

## Attachment II

## **6.10        Schedule 10 - Rate Mechanism for the Recovery of the Regulated Transmission Facilities Charge (“RTFC”)**

### **6.10.1     Applicability**

#### **6.10.1.1   Eligible Projects**

This Schedule establishes the Regulated Transmission Facilities Charge (“RTFC”) for the recovery of the costs of a regulated transmission project that is eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.<sup>1</sup> A Transmission Owner, Unregulated Transmitting Utility,<sup>2</sup> or Other Developer may recover through the RTFC the costs that it is eligible to recover pursuant to Attachment Y of the ISO OATT related to: (i) a regulated backstop transmission solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.4.3.1 of Attachment Y of the ISO OATT and the ISO/TO Reliability Agreement or an Operating Agreement; (ii) an alternative regulated transmission solution that the ISO has selected pursuant to Section 31.2.6.5.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to a Reliability Need; or (iii) a regulated transmission Gap Solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.11.4 of Attachment Y of the ISO OATT; (iv) an alternative regulated Transmission Gap Solution that has been determined by the appropriate state regulatory agency(ies) as the preferred solution to a Reliability Need pursuant to Section 31.2.11.5 of Attachment Y of the ISO OATT; (v) a Regulated Economic Transmission Project that has been approved pursuant to Section 31.5.4.6 of Attachment Y of the ISO OATT; (vi) a Public Policy Transmission Project that the ISO has selected pursuant to Section 31.4.8.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to a Public Policy Transmission Need; (vii) a Public Policy Transmission Project proposed by a Developer in response to a request by the NYPSC or Long Island Power Authority in accordance with Section

31.4.3.2 of Attachment Y of the ISO OATT; or (viii) the portion of an Interregional Transmission Project selected by the ISO in the CSPP that is allocated to the NYISO region pursuant to Section 31.5.7 of Attachment Y of the ISO OATT. For purposes of this Schedule, such a transmission project is referred to as an “Eligible Project.” The costs incurred for an Eligible Project by LIPA or NYPA will be billed and collected under a separate LIPA RTFC or NYPA RTFC, as applicable, as described in Section 6.10.5.

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

<sup>2</sup>An “Unregulated Transmitting Utility” is a Transmission Owner, such as LIPA and NYPA, that, pursuant to Section 201(f) of the Federal Power Act, is not subject to the Commission’s jurisdiction under Sections 205 and 206(a) of the Federal Power Act.

#### **6.10.1.2 Projects Not Eligible for Cost Recovery Through the RTFC**

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

### **6.10.2 Revenue Requirement for RTFC**

The RTFC (including a LIPA RTFC or NYPA RTFC, as applicable) shall be calculated in accordance with the formula set forth in Section 6.10.3 using the revenue requirement of the Transmission Owner, Unregulated Transmitting Utility, or Other Developer, as applicable, necessary to recover the costs of an Eligible Project. The revenue requirement to be used in the calculation and recovery of the RTFC for a Transmission Owner or Other Developer, other than an Unregulated Transmitting Utility, is described in Section 6.10.4. The development of a revenue requirement and recovery of costs for an Eligible Project by an Unregulated Transmitting Utility through a NYPA RTFC or a LIPA RTFC, as applicable, is described in Section 6.10.5.

If an Eligible Project involves the construction of a facility identified as a Highway System Deliverability Upgrade in a completed Class Year Interconnection Facilities Study, the Project Cost Allocation for which has been accepted and Security posted by at least one Class Year Developer, the project cost and resulting revenue requirement will be reduced to the extent permitted by Section 25.7.12.3.3 of Attachment S of the ISO OATT.

### **6.10.3 Calculation and Recovery of RTFC and Payment of Recovered Revenue**

6.10.3.1 The ISO will calculate and bill an RTFC (or a LIPA RTFC or NYPA RTFC, as applicable) separately for each Eligible Project in accordance with this Section 6.10.3. The ISO shall collect the RTFC from LSEs. The LSEs, including Transmission Owners, competitive LSEs, municipal systems, and any other LSEs, serving Load in the Load Zones and/or Subzones to which the costs of the Eligible Project have been allocated (each a “Responsible LSE”) shall pay the RTFC. The cost of each Eligible Project shall be allocated as follows: (i) the

costs of an Eligible Project that is eligible for cost allocation and recovery through the Reliability Planning Process shall be allocated in accordance with Section 31.5.3 of Attachment Y of the ISO OATT; (ii) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Economic Planning Process shall be allocated in accordance with Section 31.5.4 of Attachment Y of the ISO OATT; (iii) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Public Policy Transmission Planning Process shall be allocated in accordance with Section 31.5.5 of Attachment Y of the ISO OATT; and (iv) the costs of an Eligible Project that is eligible for cost allocation and recovery as an Interregional Transmission Project shall be allocated in accordance with Section 31.5.7 of Attachment Y of the ISO OATT.

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

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

N of the ISO OATT or Net Auction Revenues under Section 20.3.7 of Attachment N of the ISO OATT.

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

The revenue offset discussed in this Section 6.10.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of an Eligible Project on or after the date the RTFC is implemented. The RTFC and the revenue offset related to Incremental TCCs

associated with the implementation of an Eligible Project shall not require and shall not be dependent upon a reopening or review of: (i) the Developer's revenue requirements for the RTFC of another Eligible Project pursuant to this Section 6.10 of the ISO OATT, (ii) the Developer's revenue requirement for charges set forth in another rate schedule of the ISO OATT, or (iii) the Transmission Owners' revenue requirements for the TSCs or NTAC set forth in Attachment H of the ISO OATT.

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

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

### **6.10.3.5 Cost Recovery Methodology**

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

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

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

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

$$RTFCRate_{p,z,B} = RTFC_{p,z,B} / MWh_{z,B}$$

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

$$\text{Charge}_{B,l,z,p} = RTFCRate_{p,z,B} * MWh_{l,z,B}$$

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

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

Where,

l = the relevant Responsible LSE;

p = an individual Eligible Project;

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

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

B = the relevant Billing Period;



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

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

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

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

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

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

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

#### **6.10.4 Recovery of Costs Incurred by Transmission Owner or Other Developer**

6.10.4.1 The RTFC shall be used as the cost recovery mechanism for the recovery of the costs of an Eligible Project undertaken by a Transmission Owner or Other Developer, other than an Unregulated Transmitting Utility, which project is authorized by the Commission to recover costs under this rate mechanism;

*provided, however*, nothing in this cost recovery mechanism shall be deemed to create any additional rights for a Transmission Owner or Other Developer to proceed with a regulated transmission project that it does not otherwise have at law. Subject to the requirements in Section 6.10.6, the costs that may be included in the revenue requirement for calculating the RTFC pursuant to Section 6.10.3 include all reasonably incurred costs, as determined by the Commission, related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Eligible Project, including those costs explicitly permitted for recovery pursuant to Attachment Y of the ISO OATT. These costs include, but are not limited to, a reasonable return on investment and any incentives for the construction of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission's regulations implementing those sections.

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

Eligible Project. The filing must be consistent with the Transmission Owner's or the Other Developer's project proposal made to and evaluated by the ISO pursuant to Attachment Y. If the Eligible Project is a Public Policy Transmission Project for which the Developer proposed a Cost Cap, the Developer must also satisfy the requirements in Section 6.10.6 in its filing. The Transmission Owner or Other Developer shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding. The ISO will begin to calculate and bill the RTFC in accordance with the period for cost recovery determined by the Commission after the Commission has accepted or approved the filing or otherwise allowed the filing to go into effect pursuant to a formula rate.

#### **6.10.5 Recovery of Costs by an Unregulated Transmitting Utility**

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

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

#### **6.10.5.2 Cost Recovery for LIPA**

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

6.10.5.2.1 For costs to LIPA customers: Cost will be recovered pursuant to a rate recovery mechanism approved by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Upon approval of the rate recovery mechanism, LIPA shall provide to the ISO, for purposes of inclusion within the ISO OATT and filing with the Commission on an informational basis only, a description of the rate recovery mechanism, the costs of the Eligible Project, and the rate that LIPA will charge and collect from responsible entities within the Long Island Transmission District in accordance with the ISO cost allocation methodology pursuant to Section 31.5 of Attachment Y of the ISO OATT.

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

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

The ISO shall remit the revenues collected to LIPA in accordance with the ISO's billing and settlement procedures.

#### **6.10.5.3 Cost Recovery for NYPA**

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

6.10.5.3.1 NYPA shall coordinate with and inform the ISO of the amount of the costs it incurred in undertaking an Eligible Project. Such costs shall constitute the revenue requirement. Either the ISO shall make a Section 205 filing with the Commission on behalf of NYPA or NYPA shall make an informational filing under a formula rate with the Commission, of the revenue requirement. The filing must be consistent with NYPA's project proposal made to and evaluated by the ISO pursuant to Attachment Y. If the Eligible Project is a Public Policy Transmission Project for which NYPA proposed a Cost Cap, NYPA must also satisfy the requirements in Section 6.10.6 in its filing. NYPA shall intervene in support of such filing at the Commission and shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding, including being solely responsible for making any arguments or reservations regarding its status as a non-Commission-jurisdictional utility and the appropriate standard for Commission review of its revenue requirement. After the

Commission has accepted or approved the filing or otherwise allowed the filing to go into effect pursuant to a formula rate, the ISO shall calculate in accordance with Sections 6.10.3.1 through 6.10.3.5 of this Schedule a separate NYPA RTFC based on the revenue requirement and bill for NYPA the NYPA RTFC to the Responsible LSEs. The ISO shall remit the revenues collected to NYPA in accordance with the ISO's billing and settlement procedures.

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

**6.10.6 Developer's Responsibility to Include Cost Cap in Rate Filing for Public Policy Transmission Project.**

6.10.6.1 The Developer of an Eligible Project that is a Public Policy Transmission Project selected by the ISO pursuant to Sections 31.4.8.2 and 31.4.11 of Attachment Y to the ISO OATT shall file with the Commission as part of its required rate filing for cost recovery under Sections 6.10.4 or 6.10.5, as applicable, any Cost Cap that it proposed for its Public Policy Transmission Project, including any excusing conditions described in Section 6.10.6.2. The Developer shall not seek to recover through its transmission rates or through any

other means costs for the Included Capital Costs above its agreed-upon Cost Cap, except as permitted for excusing conditions in Section 6.10.6.2.

6.10.6.2 The Cost Cap that the Developer files at the Commission may provide for the following excusing conditions, which shall be included in the Development Agreement for the Developer's Public Policy Transmission Project and which shall excuse the Developer from the Cost Cap on recovering the Included Capital Costs of its Public Policy Transmission Project only to the extent the costs arise from one of the following excusing conditions:

- A. Transmission Project changes, delays, or additional costs that are due to the actions or omissions of the ISO, Connecting Transmission Owner(s), Interconnecting Transmission Owner(s), or Affected Transmission Owner(s);
- B. A Force Majeure event as defined in the Development Agreement and subject to the Force Majeure requirements in Section 15.5 of the Development Agreement;
- C. Changes in laws or regulations, including but not limited to applicable taxes;
- D. Material modifications to scope or routing arising from siting processes under Public Service Law Article VII or applicable local laws as determined by the New York State Public Service Commission or local governments respectively; and
- E. Actions or inactions of regulatory or governmental entities, and court orders.

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



incentives solely on the amount in excess of the soft Cost Cap. The alternative rate mechanism must achieve a rate recovery reduction for the percentage of Included Capital Costs in excess of the soft Cost Cap that is equal to or better for ratepayers in the total long run revenue requirement on a present value basis for the Public Policy Transmission Project compared to that which would be achieved under option (i) based on the percentage cost sharing that the Developer proposed to the ISO.

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

6.10.6.5 Except as set forth in this Section 6.10.6, all matters concerning a Developer's recovery of the costs of its Public Policy Transmission Project shall be submitted to and decided at the Commission in accordance with the procedures set forth in Sections 6.10.4 and 6.10.5, as applicable.



## 22.1 Definitions

Whenever used in these Transmission Interconnection Procedures with initial capitalization, the following terms shall have the meanings specified in this Section 22.1. Terms used in these procedures with initial capitalization that are not defined in this Section 22.1 shall have the meanings specified in Sections 30.1 of Attachment X, Section 25.1.2 of Attachment S, Section 31.1.1 of Attachment Y, or Section 38.1 of Attachment FF of the ISO OATT, or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District, to which the Developer's Transmission Project is directly interconnected, as those requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to challenge the applicability or validity of any requirement or guideline as applied to it in the context of the Transmission Interconnection Procedures.

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

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

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

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

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

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

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

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

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

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

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

**Queue Position** shall mean the order of a valid Interconnection Request, Study Request, or Transmission Interconnection Application relative to all other such pending requests, that is established based upon the date and time of receipt of the valid request by NYISO, unless specifically provided otherwise in an applicable transition rule set forth in Attachment P, Attachment X or Attachment Z to the ISO OATT.

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

**Scoping Meeting** shall mean the meeting described in Section 22.4.2.4.

**Security** shall mean a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the Connecting Transmission Owner, and/or Affected System Operator, meeting the commercially reasonable requirements of the Connecting Transmission Owner, or Affected System Operator with which it is required to be posted pursuant to Section 22.9.3 of this Attachment P.

**System Impact Study** shall mean the study conducted pursuant to Section 22.8 of this Attachment P that evaluates the impact of the proposed Transmission Project on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Network Upgrade Facilities are needed for the proposed Transmission Project to

connect reliably to the New York State Transmission System in a manner that meets the NYISO Transmission Interconnection Standard described in Section 22.6.4 of this Attachment P.

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

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

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

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

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

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

## **22.2 Scope and Application**

### **22.2.1 Application of Transmission Interconnection Procedures**

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

### **22.2.2 Comparability**

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

### **22.2.3 No Applicability to Transmission Service or Other Services**

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

## **22.3 Transmission Projects Subject to Transmission Interconnection Procedures**

### **22.3.1 Definition of a Transmission Project**

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

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

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

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

### **22.3.2 Entering Service Early to Maintain System Reliability**

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

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

#### **22.3.3.1 Queue Position for Pending Requests**

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

**22.3.3.1.2** If an agreement for one of the Interconnection Studies under Attachment X of the ISO OATT or the System Impact Study or Facilities Study under



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

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

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

#### **22.3.3.2 Transition Period**

To the extent necessary, the ISO and Transmission Developers with an outstanding request under Attachment X of the ISO OATT or Sections 3.7 or 4.5 of the OATT (*i.e.*, an

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

#### **22.3.4 New Transmission Provider**

If the ISO transfers its control of the New York State Transmission System to a successor transmission provider during the period when a Transmission Interconnection Application is pending, the ISO shall transfer to the successor transmission provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for

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

## **22.4 Transmission Interconnection Application**

### **22.4.1 General**

A Transmission Developer proposing to interconnect a Transmission Project to the New York State Transmission System shall submit to the ISO a Transmission Interconnection Application in the form of Appendix 1 to these Transmission Interconnection Procedures. The Transmission Interconnection Application must be accompanied by a non-refundable application fee of \$10,000. The application fee shall be divided equally between the ISO and Connecting Transmission Owner(s).

### **22.4.2 Valid Transmission Interconnection Application**

#### **22.4.2.1 Initiating a Transmission Interconnection Application**

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

#### **22.4.2.2 Acknowledgment and Notification of Transmission Interconnection Application**

The ISO shall acknowledge receipt of the Transmission Interconnection Application within five (5) Business Days of receipt of the request and attach a copy of the received Transmission Interconnection Application to the acknowledgement it returns to the Transmission

Developer. At the same time, the ISO shall forward a copy of the Transmission Interconnection Application and its acknowledgement to the Connecting Transmission Owner(s) with whom the Transmission Developer is proposing to connect; *provided, however*, that any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y to the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT shall not be forwarded to the Connecting Transmission Owner(s) until the close of the applicable solicitation window.

#### **22.4.2.3 Deficiencies in Transmission Interconnection Application**

A Transmission Interconnection Application will not be considered to be a valid application until all items in Section 22.4.2.1 have been received by the ISO and the applicable solicitation window has closed for any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y to the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT. If a Transmission Interconnection Application fails to meet the requirements set forth in Section 22.4.2.1, the ISO shall notify the Transmission Developer and the Connecting Transmission Owner(s) within five (5) Business Days of receipt of the initial Transmission Interconnection Application of the reasons for such failure and that the Transmission Interconnection Application does not constitute a valid application. However, for any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y to the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT and that fails to meet the requirements set forth in

Section 22.4.2.1, the ISO shall notify the Transmission Developer and the Connecting Transmission Owner(s) no later than five (5) Business Days following the close of the applicable solicitation window. The Transmission Developer shall provide the ISO the additional requested information needed to constitute a valid application within ten (10) Business Days after receipt of such notice. The ISO shall promptly forward such information to the Connecting Transmission Owner(s); *provided, however*, for any Transmission Interconnection Application that is submitted for a proposed project subject to the ISO's competitive selection process in the ISO's Comprehensive System Planning Process in Attachment Y of the ISO OATT or the ISO's Short-Term Reliability Process in Attachment FF of the ISO OATT, such information will not be forwarded to the Connecting Transmission Owner(s) until the close of the applicable solicitation window. Failure by the Transmission Developer to comply with this Section 22.4.2.3 shall be treated in accordance with Section 22.4.5.

#### **22.4.2.4 Scoping Meeting**

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

The purposes of the Scoping Meeting shall be to discuss whether the Transmission Developer elects to pursue an Optional Feasibility Study or proceed to a System Impact Study for its Transmission Project, to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible

Points of Interconnection. The ISO, Connecting Transmission Owner(s), and the Transmission Developer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general stability issues, (iii) general short circuit issues, (iv) general voltage issues, (v) general reliability issues, and (vi) general system protection issues, as may be reasonably required to accomplish the purpose of the meeting. The ISO, Connecting Transmission Owner(s) and the Transmission Developer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. The Transmission Developer shall in writing within five (5) Business Days of this meeting: (i) make its election as to whether it will pursue an Optional Feasibility Study or proceed to a System Impact Study for its Transmission Project, and (ii) designate the Point(s) of Interconnection for the Transmission Project. The duration of the meeting shall be sufficient to accomplish its purpose.

#### **22.4.3 OASIS Posting**

The ISO will maintain on its OASIS a list of all valid Transmission Interconnection Applications. The list will identify, for each Transmission Interconnection Application: (i) the maximum summer and winter megawatt electrical output, if applicable; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Transmission Interconnection Application, including Queue Position; (vi) the identity of the Transmission Developer; (vii) the availability of any studies related to the Transmission Interconnection Application; (viii) the date of the Transmission Interconnection Application; (ix) the type of the Transmission Project to be constructed; and (x) for Transmission Interconnection Applications that have not resulted in a completed interconnection, an explanation as to why it was not completed. Before holding a

Scoping Meeting with an Affiliate of a Connecting Transmission Owner and that Connecting Transmission Owner, the ISO shall post on its OASIS an advance notice of its intent to do so. The ISO shall post to its OASIS site any deviations from the study timelines set forth herein. Transmission Interconnection Study reports shall be posted to the ISO password-protected website subsequent to the meeting between the Transmission Developer, the ISO and the Connecting Transmission Owner(s) to discuss the applicable study results. The ISO shall also post any known deviations in date proposed by the Transmission Project in Section 22.4.3(iv), above.

#### **22.4.4 Coordination with Affected Systems**

The ISO will coordinate the conduct of any studies required to determine the impact of the Transmission Interconnection Application on Affected Systems with Affected System Operators. The ISO will include those results on Affected Systems in its applicable Transmission Interconnection Study within the time frame specified in these Transmission Interconnection Procedures. The ISO will also include results, if available, on other Affected Systems. The ISO will invite such Affected System Operators to all meetings held with the Transmission Developer as required by these Transmission Interconnection Procedures. The Transmission Developer will cooperate with the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems. An Affected System Operator shall cooperate with the ISO and Connecting Transmission Owner(s) with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

#### **22.4.5 Withdrawal**

The Transmission Developer may withdraw its Transmission Interconnection Application



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

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

The ISO shall (i) update the OASIS Queue Position posting and (ii) refund to the Transmission Developer any portion of the Transmission Developer's deposit or study payments that exceeds the costs that the ISO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, the ISO and

Connecting Transmission Owner(s), subject to the confidentiality provisions of Section 22.13.1, shall provide, at the Transmission Developer's request, all information that the ISO and Connecting Transmission Owner(s) developed for any completed study conducted up to the date of withdrawal of the Transmission Interconnection Application.

## **22.5 Queue Position**

### **22.5.1 General**

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

### **22.5.2 Clustering**

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

### **22.5.3 Transferability of Queue Position**

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

#### **22.5.4 Modifications**

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

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

**22.5.4.2** Following the parties' execution of the System Impact Study Agreement, a Transmission Developer may not make any modification to the proposed Transmission Project, except for changes to the project's electrical characteristics that the ISO determines do not constitute a material modification.

**22.5.4.3** The ISO shall evaluate a modification to the Transmission Project's electrical characteristics and will inform the Transmission Developer in writing of whether the modifications constitute a material modification. The ISO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the ISO commence such studies later than thirty (30) Calendar Days after receiving notice of Transmission Developer's request. Any additional studies resulting from such modification shall be done at Transmission Developer's cost.

**22.5.4.4** If the ISO determines that a Transmission Developer's modification to its Transmission Project constitute a material modification, the Transmission Developer must perform a new System Impact Study for its modified Transmission Project, subject to the execution of a new System Impact Study

Agreement and the provision of the required study deposit.

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

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

### **22.6.1 Base Case Data**

The power flow, short circuit, and stability data bases, hereinafter referred to as Base Cases, shall include the following that will be based upon either the ISO's fifth year or tenth year case included in the most recent FERC Form No. 715: (i) all existing generation and transmission facilities identified in the ISO's most recent NYISO Load and Capacity Data Report, excluding those facilities that are subject to Class Year cost allocation but for which Class Year cost allocations have not been accepted; (ii) all planned projects subject to Attachment S of the ISO OATT that have accepted their cost allocation in a prior Class Year cost allocation process and System Upgrade Facilities and System Deliverability Upgrades associated with those projects except that System Deliverability Upgrades where construction has been deferred pursuant to Section 25.7.12.2 and 25.7.12.3 of Attachment S of the ISO OATT will only be included if construction of the System Deliverability Upgrades has been triggered under Section 25.7.12.3 of Attachment S of the ISO OATT; (iii) all generation and transmission retirements and derates identified in the NYISO Load and Capacity Data Report as scheduled to occur during the study period for the Transmission Interconnection Study; (iv) Transmission Projects that have met the following milestones: (1) have been triggered (if subject to the Reliability Planning Process), selected (if subject to the Short-Term Reliability Process), selected (if subject to the Public Policy Transmission Planning Process), or approved by beneficiaries (if subject to the Economic Planning Process); (2) have a completed System Impact Study (if applicable); (3) have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, "deemed complete") (if applicable); and (4) are making reasonable progress under the applicable Attachments Y or FF

planning process (if applicable); (v) transmission projects identified as “firm” by the Connecting Transmission Owner and either (1) have commenced a Facilities Study (if applicable) and have an Article VII application deemed complete (if applicable); or (2) are under construction and scheduled to be in-service within 12 months and (vi) all other changes to existing facilities, other than changes that are subject to Class Year cost allocation but that have not accepted their Class Year cost allocation, that are identified in the NYISO Load and Capacity Data Report or reported by Market Participants to the NYISO as scheduled to occur during the study period for the Transmission Interconnection Study. If the ISO has triggered multiple Transmission Projects under its Reliability Planning Process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution. If the proposed Transmission Project is related to or in response to a system condition not reflected in the above requirements, the ISO may, as appropriate, amend the Base Cases to take that system condition into account in evaluating the proposed Transmission Project.

#### **22.6.2 Release of Base Case Data**

The ISO or Connecting Transmission Owner, depending upon which of those Parties possesses the data requested, shall provide base power flow, short circuit and stability databases, including all underlying assumptions and contingency lists, to the Transmission Developer upon request. All Parties shall treat Confidential Information in accordance with Section 22.13.1 of these Transmission Interconnection Procedures. The ISO and Connecting Transmission Owner are permitted to require that the Transmission Developer sign a non-disclosure agreement before the release of Confidential Information or Critical Energy Infrastructure Information in the Base Case data.

### **22.6.3 The Transmission Interconnection Studies**

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

### **22.6.4 NYISO Transmission Interconnection Standard**

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



## **22.7 Optional Feasibility Study**

### **22.7.1 Optional Feasibility Study Agreement**

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

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

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

#### **22.7.2 Optional Feasibility Study Scope and Procedures**

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

- a. Conceptual breaker-level one-line diagram of existing system where project proposes to interconnect;
- b. Review of feasibility/constructability of conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing

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

- c. Preliminary review of local protection, communication, grounding issues associated with the proposed interconnection;
- d. Power flow, short circuit and/or bus flow analyses; and/or
- e. Identification of Network Upgrade Facilities.

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

### **22.7.3 Optional Feasibility Study Report Meeting**

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

## **22.8 System Impact Study**

### **22.8.1 System Impact Study Agreement**

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

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

### **22.8.2 Execution of System Impact Study Agreement**

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

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

### **22.8.3 Scope of System Impact Study**

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

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

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

#### **22.8.4 System Impact Study Procedures**

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

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

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

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

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

#### **22.8.5 Study Report Meeting**

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

The ISO Operating Committee shall approve each final SIS.

## **22.9 Facilities Study**

### **22.9.1 Facilities Study Agreement**

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

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

### **22.9.2 Execution of Facilities Study Agreement**

The Transmission Developer, the ISO and the Connecting Transmission Owner shall



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

### **22.9.3 Scope of Facilities Study**

The Facilities Study shall update and refine the description of Network Upgrade Facilities identified in the System Impact Study, including the equipment, work and related cost and time estimates necessary to construct the required Network Upgrade Facilities. Transmission Developer will be responsible for posting Security in the amount of the cost estimates for the Network Upgrade Facilities documented in the final Facilities Study report pursuant to Section 22.11.1 of this Attachment P. The Facilities Study shall also contain a non-binding estimate as to

the feasible TCCs resulting from the construction of the new facilities, as applicable.

#### **22.9.4 Facilities Study Procedures**

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

#### **22.9.5 Study Report Meeting**

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

## **22.10 Engineering & Procurement (“E&P”) Agreement**

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

and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to the Transmission Developer, in which event the Transmission Developer shall pay any unpaid balance and cost of delivery of such equipment.

## **22.11 Transmission Project Interconnection Agreement**

### **22.11.1 Tender**

After completion of the Facilities Study, the Transmission Developer may request the ISO tender a draft Transmission Project Interconnection Agreement together with draft appendices completed to the extent practicable; *provided, however*, that if a Transmission Developer's proposed Transmission Project is only interconnecting to its own, existing facilities, a Transmission Project Interconnection Agreement is not required. The draft Transmission Project Interconnection Agreement shall be consistent with the NYISO's Commission-approved Standard Large Generator Interconnection Agreement located in Appendix 6 to Attachment X of the OATT, modified to address a Transmission Project. The Transmission Project Interconnection Agreement shall provide the mechanism through which a Transmission Developer shall post Security for required Network Upgrade Facilities. A Transmission Developer will be required to post Security with the applicable Connecting Transmission Owner for Network Upgrade Facilities identified in the Facilities Study; however, if the Transmission Developer and Connecting Transmission Owner are the same entity, the Transmission Developer need not post Security for Network Upgrade Facilities required on its own facilities.

### **22.11.2 Negotiation**

Notwithstanding Section 22.11.1, at the request of the Transmission Developer, the ISO and Connecting Transmission Owner shall begin negotiations with the Transmission Developer concerning the Transmission Project Interconnection Agreement and its appendices at any time after the Transmission Developer completes the Facilities Study Agreement. The ISO, Connecting Transmission Owner and Transmission Developer shall finalize the appendices and negotiate concerning any disputed provisions of the draft Transmission Project Interconnection

Agreement and its appendices subject to the six (6) month time limitation specified below in this Section 22.11.2. If the Transmission Developer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft Transmission Project Interconnection Agreement pursuant to Section 22.11.1 and request submission of the unexecuted Transmission Project Interconnection Agreement to FERC or initiate Dispute Resolution procedures pursuant to Section 22.13.5. If the Transmission Developer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted Transmission Project Interconnection Agreement or initiate Dispute Resolution, it shall be deemed to have withdrawn its Transmission Interconnection Application. Unless otherwise agreed by the Parties, if the Transmission Developer has not executed the Transmission Project Interconnection Agreement, requested filing of an unexecuted Transmission Project Interconnection Agreement, or initiated Dispute Resolution procedures pursuant to Section 22.13.5 within six (6) months of tender of draft Transmission Project Interconnection Agreement, it shall be deemed to have withdrawn its Transmission Interconnection Application.

### **22.11.3 Execution and Filing**

The Transmission Developer shall either: (i) execute three (3) originals of the tendered Transmission Project Interconnection Agreement and return them to the ISO and Connecting Transmission Owner and request in writing that the ISO and Connecting Transmission Owner file with FERC for its acceptance the agreed-upon Transmission Project Interconnection Agreement; or (ii) request in writing that the ISO and Connecting Transmission Owner file with FERC a Transmission Project Interconnection Agreement in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either submission by the

Transmission Developer, the ISO and Connecting Transmission Owner shall file the Transmission Project Interconnection Agreement with FERC. If the Transmission Developer has requested that the ISO file the Transmission Project Interconnection Agreement in unexecuted form, the ISO will draft the portions of the Transmission Project Interconnection Agreement and appendices that are in dispute. The ISO will provide its explanation of any matters as to which the Parties disagree and support for the costs that the Connecting Transmission Owner proposes to charge to the Transmission Developer under the Transmission Project Interconnection Agreement. An unexecuted Transmission Project Interconnection Agreement should contain terms and conditions deemed appropriate by the ISO for the Transmission Interconnection Application. The Connecting Transmission Owner will provide in a separate filing any comments it has on the unexecuted agreement, including any alternative positions, it may have with respect to the disputed provisions. If the Parties agree to proceed with design, procurement, and construction of Network Upgrade Facilities under the agreed-upon terms of the unexecuted Transmission Project Interconnection Agreement, they may proceed pending Commission action.

#### **22.11.4 Commencement of Interconnection Activities**

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

#### **22.11.5 Termination of the Transmission Project Interconnection Agreement**

The termination of a Transmission Project Interconnection Agreement will be effective

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



## **22.12 Construction of Connecting Transmission Owner's Network Upgrade Facilities**

### **22.12.1 Schedule**

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

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

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

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

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

## **22.13 Miscellaneous**

### **22.13.1 Confidentiality**

Information exchanged by Parties in accordance with these Transmission Interconnection Procedures are subject to the Confidentiality provisions set forth in Section 30.13.1 of Attachment X of this ISO OATT, which requirements are incorporated into this Attachment P by reference. The terms “Standard Large Generator Interconnection Agreement,” “Developer,” and “Large Facility Interconnection Procedures” as used in Section 30.13.1 of Attachment X shall include “Transmission Project Interconnection Agreement,” “Transmission Developer,” and “Transmission Interconnection Procedures,” respectively, as those terms are defined in this Attachment P.

### **22.13.2 Delegation of Responsibility**

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

### **22.13.3 Obligation for Study Costs and Study Deposits**

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

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

#### **22.13.4 Third Parties Conducting Studies**

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

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

#### **22.13.5 Disputes**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with a Transmission Project Interconnection Agreement, these Transmission Interconnection

Procedures, or their performance (a “Dispute”), such Party shall address the Dispute in accordance with the Dispute provisions in Section 30.13.5 of Attachment X of this ISO OATT, which requirements are incorporated into this Attachment P by reference. The terms “Standard Large Generator Interconnection Agreement” (or “LGIA”), “Standard Large Facility Interconnection Procedures” (or “LFIP”), and “Attachment Facilities, Distribution Upgrades or System Upgrades” as used in Section 30.13.5 shall include “Transmission Project Interconnection Agreement,” “Transmission Interconnection Procedures,” and “Network Upgrade Facilities” respectively, as those terms are defined in this Attachment P.

## **22.13.6 Local Furnishing Bonds and Other Tax-Exempt Financing**

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

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

## **25.5 Class Year Study and Expedited Deliverability Study Processes**

### **25.5.1 Side Agreements**

These cost allocation rules will not preclude or supersede any binding cost allocation agreements that are executed between or among Developers, Connecting Transmission Owners and/or Affected Transmission Owners; provided, however, that no such agreements will increase the cost responsibility or cause a material adverse change in the circumstances as determined by these rules of any Developer or Transmission Owner who is not a party to such agreement.

### **25.5.2 Costs Covered By Attachment S**

The interconnection facility cost allocated by these rules is comprised of all costs and overheads associated with the design, procurement and installation of the new interconnection facilities. These rules do not address in any way the allocation of responsibility for the cost of operating and maintaining the new interconnection facilities once they are installed. Nor do these rules address in any way the ownership of the new interconnection facilities.

### **25.5.3 Dispatch Costs**

Developers, Connecting Transmission Owners and Affected Transmission Owners will not be charged directly for any redispatch cost that may be caused by the temporary removal of transmission facilities from service to install new interconnection facilities, as such cost is reflected in Locational Based Marginal Prices. Nor will existing generators be paid for any lost opportunity cost that may be incurred when their units are dispatched down or off in connection with the installation of new interconnection facilities.

#### **25.5.4 Transmission Owners' Cost Recovery**

Any Connecting or Affected Transmission Owner implementation and construction of (i) System Upgrade Facilities as identified in the Annual Transmission Baseline Assessment or Annual Transmission Reliability Assessment, or (ii) System Deliverability Upgrades as identified in the Class Year Deliverability Study, shall be in accordance with the ISO OATT, Commission-approved ISO Related Agreements, the Federal Power Act and Commission precedent, and therefore shall be subject to the Connecting or Affected Transmission Owner's right to recover, pursuant to appropriate financial arrangements contained in agreements or Commission-approved tariffs, all reasonably incurred costs, plus a reasonable return on investment.

#### **25.5.5 Existing System Representation**

The ISO shall include in the Existing System Representation for purposes of the ATBA and ATRA for a given Class Year Study or Expedited Deliverability Study:

25.5.5.1 For Class Years subsequent to Class Year 2017: (i) the following facilities included in the ISO's most recent NYISO Load and Capacity Data Report: all generation identified as existing and all transmission facilities identified as existing and/or firm, excluding those facilities that are subject to Class Year cost allocation but for which Class Year cost allocations have not been accepted; (ii) all proposed Projects, together with their associated System Upgrade Facilities and System Deliverability Upgrades, that have accepted their cost allocation in a prior Class Year cost allocation process; provided however, that System Deliverability Upgrades where construction has been deferred pursuant to Sections 25.7.12.2 and 25.7.12.3 of this Attachment S will only be



included if construction of the System Deliverability Upgrades has been triggered under Section 25.7.12.3 of this Attachment S; (iii) all generation and transmission retirements and derates identified in the Load and Capacity Data Report as scheduled to occur during the five-year cost allocation study planning period; and (iv) Transmission Projects that are proposed under Attachments Y or FF of the ISO OATT and have met the following milestones prior to the Class Year Start Date: (1) have been triggered under the Reliability Planning Process, selected under the Short-Term Reliability Process, selected under the Public Policy Transmission Planning Process, or approved by beneficiaries under the Economic Planning Process; and (2) have a completed System Impact Study; (3) have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, “deemed complete”) (if applicable); and (4) are making reasonable progress under the applicable OATT Attachments Y or FF planning process; (v) Transmission Projects that are not proposed under Attachments Y or FF to the ISO OATT that have completed a Facilities Study and posted Security for Network Upgrade Facilities as required in Section 22.11.1 of Attachment P to the ISO OATT and have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, “deemed complete”) (if applicable); (vi) transmission projects not subject to the Transmission Interconnection Procedures or the Attachment X and S interconnection procedures (*i.e.*, new transmission facilities or upgrades proposed by a Transmission Owner in its Local Transmission Owner Plan or NYPA

transmission plan) identified as “firm” by the Connecting Transmission Owner and either (1) have commenced a Facilities Study (if applicable) and have an Article VII application deemed complete (if applicable); or (2) are under construction and scheduled to be in-service within 12 months after the Class Year Start Date and (vii) all other changes to existing facilities, other than changes that are subject to Class Year cost allocation but that have not accepted their Class Year cost allocation, that are identified in the Load and Capacity Data Report or reported by Market Participants to the ISO as scheduled to occur during the five year cost allocation study planning period. Facilities in a Mothball Outage, an ICAP Ineligible Forced Outage, or Inactive Reserves will be modeled as in, and not removed from, the Existing System Representation. If the ISO has triggered multiple Transmission Projects under its Reliability Planning Process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution. The point of interconnection of a Retired generator with a terminated interconnection agreement is available to proposed facilities on a non-discriminatory basis pursuant to the ISO’s applicable interconnection and transmission expansion processes and procedures. A Retired generator with an interconnection agreement that remains in effect after it is Retired will retain its right to the specific point of interconnection as provided for in the interconnection agreement and access to this point will not be available for new facilities.

25.5.5.2        The System Upgrade Facilities listed on Exhibit A to the Financial Settlement shall be included in the Existing System Representation. Such System Upgrade Facilities shall be shown as in service in the first year of the five-year cost allocation study planning period and in each subsequent year, unless such System Upgrade Facilities are cancelled or otherwise not in service by January 1, 2010; provided that if such facilities are expected to be in service after January 1, 2010, starting with the Class Year 2010, the ISO shall independently determine such later date when the System Upgrade Facilities are expected to be in service and represent them according to the ISO's determination.

25.5.5.3        System Upgrade Facilities not listed on Exhibit A to the Financial Settlement, but for which cost allocations have been accepted in a prior Class Year cost allocation process, shall be represented in the Existing System Representation for subsequent cost allocation studies in the year of their anticipated in-service date.

#### **25.5.6        Attachment Facilities**

Each Developer is responsible for 100% of the cost of the Attachment Facilities required for the reliable interconnection of its Project in compliance with the NYISO Minimum Interconnection Standard, as that responsibility is determined by these rules.

#### **25.5.7        Distribution Upgrades**

Each Developer is responsible for 100% of the cost of the Distribution Upgrades required for the reliable interconnection of its Project in compliance with the NYISO Minimum Interconnection Standard, as that responsibility is determined by these rules.

#### **25.5.8 No Prioritization of Class Year Projects or Projects in an Expedited Deliverability Study**

There will be no prioritization of (1) the Projects grouped and studied together in a Class Year; or (2) the Projects grouped and studied together in an Expedited Deliverability Study. Each Project in a Class Year Study will, with other Projects in the same Class Year, share in the then currently available functional or electrical capability of the transmission system, and share in the cost of the System Upgrade Facilities required to interconnect its respective Project and, for Developers seeking CRIS, System Deliverability Upgrades required under the NYISO Deliverability Interconnection Standard, in accordance with the rules set forth herein. Each Project in an Expedited Deliverability Study will, with other Projects in the same Expedited Deliverability Study, share in the then currently available functional or electrical capability of the transmission system in accordance with the rules set forth herein. For purposes of this Section 25.5.8, the “then currently available functional or electrical capability of the transmission system” is the functional or electrical capability of the transmission system currently available in the applicable base case.

#### **25.5.9 Class Year and Expedited Deliverability Study Start Date, Entry Requirements and Schedule**

##### **25.5.9.1 Class Year Start Date, Entry Requirements and Schedule**

The Class Year Study will begin on the Class Year Start Date, which will be the first Business Day after thirty (30) Calendar Days following the completion of the prior Class Year Study.

The ISO will provide notice of the Class Year Study Start Date by (1) sending notice of the start date to those registered through the ISO to be on the distribution lists for the NYISO

Operating Committee and its subcommittees; and (2) posting notice of the Class Year Study Start Date.

In order to become an Eligible Class Year Project, a Developer must:

- (1) elect to enter the applicable Class Year by providing notice to the ISO, together with (i) a demonstration that the Project satisfies the applicable regulatory milestones described in Section 25.6.2.3.1.1 of Attachment S or (ii) notice that it will submit a qualifying contract pursuant to Section 25.6.2.3.1 of this Attachment S or a two-part deposit consisting of \$100,000 plus \$3,000/MW deposit as required by Section 25.6.2.3.1, no later than five (5) Business Days following the ISO's posting of the Class Year Start Date; and
- (2) satisfy the criteria for inclusion in the next Class Year, on or before the Class Year Start Date, as those criteria are specified in Section 25.6.2.3.1 of this Attachment S, Section 32.1.1.7 of Attachment Z to the OATT or Section 32.3.5.3.2 of Attachment Z to the OATT, as applicable; and
- (3) if requesting only CRIS, have completed one of the following on or before the Class Year Start Date, as applicable: a Class Year Study for ERIS, a System Impact Study under the Small Generator Interconnection Procedures, or a utility interconnection study if the Project is not subject to the ISO interconnection procedures under Attachments X and Z.

Upon a Developer's satisfaction of the Class Year Study eligibility criteria specified in this 25.5.9.1, the ISO will tender a Class Year Study Agreement to the Developer pursuant to Section 30.8.1 of Attachment X to the OATT. An Eligible Class Year Project that satisfies the requirements of Section 30.8.1 of Attachment X to the OATT as it relates to completion of a

Class Year Study Agreement, submission of required technical data and updated In-Service Date, Initial Synchronization Data and Commercial Operation Date, and submission of required deposits, all within 10 Business Days of the tender of the Class Year Study Agreement, will become a Class Year Project.

An Eligible Class Year Project that elects to enter a Class Year Study pursuant to this Section 25.5.9.1 but retracts its election prior to the ISO's tender of the Class Year Study Agreement will not become a member of the Class Year Study. An Eligible Class Year Project that elects to enter a Class Year Study pursuant to this Section 25.5.9.1 but retracts its election after the ISO's tender of the Class Year Study Agreement prior to or after the deadline for execution of the Class Year Study Agreement will not become a member of the Class Year Study; however, such retraction will count as one of the two Class Year Studies that a Project may enter pursuant to Section 25.6.2.3.4 of this Attachment S.

All parties engaged in performing study work as part of the Annual Transmission Reliability Assessment and Class Year Deliverability Study (collectively, the Class Year Study) are required to use Reasonable Efforts to complete the basic required evaluations and cost estimates for Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades in order that the Class Year Study can be presented to the Operating Committee for approval within twelve (12) months from the Class Year Start Date.

Through the Interconnection Projects Facilities Study Working Group and/or the Transmission Planning Advisory Subcommittee distribution lists, the ISO will provide the anticipated Class Year Schedule, including the status of and anticipated completion date of the Annual Transmission Baseline Assessment study cases.

## **25.5.9.2 Expedited Deliverability Study Process**

### **25.5.9.2.1 Study Start Date, Entry Requirements and Schedule**

The start date for the first Expedited Deliverability Study will be the first Business Day after thirty (30) Calendar Days following February 18, 2020. After the completion of the initial Expedited Deliverability Study, each Expedited Deliverability Study will begin the first Business Day after thirty (30) Calendar Days following the completion of the prior Expedited Deliverability Study; provided however, an Expedited Deliverability Study may not commence during the period between the posting of the draft Class Year Study report for Operating Committee approval and commencement of the next Class Year Study. If the first Business Day after thirty (30) Calendar Days following the completion of the prior Expedited Deliverability Study falls on a date within the above-described Class Year decision and settlement period, the Expedited Deliverability Study will begin on the first Business Day after ten (10) Calendar Days following the Class Year Study Start Date immediately following the above-described Class Year decision and settlement period.

The ISO will provide notice of the Expedited Deliverability Study start date by (1) sending notice of the start date to those registered through the ISO to be on the distribution lists for the NYISO Operating Committee and its subcommittees; and (2) posting notice of the Expedited Deliverability Study start date.

In order to become eligible to enter an Expedited Deliverability Study, a Developer must (1) elect to enter the Expedited Deliverability Study by providing notice to the ISO by the Expedited Deliverability Study start date; (2) must have satisfied the data submission requirements set forth in Section 23.4.5.7.3.6 of the ISO Services Tariff required for Class Year Projects requesting CRIS in a Mitigated Capacity Zone and have such data submission deemed complete by the ISO by the Expedited Deliverability Study start date; and (3) must be in service

or have completed one of the following, as applicable: a Class Year Study for ERIS, a System Impact Study under the Small Generator Interconnection Procedures, or a utility interconnection study if the facility is not subject to the ISO interconnection procedures under Attachments X and Z. A Project that satisfies the eligibility requirements for an Expedited Deliverability Study will become a member of the Expedited Deliverability Study if it satisfies the requirements of Section 25.5.9.2.2 of this Attachment S as it relates to completion of an Expedited Deliverability Study Agreement, submission of the required deposit, and submission of required technical data.

All parties engaged in performing study work as part of the Expedited Deliverability Study are required to use Reasonable Efforts to complete the basic required evaluations in order for the Expedited Deliverability Study to be presented to the NYISO Operating Committee for approval within four (4) months from the date that the ISO confirms receipt of all of the following: (1) the executed Expedited Deliverability Study Agreement; (2) the \$30,000 Expedited Deliverability Study deposit required by Section 25.5.9.2.2 of this Attachment S; and (3) the technical data required by Section 25.5.9.2.2 of this Attachment S.

#### **25.5.9.2.2 Expedited Deliverability Study Agreement**

As soon as practicable after a Developer has notified the ISO of its request to enter the next Expedited Deliverability Study, the ISO shall tender an Expedited Deliverability Study Agreement in the form of Appendix 2 to this Attachment S. When the ISO tenders an Expedited Deliverability Study Agreement to a Developer, the ISO shall, at the same time, also provide one to the applicable Connecting Transmission Owner. The Expedited Deliverability Study Agreement shall provide that the Developer shall compensate the ISO for the actual cost of the Expedited Deliverability Study. When the ISO tenders the Expedited Deliverability Study Agreement to the requesting Developer, the ISO shall provide to the Developer a non-binding



good faith estimate of the cost and timeframe for completing the Expedited Deliverability Study. Within ten (10) Business Days after the ISO tenders the Expedited Deliverability Study Agreement, the Developer shall complete the Expedited Deliverability Study Agreement and deliver the completed agreement to the ISO. Developer shall indicate, in the data form attached to the Expedited Deliverability Study Agreement, the MW level of requested CRIS up to the levels permitted by Section 25.8.1 of this Attachment S. Developer shall, with the completed Expedited Deliverability Study Agreement, deliver to the ISO (1) the required technical data and (2) a study deposit of \$30,000. The Developer, ISO and Connecting Transmission Owner shall execute the Expedited Deliverability Study Agreement no later than ten (10) Calendar Days after the ISO confirms receipt of the executed Expedited Deliverability Study Agreement, the required technical data and required deposit from the Developer. The ISO shall provide a copy of the fully executed Expedited Deliverability Study Agreement to the Developer and Connecting Transmission Owner. The ISO shall invoice the Expedited Deliverability Study Developer on a monthly basis for the work conducted on the Expedited Deliverability Study. Each Developer shall pay an equal share of the actual cost of the combined Expedited Deliverability Study. The Developer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. The ISO shall continue to hold the amounts on deposit in an interest bearing account associated with the Developer until settlement of the final invoice.

#### **25.5.9.2.3 Expedited Deliverability Study Procedures**

The ISO shall coordinate the Expedited Deliverability Study and shall utilize existing studies to the extent practicable in performing the Expedited Deliverability Study. The ISO may request additional information from the Developer and Connecting Transmission Owner as may reasonably become necessary consistent with Good Utility Practice during the course of the

Expedited Deliverability Study. Upon request from the ISO for additional information required for or related to the Expedited Deliverability Study, the Developer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

Within ten (10) Business Days of providing a draft Expedited Deliverability Study report to an Expedited Deliverability Study Developer, the ISO, Connecting Transmission Owner, and Affected System Operator(s) shall meet with the Developer to discuss the results of the Expedited Deliverability Study.

The ISO shall use Reasonable Efforts to complete the study and present the Expedited Deliverability Study report to the Operating Committee within the timeframe set forth in Section 25.5.9.2.1 of this Attachment S; provided, however, an Expedited Deliverability Study report shall not proceed to the Operating Committee between Operating Committee approval of a Class Year Study and commencement of the next Class Year Study. An Expedited Deliverability Study may not proceed to the Operating Committee until after ten (10) Calendar Days following the completion of the Class Year Study. After Operating Committee approval of the Expedited Deliverability Study report, the Expedited Deliverability Study Developers will be subject to the decision process set forth in Section 25.5.9.2.4.

Before Operating Committee approval of the Expedited Deliverability Study, if the pending Class Year Study proceeds to decision and settlement pursuant to Section 25.8 of this Attachment S and a Class Year Project accepts or rejects a Project Cost Allocation that the ISO determines may impact the deliverability of a Project in the Expedited Deliverability Study, the assumptions used in the Expedited Deliverability Study will be updated before the commencement of the next Class Year Study.

At the request of any Expedited Deliverability Study Developer, or at any time the ISO determines that it will not meet the required timeframe for completing the Expedited Deliverability Study, the ISO shall notify the Expedited Deliverability Study Developer as to the schedule status of the Expedited Deliverability Study. If the ISO is unable to complete the Expedited Deliverability Study within the initial schedule, it shall notify the Expedited Deliverability Study Developer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Upon request, the ISO shall provide the Expedited Deliverability Study Developer supporting documentation, workpapers, and databases or data developed in the preparation of the Expedited Deliverability Study, subject to non-disclosure arrangements consistent with Section 30.13.1.

#### **25.5.9.2.4 Expedited Deliverability Study Decision Process**

Within 5 Business Days following approval of the Expedited Deliverability Study by the Operating Committee (such 5 Business Day period to be referred to as the “Expedited Deliverability Study Initial Decision Period”), each Developer in the Expedited Deliverability Study shall provide notice to the ISO, in writing and via electronic mail, stating whether it shall accept (an “Expedited Deliverability Study Acceptance Notice”) or not accept (an “Expedited Deliverability Study Non-Acceptance Notice”) the Deliverable MW, if any, reported to it by the ISO in the Expedited Deliverability Study report. Failure to notify the ISO by the prescribed deadline as to whether a Developer accepts or rejects its Deliverable MW, if any, will be deemed an Expedited Deliverability Study Non-Acceptance Notice. As soon as practicable following the end of the Expedited Deliverability Study Initial Decision Period, the ISO shall report to all

Class Year Developers, in writing and via electronic mail, all of the decisions submitted by Developers in the Expedited Deliverability Study.

At the end of the Expedited Deliverability Study Initial Decision Period, if one or more of the Developers provides an Expedited Deliverability Study Non-Acceptance Notice (such event an “Expedited Deliverability Study Non-Acceptance Event”), the Developer that provided the Expedited Deliverability Study Non-Acceptance Notice will be removed from the then current Expedited Deliverability Study and the ISO shall update the Expedited Deliverability Study results for those remaining Developers in the Expedited Deliverability Study to reflect the impact of the Projects withdrawn from the Expedited Deliverability Study. The revised Expedited Deliverability Study report shall include updated Deliverable MW, if any, and shall be issued within 10 Business Days following the occurrence of an Expedited Deliverability Study Non-Acceptance Event. Each remaining Developer shall be deemed to have accepted its respective Deliverable MW identified in the revised Expedited Deliverability Study report.

#### **25.5.10 Additional SDU Studies**

##### **25.5.10.1 Notice of SDUs Requiring Additional Studies**

If a new System Deliverability Upgrade is identified (*i.e.*, a System Deliverability Upgrade not previously identified and cost allocated in a Class Year Study and not substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a Class Year Study), the ISO will notify all members of the ISO’s Interconnection Projects Facilities Study Working Group that the ISO has made such a determination, such notice to be provided as soon as practicable after the ISO presents the preliminary Class Year Deliverability Study results to stakeholders and the ISO Operating Committee approves such results. This notice will be referred to as the “Notice of SDUs Requiring Additional Study.” At the same time the ISO issues

the Notice of SDUs Requiring Additional Study, the ISO will issue a notice to only those Class Year Project Developers for which the ISO has identified System Deliverability Upgrades requiring additional SDU studies. Each Developer to which such notice is issued shall respond to the ISO within 10 Calendar Days to indicate whether it elects to (1) proceed or not proceed with an Additional SDU Study for the identified System Deliverability Upgrades; or (2) pursue one of multiple System Deliverability Upgrade alternatives identified by the ISO, which option Developer elects to be evaluated in the Additional SDU Study. If the Developer does not elect to pursue an Additional SDU Study for required System Deliverability Upgrades, it may only accept or reject its Deliverable MW, if any, in the Class Year Study. If the ISO does not receive the Developer's election by the deadline, the Developer will be deemed to have (1) notified the ISO that it elects to not proceed with an Additional SDU Study for the identified System Deliverability Upgrades; and (2) will only be permitted to accept or reject its Deliverable MW, if any, in the Class Year Study.

#### **25.5.10.2 Additional SDU Studies**

If no Class Year Project Developer to which the Notice of SDUs Requiring Additional Study is issued elects to proceed with such additional studies, the Class Year Study will proceed to the decision and settlement phase set forth in Section 25.8.2 of this Attachment S.

Alternatively, if any Class Year Project Developer to which the Notice of SDUs Requiring Additional Study is issued elects to proceed with such additional studies, the Class Year Study will proceed to the decision and settlement phase set forth in Section 25.8.2 of this Attachment S; however, the Additional SDU Study will be performed separate and apart from the Class Year Study; provided however, pursuant to Section 25.8.2 of this Attachment S, a Developer that elects to proceed with an Additional SDU Study has the option to proceed with the decision and

settlement phase with the rest of the Class Year for its SUF Project Cost Allocation and deliverable MW, if any.

If an Additional SDU Study is completed after the Class Year Study is approved by the NYISO Operating Committee but prior to the time that the ISO completes the Annual Transmission Baseline Assessment study cases for the subsequent Class Year Study, a Developer that elected to proceed with an Additional SDU Study may proceed to decision and settlement pursuant to Section 25.8.2(2) of this Attachment S.

If a Developer is part of an Additional SDU Study that does not complete in time for the Developer to proceed to decision and settlement pursuant to Section 25.8.2 of this Attachment S, the following provisions apply:

- (1) The Developer will be required to enter a subsequent Class Year Study (*i.e.*, a Class Year Study subsequent to the one in which the Additional SDU Study was triggered) if it wishes to obtain an SDU Project Cost Allocation for its requested CRIS.
- (2) The Developer's election to enter a subsequent Class Year Study is subject to the applicable entry requirements of Section 25.5.9 and Section 30.8.1 of Attachment X; provided, however, a Developer that elects to enter the first such subsequent Class Year Study (*i.e.*, the first Class Year Study that commences after the Additional SDU Study commences) may provide notice of its election to enter such subsequent Class Year Study on or before completion of the Annual Transmission Baseline Assessment study cases for the subsequent Class Year Study.

- (3) Election to enter into a subsequent Class Year Study will not constitute one of the two Class Years a Project may enter under Section 25.6.2.3.4 of Attachment S; provided, however, if the Developer enters a subsequent Class Year Study but rejects its SDU Project Cost Allocation for its requested CRIS, such action will constitute one of the two Class Years;
- (4) In a subsequent Class Year Study to evaluate the Developer's requested CRIS, the Additional SDU Studies will continue; provided, however, the base case used in the Additional SDU Studies will be updated based on the base case inclusion rules for that Class Year Study determined in accordance with Section 25.5.5.1 of this Attachment S.

If a Developer in Additional SDU Study accepted its SUF Project Cost Allocation pursuant to Section 25.8.2 of this Attachment S prior to the completion of the Annual Transmission Baseline Assessment study cases for the subsequent Class Year Study, the Project and its SUF will be included in the Existing System Representation for the subsequent Class Year Study.

For purposes of determining the Class Year Start Date for the next Class Year Study, a Class Year Study is complete on the date upon which the Final Decision Round completes for the Class Year Study decision period commenced in accordance with Section 25.8 of this Attachment S; the date an Additional SDU Study is completed does not impact the Class Year Start Date for the next Class Year Study. The next Class Year Study may commence prior to completion of an Additional SDU Study if the Additional SDU Study has not completed before the Initial Decision Period commences for the Class Year Study in accordance with Section 25.8.2(1) of this Attachment S.

## **25.7 Deliverability Studies and Cost Allocation Methodology for CRIS**

### **25.7.1 Class Year Deliverability Study and Non-Class Year Expedited Deliverability Study**

A Developer requesting CRIS for a Project larger than 2 MW may elect to enter either a Class Year Study or an Expedited Deliverability Study; provided however, a Developer may not be evaluated in both studies simultaneously (i.e., a Developer with CRIS being evaluated in a Class Year Study may not enter an Expedited Deliverability Study for evaluation of the same CRIS request until the Class Year Study has completed. A Developer with CRIS being evaluated in an Expedited Deliverability Study may not enter a Class Year Study for evaluation of the same CRIS request until the Expedited Deliverability Study has completed). A Class Year Study deliverability evaluation first evaluates whether a Project satisfies the NYISO Deliverability Interconnection Standard at its full amount of requested CRIS. If a Project is not deliverable for its full amount of requested CRIS, the Class Year Study proceeds to identify and cost allocate System Deliverability Upgrades required to make the Project fully deliverable for the full amount of requested CRIS. An Expedited Deliverability Study only evaluates whether a Project satisfies the NYISO Deliverability Interconnection Standard at its full amount of requested CRIS; it does not identify or cost allocate System Deliverability Upgrades. A Developer evaluated in an Expedited Deliverability Study and deemed undeliverable at its full amount of requested CRIS may (1) enter the next Open Class Year Study to obtain a Project Cost Allocation for required System Deliverability Upgrades; or (2) enter into a subsequent Expedited Deliverability Study or Class Year Study with the same or different CRIS request.



#### **25.7.1.1 Cost Allocation Among Developers in a Class Year**

Each Project in a Class Year Deliverability Study (“Class Year CRIS Project”) will share in the then currently available deliverability capability of the New York State Transmission System, and will also share in the cost of any System Deliverability Upgrades required for its Project to qualify for CRIS at the requested level. The total cost of the System Deliverability Upgrades required for all the Projects in the Class Year will be allocated among the Projects in the Class Year based on the pro rata impact of each Class Year CRIS Project on the deliverability of the New York State Transmission System, that is, the pro rata contribution of each Project in the Class Year Deliverability Study to the total cost of each of the System Deliverability Upgrades identified in the Class Year Deliverability Study. In addition to this allocation of cost responsibility for System Deliverability Upgrades among the Projects in a Class Year, the cost of certain Highway System Deliverability Upgrades will be shared with Load Serving Entities and subsequent Developers, as described below in Section 25.7.12 of these rules.

#### **25.7.1.2 Expedited Deliverability Study**

The Expedited Deliverability Study shall be performed concurrently for all Projects that meet the entry requirements set forth in Section 25.5.9.2.1 of this Attachment S as a combined Expedited Deliverability Study.

#### **25.7.2 Categories of transmission facilities**

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

#### **25.7.2.1 Byways**

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

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

Developers that pay for the use of Headroom pursuant to this Attachment S on a System Deliverability Upgrade that has been awarded Incremental TCCs. Incremental TCCs that are declined or terminated by a Developer and not otherwise deemed reserved will be deemed permanently terminated. Incremental TCCs related to a System Deliverability Upgrade that were previously deemed reserved as a result of prior declination or termination will be deemed permanently terminated when the Headroom on the System Deliverability Upgrade ceases to exist or is otherwise reduced to zero in accordance with Section 25.8.7.4 of this Attachment S.

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

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

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

### **25.7.2.2 Highways**

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

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

reserved to the extent necessary to facilitate the potential for transfers to subsequent Developers that pay for the use of Headroom pursuant to this Attachment S on a Highway System Deliverability Upgrade that has been awarded Incremental TCCs. Incremental TCCs that are declined or terminated by a Developer and not otherwise deemed reserved will be deemed permanently terminated. Incremental TCCs related to a Highway System Deliverability Upgrade that were previously deemed reserved as a result of prior declination or termination will be deemed permanently terminated when the Headroom on the Highway System Deliverability Upgrade ceases to exist or is otherwise reduced to zero in accordance with Section 25.8.7.4 of this Attachment S.

The Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade shall also be awarded, and be the Primary Holder of, any Incremental TCCs related to the portion of a Highway System Deliverability Upgrade funded by Load Serving Entities pursuant to Section 25.7.12 of this Attachment S, in proportion to the contribution of the Load Serving Entities to the total cost of the Highway System Deliverability Upgrade. The ISO shall round any non-whole MW quantities to a whole number of Incremental TCCs in a manner that ensures that the sum of all individual allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the Highway System Deliverability Upgrade; provided, however, that no Incremental TCCs will be awarded to the Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade for the portion of a Highway System Deliverability Upgrade funded by Load Serving Entities if the whole number value determined by the ISO for the Load Serving Entities' proportionate share is zero.

A Developer paying for a Highway System Deliverability Upgrade will be eligible to receive Headroom payments in accordance with these rules to the extent that it pays for System Deliverability Upgrade capacity in excess of that required to provide the requested level of CRIS and Load Serving Entities have not funded a portion of the costs of the Highway System Deliverability Upgrade pursuant to Section 25.7.12 of this Attachment S. If Load Serving Entities have funded a portion of a Highway System Deliverability Upgrade pursuant to Section 25.7.12 of this Attachment S, the Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade will be eligible to receive any and all Headroom payments related to the System Deliverability Upgrade in accordance with these rules on behalf, and for the benefit, of the Load Serving Entities that funded a portion of the System Deliverability Upgrade.

A subsequent Developer paying for use of Headroom on System Deliverability Upgrades will be entitled to receive Incremental TCCs, to the extent Incremental TCCs have been awarded by the ISO for the System Deliverability Upgrade, in proportion to its contribution to the total cost of the Highway System Deliverability Upgrade, as determined based on its required Headroom payments. The ISO shall round any non-whole MW quantities to a whole number of Incremental TCCs in a manner that ensures that the sum of all individual allocations to eligible entities is equal to the total number of Incremental TCCs awarded to the Highway System Deliverability Upgrade; provided, however, that a subsequent Developer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the Developer's proportionate share is zero. If: (i) a Developer that initially paid for a Highway System Deliverability Upgrade paid for capacity in excess of that required to provide its requested level of CRIS; (ii) Load Serving Entities have not funded a portion of the costs of the

Highway System Deliverability Upgrade pursuant to Section 25.7.12 of this Attachment S; and (iii) the Developer elected to receive its proportionate share of any Incremental TCCs related to the System Deliverability Upgrade and continues to hold such Incremental TCCs, any Incremental TCCs that a subsequent Developer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Developer that initially funded the System Deliverability Upgrade in proportion to the Headroom payments received by such Developer from the subsequent Developer making such Headroom payments. If: (i) a Developer that initially paid for a Highway System Deliverability Upgrade paid for capacity in excess of that required to provide its requested level of CRIS; (ii) Load Serving Entities have not funded a portion of the costs of the Highway System Deliverability Upgrade pursuant to Section 25.7.12 of this Attachment S; and (iii) the Developer declined to receive its proportionate share of any Incremental TCCs related to the System Deliverability Upgrade or subsequently terminated the Incremental TCCs it elected to receive, any Incremental TCCs that a subsequent Developer is eligible to receive will be made available from the Incremental TCCs related to the System Deliverability Upgrade that were previously deemed reserved as a result of prior declination or termination in proportion to the Headroom payments received by the Developer that initially paid for the System Deliverability Upgrade from the subsequent Developer making such Headroom payments. If Load Serving Entities have funded a portion of a Highway System Deliverability Upgrade pursuant to Section 25.7.12 of this Attachment S, any Incremental TCCs that a subsequent Developer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Transmission Owner(s) responsible for constructing the System Deliverability Upgrade. If a subsequent Developer elects to accept its proportionate share of any Incremental



TCCs, the subsequent Developer shall be the Primary Holder of such Incremental TCCs; provided, however, that Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Developer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Developer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs. If a subsequent Developer declines an award of its proportionate share of any Incremental TCCs resulting from its Headroom payments, or subsequently terminates the Incremental TCCs it elected to receive in accordance with Section 19.2.4.9 of Attachment M of the ISO OATT, the declined or terminated Incremental TCCs will be deemed permanently terminated.

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

### **25.7.2.3 Other Interfaces**

If the Class Year CRIS Project degrades the transfer capability of any one of the Other Interfaces below the transfer capability identified in the current ATBA, then the Developer will pay its pro rata share of one hundred percent (100%) of the cost of the System Deliverability Upgrades needed to restore the transfer capability of the Other Interfaces degraded by its proposed Project to what the transfer capability of those Other Interfaces would have been without its Project, as that transfer capability was measured in the current ATBA. Where two or more Projects would cause degradation of an Other Interface's transfer capability, the cost of the necessary System Deliverability Upgrades to restore the original transfer capability of the

interface shall be shared on a pro rata basis, based on the MW of degradation that each Project would cause.

### **25.7.3 Capacity Regions**

The deliverability test will be applied within each of the four (4) Capacity Regions: (1) Rest of State (i.e., Load Zones A through F); (2) Lower Hudson Valley (i.e., Load Zones G, H and I); (3) New York City (i.e., Load Zone J); and (4) Long Island (i.e., Load Zone K). To be declared deliverable a generator or Class Year Transmission Project must only be deliverable, at its requested CRIS MW, throughout the Capacity Region in which the Project is interconnected or is interconnecting, or, if requesting External-to-ROS Deliverability Rights, throughout the Rest of State Capacity Region. For example, starting with Class Year 2012, a proposed generator or Class Year Transmission Project interconnecting in the Rest of State Capacity Region (i.e., Load Zones A-F) will be required to demonstrate deliverability throughout the Rest of State Capacity Region (i.e., Load Zones A-F), but will not be required to demonstrate deliverability to or within any of the following Capacity Regions: Lower Hudson Valley (i.e., Load Zones G, H and I); New York City (i.e., Load Zone J); or Long Island (i.e., Load Zone K).

### **25.7.4 Participation in Capacity Markets**

A Developer, in order to be eligible to become an Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, must obtain CRIS pursuant to the procedures set forth in this Attachment S. A Developer must enter a Class Year Deliverability Study or Expedited Deliverability Study in order to obtain CRIS, unless otherwise provided for in this Attachment S. The MW amount of CRIS requested by a Developer, stated in MW of Installed Capacity ("ICAP"), cannot exceed the MW levels specified in Sections 25.8.1 of this Attachment S. All requests for CRIS must be in tenths of a MW. The

ISO will perform the Class Year Deliverability Study and Expedited Deliverability Study in accordance with these rules and with input of Market Participants, to determine the deliverability of the Projects requesting CRIS in each study. The Expedited Deliverability Study will only determine the extent to which the Project is deliverable at the full amount of requested CRIS. The Class Year Deliverability Study will determine deliverability at the full amount of requested CRIS and, if not deliverable, will identify and allocate the cost of the System Deliverability Upgrades needed to make deliverable each Class Year CRIS Project. In order to be eligible to become an Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, a Developer must be found fully deliverable at the requested CRIS level in an Expedited Deliverability Study or, in a Class Year Study, either (1) accept its deliverable MW in a Class Year Study or Expedited Deliverability Study; or (2) fund or commit to fund, in accordance with these rules, the System Deliverability Upgrades needed for its Project to be deliverable at the requested level of CRIS.

#### **25.7.5 The Pre-Existing System**

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

#### **25.7.6 CRIS Values**

Through a Class Year Study, a Developer may elect no CRIS, partial CRIS, or full CRIS for its Project by satisfying the applicable sections of this Attachment S. Through an Expedited

Deliverability Study, a Developer may elect CRIS or partial CRIS to the extent its requested CRIS is deliverable pursuant to the NYISO Deliverability Interconnection Standard.

Each Project qualifying for CRIS will have two CRIS values per Project: one for the Summer Capability Period and one for the Winter Capability Period. For Projects comprised of multiple Generators, the Project's CRIS, subject to the maximum permissible requested CRIS pursuant to Section 25.8.1 of this Attachment S, shall be allocated among the multiple Generators, and shall be allocated among the multiple Generators, as requested by Developer (to the extent permissible under Section 25.8.1 of this Attachment S). The Project's CRIS and allocation of CRIS among its units, as applicable, will be specified by ISO in the Class Year Deliverability Study report approved by the ISO Operating Committee.

The Project's CRIS value for the Summer Capability Period will be set using the deliverability test methodology and procedures described below. Through the Winter Capability Period 2017/2018, the Project's CRIS value for the Winter Capability Period will be set at a value that will maintain the same proportion of CRIS to ERS as the Project has for the Summer Capability Period. For Winter Capability Periods beyond 2017/2018, the Project's CRIS value for the Winter Capability Period will be determined by the applicable process below:

**25.7.6.1 Winter CRIS will be calculated as follows:**

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

Where:

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

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

25.7.6.1.1 For facilities with Summer CRIS as of December 16, 2017, the following additional provision applies: For such facilities for which there is an ISO-accepted temperature curve used for determining the Project's DMNC, Winter CRIS will be calculated using such temperature curve, provided the capability represented by the curve does not exceed the Project's ERIS. For facilities for which there is not an ISO-accepted temperature curve used for determining the Project's DMNC, Winter CRIS will be set equal to the Project's Summer CRIS unless the Project provides a temperature curve to the ISO by December 16, 2017, that the ISO subsequently determines is acceptable.

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

25.7.6.2 Upon an increase to a Project's Summer CRIS pursuant to a permissible increase in Summer CRIS under Section 25.9.4 of this Attachment S, Attachment X, Section 30.3.2.6 or Attachment Z, Section 32.4.11.1 (increases in CRIS not requiring a Class Year Study) or pursuant to an increase in Summer CRIS evaluated in a Class Year Study for which a Developer accepts its Project Cost Allocation for System Deliverability Upgrades and posts Security therefore (if applicable) or accepts its Deliverable MWs, the Winter CRIS will be determined using the formula set forth in Section 25.7.6 (i), wherein the Summer CRIS MW will be the increased Summer CRIS MW.

## **25.7.7 Deliverability Study Procedures**

### **25.7.7.1 Class Year Deliverability Study Procedures**

The ISO staff will conduct the Class Year Deliverability Study, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Class Year Deliverability Study. The ISO and its staff will have decisional control over the entire Class Year Deliverability Study. If, at any time, the ISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Class Year Deliverability Study, then the ISO will enter into appropriate contracts with such entities for such input. The ISO shall utilize existing studies to the extent practicable when it performs the study, including but not limited to SRIS deliverability analyses performed pursuant to Section 30.7.3.2 and 30.7.4.2 of Attachment X to the OATT. As it conducts each Class Year Deliverability Study, the ISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee or an Operating Committee subcommittee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Class Year Deliverability Study will be reviewed and approved by the Operating Committee, when the Operating Committee approves the ATRA for the same Class Year. Each Class Year Deliverability Study is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

Starting with Class Year 2019, if the ISO determines that an Additional SDU Study is required pursuant to Section 25.5.10 of this Attachment S, ISO will notify all Class Year Projects that such Additional SDU Study will be conducted, such notice to be provided as soon as

practicable after the ISO receives notice from Developers in response to the Notice of SDU Requiring Additional Study.

#### **25.7.7.2 Expedited Deliverability Study Procedures**

The ISO staff will conduct the Expedited Deliverability Study, as described in these rules in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Expedited Deliverability Study. The ISO and its staff will have decisional control over the entire Expedited Deliverability Study. If, at any time, the ISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Expedited Deliverability Study, then the ISO will enter into appropriate contracts with such entities for such input. The ISO shall utilize existing studies to the extent practicable when it performs the study, including but not limited to SRIS deliverability analyses performed pursuant to Section 30.7.3.2 and 30.7.4.2 of Attachment X to the OATT. As it conducts each Expedited Deliverability Study, the ISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee or an Operating Committee subcommittee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Expedited Deliverability Study will be reviewed and approved by the Operating Committee. Each Expedited Deliverability Study is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

## **25.7.8 Deliverability Test Methodology for Highways and Byways**

### **25.7.8.1 Definition of NYCA Deliverability**

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

### **25.7.8.2 NYCA Deliverability Testing Methodology**

#### **25.7.8.2.1 Class Year Study**

25.7.8.2.1.1 The current Class Year ATBA, developed in accordance with ISO Procedures, will serve as the starting point for the deliverability baseline for testing under summer peak system conditions, subject to ISO Procedures and the following:

All Class Year CRIS Projects will be evaluated on an aggregate Class Year basis. Deliverability will be determined through a shift from generation to generation within the Capacity Regions in New York State. Each Capacity Region will be tested on an individual basis.

25.7.8.2.1.2 Each entity requesting External CRIS Rights will request a certain number of MW to be evaluated for deliverability pursuant to Section 25.7.11 of this Attachment S. The MW of an entity requesting External CRIS Rights will not be derated for the deliverability analysis.



25.7.8.2.1.3 Each Developer requesting CRIS will request that a certain number of MW be evaluated for deliverability, such MW not to exceed the maximum levels set forth in Section 25.8.1 of this Attachment S. The MW requested by a Developer will represent Installed Capacity, and will be derated for the deliverability analysis. The MW requested by a Resource with an Energy Duration Limitation will represent Installed Capacity based on the Developer-selected duration (i.e., its expected maximum injection capability in MW hours for the Developer-selected duration) and will also be derated for the deliverability analysis. At the conclusion of the analysis, the ISO will reconvert only the deliverable MW and report them in terms of MW of Installed Capacity using the same derating factor utilized at the beginning of the deliverability analysis.

A derated generator capacity incorporating availability is used. This derated generator capacity is based on the unforced capacity or “UCAP” or Net UCAP, as applicable, of each resource and can be referred to as the UCAP Deration Factor (“UCDF”). The UCDF used is the average from historic ICAP to UCAP translations on a Capacity Region basis, as determined in accordance with ISO Procedures. For Class Years prior to and including Class Year 2017, this is the average EFORD, which will be used for all non intermittent ICAP providers. The UCDF for intermittent resources will be calculated based on their resource type in accordance with ISO Procedures. For Class Years commencing after the completion of Class Year 2017, the UCDF used is the average EFORD, which will be used for all ICAP providers that are not Intermittent Power Resources

(resources that are not Intermittent Power Resources include Energy Storage Resources). The UCDF for Intermittent Power Resources will be calculated based on their resource type in accordance with ISO Procedures.

Resources with an Energy Duration Limitations evaluated for CRIS will be derated to reflect the Developers' selected duration. Facilities comprised of Generators of different technologies will be derated using a blended UCDF that combines the UCDF of the individual Generators within the Project; provided however, that if the Project includes load reduction, the load reduction would not impact the UCDF of the Project.

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

Existing CRIS that will be modeled in the Class Year Study shall include: existing CRIS for facilities not being evaluated in the Class Year Study regardless of outage state, unless that CRIS will expire prior to the scheduled completion of the applicable Class Year study or the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration. For purposes of this Section 25.7.8.2.1.3, "existing CRIS" is CRIS that has been obtained through Attachment S and that has not expired. For Projects that have undergone a prior Class Year Study deliverability evaluation, "existing CRIS" is CRIS obtained upon completion of a Class Year Study through which the Developer accepted its deliverable MW or accepted its Project Cost Allocation and posted Security for System Deliverability Upgrades, as applicable. For Projects that undergo an

Expedited Deliverability Study deliverability evaluation, “existing CRIS” is considered to be CRIS that is obtained upon completion of an Expedited Deliverability Study through which the Developer was deemed to have accepted its deliverable MW in an Expedited Deliverability Study completed prior to the Class Year Study Start Date.

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

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

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

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

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

25.7.8.2.1.9 External system imports will be adjusted as necessary to eliminate or minimize overloads, other than the following external system imports: (i) the grandfathered import contract rights listed in Attachment E to the Installed

Capacity Manual, (ii) the operating protocols set forth in Schedule C of Attachment CC to the OATT, (iii) the appropriate rules for reflecting PJM service to RECo load, (iv) beginning with Class Year 2008 and in subsequent Class Years, the Existing Transmission Capacity for Native Load listed for the New York State Electric & Gas Corporation in Table 3 of Attachment L to the OATT, (v) in Class Year 2008 and 2009, 1090 MW of imports made over the Quebec (via Chateauguay) interface, and (vi) beginning with Class Year 2010 and in subsequent Class Years, any External CRIS Rights awarded pursuant to Section 25.7.11 of this Attachment S, either as a result of the conversion of grandfathered rights over the Quebec (via Chateauguay) Interface or as a result of a Class Year Deliverability Study, until, as of the Class Year Start Date, the time available to renew the External CRIS Rights has expired, as described in Section 25.9.3.2.2 of this Attachment S.

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

25.7.8.2.1.11 Resources and demand are brought into balance in the baseline. If resources are greater than demand in the Capacity Region, existing generators within the Capacity Region are prorated down. If resources are lower than demand in the Capacity Region, additional external resources are included in the model.

25.7.8.2.1.12 PARs within the applicable Capacity Region will be adjusted as necessary, in either direction and within their angle capability, to eliminate or minimize

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

25.7.8.2.1.13 Deliverability testing will proceed as follows - The generation/load mix is split into two groups of generation and load, one upstream and one downstream for each zone or sub-zone tested within the Capacity Region. All elements that are part of the New York State Transmission System within the Capacity Region will be monitored. If there is excess generation upstream (that is, more upstream generation than is necessary to serve the upstream load plus LFU) then the generation excess, taking into account generator derate factors described in Section 25.7.8.2.2 above, is assumed to displace downstream generation. If the dispatch of the upstream excess generation causes an overload, this overload is flagged as a potential deliverability problem and will be used to determine the amount of capacity that is assigned CRIS status and the overload mitigation.

25.7.8.2.1.14 For Highway interfaces, the generators or Class Year Transmission Projects in a Class Year, whether or not they are otherwise deliverable, will not be considered deliverable if their aggregate impact degrades the transfer capability of the interface more than the lesser of 25 MW or 2 percent of the transfer capability identified in the ATBA and results in an increase to the NYCA LOLE determined for the ATBA of .01 or more. The Class Year CRIS Projects causing the degradation will be responsible, on a pro rata basis, for restoring transfer

capability only to the extent their aggregate degradation of transfer capability, compared to that in the ATBA, would not occur but for the Class Year CRIS Projects.

#### **25.7.8.2.2 Expedited Deliverability Study**

25.7.8.2.2.1 The current Class Year ATRA, developed in accordance with ISO Procedures, will serve as the starting point for the deliverability baseline for testing under summer peak system conditions, subject to ISO Procedures and the following: All Expedited Deliverability Study Projects will be evaluated on an aggregate Expedited Deliverability Study basis. Deliverability will be determined through a shift from generation to generation within the Capacity Regions in New York State. Each Capacity Region will be tested on an individual basis.

25.7.8.2.2.2 Each Developer requesting CRIS will request that a certain number of MW be evaluated for deliverability, such MW not to exceed the maximum levels set forth in Section 25.8.1 of this Attachment S. The MW requested by a Developer will represent Installed Capacity, and will be derated for the deliverability analysis. The MW requested by a Resource with an Energy Duration Limitation will represent Installed Capacity based on the Developer-selected duration (i.e., its expected maximum injection capability in MW hours for the Developer-selected duration) and will also be derated for the deliverability analysis. At the conclusion of the analysis, the ISO will reconvert only the deliverable MW and report them in terms of MW of Installed Capacity using the same derating factor utilized at the beginning of the deliverability analysis.

A derated generator capacity incorporating availability is used. This derated generator capacity is based on the unforced capacity or “UCAP” or Net UCAP, as applicable, of each resource and can be referred to as the UCAP Deration Factor (“UCDF”). The UCDF used is the average from historic ICAP to UCAP translations on a Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF used is the average EFORD, which will be used for all ICAP providers that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources). The UCDF for Intermittent Power Resources will be calculated based on their resource type in accordance with ISO Procedures. Resources with Energy Duration Limitations evaluated for CRIS will be derated to reflect the Developers’ selected duration. Facilities comprised of Generators of different technologies will be derated using a blended UCDF that combines the UCDF of the individual Generators within the Project; provided however, that if the Project includes load reduction, the load reduction would not impact the UCDF of the Project.

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

25.7.8.2.2.3 CRIS that will be modeled in the Expedited Deliverability Study shall include: (1) existing CRIS, including CRIS obtained in a previous Expedited Deliverability Study, for facilities not being evaluated in the instant Expedited Deliverability Study, regardless of outage state, unless that CRIS will expire prior to the scheduled completion of the applicable Expedited Deliverability Study or

the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration; and (2) CRIS requested by Projects in the Class Year Study(ies) pending during the Expedited Deliverability Study. For purposes of this section 25.7.8.2.2.3, “existing CRIS” is CRIS that has not expired and CRIS that has been obtained by Projects through Attachment S. For Projects that undergo a Class Year Study deliverability evaluation, “existing CRIS,” is CRIS obtained, upon completion of a Class Year Study through which the Developer accepted deliverable MW or accepted its Project Cost Allocation and posted Security for System Deliverability Upgrades, as applicable. For Projects that undergo an Expedited Deliverability Study deliverability evaluation, “existing CRIS,” is CRIS obtained, upon completion of an Expedited Deliverability Study through which the Developer was deemed to have accepted its deliverable MW.

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

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

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

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



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

25.7.8.2.2.9 External system imports will be adjusted as necessary to eliminate or minimize overloads, other than the following external system imports: (i) the grandfathered import contract rights listed in Attachment E to the Installed Capacity Manual, (ii) the operating protocols set forth in Schedule C of Attachment CC to the OATT, (iii) the appropriate rules for reflecting PJM service to RECo load, (iv) the Existing Transmission Capacity for Native Load listed for the New York State Electric & Gas Corporation in Table 3 of Attachment L to the OATT, (v) any External CRIS Rights awarded pursuant to Section 25.7.11 of this Attachment S, either as a result of the conversion of grandfathered rights over the Quebec (via Chateauguay) Interface or as a result of a Class Year Deliverability Study, until, as of the Expedited Deliverability Study start date, the time available to renew the External CRIS Rights has expired, as described in Section 25.9.3.2.2 of this Attachment S.

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

25.7.8.2.2.11 Resources and demand are brought into balance in the baseline. If resources are greater than demand in the Capacity Region, existing generators within the Capacity Region are prorated down. If resources are lower than

demand in the Capacity Region, additional external resources are included in the model.

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

25.7.8.2.2.13 Deliverability testing will proceed as follows - The generation/load mix is split into two groups of generation and load, one upstream and one downstream for each zone or sub-zone tested within the Capacity Region. All elements that are part of the New York State Transmission System within the Capacity Region will be monitored. If there is excess generation upstream (that is, more upstream generation than is necessary to serve the upstream load plus LFU) then the generation excess, taking into account generator derate factors described in Section 25.7.8.2.2 above, is assumed to displace downstream generation. If the dispatch of the upstream excess generation causes an overload, this overload is flagged as a potential deliverability problem and will be used to determine the amount of partial CRIS, if any, for the applicable Projects in the Expedited Deliverability Study.

25.7.8.2.2.14 For Highway interfaces, the Projects in an Expedited Deliverability Study, whether or not they are otherwise deliverable, will not be considered deliverable

if their aggregate impact degrades the transfer capability of the interface more than the lesser of 25 MW or 2 percent of the transfer capability identified in the ATRA. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

## **25.7.9 Deliverability Test Methodology for Other Interfaces**

### **25.7.9.1 Class Year Deliverability Test Methodology for Other Interfaces**

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

### **25.7.9.2 Expedited Deliverability Study Test Methodology for Other Interfaces**

The Projects in an Expedited Deliverability Study, whether or not they are otherwise deliverable across Highways and Byways, will not be considered deliverable if their aggregate

impact degrades the transfer capability of any Other Interface more than the lesser of 25 MW or 2 percent of the transfer capability of the Other Interface identified in the ATBA. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

#### **25.7.10 Deliverability of External Installed Capacity**

External Installed Capacity not associated with Unforced Capacity Deliverability Rights, External-to-ROS Deliverability Rights or External CRIS Rights will be subject to the deliverability test in Section 25.7.8 and 25.7.9 of this Attachment S, but not as a part of the Class Year Deliverability Study. As described in detail in Section 5.12.2 of the Services Tariff, the deliverability of External Installed Capacity not associated with Unforced Capacity Deliverability Rights, External-to ROS Deliverability Rights or External CRIS Rights will be evaluated separately as a part of the annual process under the Services Tariff that sets import rights for the upcoming Capability Year, to determine the amount of External Installed Capacity that can be imported to the New York Control Area.

#### **25.7.11 CRIS Rights For External Installed Capacity**

An entity, by following the procedures and satisfying the requirements described in this Section 25.7.11, may obtain External CRIS Rights. While the External CRIS Rights are in effect, External Installed Capacity associated with External CRIS Rights is not subject to (1) the deliverability determination described above in Section 25.7.10 of this Attachment S, (2) the annual deliverability determination applied in the import limit setting process described in Section 5.12.2.2 of the Services Tariff, or (3) to the allocation of import rights described in ISO Procedures.

### **25.7.11.1 Required Commitment of External Installed Capacity**

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

#### **25.7.11.1.1 Contract Commitment**

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

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

25.7.11.1.1.2 The bilateral supply contract(s) must be for the same number of MW for all months of the Summer Capability Periods (“Summer Contract CRIS MW”)

and the same number of MW for all Specified Winter Months (“Winter Contract CRIS MW”). The Winter Contract CRIS MW level must be less than or equal to the Summer Contract CRIS MW level.

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

#### **25.7.11.1.2 Non-Contract Commitment**

An entity holding External CRIS Rights under a Non-Contract Commitment must offer the committed number of MW of External Installed Capacity for every month of the commitment, as described below, in the ISO Installed Capacity auctions for an Award Period of at least five (5) years. The entity must have ownership or contract control of External Installed Capacity to fulfill its Non-Contract Commitment throughout the Award Period.

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

25.7.11.1.2.2 The commitment must be for the same number of MW for each month of the Summer Capability Period (“Summer Non-Contract CRIS MW”), and the same number of MW for all Specified Winter Months (“Winter Non-Contract

CRIS MW”). The Winter Non-Contract CRIS MW level must be less than or equal to the Summer Contract CRIS MW level.

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

25.7.11.1.2.4 Notwithstanding other capacity mitigation measures that may apply, the offers to sell Installed Capacity into an auction submitted pursuant to this Non-Contract Commitment will be subject to an offer cap for each month of the Summer Capability Periods and each Specified Winter Month. This offer cap will be determined in accordance with the provisions contained in Section 5.12.2.4 of the Services Tariff.

#### **25.7.11.1.3 Failure to Meet Commitment**

If an entity fails to certify or offer the full number of Contract CRIS MW or Non-Contract CRIS MW in accordance with the terms stated above, in Sections 25.7.11.1.1 and 25.7.11.1.2, the entity shall pay the ISO an amount equal to 1.5 times the Installed Capacity Spot Auction Market Clearing Price for the month in which either the capacity under Non-Contract Commitment was not offered or the Contract Commitment to supply ICAP was not certified

(“Supply Failure”), times the number of MW committed under the Non-Contract or Contract Commitment but not offered.

25.7.11.1.3.1 Within a given Award Period and each subsequent renewal of an Award Period pursuant to Section 25.9.3.2.2 herein, for the first three instances of a Supply Failure, no additional actions will be taken. Upon the fourth instance within the Award Period or the fourth instance within a subsequent renewal period of a Supply Failure, the associated External CRIS Rights will be terminated in their entirety with no ability to renew. Entities that had External CRIS Rights terminated may reapply for External CRIS in accordance with Section 25.7.11.1.4.2 below. Nothing in this Section 25.7.11.1.3 shall be construed to limit or diminish any provision in the Market Power Mitigation Measures or the Market Monitoring Plan.

#### **25.7.11.1.4 Obtaining External CRIS Rights**

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

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



25.7.11.1.4.2 Class Year Deliverability Study. An entity may seek to obtain External CRIS Rights for its External Installed Capacity by requesting that its External Installed Capacity be evaluated for deliverability in the Open Class Year. To make such a request an entity must provide to the ISO a completed External CRIS Rights Request stating whether it is making a Contract Commitment or Non-Contract Commitment, the number of MW of External Installed Capacity to be evaluated, and the specific External Interface(s). The first Class Year Deliverability Study to evaluate requests for External CRIS Rights will be that for Class Year 2010. After the ISO receives a completed External CRIS Rights Request, an entity making a Contract Commitment or Non-Contract Commitment that satisfies the requirements of Section 25.7.11.1 of this Attachment S will be eligible to proceed, as follows:

25.7.11.1.4.2.1 The entity is made a Class Year Project when the ISO receives the entity's executed Class Year Interconnection Facilities Study Agreement for External Installed Capacity and all required data and the full deposit.

25.7.11.1.4.2.2 The entity's MW of External Installed Capacity covered by its bilateral contract(s) or, in the case of a Non-Contract Commitment the number of MW committed by the entity, are evaluated for deliverability within the Rest of State Capacity Region. The entity's External Installed Capacity is not subject to the NYISO Minimum Interconnection Standard. The ISO will determine whether the requests for External CRIS Rights within a given Class Year exceed the import limit, established pursuant to ISO procedures, for the applicable External Interface that is in effect on the Class Year Start Date when combined, to the

extent not already reflected in the import limit, with the following: (1) awarded External CRIS Rights at the same External Interface, (2) Grandfathered External Installed Capacity Agreements listed in Attachment E of the ISO Installed Capacity Manual at the same External Interface, and (3) the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT (applies to the PJM interface only) (“Combined Total MW”). In addition to the other requirements stated herein, External CRIS Rights will only be awarded to the extent that the Combined Total MW does not exceed the import limit, as described above.

25.7.11.1.4.2.3        The Class Year Deliverability Study report will include an SDU Project Cost Allocation and a Deliverable MW number for the entity’s External Installed Capacity.

25.7.11.1.4.2.4        The entity will have the same decision alternatives as other Class Year Projects participating in the Deliverability Study only. That is, the entity may either (a) accept its SDU Project Cost Allocation, (b) decline its SDU Project Cost Allocation and accept its Deliverability MW figure, or (c) decline both its SDU Project Cost Allocation and its Deliverable MW. If the entity does decline both its SDU Project Cost Allocation and its Deliverable MW, the entity’s External Installed Capacity will be removed from the Class Year Deliverability Study. Once removed from the then current Class Year Deliverability Study, the entity can request for its External Installed Capacity to be evaluated again for deliverability in a subsequent Class Year Deliverability Study that is open at the time of its request.

25.7.11.1.4.2.5 If the entity accepts its SDU Project Cost Allocation, it must fund, or commit to fund the SDU upgrades, like any other Class Year Project.

25.7.11.1.4.2.6 If the entity accepts its SDU Project Cost Allocation and funds or commits to fund the SDU upgrades as required by this Attachment S, the entity must also execute and fulfill agreement(s) with the ISO and the Connecting Transmission Owner and any Affected Transmission Owner to cover the engineering, procurement and construction of the SDUs.

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

25.7.11.1.4.2.8 If the entity satisfies the requirements described in this Section 25.7.11.1.4, the entity will obtain External CRIS Rights for the number of MW determined to be deliverable, made deliverable through an SDU (with an accepted SDU Project Cost Allocation), or deemed deliverable through a commitment to pay for an SDU.

## **25.7.12 Cost Allocation for Highway System Deliverability Upgrades**

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

25.7.12.2 If the portion of the System Deliverability Upgrades required to make one or more CRIS Projects in a Class Year deliverable is less than 90% of the total size (measured in MW) of the Highway System Deliverability Upgrade, the Developer(s) will be required to pay or commit to pay for a percentage share of the total cost of the Highway System Deliverability Upgrades equal to the estimated percentage megawatt usage by the Class Year CRIS Project of the total megawatts provided by the System Deliverability Upgrades. Other generators or Class Year Transmission Projects in the current Class Year Deliverability Study may share in the cost of these System Deliverability Upgrades, on the same basis. Projects in the current Class Year Deliverability Study will not be allocated all of the cost of these System Deliverability Upgrades. The rest of the cost of these System Deliverability Upgrades will be allocated to Load Serving Entities and subsequent Developers, as described in this Section 25.7.12. The Developer may either (1) make a cash payment of its proportionate share of the upgrade, which will be held by the Connecting Transmission Owner and Affected Transmission Owner(s) in interest-bearing account(s); or (2) post Security (as defined in this Attachment S) meeting the commercially reasonable requirements of the

Connecting Transmission Owner and Affected Transmission Owner(s) for the Developer's proportionate share of the cost of the upgrade. The amount(s) of cash or Security that a Developer must provide to its Connecting Transmission Owner and any Affected Transmission Owners will be included in the Class Year Deliverability Study report. If the Developer chooses to provide Security, its allocated cost will be increased by an annual construction-focused inflation index. The Developer will update its Security on an annual basis to reflect this increase. Except for this adjustment for inflation, the cost allocated to the Developers will not be increased if the estimated cost of the Highway System Deliverability Upgrade increases. However, the costs allocated to subsequent Developers will be based on a current cost estimate of the Highway System Deliverability Upgrade project.

25.7.12.3 If requesting CRIS, the generator or Class Year Transmission Project will be considered deliverable, and eligible to become a qualified Installed Capacity Supplier or to receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, as applicable and subject to eligibility requirements in the ISO Procedures, when the Project associated with the CRIS request is in service, provided the Developer has paid its share of the total cost of System Deliverability Upgrades necessary to support the requested CRIS level, or made a satisfactory commitment to do so. Highway System Deliverability Upgrades--where the System Deliverability Upgrades are below the 90% threshold discussed in Section 25.7.12.2 above--will be constructed and funded either (i) according to

Sections 25.7.12.3.1 and 25.7.12.3.2 below, or (ii) according to Section 25.7.12.3.3 below.

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

25.7.12.3.2 The actual cost of the Highway System Deliverability Upgrade project above that paid for by Developers will be funded by Load Serving Entities, using the rate mechanism contained in Schedule 12 of the ISO OATT. Load Serving Entity funding responsibility for the Highway System Deliverability Upgrade will be allocated among Load Serving Entities based on their proportionate share of the ICAP requirement in the statewide capacity market, adjusted to subtract their locational capacity requirements. Provided, however, Load Serving Entities will not be responsible for actual costs in excess of their share of the final Class Year estimated cost of the Highway System Deliverability Upgrade if the excess results from causes, as described in Section 25.8.6.4 of this Attachment S, within the

control of a Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade; or

25.7.12.3.3 If the NYISO triggers a transmission project under the Reliability Planning Process, selects a transmission project under the Short-Term Reliability Process, selects a transmission upgrade under the Public Policy Transmission Planning Process, or results in a Regulated Economic Transmission Project being approved under the Economic Planning Process (collectively “CSPP transmission upgrade”) and the CSPP transmission upgrade requires construction of a transmission facility that provides the same or greater transfer limit capability as the Highway facility identified as a Highway System Deliverability Upgrade to be constructed earlier than would be the case pursuant to Section 25.7.12.3.1, the CSPP transmission upgrade will be constructed as determined in the CSPP or the Short-Term Reliability Process, as applicable. Funds collected from Developers (pursuant to Section 25.7.12.2, above) will be used to cover a portion of the regulated solution costs to the extent that the funds collected from Developers were collected for System Deliverability Upgrades that are actually constructed by the regulated solution. To the extent this is true, these funds originally collected (or posted as Security) for System Deliverability Upgrades will be used as an offset to the total CSPP transmission upgrade cost, with the remainder of the upgrade cost to be allocated per the requirements of the CSPP, as set forth in Section 31.5 of Attachment Y to the ISO OATT, or the Short-Term Reliability Process, as set forth in Section 38.22 of Attachment FF to the ISO OATT.

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

25.7.12.4 If a Developer has accepted its Project Cost Allocation, before construction of an identified System Deliverability Upgrade for a Highway is commenced, if a Developer elects to be retested for deliverability it may request to be placed in the then Open Class Year. The Developer's cost responsibility for System Deliverability Upgrades shall not increase as a result of such retesting. It may decrease or be eliminated. If the Developer's Project is found to be deliverable without the System Deliverability Upgrades previously identified, the Developer's Security posting will be terminated, or the Developer's cash payment will be returned with the interest earned.

25.7.12.5 When the Highway System Deliverability Upgrades are placed in to Commercial Operation and any resulting Incremental TCCs related to the Highway System Deliverability Upgrade become effective in accordance with



Section 19.2.4 of Attachment M of the ISO OATT, a Developer electing to receive its proportionate share of such Incremental TCCs, as further described in Section 25.7.2.2 of this Attachment S, will receive its proportionate share of such Incremental TCCs.

25.7.12.5.1 Load Serving Entities required by this Section 25.7.12 to fund a portion of the costs of a Highway System Deliverability Upgrade will receive the corresponding financial value of any Incremental TCCs related to the System Deliverability Upgrade held by the Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade, as further described in Section 25.7.2.2 of this Attachment S. The corresponding financial value of any such Incremental TCCs will be accounted for in determining the applicable Highway Facilities Charge in accordance with Schedule 12 of the ISO OATT. The eligibility of the Load Serving Entities to the financial value of any Incremental TCCs related to the System Deliverability Upgrade held by the Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade shall commence as of the date such Incremental TCCs become effective in accordance with Section 19.2.4 of Attachment M to the OATT and continue until the earlier of: (i) the expiration of any such Incremental TCCs; or (ii) the termination of the obligation of the Load Serving Entities to fund a portion of the costs of the Highway System Deliverability Upgrade.

25.7.12.6 As new generators and Class Year Transmission Projects come on line and use the Headroom on System Deliverability Upgrades created by a prior Highway System Deliverability Upgrade, the Developers of those new facilities will

reimburse the prior Developers or will compensate the Load Serving Entities who funded the System Deliverability Upgrades for use of the Headroom created by the prior Developers and Load Saving Entities in accordance with Sections 25.8.7 and 25.8.8 of these rules.

25.7.12.6.1 In accordance with Section 25.7.2.2 of this Attachment S, as subsequent Developers make Headroom payments to prior Developers and if a subsequent Developer elects to receive its proportionate share of any Incremental TCCs related to the Highway System Deliverability Upgrade, such Incremental TCCs will be transferred to the subsequent Developers; provided, however, that Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Developer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Developer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs.

25.7.12.6.2 In accordance with Section 25.7.2.2 of this Attachment S, as subsequent Developers compensate Load Serving Entities for use of their Headroom by providing any such Headroom payments to the Transmission Owner(s) responsible for constructing a Highway System Deliverability Upgrade and if a subsequent Developer elects to receive its proportionate share of any Incremental TCCs related to the Highway System Deliverability Upgrade, such Incremental TCCs will be transferred to the subsequent Developer.

25.7.12.7 The Transmission Owner responsible for constructing a System Deliverability Upgrade or a Developer contributing toward the cost of a System

Deliverability Upgrade can elect to construct upgrades that are larger and/or more expensive than the System Deliverability Upgrades identified to support the requested level of CRIS for the Class Year CRIS Project in the Class Year Deliverability Study, provided that those upgrades are reasonably related to the Class Year Project. The party electing to construct the larger upgrade will pay for the incremental cost of the upgrade; i.e., the difference in cost between the cost of the System Deliverability Upgrades as determined by these rules, and the cost of the larger and/or more expensive upgrade.

#### **25.7.12.13 Engineering, Procurement and Construction Agreement for System Deliverability Upgrades**

If a System Deliverability Upgrade on the Connecting Transmission Owner's system is cost allocated to a Developer and such Developer accepts its SDU Project Cost Allocation and fund or commits to fund the System Deliverability Upgrade, the Interconnection Agreement among the Developer, Connecting Transmission Owner and ISO will provide for the engineering, procurement and construction of such System Deliverability Upgrade.

If a System Deliverability Upgrade on an Affected System is cost allocated to a Developer and such Developer accepts its SDU Project Cost Allocation and fund or commits to fund the System Deliverability Upgrade, the Developer and Affected System Operator will cooperate with the ISO in development of an Engineering, Procurement and Construction Agreement to provide for the engineering, procurement and construction of the System Deliverability Upgrades on the Affected System.

If a System Deliverability Upgrade is cost allocated to a Developer or multiple Developers and multiple Developers accept their SDU Project Cost Allocation and fund or commit to fund such System Deliverability Upgrades as required by Attachment S, the

Developers, Connecting Transmission Owner(s), and Affected Transmission Owner(s) will cooperate with the ISO in development of an Engineering, Procurement and Construction Agreement to provide for the engineering, procurement and construction of the System Deliverability Upgrades on the Affected System.

The Engineering, Procurement and Construction Agreement shall be consistent with the NYISO's Commission-approved Standard Large Generator Interconnection Agreement located in Appendix 2 to Attachment X of the OATT, modified to address only the engineering, procurement and construction of the System Deliverability Upgrades. The Parties to such agreement will use Reasonable Efforts to complete and execute the agreement, or submit the agreement unexecuted to the Commission, within six (6) months of the ISO's tender of the agreement.

## **31.1 New York Comprehensive System Planning Process (“CSPP”)**

### **31.1.1 Definitions**

The following capitalized terms shall have the meanings set forth in this subsection for purposes of this Attachment Y of the ISO OATT, except as such terms are otherwise defined within this Attachment Y:

**Affected TO:** The Transmission Owner who receives written notification of a dispute related to a Local Transmission Planning Process pursuant to Section 31.2.1.3.1.

**Bounded Region:** A Load Zone or Zones within an area that is isolated from the rest of the NYCA as a result of constrained interface limits.

**Cost Cap:** A Developer’s commitment to contain the capital costs of its proposed Public Policy Transmission Project in accordance with the requirements in Section 31.4.5.1.8. The Cost Cap must be in the form of a hard Cost Cap or a soft Cost Cap as described in Section 31.4.5.1.8.3.

**CRP:** The Comprehensive Reliability Plan as approved by the ISO Board of Directors pursuant to this Attachment Y.

**CSPP:** The Comprehensive System Planning Process set forth in this Attachment Y, and in the Interregional Planning Protocol, which covers reliability planning, economic planning, Public Policy Requirements planning, cost allocation and cost recovery, and the interregional planning process.

**Developer:** A person or entity, including a Transmission Owner, sponsoring or proposing a project pursuant to this Attachment Y.

**Development Agreement:** The agreement between the ISO and the Developer concerning the timely development and construction of: (i) a regulated transmission solution selected and/or triggered by the ISO to address a Reliability Need that the parties are required to enter into pursuant to Section 31.2.8.1.6 of this Attachment Y and is in the form set forth in Appendix C of this Attachment Y, or (ii) a Public Policy Transmission Project selected by the ISO to address a Public Policy Transmission Need that the parties are required to enter into pursuant to Section 31.4.12.2 of this Attachment Y and is in the form set forth in Appendix D of this Attachment Y.

**Economic Planning Process:** Pursuant to Sections 31.3 and 31.5.4 of this Attachment Y, the process by which the ISO: (i) develops the System & Resource Outlook and identifies current and future congestion on the New York State Transmission System; (ii) evaluates in an Economic Transmission Project Evaluation any Regulated Economic Transmission Project proposals to address any constraint(s) on the BPTFs identified in the Economic Planning Process, which transmission projects are eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project’s Load Serving Entity beneficiaries; and (iii)

conducts any Requested Economic Planning Studies. In conducting the process, the ISO will analyze a base case and scenarios that are developed in consultation with stakeholders.

**Economic Transmission Project Evaluation:** The evaluation by the ISO of a Regulated Economic Transmission Project pursuant to Sections 31.3.2 and 31.5.4 of this Attachment Y.

**ESPWG:** The Electric System Planning Work Group, or any successor work group or committee designated to fulfill the functions assigned to the ESPWG in this tariff.

**Gap Solution:** A solution to a Reliability Need that is designed to be temporary and to strive to be compatible with permanent market-based proposals. A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

**Interregional Planning Protocol:** The Amended and Restated Northeastern ISO/RTO Planning Coordination Protocol, or any successor to that protocol.

**Interregional Transmission Project:** A transmission facility located in two or more transmission planning regions that is evaluated under the Interregional Planning Protocol and proposed to address an identified Reliability Need, congestion identified in the Economic Planning Process, or a transmission need driven by a Public Policy Requirement pursuant to Order No. 1000 and the provisions of this Attachment Y.

**IPTF:** The Interregional Planning Task Force, or any successor ISO stakeholder working group or committee, designated to fulfill the functions assigned to the IPTF in this tariff.

**ISO/RTO Region:** One or more of the three ISO or RTO regions known as PJM, ISO-New England, and NYISO, which are the “Parties” to the Interregional Planning Protocol.

**ISO/TO Reliability Agreement:** The *Agreement Between the New York Independent System Operator, Inc., and the New York Transmission Owners on the Comprehensive Planning Process for Reliability Needs*, as filed with and accepted by the Commission in *New York Independent System Operator, Inc.*, 109 FERC ¶ 61,372 (2004) and 111 FERC ¶ 61,182 (2005) in Docket No. ER04-1144, and as amended or supplemented from time to time, or any successor agreement thereto.

**LCR:** An abbreviation for the term Locational Minimum Installed Capacity Requirement, as defined in the ISO Open Access Transmission Tariff.

**Loss of Load Expectation (“LOLE”):** A measure used to determine the amount of resources needed to minimize the possibility of an involuntary loss of firm electric load on the New York State Bulk Power Transmission Facilities.

**LTP:** The Local Transmission Owner Plan, developed by each Transmission Owner, which describes its respective plans that may be under consideration or finalized for its own Transmission District.

**LTP Dispute Resolution Process (“DRP”):** The process for resolution of disputes relating to a Transmission Owner’s LTP set out in Section 31.2.1.3.

**LTPP:** The Local Planning Process conducted by each Transmission Owner for its own Transmission District.

**Management Committee:** The standing committee of the ISO of that name created pursuant to the ISO Agreement.

**Merchant Transmission Facility** shall mean a Developer's proposed new transmission facility that will interconnect to the New York State Transmission System or a proposed upgrade—an improvement to, addition to, or replacement of a part of an existing transmission facility—to the New York State Transmission System, for which the costs of construction will be recovered through negotiated rates instead of cost-based rates and not subject to the competitive evaluation and selection process for purposes of cost allocation under Attachment Y to the ISO OATT. Merchant Transmission Facilities shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Net CONE:** The value representing the cost of new entry, net of energy and ancillary services revenues, utilized by the ISO in establishing the ICAP Demand Curves pursuant to Section 5 of the ISO Market Services Tariff.

**New York State Bulk Power Transmission Facilities (“BPTFs”):** The facilities identified as the New York State Bulk Power Transmission Facilities in the annual Area Transmission Review submitted to NPCC by the ISO pursuant to NPCC requirements.

**NPCC:** The Northeast Power Coordinating Council, or any successor organization.

**NYCA Free Flow Test:** A NYCA unconstrained internal transmission interface test, performed by the ISO to determine if a Reliability Need is the result of a statewide resource deficiency or a transmission limitation.

**NYDPS:** The New York State Department of Public Service, as defined in the New York Public Service Law.

**NYISO Load and Capacity Data Report:** As defined in Section 25 of the ISO OATT.

**NYPSC:** The New York Public Service Commission, as defined in the New York Public Service Law.

**Operating Agreement:** An agreement between the NYISO and a non-incumbent owner of transmission facilities in the New York Control Area concerning the operation of the transmission facilities in the form of the agreement set forth in Appendix H (Section 31.11) of this Attachment Y.

**Operating Committee:** The standing committee of the NYISO of that name created pursuant to the ISO Agreement.

**Order No. 1000:** The Final Rule entitled Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, issued by the Commission on July 21, 2011, in Docket RM10-23-001, as modified on rehearing, or upon appeal. (See FERC Stats &

Regs. ¶ 31,323 (2011) (“Order No. 1000”), on reh’g and clarification, 139 FERC ¶ 61,132 (“Order No. 1000-A”), on reh’g and clarification, 141 FERC ¶ 61,044 (2012) (“Order No. 1000-B”).

**Other Developer:** A Developer, other than a Transmission Owner, sponsoring or proposing to sponsor a regulated economic project, a Public Policy Transmission Project, an Other Public Policy Project, or a regulated solution to a Reliability Need.

**Other Public Policy Project:** A non-transmission project or a portfolio of transmission and non-transmission projects proposed by a Developer to satisfy an identified Public Policy Transmission Need.

**Public Policy Transmission Planning Process:** The process by which the ISO solicits needs for transmission driven by Public Policy Requirements, evaluates all proposed Public Policy Transmission Projects and Other Public Policy Projects on a comparable basis, and selects the more efficient or cost effective Public Policy Transmission Project, if any, for eligibility for cost allocation under the ISO Tariffs.

**Public Policy Transmission Need:** A transmission need identified by the NYPSC that is driven by a Public Policy Requirement pursuant to Sections 31.4.2.1 through 31.4.2.3.

**Public Policy Transmission Planning Report:** The report approved by the ISO Board of Directors pursuant to this Attachment Y on the ISO’s evaluation of all Public Policy Transmission Projects and Other Public Policy Projects proposed to satisfy an identified Public Policy Transmission Need pursuant to Section 31.4.6 and the ISO’s selection of a proposed Public Policy Transmission Project, if any, that is the more efficient or cost effective solution to the identified Public Policy Transmission Need pursuant to Section 31.4.8.

**Public Policy Requirement:** A federal or New York State statute or regulation, including a NYPSC order adopting a rule or regulation subject to and in accordance with the State Administrative Procedure Act, any successor statute, or any duly enacted law or regulation passed by a local governmental entity in New York State, that may relate to transmission planning on the BPTFs.

**Public Policy Transmission Project:** A transmission project or a portfolio of transmission projects proposed by Developer(s) to satisfy an identified Public Policy Transmission Need and for which the Developer(s) seek to be selected by the ISO for purposes of allocating and recovering the project’s costs under the ISO OATT.

**Regulated Economic Transmission Project (“RETP”):** A transmission project or a portfolio of transmission projects proposed by Developer(s) to address constraint(s) on the BPTFs identified in the Economic Planning Process, which transmission project(s) are evaluated in the Economic Transmission Project Evaluation and are eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project’s Load Serving Entity beneficiaries pursuant to Section 31.5.4 of this Attachment Y.

**Reliability Criteria:** The electric power system planning and operating policies, standards, criteria, guidelines, procedures, and rules promulgated by the North American Electric



Reliability Corporation (“NERC”), Northeast Power Coordinating Council (“NPCC”), and the New York State Reliability Council (“NYSRC”), as they may be amended from time to time.

**Reliability Need:** A condition identified by the ISO as a violation or potential violation of one or more Reliability Criteria.

**Reliability Planning Process:** The process set forth in this Attachment Y by which the ISO determines in the RNA whether any Reliability Need(s) on the BPTFs will arise in the Study Period and addresses any identified Reliability Need(s) in the CRP, as the process is further described in Section 31.1.2.2.

**Requested Economic Planning Study:** A study performed solely for information purposes by the ISO pursuant to Section 31.3.3 of this Attachment Y at the request of a Market Participant or other interested party at their expense, the scope and deliverables of which are agreed upon by the ISO and the requesting entity.

**Responsible Transmission Owner:** The Transmission Owner or Transmission Owners designated by the ISO, pursuant to Section 31.2.4.3, to prepare a proposal for a regulated backstop solution to a Reliability Need or to proceed with a regulated solution to a Reliability Need. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the ISO identifies a Reliability Need and/or that owns a transmission facility on which a Reliability Need arises.

**RNA:** The Reliability Needs Assessment as approved by the ISO Board under this Attachment.

**RNA Base Case:** The model(s) representing the New York State Power System over the Study Period.

**Short-Term Reliability Process:** This term shall have the meaning set forth in Section 38.1 of Attachment FF of the ISO OATT.

**Site Control:** Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site or right of way for the purpose of constructing a proposed project; (2) an option to purchase or acquire a leasehold site or right of way for such purpose; or (3) an exclusivity or other business relationship between the Transmission Owner, or Other Developer, and the entity having the right to sell, lease, or grant the Transmission Owner, or Other Developer, the right to possess or occupy a site or right of way for such purpose.

**Study Period:** For purposes of the Reliability Planning Process, the Study Period shall mean the seven-year time period encompassing years 4 through 10 following the year in which the RNA is conducted, which is used in the RNA and the CRP. For purposes of the Economic Planning Process, the Study Period shall be the 20 year period defined in Section 31.3.1.3.1 of this Attachment Y.

**System & Resource Outlook:** The biennial report that the ISO produces pursuant to Section 31.3.1 of this Attachment Y by which it summarizes the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process; produces a twenty-year projection of congestion on the New York State Transmission System; identifies, ranks, and

groups congested elements; and assesses the potential benefits of addressing the identified congestion.

**Target Year:** The calendar year in which a Reliability Need arises, as determined by the ISO pursuant to Section 31.2.

**TPAS:** The Transmission Planning Advisory Subcommittee, or any successor work group or committee designated to fulfill the functions assigned to TPAS pursuant to this Attachment.

**Trigger Date:** The date by which the ISO must request implementation of a regulated backstop solution or an alternative regulated solution pursuant to Section 31.2.8 in order to meet a Reliability Need.

**Viability and Sufficiency Assessment:** The 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.

All other capitalized terms shall have the meanings provided for them in the ISO's Tariffs.

### **31.1.2 Short-Term Reliability Process and Reliability Planning Process**

#### **31.1.2.1 Short-Term Reliability Process**

The Short-Term Reliability Process set forth in Attachment FF of the ISO OATT establishes the process that the ISO, Transmission Owners, Market Participants, Generator Owners, Developers and other interested parties shall follow to plan to meet Generator Deactivation Reliability Needs that would result from a Generator's deactivation and other Reliability Needs identified pursuant to Attachment FF affecting the BPTFs (collectively, Short-Term Reliability Process Needs), which needs cannot be timely addressed in the Reliability Planning Process set forth in this Attachment Y.

Consistent with Section 38.2 of the OATT, Short-Term Reliability Process Needs that arise within three years of the later of (a) the conclusion of the 365 day prior notice period for that is described in Section 38.3.1.1 of the OATT for Generator Deactivation Reliability Needs, or (b) the posting of a completed Short-Term Assessment of Reliability ("STAR") for other

Reliability Needs on the BPTF, will be addressed using the Short-Term Reliability Process. The terms “Generator Deactivation Reliability Need” and “STAR” are defined in Section 38.1 of the OATT.

Short-Term Reliability Process Needs that arise more than three years after the later of (x) the conclusion of the 365 day prior notice period for Generator Deactivation Reliability Needs, or (y) the posting of a completed STAR for other Reliability Needs on the BPTF, will only be addressed using the Short-Term Reliability Process if the identified Reliability Need cannot timely be addressed through the Reliability Planning Process set forth in this Attachment Y.

#### **31.1.2.2 Reliability Planning Process**

The Reliability Planning Process set forth in Sections 31.2.1 through 31.2.13 of this Attachment Y establishes the process that the ISO, Transmission Owners, Market Participants, and other interested parties shall follow to plan to meet Reliability Needs of the BPTFs that are identified in the RNA. The objectives of the process are to: (1) evaluate the Reliability Needs of the BPTFs over the Study Period pursuant to Reliability Criteria (2) identify, through the development of appropriate scenarios, factors and issues that might adversely impact the reliability of the BPTFs; (3) provide a process whereby solutions to identified needs are proposed, evaluated on a comparable basis, and implemented in a timely manner to ensure the reliability of the system; (4) provide a process by which the ISO will select the more efficient or cost effective regulated transmission solution to satisfy the Reliability Need for eligibility for cost allocation under the ISO Tariffs; (5) provide an opportunity first for the implementation of market-based solutions while ensuring the reliability of the BPTFs; and (6) coordinate the ISO’s reliability assessments with neighboring Control Areas.

The ISO will provide, through the analysis of historical system congestion costs, information about historical congestion including the causes for that congestion so that Market Participants and other stakeholders can make appropriately informed decisions. See Appendix A.

### **31.1.3 Transmission Owner Planning Process**

The Transmission Owners will continue to plan for their transmission systems, including the BPTFs and other NYS Transmission System facilities. The planning process of each Transmission Owner is referred to herein as the LTPP, and the plans resulting from the LTPP are referred to herein as LTPs, whether under consideration or finalized. Each Transmission Owner will be responsible for administering its LTPP and for making provisions for stakeholder input into its LTPP. The ISO's role in the LTPP is limited to the procedural activities described in this Attachment Y.

The finalized portions of the LTPs periodically prepared by the Transmission Owners will be used as inputs to the CSPP described in this Attachment Y. Each Transmission Owner will prepare an LTP for its transmission system in accordance with the procedures described in Section 31.2.1.

### **31.1.4 Economic Planning Process**

The ISO will prepare and publish the System & Resource Outlook. Section 31.3.1 of this Attachment Y establishes the process by which the ISO, in consultation with Market Participants and interested parties, develops the System & Resource Outlook to: (1) summarize the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process and the information and sources relied upon by the ISO; (2) project congestion on the New York State Transmission System and system conditions over a twenty-year Study Period; (3) identify,

rank, and group the congested elements on the New York State Transmission System based on metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5 of this Attachment Y; and (4) assess the potential benefits of addressing the identified congestion. For the non-BPTF portion of the New York State Transmission System, the ISO will coordinate with the Transmission Owners in the development of the System & Resource Outlook. The ISO will incorporate the Transmission Owners' Local Transmission Owner Plans into the Economic Planning Process. The Economic Planning Process provides opportunities for the development of market-based solutions and regulated transmission solutions to address identified congestion. Sections 31.3.2 and 31.5.4 of this Attachment Y establish the process by which Developers may propose, and the ISO will evaluate in its Economic Transmission Project Evaluation, proposed Regulated Economic Transmission Projects to address constraint(s) on the BPTFs identified in the Economic Planning Process, which transmission projects are eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project's Load Serving Entity beneficiaries pursuant to Section 31.5.4 of this Attachment Y. The ISO will coordinate its assessments in the Economic Planning Process with neighboring Control Areas. Market Participants and other interested parties, at their own expense, may also request that the ISO perform Requested Economic Planning Studies pursuant to Section 31.3.3 of this Attachment Y solely for information purposes, which scope and deliverables will be agreed upon by the ISO and the requesting entity.

#### **31.1.5 Public Policy Transmission Planning Process**

Section 31.4 of this Attachment Y describes the planning process that the ISO, and all interested parties, shall follow to consider Public Policy Requirements that drive the need for expansions or upgrades to BPTFs. The objectives of the Public Policy Transmission Planning Process are to: (1) allow Market Participants and other interested parties to propose transmission

needs that they believe are being driven by Public Policy Requirements and for which transmission solutions should be evaluated, (2) provide a process by which the NYPSC will, with input from the ISO, Market Participants, and other interested parties, identify the transmission needs, if any, for which transmission solutions should be evaluated, (3) provide a process whereby Public Policy Transmission Projects and Other Public Policy Projects are proposed to satisfy each identified Public Policy Transmission Need and are evaluated by the ISO on a comparable basis, (4) provide a process by which the ISO will select the more efficient or cost effective regulated Public Policy Transmission Project, if any, to satisfy each identified Public Policy Transmission Need for eligibility for cost allocation under the ISO Tariffs; (5) provide a cost allocation methodology for regulated Public Policy Transmission Projects that have been selected by the ISO, and (6) coordinate the ISO's Public Policy Transmission Planning Process with neighboring Control Areas.

#### **31.1.6 Interregional Planning Process**

The ISO, the Transmission Owners, and Market Participants and other interested parties shall coordinate system planning activities with neighboring planning regions (*i.e.*, the ISO/RTO Regions and adjacent portions of Canada). The Interregional Planning Protocol includes a description of the committee structure, processes, and procedures through which system planning activities are openly and transparently coordinated by the ISO/RTO Regions. The objective of the interregional planning process is to contribute to the on-going reliability and the enhanced operational and economic performance of the ISO/RTO Regions through: (1) exchange of relevant data and information; (2) coordination of procedures to evaluate certain interconnection and transmission service requests; (3) periodic comprehensive interregional assessments; (4) identification and evaluation of potential Interregional Transmission Projects that can address

regional needs in a manner that may be more efficient or cost-effective than separate regional solutions, in accordance with the requirements of Order No. 1000; (5) allocation of costs among the ISO/RTO Regions of Interregional Transmission Projects, identified in accordance with the Interregional Planning Protocol and approved by each region, pursuant to the cost allocation methodology set forth in Section 31.5.7 herein. The planning activities of the ISO/RTO Regions shall be conducted consistent with the planning criteria of each ISO/RTO Region's regional reliability organization(s) as well as the relevant local reliability entities. The ISO/RTO Regions shall periodically produce a Northeastern Coordinated System Plan that integrates the system plans of all of the ISO/RTO Regions.

### **31.1.7 Enrollment in the ISO's Transmission Planning Region**

31.1.7.1 For purposes of any matter addressed by this Attachment Y, participation in the ESPWG, IPTF and TPAS shall be open to any interested entity, irrespective of whether that entity has become a Party to the ISO Agreement. Any entity may enroll in the ISO's transmission planning region in order to fully participate in the ISO's governance process by becoming a Party to the ISO Agreement, as set forth in Section 2.02 of the ISO Agreement.

31.1.7.2. An owner of transmission in New York State may become a Transmission Owner by executing the ISO/TO Agreement or an Operating Agreement as provided for in Section 31.1.7.3.

31.1.7.3 A transmission owner that is not a party to the ISO/TO Agreement or an Operating Agreement and will own transmission facilities in the New York Control Area over which Transmission Service will be provided under the ISO Tariffs must enter into an Operating Agreement prior to energizing its

transmission facilities. The ISO will tender a draft Operating Agreement as soon as practicable following its selection of the transmission owner's transmission facilities under the CSPP in this Attachment Y or under the Short-Term Reliability Process in Attachment FF of this ISO OATT. If the transmission owner's transmission facilities were not selected under the CSPP, the transmission owner shall request that the ISO tender the draft Operating Agreement as soon as practicable after receiving its Article VII certification or other applicable siting permits or authorizations under New York State law. The draft Operating Agreement will be completed by the ISO to the extent practicable for review and completion by the transmission owner. The draft shall be in the form of the ISO's Commission-approved Operating Agreement, which is located in Appendix H in Section 31.11 of this Attachment Y. The ISO and the transmission owner shall finalize and negotiate concerning any disputed provisions. Unless otherwise agreed by the ISO and the transmission owner, the transmission owner must execute the Operating Agreement within three (3) months of the ISO's tendering of the draft Operating Agreement; *provided, however*, if, during the negotiation period, the ISO or the transmission owner determines that negotiations are at an impasse, the ISO may file the Operating Agreement in unexecuted form with the Commission on its own or following the transmission owner's request in writing that the agreement be filed unexecuted.

31.1.7.4 If the Operating Agreement resulting from the negotiation between the ISO and the transmission owner does not conform with the Commission-approved standard form in Appendix H in Section 31.11 of this Attachment Y, the ISO shall



file the agreement with the Commission for its acceptance within thirty (30) Business Days after the execution of the Operating Agreement by both parties. If the transmission owner requests that the Operating Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within thirty (30) Business Days of receipt of the request from the transmission owner. The ISO will draft to the extent practicable the portions of the Operating Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The transmission owner will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions.

31.1.7.5 Upon the ISO's and the transmission owner's execution of the Operating Agreement or the ISO's filing of an unexecuted Operating Agreement with the Commission, the ISO and the transmission owner shall perform their respective obligations in accordance with the terms of the Operating Agreement that are not in dispute, subject to modification by the Commission.

31.1.7.6 As of June 1, 2016, the Transmission Owners are: (1) Central Hudson Gas & Electric Corporation, (2) Consolidated Edison Company of New York, Inc., (3) New York State Electric & Gas Corporation, (4) Niagara Mohawk Power Corporation d/b/a National Grid, (5) Orange and Rockland Utilities, Inc., (6) Rochester Gas and Electric Corporation, (7) the Power Authority of the State of New York, (8) Long Island Lighting Company d/b/a LIPA, and (9) New York Transco, LLC.

### **31.1.8 NYISO Implementation and Administration**

31.1.8.1 The ISO shall adopt procedures for the implementation and administration of the CSPP set forth in this Attachment Y, the Short-Term Reliability Process in Attachment FF of this ISO OATT, and the Interregional Planning Protocol, and shall revise those procedures as and when necessary. Such procedures will be incorporated in the ISO's manuals. The ISO Procedures shall provide for the open and transparent coordination of the CSPP to allow Market Participants and all other interested parties to have a meaningful opportunity to participate in each stage of the CSPP through the meetings conducted in accordance with the ISO system of collaborative governance. Confidential Information and Critical Energy Infrastructure Information exchanged through the CSPP shall be subject to the protections for such information contained in the ISO's tariffs and procedures, including this Attachment Y and Attachment F of the NYISO OATT.

31.1.8.2 The ISO Procedures shall include a schedule for the collection and submission of data and the preparation of models to be used in the studies contemplated under this tariff. That schedule shall provide for a rolling two-year cycle of studies and reports conducted in each of the ISO planning processes (reliability, economic and public policy) as part of the Comprehensive System Planning Process. Each cycle commences with the LTPP providing input into the Reliability Planning Process. The Economic Planning Process will commence within each two year planning cycle using the most recent base case of the Reliability Planning Process and Short-Term Reliability Process, as appropriate. The Public Policy Transmission Planning Process will to the extent practicable run in parallel with the Reliability Planning Process, provided that the NYPSC's

issuance of a written statement pursuant to Section 31.4.2.1 will occur after the draft RNA study results are posted. If the CRP cannot be completed within a two-year cycle, the ISO will notify stakeholders and provide an estimated completion date and an explanation of the reasons the additional time is required. As detailed in Attachment FF of the ISO OATT, the Short-Term Reliability Process will be conducted on a quarterly basis and will run in parallel with the other planning processes. As further detailed in Sections 31.2, 31.3, 31.4, and 31.5, the interregional planning process shall be conducted in parallel with the Reliability Planning Process, the Economic Planning Process, and the Public Policy Transmission Planning Process to identify and evaluate Interregional Transmission Projects that may more efficiently or cost-effectively meet the needs of the region than a regional transmission project.

31.1.8.3 The ISO Procedures shall be designed to allow the coordination of the ISO's planning activities with those of the ISO/RTO Regions, NERC, NPCC, the NYSRC, and other regional reliability organizations so as to develop consistency of the models, databases, and assumptions utilized in making reliability and economic determinations.

31.1.8.4 The ISO Procedures shall facilitate the timely identification and resolution of all substantive and procedural disputes that arise out of the CSPP. Any party participating in the CSPP and having a dispute arising out of the CSPP may seek to have its dispute resolved in accordance with ISO governance procedures during the course of the CSPP. If the party's dispute is not resolved in this manner as a part of the plan development process, the party may invoke formal dispute

resolution procedures administered by the ISO that are the same as those available to Transmission Customers under Section 11 of the ISO Market Administration and Control Area Services Tariff. Disputes arising out of the LTPP shall be addressed by the LTPP set forth in Section 31.2.1.3 of this Attachment Y.

31.1.8.5 Except for those cases where the ISO OATT provides that an individual customer shall be responsible for the cost, or a specified share of the cost, of an individually requested study related to interconnection or to system expansion or to congestion and resource integration, the study costs incurred by the ISO as a result of its administration of the CSPP will be recovered from all customers through and in accordance with Rate Schedule 1 of the ISO OATT.

31.1.8.6 The ISO shall make reasonable efforts to meet all deadlines provided in this Attachment Y; *provided, however*, that the ISO must meet all deadlines set forth in a development agreement entered into pursuant to this Attachment Y in accordance with the terms of that agreement. If the ISO cannot meet a deadline set forth in this Attachment Y and an extension of that deadline will not result in a reliability violation, the NYISO may extend the deadline, provided that it shall notify Market Participants and other interested parties, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable action.

31.1.8.7 The ISO may extend, at its discretion, the deadlines indicated below that are applicable to all parties participating in a given process for a reasonable period of time if the extension: (i) is applied equally to all parties that are required to

meet the deadline, and (ii) will not result in a reliability violation. The deadlines eligible for extension are:

- Sixty (60) day deadline in Section 31.2.5.1 for interested Developers to propose solutions in response to the ISO's solicitation for solutions to a Reliability Need;
- Thirty (30) day deadline in Section 31.2.6.1 for Developers of viable and sufficient transmission solutions to submit project information in response to ISO request;
- Sixty (60) day deadline in Section 31.4.2 for stakeholders and interested parties to submit proposed transmission needs in response to ISO solicitation for proposed needs;
- Sixty (60) day deadline in Section 31.4.4.3.2: (i) for Developers to propose solutions to a Public Policy Transmission Need in response to ISO solicitation for solutions, and (ii) pursuant to Section 31.4.4.4, for Developers of Public Policy Transmission Projects to execute a study agreement, provide a study deposit, and provide an application fee in response to ISO solicitation for solutions; and
- Deadline in Section 31.4.6.6 for Developers to inform the ISO following the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC that their viable and sufficient Public Policy Transmission Projects will proceed to be evaluated by the ISO for purposes of selection.

## **31.2 Reliability Planning Process**

### **31.2.1 Local Transmission Owner Planning Process**

#### **31.2.1.1 Scope**

##### **31.2.1.1.1 Criteria, Assumptions and Data**

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

##### **31.2.1.1.2 Consideration of Transmission Needs Driven by Public Policy Requirements**

###### **31.2.1.1.2.1 Procedures for the Identification of Transmission Needs Driven by Public Policy Requirements in Local Transmission Plans and for the Consideration of Transmission Solutions**

In developing its LTP, each Transmission Owner shall consider whether there is a transmission need on its system that is being driven by a Public Policy Requirement. The LTP will identify any transmission project included in the LTP as a solution to a transmission need being driven by a Public Policy Requirement. In evaluating potential transmission solutions, the

Transmission Owner will give consideration to the objectives of the Public Policy Requirement(s) driving the need for transmission.

#### **31.2.1.1.2.2 Determination of Local Transmission Needs Driven by Public Policy Requirements**

As part of its LTP process pursuant to Section 31.2.1.2 below, each Transmission Owner will consider whether there is a transmission need on its local system that is being driven by a Public Policy Requirement for which a local transmission solution should be evaluated, including needs proposed by market participants and other interested parties. A market participant or other interested party proposing a transmission need on a Transmission Owner's local system driven by a Public Policy Requirement shall submit its proposal to the ISO and the relevant Transmission Owner, and will identify the specific Public Policy Requirement that is driving the proposed transmission need and an explanation of why a local transmission upgrade is necessary to implement the Public Policy Requirement. Any proposed local system transmission need will be posted on the ISO website. The ISO will transmit proposed transmission needs on a Transmission Owner's local system driven by Public Policy Requirements to the NYDPS, with a request that the NYDPS review the proposals and provide the relevant Transmission Owner with input to assist the Transmission Owner in its determination. The Transmission Owner, after considering the input provided by the NYDPS and any information provided by a market participant or other party, will determine whether there are transmission needs driven by Public Policy Requirements for which local transmission solutions should be evaluated. The Transmission Owner will post on its website a list of the transmission needs driven by Public Policy Requirements for which local transmission solutions should be evaluated, with an explanation of why the Transmission Owner identified those transmission needs and declined to identify other proposed transmission needs.

### **31.2.1.1.2.3 Evaluation of Proposed Local Transmission Solutions**

In evaluating potential transmission solutions, if any, the Transmission Owner will give consideration to the objectives of the Public Policy Requirement driving the need for a local transmission solution. The Transmission Owner will evaluate solutions to identified transmission needs, including transmission solutions proposed by market participants and other parties for inclusion in its LTP. The Transmission Owner, in consultation with the NYDPS, will evaluate proposed transmission solutions on its local system to determine the more efficient or cost-effective transmission solutions. The Transmission Owner will consider the relative costs and benefits of proposed transmission solutions and their impact on the Transmission Owner's transmission system and its customers. Any local transmission solution identified by the Transmission Owner through the LTP process will be reviewed with stakeholders as part of each Transmission Owner's regular LTP process and will be included in the Transmission Owner's subsequent LTP. In conducting its evaluation, the Transmission Owner will use criteria that are relevant to the Public Policy Requirement driving the transmission need, which may include its published local planning criteria and assumptions.

### **31.2.1.2 Process Timeline**

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

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



- reliability needs, needs driven by Public Policy Requirements, and other needs addressed,
- potential solutions under consideration, and,
- a description of the transmission facilities covered by the plan.

31.2.1.2.2 To the extent the current LTP utilizes data or inputs, related to the ISO's planning process, not already reported by the ISO in Form 715 and referenced on its website, any such data will be provided to the ISO at the time each Transmission Owner posts criteria and planning assumptions in accordance with Section 31.2.1.1 and will be posted by the ISO on its website subject to any confidentiality or Critical Energy Infrastructure Information restrictions or requirements.

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

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

Section 31.2.1.2.2 above and discussed at the next meeting held pursuant to Section 31.2.1.2.3 above.

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

### **31.2.1.3 ISO Evaluation of Transmission Owner Local Transmission Plans in Relation to Regional and Local Transmission Needs**

The ISO will review the Transmission Owner LTPs as they relate to the BPTFs as set forth in Section 31.2.2.4.2. The ISO will also evaluate whether a regional transmission solution – including, but not limited to, regional transmission solutions proposed by Developers pursuant to this Attachment Y – could satisfy an identified regional transmission need on the BPTFs that impacts more than one Transmission District more efficiently or more cost effectively than a local transmission solution identified in a Transmission Owner’s LTP in accordance with Section 31.2.6.4.2 for the satisfaction of a regional Reliability Need, Section 31.3.1.3.6 for the reduction of congestion identified in the Economic Planning Process, or Section 31.4.7.2 for the satisfaction of a Public Policy Transmission Need. The ISO will report the results of its evaluation solely for informational purposes in the relevant ISO planning report prepared under this Attachment Y, and the Transmission Owners shall not be required to revise their LTPs based on the results of the ISO’s evaluation.

### **31.2.1.4 LTP Dispute Resolution Process**

#### **31.2.1.4.1 Disputes Related to the LTPP; Objective; Notice**

Disputes related to the LTPP are subject to the DRP. The objective of the DRP is to assist parties having disputes in communicating effectively and resolving disputes as

expeditiously as possible. Within fifteen (15) calendar days of the presentation by a Transmission Owner of its LTP to the ESPWG and TPAS, a party with a dispute shall notify in writing the Affected TO, the ISO, the ESPWG and TPAS of its intention to utilize the DRP. The notice shall identify the specific issue in dispute and describe in sufficient detail the nature of the dispute.

#### **31.2.1.4.2 Review by the ESPWG/TPAS**

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

#### **31.2.1.4.3 Information Discussions**

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

#### **31.2.1.4.4 Alternative Dispute Resolution**

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

beyond ninety (90) days from the date on which the parties agreed to submit the dispute to alternative dispute resolution.

#### **31.2.1.4.5 Notice of Results of Dispute Resolution**

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

#### **31.2.1.4.6 Rights Under the Federal Power Act**

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

#### **31.2.1.4.7 Confidentiality**

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

### **31.2.2 Reliability Needs Assessment**

#### **31.2.2.1 General**

The ISO shall prepare and publish the RNA as described below. The RNA will identify Reliability Needs. The ISO shall also designate in the RNA the Responsible Transmission Owner with respect to each Reliability Need.

#### **31.2.2.2 Interested Party Participation in the Development of the RNA**

The ISO shall develop the RNA in consultation with Market Participants and all other interested parties. TPAS will have responsibility consistent with ISO Procedures for review of the ISO's reliability analyses. ESPWG will have responsibility consistent with ISO Procedures

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

### **31.2.2.3 Preparation of the Reliability Needs Assessment**

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

31.2.2.3.2 The starting point for the development of the RNA Base Case will be the system as defined for the FERC Form No. 715 Base Case. The ISO shall develop this system representation to be used for its evaluations of the Study Period by primarily using: (1) the most recent NYISO Load and Capacity Data Report published by the ISO on its web site; (2) the most recent versions of ISO reliability analyses and assessments provided for or published by NERC, NPCC, NYSRC, and neighboring Control Areas; (3) information reported by neighboring Control Areas such as power flow data, forecasted load, significant new or modified generation and transmission facilities, and anticipated system conditions that the ISO determines may impact the BPTFs; and (4) data submitted pursuant to paragraph 31.2.2.4 below; *provided, however*, the ISO shall not include in the RNA Base Case an Interim Service Provider, an RMR Generator, or any other interim Short-Term Reliability Process Solution selected by the ISO pursuant to

Attachment FF of the ISO OATT; *provided, further*, the ISO will include in the RNA Base Case a permanent transmission Short-Term Reliability Process Solution selected by the ISO pursuant to Attachment FF of the ISO OATT if it meets the base case inclusion requirements in the ISO Procedures. The details of the development of the RNA Base Case are contained in the ISO Procedures. The RNA Base Case shall also include Interregional Transmission Projects that have been approved by the NYPSC transmission siting process and meet the base case inclusion requirements in the ISO Procedures.

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

#### **31.2.2.4 Planning Participant Data Input**

31.2.2.4.1 At the ISO's request, Market Participants, Developers, and other parties shall provide, in accordance with the schedule set forth in the ISO Procedures, the

data necessary for the development of the RNA. This data will include but not be limited to (1) existing and planned additions to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); (2) proposals for Merchant Transmission Facilities (to be provided by merchant transmission Developers); (3) generation additions and retirements (to be provided by generator owners and Developers); (4) demand response programs (to be provided by demand response providers); and (5) any long-term firm transmission requests made to the ISO.

31.2.2.4.2 The Transmission Owners shall submit their current LTPs referenced in Section 31.1.3 and Section 31.2.1 to the ISO. The Transmission Owners and the ISO will coordinate with each other in reviewing the LTPs. The ISO will review the Transmission Owners' LTPs, as they relate to BPTFs, to determine whether they will meet reliability needs identified in the LTPs, recommend an alternate means to resolve the local needs from a regional perspective pursuant to Section 31.2.6.4, and indicate if it is not in agreement with a Transmission Owner's proposed additions. The ISO shall report its determinations under this section in the RNA and in the CRP.

31.2.2.4.3 All data received from Market Participants, Developers, and other parties shall be considered in the development of the system representation for the Study Period in accordance with the ISO Procedures.

#### **31.2.2.5 Reliability Scenario Development**

The ISO, in consultation with the ESPWG and TPAS, shall develop reliability scenarios addressing the Study Period. Variables for consideration in the development of these reliability

scenarios include but are not limited to: load forecast uncertainty, fuel prices and availability, new resources, retirements, transmission network topology, and limitations imposed by proposed environmental or other legislation.

#### **31.2.2.6 Evaluation of Reliability Scenarios**

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

#### **31.2.2.7 Consequences for Other Regions**

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of the reliability transmission projects on such ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in the CRP. The ISO shall not bear the costs of required upgrades in another region.

#### **31.2.2.8 Reliability Needs Assessment Report Preparation**

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



compensatory MW/ Load adjustment scenarios will be developed by the ISO as a guide to the development of proposed solutions to meet the identified Reliability Need.

### **31.2.3 RNA Review Process**

#### **31.2.3.1 Collaborative Governance Process**

The draft RNA shall be submitted to both TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft RNA. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Market Participants and other interested parties may submit at any time optional suggestions for changes to ISO rules or procedures which could result in the identification of additional resources or market alternatives suitable for meeting Reliability Needs. Following completion of the TPAS and ESPWG review, the draft RNA reflecting the revisions resulting from the TPAS and ESPWG review, shall be forwarded to the Operating Committee for discussion and action. The ISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft RNA is to be presented. Following the Operating Committee vote, the draft RNA will be transmitted to the Management Committee for discussion and action.

#### **31.2.3.2 Board Action**

Following the Management Committee vote, the draft RNA, with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft RNA will be provided to the Market Monitoring Unit for its review and consideration of whether market rules changes are necessary to address

an identified failure, if any, in one of the ISO's competitive markets. The Board may approve the RNA as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised RNA shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised RNA until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the final RNA to the marketplace by posting it on its web site.

The responsibilities of the Market Monitoring Unit that are addressed in the above section of this Attachment are also addressed in Section 30.4.6.8.2 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

#### **31.2.3.3 Needs Assessment Disputes**

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

#### **31.2.3.4 Public Information Sessions**

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

## **31.2.4 Development of Solutions to Reliability Needs**

### **31.2.4.1 Eligibility and Qualification Criteria for Developers and Projects**

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.2.4.1 and its subsections, the term “Developer” includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.2.4.1.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.2.4.1.1.1 to demonstrate its capability to satisfy the applicable qualification criteria, and (ii) a notarized officer’s certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer’s project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures related and applicable to the Affiliate’s participation.

#### **31.2.4.1.1 Developer Qualification and Timing**

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate and maintain a transmission project to meet identified Reliability Needs. The ISO shall consider the qualifications of each Developer in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

##### **31.2.4.1.1.1 Developer Qualification Criteria**

The ISO shall make a determination on the qualification of a Developer to propose to develop a transmission project as a solution to an identified Reliability Need based on the following criteria:

31.2.4.1.1.1.1 The technical and engineering qualifications and experience of the

Developer relevant to the development, construction, operation and maintenance of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

31.2.4.1.1.1.2 The current and expected capabilities of the Developer to develop and

construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.2.4.1.1.1.3 The Developer's current and expected capability to finance, or its

experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

- (1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through

- rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;
- (2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement, or equivalent information;
  - (3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch, or equivalent information, if available;
  - (4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and
  - (5) such other evidence that demonstrates its current and expected capability to finance a project to solve a Reliability Need.

31.2.4.1.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

#### **31.2.4.1.1.2 Developer Qualification Determination**

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.2.4.1.1.1.3 and is designated by the Developer as "Confidential

Information.” The ISO shall within 15 days of a Developer’s submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO’s request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer’s qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO’s revocation of a Developer’s qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a regulated transmission project as a solution to an identified Reliability Need and shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and Rate Schedule 10, Section 6.10, of the ISO OATT for any approved project.

#### **31.2.4.2 Interregional Transmission Projects**

Interregional Transmission Projects may be proposed under Section 31.2.5.1 of this Attachment Y as regulated backstop solutions, alternative regulated solutions, or market-based solutions, in response to a request by the ISO for solutions to a Reliability Need under the relevant provisions of Section 31.2.4. Interregional Transmission Projects proposed as regulated

backstop solutions, alternative regulated solutions or market-based solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of the Reliability Planning Process of this Attachment Y, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol.

### **31.2.4.3 Regulated Backstop Solutions**

31.2.4.3.1 When a Reliability Need is identified in any RNA issued under this tariff, the ISO shall request and the Responsible Transmission Owner shall provide to the ISO, as set forth in Section 31.2.5 below, a proposal for a regulated solution or combination of solutions that shall serve as a backstop to meet the Reliability Need if requested by the ISO due to the lack of sufficient viable market-based solutions to meet such Reliability Needs identified for the Study Period. The Responsible Transmission Owner shall be eligible to recover its costs for developing its proposal and seeking necessary approvals under Rate Schedule 10 of the ISO OATT. Regulated backstop solutions may include generation, transmission, or demand side resources. Such proposals may include reasonable alternatives that would effectively address the Reliability Need; provided however, the Responsible Transmission Owner's obligation to propose and implement regulated backstop solutions under this tariff is limited to regulated transmission solutions. Prior to providing its response to the RNA, each Responsible Transmission Owner will present for discussion at the ESPWG and TPAS any updates in its LTP that impact a Reliability Need identified in the RNA. The ISO will present at the ESPWG and TPAS any updates to its

determination under Section 31.2.2.4.2 with respect to the Transmission Owners' LTPs. Should more than one regulated backstop solution be proposed by a Responsible Transmission Owner to address a Reliability Need, it will be the responsibility of that Responsible Transmission Owner to determine which of the regulated backstop solutions will proceed following a finding by the ISO under Section 31.2.8 of this Attachment Y. The determination by the Responsible Transmission Owner will be made prior to the approval of the CRP which precedes the Trigger Date for the regulated backstop solution with the longest lead time. Contemporaneous with the request to the Responsible Transmission Owner, the ISO shall solicit market-based and alternative regulated responses as set forth in Sections 31.2.4.5 and 31.2.4.7, which shall not be a formal RFP process.

#### **31.2.4.4 Qualifications for Regulated Backstop Solutions**

31.2.4.4.1 The submission of a regulated backstop solution to a Reliability Need for purposes of the ISO's evaluation under Section 31.2.5 of the viability and sufficiency of the proposed solution and the determination of the Trigger Date for the proposed solution shall include, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Responsible Transmission Owner can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable



technology, (5) a major milestone schedule; (6) the schedule for obtaining any permits and other certifications, if available; (7) status of ISO interconnection studies and interconnection agreement, if available; and (8) status of equipment availability and procurement, if available.

31.2.4.4.2 The submission of a regulated backstop solution to a Reliability Need for purposes of the ISO's evaluation of the proposed solution for possible selection as the more efficient or cost effective solution to the Reliability Need shall include, at a minimum, the following details: (1) updates to the information required under Section 31.2.4.4.1; (2) the schedule for obtaining required permits and other certifications; (3) a demonstration of Site Control or a schedule for obtaining such control; (4) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (5) status of ISO interconnection studies and interconnection agreement; (6) status of equipment availability and procurement; (7) evidence of financing or ability to finance the project; (8) capital cost estimates for the project; (9) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; and (10) any other information requested by the ISO.

A Responsible Transmission Owner shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations

with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Responsible Transmission Owner as “Confidential Information.”

A Responsible Transmission Owner shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

A Responsible Transmission Owner shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

Upon the completion of any interconnection study or transmission expansion study of a proposed regulated backstop solution that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or X of the ISO OATT, the Responsible Transmission Owner of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.2.4.4.3 If the regulated backstop solution does not meet the Reliability Needs, the ISO will provide sufficient information to the Responsible Transmission Owner to determine how the regulated backstop should be modified to meet the identified Reliability Needs. The Responsible Transmission Owner will make necessary changes to its proposed regulated backstop solution to address reliability deficiencies identified by the ISO, and submit a revised proposal to the ISO for review and approval.

#### **31.2.4.5 Market-Based Responses**

At the same time that a proposal for a regulated backstop solution is requested from the Responsible Transmission Owner under Section 31.2.4.3, the ISO shall also request market-based responses from the market place. Subject to the execution of appropriately drawn confidentiality agreements and the Commission's standards of conduct, the ISO and the appropriate Transmission Owner or Transmission Owners shall provide any party who wishes to develop such a response access to the data that is necessary to develop its response. Such data shall only be used for the purposes of preparing a market-based response to a Reliability Need under this section. Such responses will be open on a comparable basis to all resources, including generation, demand response providers, and merchant transmission Developers.

#### **31.2.4.6 Qualifications for a Valid Market-Based Response**

The submission of a proposed market-based solution must include, at a minimum:

(1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining Site Control; (8) the status of any contracts (other than an interconnection agreement) that are under negotiation or in place; (9) the status of ISO interconnection studies and interconnection agreement; (10) the status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; and (12) any other information requested by the ISO.

A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as “Confidential Information.”

A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s)

with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) copies of all loan commitment letter(s) and signed financing contract(s), or (ii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available.

Upon the completion of any interconnection study or transmission expansion study of a proposed market-based solution that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or X of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

Failure to provide any data requested by the ISO within the timeframe set forth in Section 31.2.5.1 of this Attachment Y will result in the rejection of the proposed market-based solution from further consideration during that planning cycle.

#### **31.2.4.7 Alternative Regulated Responses**

31.2.4.7.1 The ISO will request alternative regulated responses to Reliability Needs at the same time that it requests market-based responses and regulated backstop solutions. Such proposals may include reasonable alternatives that would effectively address the identified Reliability Need.

31.2.4.7.2 In response to the ISO's request, Other Developers may develop alternative regulated proposals for generation, demand side alternatives, and/or other solutions to address a Reliability Need and submit such proposals to the ISO. Transmission Owners, at their option, may submit additional proposals for regulated solutions to the ISO. Transmission Owners and Other Developers may submit such proposals to the NYDPS for review at any time. Subject to the execution of appropriately drawn confidentiality agreements and the Commission's standards of conduct, the ISO and the appropriate Transmission Owner(s) shall provide Other Developers access to the data that is needed to develop their proposals. Such data shall be used only for purposes of preparing an alternative regulated proposal in response to a Reliability Need.

#### **31.2.4.8 Qualifications for Alternative Regulated Solutions**

31.2.4.8.1 The submission of an alternative regulated solution to a Reliability Need for purposes of the ISO's evaluation under Section 31.2.5 of the viability and sufficiency of the proposed solution and the determination of the Trigger Date for the proposed solution shall include, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Other Developer or Transmission Owner can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) the schedule for obtaining any

permits and other certifications, if available; (7) status of ISO interconnection studies and interconnection agreement, if available; and (8) status of equipment availability and procurement, if available.

31.2.4.8.2 The submission of a proposed alternative regulated solution to a Reliability Need for purposes of the ISO's evaluation of the proposed solution for possible selection as the more efficient or cost effective solution for the Reliability Need must include, at a minimum: (1) updates to the information required under Section 31.2.4.8.1; (2) a demonstration of Site Control or a schedule for obtaining Site Control; (3) the status of any contracts (other than an Interconnection Agreement) that are under negotiation or in place, including any contracts with third-party contractors; (4) the status of any interconnection studies and interconnection agreement; (5) the schedule for obtaining any required permits and other certifications; (6) the status of equipment availability and procurement; (7) evidence of financing or ability to finance the project; (8) capital cost estimates for the project; (9) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; and (10) any other information requested by the ISO.

An Other Developer or Transmission Owner shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be

completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Other Developer or Transmission Owner as “Confidential Information.”

An Other Developer or Transmission Owner shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

An Other Developer or Transmission Owner shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.



Upon the completion of any interconnection study or transmission expansion study of a proposed alternative regulated solution that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or X of the ISO OATT, the Other Developer or Transmission Owner of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

31.2.4.8.3 Failure to provide any data requested by the ISO within the timeframe provided in Sections 31.2.5.1 and 31.2.6.1 of this Attachment Y will result in the rejection of the proposed alternative regulated solution from further consideration during that planning cycle. A proponent of a proposed alternative regulated solution must notify the ISO immediately of any material change in status of a proposed alternative regulated solution. For purposes of this provision, a material change includes, but is not limited to, a change in the financial viability of the developer, a change in the siting status of the project, or a change in a major element of the project's development. If the ISO, at any time, learns of a material change in the status of a proposed alternative regulated solution, it may, at that time, make a determination as to the continued viability of the proposed alternative regulated solution.

#### **31.2.4.9 Additional Solutions**

Should the ISO determine that it has not received adequate regulated backstop or market-based solutions to satisfy the Reliability Need, the ISO may, in its discretion, solicit additional

regulated backstop or market-based solutions. Other Developers or Transmission Owners may submit additional alternative regulated solutions for the ISO's consideration at that time.

### **31.2.5 ISO Evaluation of Viability, Sufficiency, and Trigger Date of Proposed Solutions to Reliability Needs**

#### **31.2.5.1 Timing for Submittal of Project Information and Developer Qualification Information and Opportunity to Provide Additional Information**

Within 60 days after a request for solutions to a Reliability Need is made by the ISO after completion of the RNA, which time period may be extended by the ISO pursuant to Section 31.1.8.7, all Developers proposing solutions to an identified Reliability Need shall submit to the ISO for purposes of its evaluation the project information, as applicable, for: (i) a proposed regulated backstop solution under Section 31.2.4.4.1, (ii) a proposed market-based solution under Section 31.2.4.6, or (iii) a proposed alternative regulated solution under Section 31.2.4.8.1 of this Attachment Y. In response to a solicitation for a solution to a Reliability Need identified after the 2014-2015 planning cycle, the Developer of a proposed transmission solution must also demonstrate to the ISO, simultaneous with its submission of project information, that it has submitted a Transmission Interconnection Application or Interconnection Request, as applicable.

Any Developer that the ISO has determined under Section 31.2.4.1.1.2 or as set forth in this Section 31.2.5.1 below to be qualified to propose to develop a project as a transmission solution to an identified Reliability Need may submit the required project information; *provided, however*, that: (i) the Developer shall provide a non-refundable application fee of \$10,000 and (ii) based on the actual identified need, the ISO may request that the qualified Developer provide additional Developer qualification information. Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.2.4.1.1 within 30 days

after a request for solutions is made by the ISO. The ISO shall within 30 days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer qualification information or project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

#### **31.2.5.2 Comparable Evaluation of All Proposed Solutions**

The ISO shall evaluate: (i) any proposed market-based solution submitted by a Developer pursuant to Section 31.2.4.5, (ii) any proposed regulated backstop solution submitted by a Responsible Transmission Owner pursuant to Section 31.2.4.3, and (iii) any proposed alternative regulated solution submitted by a Transmission Owner or Other Developer pursuant to Section 31.2.4.7. The ISO will evaluate whether each proposed solution is viable and is sufficient to satisfy the identified Reliability Need by the need date pursuant to Sections 31.2.5.3 and 31.2.5.4. The proposed solutions may include multiple components and resource types. When evaluating proposed solutions to Reliability Needs from any Developer, all resource types – generation, transmission, demand response, or a combination of these resource types – shall be considered on a comparable basis as potential solutions to the Reliability Needs identified. All solutions will be evaluated in the same general time frame.

#### **31.2.5.3 Evaluation of Viability of Proposed Solution**

The ISO will determine the viability of a solution – transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Reliability Need. For purposes of its analysis, the ISO will evaluate whether: (i) the Developer has provided the required Developer qualification data pursuant to Section 31.2.4.1 and the required project

information data under Sections 31.2.4.4.1, 31.2.4.6, or 31.2.4.8.1; (ii) the proposed solution is technically practicable; (iii) the Developer has indicated possession of, or an approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) the proposed solution can be completed in the required timeframe. If the ISO determines that the proposed solution is not viable and, for regulated solutions, the Developer does not address any identified deficiency pursuant to Section 31.2.5.6, the ISO shall reject the proposed solution from further consideration during that planning cycle.

#### **31.2.5.4 Evaluation of Sufficiency of Proposed Solution**

The ISO will perform a comparable analysis of each proposed solution – transmission, generation, demand response, or a combination of these resource types – through the Study Period to identify whether it satisfies the Reliability Need(s). The ISO will evaluate each solution to determine whether the solution proposed by the Developer fully eliminates the Reliability Need(s). If the ISO determines that a proposed regulated solution is not sufficient and the Developer does not address any identified deficiency pursuant to Section 31.2.5.6, the ISO shall reject the proposed regulated solution from further consideration during that planning cycle.

#### **31.2.5.5 Establishment of Trigger Date of Proposed Regulated Solutions**

Upon receipt of all Developers' proposed regulated solutions pursuant to Section 31.2.5.1, the ISO will notify all Developers if any Developer has proposed a lead time for the implementation of its regulated solution that could result in a Trigger Date for the regulated solution within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, provided that the ISO will not disclose the identity of such Developer or the details of its project at that time. The ISO will independently analyze the

lead time proposed by each Developer for the implementation of its regulated solution. The ISO will use the Developer's estimate and the ISO's analysis to establish the ISO's Trigger Date for each regulated solution. The ISO will also establish benchmark lead times for proposed market-based solutions.

#### **31.2.5.6 Resolution of Deficiencies**

Following initial review of the proposals, as described above, ISO staff will identify any reliability deficiencies in each of the proposed solutions. The Responsible Transmission Owner, Transmission Owner or Other Developer will discuss any identified deficiencies with the ISO staff. Other Developers and Transmission Owners that propose alternative regulated solutions shall have the option to remedy their proposals to address any deficiency within 30 days of notification by the ISO. With respect to regulated backstop solutions proposed by a Responsible Transmission Owner pursuant to Section 31.2.4.3, the Responsible Transmission Owner shall make necessary changes to its proposed backstop solution to address any reliability deficiencies identified by the ISO, and submit a revised proposal to the ISO for review within 30 days. The ISO shall review all such revised proposals to determine whether the identified deficiencies have been resolved.

#### **31.2.5.7 ISO Report of Evaluation Results**

The ISO shall present its Viability and Sufficiency Assessment to stakeholders, interested parties, and the NYDPS for comment and will indicate at that time whether any of the proposed regulated solutions found to be viable and sufficient under this Section 31.2.5 will have a Trigger Date within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG.

The ISO shall report in the CRP the results of its evaluation under this Section 31.2.5: (i) whether each proposed regulated backstop solution, alternative regulated solution, and market-based solution is viable and is sufficient to satisfy the identified Reliability Need by the need date, and (ii) the Trigger Dates for the proposed regulated solutions.

### **31.2.6 ISO Evaluation and Selection of Proposed Regulated Transmission Solutions**

#### **31.2.6.1 Submission of Project Information for Selection of Proposed Regulated Transmission Solution**

If the ISO determines that the Trigger Date of any Developer's proposed regulated solution that was found to be viable and sufficient under Section 31.2.5 will occur within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG, the ISO will request that all Developers of regulated transmission solutions that the ISO determined were viable and sufficient submit to the ISO their project information, as applicable, for: (i) a proposed regulated backstop transmission solution under Section 31.2.4.4.2, or (ii) a proposed alternative regulated transmission solution under Section 31.2.4.8.2. If the ISO determines that none of the Developers' proposed regulated solutions that were found to be viable and sufficient under Section 31.2.5 have a Trigger Date that will occur within the thirty-six month period, the ISO will not request further project information, perform the evaluation, or make a selection of a more efficient or cost effective regulated solution under this Section 31.2.6 for that planning cycle.

The ISO will make its request, if necessary, for project information under this Section 31.2.6.1 sufficiently in advance of the earliest Trigger Date of the viable and sufficient regulated solutions to enable the ISO to evaluate and select the more efficient or cost effective transmission solution. Upon the ISO's request for project information, the Developers shall

submit such information for their regulated transmission solution within thirty (30) days, which time period may be extended by the ISO pursuant to Section 31.1.8.7. The Developer must include with its project information a demonstration that it has an executed System Impact Study Agreement or System Reliability Impact Study Agreement, as applicable. A Developer shall submit additional project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the required project information will not be eligible for its project to be considered in that planning cycle.

#### **31.2.6.2 Study Deposit for Proposed Regulated Transmission Solutions**

A Developer that proposes a regulated backstop transmission solution or an alternative regulated transmission solution to satisfy the identified Reliability Need shall submit to the ISO, at the same time that it provides the project information required pursuant to Section 31.2.6.1, a study deposit of \$100,000, which shall be held in an interest-bearing account for which the interest earned will be associated with the Developer and shall be applied to study costs and subject to refund as described in this Section 31.2.6.2.

The ISO shall charge, and a Developer proposing a regulated backstop transmission solution or an alternative regulated transmission solution shall pay, the actual costs of the ISO's evaluation of the Developer's proposed transmission solution for purposes of the ISO's selection of the more efficient or cost effective transmission solution to satisfy a Reliability Need for cost allocation purposes, including costs associated with the ISO's use of subcontractors. The ISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs in performing the evaluation of a Developer's proposed transmission solution under this Section 31.2.6 and any supplemental evaluation or re-evaluation of the proposed transmission solution. If the ISO or its subcontractors perform study work for

multiple proposed transmission solutions on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers. The ISO shall invoice the Developer monthly for study costs incurred by the ISO in evaluating the Developer's proposed transmission solution as described above. Such invoice shall include a description and an accounting of the study costs incurred by the ISO and estimated subcontractor costs. The Developer shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit until settlement of the final monthly invoice; *provided, however*, if a Developer: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described below, the ISO may draw upon the study deposit to recover the owed amount. If the ISO must draw on the study deposit, the ISO shall provide notice to the Developer, and the Developer shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Developer fails to make such payments, the ISO may halt its evaluation of the Developer's proposed transmission solution and may disqualify the Developer's proposed transmission solution from further consideration. After the conclusion of the ISO's evaluation of the Developer's proposed transmission solution or if the Developer: (i) withdraws its proposed transmission solution or (ii) fails to pay an invoiced amount and the ISO halts its evaluation of the proposed transmission solution, the ISO shall issue a final invoice and refund to the Developer any portion of the Developer's study deposit submitted to the ISO under this Section 31.2.6.2 and any interest actually earned on the deposited amount that together exceeds the outstanding amounts that the ISO has incurred in evaluating that Developer's proposed transmission solution. The ISO shall



refund the remaining portion within sixty (60) days of the ISO's receipt of all final invoices from its subcontractors and involved Transmission Owners.

In the event of a Developer's dispute over invoiced amounts, the Developer shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Developer fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform its evaluation of the Developer's proposed transmission solution. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) Calendar Days after resolution of the dispute, the Developer will pay the ISO any amounts due with interest actually earned on such amounts.

#### **31.2.6.3 Evaluation of System Impact of Proposed Regulated Transmission Solution**

A proposed regulated transmission solution that will have a significant adverse impact on the reliability of the New York State Transmission System shall not be eligible for selection by the ISO under Section 31.2.6.5. The ISO shall evaluate the system impacts for the entire Study Period of a proposed regulated transmission solution that the ISO has determined under Section 31.2.5 is viable and sufficient. As part of this evaluation, the ISO shall give due consideration to the results of any completed System Impact Study or System Reliability Impact Study, as applicable. The ISO shall perform power flow and short circuit studies for the proposed regulated transmission solutions and additional studies, as appropriate. If the ISO identifies a significant adverse impact based on these studies, the ISO shall request that the Developer make an adjustment to its proposed regulated transmission solution to address this impact and remain

eligible for selection. The Developer shall submit the adjustment within 30 days of the ISO's notification.

If the Developer modifies its proposed regulated transmission solution, the ISO shall confirm that the adjusted solution still satisfies the viability and sufficiency requirements set forth in Section 31.2.5. If the ISO determines that the proposed regulated transmission solution does not satisfy the viability and sufficiency requirements or continues to have a significantly adverse impact on the reliability of the New York State Transmission System, the ISO shall remove the proposed solution from further consideration during that planning cycle.

#### **31.2.6.4 Evaluation of Regional Transmission Solutions to Address Local and Regional Reliability Needs More Efficiently or More Cost Effectively Than Local Transmission Solutions**

The ISO will review the LTPs as they relate to BPTFs. The results of the ISO's analysis will be reported in the CRP.

##### **31.2.6.4.1 Evaluation of Regional Transmission Solutions to Address Local Reliability Needs Identified in Local Transmission Plans More Efficiently or More Cost Effectively than Local Transmission Solutions**

The ISO, using engineering judgment, will determine whether proposed regional transmission solutions on the BPTFs may more efficiently or cost effectively satisfy reliability needs identified in the LTPs. If the ISO identifies that a regional transmission solution on the BPTFs has the potential to more efficiently or cost effectively satisfy the reliability need identified in the LTPs, it will perform a sensitivity analysis to determine whether the proposed regional transmission solution on the BPTFs would satisfy the reliability needs identified in the LTPs. If the ISO determines that the proposed regional transmission solutions on the BPTFs would satisfy the reliability need, the ISO will evaluate the proposed regional transmission solution using the metrics set forth in Section 31.2.6.5.1 to determine whether it may be a more

efficient or cost effective solution on the BPTFs to satisfy the reliability needs identified in the LTPs than the local solutions proposed in the LTPs.

#### **31.2.6.4.2 Evaluation of Regional Transmission Solutions to Address Regional Reliability Needs More Efficiently or More Cost Effectively than Local Transmission Solutions**

As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a regional transmission solution might more efficiently or more cost effectively satisfy an identified regional Reliability Need on the BPTFs that impacts more than one Transmission District than any local transmission solutions identified by the Transmission Owners in their LTPs in the event the LTPs specify such transmission solutions are included to address local reliability needs.

#### **31.2.6.5 ISO Selection of More Efficient or Cost Effective Transmission Solution for Cost Allocation Purposes**

A proposed regulated transmission solution – including a regulated backstop transmission solution submitted by a Responsible Transmission Owner pursuant to Section 31.2.4.3 and an alternative regulated transmission solution submitted by a Transmission Owner or Other Developer pursuant to Section 31.2.4.7 – that the ISO has determined satisfies the viability and sufficiency requirements in Section 31.2.5 and the system impact requirements in Section 31.2.6.3 shall be eligible under this Section 31.2.6.5 for selection in the CRP for the purpose of cost allocation and recovery under the ISO Tariffs. The ISO shall evaluate any eligible proposed regulated transmission solutions for the planning cycle using the metrics set forth in Section 31.2.6.5.1 below. For purposes of this evaluation, the ISO will review the information submitted by the Developer and determine whether it is reasonable and how such information should be used for purposes of the ISO evaluating each metric. In its review, the ISO will give due

consideration to the status of, and any available results of, any applicable interconnection or transmission expansion studies concerning the proposed regulated transmission solution performed in accordance with Sections 3.7 or 4.5 of the ISO OATT or Attachments X or P of the ISO OATT. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant's analysis in evaluating each metric. The ISO shall select in the CRP for cost allocation purposes the more efficient or cost effective transmission solution to satisfy a Reliability Need in the manner set forth in Section 31.2.6.5.2 below.

#### **31.2.6.5.1 Metrics for Evaluating More Efficient or Cost Effective Regulated Transmission Solution to Satisfy Reliability Need**

In determining which of the eligible proposed regulated transmission solutions is the more efficient or cost effective solution to satisfy the Reliability Need, the ISO will consider, and will consult with the NYDPS regarding, the following metrics set forth in this Section 31.2.6.5.1 and rank each proposed solution based on the quality of its satisfaction of these metrics:

31.2.6.5.1.1 The capital cost estimates for the proposed regulated transmission solutions, including the accuracy of the proposed estimates. For this evaluation, the Developer shall provide the ISO with credible capital cost estimates for its proposed solution, with itemized supporting work sheets that identify all material and labor cost assumptions, and related drawings to the extent applicable and available. The work sheets should include an estimated quantification of cost variance, providing an assumed plus/minus range around the capital cost estimate.

The estimate shall include all components that are needed to meet the Reliability Need throughout the Study Period. To the extent information is available, the Developer should itemize: material and labor cost by equipment,

engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed solution, all in accordance with Good Utility Practice. For each of these cost categories, the Developer should specify the nature and estimated cost of all major project components 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 to the existing system. The work sheets should itemize to the extent applicable and available all equipment for: (i) the proposed project; (ii) interconnection facilities (including Attachment Facilities and Direct Assignment Facilities); and (iii) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, and Distribution Upgrades.

31.2.6.5.1.2 The cost per MW ratio of the proposed regulated transmission solutions.

For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed solution in current year dollars. The ISO will then determine the MW value of the solution by summing the Reliability Need, in MW, with the additional improvement, in MW, that the proposed solution offers beyond serving the Reliability Need. The ISO will then determine the cost per MW ratio by dividing the present worth of the total capital cost by the MW value.

31.2.6.5.1.3 The expandability of the proposed regulated transmission solution. The

ISO will consider the impact of the proposed solution on future construction. The ISO will also consider the extent to which any subsequent expansion will continue to use this proposed solution within the context of system expansion.

- 31.2.6.5.1.4 The operability of the proposed regulated transmission solution. The ISO will consider how the proposed solution may affect additional flexibility in operating the system, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed solution may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions.
- 31.2.6.5.1.5 The performance of the proposed regulated transmission solution. The ISO will consider how the proposed project may affect the utilization of the system (*e.g.* interface flows, percent loading of facilities).
- 31.2.6.5.1.6 The extent to which the Developer of a proposed regulated transmission solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider whether the Developer: (i) already possesses the rights of way necessary to implement the solution; (ii) has completed a transmission routing study, which (a) identifies a specific routing plan with alternatives, (b) includes a schedule indicating the timing for obtaining siting and permitting, and (c) provides specific attention to sensitive areas (*e.g.*, wetlands, river crossings, protected areas, and schools); or (iii) has specified a plan or approach for determining routing and acquiring property rights.
- 31.2.6.5.1.7 The potential issues associated with delay in constructing the proposed regulated transmission solution consistent with the major milestone schedule and

the schedule for obtaining any permits and other certifications as required to timely meet the need.

**31.2.6.5.2 ISO Selection of More Efficient or Cost Effective Regulated Transmission Solution to Satisfy Reliability Need**

The ISO shall select under this Section 31.2.6.5.2 the proposed regulated transmission solution, if any, that is the more efficient or cost effective transmission solution proposed in the planning cycle to satisfy the identified Reliability Need. The ISO shall report the selected regulated transmission solution in the CRP. The selected regulated transmission solution reported in the CRP shall be eligible to be triggered by the ISO to satisfy the identified Reliability Need pursuant to Section 31.2.8 at any point within thirty-six months of the date of the ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG. An Other Developer or Transmission Owner of an alternative regulated transmission project shall not be eligible for cost allocation and cost recovery under the ISO OATT for its project unless its project is selected pursuant to this Section 31.2.6.5.2. Once such project is selected, the Other Developer or Transmission Owner shall be eligible for cost allocation and cost recovery under the ISO OATT for its project. Within thirty (30) days of the ISO's selection of an alternative regulated transmission solution, the Other Developer or Transmission Owner shall submit to the ISO for the ISO's approval a proposed schedule and scope of work that describe the preparation work, if any, that the Developer must perform prior to the Trigger Date of the project, including a good faith estimate of the costs of such work. Costs will be recovered when the project enters into service, is halted, or as otherwise determined by the Commission in accordance with the cost recovery requirements set forth in Section 31.5.6 of this Attachment Y and Rate Schedule 10 of the ISO OATT. Actual project cost recovery, including any issues related to cost recovery and project cost overruns, will be submitted to and decided by the Commission.

### **31.2.7 Comprehensive Reliability Plan**

Following the ISO's evaluation of the proposed market-based and regulated solutions to Reliability Need(s), the ISO will prepare a draft CRP that sets forth the ISO's findings regarding the viability and sufficiency of solutions, the trigger dates of regulated solutions, and any recommendations that implementation of regulated solutions (which may be a Gap Solution) is necessary to ensure system reliability. The draft CRP will reflect any input from the NYDPS. If the CRP cannot be completed in the two-year planning cycle, the ISO will notify stakeholders and provide an estimated completion date and an explanation of the reasons the additional time is required.

The ISO will include in the draft CRP the list of Developers that qualify pursuant to Section 31.2.4.1 and will identify the proposed solutions that it has determined under Section 31.2.5 are viable and sufficient to satisfy the identified Reliability Need(s) by the need date. The ISO will identify in the CRP the regulated backstop solution that the ISO has determined will meet the Reliability Need by the need date and the Responsible Transmission Owner. If the ISO determines at the time of the issuance of the CRP that sufficient market-based solutions will not be available in time to meet a Reliability Need, and finds that it is necessary to take action to ensure reliability, it will state in the CRP that the development of regulated solutions (regulated backstop or alternative regulated solution) is necessary. The draft CRP will also include the results of the ISO's analysis of the LTPs consistent with Section 31.2.6.4.

The draft CRP shall indicate whether the ISO has determined that the Trigger Date to any proposed regulated solution will occur within thirty-six months of the date of ISO's presentation of the Viability and Sufficiency Assessment to the ESPWG. If the Trigger Date of any proposed regulated solution will occur within the thirty-six month period and the ISO makes a selection of the more efficient or cost effective transmission solution under Section 31.2.6.5.2, the draft CRP



shall include the regulated transmission solution selected for cost allocation purposes pursuant to Section 31.2.6.5.2 as the more efficient or cost effective transmission solution to satisfy the Reliability Need(s) and shall indicate whether that transmission solution should be triggered. The draft CRP shall also indicate the date by which a solution must be in-service to satisfy the Reliability Need.

If: (i) none of the proposed regulated solutions has a Trigger Date within the thirty-six month period, or (ii) the Trigger Date of any proposed regulated solution will occur within the thirty-six month period but the ISO determines in its discretion that it is not necessary at that time to select a more efficient or cost effective transmission solution under Section 31.2.6.5.2 prior to the completion of the CRP, the draft CRP will not select a regulated transmission solution. If: (i) the Trigger Date of any proposed regulated solution will occur within the thirty-six month period, and (ii) the ISO selects a more efficient or cost effective solution subsequent to the completion of the CRP but prior to the completion of that thirty-six month period, the ISO shall issue an updated CRP report pursuant to Section 31.2.7.3 that indicates the regulated transmission solution selected for cost allocation purposes pursuant to Section 31.2.6.5.2 as the more efficient or cost effective transmission solution to satisfy the Reliability Need(s) whether that transmission solution should be triggered, and the date by which a solution must be in-service to satisfy the Reliability Need.

The draft CRP shall include a comparison of a proposed regional solution to an identified Reliability Need to an Interregional Transmission Project identified and evaluated under the “Analysis and Consideration of Interregional Transmission Projects” section of the Interregional Planning Protocol, if any. An Interregional Transmission Project proposed in the Reliability

Planning Process may be selected as a market based response, regulated backstop solution, or an alternative regulated solution under the provisions of the Reliability Planning Process.

#### **31.2.7.1 Collaborative Governance Process**

The ISO staff shall submit the draft CRP to the TPAS and ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft CRP. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of the TPAS and ESPWG review, the draft CRP reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Operating Committee for a discussion and action. The ISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft CRP is to be presented. Following the Operating Committee vote, the draft CRP will be transmitted to the Management Committee for a discussion and action.

#### **31.2.7.2 Board Review, Consideration, and Approval of CRP**

Following the Management Committee vote, the draft CRP, with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft CRP will also be provided to the Market Monitoring Unit for its review and consideration of whether market rule changes are necessary to address an identified failure, if any, in one of the ISO's competitive markets. The Board may approve the draft CRP as submitted or propose modifications on its own motion, including the recommendations regarding the selection of transmission projects for cost allocation and cost recovery under the ISO Tariffs if such selection will occur during that planning cycle. If any

changes are proposed by the Board, the revised CRP shall be returned to the Management Committee for comment. The Board shall not make a final determination on the draft CRP until it has reviewed the Management Committee comments. Upon final approval by the Board, the ISO shall issue the CRP to the marketplace by posting the CRP on its website. The ISO will provide the CRP to the appropriate regulatory agency(ies) for consideration and appropriate action.

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

#### **31.2.7.3 Updated CRP Report**

If, pursuant to Section 31.2.7, the ISO identifies a proposed regulated transmission solution as the more efficient or cost effective transmission solution following the completion of the CRP, the ISO will prepare a draft updated CRP report that indicates the regulated transmission solution recommended for selection for cost allocation purposes pursuant to Section 31.2.6.5.2 as the more efficient or cost effective transmission solution to satisfy the Reliability Need(s), whether that transmission solution should be triggered at that time, and the date by which a solution must be in-service to satisfy the Reliability Need. The draft updated CRP report shall be reviewed in accordance with the stakeholder process set forth in Section 31.2.7.1 and will be then forwarded to the ISO Board for its review and action pursuant to Section 31.2.7.2.

#### **31.2.7.4 Reliability Disputes**

Notwithstanding any provision to the contrary in this Attachment, the ISO OATT, or the ISO Services Tariff, in the event that a Market Participant or other interested party raises a

dispute solely within the NYPSC's jurisdiction concerning ISO's final determination in the CRP that a proposed solution will or will not meet a Reliability Need, a Market Participant or other interested party seeking further review shall refer such dispute to the NYPSC for resolution, as provided for in the ISO Procedures. The NYPSC's final determination of such disputes shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

#### **31.2.7.5 Posting of Approved Solutions**

The ISO shall post on its website a list of all Developers that have undertaken a commitment to the ISO to build a project (which may be a regulated backstop solution, market-based response, alternative regulated response or gap solution) that is necessary to ensure system reliability, as identified in the CRP and approved by the appropriate governmental agency(ies) and/or authority(ies).

### **31.3 Economic Planning Process**

#### **31.3.1 System & Resource Outlook for Economic Planning**

##### **31.3.1.1 General**

The ISO shall prepare and publish the System & Resource Outlook as described below. Each System & Resource Outlook shall: (i) summarize the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process and the information and sources relied upon by the ISO; (ii) produce a twenty-year projection of congestion; (iii) identify, rank, and group the congested elements on the New York State Transmission System based on the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5; and (iv) assess the potential benefits of addressing the identified congestion. For the non-BPTF portion of the New York State Transmission System, the ISO will coordinate with the Transmission Owners in the development of the System & Resource Outlook. The ISO will incorporate the Transmission Owners' Local Transmission Owner Plans into the Economic Planning Process.

The Economic Planning Process shall determine whether to approve an Interregional Transmission Project, identified and evaluated under the "Analysis and Consideration of Interregional Transmission Projects" section of the Interregional Planning Protocol, if any, and proposed in the ISO's Economic Planning Process, as an economic transmission project in lieu of a proposed regional Regulated Economic Transmission Project for regulated cost allocation and recovery under the ISO Tariff.

The Economic Planning Process will align with the Reliability Planning Process as provided in Section 31.1.8 of this Attachment Y.

### **31.3.1.2 Interested Party Participation in the Development of the System & Resource Outlook**

31.3.1.2.1 The ISO shall develop the System & Resource Outlook in consultation with Market Participants and all other interested parties. The TPAS will have responsibilities consistent with ISO Procedures for review of the ISO's technical analyses. ESPWG will have responsibilities consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of the congestion assessment and the congestion assessment scenarios provided for under Section 31.3.1.5, and in the reporting and analysis of congestion costs. Coordination and communication will be established and maintained between these two groups and ISO staff to allow Market Participants and other interested parties to participate in a meaningful way during each stage of the Economic Planning Process. The ISO staff shall report any majority and minority views of these collaborative governance work groups when it submits the System & Resource Outlook to the Business Issues Committee for a vote, as provided below.

### **31.3.1.3 Preparation of the System & Resource Outlook**

31.3.1.3.1 The Study Period for the Economic Planning Process shall be twenty years, with year one being the first year or the second year of the current biennial Comprehensive System Planning Process, as determined by the ISO in consultation with stakeholders.

31.3.1.3.2 The base case for the System & Resource Outlook will assume a reliable system throughout the Study Period covered by the most recent Reliability Planning Process and Short-Term Reliability Process. If any Reliability Needs in

the Study Period in the Reliability Planning Process or Short- Term Reliability Process remain unresolved at the time the System & Resource Outlook is conducted, the base case for the System & Resource Outlook will incorporate sufficient compensatory MW to resolve those needs for the Reliability Planning Process and Short-Term Reliability Process Study Period, starting with the most recently-approved base cases from the Reliability Planning Process and the Short-Term Reliability Process, and updated in accordance with ISO Procedures. The ISO is not required to project reliability needs or compensatory MW for the remainder of the Economic Planning Process Study Period, but may adjust load and resources in the remainder of the Economic Planning Process Study Period in the base case and/or scenarios as determined pursuant to ISO Procedures and in consultation with stakeholders.

31.3.1.3.3 In developing the System & Resource Outlook, the ISO shall assess system congestion on the New York State Transmission System over the Economic Planning Process Study Period, measuring congestion by the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5. The ISO, in conjunction with the ESPWG, will develop the specific production costing model to be used in the System & Resource Outlook. The System & Resource Outlook may include consideration of the economic impacts of advancing a regulated solution contained in the Reliability Planning Process or the Short-Term Reliability Process.

31.3.1.3.4 In developing the System & Resource Outlook, the ISO shall identify congestion by conducting the NYCA-wide production cost simulations both with

the existing constraints on the New York State Transmission System and without such constraints, and report the production cost change that results from relaxing individual constraints or groups of constraints as determined by the ISO in consultation with stakeholders. The present value of the NYCA-wide production cost change will be determined in accordance with the following formula:

*Present Value in year 1 = Sum of the Present Values from each of the 20 years of the Study Period.*

The discount rate to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners.

31.3.1.3.5 Additional benefit metrics may include estimates of reductions in losses, LBMP load costs, generator payments, ICAP costs, Ancillary Services costs, emission costs, TCC payments, and energy deliverability. The ISO will work with the ESPWG to determine the most useful metrics for each Economic Planning Process cycle, given overall ISO resource requirements. The additional metrics will estimate the benefits of addressing the congestion identified for information purposes only. All the quantities, except ICAP, will be the result of the forward looking production cost simulation. The additional benefit metrics will be determined by measuring the difference between the Economic Planning Process base case system value and a system value when the congestion is relieved. The value of the additional metrics will be expressed in present value by using the following formula:

*Present Value in year 1 = Sum of the Present Values from each of the 20 years of the Study Period.*



The discount rate to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners. The definitions of the LBMP load cost metric, generator payments metric, reduction in losses metric, Ancillary Services costs metric, and TCC payment metric are set forth below.

31.3.1.3.5.1 LBMP load costs measure the change in total load payments and unhedged load payments. Total load payments will include the LBMP payments (energy, congestion and losses) paid by electricity demand (forecasted load, exports, and wheeling). Exports will be consistent with the input assumptions for each neighboring control area. Unhedged load payments will represent total load payments minus the TCC payments.

31.3.1.3.5.2 Reductions in losses measure the change in marginal losses payments. Losses payments will be based upon the loss component of the zonal LBMP load payments.

31.3.1.3.5.3 Generator payments measure the change in generation payments. Generation payments will include the LBMP payments (energy, congestion, losses), and may include Ancillary Services payments made to electricity suppliers. Ancillary Services costs may include payments for Regulation Services and Operating Reserves, including 10 Minute Synchronous, 10 Minute Non-synchronous and 30 Minute Non-synchronous. Generator payments will be the sum of the LBMP payments and, if calculated, Ancillary Services payments, to generators and imports. Imports will be consistent with the input assumptions for each neighboring Control Area.

31.3.1.3.5.4 The TCC payment metric set forth below will be used for purposes of the System & Resource Outlook, and will not be used for Regulated Economic Transmission Project cost allocation under Section 31.5.4.4 of this Attachment Y. The TCC payment metric will measure the change in total congestion rents collected in the day-ahead market. These congestion rents shall be calculated as the product of the Congestion Component of the Day-Ahead LBMP in each Load Zone or Proxy Generator Bus and the withdrawals scheduled in each hour at that Load Zone or Proxy Generator Bus, minus the product of the Congestion Component of the Day-Ahead LBMP at each Generator Bus or Proxy Generator Bus and the injections scheduled in each hour at that Generator bus or Proxy Generator Bus, summed over all locations and hours.

31.3.1.3.5.5 The emission metric will measure the change in CO<sub>2</sub>, NO<sub>x</sub>, and SO<sub>2</sub>, emissions in tons on a zonal basis as well as the change in emission cost by emission type. Emission costs will be reflected in the development of the production cost curve.

31.3.1.3.5.6 The calculation of the ICAP cost metric will be determined in accordance with ISO Procedures and in consultation with interested parties in the ISO stakeholder process. Where practicable, the ICAP calculation will be consistent with the tools and methods pursuant to Section 5.11.4 of the ISO Services Tariff.

31.3.1.3.5.7 The energy deliverability metric set forth in this section will be used for purposes of the studies conducted in the Economic Planning Process, and will not be used for Regulated Economic Transmission Project cost allocation under Section 31.5.4.4 of this Attachment Y. This metric will provide information

about the ability of each Resource, individually and taken collectively with other Resources, to be able to deliver its full energy capability to the system and the degree of, and the conditions that are expected to lead to, any curtailment thereof. The scope of this information will be developed in consultation with the Electric System Planning Working Group and will include, but not be limited to: (i) quantification of the energy projected to be produced by each Resource considering the impact of applicable local, statewide, and interregional transmission constraints as compared to the total amount of energy that such Resource is capable of producing in the absence of transmission constraints, and accounting for fuel availability of each Resource type including wind, solar, and water; (ii) quantification of the collective impact of Resources on energy deliverability at locations on the system that are identified as being constrained in whole or in part; and (iii) providing such additional information resulting from the study analysis, where available, concerning capability remaining on the transmission system to support energy deliverability. The metric may be expressed as a percentage of such total amount of energy or as the amount of curtailed energy.

31.3.1.3.6 As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a regional transmission solution might more efficiently or more cost effectively address congestion on the BPTFs identified in the System & Resource Outlook that impacts more than one Transmission District than any local transmission solutions identified by the Transmission Owners in their LTPs

in the event the LTPs specify that such transmission solutions are included to address congestion for economic reasons.

#### **31.3.1.4 Planning Participant Data Input**

At the ISO's request, Market Participants, Developers, and other parties shall provide, in accordance with the schedule set forth in the ISO Procedures, the data necessary for the development of the System & Resource Outlook. This input will include but not be limited to existing and planned additions and modifications to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); proposals for Merchant Transmission Facilities (to be provided by merchant Developers); generation additions and retirements (to be provided by generator owners and Developers); demand response programs (to be provided by demand response providers); any long-term firm transmission requests made to the ISO; and state policies and related agreements, procurements, and credits.

#### **31.3.1.5 System & Resource Outlook Scenario Development**

The ISO, in consultation with the ESPWG, shall develop congestion scenarios in the System & Resource Outlook for the Study Period. Variables for consideration in the development of these congestion scenarios include but are not limited to: federal, state, and local policies and regulations, load forecast uncertainty, fuel price uncertainty, new resources, retirements, emission data, the cost of allowances and potential requirements imposed by proposed environmental and energy efficiency mandates, as well as overall ISO resource requirements. The ISO shall report the results of these scenario analyses in the System & Resource Outlook.

#### **31.3.1.6 Consequences for Other Regions**

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a Regulated Economic Transmission Project on such neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in the Economic Transmission Project Evaluation. The ISO shall not bear the costs of required upgrades in another region.

#### **31.3.1.7 System & Resource Outlook Preparation**

Once all the analyses described above have been completed, ISO staff will prepare a draft of the System & Resource Outlook including a discussion of its assumptions, inputs, methodology, and the results of its analyses.

#### **31.3.1.8 System & Resource Outlook Review Process and Actual Project Proposals**

31.3.1.8.1 Collaborative Governance Process. The draft System & Resource Outlook shall be submitted to both TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft System & Resource Outlook. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft System & Resource Outlook reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and action.

31.3.1.8.2 Board Action. Following the Management Committee vote, the draft System & Resource Outlook, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft System & Resource Outlook will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the System & Resource Outlook as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised System & Resource Outlook shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised System & Resource Outlook until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the System & Resource Outlook to the marketplace by posting it on its website. The responsibilities of the Market Monitoring Unit that are addressed in the above section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.4 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

#### **31.3.1.9 Public Information Sessions**

In order to provide ample exposure for the market place to understand the content of the System & Resource Outlook, the ISO will provide various opportunities for Market Participants and other potentially interested parties to discuss the final System & Resource Outlook. Such opportunities may include presentations at various ISO Market Participant committees, focused discussions with various industry sectors, and /or presentations in public venues.

### **31.3.2 Economic Transmission Project Evaluation**

#### **31.3.2.1 Overview**

As discussed in Section 31.3.1 of this Attachment Y, the System & Resource Outlook analyzes system congestion over the Study Period. If a Developer proposes a Regulated Economic Transmission Project, including an Interregional Transmission Project, to address constraint(s) on the BPTFs identified in the Economic Planning Process, then the ISO will: (i) process that project proposal in an Economic Transmission Project Evaluation in accordance with the relevant provisions of Sections 31.5.1, 31.5.4 and 31.5.6 of this Attachment Y, and, for information purposes, may provide benefit/cost analysis and other analysis of potential generic solutions to the congestion identified; and (ii) for Interregional Transmission Projects, jointly evaluate the project proposal with the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol. The relevant Transmission Owners will assist the ISO in developing the generic solution cost estimates to be used by the ISO to conduct benefit/cost analysis of each of the potential solutions, if requested as part of the evaluation.

#### **31.3.2.2 Eligibility and Qualification Criteria for Developers and Projects**

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.3.2.2 and its subsections, the term “Developer” includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.3.2.2.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.3.2.2.1.1 to demonstrate its capability to satisfy the applicable qualification criteria, and (ii) a notarized officer’s certificate, signed by an authorized officer of the Affiliate with

signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer's project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures related and applicable to the Affiliate's participation.

#### **31.3.2.2.1 Developer Qualification and Timing**

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate and maintain a Regulated Economic Transmission Project. The ISO shall consider the qualifications of each Developer in an even-handed and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

##### **31.3.2.2.1.1 Developer Qualification Criteria**

The ISO shall make a determination on the qualification of a Developer to propose to develop a Regulated Economic Transmission Project based on the following criteria:

###### **31.3.2.2.1.1.1 The technical and engineering qualifications and experience of the**

Developer relevant to the development, construction, operation and maintenance of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

###### **31.3.2.2.1.1.2 The current and expected capabilities of the Developer to develop and**

construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description



of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.3.2.2.1.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

- (1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;
- (2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information;
- (3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch or equivalent information, if available;
- (4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

- (5) such other evidence that demonstrates its current and expected capability to finance a Regulated Economic Transmission Project.

31.3.2.2.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

#### **31.3.2.2.1.2 Developer Qualification Determination**

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.3.2.2.1.1.3 and is designated by the Developer as “Confidential Information.” The ISO shall within 15 days of a Developer’s submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO’s request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer’s qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and

shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO's revocation of a Developer's qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a Regulated Economic Transmission Project and shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for any approved project.

#### **31.3.2.2.2 Information Requirements for Projects**

The ISO shall consider the criteria in Section 31.3.2.3 when determining whether a proposed project is eligible to be offered as a Regulated Economic Transmission Project.

#### **31.3.2.2.3 Timing for Submittal of Project Information and Entity Qualification Information and Opportunity to Provide Additional Information**

The required project information may be submitted at any time, but the proposed Regulated Economic Transmission Project will be evaluated using the most recently available database for an Economic Transmission Project Evaluation. Any Developer that the ISO has determined under Section 31.3.2.2.1.2 to be qualified to propose to develop a Regulated Economic Transmission Project may submit the required project information; *provided, however*, that based on the specific constraint(s) identified that requires a solution, the ISO may request that the qualified Developer provide additional Developer information. Any Developer that the ISO has not determined to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.3.2.2.1. The ISO shall within 30 days of a Developer's submittal of its Developer qualification

information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer or project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

### **31.3.2.3 Project Information Requirements**

Any Developer seeking to offer a Regulated Economic Transmission Project must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining such control; (8) status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (9) status of ISO interconnection studies and interconnection agreement; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) detailed capital cost estimates for each segment of the project; (13) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; and (14) any other information requested by the ISO.

A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as “Confidential Information.”

A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

Upon the completion of any interconnection study or transmission expansion study of a proposed Regulated Economic Transmission Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or X of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

Failure to provide any data requested by the ISO within the timeframe provided in Section 31.3.2.2.3 of this Attachment Y will result in the rejection of the proposed solution from further consideration during that planning cycle.

#### **31.3.2.4 Posting of Approved Solutions**

The ISO shall post on its website a list of all Developers who have undertaken a commitment to build a Regulated Economic Transmission Project that has been approved by project beneficiaries, in accordance with Section 31.5.4.6 of this Attachment Y.

### **31.3.3 Requested Economic Planning Study**

31.3.3.1 A Market Participant or another interested party may request that the ISO perform a Requested Economic Planning Study separate from and in addition to the System & Resource Outlook. For purposes of this Section 31.3.3, the Market Participant or other interested party requesting the Requested Economic Planning Study shall be known as the "Requestor." A Requested Economic Planning Study is also separate from and addition to: (i) studies related to firm point-to-point transmission service pursuant to Section 3.7 of the ISO OATT, (ii) studies that a customer can request related to Network Integration Transmission Service pursuant to Section 4.5 of the ISO OATT, (iii) studies related to Interconnection Requests pursuant to Attachment X or Attachment Z of the ISO OATT, (iv)

studies related to Transmission Interconnection Applications pursuant to Attachment P of the ISO OATT, and (v) requests for evaluation of projects as potential solutions to Short-Term Reliability Process Needs, Reliability Needs, or Public Policy Transmission Needs pursuant to Attachment Y or Attachment FF of the ISO OATT. The ISO shall, upon request and subject to resource limits, conduct a Requested Economic Planning Study at any time during the year. The ISO will accommodate all study requests to the extent reasonable and practicable, subject to resource limitations.

31.3.3.2 A Requestor may request that the ISO perform a Requested Economic Planning Study by submitting to the ISO: (i) a completed and executed Requested Economic Planning Study Request Form in the form included in Section 31.13 of this Attachment Y, and (ii) a study deposit in the amount of \$25,000. A Requestor must submit a separate request form and a separate study deposit for multiple study requests that involve significant differences in study scope and assumptions. The ISO shall acknowledge receipt of the Requested Economic Planning Study Request Form within ten (10) business days of its receipt and shall inform Requestor whether, in the ISO's judgement, the form is complete. If the form is not complete, the ISO will request additional information. The ISO will post the following on its website regarding a submitted Requested Economic Planning Study Request Form: (i) a general description of the requested study, (ii) the date the ISO received the request form, and (iii) the identity of the Requestor.

31.3.3.3 The ISO will process Requested Economic Planning Study Request Forms in the order it receives the requests on a first come, first served basis; *provided*,

*however*, that the ISO is not required to complete and report the results of the Requested Economic Planning Studies in the order the request forms are received. The Requested Economic Planning Study Request Form will be deemed received by the ISO on the date that the ISO receives the completed request form and the required deposit. If the scope and subject matter of two or more contemporaneous Requested Economic Planning Studies overlap, the ISO, with the agreement of each affected Requestor, may conduct the overlapping study work on a consolidated basis and allocate the costs of such study work equally to each affected Requestor.

31.3.3.4 Following its receipt of a complete Requested Economic Planning Study Request Form, the ISO shall establish with the Requestor a mutually agreeable time for a scoping meeting. The scoping meeting shall determine the scope of the study to be conducted and deliverables to be provided. The Requestor may define the scope for its study, such as: (i) additional metrics for measuring congestion and the benefits of relieving that congestion; (ii) additional scenarios and the assumptions to be used; (iii) whether the Requestor wants the ISO to analyze potential transmission, generation, demand response and/or energy efficiency solutions and the characteristics of those solutions; and (iv) the degree of certainty requested for the solution cost estimates.

31.3.3.5 Following the scoping meeting, the ISO will memorialize in writing the scope of work and the deliverables to be provided by the ISO in a Study Agreement for a Requested Economic Planning Study in the form set forth in Section 31.14 of this Attachment Y. The ISO will provide the study agreement to



the Requestor and a non-binding estimate of the total study costs. The ISO may require, at its discretion, Requestor to pay a deposit amount in addition to the initial \$25,000 deposit that the Requestor must provide pursuant to Section 31.3.3.2 to cover the total study cost estimate. For the ISO to commence the Requested Economic Planning Study, the Requestor must execute the study agreement and provide any required additional study deposit amount. If Requestor modifies the scope of the Requested Economic Planning Study in a manner that increases the estimated total costs of the study, the ISO may require, at its discretion, that Requestor pay an additional deposit to cover any cost increase. The ISO shall hold the study deposit(s) provided by Requestor with its Requested Economic Planning Study Request Form pursuant to Section 31.3.3.2 and any additional study deposit(s) provided by Requestor pursuant to this Section 31.3.3.5 in an interest-bearing account for which the interest earned will be associated with Requestor and shall be applied to study costs and subject to refund as described in Section 31.3.3.8.

31.3.3.6 The ISO shall use the database and base case assumptions in the scope agreed upon by the Requestor and the ISO for the Requested Economic Planning Study. The ISO will use reasonable efforts to complete each Requested Economic Planning Study by a date mutually agreed to with the Requestor. If the ISO determines this target date will not be met, the ISO will promptly inform the Requestor and provide the Requestor with an updated estimate of the new date by which the Requested Economic Planning Study will be completed. Requestor may withdraw its Requested Economic Planning Study Request Form at any time

by written notice to the ISO. Upon receipt of such request, the ISO will immediately terminate any further study work, except as reasonably necessary to wrap up work and return information to the Requestor.

31.3.3.7 The ISO shall charge, and Requestor shall pay, the actual costs incurred by the ISO in performing a Requested Economic Planning Study. This includes costs that the ISO incurs at its discretion to use contractors or consultants, computing services, and costs that Transmission Owners may incur to supply study-related data at the ISO's request. The ISO shall track its staff and administrative costs that it incurs in performing the Requested Economic Planning Study, including any costs associated with using contractors or consultants, computing services, and costs incurred by involved Transmission Owners.

31.3.3.8 The ISO shall invoice the Requestor monthly for study costs incurred by the ISO in performing the Requested Economic Planning Study. Such invoice shall include a description and an accounting of the study costs incurred by the ISO, estimated consultant and contractor costs, estimated computing services costs, and estimated costs incurred by Transmission Owners. Requestor shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit(s) that Requestor submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5 until settlement of the final invoice; *provided, however*, if a Requestor: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described in Section 31.3.3.9 below, the ISO may draw upon the study deposit(s) to recover

the owed amount. If the ISO must draw on the study deposit(s), the ISO shall provide notice to the Requestor, and the Requestor shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Requestor fails to make such payments, the ISO may halt its performance of the Requested Economic Planning Study. Upon: (i) the completion of the Requested Economic Planning Study or the withdrawal of the Requestor's Requested Economic Planning Study Request Form, including withdrawal due to the termination of its Requested Economic Planning Study Agreement, and (ii) the ISO's receipt of all final invoices from its consultants and contractors, computing services, and involved Transmission Owners, the ISO shall issue a final invoice to Requestor. Upon the ISO's receipt of Requestor's final payment for all outstanding invoiced amounts, the ISO shall refund to Requestor: (i) its study deposit(s) submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5, less any amount that the ISO was required to draw upon to satisfy prior invoiced amounts, and (ii) any interests earned on the net study deposit amount held by the ISO.

31.3.3.9 In the event of a Requestor's dispute over invoiced amounts, Requestor shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Requestor fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform the Requested Economic Planning Study or to provide the study results. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set

forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff.

Within thirty (30) calendar days after resolution of the dispute, Requestor will pay the ISO any amounts due with interest actually earned on such amounts.

31.3.3.10 Upon completion of the Requested Economic Planning Study, the ISO will provide the agreed upon deliverables for the Requested Economic Planning Study to Requestor. If Requestor has withdrawn its Requested Economic Planning Study Request Form prior to the completion of the study, the ISO will forward to the Requestor the results of any study work, related to the deliverables, completed prior to the withdrawal date following Requestor's final payment. The ISO will remove any Confidential Information or aggregate or mask such information to avoid disclosure of Confidential Information prior to providing the study results to Requestor. Upon request, the ISO will schedule a meeting to review the study results with the Requestor. The results of a Requested Economic Planning Study will be treated as Confidential Information under Attachment F to the OATT; *provided, however*, the ISO will post the results of the Requested Economic Planning Study if and when: (i) Requestor requests that the ISO post the results of the Requested Economic Planning Study; (ii) the ISO is informed that the results of the Requested Economic Planning Study have been made public; or (iii) Requestor seeks regulated cost recovery for a Regulated Economic Transmission Project under the ISO Tariff based upon the results of the Requested Economic Planning Study, and the ISO will note in such posting whether the database and base case assumptions used in the study are different from such

study assumptions that are required for seeking regulated cost recovery under the Economic Transmission Project Evaluation.

## **31.5 Cost Allocation and Cost Recovery**

### **31.5.1 The Scope of Attachment Y Cost Allocation**

#### **31.5.1.1 Regulated Responses**

The cost allocation principles and methodologies in this Attachment Y cover only regulated transmission solutions to Reliability Needs, Regulated Economic Transmission Projects, and regulated Public Policy Transmission Projects whether proposed by a Responsible Transmission Owner or a Transmission Owner or Other Developer. The cost allocation principles and methodology for: (i) regulated transmission solutions to Reliability Needs identified in the Reliability Planning Process are contained in Sections 31.5.3.1 and 31.5.3.2 of this Attachment Y, (ii) Regulated Economic Transmission Projects are contained in Sections 31.5.4.1 and 31.5.4.2 of this Attachment Y, and (iii) regulated Public Policy Transmission Projects are contained in Sections 31.5.5 and 31.5.6 of this Attachment Y.

#### **31.5.1.2 Market-Based Responses**

The cost allocation principles and methodologies in this Attachment Y do not apply to market-based solutions to Reliability Needs, to market-based responses to congestion identified in the Economic Planning Process, or to Other Public Policy Projects. The cost of a market-based project shall be the responsibility of the developer of that project.

#### **31.5.1.3 Interconnection Cost Allocation**

The cost allocation principles and methodologies in this Attachment Y do not apply to the interconnection costs of generation projects and Merchant Transmission Facilities. Interconnection costs are determined and allocated in accordance with Attachment P, Attachment S, Attachment X and Attachment Z of the ISO OATT. Cost related to the deliverability of a

resource will be addressed under the ISO's deliverability procedures in Attachment S of the ISO OATT.

#### **31.5.1.4 Individual Transmission Service Requests**

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission expansion projects undertaken in connection with an individual request for Transmission Service. The cost of such a project is determined and allocated in accordance with Section 3.7 or Section 4.5 of the ISO OATT.

#### **31.5.1.5 LTP Facilities**

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission projects included in LTPs or LTP updates. Each Transmission Owner will recover the cost of such transmission projects in accordance with its then existing rate recovery mechanisms.

#### **31.5.1.6 Regulated Non-Transmission Projects**

Costs related to regulated non-transmission projects will be recovered by Responsible Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. Nothing in this section shall affect the Commission's jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

#### **31.5.1.7 Eligibility for Cost Allocation and Cost Recovery**

Any entity, whether a Responsible Transmission Owner, Other Developer, or Transmission Owner, shall be eligible for cost allocation and cost recovery as set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for any transmission project

proposed to satisfy an identified Reliability Need, Regulated Economic Transmission Project, or Public Policy Transmission Project that is determined by the ISO to be eligible under Sections 31.2, 31.3, or 31.4, as applicable. Interregional Transmission Projects identified in accordance with the Interregional Planning Protocol, and that have been accepted in each region's planning process, shall be eligible for interregional cost allocation and cost recovery, as set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT. The ISO's share of the cost of an Interregional Transmission Project selected pursuant to this Attachment Y to meet a Reliability Need, constraint(s) on the BPTFs identified in the Economic Planning Process, or a Public Policy Transmission Need shall be eligible for cost allocation consistent with the cost allocation methodology applicable to the type of regional transmission project that would be replaced through the construction of such Interregional Transmission Project.

### **31.5.2 Cost Allocation Principles Required Under Order No. 1000**

31.5.2.1 In compliance with Commission Order No. 1000, the ISO shall implement the specific cost allocation methodology in Section 31.5.3.2, 31.5.4.4, and 31.5.5.4 in accordance with the following Regional Cost Allocation Principles ("Order No. 1000 Regional Cost Allocation Principles"):

**Regional Cost Allocation Principle 1:** The ISO shall allocate the cost of transmission facilities to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. In determining the beneficiaries of transmission facilities, the ISO's CSPP will consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate provide for



maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.

**Regional Cost Allocation Principle 2:** The ISO shall not involuntarily allocate any of the costs of transmission facilities to those that receive no benefit from transmission facilities.

**Regional Cost Allocation Principle 3:** In the event that the ISO adopts a benefit to cost threshold in its CSPP to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, such benefit to cost threshold will not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. If the ISO chooses to adopt such a threshold in its CSPP it will not include a ratio of benefits to costs that exceeds 1.25 unless the ISO justifies and the Commission approves a higher ratio.

**Regional Cost Allocation Principle 4:** The ISO's allocation method for the cost of a transmission facility selected pursuant to the process in the CSPP shall allocate costs solely within the ISO's transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. Costs for an Interregional Transmission Project must be assigned only to regions in which the facility is physically located. Costs cannot be assigned involuntarily to another region. The ISO shall not bear the costs of required upgrades in another region.

**Regional Cost Allocation Principle 5:** The ISO's cost allocation method and data requirements for determining benefits and identifying beneficiaries for a

transmission facility shall be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility, as consistent with confidentiality requirements set forth in this Attachment Y and the ISO Code of Conduct in Attachment F of the OATT.

**Regional Cost Allocation Principle 6:** The ISO's CSPP provides a different cost allocation method for different types of transmission facilities in the regional transmission plan and each cost allocation method is set out clearly and explained in detail in this Section 31.5.

31.5.2.2 In compliance with Commission Order No. 1000, the ISO shall implement the specific cost allocation methodology in Section 31.5.7 of this Attachment Y in accordance with the following Interregional Cost Allocation Principles:

**Interregional Cost Allocation Principle 1:** The ISO shall allocate the cost of new Interregional Transmission Projects to each region in which an Interregional Transmission Project is located in a manner that is at least roughly commensurate with estimated benefits of the Interregional Transmission Project in each of the regions. In determining the beneficiaries of Interregional Transmission Projects, the ISO will consider benefits including, but not limited to, those associated with maintaining reliability and sharing reserves, production cost savings and congestion relief, and meeting Public Policy Requirements.

**Interregional Cost Allocation Principle 2:** The ISO shall not involuntarily allocate any of the costs of an Interregional Transmission Project to a region that receives no benefit from an Interregional Transmission Project that is located in that region, either at present or in a likely future scenario.

**Interregional Cost Allocation Principle 3:** In the event that the ISO adopts a benefit-cost threshold ratio to determine whether an Interregional Transmission Project has sufficient net benefits to qualify for interregional cost allocation, this ratio shall not be so large as to exclude an Interregional Transmission Project with significant positive net benefits from cost allocation. If the ISO chooses to adopt such a threshold, they will not include a ratio of benefits to costs that exceeds 1.25 unless the Parties justify and the Commission approves a higher ratio.

**Interregional Cost Allocation Principle 4:** The ISO's allocation of costs for an Interregional Transmission Project shall be assigned only to regions in which the Interregional Transmission Project is located. The ISO shall not assign costs involuntarily to a region in which that Interregional Transmission Project is not located. The ISO shall, however, identify consequences for other regions, such as upgrades that may be required in a third region. The ISO's interregional cost allocation methodology includes provisions for allocating the costs of upgrades among the beneficiaries in the region in which the Interregional Transmission Project is located to the transmission providers in such region that agree to bear the costs associated with such upgrades.

**Interregional Cost Allocation Principle 5:** The ISO's cost allocation methodology and data requirements for determining benefits and identifying beneficiaries for an Interregional Transmission Project shall be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed Interregional Transmission Project, as consistent with the

confidentiality requirements set forth in this Attachment Y and the ISO Code of Conduct in Attachment F of the OATT.

**Interregional Cost Allocation Principle 6:** Though Order No. 1000 allows the ISO to provide a different cost allocation methodology for different types of interregional transmission facilities, such as facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements, the ISO has chosen to adopt one interregional cost allocation methodology for all Interregional Transmission Planning Projects. The interregional cost allocation methodology is set out clearly and explained in detail in Section 31.5.7 of this Attachment Y. The share of the cost related to any Interregional Transmission Project assigned to the ISO shall be allocated as described in Section 31.5.7.1.

### **31.5.3 Regulated Responses to Reliability Needs**

#### **31.5.3.1 Cost Allocation Principles**

The ISO shall implement the specific cost allocation methodology in Section 31.5.3.2 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. This methodology shall apply to cost allocation for a regulated transmission solution to a Reliability Need identified in the Reliability Planning Process, including the ISO's share of the costs of an Interregional Transmission Project proposed as a regulated transmission solution to a Reliability Need identified in the Reliability Planning Process allocated in accordance with Section 31.5.7 of this Attachment Y.

The specific cost allocation methodology in Section 31.5.3.2 incorporates the following elements:

- 31.5.3.1.1 The focus of the cost allocation methodology shall be on solutions to Reliability Needs.
- 31.5.3.1.2 Potential impacts unrelated to addressing the Reliability Needs shall not be considered for the purpose of cost allocation for regulated solutions.
- 31.5.3.1.3 Primary beneficiaries shall initially be those Load Zones or Subzones identified as contributing to the reliability violation.
- 31.5.3.1.4 The cost allocation among primary beneficiaries shall be based upon their relative contribution to the need for the regulated solution.
- 31.5.3.1.5 The ISO will examine the development of specific cost allocation rules based on the nature of the reliability violation (*e.g.*, thermal overload, voltage, stability, resource adequacy and short circuit).
- 31.5.3.1.6 Cost allocation shall recognize the terms of prior agreements among the Transmission Owners, if applicable.
- 31.5.3.1.7 Consideration should be given to the use of a materiality threshold for cost allocation purposes.
- 31.5.3.1.8 The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.
- 31.5.3.1.9 Consideration should be given to the “free rider” issue as appropriate.  
The methodology shall be fair and equitable.
- 31.5.3.1.10 The methodology shall provide cost recovery certainty to investors to the extent possible.
- 31.5.3.1.11 The methodology shall apply, to the extent possible, to Gap Solutions.

31.5.3.1.12 Cost allocation is independent of the actual triggered project(s), except when allocating cost responsibilities associated with meeting a Locational Minimum Installed Capacity Requirement (“LCR”), and is based on a separate process that results in NYCA meeting its LOLE requirement.

31.5.3.1.13 Cost allocation for a solution that meets the needs of a Target Year assumes that backstop solutions of prior years have been implemented.

31.5.3.1.14 Cost allocation will consider the most recent values for LCRs. LCRs must be met for the Target Year.

### **31.5.3.2 Cost Allocation Methodology**

The cost allocation mechanism under this Section 31.5.3.2 sets forth the basis for allocating costs associated with a Responsible Transmission Owner’s regulated backstop solution or an Other Developer’s or Transmission Owner’s alternative regulated transmission solution selected by the ISO as the more efficient or cost-effective transmission solution to a Reliability Need identified in the Reliability Planning Process.

The formula is not applicable to that portion of a project beyond the size of the solution needed to provide the more efficient or cost effective solution appropriate to the Reliability Need identified in the RNA. Nor is the formula applicable to that portion of the cost of a regulated transmission reliability project that is, pursuant to Section 25.7.12 of Attachment S to the ISO OATT, paid for with funds previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation projects or Class Year Transmission Projects.

This Section 31.5.3.2 establishes the allocation of the costs related to resolving Reliability Needs resulting from resource adequacy, BPTF thermal transmission security, BPTF

voltage security, dynamic stability, and short circuit issues. Costs will be allocated in accordance with the following hierarchy: (i) resource adequacy pursuant to Section 31.5.3.2.1, (ii) BPTF thermal transmission security pursuant to Section 31.5.3.2.2, (iii) BPTF voltage security pursuant to Section 31.5.3.2.3, (iv) dynamic stability pursuant to Section 31.5.3.2.4, and (v) short circuit pursuant to Section 31.5.3.2.5.

### 31.5.3.2.1 Resource Adequacy Reliability Solution Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 31.5.3.2, this section sets forth the cost allocation methodology applicable to that portion of the costs of the solution attributable to resolving resource adequacy. The same cost allocation formula is applied regardless of the project or sets of projects being triggered; however, the nature of the solution set may lead to some terms equaling zero, thereby dropping out of the equation. To ensure that appropriate allocation to the LCR and non-LCR zones occurs, the zonal allocation percentages are developed through a series of steps that first identify responsibility for LCR deficiencies, followed by responsibility for remaining need. The following formula shall apply to the allocation of the costs of the solution attributable to resource adequacy:

$$\begin{aligned} \text{Resource Adequacy Cost Allocation}_i = & \frac{\text{LCRdef}_i}{\text{Soln Size}} + \frac{\frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)}} * \frac{\text{Soln STWdef}}{\text{Soln Size}} \\ & + \frac{\frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{l=1}^m \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_l)}} * \frac{\text{Soln Cldef}}{\text{Soln Size}} * 100\% \end{aligned}$$

Where  $i$  is for each applicable zone,  $n$  represent the total zones in NYCA,  $m$  represents the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero

for those zones without an LCR requirement,  $LCRdef_i$  is the applicable zonal LCR deficiency,  $SolnSTWdef$  is the  $STWdef$  for each applicable project,  $SolnCIdf$  is the  $CIdf$  for each applicable project, and  $Soln\_Size$  represents the total compensatory MW addressed by each applicable project for all reliability cost allocation steps in this Section 31.5.3.2.

Three step cost allocation methodology for regulated reliability solutions:

#### 31.5.3.2.1.1 Step 1 - LCR Deficiency

31.5.3.2.1.1.1 Any deficiencies in meeting the LCRs for the Target Year will be referred to as the  $LCRdef$ . If the reliability criterion is met once the LCR deficiencies have been addressed, that is  $LOLE \leq 0.1$  for the Target Year is achieved, then the only costs allocated will be those related to the  $LCRdef$  MW. Cost responsibility for the  $LCRdef$  MW will be borne by each deficient locational zone(s), to the extent each is individually deficient.

For a single solution that addresses only an LCR deficiency in the applicable LCR zone, the equation would reduce to:

$$Allocation_i = \frac{LCRdef_i}{Soln\_Size} * 100\%$$

Where  $i$  is for each applicable LCR zone,  $LCRdef_i$  represents the applicable zonal LCR deficiency, and  $Soln\_Size$  represents the total compensatory MW addressed by the applicable project.

31.5.3.2.1.1.2 Prior to the  $LOLE$  calculation, voltage constrained interfaces will be recalculated to determine the resulting transfer limits when the  $LCRdef$  MW are added.

31.5.3.2.1.2 Step 2 - Statewide Resource Deficiency. If the reliability criterion is not met after the  $LCRdef$  has been addressed, that is an  $LOLE > 0.1$ , then a NYCA



Free Flow Test will be conducted to determine if NYCA has sufficient resources to meet an LOLE of 0.1.

31.5.3.2.1.2.1 If NYCA is found to be resource limited, the ISO, using the transfer limits and resources determined in Step 1, will determine the optimal distribution of additional resources to achieve a reduction in the NYCA LOLE to 0.1.

31.5.3.2.1.2.2 Cost allocation for compensatory MW added for cost allocation purposes to achieve an LOLE of 0.1, defined as a Statewide MW deficiency (STWdef), will be prorated to all NYCA zones, based on the NYCA coincident peak load. The allocation to locational zones will take into account their locational requirements. For a single solution that addresses only a statewide deficiency, the equation would reduce to:

$$\text{Allocation}_i = \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}} * 100\%$$

Where  $i$  is for each applicable zone,  $n$  is for the total zones in NYCA, IRM is the statewide reserve margin, and LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, Soln STWdef is the STWdef for the applicable project, and Soln\_Size represents the total compensatory MW addressed by the applicable project.

31.5.3.2.1.3 Step 3 - Constrained Interface Deficiency. If the NYCA is not resource limited as determined by the NYCA Free Flow Test, then the ISO will examine constrained transmission interfaces, using the Binding Interface Test.

31.5.3.2.1.3.1 The ISO will provide output results of the reliability simulation program utilized for the RNA that indicate the hours that each interface is at limit in each flow direction, as well as the hours that coincide with a loss of load event. These values will be used as an initial indicator to determine the binding interfaces that are impacting LOLE within the NYCA.

31.5.3.2.1.3.2 The ISO will review the output of the reliability simulation program utilized for the RNA along with other applicable information that may be available to make the determination of the binding interfaces.

31.5.3.2.1.3.3 Bounded Regions are assigned cost responsibility for the compensatory MW, defined as C<sub>ldef</sub>, needed to reach an LOLE of 0.1.

31.5.3.2.1.3.4 If one or more Bounded Regions are isolated as a result of binding interfaces identified through the Binding Interface Test, the ISO will determine the optimal distribution of compensatory MW to achieve a NYCA LOLE of 0.1. Compensatory MW will be added until the required NYCA LOLE is achieved.

31.5.3.2.1.3.5 The Bounded Regions will be identified by the ISO's Binding Interface Test, which identifies the bounded interface limits that can be relieved and have the greatest impact on NYCA LOLE. The Bounded Region that will have the greatest benefit to NYCA LOLE will be the area to be first allocated costs in this step. The ISO will determine if after the first addition of compensating MWs the Bounded Region with the greatest impact on LOLE has changed. During this iterative process, the Binding Interface Test will look across the state to identify the appropriate Bounded Region. Specifically, the Binding Interface Test will be applied starting from the interface that has the greatest benefit to LOLE (the

greatest LOLE reduction per interface compensatory MW addition), and then extended to subsequent interfaces until a NYCA LOLE of 0.1 is achieved.

31.5.3.2.1.3.6 The CIdéf MW are allocated to the applicable Bounded Region isolated as a result of the constrained interface limits, based on their NYCA coincident peaks. Allocation to locational zones will take into account their locational requirements. For a single solution that addresses only a binding interface deficiency, the equation would reduce to:

$$\text{Allocation}_i = \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{l=1}^m \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_l)} * \frac{\text{SolnCIdéf}}{\text{Soln Size}} * 100\%$$

Where  $i$  is for each applicable zone,  $m$  is for the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, SolnCIdéf is the CIdéf for the applicable project and Soln\_Size represents the total compensatory MW addressed by the applicable project.

### **31.5.3.2.2 BPTF Thermal Transmission Security Cost Allocation Formula**

For purposes of solutions eligible for cost allocation under this Section 31.5.3.2, this section sets forth the cost allocation methodology applicable to that portion of the costs of the solution attributable to resolving BPTF thermal transmission security issues. If, after consideration of the compensatory MW identified in the resource adequacy reliability solution cost allocation in accordance with Section 31.5.3.2.1, there remains a BPTF thermal transmission security issue, the ISO will allocate the costs of the portion of the solution attributable to

resolving the BPTF thermal transmission security issue(s) to the Subzones that contribute to the BPTF thermal transmission security issue(s) in the following manner.

31.5.3.2.2.1 Calculation of Nodal Distribution Factors. The ISO will calculate the nodal distribution factor for each load bus modeled in the power flow case utilizing the output of the reliability simulation program that identified the Reliability Need, including the NYCA generation dispatch and NYCA coincident peak Load. The nodal distribution factor represents the percentage of the Load that flows across the facility subject to the Reliability Need. The sign (positive or negative) of the nodal distribution factor represents the direction of flow.

31.5.3.2.2.2 Calculation of Nodal Flow. The ISO will calculate the nodal megawatt flow, defined as Nodal Flow, for each load bus modeled in the power flow case by multiplying the amount of Load in megawatts for the bus, defined as Nodal Load, by the nodal distribution factor for the bus. Nodal Flow represents the number of megawatts that flow across the facility subject to the Reliability Need due to the Load.

31.5.3.2.2.3 Calculation of Contributing Load and Contributing Flow. The Nodal Load for a load bus with a positive nodal distribution factor is a contributing Load, defined as CLoad, and the Nodal Flow for that Load is contributing flow, defined as CFlow. To identify contributing Loads that have a material impact on the Reliability Need, the ISO will calculate a contributing materiality threshold, defined as CMT, as follows:

$$CMT = \frac{\sum_{k=1}^m \sum_{Lk=1}^n CFlow_{Lk}}{\sum_{k=1}^m \sum_{Lk=1}^n CLoad_{Lk}}$$

Where  $m$  is for the total number of Subzones and  $n$  is for the total number of load buses in a given Subzone.

31.5.3.2.2.4 Calculation of Helping Load and Helping Flow. The Nodal Load for a load bus with a negative or zero nodal distribution factor is a helping Load, defined as HLoad, and the Nodal Flow for that Load is helping flow, defined as HFlow. To identify helping Loads that have a material impact on the Reliability Need, the ISO will calculate a helping materiality threshold, defined as HMT, as follows:

$$HMT = \frac{\sum_{k=1}^m \sum_{Lk=1}^n HFlow_{Lk}}{\sum_{k=1}^m \sum_{Lk=1}^n HLoad_{Lk}}$$

Where  $m$  is for the total number of Subzones and  $n$  is for the total number of load buses in a given Subzone.

31.5.3.2.2.5 Calculation of Net Material Flow for Each Subzone. The ISO will identify material Nodal Flow for each Subzone and calculate the net material flow for each Subzone. For each load bus, the Nodal Flow will be identified as material flow, defined as MFlow, if the nodal distribution factor is (i) greater than or equal to CMT, or (ii) less than or equal to HMT. The net material flow for each Subzone, defined as SZ\_NetFlow, is calculated as follows:

$$SZ\_NetFlow_j = \sum_{Lj=1}^n MFlow_{Lj}$$

Where  $j$  is for each Subzone and  $n$  is for the total number of load buses in a given Subzone.

31.5.3.2.2.6 Identification of Allocated Flow for Each Subzone. The ISO will identify the allocated flow for each Subzone and verify that sufficient contributing flow is

being allocated costs. For each Subzone, if the SZ\_NetFlow is greater than zero, that Subzone has a net material contribution to the Reliability Need and the SZ\_NetFlow is identified as allocated flow, defined as SZ\_AllocFlow. If the SZ\_NetFlow is less than or equal to zero, that Subzone does not have a net material contribution to the Reliability Need and the SZ\_AllocFlow is zero for that Subzone. If the total SZ\_AllocFlow for all Subzones is less than 60% of the total CFlow for all Subzones, then the CMT will be reduced and SZ\_NetFlow recalculated until the total SZ\_AllocFlow for all Subzones is at least 60% of the total CFlow for all Subzones.

#### 31.5.3.2.2.7 Cost Allocation for a Single BPTF Thermal Transmission Security Issue.

For a single solution that addresses only a BPTF thermal transmission security issue, the equation for cost allocation would reduce to:

$$BPTF \text{ Thermal Cost Allocation}_j = \frac{SZ\_AllocFlow_j}{\sum_{k=1}^m SZ\_AllocFlow_k} \times \frac{SolnBTSdef}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones;

SZ\_AllocFlow is the allocated flow for each Subzone; SolnBTSdef is the number of compensatory MW for the BPTF thermal transmission security issue for the applicable project; and Soln\_Size represents the total compensatory MW addressed by the applicable project.

#### 31.5.3.2.2.8 Cost Allocation for Multiple BPTF Thermal Transmission Security Issues.

If a single solution addresses multiple BPTF thermal transmission security issues, the ISO will calculate weighting factors based on the ratio of the present value of the estimated costs for individual solutions to each BPTF thermal transmission security issue. The present values of the estimated costs for the individual

solutions shall be based on a common base date that will be the beginning of the calendar month in which the cost allocation analysis is performed (the “Base Date”). The ISO will apply the weighting factors to the cost allocation calculated for each Subzone for each individual BPTF thermal transmission security issue.

The following example illustrates the cost allocation for such a solution:

- A cost allocation analysis for the selected solution is to be performed during a given month establishing the beginning of that month as the Base Date.
- The ISO has identified two BPTF thermal transmission security issues, Overload X and Overload Y, and the ISO has selected a single solution (Project Z) to address both BPTF thermal transmission security issues.
- The cost of a solution to address only Overload X (Project X) is  $\text{Cost}(X)$ , provided in a given year’s dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (X) is  $N(X)$ .
- The cost of a solution to address only Overload Y (Project Y) is  $\text{Cost}(Y)$ , provided in a given year’s dollars. The number of years from the Base Date to the year associated with the cost estimate of Project Y is  $N(Y)$ .
- The discount rate,  $D$ , to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners.
- Based on the foregoing assumptions, the following formulas will be used:
  - $\text{Present Value of Cost (X)} = \text{PV Cost (X)} = \text{Cost (X)} / (1+D)^{N(X)}$
  - $\text{Present Value of Cost (Y)} = \text{PV Cost (Y)} = \text{Cost (Y)} / (1+D)^{N(Y)}$
  - $\text{Overload X weighting factor} = \text{PV Cost (X)} / [\text{PV Cost (X)} + \text{PV Cost (Y)}]$
  - $\text{Overload Y weighting factor} = \text{PV Cost (Y)} / [\text{PV Cost (X)} + \text{PV Cost (Y)}]$

- Applying those formulas, if:

Cost (X) = \$100 Million and N(X) = 6.25 years

Cost (Y) = \$25 Million and N(Y) = 4.75 years

D = 7.5% per year

Then:

PV Cost (X) =  $100 / (1 + 0.075)^{6.25} = 63.635$  Million

PV Cost (Y) =  $25 / (1 + 0.075)^{4.75} = 17.732$  Million

Overload X weighting factor =  $63.635 / (63.635 + 17.732) = 78.21\%$

Overload Y weighting factor =  $17.732 / (63.635 + 17.732) = 21.79\%$

- Applying those weighing factors, if:

Subzone A cost allocation for Overload X is 15%

Subzone A cost allocation for Overload Y is 70%

Then:

Subzone A cost allocation % for Project Z =

$(15\% * 78.21\%) + (70\% * 21.79\%) = 26.99\%$

31.5.3.2.2.9 Exclusion of Subzone(s) Based on De Minimis Impact. If a Subzone is assigned a BPTF thermal transmission security cost allocation less than a *de minimis* dollar threshold of the total project costs, that Subzone will not be allocated costs; *provided however*, that the total *de minimis* Subzones may not exceed 10% of the total BPTF thermal transmission security cost allocation. The *de minimis* threshold is initially \$10,000. If the total allocation percentage of all *de minimis* Subzones is greater than 10%, then the *de minimis* threshold will be



reduced until the total allocation percentage of all *de minimis* Subzones is less than or equal to 10%.

#### **31.5.3.2.3 BPTF Voltage Security Cost Allocation**

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 31.5.3.2.1 and BPTF thermal transmission security cost allocation in accordance with Section 31.5.3.2.2, there remains a BPTF voltage security issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the BPTF voltage security issue(s) to the Subzones that contribute to the BPTF voltage security issue(s). The cost responsibility for the portion (MW or MVar) of the solution attributable to resolving the BPTF voltage security issue(s), defined as SolnBVSdef, will be allocated on a Load-ratio share to each Subzone to which each bus with a voltage issue is connected, as follows:

$$BPTF\ Voltage\ Cost\ Allocation_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^m Coincident\ Peak_k} \times \frac{SolnBVSdef}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones that are subject to BPTF voltage cost allocation; Coincident Peak is for the total peak Load for each Subzone; SolnBVSdef is for the portion of the solution necessary to resolve the BPTF voltage security issue(s); and Soln\_Size represents the total compensatory MW addressed by the applicable project.

#### **31.5.3.2.4 Dynamic Stability Cost Allocation**

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 31.5.3.2.1, BPTF thermal transmission security cost allocation in accordance with Section 31.5.3.2.2, and BPTF voltage security cost allocation in accordance with Section 31.5.3.2.3, there remains a dynamic stability issue, the ISO will allocate

the costs of the portion of the solution attributable to resolving the dynamic stability issue(s) to all Subzones in the NYCA on a Load-ratio share basis, as follows:

$$Dynamic\ Stability\ Cost\ Allocation_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^m Coincident\ Peak_k} \times \frac{DynamicMW}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones; Coincident Peak is for the total peak Load for each Subzone; DynamicMW is for the megawatt portion of the solution necessary to resolve the dynamic stability issue(s) for the applicable project; and Soln\_Size represents the total compensatory MW addressed by the applicable project.

#### **31.5.3.2.5 Short Circuit Issues**

If, after the completion of the prior reliability cost allocation steps, there remains a short circuit issue, the short circuit issue will be deemed a local issue and related costs will not be allocated under this process.

### **31.5.4 Regulated Economic Transmission Projects**

#### **31.5.4.1 The Scope of Section 31.5.4**

As discussed in Section 31.5.1 of this Attachment Y, the cost allocation principles and methodologies of this Section 31.5.4 apply only to Regulated Economic Transmission Projects proposed in response to constraint(s) on the BPTFs identified in the Economic Planning Process and studied in Economic Transmission Project Evaluations.

This Section 31.5.4 does not apply to generation or demand side management projects, nor does it apply to any market-based projects. This Section 31.5.4 does not apply to regulated solutions triggered by the ISO pursuant to the CSPP, provided, however, the cost allocation principles and methodologies in this Section 31.5.4 will apply to regulated solutions when the implementation of the regulated solution is accelerated solely to reduce congestion in earlier

years of the Study Period. The ISO will work with the ESPWG to develop procedures to deal with the acceleration of regulated solutions for economic reasons.

Nothing in this Attachment Y mandates the implementation of any Regulated Economic Transmission Project studied in an Economic Transmission Project Evaluation.

#### **31.5.4.2 Cost Allocation Principles**

The ISO shall implement the specific cost allocation methodology in Section 31.5.4.4 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. The specific cost allocation methodology in Section 31.5.4.4 incorporates the following elements:

31.5.4.2.1 The focus of the cost allocation methodology shall be on responses to specific conditions identified in the Economic Planning Process.

31.5.4.2.2 Potential impacts unrelated to addressing the identified congestion shall not be considered for the purpose of cost allocation for Regulated Economic Transmission Projects.

31.5.4.2.3 Projects analyzed hereunder as proposed Regulated Economic Transmission Projects may proceed on a market basis with willing buyers and sellers at any time.

31.5.4.2.4 Cost allocation shall be based upon a beneficiaries pay approach. Cost allocation under the ISO Tariffs for a Regulated Economic Transmission Project shall be applicable only when a super majority of the beneficiaries of the project, as defined in Section 31.5.4.6 of this Attachment Y, vote to support the project.

31.5.4.2.5 Beneficiaries of a Regulated Economic Transmission Project shall be those entities economically benefiting from the proposed project. The cost

allocation among beneficiaries shall be based upon their relative economic benefit.

31.5.4.2.6 Consideration shall be given to the proposed project's payback period.

31.5.4.2.7 The cost allocation methodology shall address the possibility of cost overruns.

31.5.4.2.8 Consideration shall be given to the use of a materiality threshold for cost allocation purposes.

31.5.4.2.9 The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.

31.5.4.2.10 Consideration should be given to the "free rider" issue as appropriate. The methodology shall be fair and equitable.

31.5.4.2.11 The methodology shall provide cost recovery certainty to investors to the extent possible.

31.5.4.2.12 Benefits determination shall consider various perspectives, based upon the agreed-upon metrics for analyzing congestion.

31.5.4.2.13 Benefits determination shall account for future uncertainties as appropriate (e.g., load forecasts, fuel prices, environmental regulations).

31.5.4.2.14 Benefits determination shall consider non-quantifiable benefits as appropriate (e.g., system operation, environmental effects, renewable integration).

#### **31.5.4.3 Project Eligibility for Cost Allocation**

The methodologies in this Section 31.5.4.3 will be used to determine the eligibility of a proposed Regulated Economic Transmission Project to have its cost allocated and recovered pursuant to the provisions of this Attachment Y.

- 31.5.4.3.1 The ISO will evaluate the benefits against the costs (as provided by the Developer) of each proposed Regulated Economic Transmission Project studied in an Economic Transmission Project Evaluation over a ten-year period commencing with the proposed commercial operation date for the project. The Developer of each Regulated Economic Transmission Project will pay the cost incurred by the ISO to conduct the ten-year benefit/cost analysis of its project in the Economic Transmission Project Evaluation.
- 31.5.4.3.2 The benefit metric for eligibility under the ISO's benefit/cost analysis will be expressed as the present value of the annual NYCA-wide production cost savings that would result from the implementation of the proposed Regulated Economic Transmission Project, measured for the first ten years from the proposed commercial operation date for the project.
- 31.5.4.3.3 The cost for the ISO's benefit/cost analysis will be supplied by the Developer of the project, and the cost metric for eligibility will be expressed as the present value of the first ten years of annual total revenue requirements for the project, reasonably allocated over the first ten years from the proposed commercial operation date for the project.
- 31.5.4.3.4 For informational purposes only, the ISO will also calculate the present value of the annual total revenue requirement for the project over a 30 year period commencing with the proposed commercial operation date of the project.
- 31.5.4.3.5 To be eligible for cost allocation and recovery under this Attachment Y, the benefit of the proposed Regulated Economic Transmission Project must exceed its cost measured over the first ten years from the proposed commercial

operation date for the project, and the requirements of section 31.5.4.2 must be met. The total capital cost of the project must exceed \$25 million. In addition, a super-majority of the beneficiaries must vote in favor of the project, as specified in Section 31.5.4.6 of this Attachment Y.

31.5.4.3.6 In addition to calculating the benefit metric as defined in Section 31.5.4.3.2, the ISO will calculate additional metrics to estimate the potential benefits of the proposed Regulated Economic Transmission Project in the Economic Transmission Project Evaluation, for information purposes only, in accordance with Section 31.3.1.3.5, for the applicable metric. These additional metrics may include those that measure reductions in LBMP load costs, changes to generator payments, ICAP costs, Ancillary Service costs, emissions costs, losses, and energy deliverability. TCC revenues will be determined in accordance with Section 31.5.4.4.2.3. The ISO will provide information on these additional metrics to the maximum extent practicable considering its overall resource commitments.

31.5.4.3.7 In addition to the benefit/cost analysis performed by the ISO under this Section 31.5.4.3, the ISO will work with the ESPWG to consider the development and implementation of scenario analyses, for information only, that shed additional light on the benefit/cost analysis of a proposed project. These additional scenario analyses may cover fuel and load forecast uncertainty, emissions data and the cost of allowances, pending environmental or other regulations, and alternate resource and energy efficiency scenarios. Consideration

of these additional scenarios will take into account the resource commitments of the ISO.

#### **31.5.4.4 Cost Allocation for Eligible Projects**

As noted in Section 31.5.4.2 of this Attachment Y, the cost of a Regulated Economic Transmission Project will be allocated to those entities that would economically benefit from implementation of the proposed project. This methodology shall apply to cost allocation for a Regulated Economic Transmission Project, including the ISO's share of the costs of an Interregional Transmission Project proposed as a Regulated Economic Transmission Project allocated in accordance with Section 31.5.7 of this Attachment Y.

31.5.4.4.1 The ISO will identify the beneficiaries of the proposed project over a ten-year time period commencing with the proposed commercial operation date for the project.

31.5.4.4.2 The ISO will identify beneficiaries of a proposed project as follows:

31.5.4.4.2.1 The ISO will measure the present value of the annual zonal LBMP load savings for all Load Zones which would have a load savings, net of reductions in TCC revenues, and net of reductions from bilateral contracts (based on available information provided by Load Serving Entities to the ISO as set forth in subsection 31.5.4.4.2.5 below) as a result of the implementation of the proposed project. For purposes of this calculation, the present value of the load savings will be equal to the sum of the present value of the Load Zone's load savings for each year over the ten-year period commencing with the project's commercial operation date. The load savings for a Load Zone will be equal to the difference between the zonal LBMP load cost without the project and the LBMP load cost

with the project, net of reductions in TCC revenues and net of reductions from bilateral contracts.

31.5.4.4.2.2 The beneficiaries will be those Load Zones that experience net benefits measured over the first ten years from the proposed commercial operation date for the project. If the sum of the zonal benefits for those Load Zones with load savings is greater than the revenue requirements for the project (both load savings and revenue requirements measured in present value over the first ten years from the commercial operation date of the project), the ISO will proceed with the development of the zonal cost allocation information to inform the beneficiary voting process.

31.5.4.4.2.3 Reductions in TCC revenues will reflect the forecasted impact of the project on TCC auction revenues and day-ahead residual congestion rents allocated to load in each zone, not including the congestion rents that accrue to any Incremental TCCs that may be made feasible as a result of this project. This impact will include forecasts of: (1) the total impact of that project on the Transmission Service Charge offset applicable to loads in each zone (which may vary for loads in a given zone that are in different Transmission Districts); (2) the total impact of that project on the NYPA Transmission Adjustment Charge offset applicable to loads in that zone; and (3) the total impact of that project on payments made to LSEs serving load in that zone that hold Grandfathered Rights or Grandfathered TCCs, to the extent that these have not been taken into account in the calculation of item (1) above. These forecasts shall be performed using the procedure described in Appendix B to this Attachment Y.



31.5.4.4.2.4 Estimated TCC revenues from any Incremental TCCs created by a proposed Regulated Economic Transmission Project over the ten-year period commencing with the project's commercial operation date will be added to the Net Load Savings used for the cost allocation and beneficiary determination.

31.5.4.4.2.5 The ISO will solicit bilateral contract information from all Load Serving Entities, which will provide the ISO with bilateral energy contract data for modeling contracts that do not receive benefits, in whole or in part, from LBMP reductions, and for which the time period covered by the contract is within the ten-year period beginning with the commercial operation date of the project. Bilateral contract payment information that is not provided to the ISO will not be included in the calculation of the present value of the annual zonal LBMP savings in section 31.5.4.4.2.1 above.

31.5.4.4.2.5.1 All bilateral contract information submitted to the ISO must identify the source of the contract information, including citations to any public documents including but not limited to annual reports or regulatory filings

31.5.4.4.2.5.2 All non-public bilateral contract information will be protected in accordance with the ISO's Code of Conduct, as set forth in Section 12.4 of Attachment F of the ISO OATT, and Section 6 of the ISO Services Tariff.

31.5.4.4.2.5.3 All bilateral contract information and information on LSE-owned generation submitted to the ISO must include the following information:

- (1) Contract quantities on an annual basis:
  - (a) For non-generator specific contracts, the Energy (in MWh) contracted to serve each Zone for each year.

- (b) For generator specific contracts or LSE-owned generation, the name of the generator(s) and the MW or percentage output contracted or self-owned for use by Load in each Zone for each year.
- (2) For all Load Serving Entities serving Load in more than one Load Zone, the quantity (in MWh or percentage) of bilateral contract Energy to be applied to each Zone, by year over the term of the contract.
- (3) Start and end dates of the contract.
- (4) Terms in sufficient detail to determine that either pricing is not indexed to LBMP, or, if pricing is indexed to LBMP, the manner in which prices are connected to LBMP.
- (5) Identify any changes in the pricing methodology on an annual basis over the term of the contract.

31.5.4.4.2.5.4 Bilateral contract and LSE-owned generation information will be used to calculate the adjusted LBMP savings for each Load Zone as follows:

$AdjLBMPs_{y,z}$ , the adjusted LBMP savings for each Load Zone  $z$  in each year  $y$ , shall be calculated using the following equation:

$$AdjLBMPs_{y,z} = \max \left[ 0, TL_{y,z} - \sum_{b \in B_{y,z}} \left( BCL_{b,y,z} * (1 - Ind_{b,y,z}) \right) - SG_{y,z} \right] * (LBMP1_{y,z} - LBMP2_{y,z})$$

Where:

$TL_{y,z}$  is the total annual amount of Energy forecasted to be consumed by Load in year  $y$  in Load Zone  $z$ ;

$B_{y,z}$  is the set of blocks of Energy to serve Load in Load Zone  $z$  in year  $y$  that are sold under bilateral contracts for which information has been provided to the ISO that meets the requirements set forth elsewhere in this Section 31.5.4.4.2.5

$BCL_{b,y,z}$  is the total annual amount of Energy sold into Load Zone  $z$  in year  $y$  under bilateral contract block  $b$ ;

$Ind_{b,y,z}$  is the ratio of (1) the increase in the amount paid by the purchaser of Energy, under bilateral contract block  $b$ , as a result of an increase in the LBMP in Load Zone  $z$  in year  $y$  to (2) the increase in the amount that a purchaser of that amount of Energy would pay if the purchaser paid the LBMP for that Load Zone in that year for all of that Energy (this ratio shall be zero for any bilateral contract block of Energy that is sold at a fixed price or for which the cost of Energy purchased under that contract otherwise insensitive to the LBMP in Load Zone  $z$  in year  $y$ );

$SG_{y,z}$  is the total annual amount of Energy in Load Zone  $z$  that is forecasted to be served by LSE-owned generation in that Zone in year  $y$ ;

$LBMP1_{y,z}$  is the forecasted annual load-weighted average LBMP for Load Zone  $z$  in year  $y$ , calculated under the assumption that the project is not in place; and

$LBMP2_{y,z}$  is the forecasted annual load-weighted average LBMP for Load Zone  $z$  in year  $y$ , calculated under the assumption that the project is in place.

31.5.4.4.2.6  $NZS_z$ , the Net Zonal Savings for each Load Zone  $z$  resulting from a given project, shall be calculated using the following equation:

$$NZS_z = \max \left[ 0, \sum_{y=PS}^{PS+9} \left( (AdjLBMP_{PS_{y,z}} - TCCRevImpact_{y,z}) * DF_y \right) \right]$$

Where:

$PS$  is the year in which the project is expected to enter commercial operation;

$AdjLBMP_{y,z}$  is as calculated in Section 31.5.4.4.2.5;

$TCCRevImpact_{y,z}$  is the forecasted impact of TCC revenues allocated to Load Zone  $z$  in year  $y$ , calculated using the procedure described in Appendix B in Section 31.7 of this Attachment Y; and

$DF_y$  is the discount factor applied to cash flows in year  $y$  to determine the present value of that cash flow in year  $PS$ .

#### 31.5.4.4.3 Load Zones not benefiting from a proposed Regulated Economic

Transmission Project will not be allocated any of the costs of the project under this Attachment Y. There will be no “make whole” payments to non-beneficiaries.

#### 31.5.4.4.4 Costs of a project will be allocated to beneficiaries as follows:

##### 31.5.4.4.4.1 The ISO will allocate the cost of the Regulated Economic Transmission

Project based on the zonal share of total savings to the Load Zones determined pursuant to Section 31.5.4.4.2 to be beneficiaries of the proposed project. Total savings will be equal to the sum of load savings for each Load Zone that experiences net benefits pursuant to Section 31.5.4.4.2. A Load Zone’s cost allocation will be equal to the present value of the following calculation:

$$\text{Zonal Cost Allocation} = \text{Project Cost} * \left( \frac{(\text{Zonal Benefits})}{\text{Total Zonal Benefits for zone with positive net benefits}} \right)$$

##### 31.5.4.4.4.2 Zonal cost allocation calculations for a Regulated Economic Transmission

Project will be performed prior to the commencement of the ten-year period that begins with the project’s commercial operation date, and will not be adjusted during that ten-year period.

31.5.4.4.4.3 Within zones, costs will be allocated to LSEs based on MWhs calculated for each LSE for each zone using data from the most recent available 12 month period. Allocations to an LSE will be calculated in accordance with the following formula:

$$\text{LSE Intrazonal Cost Allocation} = \text{Zonal Cost Allocation} * \left( \frac{\text{LSE Zonal MWh}}{\text{Total Zonal MWh}} \right)$$

31.5.4.4.5 Project costs allocated under this Section 31.5.4.4 will be determined as follows:

31.5.4.4.5.1 The project cost allocated under this Section 31.5.4.4 will be based on the total project revenue requirement, as supplied by the Developer of the project, for the first ten years of project operation. The total project revenue requirement will be determined in accordance with the formula rate on file at the Commission. If there is no formula rate on file at the Commission, then the Developer shall provide to the ISO the project-specific parameters to be used to calculate the total project revenue requirement.

31.5.4.4.5.2 Once the benefit/cost analysis is completed the amortization period and the other parameters used to determine the costs that will be recovered for the project should not be changed, unless so ordered by the Commission or a court of applicable jurisdiction, for cost recovery purposes to maintain the continued validity of the benefit/cost analysis.

31.5.4.4.5.3 The ISO, in conjunction with the ESPWG, will develop procedures to allocate the risk of project cost increases that occur after the ISO completes its benefit/cost analysis under this Attachment Y. These procedures may include

consideration of an additional review and vote prior to the start of construction and whether the developer should bear all or part of the cost of any overruns.

31.5.4.4.6 The Commission must approve the cost of a proposed Regulated Economic Transmission Project for that cost to be recovered through Rate Schedule 10 of the ISO OATT. The developer's filing of its project revenue requirement with the Commission pursuant to Rate Schedule 10 must be consistent with the project proposal evaluated by the ISO under this Attachment Y in order to be cost allocated to beneficiaries.

#### **31.5.4.5 Collaborative Governance Process and Board Action**

31.5.4.5.1 The ISO shall submit the results of its project benefit/cost analysis and beneficiary determination to the ESPWG and TPAS, and to the identified beneficiaries of the proposed Regulated Economic Transmission Project for comment. The ISO shall make available to any interested party sufficient information to replicate the results of the benefit/cost analysis and beneficiary determination. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of the review by the ESPWG and TPAS of the project benefit/cost analysis, the ISO's analysis reflecting any revisions resulting from the TPAS and ESPWG review shall be forwarded to the Business Issues Committee and Management Committee for discussion and action.

31.5.4.5.2 Following the Management Committee vote, the ISO's project benefit/cost analysis and beneficiary determination will be forwarded, with the input of the Business Issues Committee and Management Committee, to the ISO Board for review and action. In addition, the ISO's determination of the beneficiaries' voting shares will be forwarded to the ISO Board for review and action. The Board may approve the analysis and beneficiary determinations as submitted or propose modifications on its own motion. If any changes to the benefit/cost analysis or the beneficiary determinations are proposed by the Board, the revised analysis and beneficiary determinations shall be returned to the Management Committee for comment. If the Board proposes any changes to the ISO's voting share determinations, the Board shall so inform the LSE or LSEs impacted by the proposed change and shall allow such an LSE or LSEs an opportunity to comment on the proposed change. The Board shall not make a final determination on the project benefit/cost analysis and beneficiary determination until it has reviewed the Management Committee comments. Upon final approval of the Board, project benefit/cost analysis and beneficiary determinations shall be posted by the ISO on its website and shall form the basis of the beneficiary voting described in Section 31.5.4.6 of this Attachment Y.

#### **31.5.4.6 Voting by Project Beneficiaries**

31.5.4.6.1 Only LSEs serving Load located in a beneficiary zone determined in accordance with the procedures in Section 31.5.4.4 of this Attachment Y shall be eligible to vote on a proposed project. The ISO will, in conjunction with the ESPWG, develop procedures to determine the specific list of voting entities for

each proposed project. Prior to a vote being conducted, the Developer of the Regulated Economic Transmission Project must have a completed System Impact Study or System Reliability Impact Study, as applicable.

31.5.4.6.2 The voting share of each LSE shall be weighted in accordance with its share of the total project benefits, as allocated by Section 31.5.4.4 of this Attachment Y.

31.5.4.6.3 The costs of a Regulated Economic Transmission Project shall be allocated under this Attachment Y if eighty percent (80%) or more of the actual votes cast on a weighted basis are cast in favor of implementing the project.

31.5.4.6.4 If the proposed Regulated Economic Transmission Project meets the required vote in favor of implementing the project, and the project is implemented, all beneficiaries, including those voting “no,” will pay their proportional share of the cost of the project.

31.5.4.6.5 The ISO will tally the results of the vote in accordance with procedures set forth in the ISO Procedures, and report the results to stakeholders. Beneficiaries voting against approval of a project must submit to the ISO their rationale for their vote within 30 days of the date that the vote is taken. Beneficiaries must provide a detailed explanation of the substantive reasons underlying the decision, including, where appropriate: (1) which additional benefit metrics, either identified in the tariff or otherwise, were used; (2) the actual quantification of such benefit metrics or factors; (3) a quantification and explanation of the net benefit or net cost of the project to the beneficiary; and (4) data supporting the metrics and other factors used. Such explanation may also include uncertainties,



and/or alternative scenarios and other qualitative factors considered, including state public policy goals. The ISO will report this information to the Commission in an informational filing to be made within 60 days of the vote. The informational filing will include: (1) a list of the identified beneficiaries; (2) the results of the benefit/cost analysis; and (3) where a project is not approved, whether the developer has provided any formal indication to the ISO as to the future development of the project.

### **31.5.5 Regulated Transmission Solutions to Public Policy Transmission Needs**

#### **31.5.5.1 The Scope of Section 31.5.5**

As discussed in Section 31.5.1 of this Attachment Y, the cost allocation principles and methodologies of this Section 31.5.5 apply only to regulated Public Policy Transmission Projects. This Section 31.5.5 does not apply to Other Public Policy Projects, including generation or demand side management projects, or any market-based projects. This Section 31.5.5 does not apply to regulated reliability solutions implemented pursuant to the Reliability Planning Process, nor does it apply to Regulated Economic Transmission Projects.

A regulated solution shall only utilize the cost allocation methodology set forth in Section 31.5.3 where it is: (1) a Responsible Transmission Owner's regulated backstop solution, (2) an alternative regulated transmission solution selected by the ISO as the more efficient or cost effective regulated transmission solution to satisfy a Reliability Need, or (3) seeking cost recovery where it has been halted or cancelled pursuant to the provisions of Section 31.2.8.2. A Regulated Economic Transmission Project approved pursuant to Section 31.5.4.6 shall only be eligible to utilize the cost allocation principles and methodologies set forth in Section 31.5.4.

### **31.5.5.2 Cost Allocation Principles**

The ISO shall implement the specific cost allocation methodology in Section 31.5.5.4 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. The specific cost allocation methodology in Section 31.5.5.4 incorporates the following elements:

31.5.5.2.1 The focus of the cost allocation methodology shall be on regulated Public Policy Transmission Projects.

31.5.5.2.2 Projects analyzed hereunder as Public Policy Transmission Projects may proceed on a market basis with willing buyers and sellers at any time.

31.5.5.2.3 Cost allocation shall be based on a beneficiaries pay approach.

31.5.5.2.4 Project benefits will be identified in accordance with Section 31.5.5.4.

31.5.5.2.5 Identification of beneficiaries for cost allocation and cost allocation among those beneficiaries shall be according to the methodology specified in Section 31.5.5.4.

### **31.5.5.3 Project Eligibility for Cost Allocation**

The Developer of a Public Policy Transmission Project will be eligible for cost allocation in accordance with the process set forth in Section 31.5.5.4 when its project is selected by the ISO as the more efficient or cost effective regulated Public Policy Transmission Project; *provided, however*, that if the appropriate federal, state, or local agency(ies) rejects the selected project's necessary authorizations, or such authorizations are withdrawn, the costs the Developer is eligible to recover under Section 31.4.12.1 shall be allocated in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The Developer of the selected regulated transmission solution may recover its costs in accordance with Section 31.5.6 and Rate

Schedule 10 of the ISO OATT. If the Developer proposed its Public Policy Transmission Project in response to a request by the NYPSC or Long Island Power Authority pursuant to Section 31.4.3.2 and its project was not selected by the ISO, the costs that the Developer is eligible to recover pursuant to Section 31.4.3.2 shall be allocated in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The Developer may recover these costs in accordance with Section 31.5.6 and Rate Schedule 10 of the ISO OATT.

#### **31.5.5.4 Cost Allocation for Eligible Projects**

As noted in Section 31.5.5.2 of this Attachment Y, the identification of beneficiaries for cost allocation and the cost allocation of a selected Public Policy Transmission Project will be conducted in accordance with the process described in this Section 31.5.5.4. This Section will also apply to the allocation within New York of the ISO's share of the costs of an Interregional Transmission Project proposed as a solution to a Public Policy Transmission Need allocated in accordance with Section 31.5.7 of this Attachment Y. The establishment of a cost allocation methodology and rates for a proposed solution that is undertaken by LIPA or NYPA as an Unregulated Transmitting Utility to a Public Policy Transmission Need as determined in Sections 31.4.2.1 through 31.4.2.3, as applicable, or an Interregional Transmission Project shall occur pursuant to Section 31.5.5.4.4 through 31.5.5.4.6, as applicable. Nothing herein shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. The ISO

shall apply the cost allocation methodology accepted by the Commission. The cost allocation methodology that is accepted or approved by the Commission for a particular Public Policy Transmission Project in accordance with this Section 31.5.5.4 will be set forth in Appendix E (Section 31.8) of this Attachment Y.

31.5.5.4.1 If the Public Policy Requirement that results in the identification by the NYPSC of a Public Policy Transmission Need prescribes the use of a particular cost allocation and recovery methodology, then the ISO shall file that methodology with the Commission within 60 days of the issuance by the NYPSC of its identification of a Public Policy Transmission Need. Nothing herein shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. If the Developer files a different proposed cost allocation methodology under Section 205 of the Federal Power Act, it shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles taking into account the methodology specified in the Public Policy Requirement.

31.5.5.4.2 Subject to the provisions of Section 31.5.5.4.1, the Developer may submit to the NYPSC for its consideration – no later than 30 days after the ISO's selection of the regulated Public Policy Transmission Project – a proposed cost allocation methodology, which may include a cost allocation based on load ratio share, adjusted to reflect, as applicable, the Public Policy Requirement or Public

Policy Transmission Need, the party(ies) responsible for complying with the Public Policy Requirement, and the party(ies) who benefit from the transmission facility.

31.5.5.4.2.1 The NYPSC shall have 150 days to review the Developer's proposed cost allocation methodology and to inform the Developer regarding whether it supports the methodology.

31.5.5.4.2.2. If the NYPSC supports the proposed cost allocation methodology, the Developer shall file that cost allocation methodology with the Commission for its acceptance under Section 205 of the Federal Power Act within 30 days of the NYPSC informing the Developer of its support. The Developer shall have the burden of demonstrating that the proposed cost allocation methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles.

31.5.5.4.2.3 If the NYPSC does not support the proposed cost allocation methodology, then the Developer shall take reasonable steps to respond to the NYPSC's concerns and to develop a mutually agreeable cost allocation methodology over a period of no more than 60 days after the NYPSC informing the Developer that it does not support the methodology.

31.5.5.4.2.4 If a mutually acceptable cost allocation methodology is developed during the timeframe set forth in Section 31.5.5.4.2.3, the Developer shall file it with the Commission for acceptance under Section 205 of the Federal Power Act no later than 30 days after the conclusion of the 60 day discussion period with the NYPSC. The Developer shall have the burden of demonstrating that the proposed

cost allocation methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles.

31.5.5.4.2.5 If no mutually agreeable cost allocation methodology is developed, the Developer shall file its preferred cost allocation methodology with the Commission for acceptance under Section 205 of the Federal Power Act no later than 30 days after the conclusion of the 60 day discussion period with the NYPSC. The Developer shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles in consideration of the position of the NYPSC. The filing shall include the methodology supported by NYPSC for the Commission's consideration. If the Developer elects to use the load ratio share cost allocation methodology referenced below in Section 31.5.5.4.3, the Developer shall notify the Commission of its intent to utilize the load ratio share methodology and shall include in its notice the NYPSC supported methodology for the Commission's consideration.

31.5.5.4.3. Unless the Commission has accepted an alternative cost allocation methodology pursuant to this Section, the ISO shall allocate the costs of the Public Policy Transmission Project to all Load Serving Entities in the NYCA using the default cost allocation methodology, based upon a load ratio share methodology.

31.5.5.4.4 The NYISO will make any Section 205 filings related to this Section on behalf of NYPA to the extent requested to do so by NYPA. NYPA shall bear the burden of demonstrating that such a filing is compliant with the Order No. 1000

Regional Cost Allocation Principles. NYPA shall also be solely responsible for making any jurisdictional reservations or arguments related to their status as non-Commission-jurisdictional utilities that are not subject to various provisions of the Federal Power Act.

31.5.5.4.5 The cost allocation methodology and any rates for cost recovery for a proposed solution to a Public Policy Transmission Need undertaken by LIPA, as an Unregulated Transmitting Utility (for purposes of this section a “LIPA project”), shall be established and recovered as follows:

31.5.5.4.5.1 *For costs solely to LIPA customers.* The cost allocation methodology and rates to be established for a LIPA project, for which cost recovery will only occur from LIPA customers, will be established pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Prior to the adoption of any cost allocation mechanism or rates for such a LIPA project, and pursuant to Section 1020-f(u), the Long Island Power Authority’s Board of Trustees shall request that the NYDPS provide a recommendation with respect to the cost allocation methodology and rate that LIPA has proposed and the Board of Trustees shall consider such recommendation in accordance with the requirements of Section 1020-f(u). Upon approval of the cost allocation mechanism and/or rates by the Long Island Power Authority’s Board of Trustees, LIPA shall provide to the ISO, for purposes of inclusion within the ISO OATT and filing with FERC on an informational basis only, a description of the cost allocation mechanism and the rate that LIPA will charge and collect within the Long Island Transmission District.

31.5.5.4.5.2 *For Costs for a LIPA Project That May be Allocated to Other*

*Transmission Districts.* A LIPA project that meets a Public Policy Transmission Need as determined by the NYPSC pursuant to Section 31.4.2.3(iii) may be allocated to market participants outside of the Long Island Transmission District. The cost allocation methodology and rate for such a LIPA project shall be established in accordance with the following procedures. LIPA's proposed cost allocation methodology and/or rate shall be reviewed and approved by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Prior to the adoption of any cost allocation mechanism or rates for such project and pursuant to Section 1020-f(u), the Long Island Power Authority's Board of Trustees shall request that the NYDPS provide a recommendation with respect to the cost allocation methodology and rate that LIPA has proposed and the Board of Trustees shall consider such recommendation in accordance with the requirements of Section 1020-f(u). LIPA shall inform the ISO of the cost allocation methodology and rate that has been approved by the Long Island Power Authority's Board of Trustees for filing with the Commission.

Upon approval by the Long Island Power Authority's Board of Trustees, LIPA shall submit and request that the ISO file the LIPA cost allocation methodology for approval with the Commission. Any cost allocation methodology for a LIPA project that allocates costs to market participants outside of the Long Island Transmission District shall be reviewed as to whether there is comparability in the derivation of the cost allocation for market participants such



that LIPA has demonstrated that the proposed cost allocation is compliant with the Order No. 1000 cost allocation principles, there are benefits provided by the project to market participants outside of the Long Island Transmission District, and that the proposed allocation is roughly commensurate to the identified benefits.

Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s, requires that LIPA's rates be established at the lowest level consistent with sound fiscal and operating practices of the Long Island Power Authority and which provide for safe and adequate service. Upon approval of a LIPA rate by the Long Island Power Authority's Board of Trustees pursuant to Section 1020-f(u), LIPA shall submit, and request that the ISO file, the LIPA rate with the Commission for review under the same comparability standard as applied to the review of changes in LIPA's TSC under Attachment H of this tariff.

In the event that the cost allocation methodology or rate approved by the Long Island Power Authority's Board of Trustees did not adopt the NYDPS recommendation, the NYDPS recommendation shall be included in the filing for the Commission's consideration.

31.5.5.4.5.3 *Support for Filing.* LIPA shall intervene in support of the filing(s) made pursuant to Section 31.5.5.4.5 at the Commission and shall take the responsibility to demonstrate that: (i) the cost allocation methodology and/or rate approved by the Long Island Power Authority's Board of Trustees meets the applicable standard of comparability, and (ii) the Commission should accept such methodology or rate for filing. LIPA shall also be responsible for responding to,

and seeking to resolve, concerns about the contents of the filing that might be raised in such proceeding.

**31.5.5.4.5.4 *Billing of LIPA Charges Outside of the Long Island Transmission District.***

For Transmission Districts other than the Long Island Transmission District, the ISO shall bill for LIPA, as a separate charge, the costs incurred by LIPA for a solution to a Public Policy Transmission Need allocated using the cost allocation methodology and rates established pursuant to Section 31.5.5.4.5.2 and accepted for filing by the Commission and shall remit the revenues collected to LIPA each Billing Period in accordance with the ISO's billing and settlement procedures.

**31.5.5.4.6** The inclusion in the ISO OATT or in a filing with the Commission of the cost allocation and charges for recovery of costs incurred by NYPA or LIPA related to a solution to a transmission need driven by a Public Policy Requirement or Interregional Transmission Project as provided for in Sections 31.5.5.4.4 and 31.5.5.4.5 shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

**31.5.6 Cost Recovery for Regulated Projects**

**31.5.6.1 Cost Recovery for Regulated Transmission Project to Address a Reliability Need Identified in the Reliability Planning Process**

**31.5.6.1.1** A Responsible Transmission Owner, a Transmission Owner, or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation of: (i) a regulated backstop transmission solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.4.3.1 of this Attachment Y and the ISO/TO Reliability Agreement or an Operating Agreement; (ii) an alternative regulated transmission solution that

the ISO has selected pursuant to Section 31.2.6.5.2 of this Attachment Y as the more efficient or cost-effective solution to a Reliability Need; (iii) a regulated transmission Gap Solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.11.4 of this Attachment Y; or (iv) an alternative regulated transmission Gap Solution that has been determined by the appropriate state regulatory agency(ies) as the preferred solution(s) to a Reliability Need pursuant to Section 31.2.11.5 of Attachment Y of the ISO OATT.

31.5.6.1.2 If a regulated solution: (i) is eligible for cost recovery as described in Section 31.5.6.1.1 and (ii) is not triggered or is halted pursuant to Sections 31.2.8 or 31.2.10.1.2 of this Attachment Y, the Responsible Transmission Owner, Transmission Owner or Other Developer of that solution may recover the costs that it eligible to recover pursuant to Sections 31.2.8 or 31.2.10.1.2 in accordance with Rate Schedule 10 of the ISO OATT.

31.5.6.1.3 Costs related to non-transmission regulated solutions to Reliability Needs will be recovered by a Responsible Transmission Owner, Transmission Owner, or Other Developer in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. A Responsible Transmission Owner, a Transmission Owner, or Other Developer may propose and undertake a regulated non-transmission solution, provided that the appropriate state agency(ies) has established cost recovery procedures comparable to those provided in this tariff for regulated transmission solutions to ensure the full and prompt recovery of all reasonably-incurred costs related to such non-transmission solutions. Nothing in this section shall affect the

Commission's jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

#### **31.5.6.2 Cost Recovery for Regulated Economic Transmission Project**

A Transmission Owner or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation a Regulated Economic Transmission Project that has been approved pursuant to Section 31.5.4.6 of this Attachment Y.

#### **31.5.6.3 Cost Recovery for Regulated Transmission Project to Address a Public Policy Transmission Need**

31.5.6.3.1 A Transmission Owner or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation of: (i) a Public Policy Transmission Project that the ISO has selected as the more efficient or cost-effective solution to a Public Policy Transmission Need, or (ii) a Public Policy Transmission Project proposed by a Developer in response to a request by the NYPSC or Long Island Power Authority in accordance with Section 31.4.3.2 of Attachment Y of the ISO OATT. Such cost recovery will also include reasonable costs incurred by the Developer to provide a more detailed study or cost estimate for such project at the request of the NYPSC, and to prepare the application required to comply with New York Public Service Law Article VII, or any successor statute or any other applicable permits, and to seek other necessary authorizations.

31.5.6.3.2 If a regulated solution that: (i) is eligible for cost recovery as described in Section 31.5.6.3.1 and (ii) is halted as described in Section 31.4.12.1 of this

Attachment Y, the Transmission Owner or Other Developer of that solution may recover the costs that it is eligible to recover pursuant to Section 31.4.12.1 in accordance with Rate Schedule 10 of the ISO OATT.

#### **31.5.6.4 Cost Recovery for Interregional Transmission Project**

A Responsible Transmission Owner, a Transmission Owner, or an Other Developer may recover in accordance with Rate Schedule 10 of the ISO OATT the costs incurred with respect to the implementation of the portion of an Interregional Transmission Project selected by the ISO in the CSPP that is allocated to the NYISO region pursuant to Section 31.5.7 of Attachment Y of the ISO OATT.

### **31.5.7 Cost Allocation for Eligible Interregional Transmission Projects**

#### **31.5.7.1 Costs of Approved Interregional Transmission Projects**

The cost allocation methodology reflected in this Section 31.5.7.1 shall be referred to as the “Northeastern Interregional Cost Allocation Methodology” (or “NICAM”), and shall not be modified without the mutual consent of the Section 205 rights holders in each region.

The costs of Interregional Transmission Projects, as defined in the Interregional Planning Protocol, evaluated under the Interregional Planning Protocol and selected by ISO-NE, PJM and the ISO in their regional transmission plans for purposes of cost allocation under their respective tariffs shall, when applicable, be allocated to the ISO-NE region, PJM region and the ISO region in accordance with the cost allocation principles of FERC Order No. 1000, as follows:

(a) To be eligible for interregional cost allocation, an Interregional Transmission Project must be selected in the regional transmission plan for purposes of cost allocation in each of the transmission planning regions in which the transmission project is proposed to be located, pursuant to agreements and tariffs on file at FERC for each region. With respect to Interregional

Transmission Projects and other transmission projects involving the ISO and PJM, the cost allocation of such projects shall be in accordance with the Joint Operating Agreement (“JOA”) among and between the ISO and PJM. With respect to Interregional Transmission Projects and other transmission projects involving the ISO and ISO-NE, the cost allocation for such projects shall be in accordance with this Section 31.5.7 of Attachment Y of the NYISO Open Access Transmission Tariff and with the respective tariffs of ISO-NE.

(b) The share of the costs of an Interregional Transmission Project allocated to a region will be determined by the ratio of the present value of the estimated costs of such region’s displaced regional transmission project to the total of the present values of the estimated costs of the displaced regional transmission projects in all regions that have selected the Interregional Transmission Project in their regional transmission plans.

- (i) The present values of the estimated costs of each region’s displaced regional transmission project shall be based on a common base date that will be the beginning of the calendar month of the cost allocation analysis for the subject Interregional Transmission Project (the “Base Date”).
- (ii) In order to perform the analysis in this Section 31.5.7.1(b), the estimated cost of the displaced regional transmission projects shall specify the year’s dollars in which those estimates are provided.
- (iii) The present value analysis for all displaced regional transmission projects shall use a common discount rate. The regions having displaced projects will mutually agree, in consultation with their respective transmission owners, and for purposes of the ISO, its other stakeholders, on the discount rate to be used for the present value analysis.

(iv) For the purpose of this allocation, cost estimates shall use comparable cost estimating procedures. In the Interregional Planning Stakeholder Advisory Committee review process, the regions having displaced projects will review and determine, in consultation with their respective transmission owners, and for purposes of the NYISO, its other stakeholders, that reasonably comparable estimating procedures have been used prior to applying this cost allocation.

(c) No cost shall be allocated to a region that has not selected the Interregional Transmission Project in its regional transmission plan.

(d) When a portion of an Interregional Transmission Project evaluated under the Interregional Planning Protocol is included by a region (Region 1) in its regional transmission plan but there is no regional need or displaced regional transmission project in Region 1, and the neighboring region (Region 2) has a regional need or displaced regional project for the Interregional Transmission Project and selects the Interregional Transmission Project in its regional transmission plan, all of the costs of the Interregional Transmission Project shall be allocated to Region 2 in accordance with the NICAM and none of the costs shall be allocated to Region 1. However, Region 1 may voluntarily agree, with the mutual consent of the Section 205 rights holders in the other affected region(s) (including the Long Island Power Authority and the New York Power Authority in the NYISO region) to use an alternative cost allocation method filed with and accepted by the Commission.

(e) The portion of the costs allocated to a region pursuant to the NICAM shall be further allocated to that region's transmission customers pursuant to the applicable provisions of the region's FERC-filed documents and agreements, for the ISO in accordance with Section 31.5.1.7 of Attachment Y of the ISO OATT.

(f) The following example illustrates the cost allocation for such an Interregional Transmission Project:

- A cost allocation analysis of the costs of Interregional Transmission Project Z is to be performed during a given month establishing the beginning of that month as the Base Date.
- Region A has identified a reliability need in its region and has selected a transmission project (Project X) as the preferred solution in its regional plan. The estimated cost of Project X is: Cost (X), provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (X) is:  $N(X)$ .
- Region B has identified a reliability need in its region and has selected a transmission project (Project Y) as the preferred solution in its Regional Plan. The estimated cost of Project Y is: Cost (Y), provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (Y) is:  $N(Y)$ .
- Regions A and B, through the interregional planning process have determined that an Interregional Transmission Project (Project Z) will address the reliability needs in both regions more efficiently and cost-effectively than the separate regional projects. The estimated cost of Project Z is: Cost (Z). Regions A and B have each determined that Interregional Transmission Project Z is the preferred solution to their reliability needs and have adopted that Interregional Transmission Project in their respective regional plans in lieu of Projects X and Y respectively. If Regions A and B have agreed to bear the costs of upgrades in other affected transmission planning regions, these costs will be considered part of Cost (Z).



- The discount rate used for all displaced regional transmission projects is:  $D$
- Based on the foregoing assumptions, the following formulas will be used:
  - Present Value of Cost (X) =  $PV \text{ Cost (X)} = \text{Cost (X)} / (1+D)^{N(X)}$
  - Present Value of Cost (Y) =  $PV \text{ Cost (Y)} = \text{Cost (Y)} / (1+D)^{N(Y)}$
  - Cost Allocation to Region A =  $\text{Cost (Z)} \times PV \text{ Cost (X)} / [PV \text{ Cost (X)} + PV \text{ Cost (Y)}]$
  - Cost Allocation to Region B =  $\text{Cost (Z)} \times PV \text{ Cost (Y)} / [PV \text{ Cost (X)} + PV \text{ Cost (Y)}]$

- Applying those formulas, if:

Cost (X) = \$60 Million and  $N(X) = 8.25$  years

Cost (Y) = \$40 Million and  $N(Y) = 4.50$  years

Cost (Z) = \$80 Million

$D = 7.5\%$  per year

Then:

$PV \text{ Cost (X)} = 60 / (1+0.075)^{8.25} = 33.039$  Million

$PV \text{ Cost (Y)} = 40 / (1+0.075)^{4.50} = 28.888$  Million

Cost Allocation to Region A =  $\$80 \times 33.039 / (33.039 + 28.888) = \$42,681$  Million

Cost Allocation to Region B =  $\$80 \times 28.888 / (33.039 + 28.888) = \$37.319$  Million

### **31.5.7.2 Other Cost Allocation Arrangements**

(a) Except as provided in Section 31.5.7.2(b), the NICAM is the exclusive means by which any costs of an Interregional Transmission Project may be allocated between or among PJM, the ISO, and ISO-NE.

(b) Nothing in the FERC-filed documents of ISO-NE, the ISO or PJM shall preclude agreement by entities with cost allocation rights under Section 205 of the Federal Power Act for their respective regions (including the Long Island Power Authority and the New York Power Authority in the ISO region) to enter into separate agreements to allocate the cost-of Interregional Transmission Projects proposed to be located in their regions as an alternative to the NICAM, or other transmission projects identified pursuant to assessments and studies conducted pursuant to Section 6 of the Interregional Planning Protocol. Such other cost-allocation methodologies must be approved in each region pursuant to the Commission-approved rules in each region, filed with and accepted by the Commission, and shall apply only to the region's share of the costs of an Interregional Transmission Project or other transmission projects pursuant to Section 6 of the Interregional Planning Protocol, as applicable.

#### **31.5.7.3 Filing Rights**

Nothing in this Section 31.5.7 will convey, expand, limit or otherwise alter any rights of ISO-NE, the ISO, PJM, each region's transmission owners, market participants, or other entities to submit filings under Section 205 of the Federal Power Act regarding interregional cost allocation or any other matter.

Where applicable, the regions have been authorized by entities that have cost allocation rights for their respective regions to implement the provisions of this Section 31.5.7.

#### **31.5.7.4 Merchant Transmission and Individual Transmission Owner Projects**

Nothing in this Section 31.5.7 shall preclude the development of Interregional Transmission Projects that are funded solely by merchant transmission developers or by individual transmission owners.

#### **31.5.7.5 Consequences to Other Regions from Regional or Interregional Transmission Projects**

Except as provided herein in Sections 31.5.7.1 and 31.5.7.2, or where cost responsibility is expressly assumed by ISO-NE, the ISO or PJM in other documents, agreements or tariffs on file with FERC, neither the ISO-NE region, the ISO region nor the PJM region shall be responsible for compensating another region or each other for required upgrades or for any other consequences in another planning region associated with regional or interregional transmission facilities, including but not limited to, transmission projects identified pursuant to Section 6 of the Interregional Planning Protocol and Interregional Transmission Projects identified pursuant to Section 7 of the Interregional Planning Protocol.

## **31.7      Appendices**

## **APPENDIX A – REPORTING OF HISTORIC AND PROJECTED CONGESTION**

### **1.0 General**

As part of its CSPP, the ISO will prepare summaries and detailed analysis of historic and projected congestion across the NYS Transmission System. This will include analysis to identify the significant causes of historic congestion in an effort to help Market Participants and other interested parties distinguish persistent and addressable congestion from congestion that results from one time events or transient adjustments in operating procedures that may or may not recur. This information will assist Market Participants and other stakeholders to make appropriately informed decisions.

### **2.0 Historic Congestion Reporting**

The ISO will report historic Day-Ahead Market congestion-related data. The following elements of historic congestion-related data will be reported: (i) LBMP load costs (energy, congestion and losses) by Load Zone; (ii) LBMP payments to generators (energy, congestion and losses) by Load Zone; (iii) congestion cost by constraint; and (iv) congestion cost of each constraint to load (commonly referred to in the Economic Planning Process as “demand dollar congestion” by constraint).

### **3.0 Analysis**

Each RNA will include the ISO’s summaries and detailed analysis of the prior year’s congestion across the NYS Transmission System. The ISO’s analysis will identify the significant causes of the historic congestion.

Each study of projected congestion for the System & Resource Outlook will include the results of the ISO’s analysis conducted in accordance with Section 31.3.1 of this Attachment Y. The ISO’s analysis will identify the significant causes of the projected congestion.

#### **4.0 Detailed Cause Analysis for Unusual Events**

The ISO will perform an analysis to identify unusual events causing significant congestion levels. Such analysis will include the following elements: (i) identification of major transmission or generation outages; and (ii) quantification of the market impact of relieving historic constraints.

Some of the information necessary to this analysis may constitute critical energy infrastructure information and will need to be handled with appropriate confidentiality limitations to protect national security interests.

#### **5.0 Summary Reports**

The ISO will prepare various reports of historic and projected congestion costs. Historic congestion reports will be based upon the actual congestion-related data from the Day-Ahead Market, and will include the information required by Section 2.0 of this Appendix A to Attachment Y of the ISO OATT. Results of projected congestion studies conducted pursuant to Section 31.3.1 of this Attachment Y will include summaries of selected additional metrics and scenarios.

### **APPENDIX B – PROCEDURE FOR FORECASTING THE NET REDUCTIONS IN TCC REVENUES THAT WOULD RESULT FROM A PROPOSED PROJECT**

For the purpose of determining the allocation of costs associated with a proposed project as described in Section 31.5.4.4 of this Attachment Y, the ISO shall use the procedure described herein to forecast the net reductions in TCC revenues allocated to Load in each Load Zone as a result of a proposed project.

## Definitions

The following definitions will apply to this appendix:

**Pre-Evaluation Centralized TCC Auction:** The last Centralized TCC Auction that had been completed as of the date the input assumptions were determined for the Economic Transmission Project Evaluation in which the Project was identified as a candidate for development under the provisions of this Attachment Y.

**Project:** The proposed Regulated Economic Transmission Project for which the evaluation of the net benefits forecasted for Load in each Load Zone, as described in Section 31.5.4.4.2 of this Attachment Y, is being performed.

**TCC Revenue Factor:** A factor that is intended to reflect the expected ratio of (1) revenue realized in the TCC auction from the sale of a TCC to (2) the Congestion Rents that a purchaser of that TCC would expect to realize. The value to be used for the TCC Revenue Factor shall be stated in the ISO Procedures.

## Steps 1 Through 6 of the Procedure

For each Project, the ISO will perform Steps 1 through 6 of this procedure twice for each of the ten (10) years following the proposed commercial operation date of the Project: once under the assumption that the Project is in place in each of those years, and once under the assumption that the Project is not in place in each of those years.

### *Forecasting the Value of Grandfathered TCCs and TCC Auction Revenue*

**Step 1.** The ISO shall forecast Congestion Rents collected on the New York electricity system in each year, which shall be equal to:

- (a) the product of:
  - (i) the forecasted Congestion Component of the Day-Ahead LBMP for each hour at each Load Zone or Proxy Generator Bus and
  - (ii) forecasted withdrawals scheduled in that hour in that Load Zone or Proxy Generator Bus,

summed over all locations and over all hours in that year, minus:

- (b) the product of:
  - (i) the forecasted Congestion Component of the Day-Ahead LBMP for each hour at each Generator bus or Proxy Generator Bus and
  - (ii) forecasted injections scheduled in that hour at that Generator bus or Proxy Generator Bus,

summed over all locations and over all hours in that year.

**Step 2.** The ISO shall forecast:

- (a) payments in each year associated with any Incremental TCCs that the ISO projects would be awarded in conjunction with that Project (which will be zero for the calculation that is performed under the assumption that the Project is not in place);
- (b) payments in each year associated with any Incremental TCCs that the ISO has awarded, or that the ISO projects it would award, in conjunction with other projects that have entered commercial operation or are expected to enter commercial operation before the Project enters commercial operation; and
- (c) payments that would be made to holders of Grandfathered Rights and imputed payments that would be made to the Primary Holders of Grandfathered TCCs that would be in effect in each year, under the following assumptions:
  - (i) all Grandfathered Rights and Grandfathered TCCs expire at their stated expiration dates;
  - (ii) imputed payments to holders of Grandfathered Rights are equal to the payments that would be made to the Primary Holder of a TCC with the same Point of Injection and Point of Withdrawal as that Grandfathered Right; and
  - (iii) in cases where a Grandfathered TCC is listed in Table 1 of Attachment M of the ISO OATT, the number of those TCCs held by their Primary Holders shall be set to the number of such TCCs remaining at the conclusion of the ETCNL reduction procedure conducted before the Pre-Evaluation Centralized TCC Auction.

**Step 3.** The ISO shall forecast TCC auction revenues for each year by subtracting:

- (a) the forecasted payments calculated for that year in Steps 2(a), 2(b) and 2(c) of this procedure

from:

- (b) the forecasted Congestion Rents calculated for that year in Step 1 of this procedure, and multiplying the difference by the TCC Revenue Factor.

***Forecasting the Allocation of TCC Auction Revenues Among the Transmission Owners***

**Step 4.** The ISO shall forecast the following:

- (a) payments in each year to the Primary Holders of Original Residual TCCs and
- (b) payments in each year to the Primary Holders of TCCs that correspond to the amount of ETCNL remaining at the conclusion of the ETCNL reduction procedure conducted before the Pre-Evaluation Centralized TCC Auction,



and multiply each by the TCC Revenue Factor to determine the forecasted payments to the Primary Holders of Original Residual TCCs and the Transmission Owners that have been allocated ETCNL.

**Step 5.** The ISO shall forecast residual auction revenues for each year by subtracting:

- (a) the sum of the forecasted payments for each year to the Primary Holders of Original Residual TCCs and the Transmission Owners that have been allocated ETCNL, calculated in Step 4 of this procedure

from:

- (b) forecasted TCC auction revenues for that year calculated in Step 3 of this procedure.

**Step 6.** The ISO shall forecast each Transmission Owner's share of residual auction revenue for each year by multiplying:

- (a) the forecast of residual auction revenue calculated in Step 5 of this procedure and
- (b) the ratio of:
  - (i) the amount of residual auction revenue allocated to that Transmission Owner in the Pre-Evaluation Centralized TCC Auction to
  - (ii) the total amount of residual auction revenue allocated in the Pre-Evaluation Centralized TCC Auction.

### **Steps 7 Through 10 of the Procedure**

The ISO will perform Steps 7 through 10 of this procedure once for each of the ten (10) years following the proposed commercial operation date of the Project, using the results of the preceding calculations performed both under the assumption that the Project is in place in each of those years, and under the assumption that the Project is not in place in each of those years.

### ***Forecasting the Impact of the Project on TSC Offsets and the NTAC Offset***

**Step 7.** The ISO shall calculate the forecasted net impact of the Project on the TSC offset for each megawatt-hour of electricity consumed by Load in each Transmission District (other than the NYPA Transmission District) in each year by:

- (a) summing the following, each forecasted for that Transmission District for that year under the assumption that the Project is in place:
  - (i) forecasted Congestion Rents associated with any Incremental TCCs that the ISO has awarded, or that the ISO projects it would award, as calculated in Step 2(b) of this procedure, in conjunction with other projects that have entered commercial operation or are expected to enter commercial operation before the Project enters

commercial operation, if those Congestion Rents would affect the TSC for that Transmission District;

- (ii) forecasted Congestion Rents associated with any Grandfathered TCCs and forecasted imputed Congestion Rents associated with any Grandfathered Rights held by the Transmission Owner serving that Transmission District that would be paid to that Transmission Owner for that year, as calculated in Step 2(c) of this procedure, if those Congestion Rents would affect the TSC for that Transmission District;
  - (iii) the payments that are forecasted to be made for that year to the Primary Holders of Original Residual TCCs and ETCNL that have been allocated to the Transmission Owner serving that Transmission District, as calculated in Step 4 of this procedure; and
  - (iv) that Transmission District's forecasted share of residual auction revenues for that year, as calculated in Step 6 of this procedure for the Transmission Owner serving that Transmission District;
- (b) subtracting the sum of items (i) through (iv) above, each forecasted for that Transmission District for that year under the assumption that the Project is not in place; and
  - (c) dividing this difference by the amount of Load forecasted to be served in that Transmission District in that year, stated in terms of megawatt-hours, net of any Load served by municipally owned utilities that is not subject to the TSC.

**Step 8.** The ISO shall calculate the forecasted net impact of the Project on the NTAC offset for each megawatt-hour of electricity consumed by Load in each year by:

- (a) summing the following, each forecasted for that year under the assumption that the Project is in place:
  - (i) forecasted Congestion Rents associated with any Incremental TCCs that the ISO has awarded, or that the ISO projects it would award, as calculated in Step 2(b) of this procedure, in conjunction with other projects that have entered commercial operation or are expected to enter commercial operation before the Project enters commercial operation, if those Congestion Rents would affect the NTAC;
  - (ii) forecasted Congestion Rents associated with any Grandfathered TCCs and forecasted imputed Congestion Rents associated with any Grandfathered Rights held by NYPA that would be paid to NYPA for that year, as calculated in Step 2(c) of this procedure, if those Congestion Rents would affect the NTAC;
  - (iii) the payments that are forecasted to be made for that year to NYPA in association with Original Residual TCCs allocated to NYPA, as calculated in Step 4 of this procedure; and

- (iv) NYPA's forecasted share of residual auction revenues for that year, as calculated in Step 6 of this procedure;
- (b) subtracting the sum of items (i) through (iv) above, each forecasted for that year under the assumption that the Project is not in place; and
- (c) dividing this difference by the amount of Load expected to be served in the NYCA in that year, stated in terms of megawatt-hours, net of any Load served by municipally owned utilities that is not subject to the NTAC.

***Forecasting the Net Impact of the Project on TCC Revenues Allocated to Load in Each Zone***

**Step 9.** The ISO shall calculate the forecasted net impact of the Project in each year in each Load Zone on payments made in conjunction with TCCs and Grandfathered Rights that benefit Load but which do not affect TSCs or the NTAC, which shall be the sum of:

- (a) Forecasted Congestion Rents paid or imputed to municipally owned utilities serving Load in that Load Zone that own Grandfathered Rights or Grandfathered TCCs that were not included in the calculation of the TSC offset in Step 7(a)(ii) of this procedure or the NTAC offset in Step 8(a)(ii) of this procedure, which the ISO shall calculate by:
  - (i) summing forecasted Congestion Rents that any such municipally owned utilities serving Load in that Load Zone would be paid for that year in association with any such Grandfathered TCCs and any forecasted imputed Congestion Rents that such a municipally owned utility would be paid for that year in association with any such Grandfathered Rights, as calculated in Step 2(c) of this procedure under the assumption that the Project is in place; and
  - (ii) subtracting forecasted Congestion Rents that any such municipally owned utilities would be paid for that year in association with any such Grandfathered TCCs, and any forecasted imputed Congestion Rents that such a municipally owned utility would be paid for that year in association with any such Grandfathered Rights, as calculated in Step 2(c) of this procedure under the assumption that the Project is not in place.
- (b) Forecasted Congestion Rents collected from Incremental TCCs awarded in conjunction with projects that were previously funded through this procedure, if those Congestion Rents are used to reduce the amount that Load in that Load Zone must pay to fund such projects, which the ISO shall calculate by:
  - (i) summing forecasted Congestion Rents that would be collected for that year in association with any such Incremental TCCs, as calculated in Step 2(b) of this procedure under the assumption that the Project is in place; and
  - (ii) subtracting forecasted Congestion Rents that would be collected for that year in association with any such Incremental TCCs, as calculated in Step 2(b) of this procedure under the assumption that the Project is not in place.

**Step 10.** The ISO shall calculate the forecasted net reductions in TCC revenues allocated to Load in each Load Zone as a result of a proposed Project by summing the following:

- (a) the product of:
  - (i) the forecasted net impact of the Project on the TSC offset for each megawatt-hour of electricity consumed by Load, as calculated for each Transmission District (other than the NYPA Transmission District) in Step 7 of this procedure; and
  - (ii) the number of megawatt-hours of energy that are forecasted to be consumed by Load in that year, in the portion of that Transmission District that is in that Load Zone, for Load that is subject to the TSC;

summed over all Transmission Districts;

- (b) the product of:
  - (i) the forecasted net impact of the Project on the NTAC offset for each megawatt-hour of electricity consumed by Load, as calculated in Step 8 of this procedure; and
  - (ii) the number of megawatt-hours of energy that are forecasted to be consumed by Load in that year in that Load Zone, for Load that is subject to the NTAC; and
- (c) the forecasted net impact of the Project on payments and imputed payments made in conjunction with TCCs and Grandfathered Rights that benefit Load but which do not affect TSCs or the NTAC, as calculated in Step 9 of this procedure.

#### **Additional Notes Concerning the Procedure**

For the purposes of Steps 2(c) and 4(b) of this procedure, the ISO will utilize the currently effective version of Attachment L of the ISO OATT to identify Existing Transmission Agreements and Existing Transmission Capacity for Native Load.

Each Transmission Owner, other than NYPA, will inform the ISO of any Grandfathered Rights and Grandfathered TCCs it holds whose Congestion Rents should be taken into account in Step 7 of this procedure because those Congestion Rents affect its TSC.

NYPA will inform the ISO of any Grandfathered Rights and Grandfathered TCCs it holds whose Congestion Rents should be taken into account in Step 8 of this procedure because those Congestion Rents affect the NTAC.

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15.16. Governing Law

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Appendices

**THIS DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and between \_\_\_\_\_, a [corporate description] organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Developer”), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”). Developer or NYISO each may be referred to as a “Party” or collectively referred to as the “Parties.”

## **RECITALS**

**WHEREAS**, the NYISO administers the Comprehensive System Planning Process (“CSPP”) in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO’s Open Access Transmission Tariff (“OATT”), as accepted by the Federal Energy Regulatory Commission (“FERC”);

**WHEREAS**, as part of the CSPP, the NYISO administers a Reliability Planning Process pursuant to which the reliability of the New York State Bulk Power Transmission Facilities is assessed over a ten-year Study Period; Reliability Need(s) that may arise over this period are identified; proposed solutions to the identified need(s) are solicited by the NYISO; and the more efficient or cost-effective transmission solution to satisfy the identified need(s) is selected by the NYISO and reported in the NYISO’s Comprehensive Reliability Plan report;

***[Alternative 1 – To include if the Developer’s regulated transmission solution was selected as the more efficient or cost effective solution:]***

**WHEREAS**, the Developer has proposed a regulated transmission solution to satisfy an identified Reliability Need (“Transmission Project”);

**WHEREAS**, the NYISO has selected the Developer’s Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Reliability Need and has directed the Developer to proceed with the Transmission Project pursuant to Section 31.2.8.1 of Attachment Y of the OATT;]

***[Alternative 2 – To include if the NYISO triggers a Developer’s regulated backstop transmission solution that has not been selected pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4:]***

**WHEREAS**, the Developer has proposed a regulated backstop transmission solution to satisfy an identified Reliability Need (“Transmission Project”);

**WHEREAS**, the NYISO has triggered the Transmission Project to proceed pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4;]

***[Alternative 3 – To include if a Transmission Owner agrees to complete an alternative selected transmission solution pursuant to Section 31.2.10.1.3:]***

**WHEREAS**, the Developer has agreed to step-in to complete a regulated transmission project to satisfy an identified Reliability Need (“Transmission Project”) pursuant to Section 31.2.10.1.3 of Attachment Y of the OATT;]



**WHEREAS**, the Developer has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Transmission Project, to develop and construct the Transmission Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

**WHEREAS**, the Developer and the NYISO have agreed to enter into this Agreement pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT for the purpose of ensuring that the Transmission Project will be constructed and in service in time to satisfy the Reliability Need (“Required Project In-Service Date”); and

**WHEREAS**, the Developer has agreed to construct, and the NYISO has requested that the Developer proceed with construction of, the Transmission Project to address the identified Reliability Need by the Required Project In-Service Date.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, it is agreed:

## **ARTICLE 1. DEFINITIONS**

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the OATT or, if not therein, in Article 1 of the OATT.

**Advisory Milestones** shall mean the milestones set forth in the Development Schedule in Attachment C to this Agreement that are not Critical Path Milestones.

**Affected System Operator** shall mean any Affected System Operator(s) identified in connection with the Transmission Project pursuant to Attachment P of the ISO OATT.

**Applicable Laws and Regulations** shall mean: (i) all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority, and (ii) all applicable requirements of the ISO Tariffs, ISO Procedures, and ISO Related Agreements.

**Applicable Reliability Organizations** shall mean the NERC, the NPCC, and the NYSRC.

**Applicable Reliability Requirements** shall mean the requirements, criteria, rules, standards, and guidelines, as they may be amended and modified and in effect from time to time, of: (i) the Applicable Reliability Organizations, (ii) the Connecting Transmission Owner(s), (iii) *[to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Transmission Project]*, and (iv) any Affected System Operator; *provided, however*, that no Party shall waive its right to challenge the applicability or validity of any requirement, criteria, rule, standard, or guideline as applied to it in the context of this Agreement.

**Breach** shall have the meaning set forth in Article 7.1 of this Agreement.

**Breaching Party** shall mean a Party that is in Breach of this Agreement.

**Business Day** shall mean Monday through Friday, excluding federal holidays.

**Calendar Day** shall mean any day including Saturday, Sunday, or a federal holiday.

**Change of Control** shall mean a change in ownership of more than 50% of the membership or ownership interests or other voting securities of the Developer to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Developer to a third party.

**Confidential Information** shall mean any information that is defined as confidential by Article 11.2.

**Connecting Transmission Owner** shall be the Connecting Transmission Owner(s) identified in connection with the Transmission Project pursuant to Attachment P of the ISO OATT.

**Critical Path Milestones** shall mean the milestones identified as such in the Development Schedule in Attachment C to this Agreement that must be met for the Transmission Project to be constructed and operating by the Required Project In-Service Date.

**Default** shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 7.2 of this Agreement.

**Developer** shall have the meaning set forth in the introductory paragraph.

**Development Schedule** shall mean the schedule of Critical Path Milestones and Advisory Milestones set forth in Appendix C to this Agreement.

**Effective Date** shall mean the date upon which this Agreement becomes effective as determined in Article 2.1 of this Agreement.

**FERC** shall mean the Federal Energy Regulatory Commission or its successor.

**Force Majeure** shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

**Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practice, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method,

or act to the exclusion of all others, but rather to delineate acceptable practices, methods, or acts generally accepted in the region.

**Governmental Authority** shall mean any federal, state, local or other governmental regulatory or administrative agency, public authority, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over any of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; *provided, however*, that such term does not include the NYISO, the Developer, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

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

**ISO/TO Agreement** shall mean the *Agreement Between the New York Independent System Operator and Transmission Owners*, as filed with and accepted by the Commission in *Cent. Hudson Gas & Elec. Corp., et al.*, 88 FERC ¶ 61,138 (1999) in Docket Nos. ER97-1523, *et al.*, and as amended or supplemented from time to time, or any successor agreement thereto.

**ISO/TO Reliability Agreement** shall mean the Agreement Between the New York Independent System Operator, Inc., and the New York Transmission Owners on the Comprehensive Planning Process for Reliability Needs, as filed with and accepted by the Commission in New York Independent System Operator, Inc., 109 FERC ¶ 61,372 (2004) and 111 FERC ¶ 61,182 (2005) in Docket No. ER04-1144, and as amended or supplemented from time to time, or any successor agreement thereto.

**New York State Transmission System** shall mean the entire New York State electrical transmission system, which includes: (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**NERC** shall mean the North American Electric Reliability Corporation or its successor organization.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYSRC** shall mean the New York State Reliability Council or its successor organization.

**OATT** shall mean the NYISO's Open Access Transmission Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**Party or Parties** shall mean the NYISO, the Developer, or both.

**Point of Interconnection** shall mean the point or points at which the Developer's Transmission Project will interconnect to the New York State Transmission System.

**Project Description** shall mean the description of the Transmission Project set forth in Appendix A to this Agreement that is consistent with the project proposed and evaluated in the NYISO's Reliability Planning Process and, if applicable, selected by the NYISO Board of Directors as the more efficient or cost-effective transmission solution to the identified Reliability Need.

**Reliability Planning Process Manual** shall mean the NYISO's manual adopted by the NYISO stakeholder Operating Committee describing the NYISO's procedures for implementing the Reliability Planning Process component of the NYISO's Comprehensive System Planning Process, as the manual is amended or supplemented from time to time, or any successor manual thereto.

**Required Project In-Service Date** shall mean the In-Service Date by which the Transmission Project must be constructed and operating to satisfy the Reliability Need, as specified in the Development Schedule set forth in Appendix C to this Agreement.

**Services Tariff** shall mean the NYISO's Market Administration and Control Area Services Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**Significant Modification** shall mean a Developer's proposed modification to its Transmission Project that: (i) could impair the Transmission Project's ability to meet the identified Reliability Need, (ii) could delay the In-Service Date of the Transmission Project beyond the Required Project In-Service Date, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use by the NYISO in evaluating the Transmission Project for purposes of selecting the more efficient or cost-effective transmission solution to meet the identified Reliability Need.

**Scope of Work** shall mean the description of the work required to implement the Transmission Project as set forth in Appendix B to this Agreement. The Scope of Work shall be drawn from the Developer's submission of the Required Data Submission for Solutions to Reliability Needs, which is set forth in Attachment C of the NYISO Reliability Planning Manual, as may be updated as agreed upon by the Parties, and shall include, but not be limited to, a description of: the acquisition of required rights-of-ways, the work associated with the licensing, design, financing, environmental and regulatory approvals, engineering, procurement of equipment, construction, installation, testing, and commissioning of the Transmission Project; the relevant technical requirements, standards, and guidelines pursuant to which the work will be performed; the major equipment and facilities to be constructed and/or installed in connection with the Transmission Project, and the cost estimates for the work associated with the Transmission Project.

**Transmission Owner Technical Standards** shall mean the technical requirements and standards (*e.g.*, equipment or facilities electrical and physical capabilities, design characteristics, or construction requirements), as those requirements and standards are amended and modified and in effect from time to time, of: (i) the Connecting Transmission Owner(s), (ii) *[to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has*

*determined may be impacted by the Transmission Project*], and (iii) any Affected System Operator.

**Transmission Project** shall mean the Developer's regulated transmission solution that is subject to this Agreement as described in the Project Description set forth in Appendix A to this Agreement.

## **ARTICLE 2. EFFECTIVE DATE AND TERM**

### **2.1. Effective Date**

This Agreement shall become effective on the date it has been executed by all Parties; *provided, however*, if the Agreement is filed with FERC as a non-conforming or an unexecuted agreement pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the Agreement shall become effective on the effective date accepted by FERC.

### **2.2. Filing**

If the Agreement must be filed with FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO shall file this Agreement for acceptance with FERC within the timeframe set forth for the filing in Section 31.2.8.1.6 of Attachment Y of the OATT. The Developer shall cooperate in good faith with the NYISO with respect to such filing and provide any information requested by the NYISO to comply with Applicable Laws and Regulations. Any Confidential Information shall be treated in accordance with Article 11.2 of this Agreement.

### **2.3. Term of Agreement**

Subject to the termination provisions in Article 8 of this Agreement, this Agreement shall remain in effect from the Effective Date until: (i) the Developer executes an operating agreement with the NYISO, and (ii) the Transmission Project: (A) has been completed in accordance with the terms and conditions of this Agreement, and (B) is in-service; *provided, however*, that the terms of this Agreement shall continue in effect to the extent provided in Article 14 of this Agreement.

## **ARTICLE 3. TRANSMISSION PROJECT DEVELOPMENT AND CONSTRUCTION**

### **3.1. Application for Required Authorizations and Approvals**

The Developer shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date. The required authorizations and approvals shall be listed in the Scope of Work in Appendix B to this Agreement. The Developer shall seek and obtain the required authorizations and approvals in accordance with the milestones set forth in the Development Schedule in Appendix C to this Agreement. The milestones for obtaining the required authorizations and approvals shall be included in the Development Schedule as Critical Path Milestones and Advisory Milestones, as designated by the Parties under Article 3.3.1. The Developer shall notify the NYISO in accordance with the notice requirements in Article 3.3 if it has reason to believe that it may be unable to timely obtain or is denied an approval or

authorization by a Governmental Authority required for the development, construction, or operation of the Transmission Project, or if such approval or authorization is withdrawn or modified.

### **3.2. Development and Construction of Transmission Project**

The Developer shall design, engineer, procure, install, construct, test and commission the Transmission Project in accordance with: (i) the terms of this Agreement, including, but not limited to, the Project Description in Appendix A to this Agreement, the Scope of Work in Appendix B to this Agreement, and the Development Schedule in Appendix C to this Agreement; (ii) Applicable Reliability Requirements; (iii) Applicable Laws and Regulations; (iv) Good Utility Practice; (v) the Transmission Owner Technical Standards, and (vi) any interconnection agreement(s) entered into by and among the NYISO, Developer, and Connecting Transmission Owner(s) for the Transmission Project to interconnect to the New York State Transmission System.

### **3.3. Milestones**

- 3.3.1. The NYISO shall provide the Developer with the Required Project In-Service Date that is set forth in the Comprehensive Reliability Plan report or the updated Comprehensive Reliability Plan report, as applicable, in accordance with Sections 31.2.7 and 31.2.7.3 of Attachment Y of the OATT. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Developer shall agree to the Critical Path Milestones and Advisory Milestones set forth in the Development Schedule in Appendix C to this Agreement for the development, construction, and operation of the Transmission Project by the Required Project In-Service Date in accordance with Section 31.2.8.1.6 of Attachment Y of the OATT; provided that any such milestone for the Transmission Project that requires action by a Connecting Transmission Owner or an Affected System Operator to complete must be included as an Advisory Milestone.
- 3.3.2. The Developer shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Developer's inability or failure to meet a Critical Path Milestone specified in the Development Schedule, as such Critical Path Milestone may be amended with the agreement of the NYISO under this Article 3.3, shall constitute a Breach of this Agreement under Article 7.1.
- 3.3.3. The Developer shall notify the NYISO thirty (30) Calendar Days prior to the date of each Critical Path Milestone specified in the Development Schedule whether, to the best of its knowledge, it expects to meet the Critical Path Milestone by the specified date; *provided*, however, that notwithstanding this requirement:
  - (i) the Developer shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Developer's discovery of a potential delay in meeting a Critical Path Milestone, including a delay caused by a Force Majeure event; and

- (ii) the NYISO may request in writing at any time, and Developer shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Developer will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.
- 3.3.4. The Developer shall not make a change to a Critical Path Milestone without the prior written consent of the NYISO. To request a change to a Critical Path Milestone, the Developer must: (i) inform the NYISO in writing of the proposed change to the Critical Path Milestone and the reason for the change, including the occurrence of a Force Majeure event in accordance with Section 15.5, (ii) submit to the NYISO a revised Development Schedule containing any necessary changes to Critical Path Milestones and Advisory Milestones that provide for the Transmission Project to be completed and achieve its In-Service Date no later than the Required Project In-Service Date, and (iii) submit a notarized officer's certificate certifying the Developer's capability to complete the Transmission Project in accordance with the modified schedule. If the Developer: (i) must notify the NYISO of a potential delay in meeting a Critical Path Milestone in accordance with one of the notification requirements in Section 3.3.3 or (ii) is requesting a change to a Critical Path Milestone to cure a Breach in Section 7.2, the Developer shall submit any request to change the impacted Critical Path Milestone(s) within the relevant notification timeframe set forth in Section 3.3.3 or the cure period set forth in Section 7.2, as applicable. The NYISO will promptly review the Developer's requested change. The Developer shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Developer demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone will not delay the Transmission Project's In-Service Date beyond the Required Project In-Service Date, then the NYISO's consent to extending the Critical Path Milestone date will not be unreasonably withheld, conditioned, or delayed. The NYISO's written consent to a revised Development Schedule proposed by the Developer will satisfy the amendment requirements in Article 15.8, and the NYISO will not be required to file the revised Development Schedule with FERC.
- 3.3.5. Within fifteen (15) Calendar Days of the Developer's discovery of a potential delay in meeting an Advisory Milestone, the Developer shall inform the NYISO of the potential delay and describe the impact of the delay on meeting the Critical Path Milestones. The Developer may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO's written consent to make such change is required as described in Article 3.3.4.

### **3.4. Modifications to Transmission Project**

The Developer shall not make a Significant Modification to the Transmission Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Developer to obtain required approvals or authorizations from Governmental Authorities. The NYISO's determination regarding a Significant Modification to the

Transmission Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Transmission Project under Attachment P of the OATT. The Developer may request that the NYISO review whether a modification to the Transmission Project would constitute a Significant Modification. The Developer shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. If the Developer demonstrates to the NYISO's satisfaction that its proposed Significant Modification: (i) does not impair the Transmission Project's ability to satisfy the identified Reliability Need, (ii) does not delay the In-Service Date of the Transmission Project beyond the Required Project In-Service Date, and (iii) does not change the grounds upon which the NYISO selected the Transmission Project as the more efficient or cost-effective transmission solution to the identified Reliability Need (if applicable), the NYISO's consent to the Significant Modification will not be unreasonably withheld, conditioned, or delayed. The NYISO's performance of this review shall not constitute its consent to delay the completion of any Critical Path Milestone.

### **3.5. Billing and Payment**

The NYISO shall charge, and the Developer shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3 and 3.4, or (ii) any assessment of the Transmission Project by the NYISO or its subcontractor(s) under Article 3.7. The NYISO will invoice Developer on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Developer shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO's issuance of a monthly invoice. In the event the Developer disputes an amount to be paid, the Developer shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Developer's favor, the NYISO will net the disputed amount, including interest calculated from Developer's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Developer and pay the balance to the Developer. This Article 3.5 shall survive the termination, expiration, or cancellation of this Agreement.

### **3.6. Project Monitoring**

The Developer shall provide regular status reports to the NYISO in accordance with the monitoring requirements set forth in the Development Schedule, the Reliability Planning Process Manual and Attachment Y of the OATT.

### **3.7. Right to Inspect**

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Transmission Project for the purpose of assessing the progress of the development and construction of the Transmission Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Transmission Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such inspection shall take place during normal business hours, shall not interfere



with the construction of the Transmission Project and shall be subject to such reasonable safety and procedural requirements as the Developer shall specify.

### **3.8. Exclusive Responsibility of Developer**

As between the Parties, the Developer shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards associated with the Transmission Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Developer's development of the Transmission Project or the compliance of the Developer with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Developer in good faith in providing information to assist the Developer in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date, including, if applicable, information describing the NYISO's basis for selecting the Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Reliability Need.

### **3.9. Subcontractors**

- 3.9.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, *however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further*, that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.
- 3.9.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

### **3.10. No Services or Products Under NYISO Tariffs**

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If Developer wishes to receive or supply such products or services, the Developer must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

### **3.11. Tax Status**

Each Party shall cooperate with the other Party to maintain each Party's tax status to the extent the Party's tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

## **ARTICLE 4. COORDINATION WITH THIRD PARTIES**

### **4.1. Interconnection Requirements for Transmission Project**

The Developer shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a "Transmission Project" to interconnect the Transmission Project to the New York State Transmission System by the Required Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement; and constructing, or arranging for the construction of, all required Network Upgrade Facilities; *provided, however*, if the Developer began the interconnection process in Attachment X of the OATT or the transmission expansion process in Sections 3.7 or 4.5 of the OATT prior to the effective date of the Transmission Interconnection Procedures, the Developer shall satisfy the requirements of the Transmission Interconnection Procedures in accordance with the transition rules in Section 22.3.3 of Attachment P of the OATT.

If the NYISO determines that the proposed interconnection of a "Transmission Project" under Attachment P could affect the Transmission Project under this Agreement, the Developer shall participate in the Transmission Interconnection Procedures as an Affected System Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a "Large Generating Facility," "Small Generating Facility," or "Class Year Transmission Project" under Attachments X or Z of the OATT could affect the Transmission Project, the Developer shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth in Section 30.3.5 of Attachment X of the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Transmission Project, the Developer shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

### **4.2. Interconnection with Affected System**

If part of the Transmission Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Developer shall satisfy the requirements of the Affected System Operator for the interconnection of the Transmission Project.

### **4.3. Coordination of Interregional Transmission Project**

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address an identified Reliability Need, the Developer shall

coordinate its development and construction of the Transmission Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

## **ARTICLE 5. OPERATION REQUIREMENTS FOR THE TRANSMISSION PROJECT**

If the Developer is a Transmission Owner, the Developer shall comply with the operating requirements set forth in the ISO/TO Agreement. If the Developer is not a Transmission Owner, the Developer shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Transmission Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Transmission Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and Transmission Operators; and (v) prior to energizing the Transmission Project, execute an operating agreement with the NYISO.

## **ARTICLE 6. INSURANCE**

The Developer shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated “A- (minus) VII” or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

- 6.1 Workers’ Compensation and Employers’ Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Transmission Project will be located in part outside of New York State, Developer shall maintain such Employers’ Liability Insurance coverage with a minimum limit of One Million Dollars (\$1,000,000).
- 6.2 Commercial General Liability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars (\$2,000,000) per occurrence/Four Million Dollars (\$4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 6.3 Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum,

combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

- 6.4 Umbrella/Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars (\$25,000,000) per occurrence/Twenty-Five Million Dollars (\$25,000,000) aggregate.
- 6.5 Builder's Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.
- 6.6 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Developer shall name the NYISO and its respective directors, officers, agents, servants and employees ("NYISO Parties") as additional insureds. For Commercial General Liability Insurance, the Developer shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04 13 ("Additional Insured – Owners, Lessees or Contractors – Completed Operations") and (ii) (A) ISO Coverage Form No. CG 20 10 04 13 ("Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization"), or (B) ISO Coverage Form No. CG 20 26 04 13 ("Additional Insured – Designated Person or Organization"). For Commercial Business Automobile Liability Insurance, the Developer shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 ("Designated Insured for Covered Autos Liability Coverage"), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.
- 6.7 All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO Parties prior to non-renewal, cancellation or any material change in coverage or condition.
- 6.8 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Developer shall be responsible for its respective deductibles or retentions.
- 6.9 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in

full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Developer and the NYISO.

- 6.10 The requirements contained herein as to the types and limits of all insurance to be maintained by the Developer are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Developer under this Agreement.
- 6.11 The Developer shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO's date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.
- 6.12 Notwithstanding the foregoing, the Developer may self-insure to meet the minimum insurance requirements of Articles 6.2 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Developer's senior debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 6.2 through 6.10. For any period of time that the Developer's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, the Developer shall comply with the insurance requirements applicable to it under Articles 6.2 through 6.11. In the event that the Developer is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.
- 6.13 The Developer and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.
- 6.14 Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Developer: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Developer and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

## **ARTICLE 7. BREACH AND DEFAULT**

### **7.1. Breach**

A Breach of this Agreement shall occur when: (i) the Developer notifies the NYISO in writing that it will not proceed to develop the Transmission Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Developer fails to meet a Critical Path Milestone,

as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to this Agreement; (iii) the Developer makes a Significant Modification to the Transmission Project without the prior written consent of the NYISO; (iv) the Developer fails to pay a monthly invoice within the timeframe set forth in Article 3.5; (v) the Developer misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Developer fails to comply with any other material term or condition of this Agreement; (viii) a custodian, receiver, trustee or liquidator of the Developer, or of all or substantially all of the assets of the Developer, is appointed in any proceeding brought by the Developer; or (ix) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Developer that is not discharged within ninety (90) Days after such appointment, or if the Developer consents to or acquiesces in such appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by a Connecting Transmission Owner or an Affected System Operator.

## **7.2. Default**

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Transmission Project by the Required Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Developer's ability to complete the Transmission Project by the Required Project In-Service Date; *provided, however*, that if the Breach is the result of a Developer's inability or failure to meet a Critical Path Milestone, the Developer may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO's satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Transmission Project will achieve its In-Service Date no later than the Required Project In-Service Date, or (ii) the Developer requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Transmission Project to be completed by the Required Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

## **7.3. Remedies**

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party's liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be

exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

## **ARTICLE 8. TERMINATION**

### **8.1. Termination by the NYISO**

The NYISO may terminate this Agreement by providing written notice of termination to the Developer in the event that: (i) the Transmission Project is not triggered pursuant to Section 31.2.8.1.1 of Attachment Y of the OATT or is halted pursuant to Sections 31.2.8.2.1 or 31.2.8.2.2, as applicable, of Attachment Y of the OATT; (ii) the Developer notifies the NYISO that it is unable to or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date; (iii) the Developer notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iv) the Developer cannot complete the Transmission Project by the Required Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Developer from completing the Transmission Project by the Required Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner or an Affected System Operator; or (v) the NYISO declares a default pursuant to Article 7.2 of this Agreement.

The NYISO will provide the written notice of termination to the Developer within fifteen (15) Business Days of its determination under Article 8.1(i), which notice will specify the date of termination. If the NYISO identifies grounds for termination under Articles 8.1(iv) or (v) or receives notice from the Developer under Articles 8.1(ii) or (iii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Section 31.2.10.1.3 of Attachment Y of the OATT to address the Reliability Need and, notwithstanding the confidentiality provisions in Article 11.2, may disclose information regarding the Transmission Project to Governmental Authorities as needed to implement such action. If the NYISO decides to terminate this Agreement under Article 8.1(ii), (iii), (iv), or (v), it will provide written notice of termination to the Developer, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Developer, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1(i), (ii), or (iii), the Developer may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iv) or (v), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Developer shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Transmission Project.

## **8.2. Reporting of Inability to Comply with Provisions of Agreement**

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

## **8.3. Transmission Project Transfer Rights Upon Termination**

If the Transmission Project was proposed as an alternative regulated transmission solution that was selected by the NYISO as the more efficient or cost-effective transmission solution to a Reliability Need and the NYISO terminates this Agreement pursuant to Article 8.1, the NYISO shall have the right, but shall not be required, to request an entity other than the Developer to complete the Transmission Project. The NYISO may exercise this right by providing the Developer with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO exercises its right under this Article 8.3 and Section 31.2.10.1.3 of Attachment Y of the OATT, the Developer shall work cooperatively with the NYISO's designee pursuant to the requirements set forth in Section 31.2.10.1.4 of Attachment Y of the OATT to implement the transition, including entering into good faith negotiations with the NYISO's designee to transfer the Transmission Project to the NYISO's designee. All liabilities under this Agreement existing prior to such transfer shall remain with the Developer, unless otherwise agreed upon by the Developer and the NYISO's designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

# **ARTICLE 9. LIABILITY AND INDEMNIFICATION**

## **9.1. Liability**

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the Other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party's liability for damages shall be limited only to direct actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

## **9.2. Indemnity**

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all



damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Developer shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further*, that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the ISO OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

## **ARTICLE 10. ASSIGNMENT**

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

- (i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party's prior written consent;
- (ii) an assignment by the Developer shall be contingent upon the Developer or assignee demonstrating to the satisfaction of the NYISO prior to the effective date of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Transmission Project by the Required Project In-Service Date consistent with the assignor's cost estimates for the Transmission Project; and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.2.4.1.1 of Attachment Y of the OATT; and
- (iii) the Developer shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Transmission Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Transmission Project meets the requirements for the assignee of a Developer described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged,

in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

## **ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY**

### **11.1. Information Access**

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

### **11.2. Confidentiality**

- 11.2.1 Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated “Confidential Information”; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*, that Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.
- 11.2.2 The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Developer receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party’s Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

## **ARTICLE 12. REPRESENTATIONS, WARRANTIES, AND COVENANTS**

### **12.1. General**

The Developer makes the following representations, warranties, and covenants, which are effective as to the Developer during the full time this Agreement is effective:

### **12.2. Good Standing**

The Developer is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Developer is qualified to do business in the state or states in which the Transmission Project is located. The Developer has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

### **12.3. Authority**

The Developer has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

### **12.4. No Conflict**

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Developer, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Developer or any of its assets.

### **12.5. Consent and Approval**

The Developer has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

### **12.6. Compliance with All Applicable Laws and Regulations**

The Developer will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

## **ARTICLE 13. DISPUTE RESOLUTION**

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO's Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO's Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

## **ARTICLE 14. SURVIVAL**

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, and the billing and payment provisions in Article 3.5 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

## **ARTICLE 15. MISCELLANEOUS**

### **15.1. Notices**

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:

[Insert contact information.]

Developer:

[Insert contact information.]

### **15.2. Entire Agreement**

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Developer's and NYISO's rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Developer, and Connecting Transmission Owner(s) for the Transmission Project to interconnect to the New York State Transmission

System, as such interconnection agreements may be amended, supplemented, or modified from time to time.

### **15.3. Cost Recovery**

The Developer may recover the costs of the Transmission Project in accordance with the cost recovery requirements in the ISO Tariffs and, if the Developer is the Responsible Transmission Owner, the ISO Tariffs and the ISO/TO Reliability Agreement.

### **15.4. Binding Effect**

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

### **15.5. Force Majeure**

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Developer to meet a Critical Path Milestone. If the notifying Party is the Developer, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Transmission Project by the Required Project In-Service Date. If the Force Majeure will delay the Developer's ability to meet one or more Critical Path Milestones, the Developer shall request with its notice a change to the impacted milestones in accordance with the requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Developer's ability to complete the Transmission Project by the Required Project In-Service Date. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that Developer will not be able to complete the Transmission Project by the Required Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

### **15.6. Disclaimer**

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

### **15.7. No NYISO Liability for Review or Approval of Developer Materials**

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Developer from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Developer or any other person by reason of its or its subcontractor's review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

### **15.8. Amendment**

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

### **15.9. No Third Party Beneficiaries**

With the exception of the indemnification rights of the NYISO's directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

### **15.10. Waiver**

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

### **15.11. Rules of Interpretation**

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as

amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) “hereunder”, “hereof”, “herein”, “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

#### **15.12. Severability**

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

#### **15.13. Multiple Counterparts**

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

#### **15.14. No Partnership**

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

#### **15.15. Headings**

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

#### **15.16. Governing Law**

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

#### **15.17. Jurisdiction and Venue**

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County, New York or the United States District Court of the Northern District of New York situated in Albany, New York.



**IN WITNESS WHEREFORE**, the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

[Insert name of Developer]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Appendix A – Project Description**

## **Appendix B – Scope of Work**

## Appendix C – Development Schedule

[To be prepared by Developer consistent with the Developer's project information submission, pursuant to Attachment C of the Reliability Planning Process Manual, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.]

The Developer shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.

**Critical Path Milestones:** *[To be developed with consideration of each of the work plan requirements submitted by the Developer pursuant to Attachment C to the Reliability Planning Process Manual and presented herein according to the sequence of the critical path. The NYISO anticipates that the Developer's critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Developer's Transmission Project and schedule.]*

**Advisory Milestones:** *[To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Developer and reported to NYISO.]*

*[Example Milestones:*

- *Interconnection studies (e.g. Optional Feasibility Study, System Impact Study, Facilities Study)*
- *Siting activities (e.g. locating line routing, access roads, and substation site location options)*
- *Environmental impact studies (relative to siting options)*
- *Engineering (initial)*
- *Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)*
- *Public outreach plan*
- *Initiation of negotiation of key contracts and financing*
- *Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals*
- *Closing of project financing*
- *Completion of key contracts*
- *Engineering (detailed)*

- *Procurement of major equipment and materials*
- *Environmental management & construction plan (for Article VII certification)*
- *Acquisition of [all or %] required rights of way and property / demonstration of site control*
- *Surveying and geotechnical assessment (relative to line and station layouts)*
- *Execution, or filing of unexecuted version, of interconnection agreement*
- *Engineering (completed)*
- *Delivery of major electrical equipment*
- *Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.*
- *Construction outage and restoration coordination plan*
- *Completion, verification and testing*
- *Operating and maintenance agreements and instructions*
- *In-Service Date*
- *Required Project In-Service Date]*

**APPENDIX D – PUBLIC POLICY TRANSMISSION PLANNING PROCESS  
DEVELOPMENT AGREEMENT**

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**THIS DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and between \_\_\_\_\_, a [corporate description] organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Developer”), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”). Developer or NYISO each may be referred to as a “Party” or collectively referred to as the “Parties.”

## **RECITALS**

**WHEREAS**, the NYISO administers the Comprehensive System Planning Process (“CSPP”) in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO’s Open Access Transmission Tariff (“OATT”), as accepted by the Federal Energy Regulatory Commission (“FERC”);

**WHEREAS**, as part of the CSPP, the NYISO administers a Public Policy Transmission Planning Process pursuant to which Public Policy Transmission Need(s) are identified; proposed solutions to the identified need(s) are solicited by the NYISO; and the more efficient or cost-effective transmission solution to satisfy the identified need(s) is selected by the NYISO and reported in the NYISO’s Public Policy Transmission Planning Report;

**WHEREAS**, the Developer has proposed a Public Policy Transmission Project to satisfy an identified Public Policy Transmission Need (“Transmission Project”);

**WHEREAS**, the NYISO has selected the Developer’s Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Public Policy Transmission Need and has directed the Developer to proceed with the Transmission Project;

**WHEREAS**, the Developer has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Transmission Project, to develop and construct the Transmission Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

**WHEREAS**, the Developer and the NYISO have agreed to enter into this Agreement pursuant to Section 31.4.12.2 of Attachment Y of the OATT for the purpose of ensuring that the Transmission Project will be constructed and in service in time to satisfy the Public Policy Transmission Need (“Required Project In-Service Date”); and

**WHEREAS**, the Developer has agreed to construct, and the NYISO has requested that the Developer proceed with construction of, the Transmission Project to address the identified Public Policy Transmission Need by the Required Project In-Service Date.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, it is agreed:

## ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the OATT or, if not therein, in Article 1 of the OATT.

**Advisory Milestones** shall mean the milestones set forth in the Development Schedule in Attachment C to this Agreement that are not Critical Path Milestones.

**Affected System Operator** shall mean any Affected System Operator(s) identified in connection with the Transmission Project pursuant to Attachment P of the ISO OATT.

**Applicable Laws and Regulations** shall mean: (i) all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority, and (ii) all applicable requirements of the ISO Tariffs, ISO Procedures, and ISO Related Agreements.

**Applicable Reliability Organizations** shall mean the NERC, the NPCC, and the NYSRC.

**Applicable Reliability Requirements** shall mean the requirements, criteria, rules, standards, and guidelines, as they may be amended and modified and in effect from time to time, of: (i) the Applicable Reliability Organizations, (ii) the Connecting Transmission Owner(s), (iii) *[to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Transmission Project]*, and (iv) any Affected System Operator; *provided, however*, that no Party shall waive its right to challenge the applicability or validity of any requirement, criteria, rule, standard, or guideline as applied to it in the context of this Agreement.

**Breach** shall have the meaning set forth in Article 7.1 of this Agreement.

**Breaching Party** shall mean a Party that is in Breach of this Agreement.

**Business Day** shall mean Monday through Friday, excluding federal holidays.

**Calendar Day** shall mean any day including Saturday, Sunday, or a federal holiday.

**Change of Control** shall mean a change in ownership of more than 50% of the membership or ownership interests or other voting securities of the Developer to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Developer to a third party.

**Confidential Information** shall mean any information that is defined as confidential by Article 11.2.

**Connecting Transmission Owner** shall be the Connecting Transmission Owner(s) identified in connection with the Transmission Project pursuant to Attachment P of the ISO OATT.

**Critical Path Milestones** shall mean the milestones identified as such in the Development Schedule in Attachment C to this Agreement that must be met for the Transmission Project to be constructed and operating by the Required Project In-Service Date.

**Default** shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 7.2 of this Agreement.

**Developer** shall have the meaning set forth in the introductory paragraph.

**Development Schedule** shall mean the schedule of Critical Path Milestones and Advisory Milestones set forth in Appendix C to this Agreement.

**Effective Date** shall mean the date upon which this Agreement becomes effective as determined in Article 2.1 of this Agreement.

**FERC** shall mean the Federal Energy Regulatory Commission or its successor.

**Force Majeure** shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

**Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practice, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to delineate acceptable practices, methods, or acts generally accepted in the region.

**Governmental Authority** shall mean any federal, state, local or other governmental regulatory or administrative agency, public authority, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over any of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; *provided, however*, that such term does not include the NYISO, the Developer, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

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

**ISO/TO Agreement** shall mean the *Agreement Between the New York Independent System Operator and Transmission Owners*, as filed with and accepted by the Commission in *Cent.*

*Hudson Gas & Elec. Corp., et al.*, 88 FERC ¶ 61,138 (1999) in Docket Nos. ER97-1523, *et al.*, and as amended or supplemented from time to time, or any successor agreement thereto.

**New York State Transmission System** shall mean the entire New York State electrical transmission system, which includes: (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**NERC** shall mean the North American Electric Reliability Corporation or its successor organization.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYPSC** shall mean the New York State Public Service Commission or its successor.

**NYSRC** shall mean the New York State Reliability Council or its successor organization.

**OATT** shall mean the NYISO's Open Access Transmission Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**Party or Parties** shall mean the NYISO, the Developer, or both.

**Point of Interconnection** shall mean the point or points at which the Developer's Transmission Project will interconnect to the New York State Transmission System.

**Project Description** shall mean the description of the Transmission Project set forth in Appendix A to this Agreement that is consistent with the project proposed and evaluated in the NYISO's Public Policy Transmission Planning Process and selected by the NYISO Board of Directors as the more efficient or cost-effective transmission solution to the identified Public Policy Transmission Need.

**Public Policy Transmission Planning Process Manual** shall mean the NYISO's manual adopted by the NYISO stakeholder Operating Committee describing the NYISO's procedures for implementing the Public Policy Transmission Planning Process component of the NYISO's Comprehensive System Planning Process, as the manual is amended or supplemented from time to time, or any successor manual thereto.

**Required Project In-Service Date** shall mean the In-Service Date by which the Transmission Project must be constructed and operating, which date shall be: (i) the date by which the Public Policy Transmission Need must be satisfied as prescribed by the NYPSC in its order identifying the need or in a subsequent order, or (ii) if the NYPSC has not prescribed a date, the date proposed by the Developer and reviewed and accepted by the NYISO, which date may be either: (A) the In-Service Date specified by the Developer in the project information it submitted under Attachment Y of the OATT for use by the NYISO in its selection of the Transmission Project as the more efficient or cost-effective transmission solution to satisfy the Public Policy Transmission Need, or (B) such other date accepted by the NYISO as reasonable in light of the Public Policy Transmission Need. The Required Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

**Services Tariff** shall mean the NYISO's Market Administration and Control Area Services Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**Significant Modification** shall mean a Developer's proposed modification to its Transmission Project that: (i) could impair the Transmission Project's ability to meet the identified Public Policy Transmission Need, (ii) could delay the In-Service Date of the Transmission Project beyond the Required Project In-Service Date, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use by the NYISO in evaluating the Transmission Project for purposes of selecting the more efficient or cost-effective transmission solution to meet the identified Public Policy Transmission Need.

**Scope of Work** shall mean the description of the work required to implement the Transmission Project as set forth in Appendix B to this Agreement. The Scope of Work shall be drawn from the Developer's submission of the "Information for a Proposed Solution to a Public Policy Transmission Need" and the "Data Submission for Public Policy Transmission Projects," which are set forth in Attachments B and C of the NYISO Public Policy Transmission Planning Process Manual, as may be updated as agreed upon by the Parties. The Scope of Work shall include, but not be limited to, a description of: the acquisition of required rights-of-ways, the work associated with the licensing, design, financing, environmental and regulatory approvals, engineering, procurement of equipment, construction, installation, testing, and commissioning of the Transmission Project; the relevant technical requirements, standards, and guidelines pursuant to which the work will be performed; the major equipment and facilities to be constructed and/or installed in connection with the Transmission Project, and the cost estimates for the work associated with the Transmission Project.

**Transmission Owner Technical Standards** shall mean the technical requirements and standards (*e.g.*, equipment or facilities electrical and physical capabilities, design characteristics, or construction requirements), as those requirements and standards are amended and modified and in effect from time to time, of: (i) the Connecting Transmission Owner(s), (ii) *[to insert the name(s) of any other Transmission Owners or developers whose transmission facilities the NYISO has determined may be impacted by the Transmission Project]*, and (iii) any Affected System Operator.

**Transmission Project** shall mean the Developer's proposed Public Policy Transmission Project selected by the NYISO as the more efficient or cost-effective transmission solution to a Public Policy Transmission Need that is subject to this Agreement, as described in the Project Description set forth in Appendix A to this Agreement.

## **ARTICLE 2. EFFECTIVE DATE AND TERM**

### **2.1. Effective Date**

This Agreement shall become effective on the date it has been executed by all Parties; *provided, however*, if the Agreement is filed with FERC as a non-conforming or an

unexecuted agreement pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the Agreement shall become effective on the effective date accepted by FERC.

## **2.2. Filing**

If the Agreement must be filed with FERC pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the NYISO shall file this Agreement for acceptance with FERC within the timeframe set forth for the filing in Section 31.4.12.2 of Attachment Y of the OATT. The Developer shall cooperate in good faith with the NYISO with respect to such filing and provide any information requested by the NYISO to comply with Applicable Laws and Regulations. Any Confidential Information shall be treated in accordance with Article 11.2 of this Agreement.

## **2.3. Term of Agreement**

Subject to the termination provisions in Article 8 of this Agreement, this Agreement shall remain in effect from the Effective Date until: (i) the Developer executes an operating agreement with the NYISO, and (ii) the Transmission Project: (A) has been completed in accordance with the terms and conditions of this Agreement, and (B) is in-service; *provided, however*, that the terms of this Agreement shall continue in effect to the extent provided in Article 14 of this Agreement.

# **ARTICLE 3. TRANSMISSION PROJECT DEVELOPMENT AND CONSTRUCTION**

## **3.1. Application for Required Authorizations and Approvals**

The Developer shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date. The required authorizations and approvals shall be listed in the Scope of Work in Appendix B to this Agreement. The Developer shall seek and obtain the required authorizations and approvals in accordance with the milestones set forth in the Development Schedule in Appendix C to this Agreement. The milestones for obtaining the required authorizations and approvals shall be included in the Development Schedule as Critical Path Milestones and Advisory Milestones, as designated by the Parties under Article 3.3.1. The Developer shall notify the NYISO in accordance with the notice requirements in Article 3.3 if it has reason to believe that it may be unable to timely obtain or is denied an approval or authorization by a Governmental Authority required for the development, construction, or operation of the Transmission Project, or if such approval or authorization is withdrawn or modified.

## **3.2. Development and Construction of Transmission Project**

The Developer shall design, engineer, procure, install, construct, test and commission the Transmission Project in accordance with: (i) the terms of this Agreement, including, but not limited to, the Project Description in Appendix A to this Agreement, the Scope of Work in Appendix B to this Agreement, and the Development Schedule in Appendix C to this Agreement; (ii) Applicable Reliability Requirements; (iii) Applicable Laws and Regulations; (iv) Good Utility Practice; (v) the Transmission Owner Technical Standards, and (vi) any interconnection agreement(s) entered into by and among the NYISO, Developer, and Connecting

Transmission Owner(s) for the Transmission Project to interconnect to the New York State Transmission System.

### **3.3. Milestones**

- 3.3.1. The NYISO shall provide the Developer with the Required Project In-Service Date that is set forth in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y of the OATT. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Developer shall agree to the Critical Path Milestones and Advisory Milestones set forth in the Development Schedule in Appendix C to this Agreement for the development, construction, and operation of the Transmission Project by the Required Project In-Service Date in accordance with Section 31.4.12.2 of Attachment Y of the OATT; provided that any such milestone for the Transmission Project that requires action by a Connecting Transmission Owner or Affected System Operator to complete must be included as an Advisory Milestone.
- 3.3.2. The Developer shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Developer's inability or failure to meet a Critical Path Milestone specified in the Development Schedule, as such Critical Path Milestone may be amended with the agreement of the NYISO under this Article 3.3, shall constitute a Breach of this Agreement under Article 7.1.
- 3.3.3. The Developer shall notify the NYISO thirty (30) Calendar Days prior to the date of each Critical Path Milestone specified in the Development Schedule whether, to the best of its knowledge, it expects to meet the Critical Path Milestone by the specified date; *provided, however*, that notwithstanding this requirement:
  - (i) the Developer shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Developer's discovery of a potential delay in meeting a Critical Path Milestone, including a delay caused by a Force Majeure event; and
  - (ii) the NYISO may request in writing at any time, and Developer shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Developer will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.
- 3.3.4. The Developer shall not make a change to a Critical Path Milestone without the prior written consent of the NYISO. To request a change to a Critical Path Milestone, the Developer must: (i) inform the NYISO in writing of the proposed change to the Critical Path Milestone and the reason for the change, including the occurrence of a Force Majeure event in accordance with Section 15.5, (ii) submit to the NYISO a revised Development Schedule containing any necessary changes to Critical Path Milestones and Advisory Milestones that provide for the Transmission Project to be completed and achieve its In-Service Date no later than the Required Project In-Service Date, and (iii) submit a notarized officer's certificate certifying the

Developer's capability to complete the Transmission Project in accordance with the modified schedule. If the Developer: (i) must notify the NYISO of a potential delay in meeting a Critical Path Milestone in accordance with one of the notification requirements in Section 3.3.3 or (ii) is requesting a change to a Critical Path Milestone to cure a Breach in Section 7.2, the Developer shall submit any request to change the impacted Critical Path Milestone(s) within the relevant notification timeframe set forth in Section 3.3.3 or the cure period set forth in Section 7.2, as applicable. The NYISO will promptly review the Developer's requested change. The Developer shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If the Developer demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone will not delay the Transmission Project's In-Service Date beyond the Required Project In-Service Date, then the NYISO's consent to extending the Critical Path Milestone date will not be unreasonably withheld, conditioned, or delayed. The NYISO's written consent to a revised Development Schedule proposed by the Developer will satisfy the amendment requirements in Article 15.8, and the NYISO will not be required to file the revised Development Schedule with FERC.

- 3.3.5. Within fifteen (15) Calendar Days of the Developer's discovery of a potential delay in meeting an Advisory Milestone, the Developer shall inform the NYISO of the potential delay and describe the impact of the delay on meeting the Critical Path Milestones. The Developer may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO's written consent to make such change is required as described in Article 3.3.4.

### **3.4. Modifications to Required Project In-Service Date**

- 3.4.1. The Developer shall not make a change to the Required Project In-Service Date without the prior written consent of the NYISO. To request a change, the Developer must: (i) inform the NYISO in writing of the proposed change to the Required Project In-Service Date and the reason for the change, including the occurrence of a Force Majeure event, (ii) submit to the NYISO a revised Development Schedule that provides for the Transmission Project to be completed and achieve its In-Service Date no later than the proposed, modified Required Project In-Service Date, and (iii) demonstrate that the Developer has made reasonable progress against the milestones set forth in the Development Schedule, and is capable of completing the Transmission Project in accordance with the modified schedule. If the Required Project In-Service Date is the date prescribed by the NYPSC in its order identifying the Public Policy Transmission Need or in a subsequent order, the Developer must also demonstrate that the NYPSC has issued an order modifying its prescribed date.
- 3.4.2. The NYISO will promptly review Developer's requested change to the Required Project In-Service Date. The Developer shall provide the NYISO with all required information to assist the NYISO in making its determination and shall be responsible for the costs of any study work the NYISO performs in making its determination. If



the Developer fails to provide the NYISO with the information required to make its determination, the NYISO shall not be obligated to make this determination. The NYISO's consent to extend the Required Project In-Service Date will not be unreasonably withheld, conditioned, or delayed if the Developer demonstrates to the NYISO's satisfaction that: (i) its proposed modified Required Project In-Service Date is reasonable in light of the Public Policy Transmission Need, (ii) it has made reasonable progress against the milestones set forth in the Development Schedule, and (iii) its proposed modified date will not result in a significant adverse impact to the reliability of the New York State Transmission System. The Parties shall amend this Agreement in accordance with Article 15.8 to incorporate a revised Required Project In-Service Date and Development Schedule.

### **3.5. Modifications to Transmission Project**

The Developer shall not make a Significant Modification to the Transmission Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Developer to obtain required approvals or authorizations from Governmental Authorities; *provided, however*, that a proposed Significant Modification that is a proposed modification to the Required Project In-Service Date shall be addressed in accordance with Article 3.4. The NYISO's determination regarding a Significant Modification to the Transmission Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Transmission Project under Attachment P of the OATT. The Developer may request that the NYISO review whether a modification to the Transmission Project would constitute a Significant Modification. The Developer shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. The NYISO's consent to the Significant Modification will not be unreasonably withheld, conditioned, or delayed if the Developer demonstrates to the NYISO's satisfaction that its proposed Significant Modification: (i) does not impair the Transmission Project's ability to satisfy the identified Public Policy Transmission Need, (ii) does not delay the In-Service Date of the Transmission Project beyond the Required Project In-Service Date, (iii) does not change the grounds upon which the NYISO selected the Transmission Project as the more efficient or cost-effective transmission solution to the identified Public Policy Transmission Need, and (iv) will not result in a significant adverse impact to the reliability of the New York State Transmission System. The NYISO's performance of this review shall not constitute its consent to delay the completion of any Critical Path Milestone.

### **3.6. Billing and Payment**

The NYISO shall charge, and the Developer shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3, 3.4, and 3.5, or (ii) any assessment of the Transmission Project by the NYISO or its subcontractor(s) under Article 3.8. The NYISO will invoice Developer on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Developer shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO's issuance of a monthly invoice. In the event the Developer disputes an amount to be

paid, the Developer shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Developer's favor, the NYISO will net the disputed amount, including interest calculated from Developer's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Developer and pay the balance to the Developer. This Article 3.6 shall survive the termination, expiration, or cancellation of this Agreement.

### **3.7. Project Monitoring**

The Developer shall provide regular status reports to the NYISO in accordance with the monitoring requirements set forth in the Development Schedule, the Public Policy Transmission Planning Process Manual and Attachment Y of the OATT.

### **3.8. Right to Inspect**

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Transmission Project for the purpose of assessing the progress of the development and construction of the Transmission Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Transmission Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such inspection shall take place during normal business hours, shall not interfere with the construction of the Transmission Project and shall be subject to such reasonable safety and procedural requirements as the Developer shall specify.

### **3.9. Exclusive Responsibility of Developer**

As between the Parties, the Developer shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards associated with the Transmission Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Developer's development of the Transmission Project or the compliance of the Developer with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Developer in good faith in providing information to assist the Developer in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date, including, if applicable, information describing the NYISO's basis for selecting the Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Public Policy Transmission Need.

### **3.10. Subcontractors**

3.10.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement;

*provided, however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further*, that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

- 3.10.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

### **3.11. No Services or Products Under NYISO Tariffs**

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If Developer wishes to receive or supply such products or services, the Developer must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

### **3.12. Tax Status**

Each Party shall cooperate with the other Party to maintain each Party's tax status to the extent the Party's tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

## **ARTICLE 4. COORDINATION WITH THIRD PARTIES**

### **4.1. Interconnection Requirements for Transmission Project**

The Developer shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a "Transmission Project" to interconnect the Transmission Project to the New York State Transmission System by the Required Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement; and constructing, or arranging for the construction of, all required Network Upgrade Facilities; *provided, however*, if the Developer began the interconnection process in Attachment X of the OATT or the transmission expansion process in Sections 3.7 or 4.5 of the OATT prior to the effective date of the Transmission Interconnection Procedures, the Developer shall satisfy the requirements of the Transmission Interconnection Procedures in accordance with the transition rules in Section 22.3.3 of Attachment P of the OATT.

If the NYISO determines that the proposed interconnection of a "Transmission Project" under Attachment P could affect the Transmission Project under this Agreement, the Developer shall participate in the Transmission Interconnection Procedures as an Affected System Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a "Large Generating Facility," "Small

Generating Facility,” or “Class Year Transmission Project” under Attachments X or Z of the OATT could affect the Transmission Project, the Developer shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth in Section 30.3.5 of Attachment X of the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Transmission Project, the Developer shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

#### **4.2. Interconnection with Affected System**

If part of the Transmission Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Developer shall satisfy the requirements of the Affected System Operator for the interconnection of the Transmission Project.

#### **4.3. Coordination of Interregional Transmission Project**

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address an identified Public Policy Transmission Need, the Developer shall coordinate its development and construction of the Transmission Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

### **ARTICLE 5. OPERATION REQUIREMENTS FOR THE TRANSMISSION PROJECT**

If the Developer is a Transmission Owner, the Developer shall comply with the operating requirements set forth in the ISO/TO Agreement. If the Developer is not a Transmission Owner, the Developer shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Transmission Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Transmission Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and Transmission Operators; and (v) prior to energizing the Transmission Project, execute an operating agreement with the NYISO.

### **ARTICLE 6. INSURANCE**

The Developer shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated “A- (minus) VII” or better

by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

- 6.1** Workers' Compensation and Employers' Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Transmission Project will be located in part outside of New York State, Developer shall maintain such Employers' Liability Insurance coverage with a minimum limit of One Million Dollars (\$1,000,000).
- 6.2** Commercial General Liability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars (\$2,000,000) per occurrence/Four Million Dollars (\$4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 6.3** Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 6.4** Umbrella/Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars (\$25,000,000) per occurrence/Twenty-Five Million Dollars (\$25,000,000) aggregate.
- 6.5** Builder's Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.
- 6.6** The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Developer shall name the NYISO and its respective directors, officers, agents, servants and employees ("NYISO Parties") as additional insureds. For Commercial General Liability Insurance, the Developer shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04 13 ("Additional Insured – Owners, Lessees or Contractors – Completed Operations") and (ii) (A) ISO Coverage Form No. CG 20 10 04 13 ("Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization"), or (B) ISO Coverage Form No. CG 20 26 04 13 ("Additional Insured – Designated Person or Organization"). For Commercial Business Automobile Liability Insurance, the Developer shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 ("Designated Insured for

Covered Autos Liability Coverage”), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

- 6.7** All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO Parties prior to non-renewal, cancellation or any material change in coverage or condition.
- 6.8** The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer’s liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Developer shall be responsible for its respective deductibles or retentions.
- 6.9** The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Developer and the NYISO.
- 6.10** The requirements contained herein as to the types and limits of all insurance to be maintained by the Developer are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Developer under this Agreement.
- 6.11** The Developer shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO’s date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.
- 6.12** Notwithstanding the foregoing, the Developer may self-insure to meet the minimum insurance requirements of Articles 6.2 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Developer’s senior debt is rated at investment grade, or better, by Standard & Poor’s and that its self-insurance program meets the minimum insurance requirements of Articles 6.2 through 6.10. For any period of time that the Developer’s senior debt is unrated by Standard & Poor’s or is rated at less than investment grade by Standard & Poor’s, the Developer shall comply with the insurance requirements applicable to it under Articles 6.2 through 6.11. In the event that the Developer is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-

insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.

- 6.13** The Developer and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.
- 6.14** Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Developer: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Developer and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

## **ARTICLE 7. BREACH AND DEFAULT**

### **7.1. Breach**

A Breach of this Agreement shall occur when: (i) the Developer notifies the NYISO in writing that it will not proceed to develop the Transmission Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Developer fails to meet a Critical Path Milestone, as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to this Agreement; (iii) the Developer makes a Significant Modification to the Transmission Project without the prior written consent of the NYISO; (iv) the Developer fails to pay a monthly invoice within the timeframe set forth in Article 3.6; (v) the Developer misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Developer fails to file with the Commission any Cost Cap the Developer submitted to the NYISO with its Public Policy Transmission Project and agreed to in this Agreement or seeks to recover through its transmission rates for the Transmission Project or through any other means costs for the Included Capital Costs (as defined in Section 31.4.5.1.8.1 of the ISO OATT) above its Cost Cap, except as permitted for excusing conditions in Section 6.10.6.2 of the ISO OATT and Article 15.3 of this Agreement; (viii) the Developer fails to comply with any other material term or condition of this Agreement; (ix) a custodian, receiver, trustee or liquidator of the Developer, or of all or substantially all of the assets of the Developer, is appointed in any proceeding brought by the Developer; or (x) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Developer that is not discharged within ninety (90) Days after such appointment, or if the Developer consents to or acquiesces in such appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by a Connecting Transmission Owner or an Affected System Operator.

## **7.2. Default**

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Transmission Project by the Required Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Developer's ability to complete the Transmission Project by the Required Project In-Service Date; *provided, however*, that if the Breach is the result of a Developer's inability or failure to meet a Critical Path Milestone, the Developer may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO's satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Transmission Project will achieve its In-Service Date no later than the Required Project In-Service Date, or (ii) the Developer requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Transmission Project to be completed by the Required Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

## **7.3. Remedies**

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party's liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

# **ARTICLE 8. TERMINATION**

## **8.1. Termination by the NYISO**

The NYISO may terminate this Agreement by providing written notice of termination to the Developer in the event that: (i) the Developer notifies the NYISO that it is unable to or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date; (ii) the Developer notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iii) the



Developer cannot complete the Transmission Project by the Required Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Developer from completing the Transmission Project by the Required Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner or an Affected System Operator; or (iv) the NYISO declares a default pursuant to Article 7.2 of this Agreement.

If the NYISO identifies grounds for termination under Articles 8.1(iii) or (iv) or receives notice from the Developer under Articles 8.1(i) or (ii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Section 31.4.12.3.1.3 of Attachment Y of the OATT to address the Public Policy Transmission Need and, notwithstanding the confidentiality provisions in Article 11.2, may disclose information regarding the Transmission Project to Governmental Authorities as needed to implement such action. If the NYISO decides to terminate this Agreement under Article 8.1(i), (ii), (iii), or (iv), it will provide written notice of termination to the Developer, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Developer, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1 (i) or (ii), the Developer may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iii) or (iv), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Developer shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Transmission Project.

## **8.2. Reporting of Inability to Comply with Provisions of Agreement**

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

## **8.3. Transmission Project Transfer Rights Upon Termination**

If the NYISO terminates this Agreement pursuant to Article 8.1, the NYISO shall have the right, but shall not be required, to request an entity other than the Developer to complete the Transmission Project. The NYISO may exercise this right by providing the Developer with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO exercises its right under this Article 8.3 and Section 31.4.12.3.1.3 of Attachment Y of the OATT, the Developer shall work cooperatively with the NYISO's designee pursuant to the requirements set forth in Section 31.4.12.3.1.4 of Attachment Y of the OATT to implement the transition, including entering into good faith negotiations with the NYISO's designee to transfer the Transmission Project to the NYISO's designee. All liabilities under this Agreement existing prior to such transfer shall remain with the Developer, unless otherwise agreed upon by the

Developer and the NYISO's designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

## **ARTICLE 9. LIABILITY AND INDEMNIFICATION**

### **9.1. Liability**

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the Other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party's liability for damages shall be limited only to direct actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

### **9.2. Indemnity**

Notwithstanding any other provision in the NYISO's tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Developer shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further*, that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the ISO OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

## **ARTICLE 10. ASSIGNMENT**

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

- (i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party's prior written consent;
- (ii) an assignment by the Developer shall be contingent upon the Developer or assignee demonstrating to the satisfaction of the NYISO prior to the effective date

of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Transmission Project by the Required Project In-Service Date consistent with the assignor's cost estimates for the Transmission Project; and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.4.4 of Attachment Y of the OATT; and

- (iii) the Developer shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Transmission Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Transmission Project meets the requirements for the assignee of a Developer described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

## **ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY**

### **11.1. Information Access**

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

### **11.2. Confidentiality**

- 11.2.1. Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential Information"; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*, that Confidential Information does not include information: (i) in the public domain or

that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.

- 11.2.2. The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Developer receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party's Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

## **ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **12.1. General**

The Developer makes the following representations, warranties, and covenants, which are effective as to the Developer during the full time this Agreement is effective:

### **12.2. Good Standing**

The Developer is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Developer is qualified to do business in the state or states in which the Transmission Project is located. The Developer has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

### **12.3. Authority**

The Developer has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

#### **12.4. No Conflict**

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Developer, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Developer or any of its assets.

#### **12.5. Consent and Approval**

The Developer has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

#### **12.6. Compliance with All Applicable Laws and Regulations**

The Developer will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

### **ARTICLE 13. DISPUTE RESOLUTION**

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO's Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO's Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

### **ARTICLE 14. SURVIVAL**

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, the cost recovery provisions in Article 15.3 and Appendix D, and the billing and payment provisions in Article 3.6 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

### **ARTICLE 15. MISCELLANEOUS**

#### **15.1. Notices**

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:

[Insert contact information.]

Developer:

[Insert contact information.]

## **15.2. Entire Agreement**

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Developer's and NYISO's rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Developer, and Connecting Transmission Owner(s) for the Transmission Project to interconnect to the New York State Transmission System, as such interconnection agreements may be amended, supplemented, or modified from time to time.

## **15.3. Cost Recovery**

The Developer may recover the costs of the Transmission Project in accordance with the cost recovery requirements in the ISO Tariffs. If the Developer submitted a Cost Cap for the Included Capital Costs (as defined in Section 31.4.5.1.8.1 of the ISO OATT) of the Transmission Project pursuant to Section 31.4.5.1 of the ISO OATT, the Developer's Cost Cap for the Included Capital Costs shall be detailed in Appendix D of this Agreement, which description shall include the Cost Cap in the Developer's project proposal. Developer agrees to file this Cost Cap for Included Capital Costs with the Commission in accordance with the requirements in Rate Schedule 10 of the ISO OATT. If the Cost Cap is a soft Cost Cap, Developer agrees to implement the Cost Cap in accordance with Section 6.10.6.3 of Rate Schedule 10. The Developer further agrees in accordance with Rate Schedule 10 of the OATT that it shall not seek to recover through its transmission rates for the Transmission Project or through any other means costs for the Included Capital Cost above its agreed-upon Cost Cap; *provided, however*, the Developer may recover costs above its agreed-upon Cost Cap resulting from one of the following excusing conditions, but only to the extent the costs arise from the excusing condition:

- A. Transmission Project changes, delays, or additional costs that are due to the actions or omissions of the ISO, Connecting Transmission Owner(s), Interconnecting Transmission Owner(s), or Affected Transmission Owner(s);
- B. A Force Majeure event as defined in this Agreement and subject to the Force Majeure requirements in Section 15.5 of this Agreement;
- C. Changes in laws or regulations, including but not limited to applicable taxes;

- D. Material modifications to scope or routing arising from siting processes under Public Service Law Article VII or applicable local laws as determined by the New York State Public Service Commission or local governments respectively; and
- E. Actions or inactions of regulatory or governmental entities, and court orders.

The provisions of this Section 15.3 and the Developer's Cost Cap for the Included Capital Costs detailed in Appendix D shall not be subject to change through application to the Federal Energy Regulatory Commission pursuant to the provisions of Section 205 of the Federal Power Act absent the agreement of all Parties to the Agreement. In any proceeding conducted pursuant to Section 206 of the Federal Power Act, the standard of review for any change to this Section 15.3 and the Developer's Cost Cap for the Included Capital Costs detailed in Appendix D shall be the "public interest" application of the just and reasonable standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956), and *Fed. Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527 (2008), and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n*, 558 U.S. 165 (2010).

#### **15.4. Binding Effect**

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

#### **15.5. Force Majeure**

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Developer to meet a Critical Path Milestone. If the notifying Party is the Developer, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Transmission Project by the Required Project In-Service Date. If the Force Majeure will delay the Developer's ability to meet one or more Critical Path Milestones, the Developer shall request with its notice a change to the impacted milestones in accordance with the requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Developer's ability to complete the Transmission Project by the Required Project In-Service Date. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that Developer will not be able to complete the Transmission Project by the Required Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

### **15.6. Disclaimer**

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

### **15.7. No NYISO Liability for Review or Approval of Developer Materials**

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Developer from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Developer or any other person by reason of its or its subcontractor's review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

### **15.8. Amendment**

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.4.12.2 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

### **15.9. No Third Party Beneficiaries**

With the exception of the indemnification rights of the NYISO's directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

### **15.10. Waiver**

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

### **15.11. Rules of Interpretation**

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party,



only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) “hereunder”, “hereof”, “herein”, “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

#### **15.12. Severability**

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

#### **15.13. Multiple Counterparts**

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

#### **15.14. No Partnership**

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

#### **15.15. Headings**

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

#### **15.16. Governing Law**

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

#### **15.17. Jurisdiction and Venue**

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County, New York or the United States District Court of the Northern District of New York situated in Albany, New York.

**IN WITNESS WHEREFORE**, the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

[Insert name of Developer]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Appendix A – Project Description**

## **Appendix B – Scope of Work**

## **Appendix C – Development Schedule**

[To be prepared by Developer consistent with the Developer's project information submission, pursuant to Attachment C of the Public Policy Transmission Planning Process Manual, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.]

The Developer shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.

**Critical Path Milestones:** [To be developed with consideration of each of the work plan requirements submitted by the Developer pursuant to Attachment C to the Public Policy Transmission Planning Process Manual and presented herein according to the sequence of the critical path. The NYISO anticipates that the Developer's critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Developer's Transmission Project and schedule.]

**Advisory Milestones:** [To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Developer and reported to NYISO.]

[Example Milestones:

- Interconnection studies (e.g. Optional Feasibility Study, System Impact Study, Facilities Study)
- Siting activities (e.g. locating line routing, access roads, and substation site location options)
- Environmental impact studies (relative to siting options)
- Engineering (initial)
- Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)
- Public outreach plan
- Initiation of negotiation of key contracts and financing
- Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals
- Closing of project financing
- Completion of key contracts
- Engineering (detailed)
- Procurement of major equipment and materials
- Environmental management & construction plan (for Article VII certification)
- Acquisition of [all or %] required rights of way and property / demonstration of site control
- Surveying and geotechnical assessment (relative to line and station layouts)
- Execution, or filing of unexecuted version, of interconnection agreement
- Engineering (completed)
- Delivery of major electrical equipment

- Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.
- Construction outage and restoration coordination plan
- Completion, verification and testing
- Operating and maintenance agreements and instructions
- In-Service Date
- Required Project In-Service Date]

## **Appendix D – Cost Cap**



**31.13 Requested Economic Planning Study Request Form**

## **REQUESTED ECONOMIC PLANNING STUDY REQUEST FORM**

1. The undersigned Market Participant or other interested party (the "Requestor") submits this Requested Economic Planning Study Request Form ("Request Form") pursuant to Section 31.3.3.2 of Attachment Y to the ISO OATT to request that the New York Independent System Operator, Inc. ("NYISO") conduct a Requested Economic Planning Study in accordance with the requirements set forth in Section 31.3.3 of Attachment Y to the ISO OATT. The Requested Economic Planning Study is separate from and in addition to the System & Resource Outlook.
2. Requestor acknowledges that it has reviewed the requirements for a Requested Economic Planning Study in Section 31.3.3 of Attachment Y to the ISO OATT, including its payment obligations for such study set forth in Sections 31.3.3.7, 31.3.3.8, and 31.3.3.9, and requests that the NYISO conduct a Requested Economic Planning Study.
3. Requestor submits with the Request Form a deposit of \$25,000, payable to "The New York Independent System Operator, Inc." Requestor acknowledges that it may be required to provide additional deposit(s) to cover the total cost estimate for the Requested Economic Planning Study as part of the Requested Economic Planning Study Agreement. The NYISO shall hold the study deposit(s) provided by Requestor in an interest-bearing account for which the interest earned will be associated with Requestor and shall be applied to study costs and subject to refund as described in Section 31.3.3.8 of Attachment Y of the ISO OATT.
4. Requestor must submit a separate Request Form and a separate study deposit for multiple study requests that involve significant differences in study scope and assumptions.
5. The NYISO will post on its website the following facts regarding the submitted Request Form: (i) a general description of the Requested Economic Planning Study requested, (ii) the date the NYISO received the Request Form, and (iii) the identity of the Requestor.
6. Requestor acknowledges that the NYISO will accommodate all study requests to the extent reasonable and practicable, subject to resource limitations, and will process Request Forms in the order it receives them on a first come, first served basis.
7. Requestor has provided with this Request Form a high-level description of the Requested Economic Planning Study, to include possible scope, deliverables, scenarios, and desired study completion date.
8. The NYISO will acknowledge receipt of this Request Form within ten (10) business days and at that time will also tell Requestor whether the information submitted with this Request Form is adequate or, if not, what additional information Requestor needs to submit.
9. Following receipt of a complete Request Form, the NYISO will establish a mutually agreeable time to meet with Requestor to discuss and determine the scope and deliverables of the Requested Economic Planning Study. This study scope and deliverables will be recorded in the Requested Economic Planning Study Agreement.

10. Requestor may withdraw this Request Form by terminating the Requested Economic Planning Study Agreement in accordance with its terms or, if the Requested Economic Planning Study Agreement has not yet been executed, by providing written notice to the NYISO.

11. The Requestor shall submit the Request Form to [EconomicPlanning@nyiso.com](mailto:EconomicPlanning@nyiso.com). The currently designated representative of the NYISO is:

Title:           Manager, Economic Planning  
Address:       New York Independent System Operator  
                  10 Krey Blvd.  
                  Rensselaer, NY 12144  
Telephone:     518-356-6000

12. Representative of Requestor to contact:

Name:           \_\_\_\_\_

Title:            \_\_\_\_\_

Address:         \_\_\_\_\_  
                    \_\_\_\_\_

Email:           \_\_\_\_\_

Telephone:       \_\_\_\_\_

Fax:             \_\_\_\_\_

13. This Request Form is submitted by:

Signature:       \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title:            \_\_\_\_\_

Company (Requestor): \_\_\_\_\_

Date:            \_\_\_\_\_

#### **31.14 Requested Economic Planning Study Agreement**

## **STUDY AGREEMENT TEMPLATE FOR A REQUESTED ECONOMIC PLANNING STUDY**

### **THIS REQUESTED ECONOMIC PLANNING STUDY AGREEMENT**

(“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_, (“Requestor”), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”). Requestor and NYISO each may be referred to as a “Party,” or collectively referred to as the “Parties.”

### **RECITALS**

**WHEREAS**, Requestor has submitted a completed Requested Economic Planning Study Request Form, dated \_\_\_\_\_, (“Request Form”) and a \$25,000 deposit to the NYISO for the NYISO to conduct a Requested Economic Planning Study pursuant to Section 31.3.3 of Attachment Y to the OATT; and

**WHEREAS**, Requestor and the NYISO have met to discuss and determine, and have determined and agreed upon, the scope and deliverables of the Requested Economic Planning Study to be performed under this Agreement, which are set forth in Attachment A hereto; and

**WHEREAS**, Requestor desires the NYISO to proceed to perform, or cause to be performed, the Requested Economic Planning Study in accordance with this Agreement, and with applicable provisions of Attachment Y to the OATT and ISO Procedures;

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 Capitalized terms that are not otherwise defined herein shall have the meaning set forth in Section 1 of the OATT or in Section 31.1.1 of Attachment Y to the OATT.
- 2.0 Requestor requests, and the NYISO shall perform or cause to be performed, a Requested Economic Planning Study consistent with Section 31.3.3 of Attachment Y to the OATT. The terms of Section 31.3.3 of Attachment Y to the OATT are hereby incorporated herein by reference.
- 3.0 The scope and deliverables of the Requested Economic Planning Study shall be specified in Attachment A to this Agreement. The NYISO shall use the database and base case assumptions agreed upon by the Requestor and the NYISO for the Requested Economic Planning Study.
- 4.0 The Requested Economic Planning Study will be based upon the information described in Attachment A to this Agreement, including the information provided by Requestor in its Request Form. The NYISO reserves the right to

request further information from Requestor, as may reasonably become necessary during the course of the Requested Economic Planning Study, and Requestor shall promptly provide such additional information if requested to do so.

- 5.0 The NYISO shall make Reasonable Efforts to complete the Requested Economic Planning Study by [calendar date]. If the NYISO determines that this target date will not be met, the NYISO will promptly inform Requestor and provide Requestor with an updated estimate of the date by which the Requested Economic Planning Study will be completed together with an explanation of the reasons why additional time is required. If Requestor modifies the technical information provided in the Request Form, the NYISO may reasonably extend the time to complete the Requested Economic Planning Study.

6.0 Study Costs

- 6.1 The NYISO shall invoice on a monthly basis, and Requestor shall pay to the NYISO, the actual costs incurred by the NYISO to perform the Requested Economic Planning Study in accordance with the requirements in Sections 31.3.3.7, 31.3.3.8, and 31.3.3.9 of Attachment Y of the ISO OATT. This includes costs that the NYISO incurs at its discretion to use contractors or consultants, computing services, and costs that Transmission Owners may incur to supply study-related data at the NYISO's request. Costs shall be computed on a time and materials basis in accordance with the rates set forth in Attachment B to this Agreement.
- 6.2 Requestor submitted an initial deposit of \$25,000 with its Request Form in accordance with Section 31.3.3.2 of Attachment Y to the ISO OATT. The NYISO's good faith estimate of the total cost of the Requested Economic Planning Study is \$[\_\_\_\_\_]. The Parties acknowledge and agree that the actual total cost of the Requested Economic Planning Study may differ from this estimate. Upon execution of this Agreement, the ISO may require, at its discretion, and Requestor shall submit an additional deposit of \$[\_\_\_\_\_] in accordance with Section 31.3.3.5 of Attachment Y of the ISO OATT. If Requestor modifies the scope of the Requested Economic Planning Study as initially specified in Attachment A to this Agreement, and does so in such a way as to increase the estimated total cost of the Requested Economic Planning Study, the NYISO may require, at its discretion, and the Requestor shall pay, an additional deposit to reflect that cost increase. The NYISO shall hold the study deposit(s) provided by Requestor in an interest-bearing account for which the interest earned will be associated with Requestor and shall be applied to study costs and

subject to refund as described in Section 31.3.3.8 of Attachment Y of the ISO OATT.

- 6.3 Upon: (i) the completion of the Requested Economic Planning Study or the withdrawal of the Request Form due to the termination of this Agreement, and (ii) the ISO's receipt of all final invoices from its consultants and contractors, computing services, and involved Transmission Owners, the ISO shall issue a final invoice to Requestor. Upon the ISO's receipt of Requestor's final payment for all outstanding invoiced amounts, the ISO shall refund to Requestor: (i) its study deposit(s) submitted to the ISO pursuant to Section 6.2 of this Agreement and Sections 31.3.3.2 and 31.3.3.5 of Attachment Y of the ISO OATT, less any amount that the ISO was required to draw upon to satisfy prior invoiced amounts, and (ii) any interests earned on the net study deposit amount held by the ISO.

## 7.0 Study Results

- 7.1 Upon completion of the Requested Economic Planning Study, the NYISO will deliver the final written report of the completed Requested Economic Planning Study to Requestor, and, upon Requestor's request, the Parties will meet at a mutually agreeable time and place to review the results of the Requested Economic Planning Study.
- 7.2 The NYISO will review the results of the Requested Economic Planning Studies to determine whether the results reveal Confidential Information that is not subject to disclosure under the NYISO's Code of Conduct. Confidential Information will be removed or the results aggregated or masked sufficiently to avoid the disclosure of Confidential Information. The NYISO will post the results of the Requested Economic Planning Study on its website if and when it is required to do so in accordance with Section 31.3.3.10 of Attachment Y to the OATT.

- 8.0 Requestor may withdraw its Request Form at any time by terminating this Agreement in accordance with Section 9.5 of this Agreement. Upon receipt of such termination notice, the NYISO will cease work on the Requested Economic Planning Study. Requestor shall reimburse the NYISO for the costs incurred by, or on behalf of, the NYISO for the Requested Economic Planning Study through the effective date of termination. The NYISO will issue a final invoice and refund the Requestor's study deposit(s) in the manner described in Section 6.3 of this Agreement. The NYISO will forward to the Requestor the results of any study work, related to the deliverables, completed prior to the withdrawal date following Requestor's final payment.

## 9.0 Miscellaneous

- 9.1 Accuracy of Information. Except as Requestor may otherwise specify in writing when it provides information to the NYISO under this Agreement, Requestor represents and warrants that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Requestor shall promptly provide NYISO with any additional information needed to update information previously provided.
- 9.2 Disclaimer of Warranty. In preparing the Requested Economic Planning Study, the NYISO and any subcontractor or consultant employed by it and any Transmission Owner that provides study-related data shall have to rely on information provided by the Requestor, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the NYISO nor any subcontractor consultant employed by the NYISO nor any Transmission Owner that provides study-related data makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy, content, or conclusions of the Requested Economic Planning Study. Requestor acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 9.3 Limitation of Liability. In no event shall either Party or its subcontractors or consultants or any Transmission Owner that provides study-related data be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with this Agreement or the Requested Economic Planning Study or any reliance on the Requested Economic Planning Study by either Party or third parties, even if one of the Parties or its subcontractor consultants have been advised of the possibility of such damages.
- 9.4 Third-Party Beneficiaries. Without limitation of Sections 9.2 and 9.3 of this Agreement, Requestor further agrees that any subcontractor or consultant hired by NYISO with respect to the Requested Economic Planning Study and any Transmission Owner that provides study-related data shall be deemed third party beneficiaries of these Sections 9.2 and 9.3.
- 9.5 Term and Termination. This Agreement shall be effective from the date hereof and, unless earlier terminated in accordance with this Section 9.5, shall continue in effect until the later of the date on which the Requested Economic Planning Study is completed or the Requestor makes its final payment under this Agreement and is



refunded any remaining portion of its deposit. Requestor may by ten (10) days written notice terminate this Agreement and thereby withdraw its Request Form.

- 9.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice of laws provisions.
- 9.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.
- 9.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 9.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 9.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 9.11 Independent Contractor. NYISO shall at all times be deemed to be an independent contractor and none of its employees or the employees of its subcontractors shall be considered to be employees of Requestor as a result of this Agreement.
- 9.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.
- 9.13 Successors and Assigns. This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

**IN WITNESS THEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

**NYISO**

**[Insert name of Requestor]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **ATTACHMENT A**

### **SCOPE OF WORK AND DELIVERABLES FOR THE REQUESTED ECONOMIC PLANNING STUDY**

**[TBD]**

**[TBD]**

**[TBD]**

**ATTACHMENT B**

**HOURLY RATES FOR PERSONNEL WORKING ON THE  
REQUESTED ECONOMIC PLANNING STUDY**

<b><u>Position</u></b>	<b><u>Hourly Rate</u></b>