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Independent System Operator

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January 19, 2024

**By Electronic Delivery**

Honorable Debbie-Anne Reese, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: New York Independent System Operator, Inc., Proposed Tariff Revisions to Coordinate Interconnection and Transmission Studies, Docket No. ER24-___-000**

Dear Acting Secretary Reese:

Pursuant to Section 205 of the Federal Power Act ("FPA")[1] and Part 35 of the regulations of the Federal Energy Regulatory Commission ("Commission"),[2] the New York Independent System Operator, Inc. ("NYISO"),[3] respectfully submits proposed revisions to its Open Access Transmission Tariff ("OATT") to enhance the coordination of its clustered interconnection facilities study (currently, the "Class Year Study") and the facilities study for Transmission Projects under the Transmission Interconnection Procedures ("TIP") under Attachment P to the OATT.

The NYISO has a longstanding commitment to work with its stakeholders to identify opportunities to enhance and improve its transmission expansion and interconnection processes. Based on the NYISO's experience in administering its processes and stakeholders' and interested parties' input, the NYISO continuously finds ways to develop solutions that will benefit its processes. The proposed tariff revisions included herein were the result of a project supported by stakeholders to further enhance the coordination between the NYISO's TIP and the Standard Large Facility Interconnection Procedures ("LFIP") under Attachment X to the OATT. Specifically, the proposed revisions will reduce the potential that transmission projects being studied under the TIP may be evaluated in isolation from interconnection requests being studied in the LFIP. The proposed revisions will also update and enhance the base case inclusion rules to better align when Small Generators, Transmission Projects, and generators being studied outside of the NYISO's procedures are included in the base case for the interconnection studies.[4]

[1] 16 U.S.C. § 824e (2021).
[2] 18 C.F.R. §§ 35, *et seq.* (2023).
[3] Capitalized terms that are not otherwise defined in this filing shall have the meaning specified in Attachment Y of the OATT and, if not defined therein, in Section 1 of the OATT.
[4] Attachment S uses "Existing System Representation" or "Annual Transmission Baseline Assessment" to reference the baseline case that studies with to evaluate the addition of the proposed interconnection(s). *See* OATT §§ 25.1.2, 25.5.5. Attachments P and Z use the term "Base Case" to refer to the baseline case used for the various

The proposed revisions will enable studies under the NYISO's transmission expansion and interconnection processes to evaluate the collective impact of various types of interconnection requests and further increase the clarity of the rules for establishing the existing system representation for each study. As discussed herein, the proposed revisions presented in this filing are just and reasonable and consistent with Commission precedent. The proposed revisions advance the policies set forth in Orders No. 2003, 2006 and 2023,[5] as well as being consistent with the directives under Order No. 1000 for the evaluation of regulated transmission projects through the NYISO's Comprehensive System Planning Process.[6] The tariff revisions were unanimously approved by NYISO's Operating Committee and Management Committee, and the Board of Directors approved their filing. Accordingly, all of the NYISO's proposed tariff revisions should be accepted without modification or condition.

The NYISO respectfully requests that the proposed tariff revisions become effective the day immediately following the end of the statutory sixty-day notice period under Section 205 of the Federal Power Act (*i.e.*, March 20, 2024).

## I. BACKGROUND

### a. NYISO's Transmission Expansion and Interconnection Procedures

The NYISO's currently effective tariff has separate processes for evaluating requests for interconnection based on the nature of the proposed interconnection. Attachments S, X, and Z to the OATT establish the rights and obligations of the parties concerning the NYISO's interconnection processes related to the interconnection or modification of Large Facilities and Small Generating Facilities, including the rights and obligations of the project's Developer,[7] the Transmission Owner, and the NYISO. Attachment P to the OATT establishes the rights and obligations of the parties concerning the interconnection of Transmission Projects, as defined by

studies. *See* OATT §§ 22.1, 22.5.1, 25.1 Appendix 1. For the purpose of this filing letter, the terms, existing system representation and base case, may be used interchangeably.

[5] *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. 31,160 (2004), *order on reh'g*, Order No. 2003-B, FERC Stats.& Regs. 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. 131,190 (2005), *affirmed sub nom. Nat'l Ass'n of Regulatory Util. Com'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007) ("Order No. 2003"); *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 70 Fed. Reg. 34190 (Jun. 13, 2005), 111 FERC ¶ 61,220 (2005), *order on reh'g*, Order No. 2006-A, 113 FERC ¶ 61,195, 70 Fed. Reg. 71760 (Nov. 30, 2005) ("Order No. 2006"); *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054 (2023) ("Order No. 2023").

[6] *See New York Indep. Sys. Operator, Inc.*, Order Conditionally Accepting Tariff Revisions and Required Further Compliance 162 FERC ¶ 61,107 (Feb. 15, 2018), at PP 35-44*; New York Indep. Sys. Operator, Inc., Order Conditionally Accepting Tariff Revisions and Required Further Compliance, 153 FERC ¶ 61,341 (Dec. 23, 2015), at PP 67-76; see generally, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000 at P 704, FERC Stats. & Regs. ¶ 31,323 (2011) ("Order No. 1000"), *order on reh'g*, Order No. 1000-A at P 625, 139 FERC ¶ 61,132 ("Order No. 1000-A"), *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

[7] The term "Developer" is a tariff-defined term referring to a project developer for a Large Facility versus a Small Generating Facility, which uses the term "Interconnection Customer." For ease of reference, the filing letter uses the term "Developer" to refer to both project developers of Large Facility projects and Small Generating Facility projects.

Section 22.3.1 of the OATT, including the rights and obligations of the Transmission Developer, the applicable Transmission Owners, and the NYISO.[8]

Tariff revisions the NYISO will propose in compliance with Order No. 2023[9] will revise the structure and substance of the interconnection processes for Large Facilities and Small Generating Facilities. The NYISO will retain Attachment P but anticipates consolidating revised interconnection processes currently set forth in Attachments S, X and Z of the OATT into a new OATT Attachment. The substance of the tariff revisions proposed in this filing do not conflict with and in fact complement the compliance tariff revisions the NYISO will propose in its compliance filing under Order No. 2023. The NYISO's compliance tariff revisions will incorporate the revisions proposed in this filing in the tariff base. As a result, tariff revisions proposed in this filing will ultimately reside in new tariff sections, but substantively will mirror the language included in this filing.

i. *Large Facility Interconnection Procedures*

Under the current interconnection procedure structure, the procedures for processing the interconnection or modification of Large Facilities are set forth in Attachment X of the NYISO OATT.[10] Attachment X provides for potentially three successive Interconnection Studies of each proposed project. These studies analyze proposed projects in varying levels of detail. First is the Optional Interconnection Feasibility Study ("OFES"), which is a high-level evaluation of the project's configuration and local system impacts.[11] The second study is the Interconnection System Reliability Impact Study ("SRIS"), which is a detailed, single-project study that evaluates the project's impact on transfer capability and system reliability.[12] The final study in the LFIP is a clustered facilities study known as the Class Year Study, which studies the

[8] In addition to Class Year Transmission Projects and transmission facilities proposed by a Transmission Owner as part of its local transmission plan, the interconnection of transmission facilities is addressed through the NYISO's separate Transmission Interconnection Procedures located in Attachment P to the OATT.

[9] *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054 (2023) ("Order No. 2023"); the FERC extended the Order No. 2023 Compliance Filing Deadline to April 3, 2023. *See Order on Motions and Addressing Limited Arguments Raised on Rehearing and Setting Aside Prior Order, In Part*, 185 FERC ¶ 61,063 (Oct. 25, 2023).

[10] Large Facilities include both Large Generating Facilities (i.e., generating facilities greater than 20 MW) and Class Year Transmission Projects. OATT § 30.1 (definition of "Large Facility"). A Class Year Transmission Project includes a "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 (1) the Developer is eligible to request and does request Capacity Resource Interconnection Service, subject to the eligibility requirements set forth in the ISO Procedures; or (2) the Developer requests only Energy Resource Interconnection Service and the transmission facility for which it requests Energy Resource Interconnection Service is a transmission facility over which power flow can be directly controlled by power flow control devices directly connected to the Class Year Transmission Project without having to re-dispatch generation." *Id.*

[11] OATT § 30.6.

[12] OATT § 30.7. As revised in a November 3, 2023 filing to establish limited, interim transition rules to expedite the transition to new Order No. 2023-compliant procedures, the interconnection studies available for projects currently in the NYISO's interconnection queue are limited to the OFES and, for projects that satisfied the election requirements set forth in new Section 30.5.3 of Attachment X of the OATT, the SRIS. *See New York Indep. Sys. Operator, Inc.*, Compliance Filing to Establish Interim Transition Procedures re: Order No. 2023, Docket Nos. ER24-342, RM12-14-000 (Nov. 3, 2023).

collective impact of a cluster of projects that have satisfied Class Year Study entry requirements (*e.g.*, a completed SRIS approved by the NYISO's Operating Committee).

The Class Year Study is a clustered facilities study for Large Facilities and certain Small Generating Facilities studied under the SGIP. [13] The Class Year Study identifies and allocates the costs of the upgrade facilities needed to reliably interconnect all of the projects in a Class Year. The Class Year Study procedures are primarily contained in Attachment S of the NYISO OATT.

The revisions the NYISO is developing in compliance with Order No. 2023 will incorporate many of the current Class Year Study provisions into a new attachment to the NYISO OATT. This new tariff attachment will establish a consolidated cluster study that incorporates feasibility, system impact, and facilities study elements into a single cluster study. The new cluster study will retain key elements of the current Class Year Study.

ii. *Transmission Interconnection Procedures*

Attachment P of the NYISO OATT contains the procedures for processing Transmission Projects, which include a new transmission facility that will interconnect to the New York State Transmission System or a proposed upgrade to the New York State Transmission System with the exception of Class Year Transmission Projects or a project contained in a Local Transmission Owner Plan that is not subject to the NYISO's competitive selection process under Attachment Y to the OATT.[14] The NYISO established the TIP as a separate interconnection process to evaluate the proposed interconnection of Transmission Projects to comply with the Commission's directive in its Order No. 1000 compliance docket.[15] Specifically, the Commission directed in December 2015 that the NYISO establish interconnection requirements that apply the same interconnection process to competitive transmission projects proposed in the NYISO's transmission planning process by incumbent Transmission Owners and non-incumbent developers.[16] In developing a separate process, the NYISO considered a number of models but found that a separate process best avoided: (i) the potential of backlogged and delayed project developments, and (ii) inaccurate studies due to multiple Order No. 1000 projects being proposed but only one of which would be selected and built.[17]

The TIP closely mirrors the LFIP that were derived from the Commission's *pro forma* Large Generator Interconnection Procedures under Order No. 2003. As a result, the TIP has an

[13] As described in Section 32.3.5.3 of Attachment Z, if any Interconnection Study determines that a Small Generating Facility requires a non-Local SUF to interconnect, then that Small Generating Facility is required to enter in the next Class Year Study, and cost responsibility is allocated to the Small Generating Facility in accordance with the procedures and methodologies in Attachment S. *See also* NYISO Transmission Interconnection and Expansion Manual at section 3.4.4.

[14] OATT § 32.3.1.

[15] *New York Indep. Sys. Operator, Inc.*, Order Conditionally Accepting Tariff Revisions and Requiring Further Compliance, 153 FERC ¶ 61,341 (2015) ("December 2015 Order").

[16] December 2015 Order at PP 67–76.

[17] *See generally New York Indep. Sys. Operator, Inc.*, Compliance Filing, Docket Nos. ER13-102-007, -009 (Mar. 22, 2016), at pp 9–10.

Optional Feasibility Study,[18] a System Impact Study,[19] and a Facilities Study.[20] The TIP performs studies for the specific Transmission Interconnection Application and uses the assigned queue position in determining the order of performing the TIP studies.[21] However, the TIP differs from the LFIP in a few important ways. For one, under the TIP, studies are generally performed serially on an individual project basis,[22] in contrast to the LFIP where the facilities study for all projects are performed on a clustered basis in a Class Year Study. Another important difference is that the cost allocations produced in the TIP Facilities Study are non-binding and could result in a higher potential cost responsibility for the Network Upgrade Facilities, while the cost allocations for Class Year Projects are binding subject to the exceptions set forth in Section 25.8.6 of the OATT. Lastly, the timing of when to post Security for cost allocation differs between the TIP and LFIP. Under the TIP, the mechanism through which the Transmission Developer posts Security for its cost allocation for identified Network Upgrade Facilities is set forth in the Transmission Project Interconnection Agreement,[23] whereas a Class Year Project must accept its cost allocation and post Security during the decision period following the end of a Class Year Study.[24]

iii. *Small Generator Interconnection Procedures*

As noted above, tariff revisions the NYISO will propose in compliance with Order No. 2023 consolidate revised interconnection processes applicable to Large Facilities and Small Generating Facilities currently set forth in Attachments S, X and Z of the OATT into a new OATT Attachment. Currently, Attachment Z of the NYISO OATT contains the procedures for processing the interconnection or modification of Small Generating Facilities (*i.e.*, generating facilities 20 MW or smaller). Like the LFIP, the SGIP provides for potentially three successive Interconnection Studies of each proposed project of varying levels of detail: an optional feasibility study,[25] a system impact study,[26] and a facilities study or participation in a Class Year Study.[27] The facilities study determines the binding cost estimates and allocates the costs of Local SUFs.

b. **Interactions Between Projects in the LFIP and TIP**

Due to the various separate study processes outlined above, it is possible for projects to proceed in the Class Year Study without accounting for the impact of Transmission Projects being studied in a facilities study under the TIP. The TIP facilities study may also not reflect the Class Year Projects. The NYISO has watched for such occurrences and worked to address these

[18] OATT § 22.7.
[19] OATT § 22.8.
[20] OATT § 22.9.
[21] Transmission Projects can be studied, as the NYISO's option, either serially or in clusters for the System Impact Study or Facilities Study. OATT § 22.5.2.
[22] The TIP allows the NYISO, at its option to study Transmission Interconnection Applications in clusters for the purpose of the System Impact Study or Facilities. *See* OATT § 22.5.2.
[23] OATT § 22.11.1.
[24] OATT § 25.8.2
[25] OATT § 32.3.3.
[26] OATT § 32.3.4.
[27] OATT § 32.3.5.

issues on a case-by-case basis. Such projects could directly impact each other or result in the need for upgrades that will not be addressed because the timing of when a study starts and/or because the studies are progressing in parallel. The chance of this occurrence has increased given the influx of interconnection requests entering the NYISO Interconnection Queue. This issue will persist under the new cluster study process as it will operate in parallel with the interconnection studies in the TIP.[28]

To illustrate the scenario, a Class Year Study may be in progress for a specific group of projects at the time a TIP Facilities Study begins for a Transmission Project. Some of the Class Year Projects are connecting in the vicinity affected by the Transmission Project. As the TIP Facilities Study progresses, the Class Year Study completes. The TIP Facilities Study, however, does not have an explicitly defined mechanism or process for updating the base case during an ongoing study. In this scenario, if the TIP Facilities Study does not study the interaction of the Class Year Projects that accepted their cost allocation and posted Security, potential issues and/or necessary Network Upgrade Facilities would not be identified.

## II. DESCRIPTION OF PROPOSED TARIFF REVISIONS

To reduce the occurrence of the NYISO's processes not fully accounting for each other, the proposed tariff revisions seek to achieve two main objectives: (1) clarifying and enhancing the coordination of interconnection studies for transmission projects and Class Year Projects and (2) further enhancing the base case inclusion rules for interconnection studies across the processes.

### A. Clarifying and Enhancing the Coordination of Interconnection Studies for Transmission Projects and Class Year Projects

The proposed revisions establish a specific process in the TIP to coordinate the Facilities Study for Transmission Projects with Class Year Projects undergoing study in an ongoing Class Year Study. Specifically, the proposed revisions provide for the use of sensitivities and true-up studies in the TIP Facilities Study to identify and account for interactions with the Class Year Projects that are concurrently being studied in a Class Year that could require the same or similar upgrade facilities or affect potential violations of the applicable interconnection standards.

#### 1. *Proposed Study and Coordination Process*

The proposed new process would require the NYISO, at the start of a TIP Facilities Study, to evaluate whether there are any potential interactions between the Transmission Project and any Class Year Projects in an ongoing Class Year Study.[29] Specifically, a new Section 22.9.4.2 of the OATT will required the NYISO to identify "any Class Year Project in the ongoing Class Year Interconnection Facilities Study or Additional SDU Study that has potential interactions with the Transmission Project or associated Network Upgrade Facilities or together

[28] For purposes of this filing letter and proposed tariff revisions, the NYISO continues to use the term "Class Year Study," however, the tariff submitted in compliance with Order No. 2023 will refer to the new cluster study in place of current references to the Class Year Study.

[29] Proposed new OATT § 22.9.4.2.

with a Transmission Project has an impact on the New York State Transmission System or Distribution System that requires further evaluation." The NYISO would consider interactions based on the physical interconnections of the Transmission Project and Class Year Projects as well as any potential interactions that could result in a violation of the Transmission Interconnection Procedure, thereby necessitating potential Network Upgrade Facilities.

The proposed revisions would also add new Sections 22.9.4.2 and 22.9.4.3 to the OATT that detail the process by which any interaction among a Transmission Project and a Class Year Project, or Class Year Projects (in an ongoing Class Year), will be handled in the TIP Facilities Study. If an interaction is identified, the NYISO will perform the standard studies under the TIP against the Base Case and will also perform applicable sensitivities during the TIP Facilities Study to account for the identified Class Year Projects and their System Upgrade Facilities/System Deliverability Upgrades.[30] It is unknown at that time which of the identified Class Year Projects will ultimately accept their cost allocation(s) under Attachment S and move forward. Therefore, the NYISO will perform each sensitivity on a Base Case that is revised to reflect a specific combination of the identified Class Year Projects. The number of required sensitivities will be determined by the number of identified Class Year Projects.

The sensitivities performed in the TIP Facilities Study will inform the NYISO, Connecting Transmission Owner(s), and the Transmission Developer about the potential Network Upgrade Facilities that may be required and cost allocated to the Transmission Project. The Facilities Study will identify Network Upgrade Facilities on a preliminary basis until the Class Year Study completes and any true-up evaluation, as detailed below, is performed. The NYISO will provide an initial draft of the Facilities Study report and also let the Transmission Developer know whether additional evaluation is required.[31]

In order to finalize the TIP Facilities Study, the proposed process includes a requirement for the NYISO to perform a "true-up" evaluation in the TIP Facilities Study.[32] The NYISO will evaluate the impact of the proposed Transmission Project on the system, as updated based on the acceptance or rejection of the Class Year Project allocations and the posting of the required Security.[33] In doing so, the NYISO will leverage the sensitivity or sensitivities closest to the outcome of the Class Year and incorporate any adjustments based on the decisions of Class Year Projects. Based on this evaluation, the NYISO will update the already identified Network Upgrade Facilities for the Transmission Project or identify any new Network Upgrade Facilities.[34] The results will be documented in a Facilities Study report for the Transmission Project.[35]

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[30] Proposed new OATT § 22.9.4.2.

[31] Proposed OATT § 22.9.5.

[32] Proposed new OATT § 22.9.4.3.

[33] The proposed revisions provide this point in time, which is the time after all Class Year Projects who accepted their cost allocation and posted security, as the most accurate depiction of the system information with regard to Class Year Projects. The current inclusion rules provide only for the inclusion of "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." OATT § 25.5.5.1.

[34] Proposed new OATT § 22.9.5.

[35] *Id.*

Under the proposed process, the Transmission Developer will be required to post Security following the identification of the Network Upgrade Facilities and the NYISO's issuance of the final Facilities Study report. Under the current rules, a Transmission Developer is required to post Security following execution of a Transmission Project Interconnection Agreement.[36] The changes in the timing for a Transmission Developer to the post Security in the TIP will allow a Transmission Developer to timely accept its non-binding, good faith estimate of cost responsibility for the identified Network Upgrade Facilities and post Security following the issuance of the Facilities Study report and reduce the potential need for restudy. With the proposed revisions to the inclusion rules discussed in Part II.B, below, a Transmission Project that accepts its cost allocation for Network Upgrade Facilities and posts Security will be included in the Existing System Representation (or the ATBA) for the next Class Year Study.

The proposed revisions also account for the situation that a Transmission Project does not meet the updated inclusion rules prior to the date by which the NYISO completes the ATBA for the next Class Year Study (*i.e.*, ATBA lockdown date). Specifically, the proposed revisions to Section 22.9.5 of the OATT provide that the Transmission Project (and associated Network Upgrade Facilities) may be subject to further study with updates to the Network Upgrade Facilities if the Transmission Project does not post Security by the completion of the ABTA for the subsequent Class Year Study and the NYISO determines that Class Year Projects in the subsequent Class Year Study have potential interactions with the Transmission Project or associated Network Upgrade Facilities. The Transmission Project will continue to be studied in the TIP Facilities Study through a sensitivity or sensitivities with any Class Year Projects. Following completion of the Class Year Study, the NYISO will issue an updated Facilities Study report with the identified Network Upgrade Facilities. This will then trigger the requirement to post Security for the Transmission Project.

The proposed revisions to Section 22.9.5 of the OATT also provide a Transmission Developer with the ability to proceed with the negotiation and execution of a Transmission Project Interconnection Agreement before the finalization of the Facilities Study while the Class Year Study is ongoing. The identification and estimate of cost responsibility and time to construct Network Upgrade Facilities will be contingent upon the completion of all necessary evaluations under Section 22.9.4 and the issuance of the final Facilities Study report.[37]

### *2. Revisions to Security Requirements for Transmission Projects to Implement the Coordination Process*

The TIP currently provides for Transmission Projects to post Security based on its cost responsibility for Network Upgrade Facilities identified in the Facilities Study.[38] The TIP does not require the posting of Security in limited situations, such as when (i) the Transmission

[36] OATT § 22.11.1.

[37] *See also* Proposed revision to OATT § 22.11.3 ("If the Transmission Developer requests to begin negotiations prior to the issuance of the final Facilities Study report or the expiration of the deadline for the Connecting Transmission Owner or Affected Transmission Owner to issue a declination notice in accordance with Section 22.9.6 of this Attachment P, any Network Upgrade Facilities identified in the System Impact Study are preliminary and contingent on the results of any evaluation under Section 22.9.4 of this Attachment P.").

[38] OATT §§ 22.9.6, 22.11.1.

Developer is the Connecting Transmission Owner, or (ii) the NYISO identifies Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.6.4 of Attachment Y to the OATT in the Facilities Study and the applicable Transmission Owner agrees to build, own, and fund Network Upgrade Facilities connected with a Public Policy Transmission Project in accordance with Section 22.9.6 of the OATT.[39] Attachment P provides that when required, the Transmission Developer must post Security as specified in the Transmission Project Interconnection Agreement.[40] However, Attachment P does not currently contain detailed provisions for posting or forfeiting Security. The proposed revisions provide those details.[41]

The proposed revisions will create a process by which a Transmission Developer will post Security following the completion of a TIP Facilities Study but before executing a Transmission Project Interconnection Agreement.[42] The proposed revised requirements will be located in new sections of Attachment P, rather than the Transmission Project Interconnection Agreement. The requirement to post Security will be addressed through the addition of new Sections 22.11.1.1 through 22.11.1.3 of the OATT.

Following the issuance of the final Facilities Study report, the Transmission Developer will have 30 Calendar Days to notify the NYISO, in writing and via electronic mail, whether it accepts the cost allocation for the Network Upgrade Facilities and signify its willingness to pay the Connecting Transmission Owner for the cost of those Network Upgrade Facilities.[43] If the Transmission Developer accepts its cost allocation, it must pay cash or post Security within five Business Days after it submits the aforementioned notice accepting the cost allocation.[44] Failure to accept the Transmission Project cost allocation or to pay cash or post Security in accordance with these rules shall result in withdrawal of the Transmission Interconnection Application.[45]

A new Section 22.11.2 of the OATT provides the procedural process for a Transmission Developer to post Security. The process is similar to the process employed for the Class Year process and the proposed process for the SGIP, as discussed in Part B.2 below. The proposed revisions also add a new Section 22.11.3 that provides the basis upon which Security posted by a Transmission Developer will be forfeited. The inclusion of these rules in the tariff versus the Transmission Project Interconnection Agreement affords greater transparency and consistency across projects on the handling of Security for Transmission Projects.

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[39] *Id.*

[40] OATT § 22.11

[41] *See* Proposed revisions to OATT § 22.11.1.2 and § 22.11.1.3.

[42] *See generally*, Proposed revisions to OATT § 22.11.

[43] Proposed OATT § 22.11.1.1.

[44] *Id.* When the Transmission Project is a Public Policy Transmission Project, or a part of a Public Policy Transmission Project, selected by the NYISO under Attachment Y, the Transmission Developer will not only have 30 Calendar Days following the issuance of a final Facilities Study report but any requirement to pay cash or post Security will not be required until after the time period that an applicable Transmission Owner has to decide to build, own, and fund a Network Upgrade Facilities has concluded. *Id.*

[45] Proposed OATT § 22.11.1.1.

### B. Enhancing Base Case Inclusion Rules

The LFIP, SGIP,[46] and the TIP contain similar inclusion rules for the existing system representation used in the NYISO's transmission expansion and interconnection studies. The proposed tariff revisions update the inclusion rules to implement and further the coordination of study processes discussed in Part A.1, above. The changes to the inclusion rules apply to Transmission Projects studied under the TIP, Small Generating Facilities that are not required to be studied in a Class Year Study, and proposed generating facilities connecting to the distribution system that are studied outside of the NYISO's interconnection procedures. The proposed revisions also include conforming revisions to further clarify the existing system representation that will be used for studies under the SGIP.

#### 1. *Revisions to Inclusion Rules for Transmission Projects*

The proposed revisions update the rules for including Transmission Projects studied under the TIP in the existing system representation. Such updates are necessary to implement the proposed process to coordinate the TIP and Class Year Study discussed in Part II.A, above, as well as address concerns raised through the NYISO's governance process for the timing of when Transmission Projects selected in the NYISO's competitive transmission planning processes are included in the existing system representation for the Class Year Study.

Transmission Projects studied under the TIP can be separated into two categories: 1) Transmission Projects selected in one of the NYISO's competitive transmission planning processes under Attachments Y and FF, and 2) all other Transmission Projects, as defined by Section 22.3.2 of the OATT. The current rules provide that both categories of Transmission Projects are required to, among other things, have a "determination pursuant to Article VII that the Article VII application filled for the facility is in compliance with Public Service Law § 122 (*i.e.*, "deemed complete") (if applicable)."[47] The proposed revisions would remove this requirement.

In the NYISO's experience administering the selection of three Public Policy Transmission Projects (*i.e.*, Transmission Projects selected by the NYISO under Attachment Y), the Article VII requirement takes approximately one to two years following selection. In the interim, Class Year Studies will not account for what could significantly change the underlying transmission system. However, the selection of the project by the NYISO provides a greater level of certainty compared to a project that is moving forward on a merchant or participant-funded basis. Moreover, with the revisions to the Security posting requirements in Attachment P, the posting of Security provides the commitment for the project to move forward for Transmission Project not selected in one of the NYISO's competitive transmission planning processes under Attachments Y and FF.

[46] Attachment Z provides that the NYISO shall use the same base case rules for the SGIP that it uses for the LFIP. Specifically, "Base Case" as used in the SGIP includes "[t]he base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the ISO, Connecting Transmission Owner or Interconnection Customer; described in Section 30.2.3 of the [LFIP]."

[47] OATT §§ 22.6.1(iv), 25.5.5.1(iv), (v).

2. *Revisions to the Inclusion Rules for Small Generating Facilities that are Not Required to be Studied through a Class Year Study*

The proposed revisions will update and align the point in time that Small Generating Facilities that are not required to be studied through the Class Year Study are included in the existing system representation with generating facilities that are studied through the Class Year Study. As explained in Part II.B, above, Small Generating Facilities (20 MW or less) are subject to study in the SGIP unless they are required to be studied as a part of a Class Year Study. For Small Generating Facilities that are not studied through a Class Year, the current inclusion rules provide that they are added to the existing system representation for interconnection studies once they execute a facilities study agreement under the SGIP. For generators that are Class Year Projects, the current inclusion rules will include them in the existing system representation once they accept their cost allocation and post Security.

Given the uncertainty associated with the development of generation projects, both large and small, the NYISO has seen Small Generating Facilities elect to not move forward following execution of a facilities study agreement under the SGIP. However, such facility would already be included as a part of the existing system representation for the Class Year Studies and the TIP. The tariff revisions propose to adjust the rules governing the posting of security for Small Generating Facilities that are not required to participate in a Class Year Study under the SGIP to increase the likelihood that they are ready and will move forward following the completion of the facilities study. In doing so, the revisions propose to adjust the inclusion rules for such Small Generating Facilities to be based on the posting of security, which is similar to the rules associated with Large Facilities.[48]

As a first step, the proposed revisions include a new Section 32.3.5.7.1 that details the process for agreeing to the cost allocation and posting security for identified System Upgrade Facilities following the issuance of the final SGIP facilities study report. Specifically, within 30 Calendar Days after the issuance of such report, the Interconnection Customer must provide notice to the NYISO whether it accepts its Small Generating Facility cost allocation for the System Upgrade Facilities identified in the facilities study report by "signify[ing] its willingness to pay the Connecting Transmission Owner for the Interconnection Customer's its share of the System Upgrade Facilities."[49] Such notice must be made in writing and via electronic mail.[50]

Following the submittal of the notice described above, the Interconnection Customer will have five Business Days to either pay cash or post security for the System Upgrade Facilities. Similar to the provisions for posting Security under Attachment S for Class Year Projects, such payment of cash or posting of security must be for the full amount of the cost allocation, which is a non-binding, good faith estimate of cost responsibility for the identified System Upgrade

[48] Under the NYISO's compliance tariff revisions it will submit in compliance with Order No. 2023, the NYISO anticipates combining the security posting rules for Large Facilities and Small Generating Facilities.

[49] *Id.*

[50] *Id.*

Facilities.[51] If an Interconnection Customer fails to pay cash or post security within the prescribed timeframe, the Small Generator Interconnection Request will be withdrawn from the NYISO's interconnection queue. The proposed revisions also add a new Section 32.3.5.7.2 of the OATT to detail the specifics for an Interconnection Customer that wishes to post security with the Connecting Transmission Owner for the identified System Upgrade Facilities. A new Section 32.3.5.7.3 of the OATT also provides the basis where an Interconnection Customer will have its security forfeited. These provisions are similar to those contained in Attachment S for Class Year Projects that post Security for their cost allocation.[52]

The proposed revisions also update the inclusion rules in Attachment S and Attachment P so that once an Interconnection Customer notifies the NYISO that it accepts its Small Generating Facility cost allocation and posts security in accordance with proposed Section 32.3.5.7.1 of the OATT, the facility would be included in the existing system representation for future interconnection studies.[53] This point in time is more in line with the progress of generators through the SGIP and consistent with the treatment of similarly situated Large Generating Facilities and Small Generating Facilities required to participate in the Class Year process.

3. *Revisions to the Inclusion Rules for Generating Facilities Not Subject to the NYISO's Interconnection Procedures*

The existing inclusion rules set forth in Attachments P and S of the OATT contain specific rules for facilities that are subject to the NYISO's interconnection procedures.[54] The existing rules also provide for system changes, including updates received from Transmission Owners due to, among other things, the addition of generating facilities connecting to the distribution system that are not subject to the NYISO's interconnection procedures. In New York State, such generating facilities that are not evaluated through the NYISO process are evaluated through New York State's Standardized Interconnection Requirements ("NYSSIR") or a utility's process for distribution-level interconnections.

Under the existing rules, the NYISO incorporates updates from Transmission Owners for generating facilities studied through either the NYSSIR or the utility's interconnection process. Specifically, Section 25.5.5.1 of Attachment S and Section 22.6.1 of Attachment P provides for "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."[55]

The NYISO has received feedback that additional information would be beneficial to Developers and Interconnection Customers as to the criteria that is applied by the applicable

[51] The NYISO proposes to maintain the posting of security for Connecting Transmission Attachment Facilities to be done under the terms of the *pro forma* Small Generator Interconnection Agreement. *See* Proposed Revisions to OATT § 32.5 Appendix 7, Article 6.3.

[52] *See generally*, OATT § 25.8.2.

[53] Proposed revisions to OATT §§ 22.6.1, 25.5.5.1.

[54] The SGIP under Attachment Z uses the inclusion rules for the existing system representation under Attachment S for the study of Small Generator Interconnection Requests.

[55] OATT §§ 22.6.1, 25.5.5.1.

Transmission Owner. Moreover, an Interconnection Customer filed, in February 2021, a complaint against the NYISO alleging that the inclusion of distribution-level generation that is studied outside of the NYISO's interconnection procedures violated its tariff.[56] While the Commission found the complaint to be without merit, which orders were affirmed by the United States Court of Appeals for the District of Columbia Circuit,[57] the NYISO noted to the Commission that it is committed to improving coordination between its interconnection queue and the New York State interconnection queues.[58] Consistent with the NYISO's continued commitment to improving its interconnection processes and its statement to continue to explore further improving such coordination, the NYISO included the proposed revisions to the inclusions rules for the existing system representation in its transmission expansion and interconnection processes.

The proposed revisions would add a specific inclusion rule for generating facilities that are studied through the NYSSIR or utility's interconnection process. Both Section 25.5.5.1 of Attachment X and Section 22.6.1 of Attachment P would include the following:

> all proposed generators that interconnect to the distribution system through studies conducted outside of the NYISO's interconnection procedures (*e.g.*, the New York State Standardized Interconnection Requirements ("NYSSIR") process or a utility's individual interconnection procedures) and have been identified as firm in accordance with ISO Procedures.

The applicable Connecting Transmission Owner will provide to the NYISO the criteria that it uses in considering whether it considers a distribution-level generating facility that was studied through the NYSSIR or its individual interconnection procedures to be a part of its system representation. The NYISO will reference the Connecting Transmission Owners' criteria through NYISO Procedures.

### C. Minor Clarifications and Ministerial Corrections

#### 1. *Clarifications to the Base Case for the SGIP*

To improve the clarity of the NYISO's SGIP, the proposed revisions add a new Section 32.3.1.3 to Attachment Z of the NYISO OATT to specify that studies performed under the SGIP will use the current Base Case that the is being used by the ongoing Class Year Interconnection Study. While this clarification does not result in any substantive change to the NYISO's administration of studies under the SGIP, the explicit language improves the ease of access for

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[56] *Hecate Energy Greene County 3 LLC v. Central Hudson Gas & Elec. Corp. and New York Indep. Sys. Operator, Inc.*, Complaint Requesting Fast Track Processing of Hecate Energy Greene County 3 LLC, Docket No. EL21-49-000 (Feb. 11, 2021).

[57] *Hecate Energy Greene County 3 LLC v. Central Hudson Gas & Elec. Corp. and New York Indep. Sys. Operator, Inc.*, 176 FERC ¶ 61,023 (Jul. 15, 2021), *order on reh'g*, Order Addressing Arguments Raised on Rehearing, 177 FERC ¶ 61,121 (Nov. 18, 2021), *affirmed sub nom, Hecate Energy Greene County 3 LLC v. FERC, et al.*, No. 21-1192 (D.C. Cir. Jul. 7, 2023).

[58] *Hecate Energy Greene County 3 LLC v. Central Hudson Gas & Elec. Corp. and New York Indep. Sys. Operator, Inc.*, Answer of the New York State Independent System Operator, Inc., Docket No. EL21-49-000 (Mar. 15, 2021), at pp 25–26.

Interconnection Customers seeking to interconnect a Small Generating Facility. Additional revisions to the SGIP also include clarifications to the definition of "Base Case" to reference the rules set forth in Section 25.5.5.1 of Attachment S for the NYISO to make applicable updates.[59]

2. *Miscellaneous*

The proposed revisions to the OATT also include minor revisions intended to clarify and clean up existing language. The NYISO proposes to make the following revisions in several places in the tariff language.

- The NYISO corrected spacing errors in several tariff sections;
- The NYISO updated the headings and section numbering to address new, revised, and deleted tariff provisions; and
- The NYISO corrected a reference to "SIS" in Section 22.9.3 of the OATT to be "System Impact Study."

## III. REQUESTED EFFECTIVE DATE

The NYISO requests that the Commission accept the proposed tariff revisions with an effective date of the date of this filing—March 20, 2024.

## IV. LIST OF DOCUMENTS SUBMITTED

The NYISO respectfully submits the following documents with this filing letter:

- A clean version of the proposed revisions to the OATT (Attachment I); and
- A blacklined version of the proposed revisions to the OATT (Attachment II).

## V. COMMUNICATIONS AND CORRESPONDENCE

All communications, pleadings, and orders with respect to this proceeding should be directed to the following individuals:

Robert E. Fernandez, Executive Vice President,
General Counsel, & Chief Compliance Officer
Karen Georgenson Gach, Deputy General Counsel
Raymond Stalter, Director of Regulatory Affairs
* Sara B. Keegan, Assistant General Counsel
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[59] Proposed revisions to OATT § 32.5 Appendix 1 and Appendix 5, Attachment 1.

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## VI. REQUISITE STAKEHOLDER APPROVAL

The tariff revisions proposed in this filing were discussed with stakeholders at multiple meetings of the Transmission Planning Advisory Subcommittee from October 2022 through December 2022. The revisions were approved at a meeting of the Operating Committee on December 15, 2022 and a meeting of the Management Committee meeting on October 25, 2023. Each committee approved the proposed tariff revisions unanimously. Subsequently, the NYISO Board of Directors approved filing the proposed tariff revisions with the Commission pursuant to Section 205 of the Federal Power Act.

## VII. SERVICE

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

## VIII. CONCLUSION

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed tariff changes identified in this filing.

Respectfully submitted,

*/s/ Sara B. Keegan*
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