

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in both Washington, D.C. and Richmond, VA.

Attachment I

25.6 Cost Allocation Methodology For ERIS

25.6.1 Cost Allocation Between Developers and Connecting Transmission Owners (ATBA).

The cost of System Upgrade Facilities is first allocated between Developers and Connecting Transmission Owners, in accordance with the rules that are discussed below in this Section 25.6.1.

25.6.1.1 The cost of System Upgrade Facilities is allocated between Developers and Connecting Transmission Owners based upon the results of an Annual Transmission Baseline Assessment of the five-year need for System Upgrade Facilities. The Annual Transmission Baseline Assessment, as described in these rules, will be conducted by the NYISO staff in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Annual Transmission Baseline Assessment. The NYISO and its staff will have decisional control over the entire Annual Transmission Baseline Assessment. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Annual Transmission Baseline Assessment, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Baseline Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Annual Transmission Baseline Assessment will be reviewed and

approved by the Operating Committee. Each Annual Transmission Baseline Assessment is reviewable by the NYISO Board of Directors in accordance with provisions of the Commission-approved ISO Agreement.

25.6.1.1.1 The purpose of the Annual Transmission Baseline Assessment is to identify the System Upgrade Facilities that Transmission Owners are expected to need during the five-year period covered by the Assessment to reliably meet the load growth and changes in the load pattern projected for the New York Control Area, with cost estimates for the System Upgrade Facilities.

25.6.1.1.1.1 Procedure for Annual Transmission Baseline Assessment.

The procedure used to identify the System Upgrade Facilities that will ensure that New York State Transmission System facilities are sufficient to reliably serve existing load and meet load growth and changes in load patterns in compliance with NYSRC Reliability Rules, NPCC Basic Design and Operating Criteria, NERC Planning Standards, NYISO rules, practices and procedures, and the Connecting Transmission Owner criteria included in FERC Form No. 715 (collectively "Applicable Reliability Requirements"). The procedure will use the Applicable Reliability Requirements in effect when the Annual Transmission Baseline Assessment is commenced. The procedure will be:

25.6.1.1.1.1.1 The NYISO staff will first develop the Existing System Representation.

25.6.1.1.1.1.2 The NYISO staff will then utilize the Existing System Representation to develop existing system improvement plans with each Transmission Owner. These improvement plans will use NYISO data from the annual NYISO Load and Capacity Data Report to project system load growth and

changes in load patterns, including those that reflect demand side management, and will identify the System Upgrade Facilities needed year-by-year for the existing system to reliably serve projected load in the Transmission Owner's Transmission District for a five-year period. The NYISO staff will integrate these existing system improvement plans into the Annual Transmission Baseline Assessment to ensure that the System Upgrade Facilities needed for a five-year period are identified on a New York State Transmission System-wide basis. The Annual Transmission Baseline Assessment will identify each anticipated System Upgrade Facility project, its estimated cost, its anticipated in-service date, and the status of the project (in construction, budget approval received, budget approval pending).

25.6.1.1.1.1.3 The NYISO will identify in the Annual Transmission Baseline Assessment the System Upgrade Facilities needed to reliably meet projected load growth and changes in load pattern without the interconnection of any proposed Developer projects, except for those proposed projects included in the Existing System Representation pursuant to Section 25.5.5.

25.6.1.1.1.1.4 NYISO staff will perform thermal, voltage, and stability analyses, as appropriate, to determine the normal and emergency transfer capabilities of the statewide existing system.

25.6.1.1.1.1.5 NYISO staff will perform resource reliability analysis of the existing system to verify that the existing system meets Applicable Reliability Requirements. The results of this analysis will be reported for the entire state and for each of the New York zones.

25.6.1.1.1.1.6 If the transmission and generation facilities included in the Existing System Representation, combined with previously approved and accepted System Upgrade Facilities, are insufficient to meet Applicable Reliability Requirements on a year by year basis, then the NYISO staff will develop feasible generic solutions that satisfy the Applicable Reliability Requirements, in accordance with Section 25.6.1.2, below.

25.6.1.1.1.1.7 If the existing system meets Applicable Reliability Requirements, the NYISO staff will perform short circuit analysis to determine whether there is sufficient interrupting capability in the existing system. If there are any breaker overloads, the NYISO staff will determine the System Upgrade Facilities needed to mitigate the short circuit overloads.

25.6.1.1.1.1.8 A reassessment of Sections 25.6.1.1.1.1.4 through 25.6.1.1.1.1.6 shall be reassessed and, to the extent required by Good Utility Practice, repeated if the improvement plan impacts the transmission transfer capability of the system. The results of the short circuit analysis will be treated in the same manner as the results of thermal, voltage and stability analyses for all purposes under these cost allocation rules.

25.6.1.1.1.1.9 Each Annual Transmission Baseline Assessment conducted by NYISO staff will be reviewed and approved by the Operating Committee, and its effectiveness will be subject to the approval of the Operating Committee. In its report to the Operating Committee, the NYISO shall explain its reasons for all of its recommendations.

25.6.1.1.1.1.10 Each most recently completed Annual Transmission Baseline Assessment will be reviewed the following year by the NYISO staff and updated, as necessary, following the criteria and procedures described herein.

25.6.1.2 In developing solutions as required by Section 25.6.1.2.6, the NYISO will, as it develops its own generic solutions, also utilize the following procedures.

25.6.1.2.1 The NYISO will first select as generic solutions proposed Class Year Developer projects sufficient to meet Applicable Reliability Requirements on a year by year basis. If a proposed Class Year Developer project is larger than necessary, the NYISO shall select that portion or segment of the project that is sufficient to meet but not exceed Applicable Reliability Requirements. If the proposed Developer project is not capable of being segmented or if the Developer project cannot meet Applicable Reliability Requirements on a year by year basis, the NYISO shall not select it.

25.6.1.2.2 If the generation and transmission facilities included in the Existing System Representation, together with any proposed Developer projects that qualify as solutions pursuant to Section 25.6.1.2.1, above, are not sufficient to meet Applicable Reliability Requirements, the NYISO shall complete the development of its own generic solutions, taking into account any generic solutions proposed pursuant to Section 25.6.1.2.3, below, for inclusion in the ATBA.

25.6.1.2.3 Market Participants may also propose generic solutions for inclusion in the ATBA. The Market Participant proposing such solutions shall provide the

NYISO with all data necessary for the NYISO to determine the feasibility of such proposed generic solutions.

25.6.1.2.4 The NYISO shall develop and consider alternative sets of proposed generic solutions that fairly represent the range of feasible solutions to Applicable Reliability Requirements.

25.6.1.2.5 The NYISO shall determine the feasibility of additional generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, according to the following criteria:

25.6.1.2.5.1 The NYISO shall select only solutions that are based on proven technologies that have actually been licensed and financed, are under construction or have already been built in similar locations.

25.6.1.2.5.2 The NYISO shall select as additional generic solutions only units and facilities that can reasonably be placed in service in time to meet Applicable Reliability Requirements on a year by year basis. In making this determination, the NYISO shall consider the size and type of facility, access to fuel, access to transmission facilities, transmission upgrade requirements, construction time, and Good Utility Practice.

25.6.1.2.6 The NYISO will submit its proposed generic solutions and the alternatives that it considered to Market Participants and to an independent expert for review and will make the results of the expert's review available to Market Participants. The independent expert shall review the feasibility of the proposed generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, and of generic solutions based on the segmentation of any Class Year developer

projects under Section 25.6.1.2.1, according to the criteria set forth in Section 25.6.1.2.5.

25.6.1.2.6.1 If the independent expert concludes that one or more generic is not feasible, the NYISO shall eliminate that solution from further review.

25.6.1.2.6.2 If the NYISO does not adopt the expert's recommendations, it will state in its report to the Operating Committee its reasons for not adopting those recommendations.

25.6.1.2.7 Subject to Section 25.6.1.2.7, below, in the event that more than one generic solution or set of solutions satisfies the feasibility requirement of Section 25.6.1.2.7, the NYISO shall compare the System Upgrade Facilities that would be necessary to interconnect each such generic solution and shall adopt the solution that is most consistent with Good Utility Practice. For these purposes, in comparing alternative solutions, a generic solution that satisfies sub-load pocket deficiencies shall normally be selected first.

25.6.1.2.7.1 The NYISO shall be responsible for determining whether any generic solution or proposed Developer Project meets Applicable Reliability Requirements.

25.6.1.3 With the exception of those upgrades that were previously allocated to, and accepted by Developer projects as a part of the Annual Transmission Reliability Assessment in the Final Decision Round of previous Class Years, Developers are not responsible for the cost of any System Upgrade Facilities that are identified in the Annual Transmission Baseline Assessment, or any System

Upgrade Facilities that resolve in whole or in part a deficiency in the system identified in the Annual Transmission Baseline Assessment.

25.6.1.4 Developers are responsible for 100% of the cost of the System Upgrade Facilities, not already identified in the Annual Transmission Baseline Assessment that are needed as a result of their projects, and required for their projects to reliably interconnect to the transmission system in a manner that meets the NYISO Minimum Interconnection Standard. The System Upgrade Facilities necessary to accommodate Developer projects will be determined by the Interconnection Facilities Studies and the Annual Transmission Reliability Assessment. The criteria and procedures that will be followed to conduct the Annual Transmission Reliability Assessment are discussed below.

25.6.1.4.1 If a Connecting Transmission Owner or Developer elects to construct System Upgrade Facilities that are larger or more extensive than the minimum facilities required to reliably interconnect the proposed project, and are reasonably related to the interconnection of the proposed project, then the Connecting Transmission Owner or Developer is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Developer projects. If there is Headroom associated with these larger System Upgrade Facilities and a Developer of any subsequent project interconnects and uses the Headroom within ten years of its creation, such subsequent Developer shall pay the Connecting Transmission Owner or the Developer for this Headroom in accordance with these rules, including Section 25.8.7, below.

25.6.1.5 The System Upgrade Facilities cost for which a Developer is responsible will be determined on a "net" basis; that is, the Developer's System Upgrade Facilities cost will be determined net of the benefits, or System Upgrade Facility cost reductions, that result from the construction and operation of its project and the related upgrades. The net cost responsibility of a Developer will not be less than zero. Also, the cost responsibility of the Connecting Transmission Owner for System Upgrade Facilities will be no greater than it would have been without the Developer's project. Specifically, the Connecting Transmission Owner shall not be required to pay (in total) more than 100% of the cost of installing a specific piece of equipment.

25.6.1.5.1 The purpose of this approach is to allocate to the Developer the responsibility for the cost of the net impact of its project on the needs of the transmission system for System Upgrade Facilities. Thus, a Developer is responsible for the cost of the System Upgrade Facilities that are required by, or caused by, its project. A Developer is not responsible for the cost of System Upgrade Facilities that would be required anyway, without the construction of its project. If a Developer's project reduces the cost of System Upgrade Facilities that would be required anyway, that beneficial cost reducing impact will be recognized.

25.6.1.5.2 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are determined by NYISO staff comparing and netting the results of an Annual Transmission Baseline Assessment with the corresponding Annual Transmission Reliability Assessment in accordance with these rules.

25.6.1.5.3 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are comprised of those costs and cost reduction benefits caused by (1) the construction of System Upgrade Facilities not contained in the Annual Transmission Baseline Assessment, and (2) eliminating or reducing the need for the construction of System Upgrade Facilities contained in the Annual Transmission Baseline Assessment, due to the construction of System Upgrade Facilities associated with the proposed project.

25.6.1.5.4 The Developer's net cost responsibility will be determined using constant dollars. That is, when netting the cost of System Upgrade Facilities required for its project, as identified in the Annual Transmission Reliability Assessment, with those identified in the Annual Transmission Baseline Assessment, the cost of System Upgrade Facilities in the out-years of the Annual Transmission Baseline Assessment and the out-years of the Annual Transmission Reliability Assessment will be discounted to a current year value for netting. The cost of out-year System Upgrade Facilities will be discounted to a current value using the weighted average cost of capital of the Connecting Transmission Owner.

25.6.2 Cost Allocation Among Developers (ATRA).

The Developers' share of the cost of System Upgrade Facilities is allocated among Developers based upon the NYISO Annual Transmission Reliability Assessment. The Annual Transmission Reliability Assessment will be conducted by NYISO staff to ensure New York State Transmission System compliance with Applicable Reliability Requirements. The NYISO staff will conduct the Annual Transmission Reliability Assessment, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over

any determinative aspect of the Annual Transmission Reliability Assessment. The NYISO and its staff will have decisional control over the entire Annual Transmission Reliability Assessment. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Annual Transmission Reliability Assessment, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Reliability Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Annual Transmission Reliability Assessment will be reviewed and approved by the Operating Committee. Each Annual Transmission Reliability Assessment is reviewable by the NYISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

25.6.2.1 The Annual Transmission Reliability Assessment for each Class Year will identify the System Upgrade Facilities required for all Class Year Projects, with cost estimates for the System Upgrade Facilities. The System Upgrade Facilities identified through the Annual Transmission Reliability Assessment will only be those System Upgrade Facilities that are not already included in an Annual Transmission Baseline Assessment.

25.6.2.2 For each Annual Transmission Reliability Assessment, the NYISO will utilize the Existing System Representation used for the corresponding Annual Transmission Baseline Assessment.

25.6.2.3 Each Annual Transmission Reliability Assessment will update the results of Interconnection System Reliability Impact Studies that have previously been performed for certain proposed interconnection projects.

25.6.2.3.1 Subject to the additional requirements in Sections 25.6.2.3.2 - 25.6.2.3.4, below, a Large Facility is eligible to project included in a given Class Year Study (*i.e.,* become a Class Year Project), if on or before the Class Year Start Date (i) the Operating Committee has approved (1) an Interconnection System Reliability Impact Study for the project performed pursuant to Attachment X of the NYISO OATT or (2) a System Impact Study for the project performed pursuant to Attachment P to the NYISO OATT, and (ii) either (1) the regulatory milestone has been satisfied in accordance with Sections 25.6.2.3.1.1, 25.6.2.3.1.2, or 25.6.2.3.1.3; or (2) the Developer, in lieu of satisfying the regulatory milestone requirement, submits a two-part deposit consisting of (1) $100,000; and (2) $3,000/MW for the nameplate capability of the Large Facility. The $100,000 portion of the deposit submitted pursuant to subsection (ii)(2) of this Section 25.6.2.3.1 will be fully refundable if, within twelve months after the Class Year Start Date or the Operating Committee's approval of the Class Year Study, whichever occurs first, the Developer satisfies an applicable regulatory milestone and provides the NYISO with adequate documentation that the Large Facility has satisfied an applicable regulatory milestone. The $3,000/MW deposit will be fully refundable upon the earlier of the Large Facility's satisfaction of an applicable regulatory milestone or the Large Facility's withdrawal from the NYISO's interconnection queue. :

25.6.2.3.1.1 The Developer must obtain or achieve at least one of the regulatory determinations or actions for the Large Facility described in this Section 25.6.2.3.1.1. To satisfy the regulatory milestone, an applicable regulatory body (*e.g.*, local, state, or federal) must determine that the permitting application submitted to site and construct the Large Facility is complete, as described below:

25.6.2.3.1.1.1 In connection with the Large Facility's air or water permit application, either (i) a notice of determination of completeness mailed to the applicant by the New York State Department of Environmental Conservation ("DEC") pursuant to 6 NYCRR § 621.6(c), as may be amended from time to time, or public notice of a complete application in the Environmental Notice Bulletin, or (ii) in the absence of such notices, a demonstration that the permit application is deemed to be complete pursuant to 6 NYCRR § 621.6(h), as may be amended from time to time.

25.6.2.3.1.1.2 A negative declaration issued for the Large Facility by the lead agency pursuant to the New York State Environmental Quality Review Act ("SEQRA").

25.6.2.3.1.1.3 Under SEQRA, either (i) a determination by the lead agency, documented in minutes or other official records, that the Draft Environmental Impact Statement for the Large Facility is adequate for public review, (ii) a notice of completion of a Draft Environmental Impact Statement for the project issued by the lead agency pursuant to SEQRA, or (iii) public notice of completion in the Environmental Notice Bulletin.

25.6.2.3.1.1.4 For a Large Facility that is a Merchant Transmission Facility, a determination pursuant to Article VII that the Article VII application filed for the Merchant Transmission Facility is in compliance with Public Service Law §122.

25.6.2.3.1.1.5 A Notice of Availability of a Draft Environmental Impact Statement for the Large Facility filed with the U.S. Environmental Protection Agency pursuant to the National Environmental Policy Act of 1969 ("NEPA") and its implementing regulations.

25.6.2.3.1.1.6 A final Finding of No Significant Impact for the project issued by the lead agency pursuant to NEPA and its implementing regulations.

25.6.2.3.1.1.7 For a Large Generator that is larger than 25 MW, a determination pursuant to Article 10 of the Public Service Law that the Article 10 application filed for the Large Generator is in compliance with Public Service Law § 164.

25.6.2.3.1.2 A Large Facility located outside New York State will satisfy the regulatory milestone by achieving Section 25.6.2.3.1.1.5 or 25.6.2.3.1.1.6, above, or by satisfying a milestone comparable to that specified in Section 25.6.2.3.1.1.1 through 25.6.2.3.1.1.4, above, under applicable permitting laws.

25.6.2.3.1.3 In the event that none of the permitting processes referred to in Section 25.6.2.3.1.1 and 25.6.2.3.1.2 apply to the Large Facility, the Large Facility will be considered to have satisfied the regulatory milestone and will qualify for Class Year entry as of the date the Operating Committee approved the Large Facility's Interconnection System Reliability Impact Study.

25.6.2.3.1.4 After a Large Facility's Interconnection System Reliability Impact Study is approved by the Operating Committee and until the NYISO confirms that the

Large Facility has satisfied the regulatory milestone, the Developer must inform the NYISO each year, within five business days of the Class Year Start Date, whether or not the Large Facility has satisfied the regulatory milestone described above. If a project fails to inform the NYISO by this date, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.2 A project must satisfy the applicable regulatory milestone in Section 25.6.2.3.1, above, within six (6) months after the date the NYISO tenders to the project Developer the Standard Large Generator Interconnection Agreement for the project pursuant to Section 30.11.1 of Attachment X to the NYISO OATT.

25.6.2.3.3 If a project fails to satisfy the regulatory milestone within this time period, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4 Once a project has an Operating Committee-approved SRIS or the NYISO has determined the project is required to enter a Class Year Study pursuant to Attachment Z, then the project may enter up to two, but no more than two, of the next three consecutive Class Year Studies. The first Class Year with a Class Year Start Date after the date the Operating Committee approves a project's Interconnection System Reliability Impact Study will count as the first of the three consecutive Class Year Studies. For purposes of this Section 25.6.2.3.4, a Class Year that a project enters and from which it later withdraws for ERIS

evaluation pursuant to Section 25.7.7.1 or 25.6.2.3.3 of this Attachment S, counts as one of the two Class Years a project may enter.

25.6.2.3.4.1 Except as provided in Section 25.6.2.3.4.3, the project must accept its System Upgrade Facilities cost allocation and post required security for Energy Resource Interconnection Service from a Class Year ATRA that is no later than the first to occur of either (i) the second Class Year ATRA the project enters, or (ii) the third consecutive Class Year that starts after the project satisfies the eligibility criteria for inclusion in the Class Year ATRA. If the project fails to accept its System Upgrade Facilities cost allocation and post security by this deadline, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4.2 Except as provided in Section 25.6.2.3.4.3, below, if a project has not accepted its System Upgrade Facilities cost allocation and posted required security for Energy Resource Interconnection Service from either the first or second Class Year that starts after the project satisfies the eligibility criteria for inclusion in the Class Year ATRA and has not entered both the first and second such Class Year ATRA, then the project must enter the third Class Year ATRA (by executing the Class Year Interconnection Facilities Study Agreement and providing the required data and deposit). If the developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section

30.3.6 of the Large Facilities Interconnection Procedures contained in Attachment X.

25.6.2.3.4.3 A project that was a member of a completed Class Year but did not accept its System Upgrade Facilities cost allocation and post any required security as of January 17, 2010 will be able to enter any one of the three consecutive Class Year ATRAs starting after that date. If the project enters one of these Class Year ATRAs and fails to accept its System Upgrade Facilities cost allocation and post required security, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures. If the project has not entered either the first or second such Class Year, then the project must enter the third Class Year ATRA (by executing the Class Year Interconnection Facilities Study Agreement and providing the required data and deposit). If the Developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures.

25.6.2.4 The Annual Transmission Reliability Assessment will update Interconnection System Reliability Impact Study results in accordance with the Class Year Interconnection Facilities Study procedures in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the NYISO OATT.

25.6.2.5 For interconnection projects included in each Annual Transmission Reliability Assessment, the Interconnection System Reliability Impact Study updated results will specify the impact of each project in the Class Year on the

reliability of the transmission system, that is, the pro rata contribution of each project in the Class Year to each individual System Upgrade Facilities identified in the updates.

25.6.2.5.1 In the case of a new System Upgrade Facility that has a functional capacity not readily measured in amperes or other discrete electrical units, such as a System Upgrade Facility dedicated to system protection, the pro rata impact of each project in the Class Year on the reliability of the transmission system will be based upon the number of projects in the Class Year contributing to the need for the new System Upgrade Facility. The pro rata impact of each project in the Class Year needing such a new System Upgrade Facility will be equal. Accordingly, the pro rata contribution of each of the projects to the need for the new System Upgrade Facility will be equal to (1/a), where "a" is the total number of projects in the Class Year needing the new System Upgrade Facility.

25.6.2.5.2 In the case of a new System Upgrade Facility that has a capacity readily measured in amperes or other discrete electrical units, the impact of each project in the Class Year will be stated in terms of its pro rata contribution to the total electrical impact on each individual System Upgrade Facility in the Class Year of all projects that have at least a *de minimus* impact, as described in Section 25.6.2.6.1 of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the transmission problem primarily causing the need for the individual System Upgrade Facility.

25.6.2.5.2.1 Contribution to short circuit current for interrupting duty beyond the rating of equipment.

25.6.2.5.2.2 Contribution to MW loading on the critical element for thermal overloads under the test conditions that cause the need for a System Upgrade Facility. MW contribution will be calculated by multiplying the associated distribution factor by the declared maximum MW of the project. The distribution factor is calculated by pro rata displacement of New York System load by the added generation.

25.6.2.5.2.3 Contribution to voltage drop on the most critical bus for voltage problems. A critical bus will be defined as representative for voltage conditions during a specific contingency. The pro rata impact of each project is measured as the ratio of the voltage drop at the critical bus caused by the project when none of the other projects are represented, to the voltage drop at the critical bus when all of the projects in the Class Year are represented.

25.6.2.5.2.4 Contribution to transient stability problems as measured by the fault current calculated for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.6 For each individual electrical impact standard listed in subsections 6.(a)(1) through 6.(a)(4) below, a Developer will not be responsible for the cost associated with a corresponding System Upgrade Facility if its project's contribution is less than the *de minimus* impacts defined below. The costs of projects that would otherwise have been allocated to certain Developer's projects but for the sub-*de minimus* impact exemption, shall be allocated 100 percent to the other Developers in the Class Year according to their pro rata contribution.

25.6.2.6.1 *De minimus* impact is defined in terms of any one of the factors listed below in this subsection. Examples of computations used to determine *de minimus* impact are shown in ISO Procedures.

25.6.2.6.1.1 Short Circuit Contribution: Equal to or greater than 100 amperes of the existing rating of the equipment that needs to be replaced.

25.6.2.6.1.2 Thermal Loadings: Equal to or greater than 10 MW on the most limiting monitored element under the most critical contingency that is causing the need for transmission improvements.

25.6.2.6.1.3 Voltage Effects: Equal to or greater than 2% of the voltage drop occurring with all Class Year Projects at the most critical bus.

25.6.2.6.1.4 Stability Effects: Equal to or greater than 100 amperes of the fault current for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.7 The pro rata contribution of each project in the Class Year to each of the System Upgrade Facilities identified in the Annual Transmission Reliability Assessment.

25.6.2.7.1 First, in accordance with Section 25.6.1.5 of these rules, the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment is compared and netted with the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment. If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does not exceed the total cost of System Upgrade

Facilities identified in the Annual Transmission Baseline Assessment, then there is no cost to be allocated among Class Year Developers.

25.6.2.7.2 If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment by some amount, then this amount ("Overage Cost") is a cost to be allocated among Class Year Developers. Appendix One to this Attachment S sets out an example of an allocation of Overage Cost among Class Year Developers.

25.6.2.7.3 The Overage Cost represents a percentage of the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment ("Overage Cost Percentage").

25.6.2.7.4 Each System Upgrade Facility identified in the Annual Transmission Reliability Assessment has a cost specified for it in the Annual Transmission Reliability Assessment.

25.6.2.7.5 The pro rata contribution of each project in the Class Year to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment represents a percentage contribution to the need for that System Upgrade Facility ("Contribution Percentage").

25.6.2.7.6 An individual Developer's pro rata responsibility for the cost of each System Upgrade Facility identified in the Annual Transmission Reliability Assessment is the product of (a) the Overage Cost Percentage; (b) the Developer's Contribution Percentage for the particular System Upgrade Facility; and (c) the

cost of the particular System Upgrade Facility as specified in the Annual Transmission Reliability Assessment.

25.6.2.7.7 If the least cost solution identified is to install one System Upgrade Facility (*e.g.*, a series reactor) rather than replacing a number of System Upgrade Facilities (*e.g.*, breakers), the NYISO staff will determine each Developer's Contribution Percentage by calculating what each Developer's pro rata contribution would have been on the System Upgrade Facilities not replaced (*e.g.,* breakers) and applying that percentage to the System Upgrade Facility that is installed (*e.g.,* series reactor).

30.8 Class Year Interconnection Facilities Study

30.8.1 Class Year Interconnection Facilities Study Agreement

As soon as practicable after a Study Start Date is established pursuant to Section 25.5.9 of Attachment S to the OATT, the NYISO shall provide a Class Year Interconnection Facilities Study Agreement for the next Class Year in the form of Appendix 4 to these Large Facility Interconnection Procedures to each Developer and Interconnection Customer who has not previously received an agreement for the next Class Year, upon confirmation by the NYISO that the Developer is an Eligible Class Year Project or upon request if the Developer is requesting to enter a Class Year Study only to request CRIS. The NYISO shall tender a Class Year Interconnection Facilities Study Agreement at an earlier point to any Developer or Interconnection Customer confirmed by the NYISO to be an Eligible Class Year Project that so requests. When the NYISO provides a Class Year Interconnection Facilities Study Agreement to an Eligible Class Year Project, the NYISO shall, at the same time, also provide one to that Eligible Class Year Project's Connecting Transmission Owner. The Class Year Interconnection Facilities Study Agreement shall provide that the Class Year Project shall compensate the NYISO and Connecting Transmission Owner for the actual cost of the Class Year Interconnection Facilities Study. When the NYISO provides the Class Year Interconnection Facilities Study Agreement to the Eligible Class Year Project, the NYISO shall provide to the Eligible Class Year Project a non-binding good faith estimate of the cost and timeframe for completing the Class Year Interconnection Facilities Study. The Eligible Class Year Project shall execute the Class Year Interconnection Facilities Study Agreement and deliver the executed Class Year Interconnection Facilities Study Agreement to the NYISO by the later of (1) the study start date of the Annual Transmission Reliability Assessment, or (2) thirty (30) Calendar

Days after the Developer's receipt of the Class Year Interconnection Facilities Study Agreement. Starting with the Class Year subsequent to Class Year 2012, with the executed Class Year Interconnection Facilities Study Agreement, the Class Year Project shall deliver to the NYISO (1) the required technical data; (2) the Class Year Project's interconnection service evaluation election; (3) for Large Facilities not yet In-Service, an updated proposed In-Service Date and updated proposed Commercial Operation Date (subject to the ten (10) year limitation set forth in Section 30.3.1); (4) a study deposit of $100,000 (if the Class Year Project seeks evaluation for ERIS or ERIS and CRIS), or $50,000 (if the Class Year Project seeks only CRIS); and (5) if the Developer has not satisfied the applicable regulatory milestone described in Section 25.6.2.3.1.1 of Attachment S to the OATT, a two-part deposit consisting of $100,000 plus $3,000/MW deposit as required by Section 25.6.2.3.1(ii)(2). At the same time the Class Year Project provides the above items to the NYISO, the Class Year Project shall deliver the executed Class Year Interconnection Facilities Study Agreement, together with the required technical data (as applicable), to the Transmission Owner. The NYISO and Transmission Owner shall execute the Class Year Interconnection Facilities Study Agreement within ten (10) Business Days of receipt of the Class Year Interconnection Facilities Study Agreement executed by the Class Year Project and the required technical data.

30.8.1.1 NYISO shall invoice the Class Year Project on a monthly basis for the work to be conducted on the Class Year Interconnection Facilities Study each month. Any Class Year Project having elected only ERIS shall not be invoiced for any part of the cost of the Class Year Deliverability Study. Any Class Year Project that elects to reduce the MW of CRIS it requests to be evaluated in the Class Year Deliverability Study and thereby opts out of any additional detailed

studies, if required, for System Deliverability Upgrades, shall not be invoiced for any additional detailed studies required for System Deliverability Upgrades. The Class Year Project shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice.

30.8.2 Scope of Class Year Interconnection Facilities Study

The Class Year Interconnection Facilities Study shall be performed concurrently as a combined Class Year Interconnection Facilities Study for a Class Year, as determined in accordance with Attachment S of the NYISO OATT, to fulfill the requirements of this Section 30.8, and the requirements of the Annual Transmission Reliability Assessment and Class Year Deliverability Study called for by Attachment S.

The combined Class Year Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering and design work, permitting, site acquisition, procurement and construction work and commissioning needed for the Class Year 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 on each feeder to physically and electrically connect each facility in the Class Year to the Transmission System. The combined Class Year Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Connecting Transmission Owners' Attachment Facilities, any Distribution Upgrades, any System Upgrade Facilities and, for Class Year Projects seeking CRIS, any System Deliverability Upgrades necessary to accomplish the interconnection of each Class Year Project; and shall include a schedule showing the estimated

time required to complete the engineering and design, permitting, site acquisition, procurement, construction, installation and commissioning phases of the Class Year Projects. The schedule shall contain major milestones to facilitate the tracking of the progress of each Class Year Project.

30.8.2.1 Following commencement of the activities described in this schedule, for each Class Year Project not yet In-Service, the Class Year Project, that Class Year Project's Connecting Transmission Owner and each Affected Transmission Owner(s) shall report every other month on the progress of their respective activities to the NYISO and to each other. Such reports shall be in a format consistent with, and include the content required by, applicable ISO Procedures. In these bimonthly reports, each Class Year Project and Connecting Transmission Owner and Affected Transmission Owner(s) shall report any material variance from earlier schedule estimates for their respective activities, and the reasons for such variance. In addition, the Connecting Transmission Owner and Affected Transmission Owner(s) shall report any material variance from earlier cost estimates for its activities, and the reasons for such variance.

30.8.3 Class Year Interconnection Facilities Study Procedures

The NYISO shall coordinate the Class Year Interconnection Facilities Study with the Connecting Transmission Owners and Affected Transmission Owners, and with any other Affected System pursuant to Section 30.3.5 above. The NYISO shall utilize existing studies to the extent practicable in performing the Class Year Interconnection Facilities Study. The NYISO shall follow the procedures set forth in Attachment S of the NYISO OATT and shall use

Reasonable Efforts to complete the study and issue a Class Year Interconnection Facilities Study report to the Class Year Projects within the timeframe called for in Attachment S.

At the request of any Class Year Project, or at any time the NYISO determines that it will not meet the required time frame for completing the Class Year Interconnection Facilities Study, NYISO shall notify the Class Year Projects as to the schedule status of the Class Year Interconnection Facilities Study. If the NYISO is unable to complete the Class Year Interconnection Facilities Study and issue a cost allocation report within the time required, it shall notify the Class Year Projects and provide an estimated completion date and an explanation of the reasons why additional time is required.

Upon request, the NYISO shall provide each Class Year Project supporting documentation, workpapers, and databases or data developed in the preparation of the Class Year Interconnection Facilities Study, subject to non-disclosure arrangements consistent with Section 30.13.1.

30.8.4 Study Report Meeting

Within ten (10) Business Days of providing a draft Class Year Interconnection Facilities Study report to Class Year Projects, the NYISO and Connecting Transmission Owners and Affected Transmission Owners shall meet with Developers (and Interconnection Customers, as applicable) for Class Year Projects to discuss the results of the Class Year Interconnection Facilities Study.

30.8.5 Re-Study

If re-study of the Class Year Interconnection Facilities Study and cost allocation report is required pursuant to Section 25.8.2 and Section 25.8.3 of Attachment S, NYISO shall so notify

Class Year Projects and conduct such re-study in accordance with the requirements of Attachment S. Any cost of re-study shall be borne by the Class Year Projects being re-studied.

30.11 Standard Large Generator Interconnection Agreement (LGIA)

30.11.1 Tender

As soon as practicable upon completion of the Developer decision process and satisfaction of Security posting requirements described in Section 25.8 of Attachment S, acceptance by the Developer of its Attachment S cost allocation, the NYISO shall tender to the Developer and Connecting Transmission Owner a draft Standard Large Generator Interconnection Agreement ("LGIA") together with draft appendices completed to the extent practicable. The draft Standard Large Generator Interconnection Agreement shall be in the form of the NYISO's Commission-approved Standard Large Generator Interconnection Agreement, which is in Appendix 6 to this Attachment X. Within six (6) months after the date the NYISO tenders the draft LGIA, the Developer must have satisfied the applicable regulatory milestone described in Section 25.6.2.3.1. If the Developer has not done so, the NYISO will withdraw the project pursuant to Sections 25.6.2.3 of Attachment S to the OATT and pursuant to Section 30.3.6 of this Attachment X.

30.11.2 Negotiation

Notwithstanding Section 30.11.1, at the request of the Developer the NYISO and Connecting Transmission Owner shall begin negotiations with the Developer concerning the LGIA and its appendices at any time after the Developer executes the Class Year Interconnection Facilities Study Agreement. The NYISO, Connecting Transmission Owner and the Developer shall finalize the appendices and negotiate concerning any disputed provisions of the draft LGIA and its appendices subject to the six (6) month time limitation specified below in this Section 30.11.2. If the Developer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section

30.11.1 and request submission of the unexecuted LGIA to FERC or initiate Dispute Resolution procedures pursuant to Section 30.13.5. If the Developer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Developer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 30.13.5 within six (6) months of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request.

30.11.3 Execution and Filing

Within fifteen (15) Business Days after receipt of the executed LGIA, the Developer shall provide the NYISO and Connecting Transmission Owner (A) reasonable evidence of continued Site Control or (B) posting of $250,000, non-refundable additional security with the Connecting Transmission Owner, which shall be applied toward future construction costs. At the same time, Developer also shall provide the NYISO and Connecting Transmission Owner reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Developer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

The Developer shall either: (i) execute three (3) originals of the tendered Standard Large Generator Interconnection Agreement and return them to the NYISO and Connecting

Transmission Owner; or (ii) request in writing that the NYISO and Connecting Transmission Owner file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the NYISO and Connecting Transmission Owner shall file the LGIA with FERC. The NYISO will draft the portions of the LGIA and appendices that are in dispute and assume the burden of justifying any departure from the pro forma LGIA and appendices. The NYISO 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 Developer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the NYISO for the Interconnection Request. The Connecting Transmission Owner will provide in the 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 facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

30.11.4 Commencement of Interconnection Activities

If the Developer executes the final Standard Large Generator Interconnection Agreement, the NYISO, Connecting Transmission Owner and the Developer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA in accordance with Section 30.11.3, the Parties shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

30.11.5 Termination of the Standard Large Generator Interconnection Agreement

The classification of a Large Generating Facility as Retired will be grounds for the termination of its Standard Large Facility Interconnection Agreement (LGIA). The NYISO will file with the Federal Energy Regulatory Commission a notice of termination of the LGIA as soon as practicable after the Large Generating Facility is Retired. The termination of a non-conforming *pro forma* LGIA will be effective only upon acceptance by the Federal Energy Regulatory Commission of the notice of termination and proposed effective date. Upon the effective date of the termination of the LGIA access to the Point of Interconnection of the Large Generating Facility will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures.

Attachment II

25.6 Cost Allocation Methodology For ERIS

25.6.1 Cost Allocation Between Developers and Connecting Transmission Owners (ATBA).

The cost of System Upgrade Facilities is first allocated between Developers and Connecting Transmission Owners, in accordance with the rules that are discussed below in this Section 25.6.1.

25.6.1.1 The cost of System Upgrade Facilities is allocated between Developers and Connecting Transmission Owners based upon the results of an Annual Transmission Baseline Assessment of the five-year need for System Upgrade Facilities. The Annual Transmission Baseline Assessment, as described in these rules, will be conducted by the NYISO staff in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Annual Transmission Baseline Assessment. The NYISO and its staff will have decisional control over the entire Annual Transmission Baseline Assessment. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Annual Transmission Baseline Assessment, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Baseline Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Annual Transmission Baseline Assessment will be reviewed and

approved by the Operating Committee. Each Annual Transmission Baseline Assessment is reviewable by the NYISO Board of Directors in accordance with provisions of the Commission-approved ISO Agreement.

25.6.1.1.1 The purpose of the Annual Transmission Baseline Assessment is to identify the System Upgrade Facilities that Transmission Owners are expected to need during the five-year period covered by the Assessment to reliably meet the load growth and changes in the load pattern projected for the New York Control Area, with cost estimates for the System Upgrade Facilities.

25.6.1.1.1.1 Procedure for Annual Transmission Baseline Assessment.

The procedure used to identify the System Upgrade Facilities that will ensure that New York State Transmission System facilities are sufficient to reliably serve existing load and meet load growth and changes in load patterns in compliance with NYSRC Reliability Rules, NPCC Basic Design and Operating Criteria, NERC Planning Standards, NYISO rules, practices and procedures, and the Connecting Transmission Owner criteria included in FERC Form No. 715 (collectively "Applicable Reliability Requirements"). The procedure will use the Applicable Reliability Requirements in effect when the Annual Transmission Baseline Assessment is commenced. The procedure will be:

25.6.1.1.1.1.1 The NYISO staff will first develop the Existing System Representation.

25.6.1.1.1.1.2 The NYISO staff will then utilize the Existing System Representation to develop existing system improvement plans with each Transmission Owner. These improvement plans will use NYISO data from the annual NYISO Load and Capacity Data Report to project system load growth and

changes in load patterns, including those that reflect demand side management, and will identify the System Upgrade Facilities needed year-by-year for the existing system to reliably serve projected load in the Transmission Owner's Transmission District for a five-year period. The NYISO staff will integrate these existing system improvement plans into the Annual Transmission Baseline Assessment to ensure that the System Upgrade Facilities needed for a five-year period are identified on a New York State Transmission System-wide basis. The Annual Transmission Baseline Assessment will identify each anticipated System Upgrade Facility project, its estimated cost, its anticipated in-service date, and the status of the project (in construction, budget approval received, budget approval pending).

25.6.1.1.1.1.3 The NYISO will identify in the Annual Transmission Baseline Assessment the System Upgrade Facilities needed to reliably meet projected load growth and changes in load pattern without the interconnection of any proposed Developer projects, except for those proposed projects included in the Existing System Representation pursuant to Section 25.5.5.

25.6.1.1.1.1.4 NYISO staff will perform thermal, voltage, and stability analyses, as appropriate, to determine the normal and emergency transfer capabilities of the statewide existing system.

25.6.1.1.1.1.5 NYISO staff will perform resource reliability analysis of the existing system to verify that the existing system meets Applicable Reliability Requirements. The results of this analysis will be reported for the entire state and for each of the New York zones.

25.6.1.1.1.1.6 If the transmission and generation facilities included in the Existing System Representation, combined with previously approved and accepted System Upgrade Facilities, are insufficient to meet Applicable Reliability Requirements on a year by year basis, then the NYISO staff will develop feasible generic solutions that satisfy the Applicable Reliability Requirements, in accordance with Section 25.6.1.2, below.

25.6.1.1.1.1.7 If the existing system meets Applicable Reliability Requirements, the NYISO staff will perform short circuit analysis to determine whether there is sufficient interrupting capability in the existing system. If there are any breaker overloads, the NYISO staff will determine the System Upgrade Facilities needed to mitigate the short circuit overloads.

25.6.1.1.1.1.8 A reassessment of Sections 25.6.1.1.1.1.4 through 25.6.1.1.1.1.6 shall be reassessed and, to the extent required by Good Utility Practice, repeated if the improvement plan impacts the transmission transfer capability of the system. The results of the short circuit analysis will be treated in the same manner as the results of thermal, voltage and stability analyses for all purposes under these cost allocation rules.

25.6.1.1.1.1.9 Each Annual Transmission Baseline Assessment conducted by NYISO staff will be reviewed and approved by the Operating Committee, and its effectiveness will be subject to the approval of the Operating Committee. In its report to the Operating Committee, the NYISO shall explain its reasons for all of its recommendations.

25.6.1.1.1.1.10 Each most recently completed Annual Transmission Baseline Assessment will be reviewed the following year by the NYISO staff and updated, as necessary, following the criteria and procedures described herein.

25.6.1.2 In developing solutions as required by Section 25.6.1.2.6, the NYISO will, as it develops its own generic solutions, also utilize the following procedures.

25.6.1.2.1 The NYISO will first select as generic solutions proposed Class Year Developer projects sufficient to meet Applicable Reliability Requirements on a year by year basis. If a proposed Class Year Developer project is larger than necessary, the NYISO shall select that portion or segment of the project that is sufficient to meet but not exceed Applicable Reliability Requirements. If the proposed Developer project is not capable of being segmented or if the Developer project cannot meet Applicable Reliability Requirements on a year by year basis, the NYISO shall not select it.

25.6.1.2.2 If the generation and transmission facilities included in the Existing System Representation, together with any proposed Developer projects that qualify as solutions pursuant to Section 25.6.1.2.1, above, are not sufficient to meet Applicable Reliability Requirements, the NYISO shall complete the development of its own generic solutions, taking into account any generic solutions proposed pursuant to Section 25.6.1.2.3, below, for inclusion in the ATBA.

25.6.1.2.3 Market Participants may also propose generic solutions for inclusion in the ATBA. The Market Participant proposing such solutions shall provide the

NYISO with all data necessary for the NYISO to determine the feasibility of such proposed generic solutions.

25.6.1.2.4 The NYISO shall develop and consider alternative sets of proposed generic solutions that fairly represent the range of feasible solutions to Applicable Reliability Requirements.

25.6.1.2.5 The NYISO shall determine the feasibility of additional generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, according to the following criteria:

25.6.1.2.5.1 The NYISO shall select only solutions that are based on proven technologies that have actually been licensed and financed, are under construction or have already been built in similar locations.

25.6.1.2.5.2 The NYISO shall select as additional generic solutions only units and facilities that can reasonably be placed in service in time to meet Applicable Reliability Requirements on a year by year basis. In making this determination, the NYISO shall consider the size and type of facility, access to fuel, access to transmission facilities, transmission upgrade requirements, construction time, and Good Utility Practice.

25.6.1.2.6 The NYISO will submit its proposed generic solutions and the alternatives that it considered to Market Participants and to an independent expert for review and will make the results of the expert's review available to Market Participants. The independent expert shall review the feasibility of the proposed generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, and of generic solutions based on the segmentation of any Class Year developer

projects under Section 25.6.1.2.1, according to the criteria set forth in Section 25.6.1.2.5.

25.6.1.2.6.1 If the independent expert concludes that one or more generic is not feasible, the NYISO shall eliminate that solution from further review.

25.6.1.2.6.2 If the NYISO does not adopt the expert's recommendations, it will state in its report to the Operating Committee its reasons for not adopting those recommendations.

25.6.1.2.7 Subject to Section 25.6.1.2.7, below, in the event that more than one generic solution or set of solutions satisfies the feasibility requirement of Section 25.6.1.2.7, the NYISO shall compare the System Upgrade Facilities that would be necessary to interconnect each such generic solution and shall adopt the solution that is most consistent with Good Utility Practice. For these purposes, in comparing alternative solutions, a generic solution that satisfies sub-load pocket deficiencies shall normally be selected first.

25.6.1.2.7.1 The NYISO shall be responsible for determining whether any generic solution or proposed Developer Project meets Applicable Reliability Requirements.

25.6.1.3 With the exception of those upgrades that were previously allocated to, and accepted by Developer projects as a part of the Annual Transmission Reliability Assessment in the Final Decision Round of previous Class Years, Developers are not responsible for the cost of any System Upgrade Facilities that are identified in the Annual Transmission Baseline Assessment, or any System

Upgrade Facilities that resolve in whole or in part a deficiency in the system identified in the Annual Transmission Baseline Assessment.

25.6.1.4 Developers are responsible for 100% of the cost of the System Upgrade Facilities, not already identified in the Annual Transmission Baseline Assessment that are needed as a result of their projects, and required for their projects to reliably interconnect to the transmission system in a manner that meets the NYISO Minimum Interconnection Standard. The System Upgrade Facilities necessary to accommodate Developer projects will be determined by the Interconnection Facilities Studies and the Annual Transmission Reliability Assessment. The criteria and procedures that will be followed to conduct the Annual Transmission Reliability Assessment are discussed below.

25.6.1.4.1 If a Connecting Transmission Owner or Developer elects to construct System Upgrade Facilities that are larger or more extensive than the minimum facilities required to reliably interconnect the proposed project, and are reasonably related to the interconnection of the proposed project, then the Connecting Transmission Owner or Developer is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Developer projects. If there is Headroom associated with these larger System Upgrade Facilities and a Developer of any subsequent project interconnects and uses the Headroom within ten years of its creation, such subsequent Developer shall pay the Connecting Transmission Owner or the Developer for this Headroom in accordance with these rules, including Section 25.8.7, below.

25.6.1.5 The System Upgrade Facilities cost for which a Developer is responsible will be determined on a "net" basis; that is, the Developer's System Upgrade Facilities cost will be determined net of the benefits, or System Upgrade Facility cost reductions, that result from the construction and operation of its project and the related upgrades. The net cost responsibility of a Developer will not be less than zero. Also, the cost responsibility of the Connecting Transmission Owner for System Upgrade Facilities will be no greater than it would have been without the Developer's project. Specifically, the Connecting Transmission Owner shall not be required to pay (in total) more than 100% of the cost of installing a specific piece of equipment.

25.6.1.5.1 The purpose of this approach is to allocate to the Developer the responsibility for the cost of the net impact of its project on the needs of the transmission system for System Upgrade Facilities. Thus, a Developer is responsible for the cost of the System Upgrade Facilities that are required by, or caused by, its project. A Developer is not responsible for the cost of System Upgrade Facilities that would be required anyway, without the construction of its project. If a Developer's project reduces the cost of System Upgrade Facilities that would be required anyway, that beneficial cost reducing impact will be recognized.

25.6.1.5.2 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are determined by NYISO staff comparing and netting the results of an Annual Transmission Baseline Assessment with the corresponding Annual Transmission Reliability Assessment in accordance with these rules.

25.6.1.5.3 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are comprised of those costs and cost reduction benefits caused by (1) the construction of System Upgrade Facilities not contained in the Annual Transmission Baseline Assessment, and (2) eliminating or reducing the need for the construction of System Upgrade Facilities contained in the Annual Transmission Baseline Assessment, due to the construction of System Upgrade Facilities associated with the proposed project.

25.6.1.5.4 The Developer's net cost responsibility will be determined using constant dollars. That is, when netting the cost of System Upgrade Facilities required for its project, as identified in the Annual Transmission Reliability Assessment, with those identified in the Annual Transmission Baseline Assessment, the cost of System Upgrade Facilities in the out-years of the Annual Transmission Baseline Assessment and the out-years of the Annual Transmission Reliability Assessment will be discounted to a current year value for netting. The cost of out-year System Upgrade Facilities will be discounted to a current value using the weighted average cost of capital of the Connecting Transmission Owner.

25.6.2 Cost Allocation Among Developers (ATRA).

The Developers' share of the cost of System Upgrade Facilities is allocated among Developers based upon the NYISO Annual Transmission Reliability Assessment. The Annual Transmission Reliability Assessment will be conducted by NYISO staff to ensure New York State Transmission System compliance with Applicable Reliability Requirements. The NYISO staff will conduct the Annual Transmission Reliability Assessment, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over

any determinative aspect of the Annual Transmission Reliability Assessment. The NYISO and its staff will have decisional control over the entire Annual Transmission Reliability Assessment. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Annual Transmission Reliability Assessment, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Reliability Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Annual Transmission Reliability Assessment will be reviewed and approved by the Operating Committee. Each Annual Transmission Reliability Assessment is reviewable by the NYISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

25.6.2.1 The Annual Transmission Reliability Assessment for each Class Year will identify the System Upgrade Facilities required for all Class Year Projects, with cost estimates for the System Upgrade Facilities. The System Upgrade Facilities identified through the Annual Transmission Reliability Assessment will only be those System Upgrade Facilities that are not already included in an Annual Transmission Baseline Assessment.

25.6.2.2 For each Annual Transmission Reliability Assessment, the NYISO will utilize the Existing System Representation used for the corresponding Annual Transmission Baseline Assessment.

25.6.2.3 Each Annual Transmission Reliability Assessment will update the results of Interconnection System Reliability Impact Studies that have previously been performed for certain proposed interconnection projects.

25.6.2.3.1 Subject to the additional requirements in Sections 25.6.2.3.2 - 25.6.2.3.4, below, a Large Facility is eligible to project included in a given Class Year Study (*i.e.,* become a Class Year Project), if on or before the Class Year Start Date (i) the Operating Committee has approved (1) an Interconnection System Reliability Impact Study for the project performed pursuant to Attachment X of the NYISO OATT or (2) a System Impact Study for the project performed pursuant to Attachment P to the NYISO OATT, and (ii) either (1) the regulatory milestone has been satisfied in accordance with Sections 25.6.2.3.1.1, 25.6.2.3.1.2, or 25.6.2.3.1.3, ~~subject to the limitations d~~described in Section 2~~5.6.2.3.2 below;~~ or (2) the Developer, in lieu of satisfying the regulatory milestone requirement, submits a two-part deposit consisting of (1) $100,000; and (2) $3,000/MW for the nameplate capability of the Large Facility. The $100,000 portion of the deposit submitted pursuant to subsection (ii)(2) of this Section 25.6.2.3.1 will be fully refundable if, within twelve months after the Class Year Start Date or the Operating Committee's approval of the Class Year Study, whichever occurs first, the Developer satisfies an applicable regulatory milestone and provides the NYISO with adequate documentation that the Large Facility has satisfied an applicable regulatory milestone. The $3,000/MW deposit will be fully refundable upon the earlier of the Large Facility's satisfaction of an applicable regulatory milestone or the Large Facility's withdrawal from the NYISO's interconnection

queue. A Large Facility that has an Operating Committee-approved Interconnection System Reliability Impact Study, but that has not yet satisfied the regulatory milestone may provisionally enter a Class Year Study, but will be withdrawn from such Class Year Study if it has not satisfied the regulatory milestone requirement within 90 days after the Class Year Start Date. To satisfy the regulatory milestone, an applicable regulatory body (*e.g.*, local, state, or federal) must determine that the permitting application submitted to site and construct the Large Facility is complete, as described below:

25.6.2.3.1.1 The Developer must obtain or achieve at least one of the following regulatory determinations or actions for the Large Facility described in this Section 25.6.2.3.1.1. To satisfy the regulatory milestone, an applicable regulatory body (*e.g.*, local, state, or federal) must determine that the permitting application submitted to site and construct the Large Facility is complete, as described below:

25.6.2.3.1.1.1 In connection with the Large Facility's air or water permit application, either (i) a notice of determination of completeness mailed to the applicant by the New York State Department of Environmental Conservation ("DEC") pursuant to 6 NYCRR § 621.6(c), as may be amended from time to time, or public notice of a complete application in the Environmental Notice Bulletin, or (ii) in the absence of such notices, a demonstration that the permit application is deemed to be complete pursuant to 6 NYCRR § 621.6(h), as may be amended from time to time.

25.6.2.3.1.1.2 A negative declaration issued for the Large Facility by the lead agency pursuant to the New York State Environmental Quality Review Act ("SEQRA").

25.6.2.3.1.1.3 Under SEQRA, either (i) a determination by the lead agency, documented in minutes or other official records, that the Draft Environmental Impact Statement for the Large Facility is adequate for public review, (ii) a notice of completion of a Draft Environmental Impact Statement for the project issued by the lead agency pursuant to SEQRA, or (iii) public notice of completion in the Environmental Notice Bulletin.

25.6.2.3.1.1.4 For a Large Facility that is a Merchant Transmission Facility, a determination pursuant to Article VII that the Article VII application filed for the Merchant Transmission Facility is in compliance with Public Service Law §122.

25.6.2.3.1.1.5 A Notice of Availability of a Draft Environmental Impact Statement for the Large Facility filed with the U.S. Environmental Protection Agency pursuant to the National Environmental Policy Act of 1969 ("NEPA") and its implementing regulations.

25.6.2.3.1.1.6 A final Finding of No Significant Impact for the project issued by the lead agency pursuant to NEPA and its implementing regulations.

25.6.2.3.1.1.7 For a Large Generator that is larger than 25 MW, a determination pursuant to Article 10 of the Public Service Law that the Article 10 application filed for the Large Generator is in compliance with Public Service Law § 164.

25.6.2.3.1.2 A Large Facility located outside New York State will satisfy the regulatory milestone by achieving Section 25.6.2.3.1.1.5 or 25.6.2.3.1.1.6, above,

or by satisfying a milestone comparable to that specified in Section 25.6.2.3.1.1.1 through 25.6.2.3.1.1.4, above, under applicable permitting laws.

25.6.2.3.1.3 In the event that none of the permitting processes referred to in Section 25.6.2.3.1.1 and 25.6.2.3.1.2 apply to the Large Facility, the Large Facility will be considered to have satisfied the regulatory milestone and will qualify for Class Year entry as of the date the Operating Committee approved the Large Facility's Interconnection System Reliability Impact Study.

25.6.2.3.1.4 After a Large Facility's Interconnection System Reliability Impact Study is approved by the Operating Committee and until the NYISO confirms that the Large Facility has satisfied the regulatory milestone, the Developer must inform the NYISO each year, within five business days of the Class Year Start Date, whether or not the Large Facility has satisfied the regulatory milestone described above. If a project fails to inform the NYISO by this date, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.2 A project must satisfy the applicable regulatory milestone described in Section 25.6.2.3.1, above, within 90 days six (6) months after the date the NYISO tenders to the project Developer the Standard Large Generator Interconnection Agreement for the project pursuant to Section 30.11.1 of Attachment X to the NYISO OATTthe Class Year Start Date ~~of the third Class Year Study beginning after the Operating Committee's approval of the Interconnection System Reliability Impact Study for the project~~.

25.6.2.3.3 If a project fails to satisfy the regulatory milestone within this time period, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

~~25.6.2.3.3~~ A Project that provisionally enters a Class Year Study but fails to meet a regulatory milestone described in Section ~~.~~ 25.6.2.3.1 within 90 days after the Class Year Start Date will be withdrawn from the Class Year Study.

25.6.2.3.4 Once a project has an Operating Committee-approved SRIS or the NYISO has determined the project is required to enter a Class Year Study pursuant to Attachment Z, then the project may enter up to two, but no more than two, of the next three consecutive Class Year Studies. The first Class Year with a Class Year Start Date after the date the Operating Committee approves a project's Interconnection System Reliability Impact Study will count as the first of the three consecutive Class Year Studies. For purposes of this Section 25.6.2.3.4, a Class Year that a project enters and from which it later withdraws for ERIS evaluation pursuant to Section 25.7.7.1 or 25.6.2.3.3 of this Attachment S, counts as one of the two Class Years a project may enter.

25.6.2.3.4.1 Except as provided in Section 25.6.2.3.4.3, the project must accept its System Upgrade Facilities cost allocation and post required security for Energy Resource Interconnection Service from a Class Year ATRA that is no later than the first to occur of either (i) the second Class Year ATRA the project enters, or (ii) the third consecutive Class Year that starts after the project satisfies the eligibility criteria for inclusion in the Class Year ATRA. If the project fails to

accept its System Upgrade Facilities cost allocation and post security by this deadline, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4.2 Except as provided in Section 25.6.2.3.4.3, below, if a project has not accepted its System Upgrade Facilities cost allocation and posted required security for Energy Resource Interconnection Service from either the first or second Class Year that starts after the project satisfies the eligibility criteria for inclusion in the Class Year ATRA and has not entered both the first and second such Class Year ATRA, then the project must enter the third Class Year ATRA (by executing the Class Year Interconnection Facilities Study Agreement and providing the required data and deposit). If the developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures contained in Attachment X.

25.6.2.3.4.3 A project that was a member of a completed Class Year but did not accept its System Upgrade Facilities cost allocation and post any required security as of January 17, 2010 will be able to enter any one of the three consecutive Class Year ATRAs starting after that date. If the project enters one of these Class Year ATRAs and fails to accept its System Upgrade Facilities cost allocation and post required security, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility

Interconnection Procedures. If the project has not entered either the first or second such Class Year, then the project must enter the third Class Year ATRA (by executing the Class Year Interconnection Facilities Study Agreement and providing the required data and deposit). If the Developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures.

25.6.2.4 The Annual Transmission Reliability Assessment will update Interconnection System Reliability Impact Study results in accordance with the Class Year Interconnection Facilities Study procedures in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the NYISO OATT.

25.6.2.5 For interconnection projects included in each Annual Transmission Reliability Assessment, the Interconnection System Reliability Impact Study updated results will specify the impact of each project in the Class Year on the reliability of the transmission system, that is, the pro rata contribution of each project in the Class Year to each individual System Upgrade Facilities identified in the updates.

25.6.2.5.1 In the case of a new System Upgrade Facility that has a functional capacity not readily measured in amperes or other discrete electrical units, such as a System Upgrade Facility dedicated to system protection, the pro rata impact of each project in the Class Year on the reliability of the transmission system will be based upon the number of projects in the Class Year contributing to the need for the new System Upgrade Facility. The pro rata impact of each project in the

Class Year needing such a new System Upgrade Facility will be equal. Accordingly, the pro rata contribution of each of the projects to the need for the new System Upgrade Facility will be equal to (1/a), where "a" is the total number of projects in the Class Year needing the new System Upgrade Facility.

25.6.2.5.2 In the case of a new System Upgrade Facility that has a capacity readily measured in amperes or other discrete electrical units, the impact of each project in the Class Year will be stated in terms of its pro rata contribution to the total electrical impact on each individual System Upgrade Facility in the Class Year of all projects that have at least a *de minimus* impact, as described in Section 25.6.2.6.1 of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the transmission problem primarily causing the need for the individual System Upgrade Facility.

25.6.2.5.2.1 Contribution to short circuit current for interrupting duty beyond the rating of equipment.

25.6.2.5.2.2 Contribution to MW loading on the critical element for thermal overloads under the test conditions that cause the need for a System Upgrade Facility. MW contribution will be calculated by multiplying the associated distribution factor by the declared maximum MW of the project. The distribution factor is calculated by pro rata displacement of New York System load by the added generation.

25.6.2.5.2.3 Contribution to voltage drop on the most critical bus for voltage problems. A critical bus will be defined as representative for voltage conditions during a specific contingency. The pro rata impact of each project is measured as the ratio of the voltage drop at the critical bus caused by the project when none of the other

projects are represented, to the voltage drop at the critical bus when all of the projects in the Class Year are represented.

25.6.2.5.2.4 Contribution to transient stability problems as measured by the fault current calculated for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.6 For each individual electrical impact standard listed in subsections 6.(a)(1) through 6.(a)(4) below, a Developer will not be responsible for the cost associated with a corresponding System Upgrade Facility if its project's contribution is less than the *de minimus* impacts defined below. The costs of projects that would otherwise have been allocated to certain Developer's projects but for the sub-*de minimus* impact exemption, shall be allocated 100 percent to the other Developers in the Class Year according to their pro rata contribution.

25.6.2.6.1 *De minimus* impact is defined in terms of any one of the factors listed below in this subsection. Examples of computations used to determine *de minimus* impact are shown in ISO Procedures.

25.6.2.6.1.1 Short Circuit Contribution: Equal to or greater than 100 amperes of the existing rating of the equipment that needs to be replaced.

25.6.2.6.1.2 Thermal Loadings: Equal to or greater than 10 MW on the most limiting monitored element under the most critical contingency that is causing the need for transmission improvements.

25.6.2.6.1.3 Voltage Effects: Equal to or greater than 2% of the voltage drop occurring with all Class Year Projects at the most critical bus.

25.6.2.6.1.4 Stability Effects: Equal to or greater than 100 amperes of the fault current for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.7 The pro rata contribution of each project in the Class Year to each of the System Upgrade Facilities identified in the Annual Transmission Reliability Assessment.

25.6.2.7.1 First, in accordance with Section 25.6.1.5 of these rules, the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment is compared and netted with the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment. If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does not exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment, then there is no cost to be allocated among Class Year Developers.

25.6.2.7.2 If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment by some amount, then this amount ("Overage Cost") is a cost to be allocated among Class Year Developers. Appendix One to this Attachment S sets out an example of an allocation of Overage Cost among Class Year Developers.

25.6.2.7.3 The Overage Cost represents a percentage of the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment ("Overage Cost Percentage").

25.6.2.7.4 Each System Upgrade Facility identified in the Annual Transmission Reliability Assessment has a cost specified for it in the Annual Transmission Reliability Assessment.

25.6.2.7.5 The pro rata contribution of each project in the Class Year to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment represents a percentage contribution to the need for that System Upgrade Facility ("Contribution Percentage").

25.6.2.7.6 An individual Developer's pro rata responsibility for the cost of each System Upgrade Facility identified in the Annual Transmission Reliability Assessment is the product of (a) the Overage Cost Percentage; (b) the Developer's Contribution Percentage for the particular System Upgrade Facility; and (c) the cost of the particular System Upgrade Facility as specified in the Annual Transmission Reliability Assessment.

25.6.2.7.7 If the least cost solution identified is to install one System Upgrade Facility (*e.g.*, a series reactor) rather than replacing a number of System Upgrade Facilities (*e.g.*, breakers), the NYISO staff will determine each Developer's Contribution Percentage by calculating what each Developer's pro rata contribution would have been on the System Upgrade Facilities not replaced (*e.g.,* breakers) and applying that percentage to the System Upgrade Facility that is installed (*e.g.,* series reactor).

30.8 Class Year Interconnection Facilities Study

30.8.1 Class Year Interconnection Facilities Study Agreement

As soon as practicable after a Study Start Date is established pursuant to Section 25.5.9 of Attachment S to the OATT, the NYISO shall provide a Class Year Interconnection Facilities Study Agreement for the next Class Year in the form of Appendix 4 to these Large Facility Interconnection Procedures to each Developer and Interconnection Customer who has not previously received an agreement for the next Class Year, upon confirmation by the NYISO that the Developer is an Eligible Class Year Project or upon request if the Developer is requesting to enter a Class Year Study only to request CRIS. The NYISO shall tender a Class Year Interconnection Facilities Study Agreement at an earlier point to any Developer or Interconnection Customer confirmed by the NYISO to be an Eligible Class Year Project that so requests. When the NYISO provides a Class Year Interconnection Facilities Study Agreement to an Eligible Class Year Project, the NYISO shall, at the same time, also provide one to that Eligible Class Year Project's Connecting Transmission Owner. The Class Year Interconnection Facilities Study Agreement shall provide that the Class Year Project shall compensate the NYISO and Connecting Transmission Owner for the actual cost of the Class Year Interconnection Facilities Study. When the NYISO provides the Class Year Interconnection Facilities Study Agreement to the Eligible Class Year Project, the NYISO shall provide to the Eligible Class Year Project a non-binding good faith estimate of the cost and timeframe for completing the Class Year Interconnection Facilities Study. The Eligible Class Year Project shall execute the Class Year Interconnection Facilities Study Agreement and deliver the executed Class Year Interconnection Facilities Study Agreement to the NYISO by the later of (1) the study start date of the Annual Transmission Reliability Assessment, or (2) thirty (30) Calendar

Days after the Developer's receipt of the Class Year Interconnection Facilities Study Agreement. Starting with the Class Year subsequent to Class Year 2012, with the executed Class Year Interconnection Facilities Study Agreement, the Class Year Project shall deliver to the NYISO (1) the required technical data, ; (2) the Class Year Project's interconnection service evaluation election, ; (3) for Large ~~-~~ fFacilities not yet In-Service, an updated proposed In-Service Date and updated proposed Commercial Operation Date (subject to the ten (10) year limitation set forth in Section 30.3.1); (4)~~,~~ and a study deposit of $100,000 (if the Class Year Project seeks evaluation for ERIS or ERIS and CRIS), or $50,000 (if the Class Year Project seeks only CRIS); and (5) if the Developer has not satisfied the applicable regulatory milestone described in Section 25.6.2.3.1.1 of Attachment S to the OATT, a two-part deposit consisting of $100,000 plus $3,000/MW deposit as required by Section 25.6.2.3.1(ii)(2). At the same time the Class Year Project provides the above items to the NYISO, the Class Year Project shall deliver the executed Class Year Interconnection Facilities Study Agreement, together with the required technical data (as applicable), to the Transmission Owner. The NYISO and Transmission Owner shall execute the Class Year Interconnection Facilities Study Agreement within ten (10) Business Days of receipt of the Class Year Interconnection Facilities Study Agreement executed by the Class Year Project and the required technical data.

30.8.1.1 NYISO shall invoice the Class Year Project on a monthly basis for the work to be conducted on the Class Year Interconnection Facilities Study each month. Any Class Year Project having elected only ERIS shall not be invoiced for any part of the cost of the Class Year Deliverability Study. Any Class Year Project that elects to reduce the MW of CRIS it requests to be evaluated in the Class Year Deliverability Study and thereby opts out of any additional detailed

studies, if required, for System Deliverability Upgrades, shall not be invoiced for any additional detailed studies required for System Deliverability Upgrades. The Class Year Project shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice.

30.8.2 Scope of Class Year Interconnection Facilities Study

The Class Year Interconnection Facilities Study shall be performed concurrently as a combined Class Year Interconnection Facilities Study for a Class Year, as determined in accordance with Attachment S of the NYISO OATT, to fulfill the requirements of this Section 30.8, and the requirements of the Annual Transmission Reliability Assessment and Class Year Deliverability Study called for by Attachment S.

The combined Class Year Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering and design work, permitting, site acquisition, procurement and construction work and commissioning needed for the Class Year 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 on each feeder to physically and electrically connect each facility in the Class Year to the Transmission System. The combined Class Year Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Connecting Transmission Owners' Attachment Facilities, any Distribution Upgrades, any System Upgrade Facilities and, for Class Year Projects seeking CRIS, any System Deliverability Upgrades necessary to accomplish the interconnection of each Class Year Project; and shall include a schedule showing the estimated

time required to complete the engineering and design, permitting, site acquisition, procurement, construction, installation and commissioning phases of the Class Year Projects. The schedule shall contain major milestones to facilitate the tracking of the progress of each Class Year Project.

30.8.2.1 Following commencement of the activities described in this schedule, for each Class Year Project not yet In-Service, the Class Year Project, that Class Year Project's Connecting Transmission Owner and each Affected Transmission Owner(s) shall report every other month on the progress of their respective activities to the NYISO and to each other. Such reports shall be in a format consistent with, and include the content required by, applicable ISO Procedures. In these bimonthly reports, each Class Year Project and Connecting Transmission Owner and Affected Transmission Owner(s) shall report any material variance from earlier schedule estimates for their respective activities, and the reasons for such variance. In addition, the Connecting Transmission Owner and Affected Transmission Owner(s) shall report any material variance from earlier cost estimates for its activities, and the reasons for such variance.

30.8.3 Class Year Interconnection Facilities Study Procedures

The NYISO shall coordinate the Class Year Interconnection Facilities Study with the Connecting Transmission Owners and Affected Transmission Owners, and with any other Affected System pursuant to Section 30.3.5 above. The NYISO shall utilize existing studies to the extent practicable in performing the Class Year Interconnection Facilities Study. The NYISO shall follow the procedures set forth in Attachment S of the NYISO OATT and shall use

Reasonable Efforts to complete the study and issue a Class Year Interconnection Facilities Study report to the Class Year Projects within the timeframe called for in Attachment S.

At the request of any Class Year Project, or at any time the NYISO determines that it will not meet the required time frame for completing the Class Year Interconnection Facilities Study, NYISO shall notify the Class Year Projects as to the schedule status of the Class Year Interconnection Facilities Study. If the NYISO is unable to complete the Class Year Interconnection Facilities Study and issue a cost allocation report within the time required, it shall notify the Class Year Projects and provide an estimated completion date and an explanation of the reasons why additional time is required.

Upon request, the NYISO shall provide each Class Year Project supporting documentation, workpapers, and databases or data developed in the preparation of the Class Year Interconnection Facilities Study, subject to non-disclosure arrangements consistent with Section 30.13.1.

30.8.4 Study Report Meeting

Within ten (10) Business Days of providing a draft Class Year Interconnection Facilities Study report to Class Year Projects, the NYISO and Connecting Transmission Owners and Affected Transmission Owners shall meet with Developers (and Interconnection Customers, as applicable) for Class Year Projects to discuss the results of the Class Year Interconnection Facilities Study.

30.8.5 Re-Study

If re-study of the Class Year Interconnection Facilities Study and cost allocation report is required pursuant to Section 25.8.2 and Section 25.8.3 of Attachment S, NYISO shall so notify

Class Year Projects and conduct such re-study in accordance with the requirements of Attachment S. Any cost of re-study shall be borne by the Class Year Projects being re-studied.

30.11 Standard Large Generator Interconnection Agreement (LGIA)

30.11.1 Tender

As soon as practicable upon completion of the Developer decision process and satisfaction of Security posting requirements described in Section 25.8 of Attachment S, acceptance by the Developer of its Attachment S cost allocation, the NYISO shall tender to the Developer and Connecting Transmission Owner a draft Standard Large Generator Interconnection Agreement ("LGIA") together with draft appendices completed to the extent practicable. The draft Standard Large Generator Interconnection Agreement shall be in the form of the NYISO's Commission-approved Standard Large Generator Interconnection Agreement, which is in Appendix 6 to this Attachment X. Within six (6) months after the date the NYISO tenders the draft LGIA, the Developer must have satisfied the applicable regulatory milestone described in Section 25.6.2.3.1.1. If the Developer has not done so, the NYISO will withdraw the project pursuant to Sections 25.6.2.3 of Attachment S to the OATT and pursuant to Section 30.3.6 of this Attachment X.

30.11.2 Negotiation

Notwithstanding Section 30.11.1, at the request of the Developer the NYISO and Connecting Transmission Owner shall begin negotiations with the Developer concerning the LGIA and its appendices at any time after the Developer executes the Class Year Interconnection Facilities Study Agreement. The NYISO, Connecting Transmission Owner and the Developer shall finalize the appendices and negotiate concerning any disputed provisions of the draft LGIA and its appendices subject to the six (6) month time limitation specified below in this Section 30.11.2. If the Developer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section

30.11.1 and request submission of the unexecuted LGIA to FERC or initiate Dispute Resolution procedures pursuant to Section 30.13.5. If the Developer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Developer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 30.13.5 within six (6) months of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request.

30.11.3 Execution and Filing

Within fifteen (15) Business Days after receipt of the executed LGIA, the Developer shall provide the NYISO and Connecting Transmission Owner (A) reasonable evidence of continued Site Control or (B) posting of $250,000, non-refundable additional security with the Connecting Transmission Owner, which shall be applied toward future construction costs. At the same time, Developer also shall provide the NYISO and Connecting Transmission Owner reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Developer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

The Developer shall either: (i) execute three (3) originals of the tendered Standard Large Generator Interconnection Agreement and return them to the NYISO and Connecting

Transmission Owner; or (ii) request in writing that the NYISO and Connecting Transmission Owner file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the NYISO and Connecting Transmission Owner shall file the LGIA with FERC. The NYISO will draft the portions of the LGIA and appendices that are in dispute and assume the burden of justifying any departure from the pro forma LGIA and appendices. The NYISO 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 Developer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the NYISO for the Interconnection Request. The Connecting Transmission Owner will provide in the 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 facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

30.11.4 Commencement of Interconnection Activities

If the Developer executes the final Standard Large Generator Interconnection Agreement, the NYISO, Connecting Transmission Owner and the Developer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA in accordance with Section 30.11.3, the Parties shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

30.11.5 Termination of the Standard Large Generator Interconnection Agreement

The classification of a Large Generating Facility as Retired will be grounds for the termination of its Standard Large Facility Interconnection Agreement (LGIA). The NYISO will file with the Federal Energy Regulatory Commission a notice of termination of the LGIA as soon as practicable after the Large Generating Facility is Retired. The termination of a non-conforming *pro forma* LGIA will be effective only upon acceptance by the Federal Energy Regulatory Commission of the notice of termination and proposed effective date. Upon the effective date of the termination of the LGIA access to the Point of Interconnection of the Large Generating Facility will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures.