

September 15, 2014

**By Electronic Delivery**

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

**Re: *New York Independent System Operator, Inc. and New York Transmission Owners,*  
Compliance Filing, Docket Nos. ER13-102-001, -002, -004**

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) and the New York Transmission Owners (“NYTOs”)<sup>1</sup> hereby jointly submit this compliance filing to fulfill the directives of the Federal Energy Regulatory Commission (“Commission”) in its July 17, 2014, *Order on Rehearing and Compliance* in the above-captioned proceedings (“July 2014 Order”).<sup>2</sup> The NYISO and NYTOs are referred to jointly in this filing as the “Filing Parties.”<sup>3</sup>

In a compliance filing submitted on October 15, 2013, the Filing Parties proposed revisions to the NYISO’s Open Access Transmission Tariff (“OATT”) and Market Administration and Control Area Services Tariff (“Services Tariff”) (“October 2013 Filing”).<sup>4</sup> The Filing Parties proposed the tariff revisions to comply with the Order No. 1000 regional

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<sup>1</sup> The NYTOs are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company d/b/a LIPA (“LIPA”), New York Power Authority (“NYPA”), New York State Electric & Gas Corp., Niagara Mohawk Power Corp. d/b/a National Grid, Rochester Gas & Electric Corp., and Orange & Rockland Utilities, Inc. The Filing Parties note that LIPA and NYPA, as transmission owners not subject to the Commission’s jurisdiction under section 205 of the Federal Power Act, have voluntarily participated in the development of this filing. The Filing Parties each reserve the right to comment separately on this filing.

<sup>2</sup> *New York Independent System Operator, Inc.*, Order on Rehearing and Compliance, 148 FERC ¶ 61,044 (2014) (“July 2014 Order”).

<sup>3</sup> Capitalized terms that are not otherwise defined in this filing letter shall have the meaning specified in Attachment Y of the NYISO OATT, and if not defined therein, in the NYISO OATT and NYISO Services Tariff.

<sup>4</sup> *New York Independent System Operator, Inc. and New York Transmission Owners*, Compliance Filing, Docket No. ER13-102-002 (October 15, 2013) (“October 2013 Filing”).

transmission planning requirements<sup>5</sup> and the Commission's directives in its order in this proceeding issued April 18, 2013 ("April 2013 Order").<sup>6</sup> The July 2014 Order largely accepted the Filing Parties' proposed tariff revisions and directed them to submit a further compliance filing to make certain additional tariff revisions.

The Filing Parties submit this further compliance filing to address the directives in the July 2014 Order. The proposed tariff revisions included in this compliance filing are expressly required by the July 2014 Order's directives, necessary to implement or clarify the existing tariff language to accommodate those directives, or are non-substantive organizational or clarifying adjustments. Including all of these revisions in this compliance filing will make the NYISO's Order No. 1000-related tariff provisions clearer and more accurate, and are therefore consistent with Commission precedent.<sup>7</sup> As described below, the Filing Parties submit with this filing letter the NYISO's tariff sections containing the Order No. 1000-related revisions with an effective date of January 1, 2014.

Since the July 2014 Order, the NYISO has held several discussions with its stakeholders regarding its compliance obligations. The NYISO presented a detailed matrix of the compliance requirements to stakeholders on August 7, 2014, presented the proposed tariff revisions to its stakeholders on August 21, 2014 and September 2, 2014, accepted further written comments, and made certain changes to the proposed revisions to address stakeholder input at these meetings.

The Filing Parties respectfully submit that - with the proposed tariff revisions set forth in this supplemental compliance filing - they fully comply with the requirements set forth in Order No. 1000 and the Commission's April 2013 Order and July 2014 Order.

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<sup>5</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011) ("Order No. 1000"), *order on reh'g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012) ("Order No. 1000-A"), *order on reh'g and clarification*, 141 FERC ¶ 61,044 (2012) ("Order No. 1000-B"). For convenience, unless otherwise specified, references in this filing to "Order No. 1000" should be understood to encompass Order Nos. 1000, 1000-A, and 1000-B. The NYISO's and the NYTOs' compliance with the Order No. 1000 interregional transmission planning requirements is addressed by their pending July 10, 2013 compliance filing in Docket No. ER13-1942-000.

<sup>6</sup> *New York Independent System Operator, Inc.*, Order on Compliance Filing, 143 FERC ¶ 61,059 (2013) ("April 2013 Order").

<sup>7</sup> The Commission has previously authorized the NYISO to include these kinds of limited, but necessary, clarifications in compliance filings and should follow that precedent here. *See New York Independent System Operator, Inc.*, 125 FERC ¶ 61,206 (2008), *reh'g*, 127 FERC ¶ 61,042 (2009) (accepting proposed additional tariff revisions that were necessary to implement the modifications directed by the Commission and to correct drafting errors or ambiguities in a compliance filing).

## I. COMMUNICATIONS

Communications and correspondence regarding this filing should be directed to:

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\*Persons designated to receive service

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<sup>8</sup> Waiver of the Commission's regulations (18 C.F.R. § 385.203(b)(3) (2012)) is requested to the extent necessary to permit service on counsel for the NYISO in Rensselaer, NY, Richmond, VA and Washington, DC.

## **II. LIST OF DOCUMENTS SUBMITTED**

The Filing Parties respectfully submit the following documents:

1. This filing letter;
2. A list of the company representatives for the NYTOs (“Attachment I”);
3. A blacklined version of the NYISO OATT sections containing the proposed compliance modifications (“Attachment II”); and
4. A clean version of the NYISO OATT sections containing the proposed compliance modifications (“Attachment III”).

## **III. BACKGROUND**

On October 11, 2012, the Filing Parties submitted a compliance filing proposing to revise the tariff requirements for the NYISO’s Comprehensive System Planning Process (“CSPP”) in response to the Order No. 1000 regional transmission planning and cost allocation requirements (“October 2012 Filing”).<sup>9</sup> On April 18, 2013, the Commission issued an order accepting the Filing Parties’ proposed tariff revisions in part, and directing the Filing Parties to make additional tariff revisions in a further compliance filing.<sup>10</sup>

On October 15, 2013, in response to the April 2013 Order, the Filing Parties submitted a further compliance filing. The October 2013 Filing included significant revisions to the CSPP, including revised tariff requirements regarding: (i) the NYISO’s identification and enrollment of qualified Developers,<sup>11</sup> (ii) the Developer’s submission of project information, (iii) the NYISO’s performance of a comparable evaluation of the viability and sufficiency of transmission and non-transmission solutions to an identified transmission need, (iv) the NYISO’s evaluation and selection of the more efficient or cost-effective transmission solution to an identified Reliability Need or Public Policy Transmission Need, and (v) the determination of the cost allocation methodology for transmission solutions to Public Policy Transmission Needs. The July 2014 Order largely accepted the Filing Parties’ proposed tariff revisions and directed the Filing Parties to make certain additional tariff revisions through a further compliance filing.

In response to the July 2014 Order’s directives, the Filing Parties propose additional revisions to the NYISO OATT as described in Sections IV through IX of this filing letter.

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<sup>9</sup> *New York Independent System Operator, Inc. and New York Transmission Owners*, Compliance Filing, Docket No. ER13-102-000 (October 11, 2012) (“October 2012 Filing”).

<sup>10</sup> April 2013 Order at P 13.

<sup>11</sup> As defined in Section 31.1.1 of Attachment Y of the NYISO OATT, a “Developer” is “[a] person or entity, including a Transmission Owner, sponsoring or proposing a project pursuant to this Attachment Y.”

#### **IV. DEVELOPER QUALIFICATION AND PROJECT INFORMATION REQUIREMENTS**

##### **A. Developer Qualification Requirements**

The July 2014 Order generally accepted the Filing Parties' proposed Developer qualification process.<sup>12</sup> Under this process, a Developer is required to provide the NYISO with certain information regarding its financial resources, technical expertise, and experience for purposes of the NYISO's determination that the Developer is qualified to submit a transmission project to be evaluated for selection in the NYISO's regional transmission plan for purposes of cost allocation under the NYISO OATT. The same qualification requirements apply for Developers seeking to participate in the NYISO's reliability planning process, economic planning process, and Public Policy Transmission Planning Process.

While generally accepting the Filing Parties' proposed Developer qualification process, the July 2014 Order found that the proposed qualification criteria could effectively prohibit a prospective Developer that does not have past experience in financing, developing, constructing, operating, and maintaining transmission facilities from qualifying even though such Developer could rely on third-party contractors with such experience.<sup>13</sup> The July 2014 Order, therefore, directed the Filing Parties to revise the process to:

(1) allow a prospective transmission developer to submit a detailed plan for financing, developing, constructing, operating, and maintaining a transmission facility, such as the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes, in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities; and (2) require a prospective transmission developer to provide information about transmission facilities that it has already developed to the extent that it has developed transmission facilities.<sup>14</sup>

In response to these directives, the Filing Parties propose to clarify in Sections 31.2.4.1.1.1.2<sup>15</sup> and 31.2.4.1.1.1.3(1) (reliability), 31.3.2.4.1.1.1.2 and 31.3.2.4.1.1.1.3(1) (economic), and 31.4.4.1.1.2, and 31.4.4.1.1.3(1) (public policy) that a Developer is only required to provide a description regarding the transmission facilities that it has financed, developed, constructed, maintained, or operated, if it has previously performed such action.

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<sup>12</sup> July 2014 Order at P 172.

<sup>13</sup> *Id.* at P 176.

<sup>14</sup> *Id.*

<sup>15</sup> Citations in this compliance filing beginning with Section 31 are to Attachment Y (Section 31) of the NYISO OATT, and citations beginning with Section 6.10 are to Rate Schedule 10 (Section 6.10) of the NYISO OATT.

In addition, the Filing Parties propose to insert new Sections 31.2.4.1.1.1.4 (reliability), 31.3.2.4.1.1.1.4 (economic), and 31.4.4.1.1.4 (public policy) to establish that a Developer may include as part of the submission of its qualifications a detailed plan describing how the Developer, in the absence of previous experience financing, developing, constructing, operating, and maintaining a transmission facility, will perform such actions. The Developer's detailed plan must include "the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes." After it has been found qualified, the Developer will be required to provide the NYISO with the status of "any contracts with third-party contractors" as part of its submission of project information for purposes of the NYISO's evaluation and selection of projects.<sup>16</sup>

## **B. Project Information Requirements**

The July 2014 Order generally accepted the Filing Parties' proposal that the Developer of a transmission project be required to submit a \$100,000 study deposit to cover the NYISO's actual costs in evaluating whether the project is the more efficient or cost-effective transmission solution to an identified Reliability Need or Public Policy Transmission Need.<sup>17</sup> The July 2014 Order, however, directed the Filing Parties to make certain revisions to the study deposit requirements.

First, the July 2014 Order directed that the NYISO include with any refund to the Developer of its study deposit amount "interest calculated in accordance with section 35.19a(a)(2) of the Commission's Rules and Regulations."<sup>18</sup> The Filing Parties, therefore, propose to provide in Sections 31.2.6.2 (reliability) and 31.4.4.4 (public policy) that if the NYISO is required to refund any portion of the study deposit amount to the Developer, such refund will include "interest on the refunded amount calculated in accordance with Section 35.19a(a)(2) of FERC's regulations."

Second, the July 2014 Order directed the NYISO to "provide to each transmission developer a description of the costs to which the deposit will be applied, how those costs will be calculated, and an accounting of the actual costs."<sup>19</sup> The Filing Parties propose to revise Sections 31.2.6.2 and 31.4.4.4 to describe in the following manner how the NYISO will identify and invoice actual study costs and how the NYISO will apply the study deposit.

The NYISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs when performing its evaluation of a Developer's proposed transmission solution<sup>20</sup> and any supplemental evaluation or re-evaluation. If the

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<sup>16</sup> Proposed NYISO OATT, Attachment Y, Sections 31.2.4.4.2, 31.2.4.8.2, 31.3.2.4.2, 31.4.5.1.

<sup>17</sup> July 2014 Order at P 196.

<sup>18</sup> *Id.* at P 197.

<sup>19</sup> *Id.*

<sup>20</sup> The NYISO will perform this evaluation in accordance with: (i) the requirements set forth in Section 31.2.6 for a transmission solution proposed to satisfy a Reliability Need, and (ii) the requirements

NYISO or its subcontractors perform study work for multiple proposed transmission solutions on a combined basis, the costs of the combined study work will be allocated by the NYISO equally among the applicable Developers.

The NYISO will invoice Developers, and Developers will be responsible for making payments, on a monthly basis for the NYISO's study costs associated with evaluating the Developer's transmission project. The NYISO will include with its monthly invoice to the Developer a description and an accounting of the invoiced study costs incurred by the ISO and estimated subcontractor costs. The NYISO will only draw upon a Developer's study deposit in the limited circumstances in which the Developer does not timely pay its monthly invoice or does not pay disputed amounts into an independent escrow account. To ensure that the Developer's study deposit remains sufficient to cover the NYISO's actual study costs in evaluating the Developer's project, the NYISO will notify the Developer if it is required to draw on the study deposit. In such case, the Developer will have thirty days to make payments to the NYISO to restore the \$100,000 amount. If the Developer fails to make such payments, the NYISO may halt its evaluation of the Developer's proposed transmission project and may disqualify the project from further consideration. After the conclusion of the ISO's evaluation of the Developer's proposed transmission solution, or if (i) the Developer withdraws its proposed transmission solution, or (ii) the Developer fails to pay an invoiced amount and the ISO halts its evaluation of the proposed transmission solution, the ISO will issue a final invoice and refund to the Developer any remaining portion of the Developer's study deposit, including interest on the refunded amount calculated in accordance with the FERC's regulations, as described above.

## **V. RELIABILITY PLANNING PROCESS**

### **A. Eligibility of Alternative Regulated Transmission Solutions for Cost Allocation**

The July 2014 Order directed the Filing Parties to provide that the Developer of an alternative regulated transmission solution will become eligible for cost allocation under the NYISO OATT once the project is selected by the NYISO as the more efficient or cost-effective transmission solution.<sup>21</sup> The Filing Parties, therefore, propose to revise Section 31.2.6.5.2 to specify that the Developer of an alternative regulated transmission solution will become eligible for cost allocation under the NYISO OATT once the project is selected by the NYISO.<sup>22</sup> The Filing Parties also propose to make conforming revisions to Sections 31.2.8.2.3, 31.5.3.2.1, 31.5.3.2.1.6, 31.5.5.1, 6.10.1, 6.10.2, 6.10.2.2, 6.10.5.1, and 6.10.5.2 of the OATT to clarify that the Developer of an alternative regulated transmission solution will become eligible for cost

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set forth in Sections 31.4.7, 31.4.8. and 31.4.9 for a transmission solution proposed to satisfy a Public Policy Transmission Need.

<sup>21</sup> July 2014 Order at P 71.

<sup>22</sup> The NYISO notes that the date upon which a Developer becomes eligible for cost allocation and cost recovery under the NYISO OATT is not the same date upon which the Developer may actually begin to recover its costs. As described in Section 31.2.6.5.2, an eligible Developer may begin to recover its costs when its project is completed or halted under the requirements set forth in Rate Schedule 10 of the NYISO OATT or as otherwise determined by the Commission.

allocation under the NYISO OATT once the project is selected by the NYISO, rather than when the NYISO triggers the project. The conforming revisions to Section 6.10.5 of the OATT eliminate the potential inconsistency between Sections 6.10.5 and 31.2.8.2.7 of the OATT identified in paragraph 283 of the July 2014 Order.

In addition, the Filing Parties propose to require under Section 31.2.6.5.2 that the Developer of a selected project must submit to the NYISO for its approval a proposed schedule and scope of work, including a good faith cost estimate, describing any work that the Developer must perform prior to its project's Trigger Date.<sup>23</sup> This requirement will ensure that the Developer of a selected project proceeds to develop its project and incur costs as needed on an appropriate schedule in light of its project's Trigger Date, necessary development schedule, and updated project information.

As previously described to the Commission, the NYISO's reliability planning process strives to achieve market-based solutions to Reliability Needs, and the NYISO will not trigger a regulated solution if it determines that sufficient market-based solutions are timely progressing to satisfy the identified Reliability Need.<sup>24</sup> As the Developer of an alternative regulated transmission solution will now be eligible for cost allocation upon the selection, rather than the triggering, of its project, the Filing Parties also propose revisions to Section 31.2.8.1.1 to specify when the Developer's eligibility for cost allocation will end if the NYISO decides not to trigger a regulated solution because sufficient market-based solutions are progressing. Specifically, the Filing Parties propose to provide that if the NYISO determines that sufficient market-based solutions are progressing at the Trigger Date of the regulated solution, the NYISO will not trigger the regulated solution, and the applicable Developer may recover its costs incurred up to that date.

## **B. Triggering of Regulated Backstop Solution**

The July 2014 Order accepted that the NYISO may - to ensure that a Reliability Need will be satisfied - direct a Responsible Transmission Owner to proceed with the development of a regulated backstop solution in parallel with an alternative regulated transmission solution that was selected as the more efficient or cost-effective transmission solution. The July 2014 Order, however, directed the Filing Parties to describe the circumstances under which the NYISO will determine that it is necessary for a regulated backstop solution to proceed in parallel with a market-based solution or a selected alternative regulated transmission solution.<sup>25</sup>

As described above, the Filing Parties propose to revise Section 31.2.8.1.1 to clarify that the NYISO will review market-based solutions and, based on this review, will not trigger a regulated solution if it determines prior to or at the Trigger Date of the regulated solution that

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<sup>23</sup> The NYISO will establish the Trigger Date of the project pursuant to Section 31.2.5.5 of Attachment Y.

<sup>24</sup> October 2013 Filing at p 25.

<sup>25</sup> July 2014 Order at P 75.



sufficient market-based solutions are timely progressing to satisfy the Reliability Need.<sup>26</sup> The NYISO's review of market-based solutions will include its viability and sufficiency determination for market-based solutions in Section 31.2.5, its ongoing review of the ability of the market-based solutions to timely satisfy the Reliability Need pursuant to Section 31.2.8.3, and its monitoring of the status of market-based solutions pursuant to Section 31.2.12.1.

If the NYISO does not identify sufficient market-based solutions, the NYISO will trigger the regulated solution(s) - including the selected alternative regulated transmission solution and/or the regulated backstop solution, if required - at its Trigger Date in accordance with the triggering requirements set forth in Sections 31.2.8.1.2 through 31.2.8.1.4. The Filing Parties also propose to revise Section 31.2.8.1.5 (previously Section 31.2.8.2.1)<sup>27</sup> to clarify the requirement that the NYISO will make its determination regarding the triggering of a regulated solution in the NYISO's Comprehensive Reliability Plan ("CRP") or at any time before the approval of the next CRP. Moreover, the Filing Parties propose to delete from this section the language regarding when a regulated solution will be triggered in parallel with a market-based solution, because, as described above, that issue is addressed in Section 31.2.8.1.1.

In addition, the Filing Parties propose to revise Section 31.2.8.1.3 to clarify the circumstances under which the NYISO will trigger a regulated backstop solution in parallel with a selected alternative transmission solution. Section 31.2.8.1.3 addresses the scenario in which the Trigger Date for a selected alternative regulated transmission solution precedes the Trigger Date for a regulated backstop solution. In such case, assuming there are not sufficient market-based solutions, the NYISO will trigger the selected alternative regulated transmission solution at its Trigger Date. The Filing Parties propose to clarify in Section 31.2.8.1.3 that prior to the later Trigger Date of the regulated backstop solution, the NYISO will perform a review of the status of the development of the selected alternative regulated transmission solution. This review will include determining whether the alternative project has received its New York Public Service Law Article VII transmission siting certification, has executed a development agreement with the NYISO, and has provided construction milestones to the NYISO.

If, based on its review, the NYISO determines that a selected alternative regulated transmission solution may not be in service by the need date of the Reliability Need, it will also trigger the regulated backstop solution to proceed in parallel with the selected alternative solution to satisfy the Reliability Need. If it takes such action, the NYISO will report to its stakeholders the reasons for its determination. If the NYISO determines that it is not necessary to trigger the regulated backstop solution, the NYISO will inform the Responsible Transmission

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<sup>26</sup> The Filing Parties also propose to clarify in Section 31.2.7 that the NYISO's Comprehensive Reliability Plan will include the NYISO's determination regarding whether there are sufficient marketbased solutions "at the time of the issuance of the CRP."

<sup>27</sup> The Filing Parties propose to relocate the previous Section 31.2.8.2.1 to Section 31.2.8.1.5, as the provision fits more clearly with the determination of necessity provisions within Section 31.2.8.1 than the halting provisions in Section 31.2.8.2.

Owner that the regulated backstop solution is no longer needed, and the Responsible Transmission Owner will be eligible to recover the costs that it incurred up to that point.<sup>28</sup>

## **VI. PUBLIC POLICY TRANSMISSION PLANNING PROCESS**

### **A. NYISO Board's Discretion Not to Select Transmission Solution**

The July 2014 Order accepted the NYISO Board's discretion not to select a transmission solution for cost allocation purposes to satisfy a Public Policy Transmission Need, finding the NYISO's proposal to be reasonable and not inconsistent with the requirements of Order No. 1000.<sup>29</sup> The July 2014 Order, however, directed the Filing Parties to require that its Board "provide an explanation of why any proposed solutions, determined to be sufficient and viable, were not selected in the regional transmission plan for purposes of cost allocation."<sup>30</sup> In addition, the July 2014 Order stated that the Commission expected that the NYISO Board, in making its final decision, would consider any relevant stakeholder comments related to the findings of the NYISO's Market Monitoring Unit's evaluation of the draft Public Policy Transmission Planning Report.<sup>31</sup>

In response to the Commission's directives, the NYISO proposes to set forth in Section 31.4.10.2 that if the NYISO Board determines not to select a transmission project, the NYISO Board shall state the reasons for its determination.<sup>32</sup> In addition, to provide the Board the full benefit of the Management Committee's input, the NYISO proposes to revise the requirement in Section 31.4.10.2 to state that the NYISO Board will not make a final determination on any revisions to the draft Public Policy Transmission Planning Report until it has reviewed the comments of the Management Committee, including the Management Committee's "comments regarding the Market Monitoring Unit's evaluation."

### **B. NYPSC's Role in the NYISO's Public Policy Transmission Planning Process**

The April 2013 Order accepted that the New York State Department of Public Service ("NYDPS") would review all proposed transmission need(s) driven by Public Policy Requirements and identify the transmission need(s) for which the NYISO would request specific transmission solutions to be evaluated.<sup>33</sup> As accepted by the Commission, Section 31.4.2.1 of Attachment Y provides that the NYDPS "will develop procedures to govern the process by

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<sup>28</sup> The NYTOs will provide the project-specific data for their regulated backstop solutions, as required by paragraph 76 of the July 2014 Order, when making any section 205 filings to recover their costs.

<sup>29</sup> July 2014 Order at P 125.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at P 126.

<sup>32</sup> The NYTOs do not join in the filing to the extent that it seeks to make the changes in Section 31.4.10.2 and reserve the right to comment separately during the comment period on this filing.

<sup>33</sup> April 2013 Order at PP 141-142.

which it will review proposed transmission needs” to identify any transmission needs driven by Public Policy Requirements.

On August 15, 2014, the New York State Public Service Commission (“NYPSC”) issued an order establishing the procedures through which it will identify any Public Policy Requirements that may drive the need for transmission (“NYPSC Public Policy Order”).<sup>34</sup> As contemplated by Section 31.4.2.1, the Filing Parties propose to make clarifications to the Public Policy Transmission Planning Process in Section 31.4 of Attachment Y to accommodate the procedures adopted by the NYPSC for the identification of Public Policy Transmission Needs. In particular, the NYPSC Public Policy Order clarified that “the determinations that are necessary to the implementation of the public policy planning process should be made by the Commission, rather than Staff.”<sup>35</sup> For this reason, the Filing Parties have revised Sections 31.1 and 31.4 to clarify which actions must be performed by the NYPSC and which will be performed by the NYDPS. The Filing Parties have confirmed these designations with NYDPS Staff.

As a result of these revisions, the Filing Parties also propose to revise Section 31.4.2.2 regarding the treatment of disputes to a determination regarding a proposed transmission need driven by a Public Policy Requirement. As the existing tariff language envisioned that the NYDPS would make the determination regarding the identification of a transmission need, Section 31.4.2.2 currently provides that disputes regarding the NYDPS’s determination would be addressed through the submission of a petition to the NYPSC for an order regarding the transmission need. However, as the NYPSC, as the state decision making body, will be the entity actually making the determination regarding transmission needs, the Filing Parties propose to revise Section 31.4.2.2 to provide that any disputes concerning the NYPSC’s determination regarding a transmission need will be addressed “through judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.”

In addition, the NYPSC Public Policy Order provides that the NYPSC will review the results of the NYISO’s viability and sufficiency analysis of proposed solutions to a Public Policy Transmission Need and will issue a written order indicating whether the NYISO should continue to evaluate transmission solutions or whether non-transmission solutions should be pursued.<sup>36</sup> In the latter case, the NYPSC will issue an order withdrawing its determination of a Public Policy Transmission Need.<sup>37</sup> The Filing Parties propose to insert a new Section 31.4.6.6 of Attachment Y to provide that if the NYPSC withdraws its determination of a Public Policy Transmission Need following the NYISO’s analysis of the viability and sufficiency of proposed solutions, the NYISO will not perform an evaluation of, or select, a more efficient or cost-effective transmission solution in that planning cycle. This provision is consistent with the NYPSC’s

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<sup>34</sup> *Policy Statement on Transmission Planning for Public Policy Purposes*, Proceeding on Motion of the Commission to Establish Policies and Procedures Regarding Transmission Planning for Public Policy Purposes, Case No. 14-E-0068 (August 15, 2014) (“NYPSC Public Policy Order”).

<sup>35</sup> *Id.* at p 9.

<sup>36</sup> *Id.* at p 9-10, Appendix Step 6.

<sup>37</sup> *Id.*

authority to determine whether there is a Public Policy Transmission Need for which the NYISO should solicit transmission solutions. Importantly, it will avoid the NYISO and Developers spending time and resources on proposing, developing, evaluating and selecting a transmission project for which the NYPSC has determined there is no need and, therefore, would not grant siting certification under state law.

### **C. LIPA's Proposed Tariff Revisions**

In connection with the October 2013 Filing, LIPA offered as comments certain tariff revisions to accommodate LIPA's jurisdictional responsibilities for transmission planning on Long Island and allow LIPA to participate in the NYISO's Public Policy Transmission Planning Process as a non-jurisdictional utility.<sup>38</sup> While the NYISO and the Transmission Owners did not object to the LIPA revisions, the July 2014 Order did not direct the Filing Parties to adopt these tariff revisions as they were not included as revisions in the October 2013 Filing. However, the July 2014 Order indicated that if the Filing Parties and LIPA agree on tariff modifications, the Filing Parties could include them in a compliance filing for consideration by the Commission.<sup>39</sup>

The Filing Parties have agreed with LIPA to include a package of proposed tariff revisions as part of this compliance filing.<sup>40</sup> The Filing Parties propose to insert LIPA's proposed tariff revisions in Sections 31.1, 31.4 and 31.5 of Attachment Y of the NYISO OATT, and to make conforming edits as necessary.<sup>41</sup>

For purposes of the Public Policy Transmission Planning Process, the LIPA-related tariff changes provide for the following:

- (i) the Long Island Power Authority's Board of Trustees identification of transmission needs solely within the Long Island Transmission District that are driven by a Public Policy;

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<sup>38</sup> *New York Independent System Operator, Inc.*, Comments of the Long Island Power Authority and LIPA, Docket No. ER13-102-000 (November 14, 2013) ("LIPA Comments").

<sup>39</sup> July 2014 Order at PP 127, 341.

<sup>40</sup> The consideration and development of these proposed tariff revisions was based on the understanding that: (i) the Long Island Power Authority's Board of Trustees has the authority for transmission planning within the Long Island Transmission District; (ii) LIPA is an instrumentality of New York State formed pursuant to the Long Island Power Authority Act, subject to the jurisdiction of the Long Island Power Authority's Board of Trustees; (iii) LIPA is a non-jurisdictional utility under section 201(f) of the Federal Power Act; and (iv) under state law, LIPA may only construct projects within the Long Island Transmission District.

<sup>41</sup> The Filing Parties propose LIPA-related revisions to the following provisions of Attachment Y of the NYISO OATT: Sections 31.1.1 (conforming edit), 31.4.1, 31.4.2, 31.4.2.3 (new), 31.4.3, 31.4.3.1, 31.4.3.2, 31.4.8.2, 31.5.5.4, 31.5.5.4.5 (new), 31.5.5.4.5.1 (new), 31.5.5.4.5.2 (new), 31.5.5.4.5.3 (new), 31.5.5.4.5.4 (new), and 31.5.5.4.6.

(ii) determination by the NYSPC as to whether a transmission need identified by the Long Island Power Authority's Board of Trustees that is within the Long Island Transmission District is a Public Policy Transmission Need warranting evaluation by the NYISO;

(iii) evaluation and selection of transmission solutions for a Public Policy Transmission Need within the Long Island Transmission District by the NYISO;

(iv) clarification that a project selected by the NYISO under its Public Policy Transmission Planning Process does not affect the obligation or responsibility of the project developer to obtain all necessary permits or authorizations required by federal or state law for such project;<sup>42</sup> and

(v) identification of procedures and standards for the adoption of cost allocation methodologies and rates for a proposed solution to a Public Policy Transmission Need that is undertaken by LIPA.<sup>43</sup>

As agreed upon by the Filing Parties, LIPA will make a filing further explaining and providing support for the LIPA-related tariff revisions. Accordingly, the Filing Parties propose that the Commission accept for filing the LIPA-related provisions.

## **VII. NYISO'S EVALUATION OF NYTOS' LOCAL TRANSMISSION PLANS IN RELATION TO REGIONAL TRANSMISSION NEEDS**

The July 2014 Order directed the Filing Parties to clarify how the NYISO will evaluate whether regional transmission solutions might satisfy regional transmission needs more efficiently or cost-effectively than transmission projects contained in the NYTOS' local transmission plans. Specifically, the July 2014 Order directed the Filing Parties to address the NYISO's:

affirmative obligation to determine whether alternative transmission solutions might meet the needs of the transmission planning region more efficiently or cost-effectively than transmission solutions identified by individual public utility transmission providers in their local transmission planning processes, regardless of whether stakeholders, prospective transmission developers, or other interested

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<sup>42</sup> This clarification appears in Section 31.4.8.2 and does not create any new obligations on a project proponent. The clarification simply makes clear that the ISO's selection does not eliminate the need of a project proponent to apply for and receive all necessary authorizations or permits that are required by federal or state law.

<sup>43</sup> Sections 31.5.5.4.5 and 31.5.5.4.6 discuss adoption of cost allocation methodologies and rates for projects undertaken by LIPA and Sections 31.5.5.4.4 and 31.5.5.4.6 apply to NYPA. With respect to projects undertaken by LIPA, these tariff revisions are based on the understanding that the Long Island Power Authority's Board of Trustees has the authority for transmission planning within the Long Island Transmission District and under state law, LIPA may only construct projects within the Long Island Transmission District.

parties propose potential transmission solutions for the region to consider. In addition, NYISO must comply with this affirmative obligation in each of the regional transmission planning process: reliability, economic, and public policy.<sup>44</sup>

The Filing Parties propose to revise Section 31.2.1.3 (previously Section 31.2.1.1.3) to provide that the NYISO will evaluate whether a regional transmission solution could satisfy a regional transmission need on the New York Bulk Power Transmission Facilities (“BPTFs”) more efficiently or cost effectively than transmission solutions contained in the NYTOs’ local transmission plans.<sup>45</sup>

Section 31.2.1.3 provides that the NYISO’s evaluation will not be limited to the regional transmission solutions that have been proposed in its planning process. Section 31.2.1.3 also clarifies that the regional transmission needs on the BPTFs referenced in this provision are transmission needs that impact more than one NYTOs’ Transmission District. These changes make clear that the NYISO will affirmatively determine whether alternative transmission solutions might meet the needs of the transmission planning region more efficiently or cost-effectively than transmission solutions identified by individual NYTOs in their local transmission planning processes. Finally, Section 31.2.1.3 indicates that the NYISO will perform its evaluation in accordance with the requirements set forth in Section 31.2.6.4.2 for Reliability Needs, Section 31.3.1.3.6 for the reduction of congestion identified in the NYISO’s Congestion Assessment and Resource Integration Study, and Section 31.4.7.2 for the satisfaction of a Public Policy Transmission Need. These provisions address the Commission’s directive that the NYISO provide analysis of regional transmission solutions in substitution of local transmission solutions in each of its reliability, economic and public policy transmission planning processes.

The NYISO will report the results of its evaluation in the relevant planning reports.<sup>46</sup> As previously accepted by the Commission,<sup>47</sup> the NYISO will perform this evaluation for informational purposes, and the NYTOs will not be required to revise their local transmission plans based on the results of the NYISO’s evaluation.<sup>48</sup>

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<sup>44</sup> July 2014 Order at P 87.

<sup>45</sup> The proposed revisions to Sections 31.2.1.3, 31.2.6.4.2, 31.3.1.3.6, and 31.4.7.2 for the evaluation of regional transmission solutions as they relate to local transmission projects and meeting regional transmission needs do not impact the NYISO’s requirements in Sections 31.2.4.4.2, 31.2.6.4.1 (previously 31.2.6.4), and 31.4.7.1 (previously 31.4.7) that address the NYISO’s evaluation of whether regional transmission solutions could satisfy a local reliability or local public policy need identified in the NYTOs’ local transmission plans more efficiently or cost-effectively than a local solution.

<sup>46</sup> NYISO OATT, Attachment Y, Section 31.2.1.3.

<sup>47</sup> July 2014 Order at P 88.

<sup>48</sup> NYISO OATT, Attachment Y, Section 31.2.1.3.

## **VIII. COST ALLOCATION AND COST RECOVERY**

### **A. Public Policy Cost Allocation Process**

The July 2014 Order generally accepted the Filing Parties' proposed cost allocation process for the NYISO's Public Policy Transmission Planning Process. However, the July 2014 Order required the Filing Parties to: (1) explain how the proposed process will not cause unnecessary delays for transmission developers to obtain the right to use the regional cost allocation method for their proposed public policy transmission project; and (2) provide a timeline for the proposed process so that a transmission developer will know how the costs of its project will be allocated in a timely manner.<sup>49</sup>

The Filing Parties propose to revise Section 31.5.5.4 to establish the following timeline for determining the applicable cost allocation methodology for a Public Policy Transmission Project:

- The NYISO will file with the Commission within 60 days of the NYPSC's determination of a Public Policy Transmission Need any cost allocation methodology prescribed by the underlying Public Policy Requirement.<sup>50</sup>
- If there is no cost allocation methodology prescribed in the Public Policy Requirement or the Other Developer or Transmission Owner wants to propose a different methodology, the Other Developer or Transmission Owner may submit to the NYPSC for its consideration a proposed cost allocation methodology no later than 30 days after the NYISO's selection of its transmission project as the more efficient or cost-effective transmission solution to a Public Policy Transmission Need.<sup>51</sup>
- The NYPSC will have 150 days to review the Transmission Owner's or Other Developer's proposed cost allocation methodology and to inform the Developer whether it supports the methodology.<sup>52</sup>
- If the NYPSC supports the proposed cost allocation methodology, the Transmission Owner or Other Developer will file the methodology with the Commission within 30 days of the NYPSC's indication of its support.<sup>53</sup>

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<sup>49</sup> July 2014 Order at PP 330, 336-338.

<sup>50</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.1.

<sup>51</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.2.

<sup>52</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.2.1. The NYPSC has informed the NYISO that it may require up to 150 days to review and make its determination regarding the proposed cost allocation methodology to provide for the state statutory requirements for public notice and comment before state agency action. The NYPSC may comment further on the public notice and comment requirements for its actions under state law during the comment period on this filing.

<sup>53</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.2.2.

- If the NYPSC does not support the proposed cost allocation methodology, the Transmission Owner or Other Developer will work with the NYPSC over a 60 day period to attempt to develop a mutually agreeable cost allocation methodology.<sup>54</sup>
- If they agree upon a cost allocation methodology, the Transmission Owner or Other Developer will file the methodology with the Commission within 30 days of the conclusion of the discussion period.<sup>55</sup>
- If they cannot agree upon a cost allocation methodology, the Transmission Owner or Other Developer will file its preferred methodology with the Commission within 30 days of the conclusion of the discussion period, which filing will also include the methodology supported by the NYPSC.<sup>56</sup>
- If the Commission has not accepted a cost allocation methodology through the above process, the NYISO will allocate the costs of the transmission project to all Load Serving Entities in the New York Control Area using the default cost allocation methodology, based upon a load ratio share methodology.<sup>57</sup>

The revised process will provide for the determination without undue delay of a cost allocation methodology for a transmission solution to a Public Policy Transmission Need. The timeline indicates that the NYISO will file with the Commission any cost allocation methodology prescribed by the Public Policy Requirement at an early stage of the Public Policy Transmission Planning Process. In addition, if a Transmission Owner or Other Developer proposes a cost allocation methodology for its selected transmission project, such methodology must be filed with the Commission shortly after a project's selection, with sufficient time provided for input by the NYPSC, which input could alleviate disputes and delays at the Commission. The process for deciding the cost allocation methodology will run in parallel with state siting proceedings under Article VII of the New York Public Service Law and other permitting proceedings for major electric transmission facilities, which take well more than a year to complete. Thus, the time frame described above, which will run between 60 and 330 days in total, will not cause undue delay in determining the cost allocation methodology that will be available to developers for a public policy transmission project.

## **B. Cost Allocation for Solutions to Transmission Security Violations**

The NYISO informed the Commission in the October 2013 Filing of a potential concern that its current tariffs do not provide for allocation of the costs associated with transmission projects that resolve transmission security violations, other than those that also resolve resource

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<sup>54</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.2.3.

<sup>55</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.2.4.

<sup>56</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.2.5.

<sup>57</sup> NYISO OATT, Attachment Y, Section 31.5.5.4.3.



adequacy issues.<sup>58</sup> For this reason, the NYISO proposed to insert a placeholder in Section 31.5.3.2.1.4 stating that the NYISO “will address through its stakeholder process the development of a methodology to allow for the allocation of costs of transmission solutions to thermal or voltage security issues.”<sup>59</sup> The NYISO also informed the Commission that it would initiate a stakeholder review process to develop this cost allocation methodology and would file the methodology with the Commission through a Section 205 filing by the end of the third quarter of 2014.<sup>60</sup> This timeline would enable the methodology to be in place by the time the NYISO begins to consider possible solutions to needs identified in the upcoming Reliability Needs Assessment (“RNA”).<sup>61</sup> The July 2014 Order noted the placeholder and the NYISO’s commitment to file the cost allocation methodology.<sup>62</sup> The Commission indicated that it would address the methodology at the time the NYISO makes this filing.<sup>63</sup>

Since the October 2013 Filing, the NYISO has been working on a cost allocation methodology for transmission solutions to transmission security violations. The NYISO has discussed a proposed cost allocation methodology with stakeholders at the Electric System Planning Working Group. Based on stakeholder input, the NYISO is working on further refinements to the methodology and examples for further discussions. Given the complexity of the issues surrounding allocation of transmission security upgrade cost, the NYISO’s focus on the instant compliance filing, and the work that remains for developing tariff revisions in conjunction with its stakeholders, the NYISO currently anticipates that its filing of proposed tariff revisions for the Commission’s acceptance will not occur until the first quarter of 2015.

## **IX. ADDITIONAL CHANGES AND MINISTERIAL MODIFICATIONS**

### **A. Rights of Incumbent Transmission Owners**

The July 2014 Order denied the Filing Parties’ proposed revisions in the October 2013 Filing to the first sentence of Section 31.6.4 as outside the scope of compliance with the April 2013 Order.<sup>64</sup> For this reason, the Filing Parties propose to replace the revised language in this sentence with the language as it existed prior to the proposed revisions in the October 2013 Filing.

In addition, the July 2014 Order found that the Filing Parties’ proposed definition of “upgrade” in the second sentence of Section 31.6.4 is inconsistent with the definition in Order No. 1000-A and directed the Filing Parties to modify the definition of “upgrade,” so that “only

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<sup>58</sup> October 2013 Filing at p 56.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> July 2014 Order at P 298.

<sup>63</sup> *Id.*

<sup>64</sup> *Id.* at P 152.

the replacement of part of an existing transmission facility can be considered an upgrade.”<sup>65</sup> The Filing Parties, therefore, propose to revise the definition of upgrade in line with the language in Order No. 1000-A, so that the term shall refer to: “an improvement to, addition to, or replacement of a part of an existing transmission facility and shall not refer to an entirely new transmission facility.”<sup>66</sup>

## **B. Notice of Reliability Requirements**

In the October 2013 Filing, the Filing Parties proposed to retain the requirement in Section 31.6.5 of Attachment Y that an entity developing an approved project “must register with NERC, and NPCC for appropriate reliability functions and must comply with all applicable Reliability Criteria.” As described in the October 2013 Filing, “the purpose of this provision is simply to provide notification to new entities developing transmission projects in New York that they must register with the appropriate reliability organizations and comply with the applicable Reliability Criteria.”<sup>67</sup>

The July 2014 Order found that a provision putting new transmission developers on notice that they will need to register with NERC is consistent with Order No. 1000.<sup>68</sup> However, the July 2014 Order indicated that Section 31.6.5 could still be read as requiring new transmission developers to register with NERC while developing a transmission project.<sup>69</sup> The July 2014 Order, therefore, directed the Filing Parties to revise Section 31.6.5 consistent with their explanation that the section only puts new transmission developers on notice that they must register with NERC and does not require new transmission developers to register with NERC.”<sup>70</sup>

The Filing Parties propose to revise Section 31.6.5 to expressly indicate that the provision simply notifies a Developer that it is responsible for complying with the applicable reliability requirements to the extent required by, and in accordance with, the procedures of the relevant reliability organization. The proposed tariff language does not interpret the requirements of the relevant reliability organizations or require that a Developer register with these organizations.<sup>71</sup>

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<sup>65</sup> *Id.* at P 151.

<sup>66</sup> The NYTOs have separately requested that the Commission clarify or grant rehearing regarding its determination rejecting the amendment proposed in the October 2013 Filing to the definition of a transmission “upgrade” that the NYTOs may undertake on their own outside of the NYISO’s planning processes. *New York Independent System Operator, Inc. and New York Transmission Owners*, Docket Nos. ER13-102-001, ER13-102-002 and ER13-102-003, Request for Rehearing and Clarification of the New York Transmission Owners (August 18, 2014).

<sup>67</sup> October 2013 Filing at p 58.

<sup>68</sup> July 2014 Order at P 179.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> The proposed language is consistent with the Commission’s determination that “procedures for registering as a Functional Entity are set by NERC and approved-by the Commission under section 215[], and it is not appropriate for the Commission to amend or interpret those procedures here...to provide that

In addition, the revised tariff language replaces the references to NERC and NPCC with references to all applicable reliability entities and their reliability requirements.

**C. Additional Ministerial Modifications in Attachment Y and OATT Rate Schedule 10**

The Filing Parties also propose the following non-substantive clarifications and ministerial modifications that are related to the implementation of the tariff revisions proposed to comply with the July 2014 Order or that were identified in the course of drafting those changes, all of which need to be addressed for the tariff to read logically and consistently.

| Tariff Section(s)  | Reason for Modification   |
|--|---|
| Att. Y §§ 31.1.1, 31.2.5.5, 31.2.5.7, 31.2.6.1, 31.2.6.5.2, 31.2.7, 31.2.8.1.2, 31.2.8.1.3, 31.2.8.1.4, 31.4.6.5 | Created defined term “Viability and Sufficiency Assessment,” which shall mean “[t]he results of the ISO’s assessment of the viability and sufficiency of proposed solutions to a Reliability Need under Section 31.2.5 or a Public Policy Transmission Need under Section 31.4.6, as applicable.” The defined term does not change the NYISO’s process, as accepted by the Commission, pursuant to which the NYISO will provide to stakeholders and interested parties the results of its assessment of the sufficiency and viability of solutions to an identified Reliability Need or Public Policy Transmission Need. The proposed defined term merely improves readability by replacing the lengthy description of this process step in multiple locations in Attachment Y with a defined term. |
| Att. Y §§ 31.2.6.5.2; 31.5.5.3   | Revised Section 31.2.6.5.2 to clarify that a Developer that is eligible for cost recovery under the NYISO OATT and has its project halted may recover its costs permitted under the OATT when the project is halted. Without this clarification, halted projects would fall under the general rule that cost allocation does not begin until project completion or as otherwise determined by the Commission.<br><br>Revised Section 31.5.5.3 to clarify distinction between when a Developer becomes eligible for cost recovery and when the Developer can actually begin recovering its costs.  |
| Att. Y §§ 31.2.8.1.3, 31.2.8.1.4   | Revised to replace the term “reliability backstop solution,” which is not defined in Attachment Y, with the correct term “regulated backstop solution.”   |
| Att. Y §§ 31.2.5.1, 31.2.6.1, 31.2.6.2,  | Revised to replace the term “project qualification information” with “project information” for consistent use of terms regarding the  |

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a potential transmission developer must register with NERC if not otherwise required under the NERC procedures... .” July 2014 Order at P 179 (quoting Order No. 1000-A at P 444).

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| 31.3.2.4.1.3, 31.4.4.3,<br>31.4.4.4  | separate “project information” and “developer qualification” requirements.   |
| Att. Y §§ 31.2.4.1.1,<br>31.3.2.4.1.1, 31.4.4.1  | Revised the first sentence in Sections 31.2.4.1.1, 31.3.2.4.1.1, and 31.4.4.1 to include “finance” in the introductory language regarding Developer qualification requirements for consistency with the detailed qualification requirements described in that section.   |
| Att. Y §§<br>31.2.4.1.1.1.2,<br>31.3.2.4.1.1.1.2,<br>31.4.4.1.1.2  | Revised the Developer qualification criteria described in Sections 31.2.4.1.1.1.2, 31.3.2.4.1.1.1.2, and 31.4.4.1.1.2 to delete “finance” as the “finance” related criteria are addressed in a later provision.  |
| Att. Y §§ 31.2.4.1,<br>31.2.4.1.1.1,<br>31.2.4.1.1.2, 31.2.5.1,<br>31.3.2.4.1,<br>31.3.2.4.1.1.1,<br>31.3.2.4.1.1.2,<br>31.3.2.4.1.3, 31.4.4,<br>31.4.4.1.1, 31.4.4.1.2,<br>31.4.4.3 | Revised to insert subheadings “Developer Qualification Criteria” and “Developer Qualification Determination” as the current requirements for a Developer to become qualified are contained under the last subheading of the Developer qualification criteria. The revisions include conforming changes to internal cross-references.   |
| Att. Y §§ 31.2.4.1.1.2;<br>31.3.2.4.1.1.1.2;<br>31.4.4.1.1.2   | Revised to insert missing “the” in second sentence.  |
| Att. Y § 31.2.5.4;<br>31.4.6.4   | Revised to replace the term “comparative” with “comparable” in the first sentence of Section 31.2.5.4 to clarify that the NYISO will be performing a comparable analysis of the sufficiency of transmission and non-transmission solutions to satisfy a Reliability Need, rather than comparing transmission versus non-transmission solutions. This is consistent with the overarching language in Section 31.2.5.2, which provides for the NYISO’s evaluation of all resource types on “a comparable basis.” The revisions include a conforming change to the similar provision in Section 31.4.6.4 for the Public Policy Transmission Planning Process. |
| Att. Y §§ 31.2.5.4;<br>31.4.6.4  | <p>Revised Section 31.2.5.4 to clarify that the NYISO will evaluate each proposed solution to a Reliability Need to determine whether it “fully” eliminates the need and will reject proposed regulated solutions that do not fully satisfy the need.</p> <p>Revised Section 31.4.6.4 to relocate the word “independently” to clarify that the NYISO will evaluate each solution to a Public Policy Transmission Need to measure the degree to which the proposed</p>  |

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|  | solution “independently” satisfies the need.  |
| Att. Y §§ 31.2.5.5, 31.2.5.7, 31.2.6.1, 31.2.6.5.2, 31.2.7, 31.2.8.1.2, 31.2.8.1.3, 31.2.8.1.4 | Revised to clarify date upon which the ISO will present the Viability and Sufficiency Assessment to stakeholders.   |
| Att. Y § 31.2.6.1  | Revised to insert missing language “have a Trigger Date that” and to clarify that the NYISO will not request additional project information from a Developer if the NYISO is not required to perform an evaluation and selection of a transmission solution during a planning cycle.  |
| Att. Y §§ 31.2.6.2, 31.4.4.4   | Revised to use the term “subcontractors” in place of “third-party contractors” throughout for consistent terminology.   |
| Att. Y §§ 31.2.6.5.1.1, 31.4.8.1.1   | Revised to insert missing “to” in the following sentence: “The work sheets should itemize <u>to</u> the extent applicable and available all equipment for: (i) the proposed project; (ii) interconnection facilities (including Attachment Facilities and Direct Assignment Facilities); and (iii) System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, and Distribution Upgrades.” |
| Att. Y §§ 31.2.6.5.1.6, 31.4.8.1.6   | Revised to delete extra “a” as follows: “or (iii) has <u>a</u> specified a plan or approach for determining routing and acquiring property rights.”   |
| Att. Y §§ 31.2.8.1.3, 31.2.8.2.2   | Revised requirement that Developer receive New York Public Service Law Article VII certification for its transmission project to provide for “other applicable siting permits or authorizations under New York State law,” as certain transmission projects may not require Article VII certification.  |
| Att. Y §§ 31.2.8.1.3, 31.2.8.1.4, 31.2.8.2.2   | Revised to insert “selected” before “alternative regulated transmission solution” to clarify that the relevant project is the project that has been selected by the NYISO as the more efficient or cost-effective transmission solution.  |
| Att. Y §§ 31.2.8.2.2, 31.2.8.2.3   | Revised to clarify that if the NYISO has triggered a regulated backstop solution or an alternative regulated transmission solution and then halts the project, the NYISO will notify the relevant Developer, post such notice on its website, and will state in the next CRP that the solution is no longer needed.   |
| Att. Y § 31.2.8.2.4  | Revised to insert missing “to” and to include missing cross-reference.  |

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|----------------------------------|---|
| Att. Y §§ 31.2.8.2.6, 31.2.8.2.7 | Revised Section 31.2.8.2.6 to relocate “triggered” and Section 31.2.8.2.7 to delete “a” to clarify that the sections refer to both a “triggered regulated backstop solution” and a “triggered alternative regulated transmission solution.”   |
| Att. Y § 31.2.11.3               | Revised first sentence in confidentiality provisions in Section 31.2.11.3 to delete reference to a partial solution to a Reliability Need, as the NYISO will be evaluating whether a Developer’s proposed solution eliminates the entire identified Reliability Need. Revised second sentence in Section 31.2.11.3 to insert missing “shall” as follows: “Thereafter, the ISO <u>shall</u> disclose the alternative regulated response to the Market Participants and other interested parties; however, any preliminary cost estimates that may have been provided to the ISO shall not be disclosed.” |
| Att. Y § 31.4.4.3                | Revised to clarify that a Developer shall submit the required project information for its proposed solution to a Public Policy Transmission Need within 60 days of “the ISO’s request for solutions” to that need, rather than within 60 days of the NYPSC’s determination of the need. This clarification provides internal consistency concerning the timing of a Developer’s proposal of its proposed solution under Sections 31.4.3.1, 31.4.4.3, and 31.4.4.4.  |
| Att. Y § 31.4.3, 31.5.5.4        | Revised to replace “a transmission need driven by a Public Policy Requirement” and “a transmission need identified by the NYDPS” with the defined term “Public Policy Transmission Need.”   |
| Att. Y § 31.5.5.4.2              | Revised to delete “Adjusted Load Ratio Share” as the defined term in not used in Section 31.5.  |
| Sch. 10 § 6.10.4.3               | Revised to replace “recovery” with “recover.”   |
|                                  | Made several non-substantive modifications to correct grammatical, formatting, and typographical errors.  |

## **X. EFFECTIVE DATE**

The July 2014 Order established an effective date of January 1, 2014 for the revisions to the NYISO’s tariffs accepted in this proceeding.<sup>72</sup> As directed by the Commission, the NYISO commenced its 2014-2015 planning cycle on January 1, 2014 to implement the Order No. 1000 tariff changes. The actions taken by the NYISO to date, which include completing its Reliability

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<sup>72</sup> July 2014 Order at P 37.

Needs Assessment, soliciting proposed Public Policy Transmission Needs, and drafting manuals, forms and other related documents, are unaffected by the tariff changes proposed in this filing. Moreover, the implementation of the tariff changes, including those proposed in this compliance filing, remains feasible in the current 2014-2015 planning cycle.

The Filing Parties, therefore, submit the proposed tariff revisions for filing with a January 1, 2014 effective date. The Filing Parties also submit for filing with a January 1, 2014, effective date Sections 3.8, 3.10, and 31.7 of the OATT, which provisions were previously accepted by the Commission in this proceeding, but did not include the January 1, 2014 effective date.<sup>73</sup> To clarify the remaining matters addressed in this compliance filing in time for the NYISO to carry out the reliability and public policy planning processes this year and next, the NYISO respectfully requests that the Commission issue an order approving the proposed tariff revisions within 60 days.

## **XI. SERVICE**

The NYISO will send an electronic copy of this filing to the official representative of each party to this proceeding, to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission and the New Jersey Board of Public Utilities. In addition, the complete public version of this filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com).

## **XII. CONCLUSION**

WHEREFORE, the New York Independent System Operator, Inc. and the New York Transmission Owners respectfully request that the Commission accept this compliance filing, without requiring any modifications.

Respectfully submitted,

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<sup>73</sup> The NYISO previously filed with a January 1, 2014, effective date, and the Commission accepted for filing, amendments to Services Tariff Section 30.4, which is the NYISO's market monitoring plan. For this reason, the NYISO is not re-filing Section 30.4 of the Services Tariff.

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## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 15<sup>th</sup> day of September, 2014.

/s/ Joy A. Zimmerlin

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