

31.4 Public Policy Requirements Planning Process

31.4.1 General

The Public Policy Requirements planning process shall consist of two steps: (1) identification of transmission needs driven by Public Policy Requirements that should be evaluated by the ISO; and (2) requests for specific proposed transmission solutions to address those needs driven by Public Policy Requirements identified for evaluation, and the evaluation of those specific solutions. The NYDPS/NYPSC shall identify transmission needs driven by Public Policy Requirements and warranting evaluation by the ISO. The ISO shall request and evaluate specific proposed transmission solutions to address such needs. This process will be conducted on a two-year cycle, starting after the CRP Report is posted, unless requested by the NYDPS/NYPSC to be conducted out of that cycle.

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31.4.2 ISO and Interested Party Identification and Posting of Proposed Transmission Needs

At the start of each Public Policy Planning cycle, the ISO will provide a 60-day period to allow any stakeholder or interested party to submit to the ISO, or for the ISO on its own initiative, to identify, a proposed transmission need that it believes is being driven by a Public Policy Requirement and for which transmission solutions should be requested and evaluated. Each submittal will identify the Public Policy Requirement(s) that the party believes is driving the need for transmission and describe how the construction of transmission will fulfill the Public Policy Requirement(s).

After the end of the 60-day period, the ISO will post all submittals on its website, and will submit to the NYDPS/NYPSC the transmission needs proposed by stakeholders, other interested parties, and any additional transmission needs identified by the ISO.

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31.4.2.1 Identification and Determination of Transmission Needs Driven by Public Policy Requirements

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The NYDPS will review all proposed transmission need(s) and, with input from the ISO and interested parties, identify the transmission needs, if any, for which specific transmission solutions should be requested and evaluated. The NYDPS will develop procedures to govern the process by which it will review proposed transmission need(s), which procedures shall ensure that such process is open and transparent, provides the ISO and interested parties a meaningful opportunity to participate in such process and provide input regarding the NYDPS' considerations, and results in the development of a written determination as required by law, inclusive of the input provided by the ISO and interested parties. In addition, the NYDPS may, on its own, identify a transmission need driven by a Public Policy Requirement. Any such transmission need identified by the NYDPS on its own shall be described by the NYDPS in accordance with the requirements for stakeholder submittals set forth in Section 31.4.2, and shall be identified and posted to the ISO's website prior to NYDPS issuance of the required written statement discussed below in this Section 31.4.2.1 so as to provide the ISO and interested parties an opportunity to provide input to the NYDPS relating thereto.

The ISO shall assist the NYDPS in its analyses as requested. The NYDPS may also request that the ISO, pursuant to Section 3.8.1 of the ISO OATT, conduct an evaluation of alternative options to address the transmission needs.

The NYDPS shall issue a written statement that identifies the relevant Public Policy Requirements driving transmission needs and explains why it has identified the transmission

needs driven by Public Policy Requirements for which transmission solutions will be evaluated by the ISO. The statement shall also explain why transmission solutions to other suggested transmission needs should not be evaluated. The NYDPS statement identifying the transmission needs for which transmission solutions will be evaluated by the ISO may also provide additional criteria for the evaluation of transmission solutions and the type of analyses that it will request from the ISO.

If the NYDPS does not identify any transmission needs, it will provide confirmation of that conclusion to the ISO.

The ISO shall post the NYDPS statement on its website.

31.4.2.2 Disputes of NYDPS Determinations

Disputes about any NYDPS decision to either accept or deny a proposed transmission need as one for which transmission solutions should be evaluated will be addressed through the submittal of a petition to the NYPSC for an order finding that an identified proposed transmission need should or should not be evaluated under the ISO tariff. The NYPSC may also initiate a proceeding on its own motion. A determination of need that is the subject of an appeal proceeding will be held in abeyance pending a final determination of the appeal by the NYPSC. The ISO will post the NYPSC determination on its website.

31.4.3 Request for and Evaluation of Proposed Transmission Solutions

The ISO will request and evaluate specific proposed transmission solutions to a transmission need identified by the NYDPS.

31.4.3.1 Request for Proposed Transmission Solutions

Following posting of the NYDPS determination, the ISO will provide a 60-day period for Transmission Owners and Other Developers to propose specific transmission solutions to address the transmission needs driven by Public Policy Requirements identified by the NYDPS. Any proposed transmission needs that are under appeal at the NYPSC may be addressed with proposed solutions, if required, following the resolution of that appeal by the NYPSC.

31.4.3.2 The proponent of a proposed transmission solution will pay the study costs, using the process set forth in Section 31.3.1.2.3.

31.4.3.3 Solutions Proposed by Transmission Owners

To ensure that there will be a response to a transmission need identified by the NYDPS/NYPSC, the NYDPS/NYPSC may request the appropriate Transmission Owner(s), as identified by the NYDPS/NYPSC, to propose a transmission solution for a transmission need driven by Public Policy Requirement(s) identified by the NYDPS/NYPSC. Costs incurred by a Transmission Owner in preparing a proposed solution in response to a request by the NYDPS/NYPSC will be recoverable under Section 31.5.6.

31.4.4 Evaluation and Preparation of ISO Report on Transmission Solutions Driven by Public Policy Requirements

The ISO will evaluate specific proposed transmission solutions with input from stakeholders and within its available resources and modeling capabilities. The ISO shall apply any criteria provided by the NYDPS/NYPSC and perform the analyses requested by the NYDPS/NYPSC, to the extent compliance with such criteria and analyses are feasible. The ISO will also use its existing reliability, economic, and interconnection planning process tools, databases and models, as applicable. Tools used in the planning process that may be used in the

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evaluation include power flow, stability and short circuit models for system planning analysis, probabilistic models of generator availability for resource adequacy and production cost simulation models for economic and environmental analysis.

The ISO's evaluation will compare the costs and benefits of the proposed transmission solutions, and impacts of the proposed transmission solutions on ISO-Administered markets. Such costs, benefits, and market impacts shall include those identified in accordance with the methodology, if any, specified by the Public Policy Requirement or the NYDPS/NYPSC, in addition to the following type of metrics that are determined by the ISO, in consultation with stakeholders, to be reviewed in the context of the Public Policy Requirement: change in production costs; LBMP; losses; emissions; ICAP; TCC; congestion; impact on transfer limits; and deliverability.

The ISO staff will prepare a report, including a discussion of its assumptions, inputs, methodologies, and the results of its analyses.

31.4.4.1 Consequences for Other Regions

Coordinating with neighboring regions, the ISO will identify the consequences of a transmission solution driven by Public Policy Requirements on neighboring regions. The ISO shall report the results in its Public Policy Requirements report.

31.4.5 Eligibility and Qualification Criteria for Entities and Projects

31.4.5.1 Entity Pre-Qualification

The ISO shall provide each entity with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to develop, construct, operate, and maintain a transmission solution to a transmission need driven by a Public

Policy Requirement. The ISO shall consider the qualification of each entity in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike. Any entity that demonstrates that it has or can draw upon the necessary financial resources and technical expertise shall be eligible to propose a project as a transmission solution to a transmission need driven by a Public Policy Requirement.

Any entity seeking to become eligible to propose to develop a project as a transmission solution to a transmission need driven by a Public Policy Requirement shall submit any information, or update any previously submitted information, it considers relevant to its qualifications to the ISO. Such information may be submitted any time. The ISO shall within 15 days of an entity's submittal, notify the entity if the information is incomplete. The entity shall submit the additional information within the time period specified in the ISO Procedures.

31.4.5.2 Information Requirements for Projects

The ISO shall consider the criteria in Section 31.4.8.1 when determining whether a proposed project is eligible to be offered as a transmission solution to a transmission need driven by Public Policy Requirements.

31.4.5.3 Entity Qualification Criteria

After the submittal of a project proposal, the ISO shall consider, as appropriate, the following criteria when determining whether an entity is eligible to offer a transmission solution to a transmission need driven by a Public Policy Requirement identified by the NYDPS/NYPSC: (1) the current and expected capabilities of the entity to finance, license, and construct a proposed solution and operate and maintain it for the life of the project; (2) the entity's existing rights of way and substations that would contribute to the project in question; (3) the experience of the entity in acquiring rights of way, and the ability of the entity to acquire rights of way, if

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necessary, that would facilitate approval and construction; (4) the financial resources of the entity; (5) the technical and engineering qualifications and experience of the entity; and (6) whether the entity has the ability to meet the requirements for the submission of a valid Interconnection Request as provided in ISO OATT Attachments X or Z, or a valid transmission expansion Study Request under ISO OATT Section 3.7.

Any entity determined by the ISO to qualify under this Section shall be eligible to use the cost allocation and cost recovery mechanism set forth in Section 31.5 of this Attachment Y and the appropriate rate schedule for any approved project.

31.4.5.4 Timing for Submittal of Project and Entity Qualification Information and Opportunity to Provide Additional Information

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Any entity seeking to develop a project as a transmission solution to a transmission need driven by Public Policy Requirements shall submit any information, or update any previously submitted information, it considers relevant to its project and qualifications, to the ISO. The required information for entity and project qualification may be submitted at any time. The ISO shall within 15 days of an entity's submittal, notify the entity if the information is incomplete. The entity shall submit the additional information within the time period specified in the ISO Procedures.

31.4.6 Collaborative Governance Process

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The draft report on the NYISO's evaluation of proposed transmission solutions to transmission needs driven by Public Policy Requirements 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 report. 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 report 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 an advisory vote.

31.4.7 Board Action

Following the Management Committee vote, the draft report, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft report will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the report as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised report shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised report until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the report 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 30.4.6.8.5 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.4.8 Actual Project Proposals

The ISO will process all project proposals for transmission solutions for transmission needs driven by Public Policy Requirements identified by the NYDPS/NYPSC in accordance with the applicable provisions of this Attachment Y.

31.4.8.1 Project Information Requirements

Any entity seeking to offer a transmission solution for transmission needs driven by Public Policy Requirements identified by the NYDPS/NYPSC, must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project; (3) a description of the project, including type, size, and 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 required siting permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining such control; (8) status of ISO interconnection studies and interconnection agreement; (9) status of equipment procurement; (10) capital cost estimates for the project; (11) to the extent available a risk profile addressing the stage of project development, required cost overruns sharing, required project cost increase sharing, identification of conditions for cancelling the project including terms and conditions for allocating sunk costs; and (12) any other information requested by the ISO.

31.4.9 Posting of Approved Solutions

The ISO shall post on its website a list of all entities who have accepted the terms and conditions of an Article VII certificate under the New York Public Service Law, or any successor statute, to build a project in response to a need driven by a Public Policy Requirement.

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