

32.3 Study Process

32.3.1 General Provisions

32.3.1.1 Except as otherwise provided in the SGIPs, the Section 3 Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the New York State Transmission System or Distribution System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is 2 MW or less and is not certified, or (3) is 2 MW or less and is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

32.3.1.2 The Interconnection Studies conducted under these procedures shall consist of analyses designed to identify the Interconnection Facilities and Upgrades required for the reliable interconnection of the Small Generating Facility to the New York State Transmission System or the Distribution System. These Interconnection Studies will be performed in accordance with Applicable Reliability Standards. The NYISO will perform, or cause to be performed, the Interconnection Studies with input, as required, from the Connecting Transmission Owner.

32.3.2 Scoping Meeting

32.3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The NYISO, the Connecting Transmission Owner, and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. Before a Connecting Transmission Owner participates in a scoping meeting with its

Affiliates, the NYISO shall post on its OASIS an advance notice of the Connecting Transmission Owner's intent to do so.

32.3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the NYISO should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. Unless the Parties agree to skip the feasibility study, the NYISO shall provide the Interconnection Customer and the Connecting Transmission Owner, as soon as possible, but not later than five Business Days after the scoping meeting, a feasibility study agreement (Appendix 6) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

32.3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the NYISO shall provide the Interconnection Customer and the Connecting Transmission Owner, no later than five Business Days after the scoping meeting, a system impact study agreement (Appendix 7) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

32.3.3 Feasibility Study

32.3.3.1 The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.

32.3.3.2 A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.

32.3.3.3 The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement (Appendix 6).

32.3.3.4 If the feasibility study shows no potential for adverse system impacts and the Parties agree no system impact study is required, the NYISO shall notify the Interconnection Customer and the Connecting Transmission Owner within 5 Business Days of the completion of the feasibility study that the system impact study has been waived and shall send the Interconnection Customer and the Connecting Transmission Owner a facilities study agreement, which shall include an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, the NYISO shall send the Parties an executable interconnection agreement within five Business Days.

32.3.3.5 If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

32.3.4 System Impact Study

32.3.4.1 A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.

32.3.4.2 If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a Distribution System impact study must be performed. The NYISO shall send the Interconnection Customer and the Connecting Transmission Owner a Distribution System impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.

32.3.4.3 In instances where the feasibility study or the Distribution System impact study shows potential for transmission system adverse system impacts, within 5 Business Days following transmittal of the Interconnection Study report, the NYISO shall send the Interconnection Customer and the Connecting Transmission Owner a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required. The NYISO shall review and approve the results of the study.

32.3.4.4 If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the NYISO shall send the Interconnection Customer and the Connecting Transmission Owner a distribution system impact study agreement.

32.3.4.5 If the feasibility study shown no potential for transmission system or Distribution System adverse system impacts, the NYISO shall send the Interconnection Customer and the Connecting Transmission Owner either a facilities study agreement

(Appendix 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.

32.3.4.6 In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.

32.3.4.7 A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.

32.3.4.8 The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.

32.3.4.9 Affected Systems shall participate in the study and provide all information necessary to prepare the study.

32.3.4.10 Certain changes have been made, effective January 17, 2010, to the base case requirements for system impact studies. These changed requirements, contained in the system impact study agreement, will be applied prospectively to projects with system impact study agreements fully executed on or after that effective date; provided, however, that Interconnection Customers with system impact studies in progress with system impact study agreements fully executed prior to that effective date may elect, at their own expense, to modify the base case assumptions for that study consistent with the changed requirements. Such an election will be memorialized in an amended system impact study agreement.

32.3.5 Facilities Study

32.3.5.1 If a system impact study(s) is required, once the required system impact study(s) is completed, a system impact study report shall be prepared by the NYISO and transmitted to the Interconnection Customer and the Connecting Transmission Owner along with a facilities study agreement within five Business Days. If a system impact study(s) is not required, the NYISO shall provide the Interconnection Customer and the Connecting Transmission Owner with a facilities study agreement within five Business Days of that determination. Each facilities study agreement shall include an outline of the scope of the facilities study and a non-binding good faith estimate of the cost to perform the facilities study.

32.3.5.2 In order to remain under consideration for interconnection, or, as appropriate, in the NYISO's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.

32.3.5.3 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s), as appropriate.

32.3.5.3.1 The Interconnection Customer shall be responsible for the cost of the Interconnection Facilities and Distribution Upgrades necessary to accommodate its Interconnection Request.

32.3.5.3.2 The Interconnection Customer shall be responsible for the cost of any System Upgrade Facilities determined by an Interconnection Study to be necessary to accommodate the Interconnection Request. Such Interconnection Study shall be of

sufficient detail and scope to assure that this determination can be made. If any System Upgrade Facilities other than Local System Upgrade Facilities are determined to be necessary to accommodate the Interconnection Request, the Small Generating Facility shall be evaluated as a member of the next Class Year, and the Interconnection Customer's cost responsibility shall be determined in accordance with Attachment S. All other Small Generating Facilities (i.e., those for which no System Upgrade Facilities or only Local System Upgrade Facilities have been identified as necessary to accommodate the Interconnection Request) shall complete an individual Facilities Study, if required, under these Small Generator Interconnection Procedures. The standard described above in this Section regarding when a Small Generating Facility must enter a Class Year will apply to Small Generating Facilities being considered for entry into Class Year 2011 and beyond. To the extent appropriate, the NYISO will notify any Affected System or transmission owner prior to the determination that System Upgrade Facilities are necessary, to allow for potential input by the Affected System or transmission owner. For purposes of this section, Affected System may include the portions of the New York State Transmission System that may be potentially affected.

If the Interconnection Customer elects Capacity Resource Interconnection Service, and its Small Generating Facility is larger than 2 MW, it will be evaluated as a member of the next Class Year to determine the Interconnection Customer's responsibility for System Deliverability Upgrades in accordance with Attachment S.

32.3.5.3.3 At any time prior to the closing of the Class Year, the Interconnection Customer may elect to proceed under this Section 32.3.5.3.3. Pending the outcome of the Class Year cost allocation process, the Interconnection Customer can elect to proceed with

the interconnection of its Small Generating Facility if in the SGIA (i) it agrees in writing to accept the final cost allocation results determined in the Class Year in accordance with Attachment S, (ii) it agrees in writing to pay cash or post Security in accordance with Attachment S in that Class Year; and (iii) it agrees in writing to operate its Small Generating Facility within the limits of the current New York State Transmission System, as determined by the NYISO, in consultation with the Connecting Transmission Owner; pursuant to Section 32.3.5.3.4 of the SGIP.

32.3.5.3.4 Upon the request and at the expense of the Interconnection Customer, the NYISO, in consultation with the Connecting Transmission Owner, will perform operating studies on a timely basis to determine the extent to which the Interconnection Customer's Small Generating Facility can be operated prior to the installation of any System Upgrade Facilities or System Deliverability Upgrades required for that Small Generating Facility. Such tests shall be consistent with Applicable Reliability Standards and Good Utility Practice. To the extent appropriate, the NYISO will notify any Affected System or transmission owner prior to the determination to allow for potential input by the Affected System or transmission owner. For purposes of this section, Affected System may include the portions of the New York State Transmission System that may be potentially affected. The NYISO and Connecting Transmission Owner shall promptly notify the Interconnection Customer of the results of these studies and shall permit the Small Generating Facility to operate consistent with the results of such studies.

32.3.5.4 Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement, these procedures and, if applicable, Attachment S of the NYISO OATT. The NYISO may contract with consultants to perform

activities required under the facilities study agreement. The Parties may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Connecting Transmission Owner, under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the NYISO and/or Connecting Transmission Owner shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.

32.3.5.5 A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.

32.3.5.6 The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.

32.3.5.7 Upon completion of the Facilities Study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the Facilities Study, the NYISO shall provide the Interconnection Customer and the Connecting Transmission Owner an executable interconnection agreement within five Business Days.