

***NYISO OATT***

***New York Independent System Operator, Inc.***  
***NYISO OATT***

Document Generated On: 5/31/2024

-----	20
New York Independent System Operator, Inc. Open Access Transmission Tariff .....	20
1. Definitions.....	21
1.1 Definitions - A.....	22
1.2 Definitions - B.....	24
1.3 Definitions - C.....	26
1.4 Definitions - D.....	30
1.5 Definitions - E.....	32
1.6 Definitions - F.....	35
1.7 Definitions - G.....	36
1.8 Definitions - H.....	37
1.9 Definitions - I.....	38
1.10 Definitions - J.....	41
1.11 Definitions - K.....	42
1.12 Definitions - L.....	43
1.13 Definitions - M.....	45
1.14 Definitions - N.....	47
1.15 Definitions - O.....	51
1.16 Definitions - P.....	53
1.17 Definitions - Q.....	55
1.18 Definitions - R.....	56
1.19 Definitions - S.....	60
1.20 Definitions - T.....	64
1.21 Definitions - U.....	67
1.22 Definitions - V.....	68
1.23 Definitions - W.....	69
1.24 Definitions - X.....	70
1.25 Definitions - Y.....	71
1.26 Definitions - Z.....	72
2 Common Service Provisions .....	73
2.1 Term and Effectiveness.....	74
2.2 Initial Allocation and Renewal Procedures .....	75
2.3 Ancillary Services.....	77
2.4 Open-Access Same Time Information System ("OASIS").....	79
2.5 Local Furnishing Bonds and Other Tax Exempt Financing .....	80
2.6 Reciprocity.....	84
2.7 Billing and Payment.....	86
2.8 Accounting for the Transmission Owner's Use of the Tariff .....	114
2.9 Regulatory Filings .....	115
2.10 Tariff Modifications .....	116
2.11 Force Majeure and Indemnification and Liability Limitation .....	117
2.12 Back-Up Operation .....	123
2.13 Emergency Notification: .....	125

2.14	Creditworthiness .....	126
2.15	List of Affiliates and/or Parent Company .....	127
2.16	Dispute Resolution Procedures .....	128
2.17	Incorporation of Certain Business Practice Standards .....	129
3	Point-To-Point Transmission Service .....	131
3.1	Nature of Firm Point-To-Point Transmission Service .....	132
3.2	Nature of Non-Firm Point-To-Point Transmission Service:.....	138
3.3	Service Availability.....	139
3.4	Transmission Customer Responsibilities.....	141
3.5	Procedures for Arranging Firm Point-To-Point Transmission Service.....	143
3.6	Procedures for Arranging Non-Firm Point-To-Point Transmission Service.....	146
3.7	Additional Study Procedures For Firm Point-To-Point Transmission Service Requests 147	
3.8	Development of Transmission Reinforcement Options.....	161
3.9	Study Procedures For New Load or Facility Interconnections To The NYS Power System 162	
3.10	Prioritizing Transmission and Interconnection Studies.....	165
3.11	Reserved .....	167
3.12	The Comprehensive System Planning Process .....	168
3.13	Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service .....	169
3.14	Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities.....	171
3.15	Changes in Service Specifications.....	172
3.16	Metering and Power Factor Correction at Receipt and Delivery Point(s).....	173
3.17	Compensation for Transmission Service .....	174
3.18	Stranded Cost Recovery .....	175
3.19	Compensation for New Facilities and Redispatch Costs .....	176
4	Network Integration Transmission Service .....	177
4.1	Nature of Network Integration Transmission Service.....	178
4.2	Initiating Service .....	181
4.3	Network Resources .....	187
4.4	Designation of Network Load.....	192
4.5	Additional Study Procedures For Network Integration Transmission Service Requests 195	
4.6	Load Shedding and Curtailments .....	205
4.7	Rates and Charges .....	208
4.8	Operating Arrangements .....	210
5	Special Provisions for Retail Access .....	212
5.1	Rights and Responsibilities of Eligible Customers and LSEs.....	214
5.2	The Individual Retail Access Plans.....	218
6	Schedules .....	222
6.1	Schedule 1 - ISO Annual Budget Charge and Other Non-Budget Charges and Payments 223	

6.2	Schedule 2 - Charges for Voltage Support Service .....	272
6.3	Schedule 3 - Charges for Regulation Service.....	275
6.4	Schedule 4 - Energy Imbalance Service.....	278
6.5	Schedule 5 - Charges for Operating Reserve Service .....	282
6.6	Schedule 6 - Black Start and System Restoration Services .....	285
6.7	Schedule 7 - Firm Point-To-Point Transmission Service.....	286
6.8	Schedule 8 - Non-Firm Point-To-Point Transmission Service.....	292
6.9	Schedule 9 - Network Integration Transmission Service .....	293
6.10	Schedule 10 - Rate Mechanism for the Recovery of the Regulated Transmission Facilities Charge ("RTFC") .....	300
Section 1.	Annual Projection.....	358
Section 2.	Calculation of True-Up Adjustment.....	362
Section 3.	Annual Update .....	363
Section 4.	Annual Review Procedures.....	367
Section 5.	Challenge Procedures.....	368
6.10.8	Attachment 2 – Rate Mechanism for the Recovery of NYPA Portion of Segment A of the AC Transmission Public Policy Transmission Need Projects.....	377
<b>6.10.8.1</b>	<b>Applicability</b> .....	377
6.10.10	Attachment 4 – Rate Mechanism for the Recovery by Consolidated Edison Company of New York, Inc.....	437
6.10.10.1	Applicability .....	437
6.10.11	Attachment 5 – Rate Mechanism for the Recovery by Orange and Rockland Utilities, Inc. ....	439
6.10.11.1	Applicability .....	439
6.11	Schedule 11 - Penalty Cost Recovery .....	441
6.12	Schedule 12 - Rate Mechanism for the Recovery of the Highway Facilities Charge ("HFC") .....	451
6.13	Schedule 13 – Rate Mechanism for the Recovery of the Transco Facilities Charge ("TFC") .....	512
<b>6.14</b>	<b>Schedule 14 – Rate Mechanism for Recovery of RMR Generator and Interim Service Provider Related Charges from and Payment of RMR Generator and Interim Service Provider Related Credits to RMR LSEs.....</b>	<b>523</b>
6.15	Schedule 15 – Rate Mechanism for the Recovery of the Marcy South Series Compensation Facilities Charge ("MSSCFC").....	531
<b>6.16</b>	<b>Schedule 16 - Rate Mechanism for the Recovery of the Short-Term Reliability Process Facilities Charge for a Regulated Transmission Solution in the Short-Term Reliability Process ("STRPFC").....</b>	<b>539</b>
6.17	Schedule 17 – Rate Mechanism for the Recovery of the Western New York Facilities Charge for Non-Bulk Transmission Facilities ("WNY-FC") .....	551
<b>6.18</b>	<b>Schedule 18 – Rate Mechanism for the Recovery of the Smart Path Connect Facilities Charge.....</b>	<b>559</b>
<b>6.19</b>	<b>Schedule 19 - Rate Mechanism for the Recovery of the CLCPA Facilities Charge</b> <b>566</b>	
6.19.6	Attachment 1 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for New	



York State Electric and Gas Corporation .....	574
<b>6.19.6.2.2 Reserved for future use</b> .....	598
6.19.7 Attachment 2 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Rochester Gas and Electric Corporation .....	599
<b>6.19.7.2.2 Reserved for future use</b> .....	623
6.19.8 Attachment 3 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Consolidated Edison Company of New York, Inc. ....	624
<b>6.19.8.2.2 Reserved for future use</b> .....	648
6.19.9 Attachment 4 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Central Hudson Gas and Electric Corporation .....	649
6.19.10 Attachment 5 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Orange and Rockland Utilities, Inc. ....	677
<b>6.20 Reserved for future use</b> .....	702
<b>6.21 Reserved for future use</b> .....	703
7 Attachment A - Form of Service Agreement for Firm Point-To-Point Transmission Service .....	704
8 Attachment B - Form of Service Agreement for Non-Firm Point-To-Point Transmission Service .....	706
9 Attachment C - Methodology to Assess Available Transfer Capability .....	707
9.1 Overview .....	707
9.2 Methodology for Computing Firm ATC .....	710
9.3 Process Flow Diagram .....	712
9.4 Existing Transmission Commitments (“ETC”) .....	713
9.5 Total Transfer Capability (“TTC”) .....	715
9.6 Transmission Reliability Margin (“TRM”) .....	717
9.7 Capacity Benefit Margin .....	719
9.8 Coordinated ATC Calculations .....	719
10 Attachment D - Methodology for Completing a System Impact Study, Transmission Service Study, or Network Integration Transmission Service Study .....	721
11 Attachment E - Index Of Point-To-Point Transmission Service Customers .....	723
12 Attachment F - New York Independent System Operator Code of Conduct .....	724
12.1 Introduction .....	725
12.2 Fair and Non-Discriminatory Administration of the Tariff .....	727
12.3 Non-Participation in Energy Transactions .....	728
12.4 Treatment of Confidential and Transmission System Information .....	729
12.5 Insider Trading .....	736
12.6 Training .....	739
12.7 ISO Records .....	740
12.8 Conflicts of Interest .....	741
12.9 Additional Controls .....	748
12.10 Termination of Association .....	749
12.11 Violations of the Code of Conduct .....	750
12.12 ISO Property and Other Assets .....	751
12.13 Determination by the ISO Board as to Consultants and Contractors .....	752

12.14	Waiver.....	753
12.15	Annual Compliance Certificate .....	754
13	Attachment G - Network Operating Agreement .....	755
14	Attachment H - Annual Transmission Revenue Requirement for Point-To-Point Transmission Service and Network Integration Transmission Service .....	756
14.1	Transmission Service Charge ("TSC").....	757
14.2	Attachment 1 to Attachment H (Niagara Mohawk Power Corporation) and NYPA Transmission Adjustment Charge.....	798
14.2.2	NYPA Transmission Adjustment Charge ("NTAC") .....	830
14.2.3.2.9	AC Project Segment A Cost Containment.....	953
14.2.3.2.10	Smart Path Connect Project Cost Containment .....	957
B.	Return on Equity Incentive Adders .....	960
C.	Cost Cap, Cost Containment and Risk Sharing.....	961
D.	Other .....	962
14.3	Attachment H-1 - List of Member Systems' Pre-OATT Grandfathered Agreements Shown on Attachment L and Revenues which are Treated as Revenue Credits in Developing the R Component of each Company TSC Rate.....	963
15	Attachment I - Index of Network Integration Transmission Service Customers .....	970
16	Attachment J .....	971
16.1	See Attachment B to the Services Tariff for provisions related to the LBMP Calculation .....	972
16.2	Accounting for Transmission Losses.....	973
16.3	Transmission Service, Schedules and Curtailment.....	976
17	Attachment K – Reservation of Certain Transmission Capacity and LBMP Transition Period.....	988
17.1	General Description of Existing Transmission Capacity Reservations.....	989
17.2	TWA, Third Party TWA, and TFA Treatment; ETCNL Creation.....	990
17.3	Congestion Terms Applicable to Grandfathered Rights and Grandfathered TCCs Under MWAs, TFAs, and Third Party TWAs .....	995
17.4.	Obligation to Pay Contractually Agreed Transmission Rates; Relief from TSC .....	996
17.5.	Responsibility For Losses .....	997
17.6	Responsibility for Ancillary Services .....	999
17.7	LBMP Transition Period and Payment.....	1000
17.8	Sale or Other Transfer of Grandfathered Rights and Grandfathered TCCs .....	1003
17.9	Basis for Settlements; Procedures for Revising Information Necessary for Grandfathered Right and Grandfathered TCC Settlements .....	1005
18	ATTACHMENT L – TRANSMISSION AGREEMENTS & EXISTING TRANSMISSION CAPACITY FOR NATIVE LOAD TABLES .....	1012
18.1	Transmission Wheeling Agreements.....	1013
19	Attachment M - Sale and Award of Transmission Congestion Contracts ("TCCs") .....	1032
19.1	Overview of the Sales of TCCs .....	1033
19.2	Award of TCCs Other Than Through TCC Auctions: Fixed Price TCCs and Incremental TCCs .....	1035
19.3	Allocation of Residual Transmission Capacity As Original Residual TCCs .....	1074

19.4	Reservation of Transmission Capacity in a Centralized TCC Auction through ETCNL TCCs	1075
19.5	Reservation of Transmission Capacity in a Centralized TCC Auction through RCRR TCCs	1078
19.6	Direct Sale of TCCs by Transmission Owners directly over the OASIS (“Direct Sale”)	1082
19.7	Primary Holders .....	1084
19.8	Auctions for TCCs.....	1085
19.9	Procedures for Sales of TCCs in Each Auction .....	1094
19.10	End-State Auctions for TCCs .....	1104
20	Attachment N – Congestion Settlements Related to the Day-Ahead Market and TCC Auction Settlements .....	1110
20.1	Overview and Definitions .....	1111
20.2	Congestion Settlements Related to the Day-Ahead Market.....	1118
20.3	Settlement of TCC Auctions.....	1154
20.4	Allocation of Historic Fixed Price TCC Revenues .....	1202
20.5	Allocation of Non-Historic Fixed Price TCC Revenues .....	1209
21	Attachment O - Service Agreement for Network Integration Transmission Service.....	1218
	CERTIFICATION .....	1219
	SPECIFICATION FOR NETWORK INTEGRATION TRANSMISSION SERVICE.....	1219
22	<b>Attachment P – Transmission Interconnection Procedures .....</b>	<b>1</b>
22.1	<b>Definitions .....</b>	<b>2</b>
22.2	<b>Scope and Application .....</b>	<b>5</b>
22.3	<b>Transmission Projects Subject to Transmission Interconnection Procedures.....</b>	<b>6</b>
22.4	<b>Transmission Interconnection Application .....</b>	<b>11</b>
22.5	<b>Queue Position.....</b>	<b>19</b>
22.6	<b>Base Case for Transmission Interconnection Procedures and NYISO Transmission Interconnection Standard .....</b>	<b>22</b>
22.7	<b>Optional Feasibility Study.....</b>	<b>26</b>
22.8	<b>System Impact Study .....</b>	<b>29</b>
22.9	<b>Facilities Study .....</b>	<b>33</b>
22.10	<b>Engineering &amp; Procurement (“E&amp;P”) Agreement .....</b>	<b>41</b>
22.11	<b>Transmission Project Security and Interconnection Agreement .....</b>	<b>43</b>
22.12	<b>Construction of Connecting Transmission Owner’s Network Upgrade Facilities....</b>	<b>52</b>
22.13	<b>Miscellaneous .....</b>	<b>54</b>
	<b>Appendix 1 TRANSMISSION INTERCONNECTION APPLICATION .....</b>	<b>1</b>
23	Attachment Q – Procedures for Reserving and Correcting Erroneous Energy and Ancillary Services Prices.....	3
OB24	Attachment R - Cost Allocation and Measurement and Verification Methodologies for Demand Reductions by Distributed Energy Resources in a DER Aggregation .....	4
24.1	Cost Allocation Methodology for Demand Reductions Recovered Pursuant to Schedule 1.....	4
24.2	Measurement of Actual Demand Reduction of Individual Distributed Energy Resources within a DER Aggregation.....	8

24.3	Verification of Actual Demand Reduction from DER Aggregations .....	13
24.4	Data Reporting Requirements for Aggregators.....	14
25	Attachment S – Rules To Allocate Responsibility for the Cost of New Interconnection Facilities.....	18
25.1	Introduction.....	19
25.2	Minimum Interconnection Standard.....	29
25.3	Deliverability Interconnection Standard .....	31
25.4	Interconnection Facilities Covered by Attachment S .....	34
25.5	Class Year Study and Expedited Deliverability Study Processes .....	35
25.6	Class Year Study Cost Allocation Methodology For ERIS.....	55
25.7	Deliverability Studies and Cost Allocation Methodology for CRIS .....	79
25.8	Project Cost Allocation Decisions .....	125
25.9	Going Forward .....	148
25.10	Miscellaneous Provisions.....	165
25.11	Appendices .....	175
	APPENDIX 1 TO ATTACHMENT S– Allocation of Overage Cost.....	176
26	Attachment T – Cost Allocation Methodology for Schedule 1 Bid Production Guarantees for Additional Generating Units Committed to Meet Forecast Load .....	186
27	Attachment U – Declaration and Recovery of Bad Debt Losses.....	189
27.1	Declaration Of A Bad Debt Loss.....	189
27.2	Notice To Market Participants.....	189
27.3	Recovery of Payment Defaults and Bad Debt Losses .....	190
27.4	Re-Entry of Defaulting Transmission Customer .....	192
28	Attachment V – ISO Working Capital Fund.....	193
28.1	Purpose of the ISO Working Capital Fund .....	194
28.2	Monitoring and Reporting of Working Capital Fund .....	195
28.3	Customer Contributions to Increases of the Working Capital Fund .....	196
28.4	Decrease in the Amount of the Working Capital Fund .....	197
28.5	Interest Accrued on Working Capital Fund .....	198
28.6	Other Adjustments to the Working Capital Fund.....	199
28.7	Contributions to Working Capital Fund from New Customers .....	201
28.8	Semi-Annual Adjustment of Working Capital Fund Contributions .....	202
28.9	Working Capital Fund Contributions Not Considered As Collateral.....	203
29	Attachment W – Creditworthiness Requirements for Transmission Customers .....	204
30	Attachment X – Standard Large Facility Interconnection Procedures (Applicable to Generating Facilities that exceed 20 MWs and to Class Year Transmission Facilities) .....	205
30.1	Definitions.....	206
30.2	Scope and Application .....	218
30.3	Interconnection Requests .....	223
30.4	Queue Position .....	247
30.5	Transition Procedures Regarding Standard Large Facility Interconnection Procedures .....	258
30.6	Optional Interconnection Feasibility Study .....	264
30.7	Interconnection System Reliability Impact Study.....	270

30.8	Class Year Interconnection Facilities Study .....	279
30.9	Engineering & Procurement (“E&P”) Agreement.....	287
30.10	Optional Interconnection System Reliability Impact Study.....	289
30.11	Standard Large Generator Interconnection Agreement (LGIA) .....	292
30.12	Construction of Connecting Transmission Owner’s Attachment Facilities and System Facilities.....	297
30.13	Miscellaneous .....	301
30.14	Appendices .....	315
	APPENDIX 1 TO LFIP - INTERCONNECTION REQUEST .....	316
	APPENDIX 2 to LFIP - CLASS YEAR STUDY AGREEMENT.....	331
	APPENDIX 2-A TO LFIP – FACILITIES STUDY AGREEMENT FOR EXTERNAL CRIS RIGHTS .....	339
	Appendix 3 to LFIP – LARGE FACILITY MODIFICATION REQUEST .....	346
	Appendix 4 – STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT .....	354
	[To be supplied.] Appendix 5 – Interconnection Procedures for a Wind Generating Plant...	434
31	Attachment Y - New York ISO Comprehensive System Planning Process .....	436
31.1	New York Comprehensive System Planning Process (“CSPP”).....	437
31.2	Reliability Planning Process .....	455
31.3	Economic Planning Process .....	527
31.4	Public Policy Transmission Planning Process.....	552
31.5	Cost Allocation and Cost Recovery .....	613
31.6	Other Provisions .....	669
31.7	Appendices .....	671
<b>31.8</b>	<b>Appendix E – Public Policy Transmission Need Cost Allocation Methodologies...</b>	<b>751</b>
31.9	This section is reserved for future use. ....	760
<b>31.10</b>	<b>This section is reserved for future use.</b> .....	<b>761</b>
<b>31.11</b>	<b>Appendix H – Form of Operating Agreement</b> .....	<b>i</b>
31.12	Appendix I – Study Agreement for Evaluation of Public Policy Transmission Projects .....	2
31.13	Requested Economic Planning Study Request Form.....	9
<b>31.14</b>	<b>Requested Economic Planning Study Agreement</b> .....	<b>12</b>
32	Attachment Z – Small Generator Interconnection Procedures (SGIP) (Applicable to Generating Facilities No Larger Than 20 MW).....	20
32.1	Application.....	21
32.2	Fast Track Process.....	37
32.3	Study Process.....	49
32.4	Provisions that Apply to All Interconnection Requests.....	68
32.5	Appendices .....	1
33	Attachment AA – Procedure to Protect for the Loss of Phase II Imports.....	82
33.1	Introduction.....	83
33.2	System Monitoring .....	84
33.3	Definition of Terms.....	85
33.4	Procedures.....	87
	ATTACHMENT I – Methods for Calculating the Loss of Phase II Contingency and the Phase II Import Limit .....	88
34	Attachment BB – New York State Gas-Electric Coordination Protocol .....	91

34.1	Definitions.....	92
34.2	General Application .....	94
34.3	Notifications .....	96
34.4	Assessment of the Electric System Following a Generator Derating .....	97
34.5	Assessment of Energy Requirements .....	98
34.6	Assessment of Gas Requirements .....	99
34.7	Coordination of Gas Usage .....	100
34.8	Form of Communications .....	102
35	Attachment CC – Joint Operating Agreement Among and Between New York Independent System Operator Inc. and PJM Interconnection, L.L.C. ....	103
35.1	Recitals.....	104
35.2	Abbreviations, Acronyms, Definitions and Rules of Construction .....	105
35.3	Overview, Administration, and Relationship With Other Agreements.....	119
35.4	Mutual Benefits .....	123
35.5	Interconnected Operation .....	124
35.6	Emergency Assistance .....	128
35.7	Exchange of Information .....	130
35.8	Confidential Information .....	134
35.9	Coordination of Scheduled Outages.....	139
35.10	Coordination of Transmission Planning Studies .....	140
35.11	Voltage Control and Reactive Power Coordination.....	149
35.12	M2M Coordination Processes and Coordinated Transaction Scheduling.....	150
35.13	Joint Checkout Procedures .....	152
35.14	TTC/ATC/AFC Calculations .....	153
35.15	Dispute Resolution Procedures .....	155
35.16	Interconnection Revenue Metering .....	157
35.17	Retained Rights of Parties .....	158
35.18	Representations.....	159
35.19	Effective Date, Implementation, Term and Termination .....	160
35.20	Additional Provisions .....	162
35.21	Schedules A and B.....	176
35.22	Reserved for future use. ....	178
35.23	Schedule D – Market-to-Market Coordination Process – Version 1.0.....	179
1	Overview of the Market-to-Market Coordination Processes .....	180
7	Real-Time Energy Market Coordination .....	180
8	Real-Time Energy Market Settlements .....	180
8.1	Information Used to Calculate M2M Settlements .....	180
8.2	Real-Time Redispatch Settlement .....	181
8.3	NY-NJ PAR Settlements .....	181
8.4	Calculating a Combined M2M Settlement .....	181
9	When One of the RTOs Does Not Have Sufficient Redispatch .....	181
7.2	Real-Time NY-NJ PAR Coordination .....	210
7.2.1	NY-NJ PAR Target Values .....	211
7.2.2	Determination of the Cost of Congestion at each NY-NJ PAR .....	213

7.2.3	Desired PAR Changes .....	214
36	Attachment DD – Rules to Allocate the Cost of NY Transco LLC Transmission Facilities and Formula Rates .....	229
36.1	Overview.....	230
36.2	Attachment 1 to Attachment DD.....	232
36.3	Attachment 2 to Attachment DD.....	234
37	Attachment EE – Coordination Agreement Between ISO New England Inc. and The New York Independent System Operator, Inc. ....	299
	Recitals .....	300
	ARTICLE 1.0: DEFINITIONS .....	300
	ARTICLE 2.0: SCOPE OF AGREEMENT.....	300
	ARTICLE 3.0: MUTUAL BENEFITS.....	300
	ARTICLE 4.0: INTERCONNECTED OPERATION .....	300
	ARTICLE 5.0: EMERGENCY ASSISTANCE .....	300
	ARTICLE 6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY.....	300
	ARTICLE 7.0: COORDINATION COMMITTEE .....	300
	ARTICLE 8.0: RELIABILITY COORDINATION AND RELIABILITY ASSESSMENT OF OUTAGES.....	300
	ARTICLE 9.0: OPERATIONAL INFORMATION .....	300
	ARTICLE 10.0: INTERCONNECTION REVENUE METERING.....	300
	ARTICLE 11.0: JOINT CHECKOUT PROCEDURES .....	300
	ARTICLE 12.0: COORDINATED TRANSACTION SCHEDULING .....	300
	ARTICLE 13.0: LIABILITY.....	300
	ARTICLE 14.0: APPLICABLE LAW .....	300
	ARTICLE 15.0: LICENSE AND AUTHORIZATION .....	300
	ARTICLE 16.0: ASSIGNMENT .....	300
	ARTICLE 17.0: AMENDMENT.....	300
	ARTICLE 18.0: NOTICES .....	300
	ARTICLE 19.0: DISPUTE RESOLUTION.....	300
	ARTICLE 20.0: REPRESENTATIONS .....	300
	ARTICLE 21.0: EFFECTIVE DATE AND TERM .....	300
	ARTICLE 22.0: MISCELLANEOUS.....	300
	IN WITNESS WHEREOF.....	300
	Schedule A: Description of Interconnection Facilities .....	300
	Schedule B: Procedures for Development and Authorization of Operating Instructions .....	300
	Schedule C: Emergency Energy Transactions Schedule.....	300
	Attachment A.....	300
	To the Emergency Energy Transactions Schedule .....	300
	Emergency Energy Pricing.....	300
	RECITALS .....	301
	ARTICLE 1.0: DEFINITIONS .....	303
	ARTICLE 2.0: SCOPE OF AGREEMENT.....	310
	ARTICLE 3.0: MUTUAL BENEFITS.....	312
	ARTICLE 4.0: INTERCONNECTED OPERATION .....	313
	ARTICLE 5.0: EMERGENCY ASSISTANCE .....	316

ARTICLE 6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY .....	317
ARTICLE 7.0: COORDINATION COMMITTEE .....	323
ARTICLE 8.0: RELIABILITY COORDINATION AND RELIABILITY ASSESSMENT OF OUTAGES .....	325
ARTICLE 9.0: OPERATIONAL INFORMATION .....	326
ARTICLE 10.0: INTERCONNECTION REVENUE METERING .....	327
ARTICLE 11.0: JOINT CHECKOUT PROCEDURES .....	328
ARTICLE 12.0: COORDINATED TRANSACTION SCHEDULING .....	329
ARTICLE 13.0: LIABILITY.....	330
ARTICLE 14.0: APPLICABLE LAW .....	333
ARTICLE 15.0: LICENSE AND AUTHORIZATION .....	334
ARTICLE 16.0: ASSIGNMENT .....	335
ARTICLE 17.0: AMENDMENT.....	336
ARTICLE 18.0: NOTICES .....	337
ARTICLE 19.0: DISPUTE RESOLUTION.....	338
ARTICLE 20.0: REPRESENTATIONS .....	339
ARTICLE 21.0: EFFECTIVE DATE AND TERM .....	340
ARTICLE 22.0: MISCELLANEOUS.....	341
IN WITNESS WHEREOF.....	343
Schedule A: Description of Interconnection Facilities .....	344
Schedule B: Procedures for Development and Authorization of Operating Instructions .....	345
Schedule C: Emergency Energy Transactions Schedule.....	347
Attachment A.....	352
To the Emergency Energy Transactions Schedule .....	352
Emergency Energy Pricing.....	352
Schedule D: Coordinated Transaction Scheduling.....	355
<b>38 Attachment FF – Generator Deactivation Process.....</b>	<b>371</b>
38.1 Definitions.....	372
38.2 Scope of Short-Term Reliability Process.....	375
38.3 Generator Deactivation Requirements .....	378
38.4 Solicitation of Short-Term Reliability Process Solutions to a Short-Term Reliability Process Need.....	388
38.5 Review and Notification of Generator(s) Currently in an Outage State .....	396
38.6 Viability and Sufficiency Evaluation of Proposed Short-Term Reliability Process Solutions and Monitoring of Selected Short-Term Reliability Process Solutions .....	398
38.7 ISO Review of Information .....	400
38.8 Determining RMR Avoidable Costs.....	403
38.9 RMR Service Offers .....	406
38.10 ISO Selection of Solution to Address Short-Term Reliability Process Need .....	409
38.11 Entry into RMR Agreements.....	419
38.12 Developer’s Responsibility Following Selection of Its Transmission Solution.....	423
38.13 Interim Service Providers.....	428
38.14 Initiating Generator’s Failure to Timely Deactivate .....	433
38.15 Halting of Regulated Transmission Short-Term Reliability Process Solution .....	436
38.16 RMR Generator Additional Costs.....	438



38.17	Payment of Capital Expenditures to RMR Generators and Interim Service Providers 444	
38.18	Market Monitoring Unit Review of Determinations .....	451
38.19	Terminating RMR Agreements .....	452
38.20	Reserved .....	453
38.21	Reserved .....	454
38.22	Cost Allocation Methodology for Short-Term Reliability Process.....	455
38.23	Cost Recovery for Short-Term Reliability Process .....	471
<b>38.24</b>	<b>Appendix A – Generator Deactivation Notice Form .....</b>	<b>473</b>
<b>38.25</b>	<b>Appendix B – Short-Term Reliability Process Cost, Revenue, and Other Information Requirements .....</b>	<b>477</b>
38.26	Appendix C - Form of Reliability Must Run Agreement .....	485
	RELIABILITY MUST RUN AGREEMENT.....	488
	RECITALS.....	488
	38.27 Appendix D – Responsible Generator Party Certification .....	553
	Schedule A.....	559
39	Attachment GG – Reserved for future use .....	560
40	Attachment HH – Standard Interconnection Procedures.....	561
40.1	Definitions.....	562
<b>40.2</b>	<b>Effective Date, Scope, and Application of Standard Interconnection Procedures</b>	<b>583</b>
<b>40.4</b>	<b>Pre-Application Interconnection Information Available to Prospective Interconnection Customers .....</b>	<b>607</b>
<b>40.4.1</b>	<b>Heatmap .....</b>	<b>607</b>
<b>40.4.2</b>	<b>Pre-Application Report .....</b>	<b>608</b>
<b>40.5</b>	<b>Cluster Study Process Start Date/Application Window/ Interconnection Requests/ Interconnection Service Options .....</b>	<b>611</b>
<b>40.6</b>	<b>Queue Position/ Modification/ Withdrawal/ Withdrawal Penalties .....</b>	<b>636</b>
<b>40.9.5</b>	<b>Interconnection Facilities Covered by the Cluster Study .....</b>	<b>688</b>
<b>40.9.6</b>	<b>NYISO Minimum Interconnection Standard .....</b>	<b>689</b>
<b>40.9.7</b>	<b>NYISO Deliverability Interconnection Standard .....</b>	<b>690</b>
<b>40.13</b>	<b>Deliverability Studies and Cost Allocation Methodology for CRIS.....</b>	<b>734</b>
<b>40.18</b>	<b>CRIS Retention, Expiration, Transfer and External CRIS.....</b>	<b>811</b>
<b>40.21</b>	<b>Standard Interconnection Agreement (IA)/ Standard Upgrade Construction Agreement/ Standard Multiparty Upgrade Construction Agreement .....</b>	<b>837</b>
<b>40.22</b>	<b>Construction of Connecting Transmission Owner’s Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades.....</b>	<b>845</b>
<b>40.23</b>	<b>Fast Track Process.....</b>	<b>849</b>
<b>40.24</b>	<b>Miscellaneous .....</b>	<b>861</b>
40.25.1	APPENDIX 1 TO ATTACHMENT HH .....	879
	INTERCONNECTION REQUEST.....	879
40.25.2	APPENDIX 2 TO ATTACHMENT HH .....	891
	CRIS-ONLY REQUEST .....	891
<b>40.25.3</b>	<b>APPENDIX 3 TO ATTACHMENT HH.....</b>	<b>900</b>
	<b>CLUSTER STUDY AGREEMENT .....</b>	<b>900</b>

1. Instructions.....	906
2. Project Overview.....	907
3. Proposed POI(s) and Project Location:.....	907
4. New or Existing Service: .....	908
5. Additional Information: .....	908
6. Requestor Signature .....	909
1. Project.....	910
2. Proposed Primary POI.....	910
3. Proposed Secondary POI .....	912
40.25.5 APPENDIX 5 TO ATTACHMENT HH.....	915
40.25.9 APPENDIX 9 TO ATTACHMENT HH.....	942
ALLOCATION OF OVERAGE COST .....	942
40.25.10 APPENDIX 10 TO ATTACHMENT HH.....	944
40.25.14 APPENDIX 14 TO ATTACHMENT HH – RESERVED.....	967
40.25.15 APPENDIX 15 TO ATTACHMENT HH.....	968
STANDARD INTERCONNECTION AGREEMENT .....	968
40.25.16 APPENDIX 16 TO ATTACHMENT HH.....	i
Article 1. DEFINITIONS.....	7
Article 2. EFFECTIVE DATE, TERM AND TERMINATION.....	13
2.1 Effective Date. ....	13
2.2 Term of Agreement. ....	14
2.3 Termination.....	14
2.4 Termination Costs. ....	15
2.5 Survival. ....	16
Article 3. Construction SERVICES.....	16
3.1 Performance of Construction Services.....	16
3.2 General Conditions Applicable to Interconnection Customer’s Performance of the Construction Services.....	16
3.3 Design and Equipment Procurement.....	17
3.4 Construction Commencement .....	18
3.5 Work Progress. ....	18
3.6 Information Exchange. ....	19
3.7 Ownership and Control of Upgrades. ....	19
3.8 Access Rights. ....	19
3.9 Lands of Other Property Owners. ....	19
3.10 Permits.....	19
3.11 Suspension.....	20
3.12 Taxes. ....	20
3.13 Tax Status; Non-Jurisdictional Entities. ....	22
3.14 Modification. ....	23
Article 4. TESTING AND INSPECTION.....	24
4.1 Initial Testing and Modifications.....	24
4.2 Right to Observe Testing. ....	24
Article 5. PERFORMANCE OBLIGATIONS.....	24

5.1	Cost Responsibilities.....	24
5.2	Provision and Application of Security .....	24
Article 6.	INVOICE .....	25
6.1	General. ....	25
6.2	Final Invoice and Refund of Remaining Security/Overpayment Amount.....	25
6.3	Payment. ....	25
6.4	Disputes.....	26
Article 7.	REGULATORY REQUIRMENTS AND GOVERNING LAW .....	26
7.1	Regulatory Requirements .....	26
7.2	Governing Law.....	26
Article 8.	NOTICES .....	26
8.1	General. ....	26
8.2	Billings and Payments.....	27
8.3	Alternative Forms of Notice. ....	27
Article 9.	FORCE MAJEURE .....	27
Article 10.	default .....	27
10.1	General. ....	27
10.2	Right to Terminate.....	27
Article 11.	INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE.....	28
11.1	Indemnity.....	28
11.2	No Consequential Damages. ....	29
11.3	Insurance. ....	29
Article 12.	ASSIGNMENT.....	32
12.1	Assignment. ....	32
Article 13.	Severability.....	32
Article 14.	Comparability.....	32
Article 15.	Confidentiality.....	32
15.1	Confidentiality. ....	32
15.2	Term.....	33
15.3	Confidential Information. ....	33
15.4	Scope. ....	33
15.5	Release of Confidential Information. ....	33
15.6	Rights. ....	34
15.7	No Warranties. ....	34
15.8	Standard of Care.....	34
15.9	Order of Disclosure.....	34
15.10	Termination of Agreement.....	34
15.11	Remedies. ....	35
15.12	Disclosure to FERC, its Staff, or a State. ....	35
15.13	Required Notices Upon Requests or Demands for Confidential Information.....	35
Article 16.	Interconnection Customer AND SYSTEM Owner notices of environmental releases	
	36	
Article 17.	Information requirEment.....	36
17.1	Information Acquisition.....	36

17.2	Information Submission Concerning the Upgrades .....	36
17.3	Information Submission Concerning the Facility.....	36
17.4	Information Supplementation.....	37
Article 18.	Information Access and Audit Rights.....	37
18.1	Information Access. ....	37
18.2	Reporting of Non-Force Majeure Events.....	37
18.3	Audit Rights.....	37
18.4	Audit Rights Periods. ....	38
18.5	Audit Results.....	38
Article 19.	Subcontractors.....	38
19.1	General. ....	38
19.2	Responsibility of Principal.....	38
19.3	No Limitation by Insurance.....	39
Article 20.	Disputes .....	39
20.1	Submission.....	39
20.2	External Arbitration Procedures.....	39
20.3	Arbitration Decisions. ....	39
20.4	Costs. ....	40
	Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties. ....	40
20.5	Termination. ....	40
Article 21.	Representations, Warranties And Covenants.....	40
21.1	General. ....	40
Article 22.	Miscellaneous .....	41
22.1	Binding Effect.....	41
22.2	Conflicts. ....	41
22.3	Rules of Interpretation. ....	41
22.4	Compliance. ....	41
22.5	Joint and Several Obligations. ....	42
22.6	Entire Agreement. ....	42
22.7	No Third Party Beneficiaries. ....	42
22.8	Waiver.....	42
22.9	Headings. ....	42
22.10	Multiple Counterparts. ....	42
22.11	Amendment.....	43
22.12	Modification by the Parties. ....	43
22.13	Reservation of Rights.....	43
22.14	No Partnership.....	43
22.15	Other Transmission Rights.....	43
40.25.17	APPENDIX 17 TO ATTACHMENT HH.....	i
Article 1.	DEFINITIONS.....	8
Article 2.	EFFECTIVE DATE, TERM AND TERMINATION.....	15

2.1	Effective Date. ....	15
2.2	Term of Agreement. ....	15
2.3	Termination. ....	15
2.4	Termination Costs. ....	15
2.5	Termination of One or More Interconnection Customers.....	16
2.6	Survival. ....	17
2.7	No Annexation.....	17
Article 3.	Construction SERVICES.....	17
3.1	Performance of Construction Services.....	17
3.2	General Conditions Applicable to Interconnection Customers' Performance of the Construction Services.....	17
3.3	Design and Equipment Procurement.....	19
3.4	Construction Commencement.....	19
3.5	Work Progress. ....	19
3.6	Information Exchange. ....	20
3.7	Ownership and Control of Upgrades. ....	20
3.8	Access Rights. ....	20
3.9	Lands of Other Property Owners. ....	20
3.10	Permits.....	20
3.11	Reserved. ....	21
3.12	Taxes. ....	21
3.13	Tax Status; Non-Jurisdictional Entities. ....	23
3.14	Modification. ....	23
Article 4.	TESTING AND INSPECTION.....	24
4.1	Initial Testing and Modifications.....	24
4.2	Right to Observe Testing. ....	24
Article 5.	PERFORMANCE OBLIGATIONS.....	24
5.1	Cost Responsibilities.....	24
5.2	Provision and Application of Security.....	25
Article 6.	INVOICE.....	26
6.1	General. ....	26
6.2	Final Invoice and Refund of Remaining Security/Overpayment Amount.....	26
6.3	Payment. ....	26
6.4	Disputes.....	27
Article 7.	REGULATORY REQUIREMENTS AND GOVERNING LAW.....	27
7.1	Regulatory Requirements.....	27
7.2	Governing Law.....	27
Article 8.	NOTICES.....	27
8.1	General. ....	27
8.2	Billings and Payments.....	28
8.3	Alternative Forms of Notice.....	28
Article 9.	FORCE MAJEURE.....	28
Article 10.	default.....	28
10.1	General. ....	28

10.2	Right to Terminate.....	29
Article 11.	INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE.....	29
11.1	Indemnity.....	29
11.2	No Consequential Damages. ....	30
11.3	Insurance. ....	31
Article 12.	ASSIGNMENT.....	33
Article 13.	Severability.....	33
Article 14.	Comparability.....	34
Article 15.	Confidentiality.....	34
15.1	Confidentiality. ....	34
15.2	Term.....	34
15.3	Confidential Information. ....	34
15.4	Scope. ....	34
15.5	Release of Confidential Information. ....	35
15.6	Rights. ....	35
15.7	No Warranties. ....	35
15.8	Standard of Care. ....	35
15.9	Order of Disclosure.....	35
15.10	Termination of Agreement. ....	36
15.11	Remedies. ....	36
15.12	Disclosure to FERC, its Staff, or a State. ....	36
15.13	Required Notices Upon Requests or Demands for Confidential Information.....	37
Article 16.	Interconnection Customer AND SYSTEM Owner notices of environmental releases 37	
Article 17.	Information requirEment.....	37
17.1	Information Acquisition.....	37
17.2	Information Submission Concerning the Upgrades ....	37
17.3	Information Submission Concerning the Facility.....	38
17.4	Information Supplementation.....	38
Article 18.	Information Access and Audit Rights.....	38
18.1	Information Access. ....	38
18.2	Reporting of Non-Force Majeure Events.....	38
18.3	Audit Rights.....	39
18.4	Audit Rights Periods. ....	39
18.5	Audit Results.....	39
Article 19.	Subcontractors.....	39
19.1	General. ....	39
19.2	Responsibility of Principal.....	40
19.3	No Limitation by Insurance.....	40
Article 20.	Disputes ....	40
20.1	Submission.....	40
20.2	External Arbitration Procedures.....	40
20.3	Arbitration Decisions. ....	40
20.4	Costs. ....	41

Each Party shall be responsible for its own costs incurred during the arbitration process and its per capita share of the costs of the single arbitrator. ....	41
20.5 Termination. ....	41
Article 21. Representations, Warranties And Covenants.....	41
21.1 General. ....	41
Article 22. Miscellaneous .....	42
22.1 Binding Effect.....	42
22.2 Conflicts. ....	42
22.3 Rules of Interpretation. ....	42
22.4 Compliance. ....	43
22.5 Joint and Several Obligations. ....	43
22.6 Entire Agreement. ....	43
22.7 No Third Party Beneficiaries. ....	43
22.8 Waiver.....	43
22.9 Headings. ....	44
22.10 Multiple Counterparts. ....	44
22.11 Amendment.....	44
22.12 Modification by the Parties. ....	44
22.13 Reservation of Rights.....	44
22.14 No Partnership.....	44
22.15 Other Transmission Rights.....	45

---

New York Independent System Operator, Inc.  
Open Access Transmission Tariff



## **1. Definitions**

## 1.1 Definitions - A

**Accepted Revision:** A change to the terms of an Existing Transmission Agreement for purposes of ISO Settlements, which change is related to a Grandfathered Right or Grandfathered TCC and is made pursuant to the procedures prescribed in Section 17 Attachment K of the ISO OATT.

**Actual Demand Reductions:** As defined in the ISO Services Tariff.

**Actual Energy Injections:** Energy injections that are measured using a revenue-quality real-time meter.

**Actual Energy Withdrawals:** Energy withdrawals which are either: (1) measured with a revenue-quality real-time meter; (2) assessed (in the case of LSEs serving retail customers where withdrawals are not measured by revenue-quality real-time meters) on the basis provided for in a Transmission Owner's retail access program; or (3) calculated (in the case of wholesale customers where withdrawals are not measured by revenue-quality real-time meters), until such time as revenue-quality real-time metering is available on a basis agreed upon by the unmetered wholesale customers. For purposes of the allocation of the ISO annual budgeted costs and the annual FERC fee pursuant to Rate Schedule 1 of this ISO OATT, withdrawals shall also include the absolute value of negative withdrawals by Load for behind the meter generation. For purposes of assessing TSC and NTAC, Actual Energy Withdrawals shall include the absolute value of negative injections by Energy Storage Resources in accordance with Section 2.7 of the OATT.

**Advance Reservation:** (1) A reservation of transmission service over the Cross-Sound Scheduled Line that is obtained in accordance with the applicable terms of Schedule 18 and the Schedule 18 Implementation Rule of the ISO New England Inc. Transmission, Markets and Services Tariff, or in accordance with any successors thereto; or (2) A right to schedule transmission service over the Neptune Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff; or (3) A right to schedule transmission service over the Linden VFT Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff; or (4) A right to schedule transmission service over the HTP Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff.

**Affiliate:** With respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Aggregation:** As defined in the ISO Services Tariff.

**Aggregator:** As defined in the ISO Services Tariff.

**Ancillary Services:** Those services that are necessary to support the transmission of Capacity and Energy from resources to Loads while maintaining reliable operation of the NYS Transmission System in accordance with Good Utility Practice.

**Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration and Point-to-Point Transmission Services shall be the amount specified in Attachment H until amended by the Transmission Owners or modified by the Commission.

**Annual Transmission Revenue Requirement:** The total annual cost for each Transmission Owner (other than LIPA) to provide transmission service subject to review and acceptance by FERC or other authority.

**Application:** A request to receive Transmission Service by an Eligible Customer pursuant to the provisions of this Tariff that includes all information reasonably requested by the ISO.

**Automatic Generation Control (“AGC”):** The automatic regulation of the power output of electric generating facilities and Aggregations within a prescribed range in response to a change in system frequency, or tie-line loading, to maintain system frequency or scheduled interchange with other areas within predetermined limits.

**Availability:** A measure of time that a generating facility, Aggregation, transmission line, interconnection or other facility is capable of providing service.

**Available Generating Capacity:** Generating Capacity that is on line to serve Load and/or provide Ancillary Services, or is capable of initiating start-up for the purpose of serving Transmission Customers or providing Ancillary Services, within thirty (30) minutes.

**Available Operating Capacity:** For purposes of determining a Scarcity Reserve Requirement, the capability of all Suppliers that are eligible to provide Operating Reserves and have submitted Energy Bids in the Real-Time Market representing the capability to provide Energy in greater than 30 minutes but less than or equal to 60 minutes; provided, however, that this value shall not include any quantity of Energy and Operating Reserves scheduled to be provided by all such Suppliers. The Available Operating Capacity value (in MW) shall be calculated by the RTD software for each normal RTD run. For purposes of calculating a Scarcity Reserve Requirement in accordance with Section 15.4.6.2 of Rate Schedule 4 of the NYISO Services Tariff, each RTD run shall utilize the value of Available Operating Capacity calculated during the immediately preceding normal RTD run and each RTC run shall utilize the value of Available Operating Capacity calculated during the most recently-completed normal RTD run prior to the RTC run.

**Available Transfer Capability (“ATC”):** A measure of the Transfer Capability remaining in the physical transmission network for further commercial activity, over and above already committed uses, calculated using the methodology described in Attachment C in the OATT.

## 1.2 Definitions - B

**Back-Up Operation:** The procedures for operating the NYCA in a safe and reliable manner when the ISO's normal communication or computer systems are not fully functional as set forth in Section 2.12 of this ISO OATT and Section 5.3 of the ISO Services Tariff.

**Balance-of-Period Auction:** An auction administered by the ISO in which Transmission Customers may purchase and sell TCCs valid for a future month or months in the same Capability Period in which the auction is conducted; provided, however, that the Balance-of-Period Auction conducted in the last month of a Capability Period will allow for the purchase and sale of TCCs valid for a future month or months in the next Capability Period.

**Base Point Signals:** Electronic signals sent from the ISO and ultimately received by Generators or Aggregations specifying the scheduled MW output for the Generator or Aggregation. Real-Time Dispatch ("RTD") Base Point Signals are typically sent to Generators or Aggregations on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators or Aggregations on a nominal six (6) second basis.

**Basis Amount:** As defined in the ISO Services Tariff.

**Behind-the-Meter Net Generation Resource ("BTM:NG Resource"):** As defined in the ISO Services Tariff.

**Basis Month:** As defined in the ISO Services Tariff.

**Bid/Post System:** An electronic information system used to allow the posting of proposed transmission schedules and Bids for Energy and Ancillary Services by Market Participants for use by the ISO and to allow the ISO to post Locational Based Marginal Prices and schedules.

**Bid:** Offer to sell or bid to purchase Energy, Demand Reductions or Transmission Congestion Contracts and an offer to sell Ancillary Services at a specified price that is duly submitted to the ISO pursuant to ISO Procedures. Bid shall mean mitigated Bid where appropriate.

**Bid Price:** The price at which the Customer offering the Bid is willing to provide the product or service, or is willing to pay to receive such product or service, as applicable. In the case of a CTS Interface Bid, the Bid Price is a dollar value that indicates the bidder's willingness to purchase Energy at a CTS Source and sell it at a CTS Sink across a CTS Enabled Interface if, at the time of scheduling, the forecasted CTS Sink Price minus the forecasted CTS Source Price is greater than, or equal to, the dollar value specified in the bid.

**Bid Production Cost:** Total cost of the Generators and Aggregations required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator or Aggregation production cost (e.g., running and Minimum Generation Bid, and Start-Up Bid).

**Bidding Requirement:** As defined in the ISO Services Tariff.

**Bilateral Transaction:** A Transaction between two or more parties for the purchase and/or sale of Capacity or Energy other than those in the ISO Administered Markets. A request to schedule

a Bilateral Transaction in the Energy Market shall be considered a request to schedule Point-to-Point Transmission Service.

**Billing Period:** The period of time designated in Sections 2.7.3.2.1, or 2.7.3.2.2 of this ISO OATT over which the ISO will aggregate and settle a charge or a payment for services furnished under this ISO OATT or the ISO Services Tariff.

**Board of Directors (“Board”):** The governing body of the ISO which is comprised of ten (10) persons (Directors) that are unaffiliated with any Market Participants, as described in the ISO Agreement.

**Business Issues Committee:** A standing committee of the ISO created pursuant to the ISO Agreement to establish rules related to business issues and provide a forum for discussion of those rules and issues.

### 1.3 Definitions - C

**Capability Period:** Six-month periods which are established as follows: (1) from May 1 through October 31 of each year (“Summer Capability Period”); and (2) from November 1 of each year through April 30 of the following year (“Winter Capability Period”); or such other periods as may be determined by the Operating Committee of the ISO. A Summer Capability Period followed by a Winter Capability Period shall be referred to as a “Capability Year”. Each Capability Period shall consist of On-Peak and Off-Peak periods.

**Capacity:** The capability to generate or transmit electrical power, or the ability to reduce demand at the direction of the ISO, measured in megawatts (“MW”).

**Capacity Benefit Margin (“CBM”):** That amount of Total Transfer Capability reserved by the ISO on the NYS Transmission System to ensure access to generation from interconnected systems to meet generation reliability requirements.

**Capacity Reservation Cap:** The maximum percentage of transmission Capacity from a Transmission Owner’s sets of ETCNL that may be converted into ETCNL TCCs or the maximum percentage of a Member System’s RCRRs that may be converted into RCRR TCCs, as the case may be, as established by the ISO pursuant to Section 19.4.3 of Attachment M.

**Centralized TCC Auction:** The auction in which TCCs are released for sale for one or more Capability Periods through a bidding process administered by the ISO.

**Code of Conduct:** The rules, procedures and restrictions concerning the conduct of the ISO directors and employees, contained in Attachment F to the ISO Open Access Transmission Tariff.

**Co-located Storage Resources (“CSR”):** A wind or solar Intermittent Power Resource and an Energy Storage Resource that: (a) are both located behind a single Point of Injection (as defined in Section 1.16 of the OATT); (b) participate in the ISO Administered Markets as two distinct Generators; and (c) share a set of CSR Scheduling Limits. Resources that serve a Host Load may not participate in the ISO-Administered Markets as components of a CSR.

**Commenced Repair:** As defined in the ISO Services Tariff.

**Commission (“FERC”):** The Federal Energy Regulatory Commission, or any successor agency.

**Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff.

**Confidential Information:** Information and/or data which has been designated by a Transmission Customer to be proprietary and confidential, provided that such designation is consistent with the ISO Procedures and this Tariff, including the attached Code of Conduct.

**Congestion:** A characteristic of the transmission system produced by a constraint on the optimum economic operation of the power system, such that the marginal price of Energy to

serve the next increment of Load, exclusive of losses, at different locations on the Transmission System is unequal.

**Congestion Component:** The component of the LBMP measured at a location or the Transmission Usage Charge between two locations that is attributable to the cost of transmission Congestion as is more completely defined in Attachment B of the Services Tariff.

**Congestion Rent:** The opportunity costs of transmission Constraints on the NYS Transmission System. Congestion Rents are collected by the ISO through its facilitation of LBMP Market Transactions and the collection of Transmission Usage Charges from Bilateral Transactions.

**Congestion Rent Shortfall:** A condition in which the Congestion Rent revenue collected by the ISO in the Day-Ahead Market for Energy is less than the amount of Congestion Rent revenue in the Day-Ahead Market for Energy that the ISO is obligated under the Tariff to pay out to the Primary Holders of TCCs.

**Constraint:** An upper or lower limit placed on a variable or set of variables that are used by the ISO in its SCUC, RTC or RTD programs to control and/or facilitate the operation of the NYS Transmission Systems.

**Contingency:** An actual or potential unexpected failure or outage of a system component, such as a Generator, transmission line, circuit breaker, switch or other electrical element. A Contingency also may include multiple components, which are related by situations leading to simultaneous component outages.

**Contract Establishment Date:** The date, listed in Attachment L, on which the listed existing agreements which are the source of Grandfathered Rights and Grandfathered TCCs were executed.

**Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

- (1) match, at all times, the power output of the Generators and Aggregations within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s);
- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) provide sufficient capacity to maintain Operating Reserves in accordance with Good Utility Practice.

**Credible Repair Plan:** As defined in the ISO Services Tariff.

**Credit Assessment:** As defined in the ISO Services Tariff.

**Cross-Sound Scheduled Line:** A transmission facility that interconnects the NYCA to the New England Control Area at Shoreham, New York and terminates near New Haven, Connecticut.

**CSR Scheduling Limits:** The CSR injection Scheduling Limit is used to determine the combined Regulation Capacity, Operating Reserve and Energy injection schedules for, and the maximum permitted net injection by a CSR's Generators. The CSR withdrawal Scheduling Limit is used to determine the combined Regulation Capacity and Energy withdrawal schedules for, and the maximum permitted net withdrawal by a CSR's Generators.

The Market Participant that is responsible for submitting Bids for a set of CSR Generators shall submit a CSR injection Scheduling Limit and a CSR withdrawal Scheduling Limit with the hourly Day-Ahead and Real-Time Market Bids it submits for each of the CSR Generators. The CSR Scheduling Limit values that the Market Participant submits must reflect the physical capability to inject or withdraw Energy at the Point of Injection/Point of Withdrawal.

To address the real-time variability of Energy deliveries from wind and solar Intermittent Power Resources that participate as Co-located Storage Resources, when the participating Energy Storage Resource has a non-zero Regulation and/or Operating Reserves schedule or is dispatched to inject Energy, and the sum of the participating Energy Storage Resource's and the participating wind or solar Intermittent Power Resource's Energy, Regulation Service and Operating Reserves Schedules is greater than or equal to a specified percentage of the CSR injection Scheduling Limit, then the ISO will issue a Wind and Solar Output Limit to the Intermittent Power Resource to not exceed its Base Point Signal. The specified percentage that is ordinarily used will be posted on the ISO's website.

**CTS Enabled Interface:** An External Interface at which the ISO has authorized the use of Coordinated Transaction Scheduling ("CTS") market rules and which includes a CTS Enabled Proxy Generator Bus for New York and a CTS Enabled Proxy Generator Bus for the neighboring Control Area.

**CTS Enabled Proxy Generator Bus:** A Proxy Generator Bus at which the ISO either requires or permits the use of CTS Interface Bids for Import and Export Transactions in the Real-Time Market and requires the use of Decremental Bids for Wheels Through in the Real-Time Market. A CTS Enabled Proxy Generator Bus at which the ISO permits CTS Interface Bids will also permit Decremental and Sink Price Cap Bids.

**CTS Interface Bid:** A Real-Time Bid provided by an entity engaged in an External Transaction at a CTS Enabled Interface. CTS Interface Bids shall include a MW amount, a direction indicating whether the proposed Transaction is to Import Energy to, or Export Energy from, the New York Control Area, and a Bid Price.

**CTS Sink:** Representation of the location(s) within a Control Area where energy associated with a CTS Interface Bid is withdrawn. The NYCA CTS Sinks are Proxy Generator Buses.

**CTS Sink Price:** The price at a CTS Sink.

**CTS Source:** Representation of the location(s) within a Control Area where energy associated with a CTS Interface Bid is injected. The NYCA CTS Sources are Proxy Generator Buses.



**CTS Source Price:** The price at a CTS Source.

**Curtailement or Curtail:** A reduction in Transmission Service in response to a transmission capacity shortage as a result of system reliability conditions.

**Customer:** An entity which has complied with the requirements contained in the ISO Services Tariff, including having signed a Service Agreement, and is qualified to utilize the Market Services and the Control Area Services provided by the ISO under the ISO Services Tariff; provided, however, that a party taking services under the ISO Services Tariff pursuant to an unsigned Service Agreement filed with the Commission by the ISO shall be deemed a Customer.

## 1.4 Definitions - D

**DADRP Component:** As defined in the ISO Services Tariff.

**Day-Ahead:** Nominally, the twenty-four (24) hour period directly preceding the Dispatch Day, except when this period may be extended by the ISO to accommodate weekends and holidays.

**Day-Ahead LBMP:** The LBMPs calculated based upon the ISO's Day-Ahead Security Constrained Unit Commitment process.

**Day-Ahead Market:** The ISO Administered Market in which Capacity, Energy and/or Ancillary Services are scheduled and sold Day-Ahead consisting of the Day-Ahead scheduling process, price calculations and Settlements.

**Day-Ahead Reliability Unit:** As defined in the ISO Services Tariff.

**Decremental Bid:** A monotonically increasing Bid Price curve provided by an entity engaged in a Bilateral Import, other than an entity submitting a CTS Interface Bid, or Internal Transaction to indicate the LBMP below which that entity is willing to reduce its Generator's output and purchase Energy in the LBMP Markets, or by an entity engaged in a Wheel Through transaction to indicate the Congestion Component cost at or below which that entity is willing to accept Transmission Service.

**Demand Side Resource:** As defined in the ISO Services Tariff.

**Dennison Scheduled Line:** A transmission facility that interconnects the NYCA to the Hydro Quebec Control Area at the Dennison substation, located near Massena, New York and extends through the province of Ontario, Canada (near the City of Cornwall) to the Cedars substation in Quebec, Canada.

**Dependable Maximum Gross Capability ("DMGC"):** As defined in the ISO Services Tariff.

**Dependable Maximum Net Capability ("DMNC"):** The sustained maximum net output of a Generator, or, where appropriate, an Aggregation, as demonstrated by the performance of a test or through actual operation, averaged over a continuous time period as defined in the ISO Procedures.

**DER Aggregation:** As defined in the ISO Services Tariff.

**Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Owner, an Eligible Customer, or the Transmission Customer required under the Tariff.

**Desired Net Interchange ("DNI"):** A mechanism used to set and maintain the desired Energy interchange (or transfer) between two Control Areas; it is scheduled ahead of time and can be changed manually in real-time.

**Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Owner(s) for the sole use/benefit of a particular Transmission Customer requesting

service under the ISO OATT. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

**Direct Sale:** The sale of Original Residual TCCs, ETCNL, and Grandfathered TCCs directly to a buyer by the Transmission Owner that is the Primary Holder through a non-discriminatory auditable sale conducted on the ISO's OASIS, in compliance with the requirements and restrictions set forth in Commission Orders 888 et seq. and 889 et seq.

**Dispatchable:** A bidding mode in which Generators or Demand Side Resources/Aggregations indicate that they are willing to respond to real-time control from the ISO. Dispatchable Resources, not including the Generator of a BTM:NG Resource, may either be ISO-Committed Flexible or Self Committed Flexible. Dispatchable Generators that are the Generator serving a BTM:NG Resource must be Self-Committed Flexible. Dispatchable Demand Side Resources must be ISO Committed Flexible. Dispatchable Resources that are not providing Regulation Service will follow five-minute RTD Base Point Signals. Dispatchable Resources that are providing Regulation Service will follow six-second AGC Base Point Signals.

**Dispatch Day:** The twenty-four (24) hour (or, if appropriate, the twenty-three (23) or twenty-five (25) hour) period commencing at the beginning of each day (0000 hour).

**Distributed Energy Resource (“DER”):** As defined in the ISO Services Tariff.

**DSASP Component:** As defined in the ISO Services Tariff.

**Dynamically Scheduled Proxy Generator Bus:** A Proxy Generator Bus for which the ISO may schedule Transactions at 5 minute intervals in real time. Dynamically Scheduled Proxy Generator Buses are identified in Section 4.4.4 of the Services Tariff.

## 1.5 Definitions - E

**East of Central-East:** An electrical area comprised of Lead Zones F, G, H, I, J, and K, as identifies in the ISO Procedures.

**East of Central-East Excluding Long Island:** An electrical area comprised of Lead Zones F, G, H, I, and J, as identified in the ISO Procedures.

**East of Central-East Excluding New York City and Long Island:** An electrical area comprised of Land Zones F, G, H, I, as identifies in the ISO Procedures.

**Economic Operating Point:** The megawatt quantity which is a function of: i) the real-time LBMP at the Resource bus; and ii) the Supplier's real-time eleven constant cost step Energy Bid, for the Resource, such that (a) the offer price associated with Energy offers below that megawatt quantity (if that megawatt quantity is not that Resource's minimum output level) must be less than or equal to the real-time LBMP at the Resource bus, and (b) the offer price associated with Energy offers above that megawatt quantity (if that megawatt quantity is not that Resource's maximum output level) must be greater than or equal to the real-time LBMP at the Resource bus. In cases where multiple megawatt values meet conditions (a) and (b), the Economic Operating Point is the megawatt value meeting these conditions that is closest to the Resource's real-time scheduled Energy provided. In cases where the Economic Operating Point would be less than the minimum output level, the Economic Operating Point will be set equal to the MW value of the first point on the Energy Bid curve and in cases where the Economic Operating Point would be greater than the maximum output level, the Economic Operating Point will be set equal to the MW value of the last point on the Energy Bid curve. When evaluating the Economic Operating Point of a BTM:NG Resource, only Energy offers corresponding to quantities in excess of its Host Load will be considered.

**Eligible Customer:** (i) An entity that is engaged, or proposes to engage, in the wholesale or retail electric power business including any electric utility, power marketer, Federal power marketing agency, or any person generating Energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner offer the unbundled Transmission Service, or pursuant to a voluntary offer of such service by the Transmission Owner. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Owner offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Owner, is an Eligible Customer under the Tariff.

**Emergency:** Any abnormal system condition that requires immediate automatic or manual action to prevent or limit loss of transmission facilities or Generators that could adversely affect the reliability of an electric system.

**Emergency State:** The state that the NYS Power System is in when an abnormal condition occurs that requires automatic or immediate, manual action to prevent or limit loss of the NYS

Transmission System or Generators that could adversely affect the reliability of the NYS Power System.

**End-State Centralized TCC Auction:** A Centralized TCC Auction that the ISO will conduct after the ISO develops the necessary software.

**Energy (“MWh”):** A quantity of electricity that is Bid, produced, purchased, consumed, sold, or transmitted over a period of time, and measured or calculated in megawatt hours. Demand Reductions by Demand Side Resources and Distributed Energy Resources are considered Energy.

**Energy and Ancillary Services Component:** As defined in the ISO Services Tariff.

**Energy Duration Limitation:** As defined in the ISO Services Tariff.

**Energy Storage Resource:** As defined in the ISO Services Tariff.

**Equivalency Rating:** As defined in the ISO Services Tariff.

**ETA Agent:** A Transmission Customer of the ISO that has been appointed by a Load Serving Entity and approved by the ISO in accordance with ISO Procedures for the purpose of enabling that Transmission Customer to hold all of the rights and obligations associated with Fixed Price TCCs, as provided for in Attachment M of this OATT.

**ETCNL TCC:** A TCC created when a Transmission Owner with ETCNL exercises its right to convert a megawatt of ETCNL into a TCC pursuant to Section 19.4.1 of Attachment M of this ISO OATT.

**Excess Congestion Rents:** Congestion revenues in the Day-Ahead Market for Energy collected by the ISO that are in excess of its Day-Ahead payment obligations. Excess Congestion Rents may arise if Congestion occurs in the Day- Ahead Market for Energy and if the Day-Ahead Transfer Capability of the Transmission System is not exhausted by the set of already-outstanding TCCs and Grandfathered Rights that are valid.

**Existing Transmission Agreement (“ETA”):** An agreement between two or more Transmission Owners, or between a Transmission Owner and another entity, in existence at the time of ISO start-up and providing for transmission service by a Transmission Owner to another Transmission Owner or another entity. Table 1A of Attachment L lists all ETAs. ETAs include Transmission Wheeling Agreements (including MWAs and Third Party TWAs) and Transmission Facility Agreements.

**Existing Transmission Capacity for Native Load (“ETCNL”):** Transmission capacity identified on a Transmission Owner’s transmission system to serve the Native Load customers of the current Transmission Owners (as of the filing date of the original ISO Tariff-January 31, 1997) for the purposes of allocating revenues from the sale of TCCs related to that capacity. This includes transmission capacity required: (1) to deliver the output from Generators located out of a Transmission Owner’s Transmission District; (2) to deliver power purchased under power supply contracts; and (3) to deliver power purchased under third party agreements (i.e.,

Non-Utility Generators). Existing Transmission Capacity for Native Load is listed in Attachment L, Table 3, “Existing Transmission Capacity Reservations for Native Load Table.”

**Expected EDRP/SCR MW:** The aggregate Load reduction (in MW) expected to be realized from EDRP and/or SCRs during the real-time intervals that the ISO has called upon EDRP and/or SCRs to provide Load reduction in a Scarcity Reserve Region, as determined based on the ISO’s calculation of the historical performance of EDRP and SCRs. There will be separate values for voluntary and mandatory Load reductions. When determining the historical performance of SCRs, provision of Load reduction shall be deemed mandatory if the ISO has satisfied the notification requirements set forth in Section 5.12.11.1 of the NYISO Services Tariff as it relates to the SCRs in the applicable Load Zone, otherwise provision of such Load reduction shall be deemed voluntary. When determining the historical performance of the EDRP, provision of Load reduction by EDRP shall be deemed voluntary.

**Expected Load Reduction:** For purposes of determining the Real-Time Locational Based Marginal Price, the reduction in Load expected to be realized in real-time from activation of the Emergency Demand Response Program and from Load reductions requested from Special Case Resources, as established pursuant to ISO Procedures.

**Export:** A Bilateral Transaction or purchase from the LBMP Market where the Energy is delivered to an NYCA interconnection with another Control Area.

**External:** An entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located outside the Control Area being referenced or between two or more Control Areas. Where a specific Control Area is not referenced, the NYCA is the intended reference.

**External Transactions:** Purchases, sales or exchanges of Energy, Capacity or Ancillary Services for which either the Point of Injection (“POI”) or Point of Withdrawal (“POW”) or both are located outside the NYCA (i.e., Exports, Imports or Wheels Through).

## **1.6 Definitions - F**

**Federal Power Act ("FPA"):** The Federal Power Act, as may be amended from time-to-time (See 16 U.S.C. § 796 et seq.)

**Facilities Study:** An engineering study conducted by the ISO and/or a Transmission Owner to determine the required modifications to the Transmission Owner's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested facilities.

**Facility Flow-Based Methodology:** The methodology, as described in Section 20.3.7 of Attachment N, used to allocate Net Auction Revenue among Transmission Owners.

**Fast-Start Resource:** As defined in the ISO Services Tariff.

**Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion associated with its service. A Transmission Customer may fix the price of Congestion associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

**Firm Transmission Service:** Transmission Service requested by a Transmission Customer willing to pay Congestion Rent.

**First Settlement:** The process of establishing binding financial commitments on the part of Customers participating in the Day-Ahead Market based on Day-Ahead LBMP.

**Fixed Block Unit:** As defined in the ISO Services Tariff.

**Fixed Price TCC:** TCCs obtained pursuant to Section 19.2.1 (including Section 19.2.1.4) or Section 19.2.2 of Attachment M of this OATT. If a TCC is obtained pursuant to Section 19.2.1 (including Section 19.2.1.4) of Attachment M of this OATT, it is a Historic Fixed Price TCC. If a TCC is awarded to an LSE pursuant to the provisions of Section 19.2.2 of Attachment M of this OATT, it is a Non-Historic Fixed Price TCC.

**Forced Outage:** As defined in the ISO Services Tariff.

## 1.7 Definitions - G

**Gap Solution:** This term shall have the meaning given in Attachment Y to the OATT.

**Generator:** A facility, including the Generator of a BTM:NG Resource, capable of supplying Energy, Capacity and/or Ancillary Services that is accessible to the NYCA. A Generator comprised of a group of generating units at a single location, which grouped generating units are separately committed and dispatched by the ISO, and for which Energy injections are measured at a single location, and each unit within that group, shall be considered a Generator.

**Generator Classes:** The type of Generator (e.g., nuclear, gas turbine, fossil, hydro) which is used by the ISO to determine criteria that must be met for that Generator to qualify as a source of Installed Capacity.

**Good Utility Practice:** Any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods or 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 practices, 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, including those practices required by Federal Power Act Section 215(a)(4).

**Government Bonds:** Tax-exempt bonds issued by the New York Power Authority pursuant to Section 103 and related provisions of the Internal Revenue Code. 26 U.S.C. § 103.

**Grandfathered Rights:** The transmission rights associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements; and (3) Third Party Transmission Wheeling Agreements where the party entitled to exercise the transmission rights associated with such Agreements has chosen, as provided in the Tariff, to retain those rights rather than to convert them to Grandfathered TCCs.

**Grandfathered TCCs:** The TCCs associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements with transmission wheeling provisions; and (3) Third Party TWAs where the party entitled to exercise the transmission rights associated with such agreements, has chosen, as provided for in the Tariff, to convert those rights to TCCs.



## **1.8 Definitions - H**

**Host Load:** As defined in the ISO Services Tariff.

**HTP Scheduled Line:** A transmission facility that interconnects the NYCA to the PJM Interconnection, L.L.C. Control Area at the West 49<sup>th</sup> Street Substation, New York, NY and terminates in Ridgefield, New Jersey.

## 1.9 Definitions - I

**ICAP Ineligible Forced Outage:** As defined in the ISO Services Tariff.

**Import Curtailment Guarantee Payment:** A payment made in accordance with Section 4.5.2.2 and Attachment J of the ISO Services Tariff to compensate a Supplier whose Import is Curtailed by the ISO.

**Imports:** A Bilateral Transaction or sale to the LBMP Market where Energy is delivered to a NYCA Interconnection from another Control Area.

**Imputed Revenue:** The Congestion Rents that owners of Grandfathered Rights do not have to pay due to their own use of those Grandfathered Rights.

**Inactive Reserves:** As defined in the ISO Services Tariff.

**Inadvertent Energy Accounting:** The accounting performed to track and reconcile the difference between net actual Energy interchange and scheduled Energy interchange of a Control Area with adjacent Control Areas.

**Incremental Energy Bid:** A series of monotonically increasing constant cost incremental Energy steps that indicate the quantities of Energy for a given price that an entity is willing to supply to the ISO Administered Markets.

**Incremental TCC:** A set of point-to-point Transmission Congestion Contract(s) that is awarded pursuant to Section 19.2.2 of Attachment M to this ISO OATT.

**Independent System Operator, Inc. (“ISO”):** The New York Independent System Operator, a not-for-profit corporation established pursuant to the ISO Agreement.

**Independent System Operator Agreement (“ISO Agreement”):** The agreement that establishes the New York ISO.

**Independent System Operator/New York State Reliability Council (“ISO/NYSRC Agreement”):** The agreement between the ISO and the New York State Reliability Council governing the relationship between the two organizations.

**Independent System Operator/Transmission Owner Agreement (“ISO/TO Agreement”):** The agreement that establishes the terms and conditions under which the Member Systems transferred to the ISO Operational Control over designated transmission facilities.

**Injection Billing Units:** A Transmission Customer’s Actual Energy Injections (for all internal injections) or Scheduled Energy Injections (for all Import Energy injections) in the New York Control Area, including injections for Wheels Through. For purposes of Rate Schedule 1 and Rate Schedule 11 of this ISO OATT, (i) a Limited Energy Storage Resource shall be responsible for charges or eligible for payments on the basis only of its Actual Energy Injections and (ii) a Day-Ahead Demand Reduction Provider’s Demand Reduction/by a DER Aggregation shall be included as Injection Billing Units. For purposes of recovering the ISO annual budgeted costs

and the annual FERC fee pursuant to Rate Schedule 1 of this ISO OATT, Injection Billing Units shall include the absolute value of negative injections by Withdrawal-Eligible Generators.

**Injection Limit:** As defined in the ISO Services Tariff.

**Installed Capacity:** A Generator or Load facility that complies with the requirements in the Reliability Rules and is capable of supplying and/or reducing the demand for Energy in the NYCA for the purpose of ensuring that sufficient Energy and Capacity are available to meet the Reliability Rules. The Installed Capacity requirement, established by the NYSRC, includes a margin of reserve in accordance with the Reliability Rules.

**Interconnection or Interconnection Points (“IP”):** The point(s) at which the NYCA connects with a distribution system or adjacent Control Area. The IP may be a single tie line or several tie lines that are operated in parallel.

**Interface:** A defined set of transmission facilities that separate Load Zones and that separate the NYCA from adjacent Control Areas.

**Interface MW - Mile Methodology:** The procedure used to allocate Original Residual TCCs determined prior to the first Centralized TCC Auction to Transmission Owners.

**Interim Service Provider (“ISP”):** As defined in Attachment FF to the OATT.

**Intermittent Power Resource:** A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the producing device; and (3) has variability that is beyond the control of the facility owner or operator. In New York, resources that depend upon wind, or solar energy or landfill gas for their fuel have been classified as Intermittent Power Resources. Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID).

**Internal:** An entity (*e.g.*, Supplier, Transmission Customer) or facility (*e.g.*, Generator, Interface) located within the Control Area being referenced. Where a specific Control Area is not referenced, internal means the NYCA.

**Internal Transactions:** Purchases, sales or exchanges of Energy, Capacity or Ancillary Services where the Generator and Load are located within the NYCA.

**Investment Grade Customer:** As defined in the ISO Services Tariff.

**Investor-Owned Transmission Owners:** At the present time these include: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

**ISO Administered Markets:** The Day-Ahead Market and the Real-Time Market (collectively the LBMP Markets) and any other market administered by the ISO.

**ISO-Committed Fixed:** In the Day-Ahead, a bidding mode in which a Generator requests that the ISO commit and schedule it. In the Real-Time Market, a bidding mode in which a Generator, with ISO approval, requests that the ISO schedule it no more frequently than every 15 minutes. A Generator scheduled in the Day-Ahead Market as ISO-Committed Fixed will participate as a Self-Committed Fixed Generator in the Real-Time Market unless it changes bidding mode, with ISO approval, to participate as an ISO-Committed Fixed Generator. BTM:NG Resources and Aggregations are not permitted to utilize the ISO-Committed Fixed bidding mode.

**ISO-Committed Flexible:** A bidding mode in which a Dispatchable Generator, Demand Side Resource or Aggregation comprised entirely of Energy Storage Resources follows Base Point Signals and is committed by the ISO. BTM:NG Resources and Aggregations that are not entirely comprised of ESRs are not permitted to utilize the ISO-Committed Flexible bidding mode.

**ISO Market Power Monitoring Program:** The monitoring program approved by the Commission and administered by the ISO designed to monitor the possible exercise of market power in ISO Administered Markets.

**ISO OATT (the “Tariff”):** The ISO Open Access Transmission Tariff.

**ISO Procedures:** The procedures adopted by the ISO in order to fulfill its responsibilities under the ISO OATT, the ISO Services Tariff and the ISO Related Agreements.

**ISO Related Agreements:** Collectively, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement, the ISO/TO Agreement, and Operating Agreements.

**NYISO Services Tariff:** The ISO Market Administration and Control Area Services Tariff.

**ISO Tariffs:** The ISO OATT and the ISO Services Tariff, collectively.

## **1.10 Definitions - J**

## **1.11 Definitions - K**

## **1.12 Definitions - L**

**LBMP Markets:** A term that collectively refers to both the Real-Time Market and the Day-Ahead Market.

**Linden VFT Scheduled Line:** A transmission facility that interconnects the NYCA to the PJM Interconnection, L.L.C. Control Area in Linden, New Jersey.

**LIPA Tax-Exempt Bonds:** Obligations issued by the Long Island Power Authority, the interest in which is not included in gross income under the Internal Revenue Code.

**Load:** A term that refers to either a consumer of Energy or the amount of Energy (MWh) or demand (MW) consumed by certain consumers.

**Load Ratio Share:** The ratio of an LSE's Load to Load within the NYCA during a specified time period.

**Load Serving Entity ("LSE"):** An entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the NYCA, including an entity that takes service directly from the ISO to supply its own load in the NYCA.

**Load Shedding:** The systematic reduction of system demand by temporarily decreasing Load in response to Transmission System or area Capacity shortages, system instability, or voltage control considerations under Part 4 of the Tariff.

**Load Zone:** One (1) of eleven (11) geographical areas located within the NYCA that is bounded by one (1) or more of the fourteen (14) New York State Interfaces.

**Local Furnishing Bonds:** Tax-exempt bonds issued by a Transmissions Owner under an agreement between the Transmission Owner and the New York State Energy Research and Development Authority ("NYSERDA"), or its successor, or by a Transmission Owner itself, and pursuant to Section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).

**Locality:** Shall have the meaning set forth in §2.12 of the ISO Services Tariff.

**Local Generator:** Shall have the meaning set forth in §2.12 of the ISO Services Tariff.

**Local Reliability Rule:** A Reliability Rule established by a Transmission Owner and adopted by the NYSRC to meet specific reliability concerns in limited areas of the NYCA, including without limitation, special requirements and conditions that apply to nuclear plants and special requirements applicable to the New York City metropolitan area.

**Locational Based Marginal Pricing ("LBMP"):** The price of Energy at each location in the NYS Transmission System as calculated pursuant to Attachment J.

**Locational Minimum Installed Capacity Requirement:** The determination by the ISO in accordance with the ISO Services Tariff of that portion of the NYCA Minimum Installed Capacity Requirement (as defined in the ISO Services Tariff) that must be electrically located within a Locality.

**Long-Island (“L.I.”):** An electrical area comprised of Load Zone K, as identified in the ISO Procedures.

**Long-Term Firm Point-To-Point Transmission Service:** Firm Point-to-Point Service, the price of which is fixed for a long term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

**Lost Opportunity Cost:** The foregone profit associated with the provision of Ancillary Services, which is equal to the product of: (1) the difference between (a) the Energy that a Generator or Aggregation could have sold at the specific LBMP and (b) the Energy sold as a result of reducing the Generator or Aggregation’s output to provide an Ancillary Service under the direction of the ISO; and (2) the LBMP existing at the time the Generator or Aggregation was instructed to provide the Ancillary Service, less the Generator or Aggregation’s Energy bid for the same MW segment.



## 1.13 Definitions - M

**Major Emergency State:** An Emergency accompanied by abnormal frequency, abnormal voltage and/or equipment overloads that create a serious risk that the reliability of the NYS Power System could be adversely affected.

**Manual Dispatch:** A dispatch of the NYS Transmission System performed by the ISO when the ISO's RTD is unavailable.

**Marginal Losses:** The NYS Transmission System Real Power Losses associated with each additional MWh of consumption by Load, or each additional MWh transmitted under a Bilateral Transaction as measured at the Points of Withdrawal.

**Marginal Losses Component:** The component of LBMP at a bus that accounts for the Marginal Losses, as measured between that bus and the Reference Bus.

**Market Participant:** An entity, excluding the ISO, that produces, transmits, sells, and/or purchases for resale Capacity, Energy and Ancillary Services in the Wholesale Market. Market Participants include: Transmission Customers under the ISO OATT, Customers under the ISO Services Tariff, Power Exchanges, Transmission Owners, Primary Holders, LSEs, Suppliers and their designated agents. Market Participants also include entities buying or selling TCCs.

**Market Services:** Services provided by the ISO under the ISO Services Tariff related to the ISO Administered Markets for Energy, Capacity and Ancillary Services.

**Member Systems:** The eight Transmission Owners that comprised the membership of the New York Power Pool, which 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, and (8) Long Island Lighting Company d/b/a Long Island Power Authority.

**Meter Services Entity ("MSE"):** As defined in the ISO Services Tariff.

**Minimum Generation Bid:** A Bid parameter that identifies the payment a Supplier requires to operate a Generator at its specific minimum operating level or to provide a Demand Side Resource's specified minimum quantity of Demand Reduction. If the Supplier is a BTM:NG Resource, LESR, Energy Storage Resource, or an Aggregation, it shall not submit a Minimum Generation Bid.

**Minimum Generation Level:** For purposes of describing the eligibility of ten minute Resources to be committed by the Real Time Dispatch for pricing purposes pursuant to the Services Tariff, Section 4.4.3.3, an upper bound, established by the ISO, on the physical minimum generation limits specified by ten minute Resources. Ten minute Resources with physical minimum generation limits that exceed this upper bound will not be committed by the Real Time Dispatch for pricing purposes. The ISO shall establish a Minimum Generation Level based on its evaluation of the extent to which it is meeting its reliability criteria including Control Performance. The Minimum Generation Level, in megawatts, and the ISO's rationale for that

level, shall be made available through the ISO's website or comparable means. If the Supplier is a BTM:NG Resource, LESR, Energy Storage Resource, or an Aggregation, it shall not submit a Minimum Generation Level.

**Modified Wheeling Agreements (“MWA”):** A Transmission Wheeling Agreement between Transmission Owners that was in existence at the time of ISO start-up, as amended and modified as described in Attachment K. Modified Wheeling Agreements are associated with Generators or power supply contracts existing at ISO start-up. All Modified Wheeling Agreements are listed in Attachment L, Table 1A, and are designated in the “Treatment” column of Table 1A, as “MWA.”

**Mothball Outage:** As defined in the ISO Services Tariff.

## 1.14 Definitions - N

**Native Load Customers:** The wholesale and retail power customers of the Transmission Owners on whose behalf the Transmission Owners, by statute, franchise, regulatory requirement, or contract, have undertaken an obligation to construct and operate the Transmission Owners' systems to meet the reliable electric needs of such customers.

**Neptune Scheduled Line:** A transmission facility that interconnects the NYCA to the PJM Interconnection LLC Control Area at Levittown, Town of Hempstead, New York and terminates in Sayerville, New Jersey.

**NERC:** The North American Electric Reliability Council or, as applicable, the North American Electric Reliability Corporation.

**NERC Transaction Priorities:** The reservation and scheduling priority applied to a Transaction under the NERC Transmission Loading Relief Procedure.

**NERC Transmission Loading Relief ("TLR") Procedure:** "Standard IRO-006-3 – Reliability Coordination – Transmission Loading Relief" as approved in Docket No. ER06-1545, and any amendments thereto. See [www.nerc.com](http://www.nerc.com) for the current version of the NERC TLR Procedure.

**Net Auction Revenue:** The total amount, in dollars, as calculated pursuant to Section 20.3.1 of Attachment N, remaining after collection of all charges and allocation of all payments associated with a round of a Centralized TCC Auction or a Reconfiguration Auction. Net Auction Revenue takes into account: (i) revenues from and payments for the award of TCCs in a Centralized TCC Auction or Reconfiguration Auction, (ii) payments to Transmission Owners releasing ETCNL, (iii) payments or charges to Primary Holders selling TCCs, (iv) payments to Transmission Owners releasing Original Residual TCCs, (v) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments, and (vi) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges. Net Auction Revenue may be positive or negative.

**Net Congestion Rent:** The total amount, in dollars, as calculated pursuant to Section 20.2.1 of Attachment N, remaining after collection of all Congestion-related charges and allocation of all Congestion-related payments associated with the Day-Ahead Market. Net Congestion Rent takes into account: (i) charges and payments for Congestion Rents, (ii) settlements with TCC Primary Holders, (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iv) O/R-t-S Rent Congestion Surplus Payments and U/D Congestion Rent Surplus Payments. Net Congestion Rent may be positive or negative.

**Net Installed Capacity ("Net-ICAP"):** As defined in the ISO Services Tariff.

**Net Unforced Capacity ("Net-UCAP"):** As defined in the ISO Services Tariff.

**Network Customer:** An entity receiving Transmission Service pursuant to the terms of the ISO's Network Integration Transmission Service under Part 4 of the Tariff.

**Network Integration Transmission Service:** The Transmission Service provided under Part 4 of the Tariff.

**Network Load:** The Load that a Network Customer designates for Network Integration Transmission Service under Part 4 of the Tariff. The Network Customer's Network Load shall include all Load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total Load as Network Load but may not designate only part of the Load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular Load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part 3 of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated Load.

**Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part 4 of the Tariff. For Eligible Customers that take service under the ISO Services Tariff, that Tariff shall function as their Network Operating Agreement.

**Network Operating Committee:** The ISO Operating Committee will serve this function.

**Network Resource:** Any generating resource that provides Installed Capacity to the NYCA designated under the Network Integration Transmission Service provisions of the Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

**Network Upgrades:** Modifications or additions to transmission facilities that are integrated with and support the Transmission Owner's overall Transmission System for the general benefit of all users of such Transmission System.

**Network Upgrade Agreement:** An agreement entered into between a Transmission Customer and a Transmission Owner that identifies the rights and obligations of each party with respect to the Network Upgrade, as described in this Tariff.

**New York City:** The electrical area comprised of Load Zone J, as identified in the ISO Procedures.

**New York Control Area ("NYCA"):** The Control Area that is under the control of the ISO which includes transmission facilities listed in the ISO/TO Agreement Appendices A-1 and A-2, as amended from time-to-time, and Generation located outside the NYS Power System that is subject to protocols (e.g., telemetry signal biasing) which allow the ISO and other Control Area operator(s) to treat some or all of that Generation as though it were part of the NYS Power System.

**New York Power Pool ("NYPP"):** An organization established by agreement (the "New York Power Pool Agreement") made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and

Electric Corporation, and the Power Authority of the State of New York. LIPA became a Member of the NYPP on May 28, 1998 as a result of the acquisition of the Long Island Lighting Company by the Long Island Power Authority.

**New York State Bulk Power Transmission Facility:** This term shall have the meaning given in Attachment Y to the OATT.

**New York State Power System (“NYS Power System”):** All facilities of the NYS Transmission System, and all those Generators and Aggregations located within the NYCA or outside the NYCA, some of which may from time-to-time be subject to operational control by the ISO.

**New York State Reliability Council (“NYSRC”):** An organization established by agreement among the Member Systems of the New York Power Pool (the “NYSRC Agreement”).

**New York State Transmission System (“NYS Transmission System”):** The entire New York State electric transmission system, which includes: (1) the Transmission Facilities Under ISO Operational Control; (2) the Transmission Facilities Requiring ISO Notification; and (3) all remaining transmission facilities within the NYCA.

**Non-Competitive Proxy Generator Bus:** A Proxy Generator Bus for an area outside of the New York Control Area that has been identified by the ISO as characterized by non-competitive Import or Export prices, and that has been approved by the Commission for designation as a Non-Competitive Proxy Generator Bus. Non-Competitive Proxy Generator Buses are identified in Section 4.4.4 of the Services Tariff.

**Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service for which a Transmission Customer is not willing to pay Congestion. Such service is not available in the markets that the NYISO administers.

**Non-Investment Grade Customer:** As defined in the ISO Services Tariff.

**Non-Utility Generator (“NUG,” “Independent Power Producer” or “IPP”):** Any entity that owns or operates an electric generating facility that is not included in an electric utility’s rate base. This term includes, but is not limited to, cogenerators and small power producers and all other non-utility electricity producers, such as exempt wholesale generators that sell electricity.

**Normal State:** The condition that the NYS Power System is in when the Transmission Facilities Under ISO Operational Control are operated within the parameters listed for Normal State in the Reliability Rules. These parameters include, but are not limited to, thermal, voltage, stability, frequency, operating reserve and Pool Control Error limitations.

**Northport-Norwalk Scheduled Line:** A transmission facility that originates at the Northport substation in New York and interconnects the NYCA to the ISO New England Control Area at the Norwalk Harbor substation in Connecticut.

**Notice of Intent to Return:** As defined in the ISO Services Tariff.

**Notification:** Informing the ISO of all changes in status of the Transmission Facilities Requiring ISO Notification. Notification includes the Transmission Owners informing the ISO of all changes in the status of the designated transmission facilities.

**Nuclear Regulatory Commission (“NRC”):** Nuclear Regulatory Commission, or any successor thereto.

**NYPA:** The Power Authority of the State of New York.

**NYPA Transmission Adjustment Charge (“NTAC”):** A surcharge on all Energy Transactions designed to recover the Annual Transmission Revenue Requirement of NYPA which cannot be recovered through its TSC, TCCs, or other transmission revenues, including, but not limited to, its ETA revenues. This charge will be assessed to all Load statewide, as well as Transmission Customers in Wheels Through and Exports.

## **1.15 Definitions - O**

**Off-Peak:** The hours between 11:00 p.m. and 7:00 a.m., prevailing Eastern Time, Monday through Friday, and all day Saturday and Sunday, and NERC-defined holidays, or as otherwise decided by ISO.

**On-Peak:** The hours between 7:00 a.m. and 11:00 p.m. inclusive, prevailing Eastern Time, Monday through Friday, except for NERC-defined holidays, or as otherwise decided by the ISO.

**Open Access Same-Time Information System (“OASIS”):** The information system and standards of conduct contained in Part 37 of the Commission’s regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

**Operating Agreement:** An agreement between the ISO 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 Attachment Y.

**Operating Capacity:** Capacity that is readily converted to Energy and is measured in MW.

**Operating Committee:** A standing committee of the ISO created pursuant to the ISO Agreement, which coordinates operations, develops procedures, evaluates proposed system expansions and acts as a liaison to the NYSRC.

**Operating Requirement:** As defined in the ISO Services Tariff.

**Operating Reserves:** As defined in the NYISO Services Tariff.

**Operating Reserve Demand Curve:** As defined in the NYISO Services Tariff.

**Operating Study Power Flow:** A Power Flow analysis that is performed at least once before each Capability Period that is used to determine each Interface Transfer Capability for the Capability Period (See Attachment M).

**Operational Control:** Directing the operation of the Transmission Facilities Under ISO Operational Control to maintain these facilities in a reliable state, as defined by the Reliability Rules. The ISO shall approve operational decisions concerning these facilities, made by each Transmission Owner before the Transmission Owner implements those decisions. In accordance with ISO Procedures, the ISO shall direct each Transmission Owner to take certain actions to restore the system to the Normal State. Operational Control includes security monitoring, adjustment of generation and transmission resources, coordination and approval of changes in transmission status for maintenance, determination of changes in transmission status for reliability, coordination with other Control Areas, voltage reductions and Load Shedding, except that each Transmission Owner continues to physically operate and maintain its facilities.

**Optimal Power Flow (“OPF”):** The Power Flow analysis that is performed during the administration of the Centralized TCC Auction and Reconfiguration Auction to determine the most efficient simultaneously feasible allocation of TCCs to bidders.

**Original Residual TCC:** A TCC converted from Residual Transmission Capacity estimated prior to the first Centralized TCC Auction and allocated among the Transmission Owners utilizing the Interface MW-Mile Methodology prior to the first Centralized TCC Auction.

**Order Nos. 888 et seq.:** The Final Rule entitled Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, issued by the Commission on April 24, 1996, in Docket Nos. RM95-8-000 and RM94-7-001, as modified on rehearing, or upon appeal. (See FERC Stats. & Regs. [Regs. Preambles 1991-1996] ¶ 31,036 (1996) (“Order No. 888”), on reh’g, III FERC Stats. & Regs. ¶ 31,048 (1997) (“Order No. 888-A”), on reh’g, 81 FERC ¶ 61,248 (1997) (“Order No. 888-B”) (Order on reh’g 82 FERC ¶ 61,046 (1998) (“Order No. 888- C”).

**Order Nos. 889 et seq.:** The Final Rule entitled Open Access Same-Time Information System (formerly Real-Time Information Networks) and Standards of Conduct, issued by the Commission on April 24, 1996, in Docket No. RM95-9-000, as modified on rehearing, or upon appeal. (See FERC Stats. & Regs. [Regs. Preambles 1991-1996] ¶ 31,035 (1996) (“Order No. 889”), on reh’g, III FERC Stats. & Regs. ¶ 31,049 (1997) (“Order No. 889-A”), on reh’g, 81 FERC ¶ 61,253 (1997) (“Order No. 889-B”)).

**Out-of-Merit Generation:** Resources committed and/or dispatched by the ISO at specified output limits for specified time periods to meet Load and/or reliability requirements that differ from or supplement the ISO’s security constrained economic commitment and/or dispatch.

The ISO may also use Out-of-Merit to reduce the CSR injection Scheduling Limit and/or the CSR withdrawal Scheduling Limit to protect NYCA or local reliability. When the ISO does so the Out-of-Merit for NYCA or local reliability designation shall apply to each of the Generators that is subject to the affected CSR Scheduling Limit.



## **1.16 Definitions - P**

**Part 1:** Tariff Section 1 pertaining to Definitions.

**Part 2:** Tariff Section 2 pertaining to Common Service Provisions.

**Part 3:** Tariff Section 3 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part 2 and appropriate Schedules and Attachments.

**Part 4:** Tariff Section 4 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part 2 and appropriate Schedules and Attachments.

**Part 5:** OATT Section 5 – Special Provisions for retail access and the Individual Retail Access Plans

**Party or Parties:** The ISO and the Transmission Customer receiving service under the Tariff.

**Peak Load Window:** As defined in the ISO Services Tariff.

**Performance Tracking System:** A system designed to report metrics for Generators, Aggregations, and Loads which include but are not limited to actual output and schedules (See Rate Schedule 3 of the ISO Services Tariff). This system is used by the ISO to measure compliance with criteria associated with the provision of Energy and Ancillary Services.

**Point(s) of Delivery:** Point(s) on the NYS Transmission System or Proxy Generator Buses where Energy transmitted by the ISO will be made available to the Transmission Customer under the ISO Tariffs. The Point(s) of Delivery shall be specified in the Bid, Bilateral Transaction schedule, or similar entry.

**Point(s) of Injection (“POI”):** The point(s) on the NYS Transmission System or Proxy Generator Buses where Energy and Ancillary Services will be made available to the ISO by the Customer or Transmission Customer under the ISO Tariffs. The Point(s) of Injection shall be specified in the Bid, Bilateral Transaction schedule, or similar entry. (May be referred to as “Point of Receipt” or similar in some Existing Transmission Agreements.)

**Point(s) of Receipt:** Point(s) of interconnection on the NYS Transmission System or Proxy Generator Buses where Energy will be made available to the ISO by the Transmission Customer under the ISO Tariffs. The Point(s) of Receipt shall be specified in the Bid, Bilateral Transaction schedule, or similar entry.

**Point(s) of Withdrawal (“POW”):** The point(s) on the NYS Transmission System or Proxy Generator Buses where Energy will be made available to the Transmission Customer or Customer under the ISO Tariffs. The Point(s) of Withdrawal shall be specified in the Bid, Bilateral Transaction Schedule, or other similar entry. (May be referred to as “Point of Delivery” or similar in some Existing Transmission Agreements.)

**Point-to-Point Transmission Service:** The reservation and transmission of Capacity and Energy on a firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the ISO Tariffs.

**Pool Control Error (“PCE”):** The difference between the actual and scheduled interchange with other Control Areas, adjusted for frequency bias.

**Post Contingency:** Conditions existing on a system immediately following a Contingency.

**Power Exchange (“PE”):** A commercial entity meeting the requirements for service under the ISO OATT or the ISO Services Tariff that facilitates the purchase and/or sale of Energy, Capacity and/or Ancillary Services in the New York Wholesale Market. A PE may transact with the ISO on its own behalf or as an agent for others.

**Power Factor:** The ratio of real power to apparent power (the product of volts and amperes, expressed in megavolt-amperes, MVA).

**Power Factor Criteria:** Criteria to be established by the ISO to monitor a Load’s use of Reactive Power.

**Power Flow:** A simulation which determines the Energy flows on the NYS Transmission System and adjacent transmission systems.

**Power Purchaser:** The entity that is purchasing the Capacity and Energy to be transmitted under the Tariff.

**Primary Holder:** The Transmission Customer that is the recognized holder of a TCC, as described in Attachment M of this ISO OATT.

**Prior Equivalent Capability Period:** The previous same-season Capability Period.

**Proxy Generator Bus:** A proxy bus located outside the NYCA that is selected by the ISO to represent a typical bus in an adjacent Control Area and at which LBMP prices are calculated. The ISO may establish more than one Proxy Generator Bus at a particular Interface with a neighboring Control Area to enable the NYISO to distinguish the bidding, treatment and pricing of products and services available at the Interface.

**PSC:** The Public Service Commission of the State of New York or any successor agency thereto.

**PSL:** The New York Public Service Law, N.Y. Pub. Serv. Law § 1 et seq. (McKinney 1989 & Supp. 1997-98).

## **1.17 Definitions - Q**

**Qualified Non-Generator Voltage Support Resource:** A resource that is neither a Generator nor a Distributed Energy Resource, nor a synchronous condenser but that is capable of providing the ISO with Reactive Power on a dynamic basis, that is energized and under the operational control of the ISO, or a Transmission Owner, that meets the resource-specific technical and testing criteria specified in the ISO Procedures, and that is ineligible to receive Reactive Power compensation other than as a Qualified Non-Generator Voltage Support Resource. The Cross-Sound Scheduled Line shall be a Qualified Non-Generator Voltage Support Resource, provided that it meets the technical and testing criteria specified in the ISO Procedures.

## 1.18 Definitions - R

**RCRR TCC:** A Load Zone-to-Load Zone TCC created when a Member System with a RCRR exercises its right to convert the RCRR into a TCC pursuant to Section 19.5.4 of Attachment M of this ISO OATT.

**Reactive Power (MVar):** The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVar, is produced by capacitors (synchronous condensers), over-excited Generators, and Qualified Non-Generator Voltage Support Resources, and absorbed by reactors or under-excited Generators and other inductive devices including the inductive portion of Loads.

**Ramp Capacity:** The amount of change in the Desired Net Interchange that generation located in the NYCA can support at any given time. Ramp Capacity may be calculated for all Interfaces between the NYCA and neighboring Control Areas as a whole or for any individual Interface between the NYCA and an adjoining Control Area.

**Real Power Losses:** The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

**Real-Time Bid:** A Bid submitted into the Real-Time Commitment before the close of the Real-Time Scheduling Window. A Real-Time Bid shall also include a CTS Interface Bid.

**Real-Time Commitment (“RTC”):** A multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. The optimization evaluates the next ten points in time separated by fifteen minute intervals. Each RTC run within an hour shall have a designation indicating the time at which its results are posted: “RTC<sub>00</sub>,” RTC<sub>30</sub>, and “RTC<sub>45</sub>,” post on the hour, and at fifteen, thirty, and forty-five minutes after the hour, respectively. Each RTC run will produce binding commitment instructions for the periods beginning fifteen and thirty minutes after its scheduled posting time and will produce advisory commitment guidance for the remainder of the optimization period, RTC<sub>15</sub> will also establish hourly External Transaction schedules, while all RTC runs may establish 15 minute External Transaction schedules at Variably Scheduled Proxy Generator Buses. Additional information about RTC’s functions is provided in Section 4.4.2 of the ISO Services Tariff.

**Real-Time Dispatch (“RTD”):** A multi-period security constrained dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves, and Regulation Service on a least-as-bid production cost basis over a fifty, fifty-five or sixty-minute period (depending on when each RTD run covers within an hour). The Real-Time Dispatch dispatches, but does not commit, Resources, except that RTD may commit, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting in ten minutes. RTD may also establish 5-minute External Transaction schedules at Dynamically Scheduled Proxy Generator Buses. Real-Time Dispatch runs will normally occur every five minutes. Additional information about RTD’s functions is provided in Section 4.4.3 of the ISO Services Tariff. Throughout the ISO

Services Tariff the term “RTD” will normally be used to refer to both the Real-Time Dispatch and to the specialized Real-Time Dispatch Corrective Action Mode software.

**Real-Time Dispatch-Corrective Action Mode (“RTD-CAM”):** A specialized version of the Real-Time Dispatch software that will be activated when it is needed to address unanticipated system conditions. RTD-CAM is described in Section 4.4.4 of the ISO Services Tariff.

**Real-Time LBMP:** The LBMPs established through the ISO Administered Real- Time Market.

**Real-Time Market:** The ISO Administered Markets for Energy and Ancillary Services resulting from the operation of the RTC and the RTD.

**Real-Time Scheduling Window:** The period of time within which the ISO accepts offers and Bids to sell and purchase Energy and Ancillary Services in the real-time market which period closes seventy-five (75) minutes before each hour, or eighty-five (85) minutes before each hour for Bids to schedule External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line.

**Reconfiguration Auction:** The monthly auction administered by the ISO which will either be: (i) a Balance-of-Period Auction; or (ii) an auction in which Transmission Customers may purchase and sell one-month TCCs; provided, however, that the ISO shall only conduct one Reconfiguration Auction type in a month.

**Reference Bus:** The location on the NYS Transmission System relative to which all mathematical quantities, including Shift Factors and penalty factors relating to physical operation, will be calculated. The NYPA Marcy 345 kV transmission substation is designated as the Reference Bus.

**Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

**Regulation Service Demand Curve:** A series of quantity/price points that defines the maximum Shadow Price for Regulation Service corresponding to each possible quantity of Resources that the ISO’s software may schedule to satisfy the ISO’s Regulation Service constraint. A single Regulation Service Demand Curve will apply to both the Day-Ahead Market and the Real-Time Market for Regulation Service. The Shadow Price for Regulation Service shall be used to calculate Regulation Service payments under Rate Schedule 3 of the Service Tariff.

**Reliability Rules:** Those rules, standards, procedures and protocols developed and promulgated by the NYSRC, including Local Reliability Rules, in accordance with NERC, NPCC, FERC, PSC and NRC standards, rules and regulations, and other criteria and pursuant to the NYSRC Agreement.

**Repair Plan:** As defined in the ISO Services Tariff.

**Required System Capability:** Generation capability required to meet an LSE's peak Load plus Installed Capacity reserve obligation as defined in the Reliability Rules.

**Reserved Capacity:** The maximum amount of Capacity and Energy that the ISO agrees to transmit for the Transmission Customer over the NYS Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part 3 of this Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**Residual Adjustment:** The adjustment made to ISO costs that are recovered through Schedule 1. The Residual Adjustment is calculated pursuant to Schedule 1.

**Residual Capacity Reservation Right ("RCRR"):** A megawatt of transmission capacity from one Load Zone to an electrically contiguous Load Zone, each of which is internal to the NYCA, that may be converted into an RCRR TCC by a Member System allocated the RCRR pursuant to Section 19.5 of Attachment M.

**Residual Transmission Capacity:** The transmission capacity determined by the ISO before, during and after the Centralized TCC Auction which is conceptually equal to the following:

$$\text{Residual Transmission Capacity} = \text{TTC} - \text{TRM} - \text{CBM} - \text{GTR} - \text{GTCC} - \text{ETCNL}$$

The TCCs associated with Residual Transmission Capacity cannot be accurately determined until the Centralized TCC Auction is conducted.

TTC is the Total Transfer Capability that can only be determined after the Residual Transmission Capacity is known.

GTR is the transmission capacity associated with Grandfathered Rights.

GTCC is the transmission capacity associated with Grandfathered TCCs.

ETCNL is the transmission capacity associated with Existing Transmission Capacity for Native Load.

TRM is the Transmission Reliability Margin.

CBM is the Capacity Benefit Margin.

**Resource with Energy Duration Limitation:** As defined in the ISO Services Tariff.

**Retired:** As defined in the ISO Services Tariff.

**RMR Agreement:** An agreement of limited duration that provides for the continued operation of one or more RMR Generator(s) to satisfy one or more Generator Deactivation Reliability Need(s) entered into between the ISO and an entity or entities that own or have operational control over the RMR Generator(s).

**RMR Avoidable Costs:** The (a) fixed costs of an Initiating Generator that would be avoided if it were to exit the ISO-Administered Markets in the manner specified in its Generator Deactivation Notice, (b) the fixed costs of a Generator already in a Mothball Outage, an ICAP Ineligible Forced Outage, or that has been mothballed since before May 1, 2015 that would be

incurred if it were to re-enter the ISO-Administered Markets pursuant to an RMR Agreement that would be avoided if it remained in such state, or (c) the costs necessary for a new Generator proposed as a Short-Term Reliability Process Solution to enter service. RMR Avoidable Costs include mandatory capital expenditures, fixed operating and maintenance costs, and forgone opportunity costs, determined by the ISO in accordance with Section 38.8 of Attachment FF, as modified by the Commission. RMR Avoidable Costs do not include variable costs or any other type of cost that are included in the Generator's Energy or Ancillary Services reference levels, or that are ordinarily included in Energy or Ancillary Services reference levels.

**RMR Generator:** The Generator or Generators operating under an RMR Agreement.

**Rolling RTC:** The RTC run that is used to schedule a given 15-minute External Transaction. The Rolling RTC may be an RTC<sub>00</sub>, RTC<sub>15</sub>, RTC<sub>30</sub> or RTC<sub>45</sub> run.

## 1.19 Definitions - S

**Safe Operations:** Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.

**Scarcity Reserve Demand Curve:** A series of quantity/price points that defines the maximum Shadow Price for Operating Reserves to meet a Scarcity Reserve Requirement for which the pricing rules established in Section 15.4.6.1.1(b) of Rate Schedule 4 of the NYISO Services Tariff apply corresponding to each possible quantity of Resources that the ISO's software may schedule to satisfy that requirement. A single Scarcity Reserve Demand Curve will apply to the Real-Time Market for each such Scarcity Reserve Requirement.

**Scarcity Reserve Region:** A Load Zone or group of Load Zones containing EDRP and/or SCRs that have been called by the ISO to address the same reliability need, as such reliability need is determined by the ISO.

**Scarcity Reserve Requirement:** A 30-Minute Reserve requirement established by the ISO for a Scarcity Reserve Region in accordance with Rate Schedule 4 of the NYISO Services Tariff.

**Scheduled Energy Injection:** Energy injections or Energy provided by Demand Side Resources which are scheduled on a real-time basis by RTC.

**Scheduled Energy Withdrawal:** Energy Withdrawals which are scheduled on a real-time basis by RTC.

**Scheduled Line:** A transmission facility or set of transmission facilities: (a) that provide a distinct scheduling path interconnecting the ISO with an adjacent control area, (b) over which Customers are permitted to schedule External Transactions, (c) for which the NYISO separately posts TTC and ATC, and (d) for which there is the capability to maintain the Scheduled Line actual interchange at the DNI, or within the tolerances dictated by Good Utility Practice. Each Scheduled Line is associated with a distinct Proxy Generator Bus. Transmission facilities shall only become Scheduled Lines after the Commission accepts for filing revisions to the NYISO's tariffs that identify a specific set or group of transmission facilities as a Scheduled Line. The transmission facilities that are Scheduled Lines are identified in Section 4.4.4 of the Services Tariff.

**SCUC:** Security Constrained Unit Commitment, described in Attachment C of the Tariff.

**Second Contingency Design and Operation:** The planning, design and operation of a power system such that the loss of any two (2) facilities will not result in a service interruption to either native load customers or contracted firm Transmission Customers. Second Contingency Design and Operation criteria do not include the simultaneous loss of two (2) facilities, but rather consider the loss of one (1) facility and the restoration of the system to within acceptable operating parameters, prior to the loss of a second facility. These criteria apply to thermal, voltage and stability limits and are generally equal to or more stringent than NYPP, NPCC and NERC criteria.



**Second Settlement:** The process of: (1) identifying differences between Energy production, Energy consumption or NYS Transmission System usage scheduled in a First Settlement, and the actual production, consumption, or NYS Transmission System usage during the Dispatch Day; and (2) assigning financial responsibility for those differences to the appropriate Customers and Market Participants. Charges for Energy supplied (to replace Generation deficiencies or unscheduled consumption), and payments for Energy consumed (to absorb consumption deficiencies or excess Energy supply) or changes in transmission usage will be based on the Real-Time LBMPs.

**Secondary Holder:** Entities that purchase TCCs and have not been certified as a Primary Holder by the ISO.

**Secondary Market:** A market in which Primary and Secondary Holders sell TCCs by mechanisms other than through the Centralized TCC Auction, Reconfiguration Auction, or by Direct Sale.

**Security Coordinator:** An entity that provides the security assessment and Emergency operations coordination for a group of Control Areas. A Security Coordinator must not participate in the wholesale or retail merchant functions.

**Self-Committed Fixed:** A bidding mode in which a Generator or Aggregation is self-committed and opts not to be Dispatchable over any portion of its operating range.

**Self-Committed Flexible:** A bidding mode in which a dispatchable Generator or Aggregation follows Base Point Signals within a portion of its operating range, but self-commits.

**Self-Supply:** The provision of certain Ancillary Services, or the provision of Energy to replace Marginal Losses by a Transmission Customer using either the Transmission Customer's own Generators or generation obtained from an entity other than the ISO.

**Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the ISO for service under the Tariff or any unexecuted Service Agreement, amendments on supplements thereto, that the ISO unilaterally files with the Commission.

**Service Commencement Date:** The date the ISO begins to provide service pursuant to the terms of an executed Service Agreement, or the date the ISO begins to provide service in accordance with Section 3.3.3 or Section 4.2.1 under the Tariff.

**Settlement:** The process of determining the charges to be paid to, or by a Transmission Customer to satisfy its obligations

**Shadow Price:** The marginal value of relieving a particular Constraint which is determined by the reduction in system cost that results from an incremental relaxation of that Constraint.

**Shift Factor ("SF"):** A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.

**Short-Term Firm Point-To-Point Transmission Service:** Firm Point-to-Point Service, the price of which is fixed for a short term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

**Sink Price Cap Bid:** A monotonically increasing Bid curve provided by an entity engaged in an Export to indicate the relevant Proxy Generator Bus LBMP below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service, where the MW amounts on the Bid curve represent the desired increments of Energy that the entity is willing to purchase at various price points.

**Southeastern New York (“SENY”):** An electrical area comprised of Load Zones G, H, I, J, and K, as identified in the ISO Procedures.

**Special Test Transactions:** The revenues or costs from purchases and/or sales of Energy that may occur pursuant to virtual regional dispatch/intra-hour transaction pilot tests conducted by the ISO to analyze potential solutions for, or approaches to resolving inter-market “seams” issues with neighboring control area operators.

**Start-Up Bid:** A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction. If the Supplier is a BTM:NG Resource, Energy Storage Resource or an Aggregation, it shall not submit a Start-Up Bid.

Start-Up Bids submitted for a Generator that is not able to complete its specified minimum run time (of up to a maximum of 24 hours) within the Dispatch Day are expected to include expected net costs related to the hour(s) that a Generator needs to run on the day following the Dispatch Day in order to complete its minimum run time. The component of the Start-Up Bid that incorporates costs that the Generator expects to incur on the day following the Dispatch Day is expected to reflect the operating costs that the Supplier does not expect to be able to recover through LBMP revenues while operating to meet the Generator’s minimum run time, at the minimum operating level Bid for that Generator for the hour of the Dispatch Day in which the Generator is scheduled to start-up. Settlement rules addressing Start-Up Bids that incorporates costs related to the hours that a Generator needs to run on the day following the Dispatch Day on which the Generator is committed are set forth in Attachment C to the ISO Services Tariff.

**Storm Watch:** Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

**Strandable Costs:** Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner’s legal obligations that are currently recovered in the Transmission Owner’s retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or transmission service suppliers.

**Stranded Investment Recovery Charge (“SIRC”):** A charge established by a Transmission Owner to recover Strandable Costs.

**Sub-Auction:** The round or set of rounds in a given Centralized TCC Auction in which TCCs of a given start date and duration may be purchased.

**Subzone:** That portion of a Load Zone in a Transmission Owner’s Transmission District.

**Supplier:** A Party that is supplying the Capacity, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators, BTM:NG Resources, and Demand Side Resources/Aggregations that satisfy all applicable ISO requirements.

**Supplemental Event Interval:** Any RTD interval in which there is a maximum generation pickup or a large event reserve pickup or which is one of the three RTD intervals following the termination of the maximum generation pickup or the large event reserve pickup.

**Supplemental Resource Evaluation (“SRE”):** A determination of the least cost selection of additional Generators or Aggregations, which are to be committed, to meet: (i) changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to meet the reliability requirements of the Transmission Owner’s local system or to meet Load or reliability requirements of the ISO; or (ii) forecast Load and reserve requirements over the six-day period that follows the Dispatch Day.

**System Impact Study:** An assessment by the ISO of (i) the adequacy of the NYS Transmission System to accommodate a request to build facilities in order to create incremental transfer capability, resulting in incremental TCCs, in connection with a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service; and (ii) the additional costs to be incurred in order to provide the incremental transfer capability.

## 1.20 Definitions - T

**Tangible Net Worth:** The value, determined by the ISO, of all of a Customer's assets less both: (i) the amount of the Customer's liabilities and (ii) all of the Customer's intangible assets, including, but not limited to, patents, trademarks, franchises, intellectual property, and goodwill.

**Third Party Sale:** Any sale for resale in interstate commerce to a power purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

**Third Party Transmission Wheeling Agreements ("Third Party TWAs"):** A Transmission Wheeling Agreement, as amended, between Transmission Owners or between a Transmission Owner and an entity that is not a Transmission Owner. Third Party TWAs are associated with the purchase (or sale) of Energy, Capacity, and/or Ancillary Services for the benefit of an entity that is not a Transmission Owner. All Third Party TWAs are listed in Attachment L, Table 1A, and are designated in the "Treatment" column of Table 1A, as "Third Party TWA."

**Total Transfer Capability ("TTC"):** The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner.

**Trading Hub:** A virtual location in a given Load Zone, modeled as a Generator bus and/or Load bus, for scheduling Bilateral Transactions in which both the POI and POW are located within the NYCA.

**Trading Hub Energy Owner:** A Customer who buys energy in a Bilateral Transaction in which the POW is a Trading Hub, or who sells energy in a Bilateral Transaction in which the POI is a Trading Hub.

**Transaction:** The purchase and/or sale of Energy or Capacity, or the sale of Ancillary Services. A Transaction bid into the Energy market to sell or purchase Energy or to schedule a Bilateral Transaction includes a Point of Injection and a Point of Withdrawal.

**Transfer Capability:** The measure of the ability of interconnected electrical systems to reliably move or transfer power from one area to another over all transmission facilities (or paths) between those areas under specified system conditions.

**Transmission Congestion Contract Component ("TCC Component"):** As defined in the ISO Services Tariff.

**Transmission Congestion Contracts ("TCCs"):** The right to collect or obligation to pay Congestion Rents in the Day-Ahead Market for Energy associated with a single MW of transmission between a specified POI and POW. TCCs are financial instruments that enable Energy buyers and sellers to hedge fluctuations in the price of transmission.

**Transmission Customer:** Any Eligible Customer (or its designated agent) that (i) executes a Service Agreement, or (ii) requests in writing that the ISO file with the Commission a proposed unexecuted Service Agreement to receive Transmission Service under Part 3, 4 and/or 5 of the Tariff.

**Transmission District:** The geographic area in which a Transmission Owner, including LIPA, is obligated to serve Load, as well as the customers directly interconnected with the transmission facilities of the Power Authority of the State of New York.

**Transmission Facility Agreement (“TFA”):** Agreements governing the use of specific or designated transmission facilities charges to cover all, or a portion, of the costs to install, own, operate, or maintain transmission facilities, to the customer under the agreement and that have provisions to provide Transmission Service utilizing said transmission facilities. All Transmission Facility Agreements are listed in Attachment L. Table 1A, and are designated in the “Treatment” column as “Facility Agmt. – MWA.”

**Transmission Facilities Under ISO Operational Control:** The transmission facilities of the Transmission Owners listed in Appendix A-1 of the ISO/TO Agreement (“Listing of Transmission Facilities Under ISO Operational Control”) and listed in Appendix A-1 of an Operating Agreement (“NTO Transmission Facilities Under ISO Operational Control”) that are subject to the Operational Control of the ISO. This listing may be amended from time-to-time as specified in the ISO/TO Agreement and Operating Agreements.

**Transmission Facilities Requiring ISO Notification:** The transmission facilities of the Transmission Owners listed in Appendix A-2 of the ISO/TO Agreement (“Listing of Transmission Facilities Requiring ISO Notification”) and listed in Appendix A-2 of an Operating Agreement (“NTO Transmission Facilities Requiring ISO Notification”) whose status of operation must be provided to the ISO by the Transmission Owners (for the purposes stated in the ISO Tariffs and in accordance with the ISO OATT, ISO/TO Agreement, and/or Operating Agreements) prior to the Transmission Owners making operational changes to the state of these facilities. This listing may be amended from time-to-time as specified in the ISO/TO Agreement and Operating Agreements.

**Transmission Fund:** The mechanism used under the current NYPP Agreement to compensate the Member Systems for providing Transmission Service for economy Energy Transactions over their transmission systems. Each Member System is allocated a share of the economy Energy savings in dollars assigned to the fund that is based on the ratio of their investment in transmission facilities to the sum of investments in transmission and generation facilities.

**Transmission Node:** As defined in the ISO Services Tariff.

**Transmission Owner:** The public utility or authority (or its designated agent) that owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff.

**Transmission Owner’s Monthly Transmission System Peak:** The maximum hourly firm usage as measured in megawatts (MW) of the Transmission Owner’s transmission system in a calendar month.

**Transmission Plan:** A plan developed by the ISO staff with Transmission Owner’s support that is a compilation of transmission projects proposed by the Transmission Owners and others, that are found to meet all applicable criteria.

**Transmission Reliability Margin (“TRM”):** The amount of TTC reserved by the ISO to ensure the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

**Transmission Service:** Point-To-Point, Network Integration or Retail Access Transmission Service provided under Parts 3, 4 and 5 of the Tariff.

**Transmission Service Charge (“TSC”):** A charge designed to ensure recovery of the embedded cost of a transmission system owned by a Member System.

**Transmission Shortage Cost:** As defined in the NYISO Services Tariff.

**Transmission System:** The facilities operated by the ISO that are used to provide Transmission Services under Part 3, Part 4 or Part 5 of this Tariff.

**Transmission Usage Charge (“TUC”):** Payments made by the Transmission Customer to cover the cost of Marginal Losses and, during periods of time when the transmission system is Constrained, the marginal cost of Congestion. The TUC is equal to the product of: (1) the LBMP at the POW minus the LBMP at the POI (in \$/MWh); and (2) the scheduled or delivered Energy (in MWh).

**Transmission Wheeling Agreement (“TWA”):** The agreements listed in Table 1A of Attachment L to the ISO OATT governing the use of specific or designated transmission facilities that are owned, controlled or operated by an entity for the transmission of Energy in interstate commerce. TWAs between Transmission Owners have been modified such that all TWAs between Transmission Owners are now MWAs.

## **1.21 Definitions - U**

**UCAP Component:** As defined in the ISO Services Tariff.

**Unrated Customer:** As defined in the ISO Services Tariff.

**Unsecured Credit:** As defined in the ISO Services Tariff.

## **1.22 Definitions - V**

**Variably Scheduled Proxy Generator Bus:** A Proxy Generator Bus for which the ISO may schedule Transactions at 15 minute intervals in real time. Variably Scheduled Proxy Generator Buses are identified in Section 4.4.4 of the Services Tariff.

**Virtual Load:** As defined in the ISO Services Tariff.

**Virtual Supply:** As defined in the ISO Services Tariff.

**Virtual Transaction:** As defined in the ISO Services Tariff.

**Virtual Transaction Component:** As defined in the ISO Services Tariff.

**Voting Share:** The method used in the ISO Agreement to allocate voting rights among the members of the Management Committee. The formula for calculating a Party's Voting Share is provided in the ISO Agreement.



## 1.23 Definitions - W

**West of Central-East (“West” or “Western”):** An electrical area comprised of Lead Zones A, B, C, D, and E, as identified in the ISO Procedures.

**Wheels Through:** Transmission Service, originating in another Control Area that is wheeled through the NYCA to another Control Area.

**Withdrawal-Eligible Generator:** As defined in the ISO Services Tariff.

**Wholesale Market:** The sum of purchases and sales of Energy and Capacity for resale along with Ancillary Services needed to maintain reliability and power quality at the transmission level coordinated together through the ISO and Power Exchanges. A party who purchases Energy, Capacity or Ancillary Services in the Wholesale Market to serve its own Load is considered to be a participant in the Wholesale Market.

**Wholesale Transmission Services Charges (“WTSC”):** Those charges calculated pursuant to Attachment H of the OATT, incurred or declared overdue by a Transmission Owner pursuant to Section 26.11.2 of Attachment K to the ISO Services Tariff, after the effective date of these revisions; provided, however, that these provisions will not apply to pre-petition bankruptcy debts for a company that is currently in bankruptcy.

**Wind Energy Forecast:** The ISO’s forecast of Energy that is expected to be supplied over a specified interval of time by an Intermittent Power Resource that depends on wind as its fuel and which is used in ISO’s Energy market commitment and dispatch. The Wind Energy Forecast does not include a forecast of Energy for Intermittent Power Resources depending on wind as its fuel that participate in a DER Aggregation.

**Withdrawal Billing Units:** A Transmission Customer’s Actual Energy Withdrawals (for all internal withdrawals) or Scheduled Energy Withdrawals (for all Export Energy withdrawals), including withdrawals for Wheels Through.

**WTSC Component:** As defined in the ISO Services Tariff.

## **1.24 Definitions - X**

## **1.25 Definitions - Y**

## **1.26 Definitions - Z**

## **2 Common Service Provisions**

## **2.1 Term and Effectiveness**

### **2.1.1 Effectiveness:**

This Tariff shall become effective on the latest of the following: (i) September 1, 1999; (ii) Commission approval of (a) this Tariff; (b) the ISO Services Tariff; (c) the ISO Agreement; (d) NYSRC Agreement; (e) the ISO/NYSRC Agreement; and (f) the ISO/TO Agreement; (iii) the date on which both the Commission and the PSC grant all necessary approvals to the Member Systems to transfer Operational Control of any facilities to the ISO or otherwise dispose of any of their property, including, without limitation, those approvals required under Section 70 of the New York Public Service Law (“PSL”) and Section 203 of the Federal Power Act (“FPA”); (iv) the last date that any other approval or authorization is received, to the extent such additional approval or authorization is necessary; (v) execution of the ISO Related Agreements with the exception of any Operating Agreement; or (vi) such later date specified by the Commission.

### **2.1.2 Term and Termination:**

This Tariff shall remain in effect until: (i) canceled by the ISO upon sixty (60) days prior written notice in accordance with applicable Commission regulations; or (ii) the effective date of, any law, order, rule, regulation, or determination of a body of competent jurisdiction requiring termination or a material modification of this Tariff and/or Service Agreements related to this Tariff that would be inconsistent with any term or provision of the ISO/TO Agreement. Any Transmission Customer may withdraw from this Tariff on thirty (30) days prior written notice to the ISO.

## **2.2 Initial Allocation and Renewal Procedures**

### **2.2.1 Initial Allocation of Available Transfer Capability:**

Firm Transmission Service under this Tariff is obtained when the Transmission Customer agrees to pay the Congestion associated with its service. A Transmission Customer may fix the price of Congestion costs associated with its Firm Transmission Service through the purchase of a sufficient quantity of Transmission Congestion Contracts (“TCCs”), including Fixed Price TCCs that are obtained under Attachment M to this Tariff, with receipt and delivery points corresponding to its Transmission Service. TCCs are solely financial instruments that do not establish any rights to, or the availability of, Transmission Service. For purposes of determining whether existing capability on the NYS Transmission System is adequate to accommodate a request for Firm Transmission Service under this Tariff, the ISO shall employ Security Constrained Unit Commitment (“SCUC”), Real-Time Commitment (“RTC”) and Real-Time Dispatch (“RTD”) programs in accordance with Attachment C. The availability of TCCs will be determined as described in Attachment M.

### **2.2.2 Reservation Priority For Existing Firm Service:**

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of extending beyond the ISO implementation date), have the right to take Transmission Service from the ISO in accordance with the provisions of Attachment K. This transmission reservation priority is independent of whether the existing customer continues to purchase Capacity and Energy from a Transmission Owner or elects to purchase Capacity and Energy from another Supplier.

At the end of their contract terms, certain LSEs may have the right to obtain Historic Fixed Price TCCs in accordance with Attachment M to this Tariff.

All NYS Transmission Capacity associated with expired Grandfathered Rights and/or Grandfathered TCCs other than that needed to support Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT), shall be made available to support TCCs available for purchase in the next Centralized TCC auction facilitated by the ISO, pursuant to the provisions of Attachment M.



## **2.3 Ancillary Services**

Ancillary Services are needed with Transmission Service to maintain reliability within and among the Control Areas affected by the Transmission Service. The ISO provides the following Ancillary Services: (i) Scheduling, System Control and Dispatch, (ii) Voltage Support Service, (iii) Regulation Service, (iv) Energy Imbalance; (v) Operating Reserves Service, and (vi) Black Start Service.

The specific Ancillary Services, prices and/or compensation methods are described on the schedules that are attached to and made a part of this Tariff. Sections 2.3.1 through 2.3.6 below list the six Ancillary Services.

### **2.3.1 Scheduling, System Control and Dispatch Service:**

The costs for Scheduling, System Control, and Dispatch Service are included among those costs recovered through Schedule 1.

### **2.3.2 Voltage Support Service:**

The rates and/or methodology are described in Schedule 2.

### **2.3.3 Regulation Service:**

The rates and/or methodology are described in Schedule 3.

### **2.3.4 Energy Imbalance Service:**

The rates and/or methodology are described in Schedule 4.

### **2.3.5 Operating Reserve Service:**

The rates and/or methodology are described in Schedule 5.

### **2.3.6 ISO Black Start Capability:**

The rates and/or methodology are described in Schedule 6.

## **2.4 Open-Access Same Time Information System (“OASIS”)**

Terms and conditions regarding Open Access Same-Time Information System and Standards of Conduct are set forth in Part 37 of the Commission’s regulations (“Open Access Same-Time Information System and Standards of Conduct for Public Utilities”) and 18 C.F.R. § 38 of the Commission’s regulations (Business Practice Standards and Communication Protocols for Public Utilities). The ISO will maintain an OASIS, including a Bid/Post System, for purposes of scheduling Transmission Service.

The ISO shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of Transmission Service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The ISO shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The ISO shall also post on OASIS and its public website an electronic link to a statement of the process by which the ISO shall add, delete or otherwise modify the rules, standards and practices that are not included in this tariff. Such process shall set forth the means by which the ISO shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the ISO deems appropriate.

## **2.5 Local Furnishing Bonds and Other Tax Exempt Financing**

### **2.5.1 Tax Exempt Financing Pursuant to Section 142(f) of the Internal Revenue Code:**

This provision is applicable only to Transmission Owners that have financed facilities for the local furnishing of Energy with Local Furnishing Bonds, as described in Section 142(f) of the Internal Revenue Code ("Local Furnishing Bonds"). Notwithstanding any other provision of this Tariff, neither the ISO nor the Transmission Owner shall be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any Local Furnishing Bond(s) used to finance the Transmission Owner's facilities.

### **2.5.2 Section 211 Order:**

The provision of transmission service under this Tariff shall also constitute provision of transmission service pursuant to an Order by the Commission under Section 211 of the FPA with respect to the transmission of electricity on Consolidated Edison's transmission system.

### **2.5.3 Alternative Procedures for Requesting Transmission Service:**

(i) If a Transmission Owner other than LIPA determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any Local Furnishing Bond(s), the Transmission Owner shall advise the ISO within thirty (30) days of receipt of the Completed Application from an Eligible Customer requesting such service, or on the date on which this Tariff becomes effective, whichever is applicable. If LIPA determines that the provision of Transmission Service requested by an Eligible Customer would jeopardize the tax-exempt status of any Local Furnishing Bond(s) or LIPA Tax-Exempt Bonds, LIPA shall promptly advise the ISO.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the FPA, the Transmission Owner, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 211 of the FPA. The Commission, upon receipt of the Transmission Owner's waiver of its rights to a request for service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 211 of the FPA, shall issue an order under Section 211 of the FPA. Upon issuance of the order under Section 211 of the FPA, the ISO and the Transmission Owner shall be required to provide the requested Transmission Service in accordance with the terms and conditions of this Tariff.

#### **2.5.4 Tax Exempt Financing Pursuant to Section 103 and Related Provision of the Internal Revenue Code:**

This provision is applicable only to NYPA which has financed transmission facilities with the proceeds of bonds issued pursuant to Section 103 and related provisions of the Internal Revenue Code ("Government Bonds"). Notwithstanding any other provision of this Tariff, neither the ISO nor NYPA shall be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if provision of such transmission service would result in loss of the tax-exempt status of any government bonds or impair NYPA's ability to issue future tax-exempt obligations.

#### **2.5.5 Transmission Service Effects on Use of Tax-Exempt Financing by LIPA:**

This provision is applicable only to LIPA Tax-Exempt Bonds. Notwithstanding any other provisions of this Tariff, neither the ISO nor LIPA shall be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such

Transmission Service would result in the loss of tax-exempt status of any of LIPA Tax-Exempt Bonds or impair the Long Island Power Authority's ability to issue future tax-exempt obligations.

#### **2.5.6 Responsibility for Costs Associated With Loss of Tax-Exempt Status:**

If by virtue of an order issued by the Commission pursuant to Section 211 of the FPA, the ISO or a Transmission Owner is required to provide Transmission Service that would adversely affect the tax-exempt status of a Transmission Owner's Local Furnishing Bonds, Government Bonds, LIPA Tax-Exempt Bonds, or any other tax-exempt debt obligations then the Eligible Customer receiving such Transmission Service will compensate the Transmission Owner for all costs, if any, associated with the loss of tax-exempt status plus the costs of Transmission Service.

#### **2.5.7 Use of LIPA's Facilities:**

All categories of Transmission Service into and out of the Long Island Transmission District shall require pre-approval by LIPA to ensure compliance with Sections 2.5.1 and 2.5.5, above. LIPA shall promptly inform the ISO of those categories of Transmission Service that are preapproved. Customers seeking Transmission Service into and out of the Long Island Transmission District shall submit requests for service to the ISO pursuant to the terms of its Tariffs. If a Customer requests a category of Transmission Service that is not pre-approved, the ISO shall reject the schedule and advise the Customer that such Transmission Service must first be reviewed by LIPA and determined to be capable of being provided in a manner that is consistent with Sections 2.5.1 and 2.5.5, above. The ISO shall schedule Transmission Service into and out of the Long Island Transmission District, including External Transactions, in accordance with its Tariffs. The ISO also shall adopt procedures for coordination of scheduling Transmission Service into and out of the Long Island Transmission District, including External

Transactions, consistent with the requirements of this Section and Section 11.02 of the ISO Agreement which shall be implemented on a nondiscriminatory basis.

## **2.6 Reciprocity**

A Transmission Customer receiving Transmission Service under this Tariff agrees to provide comparable Transmission Service that it is capable of providing to each Transmission Owner on similar terms and conditions over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that takes Transmission Service from a power pool or Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO, or other transmission organization on similar terms and conditions over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains Transmission Service under this Tariff, but also to all parties to a Transaction that involves the use of Transmission Service under this Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request Transmission Service under this Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives



that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

## **2.7 Billing and Payment**

### **2.7.1 ISO as Counterparty; Right to Net or Set Off; ISO Clearing Account**

#### **2.7.1.1 ISO as Counterparty**

The ISO shall be for all purposes the contracting counterparty, in its own name and right, to each Transmission Customer for any purchase or sale of any product or service, or for any other transaction, that is financially settled by the ISO under the ISO Tariffs.

#### **2.7.1.2 Right to Net or Set Off Obligations Owed**

Unless otherwise specifically set forth in this ISO OATT, if for any settlement period the ISO is required to pay any amount to the Transmission Customer and the Transmission Customer is required to pay any amount to the ISO under this ISO OATT or the ISO Services Tariff, such amounts shall be netted, and the party owing the greater aggregate amount shall pay to the other party the difference between the amounts owed. Additionally, all outstanding payment obligations under this ISO OATT and the ISO Services Tariff between the ISO and the Transmission Customer may be netted, offset, set off, or recouped, and payment shall be owed as set forth above.

#### **2.7.1.3 ISO Clearing Account**

The ISO will establish one or more accounts (the “ISO Clearing Account”) at a bank or other financial institution, and Transmission Customers shall make payments to the ISO or receive payments from the ISO through the ISO Clearing Account in accordance with their settlement information provided by the ISO as described in Section 2.7.3 of this ISO OATT.

The funds held by the ISO in the ISO Clearing Account shall not be commingled with funds held by the ISO in any other ISO accounts.

#### **2.7.1.4 ISO Liability for Payment**

The obligation of the ISO to pay Transmission Customers for monies owed for a given settlement period shall be limited so that the aggregate liability of the ISO for such payments does not exceed the sum of (i) the aggregate amount paid to or recovered by the ISO from Transmission Customers (including by applying a defaulting Transmission Customer's financial security) for that settlement period, and (ii) the amount of funds held by the ISO in the Working Capital Fund. The process for declaring and recovering bad debt losses is set forth in Attachment U to this ISO OATT.

#### **2.7.2 Determination and Payment of Charges Associated with Transmission Service**

This Section 2.7.2 applies to all Transmission Services except Transmission Service pursuant to Grandfathered Agreements listed in Attachment L. Charges applicable to Grandfathered Agreements are described in Attachment K.

##### **2.7.2.1 Transmission Service Charge - General Applicability**

The TSC charge is applied to all Actual Energy Withdrawals from the NYS Power System under Part 3 or Part 4 of this Tariff, except for withdrawals by a Transmission Owner to provide bundled retail service or scheduled withdrawals associated with grandfathered transactions as specified in Attachments K and L. The TSC charge also is applied to Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions), except as provided for in Section 2.7.2.1.4 of this Tariff.

Subject to the foregoing, the TSC applies to all Actual Energy Withdrawals regardless of whether the withdrawals occur in conjunction with a Bilateral Transaction or through the purchase of Energy from an LBMP Market. The TSC is payable under this Section regardless of

whether the withdrawal is scheduled under Part 3 or Part 4 of this Tariff. Customers buying Energy from a Transmission Owner as part of a bundled retail rate will pay a portion of the Transmission Owner's transmission revenue requirement as part of their retail rates. Sales to these customers will be included in the billing units used to calculate each Transmission Owner's TSC under this Tariff in accordance with Attachment H.

Transmission Customers who are parties to grandfathered agreements specified in Attachment L will pay the applicable contract rate in those agreements. Revenues from these agreements will be credited against the Transmission Owners' individual revenue requirements in calculating the TSC.

**2.7.2.1.1 Payable to Transmission Owners:** The TSC will be payable to Transmission Owners, in the manner described below in the remainder of Section 2.7.2.1.

**2.7.2.1.2 Payable by Retail Access Customers:** Retail access customers or LSEs scheduling on their behalf will pay a TSC to their respective Transmission Owners under the provisions described in Part 5 of this Tariff. The TSC is payable under Part 5 (Retail Access Service) regardless of whether the LSE takes service under Part 3 (Point-to-Point Service) or Part 4 (Network Integration Service) of this Tariff.

**2.7.2.1.3 Payable by LSEs Serving Non-Retail Access Load in NYCA: LSEs**

serving NYCA Load that is not part of a retail access program, such as customers of municipal electric systems, will pay a TSC to the Transmission Owner in whose Transmission District the Load is located. The TSC shall apply to Actual Energy Withdrawals by the Load, regardless of whether such withdrawals are associated with Transmission Service under Part 3 or Part 4 of this Tariff or purchases from an LBMP Market, whether the withdrawals are scheduled or unscheduled, and regardless of whether the withdrawals were made on the Load's behalf by the LSE or by another Transmission Customer.

**2.7.2.1.4 Payable by Transmission Customers Scheduling Export or**

**Wheel-Through Transactions:** Transmission Customers scheduling Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions) are subject to a TSC as calculated in Attachment H. The TSC charge shall be eliminated on all Exports and Wheel-Through Transactions scheduled with the ISO to destinations within the New England Control Area; provided that the following conditions shall continue to be met: (1) a Commission approved tariff provision is in effect that provides for unconditional reciprocal elimination of charges on Exports and Wheel-Through Transactions from the New England Control Area to the New York Control Area; (2) no change in the provisions in this Tariff related to Local Furnishing Bonds and Other Tax Exempt Financing shall be required for the reciprocal elimination of charges on Export and Wheel-Through Transactions to the New York Control Area; and (3) the New York Transmission Owners have the ability to fully

recover the revenues related to the charges on Export and Wheel-Through Transactions that are eliminated. The ISO and the New York Transmission Owners, jointly or separately, shall have the right to make a Section 205 filing with the Commission to reimpose the charge on Exports and Wheel-Through Transactions if at any time any of the foregoing conditions is no longer satisfied. The ISO will perform the requisite calculation and inform the Transmission Customer and the applicable Transmission Owner(s) of the TSC charge. The TSC will be payable by the Transmission Customer directly to the Transmission Owner(s).

**2.7.2.1.5 Payable by Energy Storage Resources:** Energy Storage Resources will pay a TSC directly to the Transmission Owner in whose Transmission District the Energy Storage Resource is located for Actual Energy Withdrawals by the Energy Storage Resource when it is not providing a service. An Aggregation containing one or more Energy Storage Resources shall pay a TSC directly to the Transmission Owner in whose Transmission District the Aggregation is located when (i) the Aggregation is not providing a service, and (ii) the sum of the Aggregation's Energy injections and Demand Reductions, less the Aggregation's Energy withdrawals, is negative. However, an Energy Storage Resource that participates as a Co-located Storage Resource will only pay a TSC for net Actual Energy Withdrawals by the combined Co-located Storage Resources. An Energy Storage Resource that participates as a Co-located Storage Resource will not pay a TSC when it receives charging Energy from its co-located Intermittent Power Resource behind the Co-located Storage Resources' shared Point of

### Injection/Point of Withdrawal.

For purposes of this Section 2.7.2.1.5, an Energy Storage Resource, and an Aggregation containing one or more Energy Storage Resources, is providing a “service” when it is withdrawing Energy if it also: (1) receives a Real-Time Market schedule for Operating Reserves; or (2) receives a Real-Time Market schedule for Regulation Service; or (3) is a qualified Supplier of Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff; or (4) is dispatched by the ISO as Out-of-Merit to meet NYCA or local system reliability in the same hour.

An Energy Storage Resource, and an Aggregation containing one or more Energy Storage Resources, that submits Bids utilizing the Self-Committed Fixed bidding mode shall pay a TSC for its Actual Energy Withdrawals unless the Energy Storage Resource or Aggregation is either: (a) committed or dispatched by the ISO as Out-of-Merit to withdraw Energy in the same hour to address NYCA or local system reliability concerns, or (b) a qualified Supplier of Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff.

When an Energy Storage Resource, or an Aggregation containing one or more Energy Storage Resources, is subjected to a TSC, the TSC shall be payable regardless of whether the withdrawals are scheduled or unscheduled. The ISO will determine the amount of Actual Energy Withdrawals subject to the TSC charge and provide this information to both the Energy Storage Resource (or, in the case of an Aggregation containing one or more Energy Storage Resources, the Aggregator) and the applicable Transmission Owner. The TSC will be payable

by the Energy Storage Resource (or, in the case of an Aggregation containing one or more Energy Storage Resources, the Aggregator) directly to the Transmission Owner.

#### **2.7.2.2 Transmission Usage Charge (TUC)**

**2.7.2.2.1 Payable to the ISO:** Transmission Usage Charges include Congestion Rents and charges for Marginal Losses. They are payable directly to the ISO. Attachment J explains the calculation of the TUC.

##### **2.7.2.2.2 Payable by Transmission Customers Scheduling Transmission**

**Service:** All Transmission Customers scheduling Transmission Service under Part 3 or Part 4 of this Tariff shall pay the applicable TUC charge as calculated in the Attachment J hereto.

**2.7.2.2.3 Payable by Transmission Owners Scheduling Bilateral Transactions on Behalf of Bundled Retail Customers:** Transmission Owners scheduling Transmission Service to supply bundled retail customers shall pay the applicable TUC charge.

**2.7.2.2.4 Payable by Customers Scheduling Direct LBMP Purchases from the LBMP Market:** Any Customer purchasing from the LBMP Market will pay the Congestion Rent and Marginal Losses charge applicable to its location. These Congestion Rent and Marginal Losses charges will be included in the calculation of the LBMP charged by the ISO for the purchase of Energy from the LBMP Market.

#### **2.7.2.3 Ancillary Services**

**2.7.2.3.1 Payable to the ISO:** All Ancillary Services charges are payable directly



to the ISO.

**2.7.2.3.2 Payable by LSEs:** All LSEs scheduling Transmission Service under Part

3 or Part 4 or purchases from the LMBP Market to supply Load in the NYCA shall pay Ancillary Services charges as described in Schedules 1 through 6. The charges will be assessed on the basis of all Actual Energy Withdrawals by the Load, regardless of whether such withdrawals are scheduled or unscheduled, and regardless of whether they are scheduled on the Load's behalf by the LSE or by another Transmission Customer. As explained in Schedule 1, in certain circumstances the Schedule 1 charge may vary depending upon the Transmission District in which the Load is located.

**2.7.2.3.3 Payable by Customers Scheduling External Transactions:**

Transmission Customers scheduling Export or Wheel-Through Transactions to destinations outside the NYCA, or purchases from the LBMP Market to serve Load outside the NYCA shall pay Ancillary Services charges under Schedules 1, 2, 4, and 5 of this Tariff. The charges will be assessed on the basis of all Scheduled Energy Withdrawals from the NYCA.

**2.7.2.3.4 Payable by Transmission Owners Serving Bundled Retail Customers:**

Transmission Owners scheduling Transmission Service or purchases from the LBMP Market to serve of bundled retail customers shall pay the ISO Ancillary Services charges as described in Schedules 1 to 6 based on Actual Energy Withdrawals.

**2.7.2.4 NYPA Transmission Adjustment Charge (NTAC)**

**2.7.2.4.1 Payable to the ISO:** NTAC charges are calculated in Attachment H. All

NTAC charges are payable to the ISO.

**2.7.2.4.2 Payable by LSEs Serving Load in the NYCA:** Each LSE serving Load in the NYCA shall pay an NTAC to the ISO based on the LSE's Actual Energy Withdrawals.

**2.7.2.4.3 Payable by Transmission Customers Scheduling Export or Wheel-Through Transactions:** Transmission Customers scheduling Export or Wheel-Through Transactions shall pay an NTAC based on their Transaction schedules. The NTAC charge shall not apply to Exports and Wheel-Through Transactions scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied.

**2.7.2.4.4 Payable by Energy Storage Resources:** Each Energy Storage Resource in the NYCA shall pay an NTAC to the ISO based on the Energy Storage Resource's Actual Energy Withdrawals when the Energy Storage Resource is not providing a service. An Aggregation containing one or more Energy Storage Resources shall pay an NTAC to the ISO when (i) the Aggregation is not providing a service, and (ii) the sum of the Aggregation's Energy injections and Demand Reductions, less the Aggregation's Energy withdrawals, is negative. However, an Energy Storage Resource that participates as a Co-located Storage Resource will only pay an NTAC for net Actual Energy Withdrawals by the combined Co-located Storage Resources. An Energy Storage Resource that participates as a Co-located Storage Resource will not pay an NTAC when it receives charging Energy from its co-located Intermittent Power Resource behind

the Co-located Storage Resources' shared Point of Injection/Point of Withdrawal.

For purposes of this Section 2.7.2.4.4, an Energy Storage Resource, and an Aggregation containing one or more Energy Storage Resources, is providing a “service” when it is withdrawing Energy if it also: (1) receives a Real-Time Market schedule for Operating Reserves; or (2) receives a Real-Time Market schedule for Regulation Service; or (3) is a qualified Supplier of Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff; or (4) is dispatched by the ISO as Out-of-Merit to meet NYCA or local system reliability in the same hour.

An Energy Storage Resource, and an Aggregation containing one or more Energy Storage Resources, that submits Bids utilizing the Self-Committed Fixed bidding mode shall pay an NTAC for its Actual Energy Withdrawals unless the Energy Storage Resource or Aggregation is either: (a) committed or dispatched by the ISO as Out-of-Merit to withdraw Energy in the same hour to address NYCA or local system reliability concerns, or (b) a qualified Supplier of Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff.

### **2.7.2.5 Reliability Facilities Charge (“RFC”) and LIPA RFC**

**2.7.2.5.1 Payable through the ISO:** All RFC and LIPA RFC charges are calculated, collected and payable to the ISO pursuant to Rate Schedule 10.

### **2.7.2.6 CLCPA Facilities Charge (“CFC”) and LIPA CFC**

**2.7.2.6.1 Payable to the ISO:** All CFC and LIPA CFC charges are calculated, collected, and payable to the ISO in accordance with the requirements of Rate Schedule 19.

**2.7.2.6.2 Payable by LSEs Serving Load in the NYCA:** In accordance with the requirements of Rate Schedule 19, each LSE serving Load in the NYCA shall pay CFC and LIPA CFC charges.

## **2.7.3 Billing and Payment Procedures**

For purposes of this Section 2.7.3:

(i) the term “Complete Week Settlement Period” shall mean the seven day period between Saturday and Friday for which all of the days are in the same month; and

(ii) the term “Stub Week Settlement Period” shall mean the six or fewer day period between Saturday and Friday for which all of the days are in the same month.

### **2.7.3.1 Billing and Settlement Information**

The ISO shall provide settlement and billing information to Transmission Customers.

The ISO shall inform each Transmission Customer that provides or is provided services furnished under this ISO OATT or the ISO Services Tariff of the payments due for such service.

Such information shall be made electronically available to the Transmission Customer.

### **2.7.3.2 Invoicing and Payment**

#### **2.7.3.2.1 Weekly Invoice**

On or about each Wednesday, as set forth in ISO Procedures, the ISO shall submit an invoice to a Transmission Customer that indicates the net amount owed by or owed to the Transmission Customer for those services furnished under this ISO OATT or the ISO Services

Tariff for the previous Complete Week Settlement Period or Stub Week Settlement Period that are designated as Weekly Invoice Components in ISO Procedures; *provided, however*, that the net amount owed by or owed to the Transmission Customer for those services furnished for a Stub Week Settlement Period that concludes a month shall be included in the next monthly invoice issued in accordance with Section 2.7.3.2.2 of this ISO OATT.

#### **2.7.3.2.2 Monthly Invoice**

Within five (5) business days after the first day of each month, the ISO shall submit an invoice to a Transmission Customer that indicates the net amount owed by or owed to the Transmission Customer:

- (i) for those services furnished under this ISO OATT or the ISO Services Tariff for a Stub Week Settlement Period that concludes the previous month that are designated as Weekly Invoice Components in ISO Procedures;
- (ii) for any adjustments to amounts contained in the weekly invoices issued in the previous month pursuant to Section 2.7.3.2.1 of this ISO OATT;
- (iii) for those services furnished under this ISO OATT or the ISO Services Tariff in the previous month that are designated as Monthly Invoice Components in ISO Procedures;
- (iv) for any adjustments to amounts contained in a previously issued monthly invoice that was issued on or about one hundred twenty (120) days prior to the issuance of this invoice; and
- (v) for any adjustments to amounts contained in a previously issued monthly invoice as part of the Close-Out Settlement of that monthly invoice pursuant to Section 2.7.4.2.2 of this ISO OATT.

#### **2.7.3.2.3 Payment by the Transmission Customer**

A Transmission Customer owing payments on net in its weekly invoice or its monthly invoice shall make those payments to the ISO through the ISO Clearing Account by the second business day after the date on which the weekly invoice or monthly invoice is rendered by the ISO unless otherwise specified in ISO Procedures. In accordance with Section 2.7.1.2 of this ISO OATT, the ISO may net any overpayment by the Transmission Customer for past estimated charges against current amounts due from the Transmission Customer or, if the Transmission Customer has no outstanding amounts due, the ISO may pay to the Transmission Customer an amount equal to the overpayment.

#### **2.7.3.2.4 Payment by the ISO**

Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall pay all net monies owed to a Transmission Customer in its weekly invoice or its monthly invoice from the ISO Clearing Account by the second business day after the due date for Transmission Customer payments set forth in Section 2.7.3.2.3 of this ISO OATT unless otherwise specified in ISO Procedures.

#### **2.7.3.3 Use of Estimated Data and Meter Data**

The ISO may use estimates, including estimated meter data, in whole or in part to settle a weekly or monthly invoice in accordance with ISO Procedures. The ISO shall use meter data submitted to the ISO in accordance with Section 3.16 of this ISO OATT. Any charges based on estimates shall be subject to true-up in invoices subsequently issued by the ISO after the ISO has obtained the requisite actual information, provided that the ISO shall only true-up charges based on meter data prior to the deadline for finalizing the meter data established in Section 2.7.4.2 of this ISO OATT. A true-up charge shall include interest amounts calculated at the rate set forth

in Section 2.7.4 of this ISO OATT from the weekly or monthly due date for the charge until the date of payment of the trued-up amount for that charge.

#### **2.7.3.4 Method of Payment**

All payments by the Transmission Customer shall be made by either (i) wire transfer in immediately available funds payable to the ISO through the ISO Clearing Account or (ii) any other method set forth in ISO Procedures. All payments by the ISO shall be made either (i) by wire transfer in immediately available funds payable to the Transmission Customer by the ISO through the ISO Clearing Account or (ii) any other method set forth in ISO Procedures.

#### **2.7.3.5 Verification of Payments**

The ISO shall verify that all payments owed by Transmission Customers in accordance with this ISO OATT and the ISO Services Tariff have been paid to the ISO in a timely manner. If a Transmission Customer fails to make a payment within the time period established in Sections 2.7.3.2.1, 2.7.3.2.2, and 2.7.3.6 of this ISO OATT or pays less than the amount due, the ISO shall take measures pursuant to Section 2.7.5 of this ISO OATT. Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall also ensure that monies owed to Transmission Customers in accordance with this ISO OATT and the ISO Services Tariff are paid through the ISO Clearing Account in a timely manner.

#### **2.7.3.6 TCC Auction Settlements**

Notwithstanding Sections 2.7.3.2.1 and 2.7.3.2.2 of this ISO OATT, the ISO shall make settlements related to the Centralized TCC Auction and the Reconfiguration Auction as set forth in this Section 2.7.3.6.

2.7.3.6.1 The ISO shall submit invoices to, and make settlements with, Transmission

Owners in connection with the allocation of Net Auction Revenues in accordance with the timeline set forth in ISO Procedures.

2.7.3.6.2 Transmission Customers owing payments to the ISO as a result of their activity in or related to a Centralized TCC Auction or Reconfiguration Auction, pursuant to an award notice or a comparable invoice rendered by the ISO, shall make those payments to the ISO through the ISO Clearing Account in accordance with the timeline set forth in ISO Procedures.

2.7.3.6.3 Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall pay all net monies owed to Transmission Customers as a result of their activity in or related to a Centralized TCC Auction or a Reconfiguration Auction, pursuant to an award notice or a comparable invoice rendered by the ISO, from the ISO Clearing Account in accordance with ISO Procedures.

2.7.3.6.4 Sections 2.7.3.1, 2.7.3.3, 2.7.3.4 and 2.7.3.5 of this ISO OATT and Section 19.9.6 of Attachment M of this ISO OATT shall apply to settlements calculated in accordance with this Section 2.7.3.6.

#### **2.7.3.7 Settlement Information and Billing Procedures for TSCs**

The ISO shall provide each Member System with information to facilitate TSC billing. Settlement information and billing procedures for payments of the TSC by retail access customers or LSEs serving retail access customers in accordance with Section 5 of this ISO OATT shall be separately issued, paid and collected in accordance with Section 5 of this ISO OATT. Settlement information and billing procedures for payments for TSCs for customers other than retail access customers and LSEs serving retail access customers shall be separately issued, paid and collected in accordance with the terms and conditions set forth in Attachment H of this ISO OATT in accordance with Section 5 of this ISO OATT.



### **2.7.3.8 Billing Procedures for Retail Access Programs**

The billing procedures for customers participating in retail access programs shall be in accordance with Section 5 of this ISO OATT.

### **2.7.4 Interest on Unpaid Balances:**

Interest on any unpaid amount whether owed to a Transmission Customer or to the ISO (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)-(2) (iii). Interest on unpaid amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt of payment by the ISO.

If the ISO is unable to provide settlement information on time due to the actions or inactions of the Transmission Customer, in addition to any other remedies the ISO may have at law or in equity, the Transmission Customer shall pay interest on amounts due, as calculated above, from the first day of the Billing Period following the Billing Period in which charges are accrued, to the time of payment of those charges.

#### **2.7.4.1 Billing Disputes:**

This Section 2.7.4.1 establishes the process and timeframe for review, challenge, and correction of Transmission Customer invoices. For purposes of this Section 2.7.4.1, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

For purposes of this Section 2.7.4.1, "finalized" data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; *provided, however*, that nothing herein shall be construed to restrict any

stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.

#### **2.7.4.2 Settlement Cycle for Services Furnished On and After January 1, 2009**

##### **2.7.4.2.1 ISO Corrections or Adjustments and Transmission Customer Challenges to the Accuracy of Settlement Information**

Settlement information for services furnished beginning January 1, 2009, and thereafter shall be subject to review, comment, and challenge by a Transmission Customer and correction or adjustment by the ISO for errors at any time for up to five (5) months from the date of the initial invoice for the month in which service is rendered as set forth in Section 2.7.3.2.2 of this ISO OATT and as further provided in Section 2.7.4.2.2, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Aggregation, Generator, tie-line, and sub-zone Load metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall then have five (5) days to process and correct Aggregation, Generator, tie-line, and sub-zone Load metering data, after which time it shall be finalized.
- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-five (75) days from the date of the initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.

- (iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice.

Transmission Customers may review, comment on, and challenge this settlement information, except for Aggregation, Generator, tie-line, and sub-zone Load metering data, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120) days from the date of the initial invoice. Following the ISO's issuance of a corrected invoice, Transmission Customers may continue to review, comment on, and challenge their settlement information, excepting Aggregation, Generator, tie-line, and sub-zone Load metering data, until the end of the five-month review period.

- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated and corrected LSE bus metering data within one hundred thirty-five (135) days from the date of the initial invoice. Transmission Customers may then review, comment on, and challenge the LSE bus metering data for an additional ten (10) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

The ISO shall use reasonable means to post metering revisions for review by Transmission Customers and to notify Transmission Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission

Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 2.7.4.2.1.

#### **2.7.4.2.2 Review and Correction of Challenged Invoices**

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 2.7.4.2.1; *provided*, however, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. The ISO shall not be limited to the scope of Transmission Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except Load and meter data as specified in Section 2.7.4.2.1. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Rate Schedule 1 of this ISO OATT.

Upon completing its evaluation, the ISO shall provide written notice to the challenging Transmission Customer of the ISO's final determination regarding the Transmission Customer's settlement challenge. If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe

established in this Section 2.7.4.2.2. The ISO shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments; *provided, however*, that in the event of a dispute resolution proceeding conducted in accordance with Section 2.7.4.3 of this ISO OATT, this twenty-five (25) day period shall not start or, if it has already started, shall be suspended until the conclusion of the dispute resolution proceeding. Following the conclusion of the dispute resolution proceeding, the ISO shall make any corrections to Transmission Customers' settlement invoices that it determines to be necessary and shall then start or re-start the twenty-five (25) day Transmission Customer comment period.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall issue a finalized close-out settlement ("Close-Out Settlement"), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall have one (1) month to make such further corrections as are necessary to address the error and provide Transmission Customers with one additional period of twenty-five (25) days to review and comment on the implementation of those further corrections. If an error in the implementation of those further corrections is identified, the ISO shall then have one (1) month to make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

#### **2.7.4.3 Expedited Dispute Resolution Procedures for Unresolved Settlement Challenges**

##### **2.7.4.3.1 Applicability of Expedited Dispute Resolution Procedures**

This Section 2.7.4.3 establishes expedited dispute resolution procedures applicable to

address any dispute between a Transmission Customer and the ISO regarding a Transmission Customer settlement that was not resolved in the ordinary settlement review, challenge, and correction process; *provided, however*, that nothing herein shall restrict a Transmission Customer or the ISO from seeking redress from the Commission in accordance with the Federal Power Act.

A Transmission Customer may request expedited dispute resolution if it has previously presented a settlement challenge consistent with the requirements of Section 2.7.4.2.1 of this ISO OATT and has received from the ISO a final, written determination regarding the settlement challenge pursuant to Section 2.7.4.2.2 of this ISO OATT. The scope of an expedited dispute resolution proceeding shall be limited to the subject matter of the Transmission Customer's prior settlement challenge. Transmission Customer challenges regarding Aggregation, Generator, tie-line, sub-zone Load, and LSE bus metering data shall not be eligible for formal dispute resolution proceedings under this ISO OATT. To ensure consistent treatment of disputes, separate requests for expedited dispute resolution regarding the same issue and the same service month or months may be resolved on a consolidated basis, consistent with applicable confidentiality requirements.

#### **2.7.4.3.2 Initiation of Expedited Dispute Resolution Proceeding**

To initiate an expedited dispute resolution proceeding, a Transmission Customer shall submit a written request to the ISO Chief Financial Officer within eleven (11) business days from the date that the ISO issues a final, written determination regarding a Transmission Customer settlement challenge pursuant to Section 2.7.4.2.2 of this ISO OATT. A Transmission Customer's written request for expedited dispute resolution shall contain: (i) the name of the Transmission Customer making the request, (ii) an indication of other potentially affected parties, to the extent known, (iii) an estimate of the amount in controversy, (iv) a description of

the Transmission Customer's claim with sufficient detail to enable the ISO to determine whether the claim is within the subject matter of a settlement challenge previously submitted by the Transmission Customer, (v) copies of the settlement challenge materials previously submitted by the Transmission Customer to the ISO, and (vi) citations to the ISO Tariffs and other relevant materials upon which the Transmission Customer's settlement challenge relies.

The ISO Chief Financial Officer shall acknowledge in writing receipt of the Transmission Customer's request to initiate an expedited dispute resolution proceeding. If the ISO determines that the proceeding would be likely to aid in the resolution of the dispute, the ISO shall accept the Transmission Customer's request and provide written notice of the proceeding to all Transmission Customers through the ordinary means of communication for settlement issues. The ISO shall provide written notice to the Transmission Customer in the event that the ISO declines its request for expedited dispute resolution.

#### **2.7.4.3.3 Participation by Other Interested Transmission Customers**

Any Transmission Customer with rights or interests that would be materially affected by the outcome of an expedited dispute resolution proceeding may participate; *provided, however*, that a Transmission Customer seeking or supporting a change to the NYISO's determination regarding a Transmission Customer settlement challenge must have previously raised the issue in a settlement challenge consistent with the requirements of Section 2.7.4.2.1 of this ISO OATT. To participate, such Transmission Customer shall submit to the ISO Chief Financial Officer a written request to participate that meets the requirements for an initiating request for expedited dispute resolution within eleven (11) business days from the date that the ISO issues notice of the expedited dispute resolution proceeding. If the ISO determines that the Transmission Customer has met the requirements of this Section 2.7.4.3.3, the ISO will accept the Transmission

Customer's request to participate in the dispute resolution proceeding.

#### **2.7.4.3.4 Selection of a Neutral**

As soon as reasonably possible following the ISO's acceptance of a Transmission Customer's request for expedited dispute resolution under Section 2.7.4.3.2, the ISO shall appoint a neutral to preside over the proceeding by randomly selecting from a list (i) provided to the ISO by the American Arbitration Association or (ii) developed by the ISO with input from the appropriate stakeholder committee, until an available neutral is found. To the extent possible, the neutral shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues and the financial settlement of electric markets.

No person shall be eligible to act as a neutral who is a past or present officer, employee, or consultant to any of the disputing parties, or of an entity related to or affiliated with any of the disputing parties, or is otherwise interested in the matter in dispute except upon the express written consent of the parties. Any individual appointed as a neutral shall make known to the disputing parties any such disqualifying relationship or interest and a new neutral shall be appointed, unless express written consent is provided by each party.

#### **2.7.4.3.5 Conduct of the Expedited Dispute Resolution Proceeding**

The neutral shall schedule the initial meeting of the disputing parties within five (5) business days of appointment. Except as otherwise provided in this Section 2.7.4.3, the neutral shall have discretion over the conduct of the dispute resolution process including, but not limited to: (i) requiring the disputing parties to meet for discussion, (ii) allowing or requiring written submissions, (iii) establishing guidelines for such written submissions, and (iv) allowing the participation of Transmission Customers that have requested an opportunity to be heard.

Within sixty (60) days of the appointment of the neutral, if the dispute has not been



resolved, the neutral shall provide the disputing parties with a written, confidential, and non-binding recommendation for resolving the dispute. The disputing parties shall then meet in an attempt to resolve the dispute in light of the neutral's recommendation. If the disputing parties have not resolved the dispute within ten (10) days of receipt of the neutral's recommendation, the dispute resolution process will be concluded.

Neither the recommendation of the neutral, nor statements made by the neutral or any party, including the ISO, or their representatives, nor written submissions prepared for the dispute resolution process, shall be admissible for any purpose in any proceeding.

#### **2.7.4.3.6 Allocation of Costs**

Each party to a dispute resolution proceeding shall be responsible for its own costs incurred during the process and for a pro rata share of the costs of a neutral.

### **2.7.5 Customer Default**

#### **2.7.5.1 Events of Default**

A Transmission Customer shall be in default, upon written notice from the ISO, in the event that: (i) the Transmission Customer fails to timely make a payment due to the ISO, regardless of whether such payment obligation is in dispute, (ii) the Transmission Customer fails to comply with the ISO's creditworthiness requirements, or (iii) the Transmission Customer fails to cure its default in another independent system operator/regional transmission organization market. In the event of a billing dispute between the ISO and the Transmission Customer, the ISO will continue to provide service under the Service Agreement as long as the Transmission Customer continues to make all payments.

#### **2.7.5.2 Cure**

Unless otherwise provided in Attachment W to this OATT, a Transmission Customer

shall have one (1) business day to cure a default resulting from its failure to timely make a payment due to the ISO. A Transmission Customer shall have two (2) business days to cure a default resulting from its failure to comply with the ISO's creditworthiness requirements; *provided, however*, that a Transmission Customer shall have one (1) business day to cure a default resulting from its failure to comply with the ISO's creditworthiness requirements following termination of a Prepayment Agreement.

### **2.7.5.3 ISO Remedies**

In addition to any and all other remedies available under the ISO Tariffs or pursuant to law or equity, the ISO shall have the following remedies:

- (i) **Event of Default.** Upon an event of default and expiration of the relevant cure period, the ISO may terminate service to a Transmission Customer immediately upon notice to the Commission. In addition, in the event of a payment default, the ISO shall have the sole and exclusive right to initiate debt collection procedures against a Transmission Customer on account of any such default. The process for declaring and recovering bad debt losses is set forth in Attachment U to this OATT.
- (ii) **Financial Distress.** In the event of a reduction in the amount of a Transmission Customer's Unsecured Credit (a) by fifty percent (50%) or more as determined in accordance with Section 26.5 of Attachment K to the ISO Services Tariff, or (b) as a result of a material adverse change as determined in accordance with Section 26.14 of Attachment K to the ISO Services Tariff, then the ISO shall have the right to: (1) immediately issue an invoice to such Transmission Customer requiring payment within two (2) business days from the invoice date for initial

settlements representing the sum of that Billing Period's daily billing data available as of the invoice date, and/or (2) require such Transmission Customer to prepay estimated charges weekly for up to twelve months in accordance with ISO Procedures.

**(iii) Default in Another ISO/RTO.** In the event a Transmission Customer fails to cure its default in another independent system operator/regional transmission organization market, then the ISO shall have the right to: (1) demand immediate payment by the Transmission Customer to the ISO for any amounts owed as of the date of the demand, and/or (2) require the Transmission Customer to prepay estimated charges weekly for a minimum of twelve months in accordance with ISO Procedures, and/or (3) reduce or eliminate the amount of the Transmission Customer's Unsecured Credit.

**(iv) Two Late Payments.** In the event a Transmission Customer fails to pay its invoice when due on two occasions within a rolling twelve (12) month period, then the ISO shall have the right to: (1) require the Transmission Customer to prepay estimated charges weekly, based on the charges incurred by the Transmission Customer in the previous week, for up to twelve months, and/or (2) reduce or eliminate the amount of the Transmission Customer's Unsecured Credit for up to twelve (12) months.

#### **2.7.5.4 Notice to Transmission Customers**

The ISO shall notify all Transmission Customers in the event that a Transmission Customer is in default and shall also notify all Transmission Customers in the event that the Transmission Customer subsequently cures the default or the ISO terminates the Transmission

Customer due to the default. In the event of a payment default or creditworthiness default, the ISO will disclose in its notice to Transmission Customers the approximate amount of the default as follows:

Default Amount Range	Type of Default	
	Payment	Creditworthiness
\$0 to \$100,000		
\$100,001 to \$500,000		
\$500,001 to \$1,000,000		
\$1,000,001 to \$5,000,000		
\$5,000,001 to \$10,000,000		
> \$10,000,000		

In addition, in the event of a payment default, unless otherwise precluded, the ISO will also disclose the amount and type of collateral, if any, held by the ISO to secure the defaulting Transmission Customer's obligations to the ISO.

#### **2.7.6 Stranded Costs**

The Transmission Owners other than NYPA may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in Commission Order No. 888. However, the Transmission Owners must separately file any proposal to recover stranded costs under Section 205 of the FPA. This provision shall not supersede or otherwise affect a Transmission Owner's right to recover stranded costs under other authority. To the extent that LIPA's rates for service are established by LIPA'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 and are not subject to Commission and/or PSC jurisdiction, LIPA's recovery of stranded costs will not be subject to the foregoing requirements.

Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which

will be incorporated as a new Stranded Service and Point-to-Point Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

## **2.8 Accounting for the Transmission Owner's Use of the Tariff**

The Transmission Owners shall record the following amounts, as outlined below.

### **2.8.1 Transmission Revenue:**

Transmission Owner shall include in a separate operating revenue account or subaccount, the revenues it receives from Transmission Service when making Third-Party Sales under Part 3 of this Tariff.

### **2.8.2 Study Costs and Revenues:**

A Transmission Owner shall include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred by the Transmission Owner to perform any System Impact Study or Facilities Study to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under this Tariff; and include in a separate operating revenue account or subaccount the revenues received by the Transmission Owner for a System Impact Study or Facilities Study performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Tariff.

## **2.9 Regulatory Filings**

Subject to Section 2.10, nothing contained in the Tariff, any Service Agreement, or any Network Operating Agreement shall be construed as affecting in any way the right of the ISO, or any Transmission Owner, with respect to a change in its revenue requirement, to unilaterally make an application to the Commission, pursuant to Section 205 of the FPA, for a change in rates, terms and conditions, charges, classification of service, a Service Agreement or a Network Operating Agreement.

Subject to Section 2.10, nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any party receiving service under this Tariff to exercise its rights under the FPA and pursuant to the Commission's rules and regulations promulgated thereunder.

## **2.10 Tariff Modifications**

Notwithstanding any other provision in this Tariff, this Tariff may be modified only as follows: any proposed amendment to this Tariff must be submitted to both the ISO Management Committee and the ISO Board; if both the ISO Board and the ISO Management Committee agree to an amendment of this Tariff, the ISO shall file the proposed amendment with the Commission pursuant to Section 205 of the FPA; if the ISO Board and the ISO Management Committee do not agree on a proposed amendment of this Tariff, this Tariff shall not be subject to change pursuant to Section 205 of the FPA. Nothing herein is intended to limit the rights of the ISO or any person under Section 206 of the FPA.



## **2.11 Force Majeure and Indemnification and Liability Limitation**

### **2.11.1 Force Majeure:**

An event of Force Majeure means 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 Curtailment, 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 an act of negligence or intentional wrongdoing. The ISO, each Transmission Owner and each Transmission Customer will not be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

### **2.11.2 Indemnification:**

The Transmission Customer shall at all times indemnify, defend, and save the ISO and each Transmission Owner harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the ISO's or the Transmission Owner's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of gross negligence or intentional wrongdoing by the ISO and except in the case of gross negligence or negligence consistent with the limitation of liability standards in Section 2.11.3(a), or intentional wrongdoing by the Transmission Owner. The ISO will procure insurance or other alternative risk financing arrangements sufficient to cover the risks associated with the carrying out of its responsibilities under this Tariff. The proceeds from such insurance shall be used prior to the

invocation by the ISO of its right to indemnification under this Section, through the Rate Schedule 1 charge. Except to the extent that indemnification of the ISO is required from a particular Transmission Customer because of the acts or omissions of the Transmission Customer, indemnification of or by the ISO shall be effected through the Rate Schedule 1 charge.

Nothing in this section shall preclude the ISO from seeking indemnification of penalty costs against Customers and Market Participants, including Transmission Owners, as provided in Schedule 11 of this Tariff, except that the ISO shall not be indemnified in instances of its gross negligence or intentional misconduct.

### **2.11.3 Limitation of Liability**

- (a) The Transmission Owner shall not be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability or otherwise, to any Transmission Customer, Market Participant, User, Interconnection Customer, Interconnecting Transmission Owner or any third party or 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 in any way associated with service provided under this Tariff, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the Transmission Owner is found liable for gross negligence or intentional misconduct, in which case the Transmission Owner will only be liable for direct damages. Nothing in this section, however, is intended to affect obligations

otherwise provided in agreements between the ISO and Transmission Owner.

Except with respect to an interruption of service or when a Transmission Owner is acting in good faith to implement or comply with the directives of the ISO, the foregoing provisions shall not limit the liability of the Transmission Owner for damages resulting from its own negligence in connection with property owned, installed or maintained by a retail or wholesale customer of the Transmission Owner or leased by the customer from a third party, or for any damages to a retail or wholesale customer resulting from the negligence of the Transmission Owner in connection with the Transmission Owner's operation of the transmission system or from the presence or operation of the Transmission Owner's structures, equipment, wires, pipes, appliances or devices on the customer's premises.

- (b) The ISO shall not be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability or otherwise, to any Transmission Customer, Market Participant, User, Interconnection Customer, Interconnecting Transmission Owner or any third party or 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 in any way associated with service provided under this Tariff, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the ISO is found liable for gross negligence or intentional misconduct, in which case the ISO will only be liable for direct damages. Nothing in this section, however, is intended to affect obligations

otherwise provided in agreements between the ISO and Transmission Owner.

- (c) Neither the Transmission Owner nor the ISO shall be liable for damages arising out of services provided under this Tariff, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, occurring as a result of conditions or circumstances beyond the control of the Transmission Owner or ISO, as applicable, or resulting from electric system design common to the domestic electric utility industry or electric system operation practices or conditions common to the domestic electric utility industry. The Transmission Owner shall not be liable for acts or omissions done in compliance or good faith attempts to comply with directives of the ISO.

#### **2.11.4 Applicability to Generators:**

The provisions on limitation of liability and damages, and on indemnification, set forth in Sections 2.11.2 and 2.11.3 shall be applicable to Generators acting in good faith to implement or comply with the directives of the Transmission Owner or the ISO.

#### **2.11.5 ISO Cost Recovery:**

To the extent that the ISO is required to pay any money damages or compensation or pay amounts due to its indemnification of any other party, the ISO shall be allowed to recover any such amounts under Schedule 1 of this ISO OATT as part of the Administrative Charges.

#### **2.11.6 Reliability Compliance and Penalty Cost Recovery**

- (a) Customer Compliance with Reliability Standards: In accordance with applicable requirements in this Tariff and the ISO Procedures, all Customers shall conform to all applicable reliability criteria, policies, standards, rules, regulations and other

requirements of NERC, NPCC, NYSRC, or any applicable regional council, or their successors, the ISO's specific reliability requirements and ISO Procedures, and operating guidelines and all applicable requirements of federal and state regulatory authorities. Failure to conform to these requirements may subject a Customer to direct assignment of penalties assessed against the ISO by FERC, NERC, NPCC or any other federal or state regulatory authority as a result of such Customer's failure to conform.

- (b) Direct Assignment of Penalty Costs: The ISO's compliance with applicable reliability criteria, policies, standards, rules, regulations and other requirements is sometimes dependent on timely, accurate and adequate information and/or action on the part of a Customer. If the ISO is found to be non-compliant with respect to any applicable reliability criteria, policies, standards, rules, regulations and other requirements as a result of a Customer's actions or failure to act in violation of an obligation imposed by the ISO Tariffs, ISO Procedures, or ISO Related Agreements, the ISO may seek to directly assign to the Customer the cost of a penalty imposed on the ISO as a consequence of the Customer's non-compliance. If the Customer is found to be non-compliant with respect to any applicable reliability criteria, policies, standards, rules, regulations and other requirements as a result of the ISO's actions or failure to act in violation of an obligation imposed by the ISO Tariffs, ISO Procedures, or ISO Related Agreements, the Customer may seek to directly assign to the ISO the cost of a penalty imposed on the Customer as a consequence of the ISO's non-compliance. Any direct assignment of penalty costs must first be approved by FERC, as provided in Schedule 11 of

this Tariff.

- (c) ISO's Recovery of Penalty Costs Through Schedule 11: If direct assignment to a particular Customer is not possible or if the ISO is directly responsible for a violation because of its own action or inaction, the ISO may seek to recover such penalty costs in Schedule 11 Section 6.11.3 of this Tariff. Any inclusion of penalty costs in Schedule 11 must first be approved by FERC on a case-by-case basis, as provided in Schedule 11. Prior to seeking FERC authorization for recovery of a penalty in Schedule 11 Section 6.11.3 of this Tariff, the ISO shall consult with the Management Committee and any appropriate subcommittee or working groups designated by the Management Committee, regarding the recovery and allocation of such penalty before filing at FERC. Any recommendation by the Management Committee regarding a proposed penalty recovery shall be reported by the ISO to FERC in any ISO filing seeking penalty recovery.
- (d) As used in this section, the term "Customer" shall include Transmission Owners.

## **2.12 Back-Up Operation**

### **2.12.1 Back-Up Operation Procedures:**

The ISO shall maintain Back-Up Operation procedures that will carry out the intent and purposes of this ISO OATT, to the extent practical, in circumstances under which the normal communications or computer systems of the ISO are not fully functional. Such procedures shall include testing requirements and training for the ISO staff, and Transmission Owners. If a communication or computer system malfunction results in the ISO's inability to operate the NYCA in accordance with ISO Procedures or under approved testing procedures, the ISO will direct the Transmission Owners to assume the responsibility to operate their respective systems, including facilities that a Transmission Owner has agreed to operate in accordance with an operation and maintenance agreement, in accordance with Good Utility Practice to facilitate the operation of the NYCA in a safe and reliable manner.

The Transmission Owners will continue to operate their respective systems, including facilities that a Transmission Owner has agreed to operate in accordance with an operation and maintenance agreement, until such time that the ISO is ready to resume control. During Back-Up Operation, the Transmission Owner control centers will operate to maintain the Desired Net Interchange ("DNI") within each Transmission District. Generator Bid curves will be provided by the ISO to the individual Transmission Owners in order to permit dispatch by the Transmission Owners, subject to the Transmission Owner code of conduct to the extent applicable. Normal Day-Ahead Market and Real-Time Market operations may be halted if required.

### **2.12.2 Market Participant and Transmission Customer Obligations:**

During Back-Up Operation, Transmission Customers and other Market Participants shall

comply with any and all instructions and orders issued by the ISO or the Transmission Owners.

### **2.12.3 Billing and Settlement:**

In the event that Back-Up Operation is implemented, the billing and settlement procedures contained in Section 2.7 of this ISO OATT shall apply only to the extent they can be implemented by the Back-Up Operation procedures. The ISO will develop and apply as necessary modified billing and settlement procedures for use under the specific circumstances that required Back-Up Operation. The ISO shall gather necessary information, manually reconstruct the billing information as soon as practical, and submit invoices to Transmission Customers. The ISO shall be under no obligation to comply with the billing procedure time limits specified in Article 2.7. Neither the ISO nor the Transmission Owners shall be liable, under any circumstances, for any economic losses suffered by any Transmission Customer, Market Participant, or third party, resulting from the implementation by the ISO of Back-Up Operation or from compliance with orders issued by the ISO or Transmission Owners that were necessary to operate the NYCA in a safe and reliable manner. Such orders may include, without limitation, instructions to generation facilities to increase or decrease output, and instructions to Load to reduce or interrupt service.



**2.13 Emergency Notification:**

The ISO shall notify the Commission and the PSC one business day after declaring a Major Emergency.

## **2.14 Creditworthiness**

All Transmission Customers and applicants seeking to become Transmission Customers shall be subject to the creditworthiness requirements contained in Attachment K to the ISO Services Tariff, including the minimum participation criteria set forth in Section 26.1 of Attachment K. “Customer,” as used in Attachment K to the ISO Services Tariff, shall also mean “Transmission Customer” and an applicant seeking to become a Transmission Customer.

## **2.15 List of Affiliates and/or Parent Company**

A Transmission Customer taking service under the Tariff shall provide the ISO, upon application for service, with a list identifying its parent company as well as any Affiliates. The Transmission Customer shall notify the ISO within 30 days of the effective date of any change to the original list. Any Transmission Customer shall respond within 10 days, to a request by the ISO to update the list of Affiliates and/or parent company. In addition, a Transmission Customer and an applicant seeking to become a Transmission Customer shall inform the ISO of any Affiliates that are currently taking service or applying to take service under the Tariffs.

## **2.16 Dispute Resolution Procedures**

The dispute resolution procedures in the ISO Market Administration and Control Area Services Tariff shall apply to any dispute arising under this Tariff, except as otherwise indicated.

## **2.17 Incorporation of Certain Business Practice Standards**

Pursuant to Commission Order No. 676-J, the ISO incorporates by reference the following business practice standards developed by the North American Energy Standards Board's Wholesale Electric Quadrant:

- (i) WEQ-000, Abbreviations, Acronyms, and Definition of Terms, (WEQ Version 003.1, September 30, 2015) (including only: the definitions of Interconnection Time Monitor, Time Error, and Time Error Correction);
- (ii) WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.3, March 30, 2020);
- (iii) WEQ-001, Open Access Same-Time Information Systems (OASIS), (WEQ Version 003.3, March 30, 2020) except as provided in section 2.17.1 below;
- (vi) WEQ-004, Coordinate Interchange (WEQ Version 003.3, March 30, 2020), except as provided in section 2.17.1 below;
- (vii) WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.3, March 30, 2020);
- (viii) WEQ-006, Manual Time Error Correction (WEQ Version 003.1, Sept. 30, 2015);
- (ix) WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.3, March 30, 2020);
- (x) WEQ-008, Transmission Loading Relief (TLR) - Eastern Interconnection, (WEQ Version 003.3, March 30, 2020);
- (xi) WEQ-011, Gas/Electric Coordination (WEQ Version 003.3, March 30, 2020);
- (xii) WEQ-012 Public Key Infrastructure (PKI) (WEQ Version 003.3, March 30, 2020);
- (xiv) WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.3, March 30, 2020);
- (xv) WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.3, March 30, 2020);
- (xiv) WEQ-022, Electric Industry Registry (WEQ Version 003.3, March 30, 2020); and
- (xvii) WEQ-023, Modeling (WEQ Version 003.3, March 30, 2020), except as provided in section 2.17.1 below.

### **2.17.1 The ISO is not required to comply with the following Standards:**

- (iii) WEQ-001 Open Access Same-Time Information Systems (OASIS) (WEQ Version 003.3, March 30, 2020): Standards 001-2, 001-3, 001-4, 001-5, 001-6, 001-7, 001-8, 001-9, 001-10, 001-011, 001-012, 001-13.1.3 (c), 001-13.2, 001-014, 001-015, 001-016, 001-017, 001-020, 001-021, 001-022, 001-23, 001-24, 001-25, 001-26, 001-27, 001-28, 001-101

through 001-107.3.1, 001-Appendix A, and 001-Appendix B, pursuant to *New York Independent System Operator, Inc.*, 185 FERC ¶ 61,067 (October 26, 2023);

(iv) WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), (WEQ Version 003.3, March 30, 2020), pursuant to *New York Independent System Operator, Inc.*, 185 FERC ¶ 61,067 (October 26, 2023);

(v) WEQ-003, Open Access Same-Time Information Systems (OASIS) Data Dictionary (WEQ Version 003.3, March 30, 2020), pursuant to *New York Independent System Operator, Inc.*, 185 FERC ¶ 61,067 (October 26, 2023);

(vi) WEQ-004, Coordinate Interchange (WEQ Version 003.3, March 30, 2020): Standards 004-3, 004-18, 004-Appendix A, and 004-Appendix C, pursuant to *New York Independent System Operator, Inc.*, 185 FERC ¶ 61,067 (October 26, 2023);

(xiii) WEQ-013, Open Access Same-Time Information Systems (OASIS) Implementation Guide, (WEQ Version 003.3, March 30, 2020), pursuant to *New York Independent System Operator, Inc.*, 185 FERC ¶ 61,067 (October 26, 2023); and

(xvii) WEQ-023, Modeling (WEQ Version 003.3, March 30, 2020): Standards 023-5; 023-6; and 023-A Appendix A, pursuant to *New York Independent System Operator, Inc.*, 185 FERC ¶ 61,067 (October 26, 2023).

### **3 Point-To-Point Transmission Service**

#### **Preamble**

The ISO will provide Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff over the NYS Transmission System.

Point-To-Point Transmission Service is for the receipt of Energy at designated Point(s) of Receipt and the transfer of such Energy to designated Point(s) of Delivery. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion Rent associated with its service. A Transmission Customer may fix the price of Day-Ahead Congestion Rent associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service. Notwithstanding any provision in this Part to the contrary, External Transactions scheduled at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line shall be subject to the requirements of Attachment N to the ISO Services Tariff. Each Transmission Customer also utilizes Market Services and shall take service under the ISO Market Services Administration and Control Area Services Tariff.

### **3.1 Nature of Firm Point-To-Point Transmission Service**

#### **3.1.1 Term:**

The minimum term of Firm Point-To-Point Transmission Service shall be provided in nominal one hour increments and the maximum term shall not exceed the maximum permissible term as specified in ISO Procedures.

#### **3.1.2. Reservation Priority:**

All requests for Firm Point-to-Point Transmission Service will be deemed to have the same reservation priority. Firm Point-to-Point Transmission Service will have the same priority as Network Service subject to Section 3.1.6.

#### **3.1.3 Use of Firm Transmission Service by the Transmission Owner(s):**

The Transmission Owner will be subject to the rates, terms and conditions of Part 3 of the Tariff when making Third-Party Sales under (i) agreements executed on or after the effective date of ISO, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 2.8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

#### **3.1.4 Service Agreements:**

The ISO shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with applicable Commission regulations.



### **3.1.5 Transmission Customer Obligation for Facility Additions or Redispatch Cost:**

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for a Firm Transmission Service through the use of SCUC, RTC, and RTD. Firm Point-To-Point Transmission Customers are charged for these redispatch costs in accordance with Attachment J. Transmission Owner(s) will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 3.7. The Transmission Customer or Eligible Customer must agree to compensate the Transmission Owner(s) for any necessary transmission facility additions pursuant to Section 3.7.

### **3.1.6 Curtailment of Firm Transmission Service:**

In the event that a Curtailment on the NYS Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the Transaction(s) that effectively relieve the Constraint. When applicable, the ISO will follow the Lake Erie Emergency Redispatch (“LEER”) Procedure filed on February 26, 1999, in Docket No. EL99-52-000 which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the Curtailment procedures contained in the Commission and NERC tariffs and policies. To the extent possible, Curtailments of External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line (as appropriate). The ISO reserves the right to Curtail Firm Transmission Service provided under this Tariff for reliability reasons, in whole or in part, when, in the ISO’s sole discretion, an Emergency or other unforeseen condition threatens

to or does impair or degrade the reliability of the NYS Power System. The ISO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. If the ISO declares a Major Emergency State, Transmission Customers shall comply with all directions issued by the ISO concerning the avoidance, management, and alleviation of the Major Emergency and shall comply with all procedures concerning a Major Emergency set forth in the ISO Procedures and the Reliability Rules. If the ISO is required to Curtail Transmission Service as a result of a Transmission Loading Relief (“TLR”) event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure.

### **3.1.7 Classification of Firm Transmission Service:**

3.1.7.1 The Transmission Customer taking Firm Point-To-Point Transmission Service may request a modification of the Points of Receipt or Delivery pursuant to the terms of Section 3.15.

3.1.7.2 The ISO shall provide firm Transmission Service for the delivery of Energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt shall be set forth in the Firm Point-To-Point Service schedule submitted by the Transmission Customer.

### **3.1.8 Scheduling of Firm Point-To-Point Transmission Service:**

**3.1.8.1 In the Day-Ahead Market:** Schedules for the Transmission Customer’s Firm Point-to-Point Transmission Service Day-Ahead must be submitted to the ISO no later than 5:00 a.m. of the day prior to commencement of the Dispatch Day or 4:50 a.m. for Transmission Service over the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line. Schedules involving the use of LIPA’s facilities shall be treated

in accordance with Section 2.5.7. Schedules submitted after 5:00 a.m., or 4:50 a.m. as appropriate, will not be accepted in the Day-Ahead schedule. Schedules of Energy to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. For Firm Transmission Service requests between a Point of Receipt and Point of Delivery that are internal to the NYCA, and between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery that is a Load Bus internal to the NYCA, the ISO will furnish to the Transmission Customer hour-to-hour schedules equal to those requested and shall deliver the Energy provided by such schedules. Energy shall be provided from the Point of Receipt if economic, and from the LBMP Market otherwise. For Firm Transmission Service requests between a Point of Delivery at the Proxy Generator Bus designated for Exports and a Point of Receipt that is a Generator Bus internal to the NYCA the ISO will furnish to the Transmission Customer, hour-to-hour schedules equal to the Export Transaction schedule and shall deliver the Energy provided by such schedules. For Firm Transmission Service requests between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery at the Proxy Generator Bus designated for Exports, the ISO will furnish to the Transmission Customer hour-to-hour schedules equal to the Wheel-Through Transaction schedule and shall deliver the Energy provided by such schedules. Should the Transmission Customer revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Scheduling Window, and the ISO shall have the right to adjust accordingly the schedule for Energy to be received

and to be delivered.

**3.1.8.2 In the Real-Time Market:** Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service in Real-Time must be submitted to the ISO no later than the close of the Real-Time Scheduling Window.

Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 2.5.7. Schedules submitted after the close of the Real-Time Scheduling Window shall not be accepted in the Real-Time schedule. Schedules of any Energy that is to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. For Firm Transmission Service requests between a Point of Receipt and Point of Delivery that are internal to the NYCA, or between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery that is a Load Bus internal to the NYCA, the ISO will furnish to the Transmission Customer schedules equal to those requested and shall deliver the Energy provided by such schedules. Energy shall be provided from the Point of Receipt if economic, and from the LBMP Market otherwise. For Firm Transmission Service requests between a Point of Delivery at the Proxy Generator Bus designated for Exports and a Point of Receipt that is a Generator Bus internal to the NYCA, the ISO will furnish to the Transmission Customer schedules equal to the Export Transaction schedule and shall deliver the Energy provided by such schedules. For Firm Transmission Service requests between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery at the Proxy Generator Bus designated for Exports, the ISO will furnish to the Transmission

Customer hour-to-hour schedules equal to the Wheel-Through Transaction schedule and shall deliver the Energy provided by such schedules. Should the Transmission Customer revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Scheduling Window and the ISO shall have the right to adjust accordingly the schedule for Energy to be received and to be delivered.

### **3.2 Nature of Non-Firm Point-To-Point Transmission Service:**

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

### **3.3 Service Availability**

#### **3.3.1 General Conditions:**

The ISO will provide Firm Point-To-Point Transmission Service over the NYS Transmission System pursuant to ISO designated Points of Receipt and Points of Delivery, to any Transmission Customer that has met the requirements of Section 3.4. Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

#### **3.3.2 Available Transfer Capability:**

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for Firm Transmission Service through the use of SCUC, RTC and RTD. The ISO will post information regarding ATC and TTC availability on the OASIS.

#### **3.3.3 Initiating Service in the Absence of an Executed Service Agreement:**

If the ISO and the Transmission Customer requesting Firm Point-To-Point Transmission Service cannot agree on all terms and conditions of the Point-To-Point Service Agreement, ISO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the ISO to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ISO for such requested Transmission Service. The ISO shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the ISO in accordance with the terms and conditions of the unexecuted filed Service Agreement, subject to true-up at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of this Tariff.

### **3.3.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:**

If a Transmission Customer requests that the NYS Transmission System be expanded or modified, the Transmission Owner(s), at the ISO's request, will use due diligence to expand or modify its applicable portion of the NYS Transmission System to increase Transfer Capability, provided the Transmission Customer agrees to compensate the applicable Transmission Owner(s) for such costs pursuant to the terms of Section 3.19. The Transmission Owner(s) will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Owner has the right to expand or modify.

### **3.3.5 Deferral of Service:**

Any increase in TCCs associated with new facilities is subject to completion of construction of those transmission facilities or upgrades.

### **3.3.6 Real Power Losses:**

Real Power Losses are associated with all Transmission Service. The Transmission Customer is responsible for losses associated with all Transmission Service in accordance with Schedules 7-8 and as calculated in Attachment J.



### **3.4 Transmission Customer Responsibilities**

#### **3.4.1 Conditions Required of Transmission Customers:**

Point-To-Point Transmission Service shall be provided by the ISO only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Attachment W;
- c. The Transmission Customer provides an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff in an amount calculated by the ISO;
- d. The Transmission Customer has arrangements in place for any other Transmission Service necessary to effect the delivery from the generating source to the ISO prior to the time when service under Part 3 of the Tariff commences;
- e. The Transmission Customer provides the information required by the ISO's planning process established in Attachment Y;
- f. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part 3 of the Tariff, whether or not the Transmission Customer takes service;
- g. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 3.3.3;
- h. The Transmission Customer has satisfied the communication requirements and the metering requirements established by the ISO; and
- i. If the Point-to-Point Transmission Service involves the use of LIPA's

transmission facilities, approval of such transactions has been granted pursuant to Section 2.5.7.

### **3.4.2 Transmission Customer Responsibility for Third-Party Arrangements:**

Any scheduling arrangements that may be required by other Control Areas shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO, notification to the ISO identifying such systems and authorizing them to schedule Energy to be transmitted by the ISO pursuant to Section 3 of this Tariff on behalf of the Transmission Customer at the Point of Delivery or the Point of Receipt. The ISO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other Control Area consistent with Good Utility Practice.

### **3.5 Procedures for Arranging Firm Point-To-Point Transmission Service**

#### **3.5.1 Application:**

A request for Firm Point-To-Point Transmission Service must contain a written Application at least sixty (60) days in advance of the calendar month in which service is to commence. The ISO will consider a request for such firm service on shorter notice when feasible.

A Transmission Customer may fix the price of Congestion Costs associated with its service by acquiring sufficient TCCs with the same Point(s) of Receipt and Point(s) of Delivery as its Transmission Service.

#### **3.5.2 Completed Application:**

A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) The Service Commencement Date and the term of the requested Transmission Service; and
- (iv) Any additional information required by the ISO pursuant to its planning process established in Attachment Y or otherwise.

The ISO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations and the Code of Conduct in Attachment F.

### **3.5.3 Deposit:**

No deposit is required for service under this Tariff.

### **3.5.4 Notice of Deficient Application:**

If an Application fails to meet the requirements of this Tariff, the ISO shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The ISO will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application.

### **3.5.5 Response to a Completed Application:**

The Transmission Customer may request a Transmission Service Study pursuant to Section 3.7 of this ISO OATT at the point in time when its Application is complete.

### **3.5.6 Execution of Service Agreement or Interconnection Agreement:**

If a Transmission Service Study is not requested and the service can be provided, the ISO shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application and will tender to the Eligible Customer a Service Agreement pursuant to Section 3.1.4 of the NYISO OATT. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the ISO will be deemed a withdrawal and termination of the request for a Service Agreement. Nothing herein limits the right of an Eligible Customer to file another Service Agreement after such withdrawal and termination. Where a Transmission Service Study is requested, if the Eligible Customer elects to proceed with the transmission upgrades identified in the Transmission Service Study,

Attachment P of the ISO OATT will govern execution of a Service Agreement in the form of a Transmission Interconnection Agreement, upon completion of the Transmission Interconnection Process described in Attachment P of the ISO OATT. The deadlines for execution and filing of an unexecuted Interconnection Agreement are set forth in Section 22.11.2 of Attachment P of the ISO OATT.

### **3.6 Procedures for Arranging Non-Firm Point-To-Point Transmission Service**

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

### **3.7 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests**

Provisions for initiating a transmission system expansion by an Eligible Customer are contained in Section 3.7.1 through 3.7.3 and Attachment P of the ISO OATT. Provisions for an Eligible Customer that is a Transmission Owner to initiate upgrades and expansions identified in a Local Transmission Owner Plan or NYPA transmission plan, are contained in Sections 3.7.1 through 3.14.2. To the extent a Transmission Owner proposes any other new transmission facility or upgrade (*i.e.*, not an upgrade or expansion identified in a Local Transmission Owner Plan or NYPA transmission plan), regardless of whether the Transmission Owner seeks cost allocation under the ISO OATT or proposes a market-based project, the Transmission Owner must submit a Transmission Interconnection Application and proceed under the procedures set forth in Attachment P of the ISO OATT or, if requesting CRIS, submit an Interconnection Request and proceed under the procedures set forth in Attachment X of the ISO OATT. Additional ISO responsibilities for transmission system expansion are contained in Section 3.8. Study procedures associated with new Load and Large Facility interconnections to the NYS Power System are contained in Section 3.9. Section 3.10 addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owner from proposing and constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

#### **3.7.1 Notice of Request for Study:**

Firm Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Firm Point-To-Point Transmission Service does not require a System Impact Study or Transmission Service Study (each referenced herein as the “Study”) unless (1) the Eligible Customer

specifically requests, at the Eligible Customer's option, that the ISO conduct such a study of facilities that could be constructed (for example, if the Eligible Customer requesting Firm Transmission Service determines that Congestion Rent or the cost of TCCs is too high and the customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer seeks to identify possible transmission options to address reliability or other operational concerns) (a "Transmission Service Study Request"); or (2) the Eligible Customer is a Transmission Owner that proposes upgrades and expansions, identified in a Local Transmission Owner Plan or NYPA transmission plan, that (a) are not subject to Attachment P of the ISO OATT and (b) either (i) reduce the transfer capability of a NYISO interface by greater than 10 MW or increase the transfer capability of a NYISO interface by greater than 25 MW; or (ii) change the classification of affected facilities to NPCC BPS facilities (a "System Impact Study Request"). When an Eligible Customer submits a Study Request pursuant to Section 3.7.1, it must give the ISO written notice of whether it intends to conduct all or part of the Study itself. After receiving a complete Study Request, the ISO shall, within thirty (30) days of the date that the Operating Committee approves the scope of the Study, or such other time as is agreed upon by the ISO and the Eligible Customer, tender a Study agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO, for performing the required Study. The ISO shall coordinate with all affected Transmission Owners in performing the Study. A description of the ISO's methodology for completing a Study requested pursuant to Section 3.7.1 is provided in Attachment D of the ISO OATT. Before a Study Request for a Transmission Service Study or System Impact Study is evaluated pursuant to Section 3.7, the Eligible Customer shall execute the Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the Study agreement, its



Study Request shall be deemed withdrawn.

### **3.7.2 Study Agreement and Cost Reimbursement:**

The Study agreement for a Transmission Service Request or System Impact Study performed under Section 3.7 will clearly specify the ISO's estimate of the actual cost, and time for completion of the Study. The charge shall not exceed the actual cost of the study. In performing the Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Study Request.

For System Impact Studies that a Transmission Owner or the ISO conducts on its own behalf, the Transmission Owner or ISO shall record the cost of the System Impact Studies pursuant to Section 2.8.

If a Transmission Owner, on behalf of the ISO, performs all or part of a Transmission Service Study or System Impact Study, the ISO shall reimburse the Transmission Owner for any costs that the Transmission Owner incurred.

### **3.7.3 Study Procedures:**

The ISO shall coordinate with all affected Transmission Owners in performing the Transmission Service Study or System Impact Study.

Upon receipt of an executed Study agreement, the ISO will complete the required Study as follows:

3.7.3.1 if the Study Request specified that the Eligible Customer would not

perform any part of the study then the ISO shall use due diligence to complete the study, and to obtain all necessary stakeholder approvals, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; or

3.7.3.2 if the Study Request specified that the Eligible Customer would perform all or part of the Transmission Service Study or System Impact Study itself, then:

3.7.3.2.1 the ISO shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing, and to obtain all necessary stakeholder approvals of those portions, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed System Impact Study Agreement or Transmission Service Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; and

3.7.3.2.2 the ISO shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the ISO. If the ISO determines that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The ISO shall then use due diligence

to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the ISO.

The ISO will normally submit System Impact Studies to the Operating Committee before finalizing them. If the Operating Committee directs the ISO to modify a Transmission Service Study or System Impact Study or to perform other study-related work before granting its approval, then the deadline for completing the study will be extended for an additional time agreed upon by the ISO and the Eligible Customer. If the ISO and the Eligible Customer are unable to agree on an additional time the deadline for completing the study will be extended for another sixty (60) days.

The Transmission Service Study or System Impact Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with a Eligible Customer's or Transmission Owner's request. In the event that the ISO is unable to complete the required Transmission Service Study or System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Transmission Service Study or System Impact Study and related work papers shall be made available to the Eligible Customer. The ISO will use the same due diligence in completing the Transmission Service Study or System Impact Study for an Eligible Customer as it uses when completing studies

for itself or a Transmission Owner. The ISO shall notify the Eligible Customer immediately upon completion of the Transmission Service Study or System Impact Study if the Study Request can be completed at no additional cost (*e.g.*, if the ISO is currently studying requests to construct similar facilities).

After completion of a Transmission Service Study, if an Eligible Customer seeks to pursue construction of transmission upgrades, the Eligible Customer may do so by initiating the Transmission Interconnection Process pursuant to Attachment P of the ISO OATT. An Eligible Customer may also proceed directly to Attachment P of the ISO OATT without first submitting a Transmission Service Request or completing a Transmission Service Study under this Section 3.7.

#### **3.7.4 Facilities Study Procedures:**

After completion of a System Impact Study, the Transmission Owner(s) whose facilities may be modified in performing the upgrade or addition (the “affected” Transmission Owners), if such entity is other than the Eligible Customer, shall, within thirty (30) days of the later of: (i) the completion of the System Impact Study; (ii) the date on which the Eligible Customer provides the affected Transmission Owner(s) with written notice of whether it intends to perform all or part of the Facilities Study itself; or (iii) such other time as is agreed upon by the Transmission Owner(s) and the Eligible Customer, tender to the Eligible Customer a Facilities Study agreement. The ISO shall cooperate with the affected Transmission Owner(s) in performing any subsequent Facilities Studies. In the Facilities Study agreement, the Eligible Customer shall agree to reimburse the Transmission Owner(s) for performing the required Facilities Study and the ISO for its associated costs. If the Eligible Customer wants the

Transmission Owner(s) to undertake the Facilities Study, the Eligible Customer shall execute the Facilities Study agreement and return it to the Transmission Owner(s) within fifteen (15) days.

Upon receipt of an executed Facilities Study agreement, the affected Transmission Owner(s) will complete the required Facilities Study as follows:

- 3.7.4.1 if the Eligible Customer gave written notice that it would not perform any part of the study then the affected Transmission Owners(s) shall use due diligence to complete the study within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); or
- 3.7.4.2 if the Eligible Customer gave written notice that it would perform all or part of the Facilities Study itself, then:
  - 3.7.4.2.1 the affected Transmission Owner(s) shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); and
  - 3.7.4.2.2 the affected Transmission Owner(s) shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the affected

Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s). If the affected Transmission Owner(s) determine that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The affected Transmission Owner(s) shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s).

If the Transmission Owner(s) are unable to complete the Facilities Study in the allotted time period, the Transmission Owner(s) shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Section 3 of this Tariff, and (iii) the time required to complete such construction. The Facilities Study shall contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new facilities. If the Eligible Customer decides to proceed with the construction of the facilities

described in the Facilities Study, the Eligible Customer shall (1) enter into a construction contract with the Transmission Owner(s) whose system(s) will be directly modified, and with the entity that will construct the facilities under the supervision of the Transmission Owner(s) (if other than the Transmission Owner(s)), and guarantee to compensate the Transmission Owner(s) and constructing entity (if other than the Transmission Owner(s)) for all costs incurred associated with the construction, and (2) provide each Transmission Owner with a letter of credit or other reasonable form of security acceptable to the Transmission Owner equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The construction contract shall contain terms and obligations of the Transmission Customer to pay for the facilities modifications or additions pursuant to the contract.

### **3.7.5 Facilities Study Modifications:**

Any change in design from what was studied in the Facilities Study performed pursuant to Section 3.7.4, arising from inability to site or construct facilities as proposed, will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO or Transmission Owner that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Section 3 of this Tariff.

### **3.7.6 Due Diligence in Completing New Facilities:**

The Transmission Owner(s), in coordination with the ISO, shall use due diligence to add necessary facilities or upgrade their transmission systems within a reasonable time. The Transmission Owner(s) will not upgrade their existing or planned system if doing so would

impair system reliability.

### **3.7.7 Partial Interim Service:**

If the ISO, in cooperation with the Transmission Owner(s), determines that it can satisfy a portion of the Eligible Customers request based on the existing transmission system configuration, the ISO will provide that information to the Eligible Customer. The awarding of such TCCs will be subject to the results of the TCC auction process.

### **3.7.8 Expedited Procedures for New Facilities:**

In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the ISO to coordinate with the Transmission Owner(s) to tender at one time, together with the results of required studies, an “Expedited Request” pursuant to which the Eligible Customer would agree to compensate the Transmission Owner(s) and ISO for all costs incurred pursuant to the terms of this Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Request covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in order to address the Transmission Customer’s request. While the Transmission Owner(s) agree to provide the Eligible Customer with their best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Owner(s) for all costs incurred pursuant to the provisions of this Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer’s request for service will cease to be a completed application and will be deemed terminated and withdrawn.



### **3.7.9 Penalties for Failure to Meet Study Deadlines:**

Sections 3.7.3 and 3.7.4 require the ISO, or the affected Transmission Owner, to use due diligence to meet the completion deadlines for Transmission Service Studies, System Impact Studies, and Facilities Studies, respectively.

- (i) The ISO, or a Transmission Owner as appropriate, is required to file a notice with the Commission in the event that more than twenty (20) percent of Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies that it completes in any two consecutive calendar quarters are not completed within the study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies processed outside of the study completion deadlines, the ISO and the Transmission Owner(s) shall consider the total number of Transmission Service Studies, System Impact Studies, and Facilities Studies for *non-Affiliates* that they collectively completed during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are not completed on time by the total number of completed studies. The ISO or Transmission Owner may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the study completion deadlines.
- (iii) The ISO or Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies outside of the study completion deadlines for each of the two calendar quarters immediately following

the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the ISO's or Transmission Owner's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the ISO or Transmission Owner, as applicable, completes at least ninety (90) percent of all Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies within the deadline.

- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each Transmission Service Study, System Impact Study, or Facilities Study shall be equal to \$500 for each day that the ISO or Transmission Owner takes to complete that study beyond the deadline.

### **3.7.10 Clustering of Point-to-Point Studies**

The Eligible Customer may request that the ISO or affected Transmission Owner(s), as applicable, cluster the Transmission Service Studies, System Impact Studies, and/or Facilities Studies. The Eligible Customer shall notify the ISO or affected Transmission Owner(s), as applicable, prior to signing a study agreement if the Eligible Customer requests its Transmission Service Study, System Impact Study, or Facilities Study to be clustered with another Eligible Customer's Transmission Service Study, System Impact Study, or Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer request(s) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The ISO or affected Transmission Owner(s) may, in their discretion, notify Eligible Customers who have requested

studies about potential clustering opportunities. The ISO or affected Transmission Owner(s), as applicable, will accommodate any reasonable clustering request; however, the ISO or affected Transmission Owner(s) will not consider a clustering request to be reasonable if:

- (i) The cluster is not supported by all Eligible Customers proposed to be in the cluster; or
- (ii) The ISO or affected Transmission Owner(s) determine that the requests should be studied individually rather than in a cluster (*e.g.*, studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable).

All Eligible Customers involved in a cluster study will be required to execute the Transmission Service Study Agreement, System Impact Study Agreement, and/or Facilities Study Agreement which provides that the Transmission Service Study, System Impact Study, or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 3.7.3, 3.7.4, 4.5.3 and 4.5.4 with the exception that the timeline for performing the Transmission Service Study, System Impact Study, or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a Transmission Service Study Agreement, System Impact Study Agreement, or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their Transmission Service Studies, System Impact Studies, or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their Transmission Service Study, System Impact Study, or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for performing the clustered Transmission Service Study, System Impact Study, or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate cost-sharing structure, in which case the Eligible Customers shall provide the ISO or affected Transmission Owner(s) with a copy of that alternate agreement, as executed. If the ISO or an affected Transmission Owner allows a participating Eligible Customer to opt out of a cluster, the Eligible Customer shall remain liable for its share of the ISO or affected Transmission Owner(s)' costs in performing the cluster study.

### **3.8 Development of Transmission Reinforcement Options**

- 3.8.1** At the request of the NYPSC, the ISO shall, within its available resources and modeling capabilities, evaluate options, and develop associated cost estimates to address potential Reliability Needs, congestion, or transmission needs driven by Public Policy Requirements identified by the NYPSC. Such evaluation shall be made available to all customers or potential customers for the purpose of evaluating the economic costs and benefits of new facilities. Eligible Customers, including Transmission Owners, may then request a System Impact Study for a specific expansion project in accordance with Section 3.7.1 through 3.7.3. Development of the transmission reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission interface transfer capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.
- 3.8.2** Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 3.8.1 above. The Eligible Customer shall comply with the provisions of Sections 3.7.1 through 3.7.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.
- 3.8.3** Requests to proceed with a system expansion shall be subject to the provisions of Sections 3.7.4 through 3.7.8, and Sections 3.13 through 3.15.

### **3.9 Study Procedures For New Load or Facility Interconnections To The NYS Power System**

Any Interconnection Customer proposing to interconnect its Facility (as defined in Attachment HH to the ISO OATT) with the NYS Power System shall be subject to the requirements in the Standard Interconnection Procedures set forth in Attachment HH to the ISO OATT.

#### **3.9.1 Request for Interconnection Study:**

Any Eligible Customer proposing to interconnect its Load with the NYS Power System shall submit its interconnection proposal to the ISO. The ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform technical studies to determine whether the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The technical studies shall be conducted in accordance with the procedures specified in Section 3.9.2. The proposed interconnection shall not proceed if the ISO concludes in the study that the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. If the proposal is rejected, the ISO shall provide in writing the reasons why the proposal was rejected.

#### **3.9.2 Study Procedures:**

Upon receipt of the interconnection proposal and a written guarantee by the Eligible Customer to pay all costs incurred by the ISO and Transmission Owner(s) conducting the technical studies, the ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect shall perform the technical studies of the proposed interconnection. The technical studies shall address the following:

- 3.9.2.1 An evaluation of the potential significant impacts of the proposed interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude of the impacts and the reasonable likelihood of their occurrence;
- 3.9.2.2 An evaluation of impacts of the proposed interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;
- 3.9.2.3 An evaluation as to whether modifications to the NYS Power System would be required to maintain Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;
- 3.9.2.4 An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed interconnection; and
- 3.9.2.5 An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.

### **3.9.3 Operating Committee Approval**

Upon the ISO's issuance of a final draft study report, the Eligible Customer must proceed with its study report to the Transmission Planning Advisory Subcommittee ("TPAS") of the ISO Operating Committee within three (3) months and to the next Operating Committee meeting following the TPAS review; provided, however, if the TPAS recommends revisions or supplements to the study report, the revised report must proceed to the next TPAS meeting following completion of such revisions, and to the next Operating Committee following the TPAS review of the revised study report. Failure to proceed with its study report to the TPAS and Operating Committee within these time frames will result in withdrawal of the Study Request.

### **3.9.4 Interconnection Agreements:**

After receiving the approval of the proposed interconnection, and after the Eligible Customer makes payment to the ISO and Transmission Owner for the cost of the technical studies, the Eligible Customer may elect to continue with the proposed interconnection by entering into an interconnection agreement with the Transmission Owner with whose system the Eligible Customer proposes to interconnect.

### **3.9.5 Reserved**



### **3.10 Prioritizing Transmission and Interconnection Studies**

For the purposes of determining the priority for: (i) Interconnection proposals submitted by an Eligible Customer, in writing, and currently pending with one or more Transmission Owner(s) prior to the effective date of this Tariff; (ii) transmission studies requested pursuant to the provisions of a Transmission Owner's Open Access Tariff prior to the date of ISO OATT implementation or transmission studies requested pursuant to Sections 3.7.4, 3.7.8 and 4.5.4 of this Tariff; (iii) transmission studies requested by Eligible Customers pursuant to Sections 3.8.2 and 4.5.7.2 of the ISO OATT; (iv) transmission proposals submitted pursuant to Attachment P of the ISO OATT; (v) proposals submitted pursuant to Section 3.6.2 of the ISO Agreement; and (vi) interconnection proposals submitted pursuant to 3.9 and 4.5.8 of the ISO OATT; the ISO shall give priority to each transmission study, transmission proposal or Interconnection proposal on the basis of its date of submittal to the ISO or Transmission Owner. Before the effective date of this Tariff, the date of submittal of each transmission study or Interconnection proposal shall be determined by the application procedures of each Transmission Owner. New transmission studies, transmission proposals or Interconnection proposals submitted after the effective date of this Tariff shall be subject to the same prioritization procedures, unless such procedures are modified by the ISO. In the event of different submission dates before one or more Transmission Owners or the ISO, the earliest submittal date shall be used for prioritization. After an effective date to be determined by the Commission, Interconnection Requests for Facilities shall be subject to the prioritization process included in the Standard Interconnection Procedures in Attachment HH. The ISO may determine the priority of transmission studies under Section 3.6.3 of the ISO Agreement and studies requested by the PSC under Section 3.8.1 of this Tariff according to procedures to be developed by the ISO. Notwithstanding this

provision and Section 3.8.1, the ISO shall give priority within its available resources to any requests by the NYPSC to evaluate transmission reinforcement options, and non-transmission options, as part of the Public Policy Requirements planning process contained in Attachment Y of the ISO OATT.

### **3.11        Reserved**

### **3.12 The Comprehensive System Planning Process**

The ISO shall conduct the Comprehensive System Planning Process in accordance with Attachment Y to this Tariff and ISO Procedures. To the extent practicable, the ISO shall coordinate the performance of the studies required under Attachment Y with any transmission and interconnection studies that may be requested under sections 3.7, 3.8, 3.9, 4.5, 4.5.7, and 4.5.8 of this Tariff.

### **3.13 Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service**

#### **3.13.1 Delays in Construction of New Facilities:**

If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Owner(s) constructing the facilities shall promptly notify the Transmission Customer. In such circumstances, the Transmission Owner(s) shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Owner also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Owner(s) that is reasonably needed by the Transmission Customer to evaluate any alternatives.

#### **3.13.2 Alternatives to the Original Facility Additions:**

When the review process of Section 3.13.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Owner shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires that one of the alternative facilities be constructed, it may request the Transmission Owner(s) to submit a revised construction contract between the Transmission Customer and the Transmission Owner(s) constructing the alternative facilities. In the event the Transmission Owner concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the Dispute Resolution Process under Section 2.16 or it may refer the dispute to the Commission for resolution.

### **3.13.3 Refund Obligation for Unfinished Facility Additions:**

If the Transmission Owner and the Transmission Customer mutually agree that no other reasonable alternatives exist, the obligation to provide the requested construction of additional facilities shall terminate. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Owner(s) through the time construction was suspended.

### **3.14 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**

#### **3.14.1 Responsibility for Third-Party System Additions:**

The ISO and Transmission Owner(s) shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The ISO will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

#### **3.14.2 Coordination of Third-Party System Additions:**

The Transmission Owner(s) shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Owner(s), after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Owner(s) shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Owner of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 2.16 or it may refer the dispute to the Commission for resolution.

### **3.15 Changes in Service Specifications**

Customers eligible for Transmission Service may designate their Point of Receipt and Point of Delivery by submitting a schedule with the ISO in accordance with Section 3.1.8 of this ISO OATT.



### **3.16 Metering and Power Factor Correction at Receipt and Delivery Point(s)**

#### **3.16.1 Transmission Customer Obligations:**

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the Capacity and Energy being transmitted under Part 3 of this Tariff and to communicate the information to the Transmission Owner and the ISO. Such equipment shall remain the property of the Transmission Customer.

#### **3.16.2 Access to Metering Data:**

The ISO and Transmission Owner shall have access to metering data, which may reasonably be required to maintain reliability and to facilitate measurements and billing under the Service Agreement.

#### **3.16.3 Power Factor:**

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owner pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

### **3.17 Compensation for Transmission Service**

Rates for Firm Point-To-Point Transmission Service are provided in Schedule 7 appended to the Tariff. The Transmission Owner shall use Part 3 of this Tariff to make its Third-Party Sales. The Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 2.8 of this Tariff.

The billing of these charges will be performed pursuant to Section 2.7 of this Tariff.

### **3.18 Stranded Cost Recovery**

The Transmission Owners other than NYPA may seek to recover stranded costs from the Point-to-Point Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owners must separately file any proposal to recover stranded costs under Section 205 of the FPA. This provision shall not supersede or otherwise affect a Transmission Owner's right to recover stranded costs under other authority. To the extent that LIPA's rates for service are established 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 and are not subject to Commission and/or PSC jurisdiction, LIPA's recovery of stranded costs will not be subject to the foregoing requirements.

Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this Tariff, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

### **3.19 Compensation for New Facilities and Redispatch Costs**

Whenever a System Impact Study performed by the ISO in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy.

## **4 Network Integration Transmission Service**

### **Preamble**

The ISO will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in this Tariff and Service Agreement over the transmission facilities of the parties to the ISO/TO Agreement or an Operating Agreement. Network Integration Transmission Service will be provided when the Network Customer agrees to pay the Congestion Rent associated with its requested service. The Network Customer may fix the price of its Network Integration Transmission Service by purchasing TCCs corresponding with designated Network Resources and its Network Load. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the individual Transmission Owner utilizes their respective transmission systems to serve their Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy Energy purchases to its Network Load from non-designated resources on an as-available basis (i.e. when there is no Congestion) without additional charge. Transmission Service for sales to non-designated Loads will be provided pursuant to the applicable terms and conditions of Part 3 of this Tariff.

## **4.1 Nature of Network Integration Transmission Service**

### **4.1.1 Scope of Service:**

Network Integration Transmission Service is a Transmission Service that allows Network Customers to efficiently and economically utilize Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the NYCA and any additional Load that may be designated pursuant to Section 4.4.3 of this Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 2.3.

### **4.1.2 Transmission Owner Responsibilities:**

Each Transmission Owner will plan, construct, operate and maintain their respective transmission systems in accordance with Good Utility Practice and its planning obligations in Attachment Y, in order to provide the Network Customer with Network Integration Transmission Service over the NYS Transmission System. The Transmission Owner, on behalf of its Native Load Customers, shall be required to designate resources and Loads in the same manner as any Network Customer under Part 4 of this Tariff. This information must be consistent with the information used by the ISO to calculate ATC. The Transmission Owners and the ISO shall include the Network Customer's Network Load in transmission system planning and shall, consistent with Good Utility Practice and Attachment Y, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Owner's delivery of its own generating and purchased resources to its Native Load Customers.

#### **4.1.3 Network Integration Transmission Service:**

The ISO will provide Firm Transmission Service over the NYS Transmission System to the Network Customer for the delivery of Energy from its designated Network Resources to serve its Network Loads on a basis that is comparable to the Transmission Owner's use of the NYS Transmission System to reliably serve its Native Load Customers.

#### **4.1.4 Secondary Service:**

The Network Customer may use the NYS Transmission System to deliver Energy to its Network Loads from resources that have not been designated as Network Resources. Such Energy shall be transmitted, on an as-available basis (i.e., when there is no Congestion between the non-Network Resource and the Network Load), at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff.

#### **4.1.5 Real Power Losses:**

Real Power Losses are associated with all Transmission Service. The Network Customer is responsible for losses associated with all Transmission Service in accordance with Schedule 9 and as calculated in Attachment J.

#### **4.1.6 Restrictions on Use of Service:**

The Network Customer shall not use Network Integration Transmission Service for (i) sales of Capacity and Energy to non-designated Loads or (ii) direct or indirect provisions of this Transmission Service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part 3 of this Tariff for any Third-Party Sale which requires use of the NYS Transmission

System. The ISO shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration

Transmission Service or secondary service pursuant to Section 4.2.4 to facilitate a wholesale sale that does not serve a Network Load.



## **4.2 Initiating Service**

### **4.2.1 Condition Precedent for Receiving Service:**

Subject to the terms and conditions of Part 4 of this Tariff, the ISO will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part 4 of this Tariff; (ii) the Eligible Customer, ISO and the Transmission Owner(s) complete the technical arrangements set forth in Sections 4.2.3 and 4.2.4; (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment D for service under Part 4 of this Tariff or requests in writing that the ISO file a proposed unexecuted Service Agreement with the Commission; (iv) the Eligible Customer executes a Network Operating Agreement with the ISO pursuant to Attachment G; and (v) if the Network Service involves the use of LIPA's, transmission facilities, approval of such transaction has occurred pursuant to Section 2.5.7.

### **4.2.2 Application Procedures:**

An Eligible Customer requesting service under Part 4 of this Tariff must submit an Application to the ISO as far as possible in advance of the month in which service is to commence. Applications should be submitted by entering the information listed below on the ISO's OASIS. Prior to implementation of the ISO's OASIS, a Completed Application for Network Integration Transmission Service will be dated and time-stamped. Applications should be submitted by entering the information listed below on the ISO's OASIS. Prior to implementation of the ISO's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ISO by telefax, or (ii) providing the information by telephone over the ISO's time recorded telephone line.

A Completed Application shall provide all of the information included in 18 C.F.R. §

2.20 including, but not limited to, the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total Loads to be served at each transmission voltage level, and the Loads to be served from each Transmission Owner substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter Load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible Loads included in the Network Load. This shall include the summer and winter Capacity requirements for each interruptible Load (had such load not been interruptible), that portion of the Load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer Load (if any) included in the 10-year Load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
  - Unit size and amount of Capacity from unit to be designated as Network Resource
  - VAR capability (both leading and lagging) of all Generators

- Operating restrictions
  - Any periods of restricted operations throughout the year
  - Maintenance schedules
  - Minimum loading level of unit
  - Normal operating level of unit
- Minimum Generation and Start-Up Bid and variable Energy Bid information for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the New York Control Area, where only a portion of unit output is designated as a Network Resource
- For each off-system Network Resource, such description shall include:
  - Identification of the Network Resource as an off-system resource
  - Amount of power to which the customer has rights
  - Identification of the control area from which the power will originate
  - Delivery point(s) to the New York State Transmission System
  - Transmission arrangements on the external transmission system(s)
  - Operating restrictions, if any
  - Any periods of restricted operations throughout the year
  - Maintenance schedules
  - Minimum loading level of unit
  - Normal operating level of unit
  - Any must-run unit designations required for system reliability or contract reasons

- Approximate variable generating cost (\$/MWH) for redispatch computations;
- (vi) Description of Eligible Customer's transmission system:
  - Load flow and stability data, such as real and reactive parts of the Load, lines, transformers, reactive devices and Load type, including normal and emergency ratings of all transmission equipment in a Load flow format compatible with that used by the ISO and the Transmission Owners
  - Operating restrictions needed for reliability
  - Operating guides employed by system operators
  - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
  - Location of Network Resources described in subsection (v) above
  - Transmission system maps that include any proposed expansions or upgrades
  - 10 year projection of system expansions or upgrades
  - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one hour.
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 4.2.2(v) do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible

basis, except for purposes of fulfilling obligations under a reserve sharing program; and

- (ix) Any additional information required of the Transmission Customer as specified in the ISO's planning process established in Attachment Y.

Unless the parties agree to a different time frame, the ISO must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this Section, the ISO shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the ISO will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application, without prejudice, to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this Section. The Eligible Customer will be assigned a new time-stamp consistent with the date of the new or revised Application. The ISO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations and the Code of Conduct in Attachment F.

#### **4.2.3 Technical Arrangements to be Completed Prior to Commencement of Service:**

Network Integration Transmission Service shall not commence until the ISO, Transmission Owners and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the NYS Transmission System. The ISO shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as

practicable taking into consideration the Service Commencement Date.

#### **4.2.4 Network Customer Facilities:**

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and Energy from the NYS Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or Interconnection. To the extent that a Network Customer is serving retail customers in a Transmission Owner's retail access program, the Network Customer shall procure retail distribution services in accordance with Part 5 of this Tariff and the Transmission Owner's retail access tariff as filed with the PSC, or in the case of LIPA, as established under state law.

#### **4.2.5 Filing of Service Agreement:**

The ISO will file Service Agreements with the Commission in compliance with applicable Commission regulations.

### **4.3 Network Resources**

#### **4.3.1 Designation of Network Resources:**

Network Resources shall include all resources designated as Installed Capacity suppliers in the NYCA. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party Load outside of the NYCA or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's Loads under firm agreements entered into on or before the Service Commencement Date shall also be designated as Network Resources until the Network Customer terminates the designation of such resources.

#### **4.3.2 Designation of New Network Resources:**

The Network Customer may designate a new Network Resource by providing the ISO with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 4.2. This request must include a statement that the new Network Resource, or any portion thereof, is not committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the ISO will follow the procedures for a deficient application as described in Section 4.2.2 of the Tariff.

#### **4.3.3 Termination of Network Resources:**

The Network Customer may terminate the designation of all or part of a generating

resource as a Network Resource by providing notification to the ISO as soon as reasonably practicable, but no later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 4.3.2; and
- (v) Identification of any related Transmission Service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related Transmission Service requests must be approved or denied as a single request. The evaluation of these related Transmission Service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing Transmission Service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different



resource and/or a resource with increased capacity will be deemed deficient and the ISO will follow the procedures for a deficient application as described in Section 4.2.2 of the Tariff.

#### **4.3.4 Operation of Network Resources:**

The Network Customer shall not operate its designated Network Resources located in the Network Customer's Control Area or NYCA such that the output of those facilities exceeds its designated Network Load, plus net sales of Energy through the LBMP Market established under the ISO Services Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the ISO to respond to an Emergency or other unforeseen condition which may impair or degrade the reliability of the NYS Transmission System. For all Network Resources not physically connected with the New York State Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 4.2, unless the Network Customer supports such delivery within the New York State Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 4.1.4.

#### **4.3.5 Network Customer Redispatch Obligation:**

As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to allow the ISO to redispatch its Network Resources. The redispatch of resources pursuant to this Section shall be on a least cost, non-discriminatory basis.

#### **4.3.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The NYS Transmission System:**

The Network Customer shall be responsible for any arrangements necessary to deliver

Capacity and Energy from a Network Resource not physically interconnected with the NYS Transmission System. The ISO will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

#### **4.3.7 Limitation on Designation of Network Resources:**

Network Resources must be directly interconnected with the NYCA or demonstrate that Firm Transmission Service has been obtained from the Network Resource to the NYCA boundary.

#### **4.3.8 Use of Interface Capacity by the Network Customer:**

There is no limitation upon a Network Customer's use of the NYS Transmission System at any particular Interface with another transmission system to integrate Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the total Interface capacity of the NYS Transmission System with other transmission systems may not exceed the Network Customer's Load.

#### **4.3.9 Network Customer Owned Transmission Facilities:**

The Network Customer that owns existing transmission facilities that are integrated with the NYS Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the ISO to serve its power and transmission customers. For facilities added by the Network Customer subsequent to the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are

integrated into the operations of the Transmission Owner's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Owner, would be eligible for inclusion in the Transmission Owner's annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.

#### **4.4 Designation of Network Load**

##### **4.4.1 Network Load:**

The Network Customer must designate the individual Network Loads on whose behalf the ISO will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

##### **4.4.2 New Network Loads Connected With the Transmission Owners:**

The Network Customer shall provide the ISO and the Transmission Owners with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to the NYS Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The ISO and the Transmission Owners will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 4.5 and shall be charged to the Network Customer in accordance with Commission policies.

##### **4.4.3 Network Load Not Physically Interconnected with the NYS Transmission System:**

This Section applies to both initial designation pursuant to Section 4.4 and the subsequent addition of new Network Load not physically interconnected with the NYS Transmission System. To the extent that the Network Customer desires to obtain Transmission Service for a load outside the NYS Transmission System, the Network Customer shall exclude that entire Load from its Network Load and purchase Point-To-Point Transmission Service under Part 3 of this Tariff. To the extent that the Network Customer gives notice of its intent to add a new

Network Load as part of its Network Load pursuant to this Section the request must be made through a modification of service pursuant to a new Application.

#### **4.4.4 New Interconnection Points:**

To the extent the Network Customer desires to add a new Delivery Point or Interconnection point between the NYS Transmission System and a Network Load, the Network Customer shall provide the ISO with as much advance notice as reasonably practicable.

#### **4.4.5 Changes in Service Requests:**

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g., the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by a Transmission Owner and charged to the Network Customer as reflected in the Service Agreement. However, the ISO must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

#### **4.4.6 Annual Load and Resource Information Updates:**

The Network Customer shall provide the ISO with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part 4 of this Tariff including, but not limited to, any information provided under section 4.2.2(ix) pursuant to the ISO's planning process under Attachment Y. The Network Customer also shall provide the ISO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its

facilities or operations affecting the ISO's ability to provide reliable service.

## **4.5 Additional Study Procedures For Network Integration Transmission Service Requests**

The FERC Order No. 888 provisions for initiating a Network Integration Transmission System expansion by an Eligible Customer are contained in this Section. Additional ISO responsibilities for Eligible Customer requests related to Network Integration Transmission System expansion are contained in Section 4.5.7. Study procedures associated with new Load and with Facility (as defined in Attachment HH to the ISO OATT) interconnections to the NYS Power System are contained in Section 4.5.8. Section 3.10 addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owners from proposing or constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

### **4.5.1 Notice of Request for Network Integration Transmission Service Study:**

Network Integration Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Network Integration Transmission Service would not normally require a Network Integration Transmission Service Study unless the Eligible Customer specifically requests that the ISO conduct such a study of facilities that could be constructed (for example, if the Eligible Customer requesting Network Integration Transmission Service determines that Congestion Rent or the cost of TCCs is too high and that customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer requests that transmission facilities be constructed to address reliability or other operational concerns) (a “Study Request”). When an Eligible Customer submits a Network Integration Transmission Service Study Request it must give the ISO written notice of whether it intends to

conduct all or part of the Network Integration Transmission Service Study itself. After receiving a complete Network Integration Transmission Service Study Request, the ISO shall, within thirty (30) days of the date that the Operating Committee approves the scope of the Network Integration Transmission Service Study, or such other time as is agreed upon by the ISO and the Eligible Customer, tender a Network Integration Transmission Service Study agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required System Impact Study. The ISO shall coordinate with the affected Transmission Owners in performing the Network Integration Transmission Service Study. A description of the ISO's methodology for completing a Network Integration Transmission Service Study is provided in Attachment D. Before a Network Integration Transmission Service Study Request is evaluated, the Eligible Customer shall execute the Network Integration Transmission Service Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the Network Integration Transmission Service Study agreement, its Study Request shall be deemed withdrawn.

#### **4.5.2 Network Integration Transmission Service Study Agreement and Cost Reimbursement:**

The Network Integration Transmission Service Study agreement will clearly specify the ISO's estimate of the actual cost, and time for completion of the Network Integration Transmission Service Study.

The charge shall not exceed the actual cost of the study. In performing the Network Integration Transmission Service Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any



modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Network Integration Transmission Service Study Request.

For Network Integration Transmission Service Studies that a Transmission Owner or the ISO conducts on its own behalf, the Transmission Owner or ISO shall record the cost of the Network Integration Transmission Service Studies pursuant to Section 8.

If a Transmission Owner, on behalf of the ISO, performs all or part of a Network Integration Transmission Service Study, the ISO shall reimburse the Transmission Owner for any costs that the Transmission Owner incurred.

#### **4.5.3 Network Integration Transmission Service Study Procedures:**

The ISO shall coordinate with all affected Transmission Owners in performing the Network Integration Transmission Service Study.

Upon receipt of an executed Network Integration Transmission Service Study agreement, the ISO will complete the required Network Integration Transmission Service Study as follows:

- 4.5.3.1 if the Network Integration Transmission Service Study Request specified that the Eligible Customer would not perform any part of the study then the ISO shall use due diligence to complete the study, and to obtain all necessary stakeholder approvals, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed Network Integration Transmission Service Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; or
- 4.5.3.2 if the Network Integration Transmission Service Study Request specified that the Eligible Customer would perform all or part of the Network Integration

Transmission Service Study itself, then:

- 4.5.3.2.1 the ISO shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing, and to obtain all necessary stakeholder approvals of those portions, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed Network Integration Transmission Service Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; and
- 4.5.3.2.2 the ISO shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the ISO. If the ISO determines that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The ISO shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the ISO.

Upon the ISO's issuance of a final draft study report, the Eligible Customer must proceed with its study report to the Transmission Planning

Advisory Subcommittee (“TPAS”) of the ISO Operating Committee within three (3) months and to the next Operating Committee meeting following the TPAS review; provided, however, if the TPAS recommends revisions or supplements to the study report, the revised report must proceed to the next TPAS meeting following completion of such revisions, and to the next Operating Committee following the TPAS review of the revised study report. Failure to proceed with its study report to the TPAS and Operating Committee within these time frames will result in withdrawal of the Study Request.

If the Operating Committee directs the ISO to modify a Network Integration Transmission Service Study or to perform other study-related work before granting its approval, then the deadline for completing the study will be extended for an additional time agreed upon by the ISO and the Eligible Customer. If the ISO and the Eligible Customer are unable to agree on an additional time the deadline for completing the study will be extended for another sixty (60) days.

The Network Integration Transmission Service Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with an Eligible Customer’s or Transmission Owner’s request. In the event that the ISO is unable to complete the required Network Integration Transmission Service Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Network Integration Transmission Service Study and related work

papers shall be made available to the Eligible Customer as soon as the Network Integration Transmission Service Study is complete. The ISO will use the same due diligence in completing the Network Integration Transmission Service Study for an Eligible Customer as it uses when completing studies for itself or a Transmission Owner. The ISO shall notify the Eligible Customer immediately upon completion of the Network Integration Transmission Service Study if the Network Integration Transmission Service Study Request can be completed at no additional cost (e.g., if the ISO is currently studying requests to construct similar facilities).

#### **4.5.4 Further Development of Transmission Upgrades Identified in a Network Integration Transmission Service Study**

After completion of a Network Integration Transmission Service Study, if an Eligible Customer seeks to pursue construction of transmission upgrades, the Eligible Customer may do so by initiating the Transmission Interconnection Process pursuant to Attachment P of the ISO OATT. An Eligible Customer may also proceed directly to Attachment P of the ISO OATT without first submitting a Network Integration Transmission Service Request or completing a Network Integration Transmission Service Study under this Section 4.5.

#### **4.5.5 Penalties for Failure to Meet Study Deadlines:**

Section 3.7.9 defines penalties that apply for failure to meet the due diligence deadlines for Firm Transmission Service Studies under Section 3 of the Tariff. These same requirements and penalties apply to Network Integration Transmission Service studies under Section 4 of the Tariff.

#### **4.5.6 Clustering of Network Integration Transmission Service Studies:**

Section 3.7.10 specifies the procedures that shall govern the clustering of System Impact Studies conducted by the ISO and Facilities Studies conducted by affected Transmission Owners. These same procedures apply to Network Integration Transmission Service studies under Section 4 of the Tariff.

#### **4.5.7 Development of Transmission Reinforcement Options**

**4.5.7.1** At the request of the PSC, the ISO shall develop a limited number of illustrative transmission reinforcement options, and associated cost estimates, to increase transfer capability limits on Interfaces identified by the PSC as having significant Congestion. Such reinforcement option results shall be made available to all Customers or potential Customers for the purpose of evaluating the economic costs and benefits of new facilities. Eligible Customers, including Transmission Owners, may then request a System Impact Study for a specific expansion project in accordance with Sections 4.5.1 through 4.5.3. Development of the transmission reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission Interface Transfer Capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.

**4.5.7.2** Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 4.5.7.1 above. The Eligible

Customer shall comply with the provisions of Sections 4.5.1 through 4.5.3 that require the customer to enter into a Network Integration Transmission Service Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.

**4.5.7.3** Requests to proceed with a system expansion shall be subject to the provisions of Section 4.5 and Attachment P of the ISO OATT, as applicable.

**4.5.8 Study Procedures for New Load or Facility Interconnections to the NYS Power System**

Any Interconnection Customer proposing to interconnect its Facility (as defined in Attachment HH to the ISO OATT) with the NYS Power System shall be subject to the requirements in the Standard Interconnection Procedures set forth in Attachment HH to the ISO OATT.

**4.5.8.1 Request for Interconnection Study:**

Any Eligible Customer proposing to interconnect its Load with the NYS Power System shall submit its interconnection proposal to the ISO. The ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform technical studies to determine whether the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The technical studies shall be conducted in accordance with the procedures specified in Section 4.5.8.2. The proposed interconnection shall not proceed if the ISO concludes in the study that the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. If the proposal is rejected, the ISO shall provide in writing the reasons why the proposal was rejected.

#### **4.5.8.2 Study Procedures:**

Upon receipt of the interconnection proposal and a written guarantee by the Eligible Customer to pay all costs incurred by the ISO and Transmission Owner(s) conducting the technical studies, the ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform the technical studies of the proposed interconnection. The technical studies shall address the following:

- (i) An evaluation of the potential significant impacts of the proposed interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude of the impacts and the reasonable likelihood of their occurrence;
- (ii) An evaluation of impacts of the proposed interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;
- (iii) An evaluation as to whether modifications to the NYS Power System would be required to maintain Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;
- (iv) An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed interconnection; and
- (v) An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.

#### **4.5.8.3 Interconnection Agreements:**

After receiving the approval of the proposed interconnection, and after the Eligible Customer makes payment to the ISO and Transmission Owner for the cost of the technical studies, the Eligible Customer may elect to continue with the proposed interconnection by

entering into an interconnection agreement with the Transmission Owner with whose system the  
Eligible Customer proposes to interconnect.

#### **4.5.8.4      Reserved**



## **4.6 Load Shedding and Curtailments**

### **4.6.1 Procedures:**

The ISO and the Transmission Owners shall maintain Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the NYS Transmission System. The parties will implement such programs during any period when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

### **4.6.2 Transmission Constraints:**

During any period when the ISO determines that a transmission Constraint exists on the NYS Transmission System, and such Constraint may impair the reliability of the NYS Transmission System, the ISO will dispatch generation resources on a least-cost basis in accordance with the provisions of Attachment J. When applicable, the ISO will follow the LEER Procedure, referenced in Section 3.1.6, which is incorporated by reference herein. If the ISO is required to Curtail Transmission Service as a result of a TLR event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure. Any redispatch under this Section may not unduly discriminate between the Transmission Owner's use of the NYS Transmission System on behalf of its Native Load Customers and any Network Customer's use of the NYS Transmission System to serve its designated Network Load.

### **4.6.3 Cost Responsibility for Relieving Transmission Constraints:**

Whenever the ISO implements least-cost redispatch procedures in response to a transmission Constraint, all Transmission Customers and Network Customers will bear the costs

of such redispatch in accordance with Attachment J.

#### **4.6.4 Curtailments of Scheduled Deliveries:**

If a transmission Constraint on the NYS Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the ISO determines that it is necessary to Curtail scheduled deliveries, the parties shall Curtail such schedules in accordance with the Network Operating Agreement.

#### **4.6.5 Allocation of Curtailments:**

The ISO shall, on a non-discriminatory basis, Curtail the Transaction(s) that effectively relieve the Constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Owners and Network Customers in proportion to their respective Load Ratio Shares. The ISO shall not direct Network Customers to Curtail schedules to an extent greater than the ISO would Curtail the Transmission Owners' schedules under similar circumstances.

#### **4.6.6 Load Shedding:**

To the extent that a system contingency exists on the NYS Transmission System and the ISO determines that it is necessary to shed load, the parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

#### **4.6.7 System Reliability:**

Notwithstanding any other provisions of this Tariff, the ISO reserves the right, consistent with Good Utility Practice and on a non-discriminatory basis, to Curtail Network Integration Transmission Service without liability on the ISO's and/or Transmission Owner's part for the purpose of the Transmission Owners making necessary adjustments to, changes in, or repairs on

their lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the NYS Transmission System or on any other system(s) directly or indirectly interconnected with the NYS Transmission System, the ISO, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The ISO will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Owners' use of the NYS Transmission System on behalf of its Native Load Customers. The ISO shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

## **4.7 Rates and Charges**

Rates for Network Transmission Integration Service are provided for in Schedule 9 of this ISO OATT. The billing of these charges will be performed pursuant to Article 2.7 of this ISO OATT.

### **4.7.1 Monthly Demand Charge:**

### **4.7.2 Redispatch Charge:**

The Network Customer shall pay redispatch costs in accordance with the provisions of Attachment J.

### **4.7.3 Stranded Cost Recovery:**

The Transmission Owners other than NYPA may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owners must separately file any proposal to recover stranded costs under Section 205 of the FPA. This provision shall not supersede or otherwise affect a Transmission Owner's right to recover stranded costs under other authority. To the extent that LIPA's rates for service are established by 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 and are not subject to FERC and/or PSC jurisdiction, LIPA's recovery of stranded costs will not be subject to the foregoing requirements.

Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this ISO OATT, subject to refund as may

be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this ISO OATT will be effective upon receipt by the ISO, subject to any applicable laws and orders.

## **4.8 Operating Arrangements**

### **4.8.1 Operation Under The Network Operating Agreement:**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

### **4.8.2 Network Operating Agreement:**

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part 4 of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the NYS Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the ISO, Transmission Owners and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the NYS Transmission System, interchange schedules, unit outputs for redispatch required under Section 4.6, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted Loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part 4 of this Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1 and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements,

including all necessary Ancillary Services, by contracting with the ISO, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO and the NPCC requirements. The ISO shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services to the extent that such arrangements comply with the provisions for Self-Supply of Ancillary Services as described in Schedules 3 and 5. For Network Customers that are also taking service under the ISO Services Tariff, the Service Agreement under that Tariff will function as the Network Operating Agreement. All other Network Customers will negotiate a Network Operating Agreement with the ISO. A list of requirements for such Network Operating Agreement is included in Attachment G.

#### **4.8.3 Network Operating Committee:**

The ISO Operating Committee will serve as the Network Operating Committee and will coordinate operating criteria for the parties' respective responsibilities under the Network Operating Agreement. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

## **5 Special Provisions for Retail Access**

### **Preamble**

All retail Transmission Service over the transmission facilities of the Parties to the ISO/TO Agreement shall be pursuant to this Section. This Section applies only to Eligible Customers taking service under retail access tariffs filed with the PSC and the Commission; or under otherwise lawfully established rates and terms of the following Transmission Owners (“Retail Access Tariffs”): Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk, Orange and Rockland and RG&E. LSEs applying for service under this portion of this Tariff must certify to the ISO that they are participating as an LSE in one of the enumerated retail access programs.

The ISO will provide retail access services under this Tariff to Eligible Customers taking unbundled Transmission Service pursuant to a state requirement that a Transmission Owner offer the Transmission Service, or pursuant to a voluntary offer of such service by a Transmission Owner. Retail access customers are individual end-use customers eligible for retail access under the Transmission Owner’s retail access plans as filed with the PSC or, in the case of LIPA, established under State law, or pursuant to a voluntary offer of such service by a Transmission Owner. All retail access customers participating in the retail access programs of Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk and Orange and Rockland are Eligible Customers under this Tariff. Retail access customers will take service under Part 5 of this Tariff. All Sections of this Tariff apply to LSEs serving such customers. Eligible Customers, such as electric utilities, are not required to offer retail access to their customers as a condition of service under this Tariff. All retail access customers serving as their own LSE must take Transmission Service under either Part 3 or 4 of this Tariff in addition to taking service under Part IV. The



common service provisions of Part 2 apply to retail access customers including LSEs.

## **5.1 Rights and Responsibilities of Eligible Customers and LSEs**

### **5.1.1 Eligible Customers:**

Subject to Section 5.1.2, each Eligible Customer taking service under a retail access tariff of a Transmission Owner may, but need not, select an LSE to serve its needs for Energy and related services, according to the provisions of the applicable retail access tariff or retail access operating procedures. Such Eligible Customer must become a Transmission Customer under this Tariff. Each retail access customer shall be responsible for paying the retail Transmission Service Charge to the affected Transmission Owner, as provided for in the individual Transmission Owner's retail access tariffs. If an Eligible Customer selects an LSE to serve as its agent in procuring Transmission Service from the ISO, that LSE shall be responsible for all Transmission Usage Charges and other charges associated with the Transmission Service received, and billed in accordance with Section 2.7 of this Tariff. If accommodated by the applicable retail access program, an Eligible Customer may become the customer of an LSE, with that LSE serving not as an agent, but as a Transmission Customer of the ISO who procures and resells Transmission Service to the Eligible Customer. Eligible Customers using the services of an LSE, either as an agent or a reseller of Transmission Service, need not individually enter into a Service Agreement with the ISO.

### **5.1.2 Load Serving Entities**

#### **5.1.2.1 General Requirements:**

LSEs (including Eligible Customers serving as their own LSE) shall be responsible for scheduling Transmission Service and providing forecasts and other information applicable to the Eligible Customers they serve or for whom they act as agents, as required by ISO Procedures. All LSEs must satisfy the ISO's requirements, including a requirement that LSEs schedule

transactions in whole increments of 1 MW or greater in each hour at each Point of Receipt and each Point of Delivery. LSEs may provide this information aggregated to reflect the combined requirements of the Eligible Customers they serve or for whom they act as agents, to the extent permitted by ISO Procedures. All LSEs must execute a Service Agreement with the ISO pursuant to this Tariff.

#### **5.1.2.2 RG&E's Retail Access Plan:**

LSEs participating in RG&E's retail access program are considered Eligible Customers for purposes of service under this Tariff. Such LSEs will take service under all Parts of this Tariff and will pay a wholesale TSC to RG&E.

#### **5.1.2.3 Retail Access Programs:**

Each LSE participating in one or more of the retail access programs of Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk and Orange and Rockland will sign Service Agreements under this Tariff as both a Transmission Customer and as an agent for retail access customers. Each LSE participating in such programs will certify to the ISO that they are the duly authorized agent of the retail access customers they are representing and have met all relevant PSC and individual Transmission Owner criteria. Each LSE will be responsible for paying the Transmission Usage Charges, and all other charges due here under, except the retail access customer, not the LSE, will be responsible for paying the TSC to the affected Transmission Owner.

#### **5.1.3 Transmission Service Charges:**

The TSC calculated under the terms of this Tariff may be collected by the Transmission Owners in one of the following ways: (a) for retail access customers participating in Central

Hudson's, Consolidated Edison's, LIPA's, New York State Electric & Gas's, Niagara Mohawk Power Corporation's, or Orange and Rockland's retail access programs, the Transmission Owner may collect its TSC directly from each Customer in its service territory that takes service under its retail access tariffs, or (b) for retail access customers participating in the RG&E's retail access program, the Transmission Owner may collect its TSC directly from the LSEs serving Load in its service territory, commensurate with each LSE's utilization of its system. The rates charged for retail access Transmission Service and the terms and condition for such service shall be in accordance with the provisions of the Transmission Owner's retail access tariff. In addition, the manner in which these charges are collected and the billing procedures shall be determined by the Transmission Owner in accordance with its filed retail access tariff and retail access plans and procedures.

#### **5.1.4 Settlement Procedures:**

Consistent with each Transmission Owner's retail access plan, the ISO shall initially utilize the services of the Transmission Owners to assist in the data collection and processing necessary to provide for financial Settlement for the services provided under this Tariff, consistent with the ISO's Settlement procedures. Any LSE whose Load is not adequately metered to allow the ISO to implement its Settlement procedures, will have its Load determined by the Transmission Owner in whose Load Zone it is located in accordance with the Transmission Owner's retail access plan on file with the PSC, or in the case of LIPA, its lawfully established rates and terms. The ISO shall use this data in developing its Settlement information and charges under this Part IV of this Tariff. The ISO's Settlement procedures shall be designed to coordinate with the retail access tariffs of each Transmission Owner, and shall accommodate the allocation of cost responsibility for unaccounted-for Energy, theft, and losses on delivery

facilities not explicitly included in the ISO's loss calculation model among all LSEs serving Load pursuant to that Transmission Owner's retail access program.

## **5.2 The Individual Retail Access Plans**

Each Transmission Owner reserves the right to unilaterally modify its retail access tariff subject to any necessary regulatory filing. Each Transmission Owner also reserves the right to unilaterally modify its retail transmission charges subject to any filing required to be made with the Commission pursuant to Section 205 of the FPA or in the case of LIPA, approval by the Long Island Power Authority's Board of Trustees. The ISO shall implement any tariff changes necessary to implement the changes to the retail transmission charge. Ongoing proceedings before the PSC may impact rates, terms and conditions for retail access programs covered under this Section.

### **5.2.1 Central Hudson**

Customers taking part in Central Hudson's retail access program shall take service under Parts I and IV of this Tariff and under Central Hudson's PSC and FERC approved retail access tariff, FERC Rate Schedule No. ER 98-3602 as amended from time to time. Pursuant to Central Hudson's retail access tariff and this Tariff all retail access customers will receive a bill from Central Hudson for the transmission component of their retail access service. Such customers shall pay this bill directly to Central Hudson.

### **5.2.2 Consolidated Edison**

Retail access customers participating in the Consolidated Edison's retail access plan shall take retail access service under Parts 2 and 5 of this Tariff and under Consolidated Edison's PSC and FERC approved retail access tariff, Consolidated Edison's Rate Schedule FERC No. 1, Attachments K and L and Consolidated Edison Company of New York, Inc. PSC No. 2 - Retail Access, as amended from time to time. Pursuant to Consolidated Edison's retail access tariff and

this Tariff, retail access customers will receive a bill from Consolidated Edison for the transmission component of their retail access service. Such customers shall pay this bill to Consolidated Edison in accordance with the terms of Consolidated Edison's Rate Schedule FERC No. 1, Attachments K and L and Consolidated Edison Company of New York, Inc. PSC No. 2 - Retail Access, as amended from time to time.

### **5.2.3 LIPA**

Retail access customers participating in the LIPA retail access plan shall receive retail Transmission Service pursuant to Parts 2 and 5 of this Tariff and the "Long Island Choice" portions of approved "Long Island Power Authority Tariff For Electric Service." Retail Transmission Service customers will be billed and shall pay for such service as part of their bundled retail delivery service rate pursuant to the Long Island Choice portion of the Long Island Power Authority Tariff for Electric Service.

### **5.2.4 NYSEG**

Retail customers participating in NYSEG's retail access program, known as Customer Advantage, shall receive Transmission Service pursuant to Parts 2 and 5 of this Tariff and pursuant to the provisions to NYSEG's retail access tariffs PSC Nos. 90, 115 and 118, as amended or their successors, that relate to its Customer Advantage Program. LSEs are referred to as "Energy Service Companies" or "ESCOs" in NYSEG's retail access tariffs. ESCOs eligible to participate in NYSEG's Customer Advantage Program will act as agents for retail customers for the purpose of obtaining the necessary service under this Tariff when a retail customer contracts with the ESCO for Electric Power Supply pursuant to the Customer Advantage Program. Retail customers that are eligible to participate in NYSEG's Customer Advantage Program that meet the requirements of the ISO and NYSEG's retail access tariffs

(referred to as “Self Supply Customers” or “SSCs” under the retail access tariffs) shall also be required to obtain the necessary service under this Tariff but solely for their own use. Retail customers participating in NYSEG’s Program will be billed and shall pay for the Transmission Service Charge as part of their retail service rate pursuant to the retail access tariffs.

NYSEG is currently a party to proceedings before the PSC, which could impact the terms and conditions of its Customer Advantage Program. It is the Company’s intent to file changes to this Tariff as necessary and appropriate to reflect Orders issued by the PSC relating to the program.

#### **5.2.5 Niagara Mohawk**

Retail access is provided to Niagara Mohawk’s customers through the company’s PSC #207 tariff, Rule 39, as amended from time to time. Customers under this program will take retail Transmission Service under Parts I and IV of this Tariff. They will be billed by, and make payments directly to Niagara Mohawk for the applicable Transmission Service Charge.

#### **5.2.6 Orange and Rockland**

Retail access customers participating in the Orange and Rockland retail access plan shall take retail access service under Parts 2 and 5 of this Tariff and under Orange and Rockland Utilities, Inc., FERC Electric Tariff, Volume No. 3, as amended from time to time. Pursuant to Orange and Rockland’s PSC approved retail access tariff and this Tariff all retail access customers will receive a bill from Orange and Rockland for the transmission component of their retail service. Such customers shall pay this bill directly to Orange and Rockland in accordance with the terms of Orange and Rockland Utilities, Inc. FERC Electric Tariff, Volume No. 3, as amended from time to time.



### **5.2.7 Rochester Gas and Electric Corporation**

Under Rochester Gas and Electric Corporation's retail access program, 10% of the Load became eligible to choose their own supplier of electricity on July 1, 1998. (PSC No. 15 - Electricity, Rochester Gas and Electric Corporation, Schedule for Electric Distribution Service.) Twenty percent of the Load will become eligible to participate in the choice program on July 1, 1999, while 50% of the Load may elect their supplier by July 1, 2000. All customers will be eligible to choose their supplier of electricity beginning July 1, 2001.

## **6 Schedules**

## **6.1 Schedule 1 - ISO Annual Budget Charge and Other Non-Budget Charges and Payments**

### **6.1.1 Introduction**

The ISO shall bill each Transmission Customer each Billing Period to recover the ISO's annual budgeted costs as set forth in Section 6.1.2 of this Rate Schedule 1.

The ISO shall separately bill each Transmission Customer under this Rate Schedule 1 for certain other charges and payments not related to the ISO annual budget charge. Specifically, the ISO shall bill each Transmission Customer on a quarterly basis to recover NERC and NPCC charges and on a Billing Period basis to recover FERC charges as set forth in Sections 6.1.3 and 6.1.15 respectively of this Rate Schedule 1. The ISO shall also bill each Transmission Customer each Billing Period to recover the following costs or allocate the following received payments under this Rate Schedule 1:

- (i) bad debt loss charges as set forth in Section 6.1.4;
- (ii) Working Capital Fund charges as set forth in Section 6.1.5;
- (iii) non-ISO facilities payment charges as set forth in Section 6.1.6;
- (iv) charges to recover costs for payments made to Suppliers pursuant to incremental cost recovery for units that responded to Local Reliability Rules I-R3 and I-R5 as set forth in Section 6.1.7;
- (v) charges to recover and payments to allocate residual costs as set forth in Section 6.1.8;
- (vi) charges for Special Case Resources and Curtailment Service Providers called to meet reliability needs as set forth in Section 6.1.9;
- (vii) charges to recover DAMAP costs as set forth in Section 6.1.10;

- (viii) charges to recover Import Curtailment Guarantee Payment costs as set forth in Section 6.1.11;
- (ix) charges to recover Bid Production Cost guarantee payment costs as set forth in Section 6.1.12;
- (x) charges to recover and payments to allocate settlements of disputes as set forth in Section 6.1.13; and
- (xi) payments to allocate financial penalties collected by the ISO as set forth in Section 6.1.14.

Transmission Customers who are retail access customers being served by an LSE shall not pay these charges to the ISO; the LSE shall pay these charges.

## **6.1.2 ISO Annual Budget Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the ISO's recovery of its annual budgeted costs. The ISO annual budgeted costs that are recoverable through this Rate Schedule 1 are set forth in Section 6.1.2.1 of this Rate Schedule 1. The ISO shall calculate the charge for the recovery of these ISO annual budgeted costs from each Transmission Customer on the basis of its participation in physical market activity as indicated in Section 6.1.2.2 of this Rate Schedule 1. The ISO shall calculate this charge for each Transmission Customer on the basis of its participation in non-physical market activity, the Special Case Resource program, and the Emergency Demand Response program as indicated in Section 6.1.2.4 of this Rate Schedule 1. The ISO shall use the revenue collected through Section 6.1.2.4 of this Rate Schedule 1 to recover any of its annual budgeted costs for the immediately preceding calendar year that it has not already recovered under Section 6.1.2.2 of this Rate Schedule for that year. The ISO shall credit any additional revenue collected through Section

6.1.2.4 of this Rate Schedule 1 for the remainder of the calendar year to each Transmission

Customer on the basis of its physical market activity as indicated in Section 6.1.2.5 of this Rate Schedule 1.

#### **6.1.2.1 ISO Annual Budgeted Costs**

The ISO annual budgeted costs to be recovered through Section 6.1.2 of this Rate Schedule 1 include, but are not limited to, the following costs associated with the operation of the NYS Transmission System by the ISO and the administration of the ISO Tariffs and ISO Related Agreements by the ISO:

- Processing and implementing requests for Transmission Service including support of the ISO OASIS node;
- Coordination of Transmission System operation and implementation of necessary control actions by the ISO and support for these functions;
- Performing centralized security constrained dispatch to optimally re-dispatch the NYS Power System to mitigate transmission Interface overloads and provide balancing services;
- Costs related to the ISO's administration and operation of the LBMP market and all other markets administered by the ISO;
- Costs related to the ISO's administration of Control Area Services;
- Costs related to the ISO's administration of the ISO's Market Power Mitigation Measures and the ISO's Market Monitoring Plan;
- Costs related to the maintenance of reliability in the NYCA;
- Costs related to the provision of Transmission Service;
- Preparation of settlement statements;
- NYS Transmission System studies, when the costs of the studies are not recoverable from a Transmission Customer;
- Engineering services and operations planning;
- Data and voice communications network service coordination;
- Metering maintenance and calibration scheduling;
- Record keeping and auditing;
- Training of ISO personnel;

- Development and maintenance of information, communication and control systems;
- Professional services;
- Carrying costs on ISO assets, capital requirements and debts;
- Tax expenses, if any;
- Administrative and general expenses;
- Insurance premiums and deductibles related to ISO operations;
- Any indemnification of or by the ISO pursuant to Section 2.11.2 of this ISO OATT or Section 12.4 of the Services Tariff;
- Regulatory fees; and
- The ISO's share of the expenses of Northeast Power Coordinating Council, Inc. or its successor.

#### **6.1.2.2 Calculation of the ISO Annual Budget Charge for Transmission Customers Participating in Physical Market Activity**

The ISO shall charge, and each Transmission Customer that participates in physical market activity shall pay, an ISO annual budget charge each Billing Period as calculated according to the following formula.

*ISO Annual Budget Charge<sub>c,P</sub>*

$$= \left( InjectionUnits_{c,P} * \left( 0.28 * \frac{ISOCosts_{Annual}}{TotalEstWithdrawalUnits_{Annual}} \right) \right) + \left( WithdrawalUnits_{c,P} * \left( 0.72 * \frac{ISOCosts_{Annual}}{TotalEstWithdrawalUnits_{Annual}} \right) \right)$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

*ISO Annual Budget Charge<sub>c,P</sub>* = The amount, in \$, of the ISO annual budgeted costs for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

*ISOCosts<sub>Annual</sub>* = The sum, in \$, of the ISO's annual budgeted costs for the current calendar year.

*InjectionUnits<sub>c,P</sub>* = The Injection Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Injections at a CTS Enabled Interface with ISO New England resulting from Imports that are not associated with wheels through New England.

*WithdrawalUnits<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

*TotalEstWithdrawalUnits<sub>Annual</sub>* = The sum, in MWh, of estimated Withdrawal Billing Units for all Transmission Customers in the current calendar year as determined by the ISO in the summer prior to the current calendar year, except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.1.2.3 Review and Modification of the ISO Annual Budget Charge Allocation Methodology**

The current 72%/28% cost allocation methodology between Withdrawal Billing Units and Injection Billing Units for the ISO annual budget charge shall remain unchanged through at least December 31, 2016 and shall continue to remain unchanged until such point in time that a study is conducted and the results of the study warrant changing the 72%/28% cost allocation. The following provisions prescribe the process and timeline for the review and, if warranted by the results of a future study, modification of the 72%/28% cost allocation on a going forward basis:

- (i) A vote of the Management Committee will be taken in the third calendar quarter of 2015 on whether a new study should be conducted during late-2015 and 2016 to allow modification of the 72%/28% cost allocation, if warranted by the results of the study, to be implemented by January 1, 2017. A positive vote by 58% of the Management Committee will be required to go forward with the study, but

there will no longer be a “material change” standard as was historically applied to the determination of whether a study should be conducted.

- (ii) If the Management Committee vote discussed in (i) above determines that a study should not be conducted, the 72%/28% cost allocation between Withdrawal Billing Units and Injection Billing Units shall be extended through at least December 31, 2017. In the third calendar quarter of 2016, a vote will be taken on whether a new study should be conducted during late-2016 and 2017 to allow modification of the percentage allocation, if warranted by the results of the study, to be implemented by January 1, 2018. Unless a 58% vote of the Management Committee is registered in favor of declining to go forward with the study, the study will be conducted.
- (iii) If the Management Committee vote in the third calendar quarter of 2016 discussed in (ii) above determines that a study should not be conducted, the current 72%/28% cost allocation shall remain unchanged until such point in time as the Management Committee determines that a study shall be conducted and the results of that study warrant changing the percentage allocation between Withdrawal Billing Units and Injection Billing Units. If the Management Committee vote in the third calendar quarter of 2016 discussed in (ii) above determines that a study should not be conducted, the Management Committee will revisit the issue of conducting a study annually in the third calendar quarter of each year using the same voting standard (*i.e.* the study shall be performed unless 58% of the Management Committee votes not to commission the study) that was



applied to the Management Committee vote in the third calendar quarter of 2016 discussed in (ii) above.

- (iv) If, and when, the Management Committee determines a study shall be conducted:
  - (a) Such study shall be completed, and the results thereof shared with Market Participants, before the end of the second calendar quarter of the year prior to the date on which a possible change to the then current allocation may become effective; and
  - (b) The ISO will present a draft study scope to Market Participants for consideration and comment before the ISO issues the study scope as part of its Request For Proposal process to retain a consultant to perform the study. A meeting shall be held with Market Participants to discuss the components (*e.g.*, categories of costs considered, allocation of benefits, unbundling, etc.) that should be included in the draft study scope before the draft is issued by the ISO.

#### **6.1.2.4 Calculation of the ISO Annual Budget Charge for Transmission Customers Participating in Non-Physical Market Activity, the Special Case Resource Program, or the Emergency Demand Response Program**

##### **6.1.2.4.1 Charge for Transmission Customers Engaging in Virtual Transactions**

The ISO shall charge, and each Transmission Customer that has its virtual bids accepted and thereby engages in Virtual Transactions shall pay, a charge for such activity each Billing Period as calculated according to the following formula.

$$VTCharge_{c,p} = VTRate * VTCleared_{c,p}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$VTCharge_{c,P}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$VTRate$  = For calendar year 2012, the applicable rate shall be \$0.0871 per cleared MWh of Virtual Transactions, based on a \$2.6 million projected 2012 annual revenue requirement. For calendar years following 2012, the applicable rate shall be calculated in accordance with the formula set forth in Section 6.1.2.4.4 of this Rate Schedule 1.

$VTcleared_{c,P}$  = The total cleared Virtual Transactions, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

#### **6.1.2.4.2 Charge for Transmission Customers Purchasing Transmission Congestion Contracts**

The ISO shall charge, and each Transmission Customer that purchases Transmission Congestion Contracts - excluding Transmission Congestion Contracts that are created prior to January 1, 2010 - shall pay, a charge for such activity each Billing Period as calculated according to the following formula.

$$TCCCharge_{c,P} = TCCRate * TCCSettled_{c,P}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$TCCCharge_{c,P}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$TCCRate$  = For calendar year 2012, the applicable rate shall be \$0.0372 per settled MWh of Transmission Congestion Contracts, based on a \$4.9 million projected 2012 annual revenue requirement. For calendar years following 2012, the applicable rate shall be calculated in accordance with the formula set forth in Section 6.1.2.4.4 of this Rate Schedule 1.

$TCCSettled_{c,P}$  = The total settled Transmission Congestion Contracts, excluding Transmission Congestion Contracts created prior to January 1, 2010, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

#### **6.1.2.4.3 Charge for Transmission Customers Participating in the Special Case Resource Program or Emergency Demand Response Program**

The ISO shall charge, and each Transmission Customer that participates in the ISO's Special Case Resources program or its Emergency Demand Response program shall pay, a charge for such activity each Billing Period as calculated according to the following formula.

$$SCR \text{ and } EDR \text{ Charge}_{c,P} = DRInjections_{c,P} * \left( 0.28 * \frac{ISOCosts_{Annual}}{TotalEstWithdrawalUnits_{Annual}} \right)$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$SCR \text{ and } EDR \text{ Charge}_{c,P}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$DRInjections_{c,P}$  = The total Load reduction, in MWh, measured and compensated during testing or an actual event for Transmission Customer  $c$  in Billing Period  $P$ .

$ISOCosts_{Annual}$  = The sum, in \$, of the ISO's annual budgeted costs in the current calendar year.

$TotalEstWithdrawalUnits_{Annual}$  = The sum, in MWh, of estimated Withdrawal Billing Units for all Transmission Customers in the current calendar year as determined by the ISO in the summer prior to the current calendar year, except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.1.2.4.4 Re-setting of Rate for Virtual Transaction and Transmission Congestion Contracts Related Charges**

For each calendar year after calendar year 2012, the ISO shall use the following formula to calculate (i) the rate for the charge to Transmission Customers engaging in Virtual Transactions as determined in Section 6.1.2.4.1 of this Rate Schedule 1, and (ii) the rate for the

charge to Transmission Customers purchasing Transmission Congestion Contracts as determined in Section 6.1.2.4.2 of this Rate Schedule 1.

$$\text{ResetRate} = \frac{\text{AnnRevRequirement} - \text{Over/UnderCollection}}{\text{3YearRollingAvgBillUnits}}$$

Where:

*ResetRate* = For each calendar year after calendar year 2012, this rate will be used for either (i) the *VTRate* in the formula in Section 6.1.2.4.1 of this Rate Schedule 1, or (ii) the *TCCRate* in the formula in Section 6.1.2.4.2 of this Rate Schedule 1.

*AnnRevRequirement* = The product, in \$, of (i) the prior year's annual revenue requirement for either (A) Virtual Transaction market activity or (B) Transmission Congestion Contract market activity, and (ii) an escalation factor. The ISO shall calculate the escalation factor as the percentage change in the ISO budget between (i) the ISO budget for the calendar year two years prior to the current calendar year ("Calendar Year Minus 2") and (ii) the ISO budget for the calendar year one year prior to the current calendar year ("Calendar Year Minus 1").

*Over/Under Collection* = The ISO shall calculate the amount, in \$, that it has over or under collected for the prior year's annual revenue requirement for either (A) Virtual Transaction market activity or (B) Transmission Congestion Contract market activity, as the case may be, as follows: (i) The ISO shall divide the annual revenue requirements for the applicable market activity for Calendar Year Minus 2 and for Calendar Year Minus 1 into twelve equal monthly revenue requirements for each of these calendar years. (ii) The ISO shall then calculate the amount of revenue, in \$, that it over or under collected for each of the months from July of Calendar Year Minus 2 through June of Calendar Year Minus 1, which shall be calculated as (a) the revenue amount, in \$, that the ISO collected for each month for the applicable market activity, minus (b) the monthly revenue requirement, in \$, for that month as determined above. If the result of this calculation is positive, then the ISO overcollected for that month. If the result of this calculation is negative, then the ISO undercollected for that month. (iii) The ISO shall then calculate the total over or under collection amount, in \$, for the period of July of Calendar Year Minus 2 through June of Calendar Year Minus 1, which shall be equal to (a) the sum, in \$, of the revenue that the ISO overcollected for each month during this period (i.e., the sum of the positive monthly results determined above), minus (b) the sum, in \$, of the absolute value of the revenue that the ISO undercollected for each month during this period (i.e., the sum of the absolute value of the negative monthly results determined above).

*3YearRollingAvgBillUnits* = The ISO shall calculate the three year rolling average of billing units, in MWh, using twelve-month averages of the appropriate billing units for the period between July of the calendar year four years prior to the current calendar year ("Calendar Year Minus 4") and June of Calendar Year Minus 1.

The annual rate computed through the formula in this Section 6.1.2.4.4 shall be subject to a 25% maximum increase or decrease for each year.

**6.1.2.5 Credit for Transmission Customers Participating in Physical Market Activity After Recovery of ISO Annual Budgeted Costs or Actual Costs for the Preceding Year**

The ISO shall use the revenue collected each Billing Period pursuant to Section 6.1.2.4 of this Rate Schedule 1 to recover the lower of: (i) its annual budgeted costs for the immediately preceding calendar year; or (ii) its actual costs for the immediately preceding calendar year, which it has not already recovered under Section 6.1.2 of this Rate Schedule for that year. Once it has recovered its annual budgeted costs or actual costs for the immediately preceding calendar year, the ISO shall distribute each Billing Period for the remainder of the calendar year any additional revenue collected pursuant to Section 6.1.2.4 of this Rate Schedule to each Transmission Customer that participates in physical market activity as calculated according to the following formula.

$$\begin{aligned}
 & \text{ISO Annual Budget Credit}_{c,P} \\
 &= \left( \text{NonPhysicalActivityRevenue}_P * \left( 0.28 * \frac{\text{InjectionUnits}_{c,P}}{\text{TotalInjectionUnits}_P} \right) \right) \\
 &+ \left( \text{NonPhysicalActivityRevenue}_P * \left( 0.72 * \frac{\text{WithdrawalUnits}_{c,P}}{\text{TotalWithdrawalUnits}_P} \right) \right)
 \end{aligned}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$\text{ISO Annual Budget Credit}_{c,P}$  = The amount, in \$, that Transmission Customer  $c$  will receive for Billing Period  $P$ .

$\text{NonPhysicalActivityRevenue}_P$  = The sum, in \$, of the revenue collected by the ISO for Billing Period  $P$  through the charges to Transmission Customers for non-physical market activity as calculated in Section 6.1.2.4 of this Rate Schedule 1, less the amount

the ISO is using to recover the annual budgeted costs or actual costs for the immediately preceding calendar year that it did not recover 1) under Section 6.1.2.2 of this Rate Schedule for that year or 2) through *NonPhysicalActivityRevenue<sub>P</sub>* previously used for this purpose in the current calendar year provided, however, *NonPhysicalActivityRevenue<sub>P</sub>* shall not be less than zero

*InjectionUnits<sub>c,P</sub>* = The Injection Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Injections at a CTS Enabled Interface with ISO New England resulting from Imports that are not associated with wheels through New England.

*WithdrawalUnits<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

*TotalInjectionUnits<sub>P</sub>* = The sum, in MWh, of Injection Billing Units for all Transmission Customers in Billing Period *P*, except for Scheduled Energy Injections at a CTS Enabled Interface with ISO New England resulting from Imports that are not associated with wheels through New England.

*TotalWithdrawalUnits<sub>P</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in Billing Period *P*, except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England

Following the end of calendar year 2017, the ISO shall review the credits that have been made to Transmission Customers participating in physical market activity pursuant to this Section 6.1.2.5 and shall present the results of its review to Market Participants for comment.

### 6.1.3 NERC and NPCC Charges

The ISO receives an invoice from NERC and NPCC (as defined below) on a quarterly basis for the recovery of the upcoming calendar quarter's costs related to the dues, fees, and related charges of:

- (i) the NERC for its service as the Electric Reliability Organization for the United States ("ERO"), recovered pursuant to FERC Docket Nos. RM05-30-000, RR06-1-000 and RR06-3-000 and related dockets, and

- (ii) the Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (“NPCC”), or its successors, incurred to carry out functions that are delegated by the NERC and that are related to ERO matters pursuant to Section 215 of the FPA.

The ISO shall charge on a quarterly basis, and each Transmission Customer taking service under the ISO Tariffs shall pay, a charge for the recovery of the NERC and NPCC costs in accordance with Section 6.1.3.1 of this Rate Schedule 1.

Notwithstanding any applicable provisions of this ISO OATT or of the ISO Services Tariff, the ISO may supply to NERC the name of any LSE failing to pay any amounts due to NERC and the amounts not paid.

#### **6.1.3.1 Calculation of NERC and NPCC Charges**

The ISO shall charge, and each Transmission Customer shall pay, a charge on a quarterly basis to recover the NERC and NPCC costs invoiced to the NYISO by NERC and NPCC for the upcoming calendar quarter. This charge shall be calculated according to the following formula.

$$NERC\&NPCC\ Charge_{c,Q} = NERC\&NPCC\ Costs_Q * \frac{TUWithdrawalUnits_{c,M}}{TUTotalWithdrawalUnits_M}$$

Where:

$c$  = Transmission Customer.

$Q$  = The relevant calendar quarter, for which the NERC and NPCC costs apply.

$NERC\&NPCC\ Charge_{c,Q}$  = The amount of the NERC and NPCC costs invoiced to the

ISO, in \$, for which Transmission Customer  $c$  is responsible for calendar quarter  $Q$ .

$NERC\&NPCC\ Costs_Q$  = The NERC and NPCC costs, in \$, invoiced to the ISO for calendar quarter  $Q$ .

$M$  = The month in which the ISO charges Transmission Customers to recover NERC and NPCC costs for calendar quarter  $Q$ .

$TUWithdrawalUnits_{c,M}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in its four-month true-up invoice that is issued with its regular monthly invoice in month  $M$ , except for Withdrawal Billing Units for Wheels Through and Exports.

$TUTotalWithdrawalUnits_M$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in their four-month true-up invoices that are issued with their regular monthly invoices in month  $M$ , except for Withdrawal Billing Units for Wheels Through and Exports.

In calculating the Withdrawal Billing Units for this NERC and NPCC charge, the ISO shall use the LSE bus meter data that have been submitted by the meter authorities for use in the calculation of the four-month true-up of the Transmission Customer's monthly invoice pursuant to Sections 7.4.1.1.2 and 7.4.1.1.3 of the ISO Services Tariff and Sections 2.7.4.2.1(ii) and 2.7.4.2.1(iii) of this ISO OATT. This calculation of the NERC and NPCC charge shall not be subject to correction or adjustment.

#### **6.1.4 Bad Debt Loss Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of bad debt losses in accordance with the methodology established in Attachment U of this ISO OATT.

#### **6.1.5 Working Capital Fund Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the collection and maintenance of the Working Capital Fund in accordance with the methodology established in Attachment V of this ISO OATT.



### **6.1.6 Non-ISO Facilities Payment Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge in accordance with Section 6.1.6.5 of this Rate Schedule 1 for the recovery of the costs of the ISO's monthly payments to the owners of facilities that are needed for the economic and reliable operation of the NYS Transmission System. At present, the ISO makes such payments to:

- (i) Consolidated Edison Co. of New York, Inc. for the purchase, installation, operation, and maintenance of phase angle regulators at the Hopatcong-Ramapo Interconnection between the ISO and PJM Interconnection, LLC (the "Ramapo PARs Charge"), and
- (ii) Rochester Gas & Electric Corporation for the installation of a 135 MVAR Capacitor Bank at Rochester Station 80 on the cross-state 345 kV system.

#### **6.1.6.1 Calculation of the Ramapo PARs Charge**

The Ramapo PARs Charge is the Consolidated Edison Co. of New York ("Con Edison") component of the *NonISOFacilitiesCosts* defined in Section 6.1.6.5 below. Con Edison shall calculate the Ramapo PARs Charge using the procedures described in the 1993 PARs Facilities Agreement that was accepted for filing by FERC in Docket No. ER93-640-000 on May 10, 1993 (the "1993 Agreement"), irrespective of the effectiveness of the 1993 Agreement. The costs Con Edison may include in the Ramapo PARs Charge are limited to the categories of costs that are eligible for recovery under the 1993 Agreement, and by the rules in this Section.

In order to permit the replacement of the Ramapo 3500 PAR that failed in June of 2016 without further delay, commencing on July 1, 2017 Transmission Customers will begin reimbursing Con Edison for up to 100% of the costs Con Edison incurred or incurs to purchase

and install a replacement for the 3500 PAR, and up to 100% of the going-forward costs Con Edison incurs to operate and maintain the 3500 PAR.

With regard to the Ramapo PAR installed in and in service since 2013 (“Installed PAR”), Con Edison shall not submit a Ramapo PARs Charge that would cause Transmission Customers to pay more than 50% of the costs Con Edison submitted for inclusion in the *Non-ISO Facilities Payment Charge* for the Installed PAR prior to July 1, 2017. Subject to the foregoing restriction, in order to permit the continued operation of the Ramapo Installed PAR, commencing on July 1, 2017, Transmission Customers will reimburse Con Edison for up to 100% of Con Edison’s going-forward cost of purchasing, installing, operating and maintaining the Installed PAR.

If PJM Interconnection, LLC (“PJM”), on behalf of some or all of its customers, assumes an obligation to pay a portion of the Ramapo PARs Charge, then the obligation of Transmission Customers to pay the Ramapo PARs Charge shall be reduced consistent with the obligation that PJM Interconnection, LLC assumes.

#### **6.1.6.2 Transparency of the Ramapo PARs Charge**

The ISO shall post on its web site the itemized monthly bill (for the preceding month) that Con Edison develops and submits to the ISO in accordance with Section 2.4 of the 1993 Agreement. The itemized monthly bill determines the Ramapo PARs Charge.

No later than August 1 of each year Con Edison shall prepare and the ISO shall post on its website an estimate of the monthly costs and expenses associated with the Ramapo PARs for the next calendar year and for each of the four subsequent years.

Con Edison shall maintain books and records related to its calculation of Ramapo PARs Charge, including costs incurred. Such books and records shall be subject to review by any New York Transmission Customer at reasonable intervals during normal business hours.

### **6.1.6.3 Refund of the Ramapo PARs Charge to Transmission Customers**

To the extent Transmission Customers paid more than 50% of the Ramapo PARs Charge for a Billing Period, they shall be eligible to receive a refund if and to the extent Con Edison's cost recovery exceeds 100% of the Ramapo PARs Charge for that Billing Period.

If PJM, or one or more PJM transmission owners, submit(s) a payment to the ISO covering Ramapo PARs Charges assessed by Con Edison for a past period that is on or after July 1, 2017, and the conditions set forth in the first paragraph of this Section 6.1.6.3 are satisfied, then appropriate refunds shall be paid to Transmission Customers in accordance with the rules set forth below.

If PJM or any of the PJM transmission owners submit payments to Con Edison covering Ramapo PARs Charges assessed by Con Edison on or after July 1, 2017 and the conditions set forth in the first paragraph of this Section 6.1.6.3 are satisfied, then Con Edison shall refund to the ISO any amounts it received in excess of 100% of the Ramapo PARs Charge for a Billing Period and the ISO shall distribute the refund it receives from Con Edison in accordance with the rules set forth below.

If the ISO receives a refund from Con Edison, or a payment from PJM or from one or more PJM transmission owners related to the Ramapo PARs Charge, then the ISO shall refund the amount received to its Transmission Customers as soon as practicable. Refunds shall be allocated to each Transmission Customer based on its market participation in the Billing Period during which refunds are issued, using the same load ratio share basis that the ISO uses to allocate the *NonISOFacilitiesCosts* charges to Transmission Customers. Interest paid to the ISO shall be allocated to each Transmission Customer in the same manner as refunds are allocated.

#### **6.1.6.4 Retirement and Replacement of the Ramapo PARs**

If either of the Ramapo PARs described in Section 6.1.6.1 fail and are not reparable, or are retired with the consent of the ISO, then the original cost of the facilities retired shall be deducted from the gross plant in service and any unrecovered book cost shall be increased by the cost of removal and reduced by any salvage value, tax benefits, and insurance proceeds. The net balance shall be billed to the ISO for payment to Con Edison in a lump sum in accordance with the calculation, transparency, and cost allocation provisions applicable to the Ramapo PARs Charge.

If either of the Ramapo PARs described in Section 6.1.6.1 are damaged or condemned, the ISO may direct Con Edison to repair or replace them, provided that: (1) the costs of such repair or replacement net any insurance proceeds shall be recovered by Con Edison in accordance with the calculation, transparency, and cost allocation provisions applicable to the Ramapo PARs Charge; (2) Con Edison shall be the sole party responsible for determining whether a repair or replacement is in accordance with good utility practice; and (3) the schedule for any such repair or replacement shall be determined by Con Edison based on reliability considerations.

#### **6.1.6.5 Calculation of Non-ISO Facilities Payment Charge**

##### **6.1.6.5.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a non-ISO facilities payment charge for each Billing Period. This charge shall be equal to the sum of the hourly non-ISO facilities payment charges for the Transmission Customer, as calculated according to the following formula, for each hour in the relevant Billing Period.

$$\text{Non-ISO Facilities Payment Charge}_{c,h} = \frac{\text{NonISOFacilitiesCost}_M}{N} * \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$M$  = The relevant month.

$h$  = A given hour in the relevant Billing Period in month  $M$ .

$N$  = Total number of hours  $h$  in month  $M$ .

**Non-ISO Facilities Payment Charge** $_{c,h}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

**NonISOFacilitiesCosts** $_M$  = The sum, in \$, of the ISO's bills for month  $M$  for the non-ISO facilities from (i) Consolidated Edison Co. of New York (less the portion, if any, of such bill paid by PJM Interconnection, LLC) and (ii) Rochester Gas and Electric Corporation.

**WithdrawalUnits** $_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

**TotalWithdrawalUnits** $_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.1.6.5.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT.**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a non-ISO facilities payment charge for each Billing Period. This charge shall be equal to the sum of the daily non-ISO facilities payment charges for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period.

$$\text{Non-ISO Facilities Payment Charge}_{c,d} = \frac{\text{NonISOFacilitiesCosts}_M}{N} * \frac{\text{StationPower}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$d$  = A given day in the relevant Billing Period in month  $M$ .

$N$  = Number of days  $d$  in month  $M$ .

$\text{StationPower}_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.6.5.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.6.5.2 shall be determined for day  $d$ .

#### **6.1.6.5.3 Non-ISO Facilities Payment Credit**

The ISO shall credit each Transmission Customer based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the non-ISO facilities payment charge under Section 6.1.6.5.2 of this Rate Schedule 1 for each Billing Period. This credit shall be equal to the sum of daily payments for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period.

$$\text{Non-ISO Facilities Payment Credit}_{c,d} = \text{NonISOFacPayCharge}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$\text{Non-ISO Facilities Payment Credit}_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

*NonISOFacPayCharge<sub>d</sub>* = The sum of non-ISO facilities payment charges, in \$, for all Transmission Customers as calculated in Section 6.1.6.5.2 of this Rate Schedule 1 for day *d*.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.6.5.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.6.5.3 shall be determined for day *d*.

#### **6.1.7 Charge to Recover Payments Made to Suppliers Pursuant to Incremental Cost Recovery for Units Responding to Local Reliability Rules I-R3 and I-R5**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a charge for the recovery of the costs of payments to Suppliers pursuant to the incremental cost recovery for units that responded to either (i) Local Reliability Rule I-R3 or (ii) Local Reliability Rule I-R5, as applicable, for each Billing Period. This charge shall be equal to the sum of the daily charges for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period. The ISO shall perform this calculation separately to recover as applicable either (i) the payment costs related to Local Reliability I-R3, or (ii) the payment costs related to Local Reliability Rule I-R5.

$$\text{Local Reliability Rules Payment Recovery Charge}_{c,d} = \text{LRRPayment}_d * \frac{\text{TDWithdrawal}_{c,d}}{\text{TDTotalWithdrawalUnits}_d}$$

Where:

*c* = Transmission Customer.

*d* = A given day in the relevant Billing Period.

*Local Reliability Rules Payment Recovery Charge<sub>c,d</sub>* = The amount, in \$, for which Transmission Customer *c* is responsible for day *d*.

*LRRPayment<sub>d</sub>* - The amount, in \$, paid in day *d* to Suppliers pursuant to the incremental cost recovery for units that responded, as applicable, to either (i) Local Reliability Rule I-

R3 in the Consolidated Edison Transmission District or (ii) Local Reliability Rule I-R5 in the LIPA Transmission District.

***TDWithdrawalUnits<sub>c,d</sub>*** = The Withdrawal Billing Units, in MWh, for Transmission

Customer *c* in day *d* in either (i) the Consolidated Edison Transmission District (in the case of Local Reliability Rule I-R3) or (ii) the LIPA Transmission District (in the case of Local Reliability Rule I-R5), except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

***TDTotalWithdrawalUnits<sub>d</sub>*** = The sum, in MWh, of Withdrawal Billing Units for all

Transmission Customers in day *d* in either (i) the Consolidated Edison Transmission District (in the case of Local Reliability Rule I-R3) or (ii) the LIPA Transmission District (in the case of Local Reliability Rule I-R5), except for the Withdrawal Billing Units to supply Station Power as third-party providers.

### **6.1.8 Residual Costs Payment/Charge**

The ISO's payments for market transactions by Transmission Customers will not equal the ISO's payments to Suppliers for market transactions. Part of the difference consists of Day-Ahead Congestion Rent. The remainder comprises a residual adjustment, which the ISO shall calculate and each Transmission Customer shall receive or pay on the basis of its Withdrawal Billing Units. The most significant component of the residual adjustment is the residual costs payment or charge calculated in accordance with Section 6.1.8.1 of this Rate Schedule 1.

#### **6.1.8.1 Calculation of Residual Costs Payment/Charge**

##### **6.1.8.1.1 Transmission Customers Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a residual costs payment or a residual costs charge for each Billing Period. The payment or charge for the relevant Billing Period shall be equal to (i) the sum of the hourly residual costs payments for the Transmission Customer as calculated according to the following formula for each hour in



the relevant Billing Period, minus (ii) the sum of the hourly residual costs charges for the Transmission Customer as calculated in the following formula for each hour in the relevant Billing Period. If the result of this determination is positive, the ISO shall pay the Transmission Customer a residual costs payment for the relevant Billing Period. If the result of this determination is negative, the ISO shall charge the Transmission Customer a residual costs charge for the relevant Billing Period.

$$\text{Residual Costs Payment/Charge}_{c,h} = (\text{CustomerPayments}_h - \text{ISOPayments}_h) * \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

$\text{Residual Costs Payment/Charge}_{c,h}$  = The amount, in \$, for hour  $h$  that Transmission Customer  $c$  will receive (if positive) or for which Transmission Customer  $c$  is responsible (if negative).

$\text{WithdrawalUnits}_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

$\text{TotalWithdrawalUnits}_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

$\text{CustomerPayments}_h$  = The ISO's receipts, in \$, for each hour  $h$  from Transmission Customers that equal the sum of the following components, which could be either positive or negative amounts:

- (i) payments of the Energy component and Marginal Losses Component of LBMP for Energy scheduled in the LBMP Market in hour  $h$  in the Day-Ahead Market;

- (ii) payments of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy purchased in the Real-Time LBMP Market for hour  $h$  that was not scheduled Day-Ahead;
- (iii) payments of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy by Suppliers that provided less Energy in the real-time dispatch for hour  $h$  than they were scheduled Day-Ahead to provide in hour  $h$  for the LBMP Market;
- (iv) the Marginal Losses Component of the TUC payments made in accordance with this ISO OATT for Bilateral Transactions that were scheduled in hour  $h$  in the Day-Ahead Market; and
- (v) the Marginal Losses Component and Congestion Component of the real-time TUC payments made in accordance with this ISO OATT for Bilateral Transactions that were not scheduled in hour  $h$  in the Day-Ahead Market.
- (vi) the M2M settlement between the ISO and PJM Interconnection, L.L.C. for hour  $h$ , determined in accordance with Section 8 of Schedule D to Attachment CC to this ISO OATT.

*ISOPayments <sub>$h$</sub>*  = The ISO's payments, in \$, in each hour  $h$  to Suppliers that equal the sum of the following components, which could be either positive or negative amounts:

- (i) payments of the Energy component and Marginal Losses Components of LBMP for Energy to Suppliers that were scheduled to provide in the LBMP Market in hour  $h$  in the Day-Ahead Market;
- (ii) payments to Suppliers of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy, not including for Demand Reductions, provided to the ISO in the Real-Time Dispatch for hour  $h$  that those

Suppliers were not scheduled to provide Energy in hour h in the Day-Ahead Market;

- (iii) payments of the Energy component and Marginal Losses Component of LBMP for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in hour h; and
- (iv) payments of the Marginal Losses Component and Congestion Component of the real-time TUC to Transmission Customers that reduced their Bilateral Transaction schedules for hour h after the Day-Ahead Market.

**6.1.8.1.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT.**

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a residual costs payment or a residual costs charge for each Billing Period. The payment or charge for the relevant Billing Period shall be equal to (i) the sum of the daily residual costs payments for the Transmission Customer as calculated according to the following formula for each day in the relevant Billing Period, minus (ii) the sum of the daily residual costs charges for the Transmission Customer as calculated in the following formula for each day in the relevant Billing Period. If the result of this determination is positive, the ISO shall pay the Transmission Customer a residual costs payment for the relevant Billing Period. If the result of this determination is negative, the ISO shall charge the Transmission Customer a residual costs charge for the relevant Billing Period.

$$Residual\ Costs\ Payment/Charge_{c,d} = \frac{(CustomerPayments_d - ISOPayments_d)}{TotalWithdrawalUnits_d} * StationPower_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

**StationPower<sub>c,d</sub>** = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  that it used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.8.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.8.1.2 shall be determined for day  $d$ .

### **6.1.8.1.3 Residual Costs Adjustment**

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a residual costs adjustment for each Billing Period. This adjustment shall be equal to the sum of the daily adjustments (positive and negative) for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period. If the summed amount is positive for the Billing Period, the ISO shall pay the Transmission Customer the adjustment amount. If the summed amount is negative for the Billing Period, the ISO shall charge the Transmission Customer the adjustment amount.

$$\text{Residual Costs Adjustment}_{c,d} = \text{ResidCharge/PaymentCosts}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

**Residual Costs Adjustment<sub>c,d</sub>** = The amount, in \$, for day  $d$  that Transmission Customer  $c$  will receive (if positive) or for which Transmission Customer  $c$  is responsible (if negative).

**ResidCharge/PaymentCosts<sub>d</sub>** = (i) If Transmission Customers were responsible for a residual costs charge for day  $d$  pursuant to Section 6.1.8.1.2 of this Rate Schedule 1, the (positive) amount, in \$, of the costs that the ISO has collected through the residual costs charges for all Transmission Customers for day  $d$ . (ii) If Transmission Customers received a residual costs payment for day  $d$  pursuant to Section 6.1.8.1.2 of this Rate

Schedule 1, the (negative) amount, in \$, of the revenue that the ISO has paid through the residual costs payments to all Transmission Customers for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.8.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.8.1.3 shall be determined for day  $d$ .

### **6.1.9 Recovery of Special Case Resources and Curtailment Services Providers Costs**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of Special Case Resources and Curtailment Service Providers costs for each Billing Period. This charge shall be equal to the sum of the hourly charges for the Transmission Customer, as calculated in Sections 6.1.9.1 and 6.1.9.2 of this Rate Schedule 1, for each hour in the relevant Billing Period and, where applicable, for each Subzone.

#### **6.1.9.1 Recovery of Costs for Payments for Special Case Resources and Curtailment Service Providers Called to Meet the Reliability Needs of a Local System**

Pursuant to this Section 6.1.9.1, the ISO shall recover the costs of payments to Special Case Resources and Curtailment Service Providers that were called to meet the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone for which the reliability services of the Special Case Resources and Curtailment Service Providers were called shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability SCR and CSP Charge}_{c,h} = \text{LocalReliabilityCosts}_h * \frac{\text{SZWithdrawalUnits}_{c,h}}{\text{SZTotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

**Local Reliability SCR and CSP Charge<sub>c,h</sub>** = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$  for the relevant Subzone.

**LocalReliabilityCosts<sub>h</sub>** = The payments, in \$, for hour  $h$  in the relevant Subzone made to Suppliers for Special Case Resources and Curtailment Service Providers called to meet the reliability needs of that Subzone.

*SZWithdrawalUnits<sub>c,h</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in hour *h* in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

*SZTotalWithdrawalUnits<sub>h</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour *h* in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.9.2 Recovery of Costs for Payments for Special Case Resources and Curtailment Service Providers Called to Meet the Reliability Needs of the NYCA**

Pursuant to this Section 6.1.9.2, the ISO shall recover the costs of payments to Special Case Resources and Curtailment Service Providers called to meet the reliability needs of the NYCA. To do so, the ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units except for Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula.

$$NYCA\ Reliability\ SCR\ and\ CSP\ Charge_{c,h} = NYCAReliabilityCosts_h * \frac{WithdrawalUnits_{c,h}}{TotalWithdrawalUnits_h}$$

Where:

*c* = Transmission Customer.

*h* = A given hour in the relevant Billing Period.

*NYCA Reliability SCR and CSP Charge<sub>c,h</sub>* = The amount, in \$, for which Transmission Customer *c* is responsible for hour *h*.

*NYCA Reliability Costs<sub>h</sub>* = The payments, in \$, for hour *h* made to Suppliers for Special Case Resources and Curtailment Service Providers called to meet the reliability needs of the NYCA.

*WithdrawalUnits<sub>c,h</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in hour *h*, except for the Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider.

*TotalWithdrawalUnits<sub>h</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour *h*, except for the Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as third-party providers.

#### **6.1.10. Recovery of Day-Ahead Margin Assurance Payment Costs**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of DAMAP costs for each Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the charges and credits for the Transmission Customer, as calculated in Sections 6.1.10.1 and 6.1.10.2 of this Rate Schedule 1, for each hour or each day, as applicable, in the relevant Billing Period and for each Subzone, where applicable.

##### **6.1.10.1 Recovery of Costs of DAMAPs Resulting from Meeting the Reliability Needs of a Local System**

Pursuant to this Section 6.1.10.1, the ISO shall recover the costs for DAMAPs incurred to compensate Resources for meeting the reliability needs of a local system.

##### **6.1.10.1.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula for each Subzone.

$$Local\ Reliability\ DAMAP\ Charge_{c,h} = DAMAPCosts_h * \frac{SZWithdrawalUnits_{c,h}}{SZTotalWithdrawalUnits_h}$$

Where:

*c* = Transmission Customer.

*h* = A given hour in the relevant Billing Period.

*Local Reliability DAMAP Charge<sub>c,h</sub>* = The amount, in \$, for which Transmission Customer *c* is responsible for hour *h* for the relevant Subzone.



$DAMAPCosts_h$  = The DAMAP costs, in \$, for hour  $h$  in the relevant Subzone incurred to compensate Resources meeting the reliability needs of that Subzone.

$SZWithdrawalUnits_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

$SZTotalWithdrawalUnits_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.10.1.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$Local\ Reliability\ DAMAP\ Charge_{c,d} = \frac{DAMAPCosts_d}{SZTotalWithdrawalUnits_d} * SZStationPower_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$SZStationPower_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  in day  $d$  in the relevant Subzone that are used to supply Station Power as a third-party provider, except for Withdrawal Billing Units for Wheels Through and Exports.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.1.2 shall be determined for day  $d$ .

#### **6.1.10.1.3 Local Reliability DAMAP Credit**

The ISO shall calculate, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall receive based on its Withdrawal Billing Units that

are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.10.1.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$\text{Local Reliability DAMAP Credit}_{c,d} = \text{LocRelDAMAPCharge}_d * \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$\text{Local Reliability DAMAP Credit}_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$  for the relevant Subzone.

$\text{LocRelDAMAPCharge}_d$  = The sum of charges, in \$, for all Transmission Customers in the relevant Subzone as calculated in Section 6.1.10.1.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.1.3 shall be determined for day  $d$ .

#### **6.1.10.2 Recovery of Costs of All Remaining DAMAPs**

Pursuant to this Section 6.1.10.2, the ISO shall recover the costs of all DAMAPs not recovered through Section 6.1.10.1 of this Rate Schedule 1 from all Transmission Customers.

##### **6.1.10.2.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula.

$$\text{Remaining DAMAP Charge}_{c,h} = \text{RemainingDAMAPCosts}_h * \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

*Remaining DAMAP Charge<sub>c,h</sub>* = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

*RemainingDAMAPCosts<sub>h</sub>* = The DAMAP costs, in \$, for hour  $h$  not recovered by the ISO through Section 6.1.10.1 of this Rate Schedule 1.

*WithdrawalUnits<sub>c,h</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

*TotalWithdrawalUnits<sub>h</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.1.10.2.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{Remaining DAMAP Charge}_{c,d} = \frac{\text{RemainingDAMAPCosts}_d}{\text{TotalWithdrawalUnits}_d} * \text{StationPower}_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

*StationPower<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.2.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.2.2 shall be determined for day  $d$ .

### **6.1.10.2.3 Remaining DAMAP Credit**

The ISO shall calculate, and each Transmission Customer shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.10.2.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$\text{Remaining DAMAP Credit}_{c,d} = \text{Remaining DAMAP Charge}_d * \frac{\text{Withdrawal Units}_{c,d}}{\text{Total Withdrawal Units}_{c,d}}$$

Where:

$d$  = A given day in the relevant Billing Period.

$\text{Remaining DAMAP Credit}_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

$\text{Remaining DAMAP Charge}_d$  = The sum of charges, in \$, for all Transmission Customers as calculated in Section 6.1.10.2.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.2.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.2.3 shall be determined for day  $d$ .

## **6.1.11 Recovery of Import Curtailment Guarantee Payment Costs**

### **6.1.11.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a charge each Billing Period to recover the costs of all Import Curtailment Guarantee Payments paid to Import Suppliers for that Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the hourly charges for the Transmission Customer, as calculated in accordance with the following formula, for each hour in the relevant Billing Period.

$$\text{Import Curtailment Guarantee Charge}_{c,h} = \text{ImportCurtGuarCosts}_h * \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

$\text{Import Curtailment Guarantee Charge}_{c,h}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

$\text{ImportCurtGuarCosts}_h$  = The costs, in \$, for the Import Curtailment Guarantee

Payments to Import Suppliers for hour  $h$ .

$\text{WithdrawalUnits}_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission

Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

$\text{TotalWithdrawalUnits}_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.1.11.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a charge for each Billing Period to recover the costs of all Import Curtailment Guarantee Payments paid to Import Suppliers for that Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the daily charges for the Transmission Customer, as calculated in accordance with the following formula, for each day in the relevant Billing Period.

$$\text{Import Curtailment Guarantee Charge}_{c,d} = \frac{\text{ImportCurtGuarCosts}_d}{\text{TotalWithdrawalUnits}_d} * \text{StationPower}_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

*StationPower<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.11.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.11.2 shall be determined for day  $d$ .

### **6.1.11.3 Import Curtailment Guarantee Credit**

The ISO shall credit each Transmission Customer based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.11.2 of this Rate Schedule 1 above for each Billing Period. This credit shall be equal to the sum of daily payments for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period.

$$\text{Import Curtailment Guarantee Credit}_{c,d} = \text{ImpCurtGuarCharge}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

*Import Curtailment Guarantee Credit<sub>c,d</sub>* = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

*ImpCurtGuarCharge<sub>d</sub>* = The sum of charges, in \$, for all Transmission Customers as calculated in Section 6.1.11.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.11.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.11.3 shall be determined for day  $d$ .

## **6.1.12 Recovery of Bid Production Cost Guarantee Payment Costs**

### **6.1.12.1 Costs of BPCGs for Additional Generating Units Committed to Meet Forecast Load**

If the sum of all Bilateral Transaction schedules, excluding schedules of Bilateral Transactions with Trading Hubs as their POWs, and all Day-Ahead Market purchases to serve Load in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO may commit Resources in addition to the reserves that it normally maintains to enable it to respond to contingencies to meet the ISO's Day-Ahead forecast of Load. The ISO shall recover a portion of the costs associated with Bid Production Cost guarantee payments for the additional Resources committed Day-Ahead to meet the Day-Ahead forecast of Load from Transmission Customers pursuant to the methodology established in Attachment T of this ISO OATT. The ISO shall recover the residual costs of such Bid Production Cost guarantee payments not recovered through the methodology in Attachment T of the ISO OATT pursuant to Section 6.1.12.5 of this Rate Schedule 1.

### **6.1.12.2 Costs of BPCGs Resulting from Meeting the Reliability Needs of a Local System**

Pursuant to this Section 6.1.12.2, the ISO shall recover the costs for Bid Production Cost guarantee payments incurred to compensate Suppliers for their Resources, other than Special Case Resources, that are committed or dispatched to meet the reliability needs of a local system.

#### **6.1.12.2.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units that are not used

to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability BPCG Charge}_{c,d} = \text{BPCGCosts}_d * \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

$\text{Local Reliability BPCG Charge}_{c,d}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$  for the relevant Subzone.

$\text{BPCGCosts}_d$  = The Bid Production Cost guarantee payments, in \$, made to Suppliers

for Resources for day  $d$  in the relevant Subzone arising as a result of meeting the reliability needs of that Subzone, except for the Bid Production Cost guarantee payments made to Suppliers for Special Case Resources.

$\text{SZWithdrawalUnits}_{c,d}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

$\text{SZTotalWithdrawalUnits}_d$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.12.2.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.



$$\text{Local Reliability BPCG Charge}_{c,d} = \frac{BPCGCosts_d}{SZTotalWithdrawalUnits_d} * SZStationPower_{c,d}$$

Where:

$SZStationPower_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  in day  $d$  in the relevant Subzone that are used to supply Station Power as a third-party provider, except for Withdrawal Billing Units for Wheels Through and Exports.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.3.1 above,

### 6.1.12.2.3 Local Reliability BPCG Credit

The ISO shall calculate, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.12.2.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$\text{Local Reliability BPCG Credit}_{c,d} = \text{LocRelBPCGCharge}_d * \frac{SZWithdrawalUnits_{c,d}}{SZWithdrawalUnits_{c,d}}$$

Where:

$\text{Local Reliability BPCG Credit}_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$  for the relevant Subzone.

$\text{LocRelBPCGCharge}_d$  = The sum of charges, in \$, for all Transmission Customers in the relevant Subzone as calculated in Section 6.1.12.2.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.2.1 above.

### **6.1.12.3 Cost of BPCGs for Special Case Resources Called to Meet the Reliability Needs of a Local System**

Pursuant to this Section 6.1.12.3, the ISO shall recover the costs of Bid Production Cost guarantee payments incurred to compensate Special Case Resources called to meet the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Special Case Resource is located shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability SCR BPCG Charge}_{c,d} = \text{BPCGCosts}_d * \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

$\text{Local Reliability SCR BPCG Charge}_{c,d}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$  for the relevant Subzone.

$\text{BPCGCosts}_d$  = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Special Case Resources for day  $d$  in the relevant Subzone arising as a result of meeting the reliability needs of that Subzone.

$\text{SZWithdrawalUnits}_{c,d}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

$\text{SZTotalWithdrawalUnits}_d$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.12.4 Cost of BPCG for Special Case Resources Called to Meet the Reliability Needs of the NYCA**

Pursuant to this Section 6.1.12.4, the ISO shall recover the costs for Bid Production Cost guarantee payments to compensate Special Case Resources called to meet the reliability needs of the NYCA. To do so, the ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used except for Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$NYCA \text{ Reliability SCR BPCG}_{c,d} = BPCGCost_d * \frac{WithdrawalUnits_{c,d}}{TotalWithdrawalUnits_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

$NYCA \text{ Reliability SCR BPCG Charge}_{c,d}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$ .

$BPCGCosts_d$  = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Special Case Resources called to meet the reliability needs of the NYCA for day  $d$ .

$WithdrawalUnits_{c,d}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$ , except for the Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider.

$TotalWithdrawalUnits_d$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$ , except for the Withdrawal Billing Units for Wheels-Through, Exports or to supply Station Power as third-party providers.

#### **6.1.12.5 Costs of All Remaining BPCGs**

Pursuant to this Section 6.1.12.5, the ISO shall recover the costs of all Bid Production Cost guarantee payments not recovered through Sections 6.1.12.1, 6.1.12.2, 6.1.12.3, and

6.1.12.4 of this Rate Schedule 1, including the residual costs of Bid Production Cost guarantee payments for additional Resources not recovered through the methodology in Attachment T of this ISO OATT, from all Transmission Customers.

**6.1.12.5.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{Remaining BPCG Charge}_{c,d} = \text{RemainingBPCGCosts}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

$\text{Remaining BPCG Charge}_{c,d}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$ .

$\text{RemainingBPCGCosts}_d$  = The BPCG costs, in \$, for day  $d$  not recovered by the ISO through Sections 6.1.12.1, 6.1.12.2, 6.1.12.3, and 6.1.12.4 of this Rate Schedule 1.

$\text{WithdrawalUnits}_{c,d}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

$\text{TotalWithdrawalUnits}_d$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers and except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.1.12.5.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{Remaining BPCG Charge}_{c,d} = \frac{\text{RemainingBPCGCosts}_d}{\text{TotalWithdrawalUnits}_d} * \text{StationPower}_{c,d}$$

Where:

$\text{StationPower}_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.5.1 of this Rate Schedule 1 above.

#### **6.1.12.5.3 Remaining BPCG Credit**

The ISO shall calculate, and each Transmission Customer shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.12.5.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$\text{Remaining BPCG Credit}_{c,d} = \text{RemainingBPCGCharge}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_{c,d}}$$

Where:

$\text{Remaining BPCG Credit}_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

$\text{RemainingBPCGCharge}_d$  = The sum of charges, in \$, for all Transmission Customers as calculated in Section 6.1.12.5.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.5.1 of this Rate Schedule 1 above.

### 6.1.13 Dispute Resolution Payment/Charge

The ISO shall calculate, and each Transmission Customer shall receive or pay, a dispute resolution payment or charge in accordance with Section 6.1.13.1 of this Rate Schedule 1 for the distribution of funds received by the ISO or the recovery of funds incurred by the ISO in the settlement of a dispute.

#### 6.1.13.1 Calculation of the Dispute Resolution Payment/Charge

The ISO shall calculate, and each Transmission Customer shall receive or pay, a dispute resolution payment or a dispute resolution charge for each Billing Period as calculated according to the following formula.

$$\text{Dispute Resolution Payment/Charge}_{c,P} = \text{DisputeResolutionCosts}_P * \frac{\text{WithdrawalUnits}_{c,P}}{\text{TotalWithdrawalUnits}_P}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$\text{Dispute Resolution Payment/Charge}_{c,P}$  = The amount, in \$, for Billing Period  $P$  that (i) Transmission Customer  $c$  will receive if the ISO is distributing funds that it has collected in the settlement of a dispute, or (ii) Transmission Customer  $c$  will be responsible for if the ISO is recovering funds that it has incurred in the settlement of a dispute.

$\text{DisputeResolutionCosts}_P$  = The amount, in \$, for Billing Period  $P$  that (i) the ISO has collected in the settlement of a dispute or (ii) the ISO has incurred in the settlement of a dispute.

$\text{WithdrawalUnits}_{c,P}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ , except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

$\text{TotalWithdrawalUnits}_P$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in Billing Period  $P$ , except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### 6.1.14 Credit for Financial Penalties

The ISO shall distribute to each Transmission Customer each Billing Period in accordance with the following formula any payments that it has collected from Transmission Customers to satisfy: (i) Financial Impact Charges issued pursuant to Sections 4.5.3.2 and 4.5.4.2 of the ISO Services Tariff; (ii) ICAP sanctions issued pursuant to Section 5.12.12 of the ISO Services Tariff; (iii) ICAP deficiency charges pursuant to Section 5.14.3.1 of the ISO Services Tariff, except as provided in Section 5.14.3.2 of the ISO Services Tariff; (iv) market power mitigation financial penalties pursuant to Section 23.4.3.6 of Attachment H of the ISO Services Tariff, except as provided in Section 23.4.4.3.2 of Attachment H of the ISO Services Tariff; and (v) any other financial penalties set forth in the ISO Services Tariff or this ISO OATT. The ISO will perform this calculation separately for the allocation of the revenue from each financial penalty.

$$\text{Financial Penalties Credit}_{c,P} = \text{PenaltyRevenue}_P * \frac{\text{WithdrawalUnits}_{c,P}}{\text{TotalWithdrawalUnits}_P}$$

Where:

$c$  = Transmission Customer.

$P$  = A given day in the relevant Billing Period.

$\text{Financial Penalties Credit}_{c,P}$  = The amount, in \$, that Transmission Customer  $c$  will receive for Billing Period  $P$ .

$\text{PenaltyRevenue}_P$  = The sum, in \$, of revenue that the ISO has collected for Billing Period  $P$  from a Transmission Customer for one of the financial penalties indicated in Section 6.1.14 of this Rate Schedule 1.

$\text{WithdrawalUnits}_{c,P}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  for Billing Period  $P$ , except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

***TotalWithdrawalUnits<sub>p</sub>*** = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers for Billing Period *P*, except for Scheduled Energy Withdrawals at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

### **6.1.15 Calculation of FERC Fee Charges**

As a public utility the transmission provider under this Tariff is subject to annual charges assessed by the Commission in accordance with Part 382 of the Commission's regulations (annual FERC fee). The ISO shall charge, and each Transmission Customer taking service under the ISO Tariffs shall pay, a charge for the recovery of the annual FERC fee, on the basis of its participation in physical market activity, and on the basis of its participation in non-physical market activity in accordance with Sections 6.1.15.1 and 6.1.15.2 respectively. The annual FERC fee shall be allocated ninety-four (94%) to physical market activity and six (6%) to non-physical market activity respectively. Pursuant to ISO Procedures, the six (6%) of the annual FERC fee allocated to non-physical market activity shall be further allocated approximately four percent (4%) to Transmission Congestion Contracts and approximately two percent (2%) to Virtual Transactions. The total charge to each Transmission Customer for recovery of the annual FERC fee shall be the sum of the Transmission Customer's Physical FERC Fee Charge and the Transmission Customer's Non-Physical FERC Fee Charge.

An estimated annual FERC fee shall be recovered over the twelve months of each federal fiscal year. The ISO will publish the estimated annual FERC fee for each federal fiscal year no less than one month in advance of the start of that federal fiscal year. Upon receiving the invoice for the annual FERC fee, the ISO will implement a true-up, a credit or charge, equal to the difference between the estimated annual FERC fee for the fiscal year and the invoiced amount, in



the first Billing Period following receipt of the invoiced annual FERC fee, as is practicable. The ISO shall recover or refund the true-up amount over a six month period.

All funds collected by the ISO for the annual FERC fee shall be deposited in the annual FERC fee account. The annual FERC fee account shall be an interest-bearing account separate from all other accounts maintained by the ISO. The ISO shall disburse funds from the annual FERC fee account in order to pay the FERC any and all annual FERC fee charges assessed against the ISO.

#### **6.1.15.1 Calculation of Physical FERC Fee Charge for Transmission Customers Participating in Physical Market Activity**

The ISO shall charge, and each Transmission Customer that participates in physical market activity shall pay, a charge for the recovery of the annual FERC fee as calculated according to the following formula:

$$\begin{aligned} \text{Physical FERC Fee Charge}_{c,P} &= \left( \text{Injection Units}_{c,P} * \left( 0.28 * P\text{Ratio} * \frac{(\text{Est FERC Fee}_P + \text{True-Up Costs}_P)}{\text{TotalInjectionUnits}_P} \right) \right) \\ &+ \left( \text{Withdrawal Units}_{c,P} * \left( 0.72 * P\text{Ratio} * \frac{(\text{Est FERC Fee}_P + \text{True-Up Costs}_P)}{\text{TotalWithdrawalUnits}_P} \right) \right) \end{aligned}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$\text{Physical FERC Fee Charge}_{c,P}$  = The amount, in \$, of the annual FERC fee for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$\text{Injection Units}_{c,P}$  = The Injection Billing Units, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

$P\text{Ratio}$  = Ninety-four percent (94%).

**Est FERC Fee<sub>P</sub>** = Billing Period *P*'s proportional allocation of the estimated annual FERC fee for the current FERC fiscal year.

**True-up Costs<sub>P</sub>** = Billing Period *P*'s proportional allocation of the difference between the invoiced annual FERC fee and the estimated annual FERC fee.

**Total Injection Units<sub>P</sub>** = The sum, in MWh, of Injection Billing Units for all Transmission Customers in Billing Period *P*.

**Withdrawal Units<sub>c,P</sub>** = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in the Billing Period *P*.

**Total Withdrawal Units<sub>P</sub>** = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in the Billing Period *P*.

#### **6.1.15.2 Calculation of the FERC Fee Charge for Transmission Customers Participating in Non-Physical Market Activity**

The ISO shall charge, and each Transmission Customer that has its virtual bids accepted and thereby engages in Virtual Transactions or that purchases Transmission Congestion Contracts shall pay, a charge for the recovery of the annual FERC fee as calculated according to the following formula:

$$\text{Non-Physical FERC Fee Charge}_{c,P} = \left( \text{VTCleared}_{c,P} * \left( \left( \frac{\text{VTRatio} * \text{Est FERC Fee}_P}{\text{Total VT Cleared}_P} \right) + \left( \frac{\text{VTRatio} * \text{True-Up Costs}_P}{\text{Total VT Cleared}_P} \right) \right) \right) + \left( \text{TCC Settled}_{c,P} * \left( \left( \frac{\text{TCCRratio} * \text{Est FERC Fee}_P}{\text{Total TCC Settled}_P} \right) + \left( \frac{\text{TCCRratio} * \text{True-Up Costs}_P}{\text{Total TCC Settled}_P} \right) \right) \right)$$

Where:

*c* = Transmission Customer.

*P* = The relevant Billing Period.

**Non – Physical FERC Fee Charge<sub>c,P</sub>** = The amount, in \$, of the annual FERC fee for which Transmission Customer *c* is responsible for Billing Period *P*.

**VT Cleared<sub>c,P</sub>** = The total cleared Virtual Transactions, in MWh, for Transmission Customer *c* in Billing Period *P*.

**Est FERC Fee<sub>P</sub>** = Billing Period *P*'s proportional allocation of the estimated annual FERC fee for the current FERC fiscal year.

*True – up Costs<sub>P</sub>* = Billing Period *P*'s proportional allocation of the difference between the invoiced annual FERC fee and the estimated annual FERC fee.

*VTRatio* = Approximately two percent (2%).

*Total VT Cleared<sub>P</sub>* = The sum, in MWh, of cleared Virtual Transactions for all Transmission Customers in Billing Period *P*.

*TCCSettled<sub>c,P</sub>* = The total settled Transmission Congestion Contracts, in MWh, for Transmission Customer *c* in Billing Period *P*.

*TCCRatio* = Approximately four percent (4%).

*Total TCC Settled<sub>P</sub>* = The sum of settled Transmission Congestion Contracts, in MWh, for all Transmission Customers in Billing Period *P*.

## **6.2 Schedule 2 - Charges for Voltage Support Service**

In order to maintain transmission voltages on the NYS Transmission System within acceptable limits, generation facilities under the control of the ISO, synchronous condensers, and Qualified Non-Generator Voltage Support Resources, are operated to produce (or absorb) reactive power. Thus, Voltage Support Service must be provided for each Transaction on the NYS Transmission System. The amount of Voltage Support Service that must be supplied will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the ISO.

Voltage Support Service is to be provided directly by the ISO. The methodologies that the ISO will use to obtain Voltage Support Service and the associated charges for such service are set forth below.

### **6.2.1 Responsibilities**

The ISO shall coordinate the Voltage Support Service provided by generation facilities, synchronous condensers, and Qualified Non-Generator Voltage Support Resources that qualify to provide such services as described in Section 15.2.1.1 of Rate Schedule 2 of the ISO Services Tariff.

#### **6.2.1.1 Wheels Through, Exports and Purchases from the LBMP Market**

Transmission Customers engaging in Wheels Through, and Transmission Customers or Customers engaged in Export Transactions, except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England, shall purchase Voltage Support Service from the ISO at the rates described in the formula contained in Section 6.2.2.1 of this Rate Schedule.

### 6.2.1.2 Load-Serving Entities

LSEs serving Load in the NYCA shall purchase Voltage Support Service from the ISO at the rates described in the formula contained in Section 6.2.2.1 of this Rate Schedule.

## 6.2.2 Payments

### 6.2.2.1 Payments made by Transmission Customers and LSEs

Transmission Customers, Customers, and LSEs shall pay the ISO for Voltage Support Service. The ISO shall compute the Voltage Support Service Rate based on forecast data using the following equation

$$Rate_{VSS} = \frac{\sum NYISO_{VSSPmts} + PYA_{VSS}}{Energy_{NYISO}}$$

Where:

$Rate_{VSS}$  = Voltage Support Service Rate (\$/MWh)

$Energy_{ISO}$  = The annual forecasted transmission usage for the year as projected by the ISO including Load within the NYCA, Exports and Wheels Through (MWh).

$\sum NYISO_{VSSPmts}$  = The sum of the projected ISO payments to generation facilities, synchronous condensers, and Qualified Non-Generator Voltage Support Resources providing Voltage Support Service based on Sections 15.2.2.1, 15.2.2.2 and 15.2.2.3 of Rate Schedule 2 of the ISO Services Tariff (\$).

$PYA_{VSS}$  = “Prior year adjustment” for Voltage Support Service which is the total of prior year payments to generation facilities, synchronous condensers, and Qualified Non-Generator Voltage Support Resources

supplying Voltage Support Service as defined in the ISO Services Tariff less the total of payments received by the ISO from Transmission Customers, Customers and LSEs in the prior year for Voltage Support Service (including all payments for penalties) (\$).

Transmission Customers engaging in Wheels Through and Transmission Customers or Customers engaged in Export Transactions, except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England, shall pay to the ISO a charge for this service equal to the rate as determined in Section 6.2.1 of this Rate Schedule multiplied by their Energy scheduled in the hour. LSEs shall pay to the ISO a charge for this service equal to the rate as determined in Section 6.2.1 of this Rate Schedule multiplied by the Energy consumed by the LSE's Load located in the NYCA in the hour provided, however, LSEs taking service under Section 5 of the OATT to supply Station Power as a third-party provider shall pay to the ISO a charge for this service equal to the rate as determined in Section 6.2.1 of this Rate Schedule multiplied by the LSE's Station Power provided under Section 5 of the OATT. For LSEs and all Wheels Through and Exports, the ISO shall calculate the payment hourly. The ISO shall bill each Transmission Customer or LSE each Billing Period.

### **6.2.3 Self-Supply**

All Voltage Support Service shall be purchased from the ISO.

### **6.3 Schedule 3 - Charges for Regulation Service**

Regulation Service is necessary to provide for the continuous balance of resources (generation and interchange) with Load. The obligation to maintain this balance between Resources and Load lies with the ISO. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA and when LSEs use Energy from the LBMP Market to service Load within the NYCA. The charges for Regulation Service are set forth below.

#### **6.3.1 Customer Obligations and Responsibilities**

LSEs shall purchase this service from the ISO.

#### **6.3.2 Charges to LSEs**

6.3.2.1 For all Actual Energy Withdrawals for Load located in the NYCA, LSE taking service under the OATT or buying Energy from the LBMP Market shall pay a charge for this service on all withdrawals to serve Load in the NYCA in accordance with this Rate Schedule.

6.3.2.2 The ISO shall charge LSEs serving Load in the NYCA for Regulation Service for each hour. The ISO shall charge LSEs taking service under Section 5 of the ISO OATT to supply Station Power as third-party providers for Service for each day. The charge shall be calculated as the Regulation Service Rate, determined as an hourly or a daily rate as appropriate, multiplied by the LSE's Load for the hour or by the LSE's withdrawals to provide Station Power as a third party provider for the day. The ISO shall calculate the Regulation Service Rate, for an hour or for a day as appropriate, as follows:

$$Rate_{Reg} = \frac{(Supplier\ Payment - Supplier\ Charge - Generator\ Charge)}{Load_{NYCA}}$$

where:  $Rate_{Reg}$  is the hourly or daily rate for Regulation Service (\$/MWh);

*Supplier Payment* is the aggregate of all Day-Ahead Market and Real-Time Market payments (including Regulation Revenue Adjustment Payments) made by the ISO to all Suppliers of this Regulation Service as described in Rate Schedule 3 of the ISO Services Tariff for the hour or for the day;

*Supplier Charge* is the aggregate of: (i) charges paid by all Suppliers for poor Regulation Service performance, as described in Section 15.3.5.4; (ii) all real-time imbalance charges paid by Suppliers under Section 15.3.5.2(a) of that Rate Schedule; and (iii) all Regulation Revenue Adjustment Charges assessed pursuant to Section 15.3.6 of that Rate Schedule for the hour or for the day;

*Generator Charge* is the aggregate of charges paid by all Generators and Aggregations that do not provide Regulation Service and do not follow their RTD Base Points sufficiently accurately, as described in Rate Schedule 3A of the ISO Services Tariff for the hour or for the day; and

$Load_{NYCA}$  is the total Load in the NYCA for the hour or for the day, as appropriate.

- 6.3.2.3 In any hour where the charges paid by Generators and Suppliers, as described in the ISO Services Tariff, exceed the payments made to Suppliers of this service (i) the ISO shall not assess a charge against any LSE, and (ii) the surplus will be applied to the following hour as an offset to subsequent payments.
- 6.3.2.4 Charges to be paid by LSEs for this service shall be aggregated to render a monthly charge. The ISO shall credit charges paid for Regulation Service by



LSEs taking service under Section 5 of the ISO OATT to supply Station Power as third-party providers for the day on a Load ratio share basis to LSEs serving Load in the NYCA for the day.

## **6.4 Schedule 4 - Energy Imbalance Service**

Energy Imbalance Service is provided Day-Ahead when a difference occurs between: (1) scheduled Transmission Service and scheduled delivery of Energy to a Load located within the NYCA from a POI located within the NYCA over a single hour, (2) scheduled Transmission Service and scheduled delivery of Energy to a Load located within the NYCA from a POI located external to the NYCA over the scheduling interval, and (3) scheduled Transmission Service and scheduled delivery of Energy from a POI within the NYCA to a neighboring control area over the scheduling interval.

Energy Imbalance Service is provided in real-time when a difference occurs between: (1) scheduled Transmission Service and scheduled delivery of Energy to a Load located within the NYCA from a POI located within the NYCA over the scheduling interval, (2) scheduled Transmission Service and scheduled delivery of Energy to a Load located within the NYCA from a POI located external to the NYCA over the scheduling interval, and (3) scheduled Transmission Service and scheduled delivery of Energy from a POI within the NYCA to a neighboring control area in the scheduling interval.

Differences between scheduled Transmission Service in the Day-Ahead Market and scheduled Transmission Service in the Real-Time Market for the same transaction are governed by Attachment J of the OATT, not by this Rate Schedule 4. Differences between the scheduled delivery of Energy in the Day-Ahead Market and the scheduled delivery of Energy in the Real-Time Market for the same transaction are governed by Section 4.5 of the Services Tariff, not by this Rate Schedule 4.

The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA, or for an Export Transaction when the generation source is a Generator or

Aggregation located in the NYCA. The Transmission Customer, or Generator or Aggregations as appropriate, must purchase this service from the ISO. The charges for Energy Imbalance Service are set forth below.

#### **6.4.1 Energy Imbalance Service Charges**

Each Transmission Customer that has executed a Service Agreement under the ISO Services Tariff, whose scheduled Energy delivery in the Day-Ahead Market is less than its scheduled Transmission Service in the Day-Ahead Market, will be charged an amount equal to the product of the Day-Ahead LBMP determined pursuant to Attachment B of the Services Tariff, at the Point of Delivery (Point of Injection) and the difference between the scheduled Energy delivery in the Day-Ahead Market and the scheduled Transmission Service in the Day-Ahead Market, provided however, when the Energy delivery scheduled in the Day-Ahead Market is from a POI within the NYCA, Energy Imbalance Service is charged to the Generator or Aggregation associated with the POI.

Each Transmission Customer that has not executed a Service Agreement under the ISO Services Tariff, whose scheduled Energy delivery in the Day-Ahead Market is less than its scheduled Transmission Service in the Day-Ahead Market, will be charged an amount equal to the product of: (i) the higher of: (a) 150 percent of the Day-Ahead LBMP determined pursuant to Attachment B of the Services Tariff, at the Point of Delivery (Point of Injection); and (b) \$100 per MWh, and (ii) the difference between the scheduled Energy delivery in the Day-Ahead Market and the scheduled Transmission Service in the Day-Ahead Market, provided however, when the scheduled delivery of Energy is from a POI within the NYCA, Energy Imbalance Service is charged to the Generator or Aggregation associated with the POI.

Each Transmission Customer that has executed a Service Agreement under the ISO Services Tariff whose scheduled Energy delivery in the Real-Time Market is less than its scheduled Transmission Service in the Real-Time Market, will be charged an amount equal to the product of the Real-Time LBMP price determined pursuant to Attachment B of the Services Tariff, at the Point of Delivery (Point of Injection) and the difference between the scheduled Energy delivery in the Real-Time Market and the scheduled Transmission Service in the Real-Time Market, provided however, when the scheduled delivery of Energy is from a POI within the NYCA, Energy Imbalance Service is charged to the Generator or Aggregation associated with the POI.

Each Transmission Customer that has not executed a Service Agreement under the ISO Services Tariff, whose scheduled Energy delivery in the Real-Time Market is less than its Transmission Service scheduled in the Real-Time Market, will be charged an amount equal to the product of (i) the higher of (a) 150 percent of the real-time LBMP determined pursuant to Attachment J, at the Point of Delivery (Point of Injection), and (b)\$100 per MWh, and (ii) the difference between the scheduled Energy delivery in the Real-Time Market and the scheduled transmission service in the Real-Time Market, provided however, when the scheduled delivery of Energy is from a POI within the NYCA, Energy Imbalance Service is charged to the Generator or Aggregation associated with the POI.

Settlements when Actual Energy delivery exceeds Actual Energy Withdrawals are governed by Services Tariff Section 4.5.

Energy imbalances resulting from inadvertent interchange between Control Areas will continue to be addressed by ISO procedures and in accordance with NERC and NPCC policies. Any increase or decrease in costs resulting from pay back of accumulated inadvertent

interchange will be included in the residual costs payment or the residual costs charge as calculated in Section 6.1.8 of Rate Schedule 1 of this ISO OATT.

## **6.4.2 Inadvertent Energy Management Requirements**

### **6.4.2.1 Facilities on Boundaries with Neighboring Control Areas**

The correction required for external Inadvertent Energy Accounting facilities on Interfaces between the NYCA and other Control Areas will be done using Inadvertent Energy Accounting techniques established by the ISO in accordance with NERC and other established reliability criteria.

### **6.4.3 Self-Supply**

All Energy Imbalance Services shall be purchased from the ISO.

## **6.5 Schedule 5 - Charges for Operating Reserve Service**

The ISO must offer this service when Transmission Service is used to serve Load within the NYCA. Transmission Customers and LSEs must either purchase this service from the ISO. The charges for Operating Reserve Service are set forth below.

The NYSRC shall be responsible for evaluating the adequacy of the criteria for determining the required level of Operating Reserves and shall modify such criteria from time to time as required. The ISO shall establish additional categories of Operating Reserves if necessary to ensure reliability.

The ISO will ensure that Suppliers that are compensated for using Capacity to provide one Operating Reserve product are not simultaneously compensated for providing another Operating Reserve product, or Regulation Service, using the same Capacity (consistent with the additive nature of the market clearing price calculation formulae in Sections 15.4.5.1 and 15.4.6.1 of Rate Schedule 4 of the ISO Services Tariff).

### **6.5.1 Operating Reserves Charges**

Transmission Customers and Customers engaging in Export Transactions, except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England, and LSEs shall pay an hourly charge equal to the product of (A) the cost to the ISO of providing all Operating Reserves for a given hour; and (B) the ratio of (i) the LSE's hourly Load or the Transmission Customer's hourly scheduled Export Transactions, except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England, to (ii) the sum of all Load in the NYCA and all scheduled Export Transactions, except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from

Exports that are not associated with wheels through New England, for a given hour. The cost to the ISO of providing Operating Reserves in each hour will equal the total amount that the ISO pays to procure Operating Reserves on behalf of the market in the Day-Ahead Market and the Real-Time Market, less payments collected from entities that are scheduled to provide less Operating Reserves in the Real-Time Market than in the Day-Ahead Market during that hour, under Rate Schedule 4 of the ISO Services Tariff. The ISO shall aggregate the hourly charges to produce a total charge for a given Dispatch Day.

LSEs taking service under Section 5 of the OATT to supply Station Power as third-party providers shall pay to the ISO a daily charge for this service equal to the product of (A) the cost to the ISO of providing all Operating Reserves for the day and (B) the ratio of (i) the LSE's Station Power supplied under Section 5 of the OATT for the day to (ii) the sum of all Load in the NYCA and all scheduled Exports, except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England, for the day. The ISO shall credit the daily charges paid for Operating Reserves by LSEs taking service under Section 5 of the OATT to supply Station Power as third-party providers on a Load ratio share basis to the Load in the NYCA for that day and all scheduled Exports for the day except for Export Transactions at a CTS Enabled Interface with ISO New England resulting from Exports that are not associated with wheels through New England.

#### **6.5.2 Self-Supply**

Transmission Customers, including LSEs, may provide for Self-Supply of Operating Reserve by placing Resources supplying any one of the Operating Reserves under ISO Operational Control. The Resources must meet ISO rules for acceptability, pursuant to Rate Schedule 4 of the Services Tariff. The specified Resources will receive the market value of the

Operating Reserves services provided by the specified Resource as determined in the ISO Services Tariff. In addition, Transmission Customers, including LSEs, may enter into Day-Ahead bilateral financial transactions, *e.g.*, contracts-for-differences, in order to hedge against price volatility in the Operating Reserves markets.



## **6.6 Schedule 6 - Black Start and System Restoration Services**

The terms of Rate Schedule 5 of the ISO Services Tariff are hereby incorporated by reference into this Tariff. In applying the terms of Rate Schedule 5 of the ISO Services Tariff in connection with this Tariff, all terms in Rate Schedule 5 that are applicable to “Customers” shall be similarly applicable to “Transmission Customers,” and the ISO shall interpret all other defined terms and cross-references in Rate Schedule 5 that are specific to the ISO Services Tariff consistent with similar terms and provisions of this Tariff, unless otherwise specified.

## **6.7 Schedule 7 - Firm Point-To-Point Transmission Service**

The charges for Firm Point-To-Point Transmission Service are described below. Section 2.7 of this Tariff contains the billing and settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

### **6.7.1 Transmission Usage Charge (“TUC”)**

The TUC (in \$) for each Billing Period shall be the sum of the hourly values for each hour in that Billing Period of (i) the hourly Day-Ahead TUCs for Firm Point-To-Point Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Firm Point-To-Point Transmission Service scheduled before the close of the Real-Time Scheduling Window.

#### **6.7.1.1 The hourly Day-Ahead TUC shall be calculated as follows:**

$$\text{Hourly Day-Ahead TUC} = \text{Scheduled Amount} \times (\text{DALBMP}_{\text{DP}} - \text{DALBMP}_{\text{RP}})$$

Where:

**Scheduled Amount** is the quantity of MWh scheduled for Firm Point-To-Point Transmission Service in the Day-Ahead Market by the Transmission Customer for that hour.

**DALBMP<sub>DP</sub>** is the Day-Ahead LBMP price of Energy (in \$/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment B of the Services Tariff.

**DALBMP<sub>RP</sub>** is the Day-Ahead LBMP price of Energy (in \$/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule.

The method used to calculate Day-Ahead LBMP is described in Attachment B of the Services Tariff.

**6.7.1.2 The hourly Real-Time TUC shall be calculated as follows:**

$$TUC \text{ for hour } k \text{ for transaction } j = \frac{1}{3600} \sum_{i=1}^n MW_{ij} * t_i * (LBMP_{ij}^r - LBMP_{ij}^s)$$

where:

$MW_{ij}$  = MW of the Transmission Service for RTD execution interval i, for transaction j

n = Number of RTD intervals in an hour

$t_i$  = Number of seconds in interval i which are part of hour k

$LBMP_{ij}^r$  = LBMP at withdrawal location r for RTD execution interval i, for transaction j

$LBMP_{ij}^s$  = LBMP at injection locations for RTD execution interval i, for transaction j

3600 = number of seconds in each hour

6.7.1.2.1 A Transmission Customer that submits a real-time Transmission Service schedule prior to the close of the Real-Time Scheduling Window, for an amount that is less than the Scheduled Amount, shall be credited for the difference at the Real-Time TUC.

6.7.1.2.2 A Transmission Customer that submits a Transmission Service schedule prior to the close of the Real-Time Scheduling Window, for an amount that is

greater than the Scheduled Amount, shall be charged for the difference at the Real-Time TUC.

### **6.7.1.3 Exceptions**

6.7.1.3.1 A Transmission Customer's Transmission Service schedule associated with an Export Bilateral Transaction shall be set equal to the physical schedule of the Export Bilateral Transaction for any hour in which the ISO physically curtails the customer's scheduled Transmission Service.

6.7.1.3.2 Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC in accordance with Attachment K.

## **6.7.2 Marginal Losses**

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

### **6.7.2.1 Hourly Day-Ahead Marginal Losses Cost is calculated as follows:**

**Hourly Day-Ahead Marginal Losses Cost = Scheduled Amount x (DAMLC<sub>DP</sub> - DAMLC<sub>RP</sub>)**

Where:

**DAMLC<sub>DP</sub>** is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment B of the Services Tariff.

**DAMLC<sub>RP</sub>** is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment B of the Services Tariff.

**6.7.2.2 Hourly Real-Time Marginal Losses Cost is calculated as follows:**

**Hourly Real-Time Marginal Losses Cost = Scheduled Amount x (RTMLC<sub>DP</sub> - RTMLC<sub>RP</sub>)**

Where:

**RTMLC<sub>DP</sub>** is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment B of the Services Tariff.

**RTMLC<sub>RP</sub>** is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment B of the Services Tariff.

6.7.2.2.1 If the Transmission Customer submits a Transmission Service schedule prior to the close of the Real-Time Scheduling Window, for an amount that is less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

6.7.2.2.2 If the Transmission Customer submits a Transmission Service schedule prior to the close of the Real-Time Scheduling Window, for an amount that is

greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

### **6.7.3 Wholesale Transmission Service Charge (“WTSC”)**

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

#### **6.7.3.1 For Exports and Wheels Through**

**WTSC = Schedule Amount x WTSC Rate**

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Firm Point-To-Point Transmission Service by the Transmission Customer.

**WTSC Rate** is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer’s Transmission Service as determined in Attachment H.

#### **6.7.3.2 For Imports and Internal Wheels**

**WTSC = Actual Energy Withdrawals x WTSC Rate**

### **6.7.4 Retail Transmission Service Charge (“RTSC”)**

The rates and charges for retail transmission service are described in Part 5 of this Tariff.

### **6.7.5 NYPA Transmission Adjustment Charge (“NTAC”)**

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 2.7 of this Tariff. The Transmission Customer shall pay to the ISO each Billing Period the NTAC. NTAC (in \$) is calculated as follows:

#### **6.7.5.1 For Exports and Wheels Through**

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

**NTAC Rate** is the rate listed and described in Attachment H.

**Scheduled Amount** is the amount of MWh scheduled in each hour for that Billing Period for Firm Point-To-Point Transmission Service by the Transmission Customer.

#### **6.7.5.2 For Imports and Internal Wheels**

$$\text{NTAC} = \text{Actual MWh Withdrawals} \times \text{NTAC Rate}$$

Where:

**NTAC Rate** is the rate listed and described in Attachment H.

## **6.8 Schedule 8 - Non-Firm Point-To-Point Transmission Service**

Non-Firm Point-To-Point Transmission Service is not available in the markets that the  
NYISO administers.



## **6.9 Schedule 9 - Network Integration Transmission Service**

The charges for Network Integration Transmission Service are described below. Article 2.7 of this Tariff contains the billing and settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

### **6.9.1 Transmission Usage Charge (“TUC”)**

The TUC (in \$) for each Billing Period shall be the sum of the hourly values for each hour in that Billing Period of (i) the hourly Day-Ahead TUCs for Network Integration Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Network Integration Transmission Service scheduled no later than ninety (90) minutes prior to such hour in the Dispatch Day.

#### **6.9.1.1 The hourly Day-Ahead TUC shall be calculated as follows:**

**Hourly Day-Ahead TUC = Scheduled Amount x (DALBMP<sub>DP</sub> - DALBMP<sub>RP</sub>)**

Where:

**Scheduled Amount** is the quantity of MWh scheduled for Network Integration Transmission Service in the Day-Ahead Market by the Transmission Customer for that hour.

**DALBMP<sub>DP</sub>** is the Day-Ahead LBMP price of energy (in \$/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment B of the Services Tariff.

**DALBMP<sub>RP</sub>** is the Day-Ahead LBMP price of energy (in \$/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment B of the Services Tariff.

**6.9.1.2 The hourly Real-Time TUC shall be calculated as follows:**

$$TUC \text{ for hour } k \text{ For transaction } j = \frac{1}{3600} \sum_{i=1}^n MW_{ij} * t_i * (LBMP_{ij}^r - LBMP_{ij}^s)$$

Where:

$MW_{ij}$  = MW of the transaction for SCD execution interval i, for transaction j

n = Number of SCD intervals in an hour

$t_i$  = Number of seconds in interval i which are part of hour k

$LBMP_{ij}^r$  = LBMP at withdrawal location r for SCD execution interval i, for transaction j

$LBMP_{ij}^s$  = LBMP at injection locations for SCD execution interval i, for transaction j

3600 = number of seconds in each hour

6.9.1.2.1 If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount, the ISO shall credit that Transmission Customer for the difference at the Real-Time TUC.

6.9.1.2.2 If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90)

minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount, the ISO shall charge that Transmission Customer for the difference at the Real-Time TUC.

### **6.9.1.3 Exceptions to the requirement to pay the hourly TUC.**

6.9.1.3.1 The hourly TUC shall not apply in any hour in which the ISO physically and financially Curtails the customer's scheduled Transmission Service during the Dispatch Day.

6.9.1.3.2 Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall, subject to a Section 205 filing under the Federal Power Act, pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC.

## **6.9.2 Marginal Losses**

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

### **6.9.2.1 Hourly Day-Ahead Marginal Losses Cost is calculated as follows:**

**Hourly Day-Ahead Marginal Losses Cost = Scheduled Amount x (DAMLC<sub>DP</sub>  
- DAMLC<sub>RP</sub>)**

Where:

**DAMLC<sub>DP</sub>** is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment B of the Services Tariff.

**DAMLC<sub>RP</sub>** is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment B of the Services Tariff.

**6.9.2.2 Hourly Real-Time Marginal Losses Cost is calculated as follows:**

**Hourly Real-Time Marginal Losses Cost = Scheduled Amount x (RTMLC<sub>DP</sub> - RTMLC<sub>RP</sub>)**

Where:

**RTMLC<sub>DP</sub>** is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment B of the Services Tariff.

**RTMLC<sub>RP</sub>** is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment B of the Services Tariff.

**6.9.2.2.1** If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an

amount that is less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

6.9.2.2.2 If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

### **6.9.3 Wholesale Transmission Service Charge (“WTSC”)**

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

#### **6.9.3.1 For Exports and Wheels Through**

**WTSC = Schedule Amount x WTSC Rate**

Where:

**Scheduled Amount** is the quantity of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

**WTSC Rate** is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer’s Transmission Service as determined in Attachment H.

### **6.9.3.2. For Imports and Internal Wheels**

$$\text{WTSC} = \text{Actual Energy Withdrawals} \times \text{WTSC Rate}$$

Where:

**Actual MWh Withdrawal** is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

### **6.9.4 Retail Transmission Service Charge ("RTSC")**

The rates and charges for retail transmission service are described in Section 5 of this Tariff.

### **6.9.5 NYPA Transmission Adjustment Charge ("NTAC")**

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 2.7 of this Tariff. The Transmission Customer shall pay to the ISO each Billing Period the NTAC. NTAC (in \$) is calculated as follows:

#### **6.9.5.1 For Exports and Wheels Through**

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

**NTAC Rate** is the rate listed and described in Attachment H.

**Scheduled Amount** is the amount of MWh scheduled in each hour for that Billing Period for Network Integration Transmission Service by the Transmission Customer.

#### **6.9.5.2 For Imports and Internals Wheels**

$$\text{NTAC} = \text{Actual MWh Withdrawals} \times \text{NTAC Rate}$$

Where:

**NTAC Rate** is the rate listed and described in Attachment H.

**Actual MWh Withdrawal** is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

## **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 Designated Public Policy Project that is a Public Policy Transmission Project, or a part of 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 and/or Designated Network Upgrade Facilities designated pursuant to



Section 22.9.6 of Attachment P to the ISO OATT and associated with a Public Policy Transmission Project selected by the ISO as the more efficient or cost effective transmission solution to address 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 or Cluster Study, the Project Cost Allocation for which has been accepted and Security posted by at least one Interconnection Customer in the Class Year Study or Cluster Study, the project cost and resulting revenue requirement will be reduced to the extent permitted by Section 40.13.12.3.3 of Attachment HH 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)**

$$RTFC_{p,z,B} = (AnnualRR_{p,B} - IncrementalTransmissionRightsRevenue_{p,B} + OutageCostAdjustment_{p,B}) \\ \times (ZonalCostAllocation_{z,p})$$

**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)**

$$Charge_{B,l,z,p} = RTFCRate_{p,z,B} * MWh_{l,z,B}$$

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

$$Charge_{B,l,p} = \sum_{z \in Z} (Charge_{B,l,z,p})$$

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, or with respect to Designated Network Upgrade Facilities, the applicable ISO-conducted Facilities Study. If the Eligible Project is a Designated Public Policy 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 Designated Public Policy 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 Designated Public Policy 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 Designated Entity's Responsibility to Include Cost Cap in Rate Filing for Designated Public Policy Project.**

6.10.6.1 If the Designated Entity of an Eligible Project is: (i) a Designated Entity for the Designated Public Policy Project that is a Public Policy Transmission Project, or part of 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 and

(ii) the Designated Entity submitted the Public Policy Transmission Project that resulted in the Designated Public Policy Project, the Designated Entity 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 the Public Policy Transmission Project, including any excusing conditions described in Section 6.10.6.2. The Designated Entity 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 Designated Entity files at the Commission may provide for the following excusing conditions, which shall be included in the Development Agreement for the Designated Entity's Designated Public Policy Project and which shall excuse the Designated Entity from the Cost Cap on recovering the Included Capital Costs of its Designated Public Policy 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), Affected Transmission Owner(s), or other Designated Entity(ies) responsible for completing other parts of the Public Policy Transmission Project;
- 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 Designated Entity proposed a soft Cost Cap, the Designated Entity 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 Designated Public Policy Project compared to that which would be achieved under option (i) based on the percentage cost sharing that the Designated Entity proposed to the ISO.

6.10.6.4 The Designated Entity's Cost Cap and the excusing conditions shall be included in the Development Agreement with the Designated Entity 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 Designated Entity's recovery of the costs of its Designated Public Policy 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.



## **6.10.7 Attachment 1 – Rate Mechanism for LS Power Grid New York Corporation I**

### **6.10.7.1 Applicability**

This Attachment A to Rate Schedule 10 of the ISO OATT establishes the RTFC for LS Power Grid New York Corporation I (“LSPG-NY”). LSPG-NY may recover costs in accordance with the requirements of Rate Schedule 10 of the ISO OATT.

### **6.10.7.2 LSPG-NY Revenue Requirement**

For purposes of Rate Schedule 10 of the ISO OATT, the revenue requirement for LSPG-NY shall be determined in accordance with its Formula Rate Template and Formula Rate Protocols.

6.10.7.2.1 LSPG-NY Formula Rate Template

		Index	
Rate Formula Template Utilizing FERC Form 1 Data		Annual Transmission Revenue Requirement For the 12 months ended 12/31/____	
LS Power Grid New York Corporation I			
		Type of revenue requirement: enter "P" if projected or "A" if actual:	-
		Enter the year to which the revenue requirement relates:	-
Appendix A	Main body of the Formula Rate		
Attachment 1	Detail of the Revenue Credits		
Attachment 2	Monthly Plant and Accumulated Depreciation balances		
Attachment 3	Cost Support Detail		
Attachment 4	Calculations showing the revenue requirement by Investment, including any Incentives,		
Attachment 5	True-Up calculations		
Attachment 6a-6d	Detail of the Accumulated Deferred Income Tax Balances		
Attachment 7	Depreciation Rates		
Attachment 8	Annual Excess or Deficient Accumulated Deferred Income Taxes Worksheet		



Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/\_\_\_\_

LS Power Grid New York Corporation I

(1)		(2)	(3)	(4)		(5)
Line No.		Source	Company Total	Allocator		Transmission (Col 3 times Col 4)
RATE BASE:						
GROSS PLANT IN SERVICE (Note A)						
6	Production	(Attach 2, line 75)	-	NA	-	-
7	Transmission	(Attach 2, line 15)	-	TP	1.0000	-
8	Distribution	(Attach 2, line 30)	-	NA	-	-
9	General & Intangible	(Attach 2, lines 45 + 60)	-	W/S	1.0000	-
10	TOTAL GROSS PLANT (sum lines 6-9)	(If line 7>0, GP= line 10 column 5 / line 10 column 3. If line 7=0, GP=0)	-	GP=	-	-
ACCUMULATED DEPRECIATION & AMORTIZATION (Note A)						
12	Production	(Attach 2, line 151)	-	NA	-	-
13	Transmission	(Attach 2, line 91)	-	TP	1.0000	-
14	Distribution	(Attach 2, line 106)	-	NA	-	-
15	General & Intangible	(Attach 2, lines 121 + 136)	-	W/S	1.0000	-
16	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)		-			-
NET ACQUISITION ADJUSTMENT						
17		(Note B)				
18	Transmission	(Attach 2, line 166)	-	DA	1.0000	-
19	TOTAL NET ACQUISITION ADJUSTMENT		-			-
NET PLANT IN SERVICE						
21	Production	(line 6- line 12)	-			-
22	Transmission	(line 7- line 13)	-			-
23	Distribution	(line 8- line 14)	-			-
24	General & Intangible	(line 9- line 15)	-			-
25	TOTAL NET PLANT (sum lines 21-24)	(If line 19>0, NP= line 22, column 5 / line 22, column 3. If line 19=0, NP=0)	-	NP=	-	-
ADJUSTMENTS TO RATE BASE						
27	ADIT (Attach 6a proj., line 5, Column D or Attach 6c True-up - line 5, column D) (Note C)		-	TP	1.0000	-
28	Account No. 255 (enter negative) (Note D)	(Attach 3, line 169) (Note D)	-	NP	-	-
28a	Excess / Deficient Accumulated Deferred Income Taxes	(Attach 8, line 29) (Note F)	-	TP	1.0000	-
29	Unamortized Lumpsum Lease Payment	Note G	-	DA	1.0000	-

30	Unfunded Reserves (enter negative)	Note H	-	DA	1.0000	-
31	Unamortized Regulatory Assets	(Attach 3, line 204, col. b) (Note I)	-	DA	1.0000	-
32	Unamortized Abandoned Plant	(Attach 3, line 204, col. c) (Note J)	-	DA	1.0000	-
33	TOTAL ADJUSTMENTS (sum lines 27-32)		-			-
34	LAND HELD FOR FUTURE USE	Company records	-	TP	1.0000	-
35	WORKING CAPITAL (Note K)					
36	CWC	(1/8 * (Line 48 less Line 47a)	-			-
37	Materials & Supplies	(Attach 3, line 221, column c)	-	TP	1.0000	-
38	Prepayments (Account 165 - Note K)	(Attach 3, line 189, column b)	-	GP	-	-
39	TOTAL WORKING CAPITAL (sum lines 36-38)		-			-
40	RATE BASE (sum lines 25, 33, 34, & 39)		-			-

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

LS  
P  
G  
-  
N  
Y  
-  
5  
0  
1

A  
p  
p  
e  
n  
d  
i  
x

A

P  
a  
g  
e

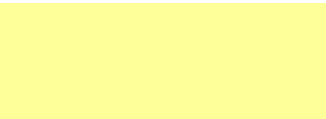
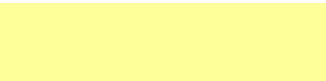
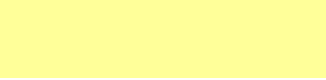
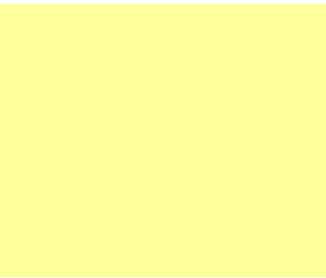
3

o  
f

5

Formula Rate - Non-Levelized			Rate Formula Template Utilizing FERC Form 1 Data			For the 12 months ended 12/31/____		
(1)			(2)			(3)		
			LS Power Grid New York Corporation I			(4)		
						(5)		
			Source	Company Total	Allocator	Transmission (Col 3 times Col 4)		
41	O&M							
42	Transmission	321.112.b		-	TP=	1.0000	-	
43	Less Account 565	321.96.b		-	TP=	1.0000	-	
44	A&G	323.197.b		-	W/S	1.0000	-	
45	Less EPRI & Reg. Comm. Exp. & Other Ad.	Note L, company records		-	DA	1.0000	-	
46	Plus Transmission Related Reg. Comm. Exp.	Note L, company records		-	TP=	1.0000	-	
47	Less Account 566	321.97.b		-	DA	1.0000	-	
47a	Amortization of Regulatory Assets	company records		-	DA	1.0000	-	
47b	Account 566 excluding amort. of Reg Assets	(line 47 less line 47a)		-	DA	1.0000	-	
48	TOTAL O&M (sum lines 42, 44, 46, 47a, 47b less lines 43 & 45, 47) (Note L)			-			-	
49	DEPRECIATION EXPENSE							
50	Transmission	336.7.f (Note A)		-	TP	1.0000	-	
51	General and Intangible	336.1.f + 336.10.f (Note A)		-	W/S	1.0000	-	
52	Amortization of Abandoned Plant	(Attach 3, line 205, column c) (Note J)		-	DA	1.0000	-	
53	Amortization of Acquisition Adjustment	(Attach 2, line 166)		-	DA	1.0000	-	
54	TOTAL DEPRECIATION (Sum lines 50-52)			-			-	
55	TAXES OTHER THAN INCOME TAXES (Note M)							
56	LABOR RELATED							
57	Payroll	263.I		-	W/S	1.0000	-	
58	Highway and vehicle	263.I		-	W/S	1.0000	-	
59	PLANT RELATED							
60	Property	263.I		-	GP	-	-	
61	Gross Receipts	263.I		-	GP	-	-	
62	Other	263.I		-	GP	-	-	
63	TOTAL OTHER TAXES (sum lines 57-62)			-			-	
64	INCOME TAXES							
65	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p))} =	(Note E)		0.00%				

66	CIT=(T/1-T) * (1-(WCLTD/R)) =		0.00%				
67	where WCLTD=(line 96) and R= (line 99)						
68	and FIT, SIT, p, & n are as given in footnote E.						
69	1 / (1 - T) = (T from line 65)		-				
70	Income Tax Calculation = line 66 * line 76		-				-
71	Investment Tax Credit Amortization Adjustment	(Attachment 3, line 174) (Note D)	-	NP	-		-
72	Permanent Differences Tax Adjustment	(Attach 3, line 207 * line 65)	-	NP	-		-
73	Excess/Deficient Deferred Taxes Adjustment	Attach 8, line 58 (proj.), line 90 (actual) Note F	-	NP	-		-
74	Total Income Taxes (Sum lines 72 to 73)		-				-
75	RETURN						
76	[ Rate Base (line 40) * Rate of Return (line 99)]		-				-
77	Rev Requirement before Incentive Projects (sum lines 48, 54, 63, 74, 76)		-				-
78	Incentive Return and Income Tax and Competitive Bid Concessions for Projects (Attach 4, line 67, cols. h, j & less p)		-	DA	1.0000		-
79	Total Revenue Requirement (sum lines 77 & 78)		-				-



LS  
SPG  
-  
NY  
-  
501

App  
pend  
ix

A

Page  
4

of

5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/\_\_\_\_

LS Power Grid New York Corporation I  
SUPPORTING CALCULATIONS AND NOTES

80 TRANSMISSION PLANT INCLUDED IN ISO RATES

81	Total transmission plant (line 7, column 3)	-
82	Less transmission plant excluded from ISO rates (Note N)	-
83	Less transmission plant included in OATT Ancillary Services (Note N)	-
84	Transmission plant included in ISO rates (line 81 less lines 82 & 83)	-

85 Percentage of transmission plant included in ISO Rates (line 84 divided by line 81) [If line 81 equal zero, enter 1) TP= 1.0000

86 WAGES & SALARY ALLOCATOR (W&S)

87	Form 1 Reference	\$	TP	Allocation				
88	Production	354.20.b	-	-	-			
89	Transmission	354.21.b	-	1.00	-			
90	Distribution	354.23.b	-	-	-	W&S Allocator		
91	Other	354.24,25,26.b	-	-	-	(\$ / Allocation)		
92	Total (sum lines 88-91) [TP equals 1 if there are no wages & salaries]	-	-	-	=	1.0000	=	WS

93 RETURN (R) (Notes O and P)

94								
95			\$	%	Cost	Weighted		
96	Long Term Debt	(Attach 3, line 229) (Note O)	-	0.00%	0.00%	0.00% =WCLTD		
97	Preferred Stock	(Attach 3, line 230) (Note O)	-	0.00%	0.00%	0.00%		
98	Common Stock	(Attach 3, line 231) (Note O, Note P)	-	0.00%	0.00%	0.00%		
99	Total (sum lines 96-98)		-			0.00% =R		

Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments

		(a) Non-incentive Investments from Attachment 4 (Note Q)	(b) Incentive Investments from Attachment 4 (Note Q)	(c)  Total
100	Net Transmission Plant in Service Source of Total Column (Line 22 and Transmission CIACs)	-	-	-
101	Unamortized Abandoned Plant (Line 32)	-	-	-
102	Project Specific Regulatory Assets (Line 31)	-	-	-



-  
-  
-  
0.00%

SUPPORTING CALCULATIONS AND NOTES

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/\_\_\_\_\_

LS Power Grid New York Corporation I

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note  
Letter

- ABalances exclude Asset Retirement Costs.
- BNo Acquisition Adjustment will be recovered until a filing requesting recovery is submitted to and approved by FERC under FPA Section 205.
- CThe balances in Accounts 190, 281, 282 and 283 are allocated to transmission plant included in ISO rates based on company accounting records. Accumulated deferred income tax amounts associated with asset or liability accounts excluded from rate base do not affect rate base, such as ADIT related to asset retirement obligations and certain tax-related regulatory assets or liabilities. To the extent that the normalization requirements apply to ADIT activity in the projected net revenue requirement calculation or the true-up adjustment calculation, the ADIT amounts are computed in accordance with the proration formula of Treasury regulation Section 1.167(l)-1(h)(6) with averaging in accordance with IRC Section 168(i)(9)(B). The remaining ADIT activity are averaged. Work papers supporting the ADIT calculations will be posted with each projected net revenue requirement and/or Annual True-Up and included in the annual Informational Filing submitted to the Commission.
- DInvestment tax credit (ITC) is recorded in accordance with the deferral method of accounting and any normalization requirements that relate to the eligibility to claim the credit or the recapture of the credit. The revenue requirement impact of any ITC amortization permitted to reduce income tax expense is determined as the amount of the Amortized Investment Tax Credit (266.8.f) multiplied by the applicable tax gross-up factor.
- EThe composite income tax rate (T) applicable to each Rate Year (including both Annual Projections and True-Up Adjustments) is based on the Federal income tax rate (FIT), the State income tax rate (SIT) and the percentage of federal income tax deductible for state income tax purposes (P). If the utility is taxed in more than one state, it must attach a work paper showing the name of each state and how the blended or composite SIT was computed.

Inputs Required:

Federal income tax rate (FIT) =0.00%Composite state income tax rate (SIT) =0.00% (Attachment 3)Percent of federal income tax deductible for state purposes (P) =0.00%

For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.
- FUpon enactment of changes in tax law, ADIT balances are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred income tax

	assets and liabilities. Such excess or deficient ADIT attributable to assets or liabilities reflected in ISO rates and subsequent recoverable or refundable amortization will be based upon tax records and be calculated and recorded in accordance with ASC 740 and any applicable normalization requirements of the taxing jurisdiction. For each re-measurement of deferred taxes, the amounts entered as Adjustments to Rate Base or a component of Income Taxes will be supported by work papers providing the balance for each taxing jurisdiction at the beginning and end of the year, amortization for the year and any other information required to support compliance with any applicable normalization requirements.
G	In the event that transmission assets or right of ways involve a lumpsum upfront payment under a lease that qualifies as a capital lease, it will be amortized over the life of the lease to Account 567 and the unamortized balance will be included here. In the event such a lease involves monthly or annual payments, the payments will be booked to Account 567.
H	Unfunded Reserves are customer contributed capital authorized by a regulatory agency. Balances, if any, will be supported by a workpaper. <div>No amounts shall be credited to accounts 228.1 through 228.4 unless authorized by a regulatory authority or authorities to be collected in a utility's rates.</div>
I	Recovery of Regulatory Assets must be authorized by the Commission.
J	Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of Abandoned Plant.
K	Cash Working Capital assigned to transmission is transmission-allocated O&M minus the amortization of any Regulatory Asset, divided by eight. <div>Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1.</div>
L	Line 45 removes EPRI Annual Membership Dues listed in Form 1 at 353.f, any EPRI Lobbying expenses included in line 42 of the template and all Regulatory Commission Expenses itemized at 351.h. <div>Line 45 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising.</div> <div>Line 45 removes all EEI and EPRI research, development and demonstration expenses.</div> <div>Line 46 reflects all Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h Line 42 or Line 44 and thus Line 48 shall include any NYISO charges other than penalties, including but not limited to administrative costs.</div>
M	Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.
N	Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
O	In accordance with the Settlement Agreement in Docket No. ER 20-716 approved June 17, 2021, the Base Return on Equity shall be 9.65% and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206.
P	A hypothetical capital structure of 47% debt and 53% equity will be used until the entire Marcy to New Scotland 345 kV Upgrade Project is placed in-service. After all facilities of the Marcy to New Scotland 345 kV Upgrade Project are placed in- service, the lesser of a 52% equity ratio or the actual equity ratio will be used.
Q	Non-incentive investments are investments without ROE incentives and incentive investments are investments with ROE incentives

Attachment 1 - Revenue Credit Workpaper\*  
LS Power Grid New York Corporation I

<b>Account 454 - Rent from Electric Property (300.19.b)</b>			Notes 1 & 3
1	Rent from FERC Form No. 1		-
<b>Account 456 (including 456.1) (300.21.b and 300.22.b)</b>			Notes 1 & 3
2	Other Electric Revenues (Note 2)		-
3	Professional Services		-
4	Revenues from Directly Assigned Transmission Facility Charges (Note 2)		-
5	Rent or Attachment Fees associated with Transmission Facilities		-
6	Total Revenue Credits	Sum lines 2-5 + line 1	-

- Note 1

All revenues booked to Account 454 that are derived from cost items classified as transmission-related will be included as a revenue credit. All revenues booked to Account 456 (includes 456.1) that are derived from cost items classified as transmission-related, and are not derived from rates under this transmission formula rate will be included as a revenue credit. Work papers will be included to properly classify revenues booked to these accounts to the transmission function. A breakdown of all Account 454 revenues by subaccount will be provided below, and will be used to derive the proper calculation of revenue credits. A breakdown of all Account 456 revenues by subaccount and customer will be provided and tabulated below, and will be used to develop the proper calculation of revenue credits.
- Note 2

If the facilities associated with the revenues are not included in the formula, the revenue is shown below, but not included in the total above.

Note 3 All Account 454, 456, and 456.1 Revenues must be itemized below and tie to FERC Form No. 1 cites set forth below.

Line	No.		TOTAL	NY-ISO	Other 1	Other 2
1	Accounts 456 and 456.1 (300.21.b plus 300.22.b)		-	-	-	-
1a	-		-	-	-	-
...			-	-	-	-
1x			-	-	-	-
2			-	-	-	-
3	Total		-	-	-	-
4	Less:					
5	Revenue for Demands in Divisor		-	-	-	-
6	Sub Total Revenue Credit		-	-	-	-
7	Prior Period Adjustments		-	-	-	-
8	Total (must tie to 300.21.b plus 300.22.b)		-	-	-	-
9	Account 454 (300.19.b)		\$			
9a	-		-			
9b			-			
9c			-			
9d			-			
9e			-			
9f			-			
9g			-			
...						
9x			-			
10	Total (must tie to 300.19.b)		-			

Attachment 2 - Cost Support

LS Power Grid New York Corporation I				
Plant in Service Worksheet (Note 2)				
1	<u>Calculation of Transmission Plant In Service</u>	Source (Less ARO, see Note 1)	Year	Balance
2	December	p206.58.b	-	-
3	January	company records	-	-
4	February	company records	-	-
5	March	company records	-	-
6	April	company records	-	-
7	May	company records	-	-
8	June	company records	-	-
9	July	company records	-	-
10	August	company records	-	-
11	September	company records	-	-
12	October	company records	-	-
13	November	company records	-	-
14	December	p207.58.g	-	-
15	Transmission Plant In Service	(sum lines 2-14) /13		-
16	<u>Calculation of Distribution Plant In Service</u>	Source (Less ARO, see Note 1)		
17	December	p206.75.b	-	-
18	January	company records	-	-
19	February	company records	-	-
20	March	company records	-	-
21	April	company records	-	-
22	May	company records	-	-
23	June	company records	-	-
24	July	company records	-	-
25	August	company records	-	-
26	September	company records	-	-
27	October	company records	-	-
28	November	company records	-	-
29	December	p207.75.g	-	-
30	Distribution Plant In Service	(sum lines 17-29) /13		-

31	<b><u>Calculation of Intangible Plant In Service</u></b>	Source (Less ARO, see Note 1)		
32	December	p204.5.b	-	-
33	January	company records	-	-
34	February	company records	-	-
35	March	company records	-	-
36	April	company records	-	-
37	May	company records	-	-
38	June	company records	-	-
39	July	company records	-	-
40	August	company records	-	-
41	September	company records	-	-
42	October	company records	-	-
43	November	company records	-	-
44	December	p205.5.g	-	-
45	<b>Intangible Plant In Service</b>	(sum lines 32-44) /13		-
46	<b><u>Calculation of General Plant In Service</u></b>	Source (Less ARO, see Note 1)		
47	December	p206.99.b	-	-
48	January	company records	-	-
49	February	company records	-	-
50	March	company records	-	-
51	April	company records	-	-
52	May	company records	-	-
53	June	company records	-	-
54	July	company records	-	-
55	August	company records	-	-
56	September	company records	-	-
57	October	company records	-	-
58	November	company records	-	-
59	December	p207.99.g	-	-
60	<b>General Plant In Service</b>	(sum lines 47-59) /13		-
61	<b><u>Calculation of Production Plant In Service</u></b>	Source (Less ARO, see Note 1)		
62	December	p204.46b	-	-
63	January	company records	-	-
64	February	company records	-	-
65	March	company records	-	-
66	April	company records	-	-
67	May	company records	-	-
68	June	company records	-	-
69	July	company records	-	-
70	August	company records	-	-
71	September	company records	-	-
72	October	company records	-	-
73	November	company records	-	-
74	December	p205.46.g	-	-
75	<b>Production Plant In Service</b>	(sum lines 62-74) /13		-
76	<b><u>Total Plant In Service</u></b>	(sum lines 15, 30, 45, 60, & 75)		-

Accumulated Depreciation Worksheet				
Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				
77	<u>Calculation of Transmission Accumulated Depreciation</u>	Source (Less ARO, see Note 1)	Year	Balance
78	December	Prior year p219.25.c	-	-
79	January	company records	-	-
80	February	company records	-	-
81	March	company records	-	-
82	April	company records	-	-
83	May	company records	-	-
84	June	company records	-	-
85	July	company records	-	-
86	August	company records	-	-
87	September	company records	-	-
88	October	company records	-	-
89	November	company records	-	-
90	December	p219.25.c	-	-
91	<b>Transmission Accumulated Depreciation</b>	(sum lines 78-90) /13		-
92	<u>Calculation of Distribution Accumulated Depreciation</u>	Source (Less ARO, see Note 1)		
93	December	Prior year p219.26.c	-	-
94	January	company records	-	-
95	February	company records	-	-
96	March	company records	-	-
97	April	company records	-	-
98	May	company records	-	-
99	June	company records	-	-
100	July	company records	-	-
101	August	company records	-	-
102	September	company records	-	-
103	October	company records	-	-
104	November	company records	-	-
105	December	p219.26.c	-	-
106	<b>Distribution Accumulated Depreciation</b>	(sum lines 93-105) /13		-

107	<b><u>Calculation of Intangible Accumulated Amortization</u></b>	Source (Less ARO, see Note 1)		
108	December	Prior year p200.21.c	-	-
109	January	company records	-	-
110	February	company records	-	-
111	March	company records	-	-
112	April	company records	-	-
113	May	company records	-	-
114	June	company records	-	-
115	July	company records	-	-
116	August	company records	-	-
117	September	company records	-	-
118	October	company records	-	-
119	November	company records	-	-
120	December	p200.21.c	-	-
121	<b>Accumulated Intangible Amortization</b>	(sum lines 108-120) /13		-
122	<b><u>Calculation of General Accumulated Depreciation</u></b>	Source (Less ARO, see Note 1)		
123	December	Prior year p219.28.c	-	-
124	January	company records	-	-
125	February	company records	-	-
126	March	company records	-	-
127	April	company records	-	-
128	May	company records	-	-
129	June	company records	-	-
130	July	company records	-	-
131	August	company records	-	-
132	September	company records	-	-
133	October	company records	-	-
134	November	company records	-	-
135	December	p219.28.c	-	-
136	<b>Accumulated General Depreciation</b>	(sum lines 123-135) /13		-
137	<b><u>Calculation of Production Accumulated Depreciation</u></b>	Source (Less ARO, see Note 1)		
138	December	p219.20.c to 24.c (prior year)	-	-
139	January	company records	-	-
140	February	company records	-	-
141	March	company records	-	-
142	April	company records	-	-
143	May	company records	-	-
144	June	company records	-	-
145	July	company records	-	-
146	August	company records	-	-
147	September	company records	-	-
148	October	company records	-	-
149	November	company records	-	-
150	December	p219.20.c to 24.c	-	-
151	<b><u>Production Accumulated Depreciation</u></b>	(sum lines 138-150) /13		-
152	<b>Total Accumulated Depreciation and Amortization</b>	(sum lines 91, 106, 121, 136, & 151)		-



Acquisition Adjustment Worksheet

	<u>Calculation of Transmission Acquisition Adj.</u>	Source	Year	FERC 114 - Balance Accumulated Amortization	FERC 115 -	Net Balance	FERC 406 -
							Amortization Exp
153	December	company records	-	-	-	-	-
154	January	company records	-	-	-	-	-
155	February	company records	-	-	-	-	-
156	March	company records	-	-	-	-	-
157	April	company records	-	-	-	-	-
158	May	company records	-	-	-	-	-
159	June	company records	-	-	-	-	-
160	July	company records	-	-	-	-	-
161	August	company records	-	-	-	-	-
162	September	company records	-	-	-	-	-
163	October	company records	-	-	-	-	-
164	November	company records	-	-	-	-	-
165	December	company records	-	-	-	-	-
166	Transmission Acquisition Adj.	(sum lines 153-165) /13		-	-	-	-

- Note
- 1 Balances exclude Asset Retirement Costs.
  - 2 For the initial rate year, capital balances that are typically based on a 13-month average will be divided by the number of months the rate is in effect.

Attachment 3 - Cost Support  
LS Power Grid New York Corporation I

					Average Balance
			Beginning of Year	End of Year	
167	Account No. 255 (enter negative)	267.8.h	-	-	-
168	Portion of Unamortized ITC Not Reflected in Rate Base (enter negative)		-	-	
169	Portion of Unamortized ITC Reducing in Rate Base		-	-	
			Jurisdiction 1	Jurisdiction 2	Total
170	Investment Tax Credit Amortization (enter negative)	114.19.c	-	-	-
171	ITC Amortization Not Permitted to Reduce Recoverable Tax Expense (enter negative)		-	-	
172	ITC Amortization Permitted to Reduce Recoverable Tax Expense		-	-	
173	Applicable Tax Gross-up Factor		-	-	
174	Investment Tax Credit Amortization Adjustment		-	-	
175	Prepayments (Account 165) (Prepayments exclude Prepaid Pension Assets)		A Year	B Balance	
176	December	111.57.d	-	-	
177	January	company records	-	-	
178	February	company records	-	-	
179	March	company records	-	-	
180	April	company records	-	-	
181	May	company records	-	-	
182	June	company records	-	-	
183	July	company records	-	-	
184	August	company records	-	-	
185	September	company records	-	-	
186	October	company records	-	-	
187	November	company records	-	-	
188	December	111.57.c	-	-	
189	Prepayments	(sum lines 176-188) /13		-	

Reserves

189a	(b)	(c)	(d)	(e)	(f)	(g)	(h)
			Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if O if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers, less the percent associated with an offsetting liability on the balance sheet	Allocation (Plant or Labor Allocator)	Amount Allocated, col. c x col. d x col. e x col. f x col. g
190	List of all Reserves	Amount	-	-	-	-	-
190a	Reserve 1	-	-	-	-	-	-
190b	Reserve 2	-	-	-	-	-	-
190c	Reserve 3	-	-	-	-	-	-
190d	Reserve 4	-	-	-	-	-	-
190e	...	-	-	-	-	-	-
	...	-	-	-	-	-	-
	Total						-

All unfunded reserves will be listed above, specifically including (but not limited to) all subaccounts for FERC Account Nos. 228.1 through 228.4. "Unfunded reserve" is defined as an accrued balance (1) created and increased by debiting an expense which is included in this formula rate (column (e), using the same allocator in column (g) as used in the formula to allocate the amounts in the corresponding expense account) (2) in advance of an anticipated expenditure related to that expense (3) that is not deposited in a restricted account (e.g., set aside in an escrow account, see column (d)) with the earnings thereon retained within that account. Where a given reserve is only partially funded through accruals collected from customers, only the balance funded by customer collections shall serve as a rate base credit, see column (f). The source of monthly balance data is company records.

		Month (a)	Year (b)	Unamortized Regulatory Asset (c) Note A	Unamortized Abandoned Plant (d) Note B
191	December		-	-	-
192	January		-	-	-
193	February		-	-	-
194	March		-	-	-
195	April		-	-	-
196	May		-	-	-
197	June		-	-	-
198	July		-	-	-
199	August		-	-	-
200	September		-	-	-
201	October		-	-	-
202	November		-	-	-
203	December		-	-	-
204	Average of the 13 Monthly Balances			-	-

205	Amortization Expense of Abandoned Plant		-						
Multi-jurisdictional Workpaper									
	Income Tax Rates			New York	State 2	State 3	State 4	State 5	Weighed Average
	Weighting								
206	SIT=Composite State Income Tax Rate								0
	SIT will include multiple state or local income tax rates, if applicable, weighted based on the apportionment methodologies of each jurisdiction and the number of days in the year that the rates are effective.								

207	The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Appendix A that are not the result of a timing difference. If any, a workpaper showing the calculation will be attached.					-
Materials & Supplies						
			Stores Expense	Transmission Materials &		
			Undistributed	Supplies	Total	
	Note: for the projection, the prior year's actual balances will be used		p227.16	p227.8		
	Form No.1 page		(a)	(b)	c (col a+col b)	
208	December	Column b	-	-	-	
209	January	Company Records	-	-	-	
210	February	Company Records	-	-	-	
211	March	Company Records	-	-	-	
212	April	Company Records	-	-	-	
213	May	Company Records	-	-	-	
214	June	Company Records	-	-	-	
215	July	Company Records	-	-	-	
216	August	Company Records	-	-	-	
217	September	Company Records	-	-	-	
218	October	Company Records	-	-	-	
219	November	Company Records	-	-	-	
220	December	Column c	-	-	-	
221	Average	sum line 208 to 220 divided by 13			-	

Notes  
A Recovery of regulatory assets requires authorization from the Commission.  
B Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC.

Attachment 3 - Cost Support									
COST OF CAPITAL					LS Power Grid New York Corporation I				
	RETURN ON RATE BASE ( R )								
					\$				
222	Long Term Interest (117, sum of 62.c through 67.c) (Note D)				-				
223	Preferred Dividends (118.29c) (positive number)				-				
224	Proprietary Capital (Line 25 (c))				-				
225	Less Preferred Stock (Line 9)				-				
226	Less Account 216.1 Undistributed Subsidiary Earnings (Line 25 (d))				-				
227	Less Account 219 Accum. Other Comprehensive Income (Line 25 (e))				-				
228	Common Stock (Sum of Lines 224 through 227)				-				
					\$	%	Cost	Weighted	
229	Long Term Debt	Line 246 col (a), Note A and Appendix A Note P			-	0.00%	0.00%	0.00%	=WCLTD
230	Preferred Stock	Line 246 col (b), Note B and Appendix A Note P			-	0.00%	0.00%	0.00%	
231	Common Stock	Line 228 col (b), Note C and Appendix A Notes O and P			-	0.00%	0.00%	0.00%	
232	Total	(Sum of Lines 229 through 231)			-			0.00%	=R
		(a)	(b)	( c )	(d)	( e )			
	Monthly Balances for Capital Structure	Long Term Debt (Note A)	Preferred Stock (112.3.c)	Proprietary Capital (112.16.c)	Undistributed Sub Earnings 216.1 (112.12.c)	Accum Other Comp. Income 219 (112.15.c)			
233	December (Prior Year)	-	-	-	-	-			
234	January	-	-	-	-	-			
235	February	-	-	-	-	-			
236	March	-	-	-	-	-			
237	April	-	-	-	-	-			
238	May	-	-	-	-	-			
239	June	-	-	-	-	-			
240	July	-	-	-	-	-			
241	August	-	-	-	-	-			
242	September	-	-	-	-	-			
243	October	-	-	-	-	-			
244	November	-	-	-	-	-			
245	December	-	-	-	-	-			
246	13-Month Average	-	-	-	-	-			
Notes									
A	Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112, lines 18.c to 21.c, in the Form No. 1; the cost is calculated by dividing line 222 by the Long Term Debt balance on line 229.								
B	Preferred Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 line 3.c in the Form No. 1								
C	Common Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on Form 1 page 112 line 16.c less lines 3.c , 12.c, and 15.c								
D	Long-term interest will exclude any short-term interest included in FERC Account 430, Interest on Debt to Associated Companies								

LS Power Grid New York Corporation I

Project Worksheet  
Attachment 4

For the 12 months ended 12/31/\_\_\_\_

Utilizing Appendix A Data

The calculations below calculate that additional revenue requirement for 100 basis points of ROE and 1 percent change in the equity component of the capital structure. These amounts are then used to value the actual increase in revenue in the table below (starting on line 66) associated with the actual incentive authorized by the Commission The use of the 100 basis point calculations do not presume any particular incentive (i.e., 100 basis points) being granted by the Commission.

Base ROE and Income Taxes Carrying Charge

		Allocator		Result
1	Rate Base			-
2	BASE RETURN CALCULATION:			
		\$	%	Cost
3	Long Term Debt (Appendix A, Line 96)	-	0.00%	0.00%
4	Preferred Stock (Appendix A, Line 97)	-	0.00%	-
5	Common Stock (Appendix A, Line 98)	-	0.00%	0.00%
6	Total (sum lines 3-5)	-		0.00%
7	Return multiplied by Rate Base (line 1 * line 6)			-
8	INCOME TAXES			
9	T=1 - {[ (1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = (Appendix A, line 65)	-		
10	CIT=(T/1-T) * (1-(WCLTD/R)) =	-		
11	where WCLTD=(line 3) and R= (line 6)			
12	and FIT, SIT & p are as given in footnote E on Appendix A.			
13	1 / (1 - T) = (T from line 9)	-		
14	Amortized Investment Tax Credit (266.8f) (enter negative)	-		
15	Income Tax Calculation = line 10 * line 7 * (1-n)	-		-
16	ITC adjustment (line 13 * line 14) * (1-n)	-	NP	-
17	Total Income Taxes (line 15 plus line 16)	-		-
18	Base Return and Income Taxes	Sum lines 7 and 17		-
19	Rate Base	Line 1		-
20	Return and Income Taxes at Base ROE	Line 18 / line 19		-

100 Basis Point Incentive ROE and Income Taxes Carrying Charge

Attachment 4

					Result
21	Rate Base				-
22	100 Basis Point Incentive Return impact on				
		\$	%	Cost	Weighted
23	Long Term Debt (line 3)	-	0.00%	0.00%	0.00%
24	Preferred Stock (line 4)	-	0.00%	0.00%	0.00%
25	Common Stock (line 5 plus 100 basis points)	-	0.00%	0.00%	0.00%
26	Total (sum lines 24-26)	-			0.00%
27	100 Basis Point Incentive Return multiplied by Rate Base (line 21 * line 26)				-
28	INCOME TAXES				
29	T=1 - {[ (1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = (Appendix A, line 61)	-			
30	CIT=(T/1-T) * (1-(WCLTD/R)) =	-			
31	where WCLTD=(line 23) and R= (line 26)				
32	and FIT, SIT & p are as given in footnote E on Appendix A.				
33	1 / (1 - T) = (T from line 29)	-			
34	Amortized Investment Tax Credit (line 14)	-			
35	Income Tax Calculation = line 30 * line 27 * (1-n)	-			-
36	ITC adjustment (line 33 * line 34) * (1-n)	-	NP	-	-
37	Total Income Taxes (line 35 plus line 36)	-			-
38	Return and Income Taxes with 100 basis point increase in ROE		Sum lines 27 and 37		-
39	Rate Base		Line 21		-
40	Return and Income Taxes with 100 basis point increase in ROE		Line 38 / line 39		-
41	Difference in Return and Income Taxes between Base ROE and 100 Basis Point Incentive		Line 41- Line 20		-

Effect of 1% Increase in the Equity Ratio

Results

42	Rate Base				-
43	100 Basis Point Incentive Return				
		\$	%	Cost	Weighted
44	Long Term Debt (line 3 minus 1% in equity ratio)	-	0.00%	0.00%	0.00%
45	Preferred Stock (line 4)	-	0.00%	0.00%	0.00%
46	Common Stock (line 5 plus 1% in equity ratio))	-	0.00%	0.00%	0.00%
47	Total (sum lines 44-46)	-			0.00%
48	Line 47 x line 42				-
49	INCOME TAXES				
50	T=1 - {[ (1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = (Appendix A, line 61)	-			
51	CIT=(T/1-T) * (1-(WCLTD/R)) =	-			
52	where WCLTD=(line 44) and R= (line 47)				
53	and FIT, SIT & p are as given in footnote E on Appendix A.				
54	1 / (1 - T) = (T from line 50)	-			
55	Amortized Investment Tax Credit (line 14)	-			
56	Income Tax Calculation = line 51 * line 48 * (1-n)	-			-
57	ITC adjustment (line 54 * line 55) * (1-n)	-	NP	-	-
58	Total Income Taxes (line 56 plus line 57)	-			-
59	Return and Income Taxes with 1% Increase in the Equity Ratio		Sum lines 48 and 58		-
60	Rate Base		Line 42		-
61	Return and Income Taxes with 1% Increase in the Equity Ratio		Line 59 / line 60		-
62	Difference between Base ROE and 1% Increase in the Equity Ratio		Line 61 - Line 20		-

63 Revenue Requirement per project including incentives

64 Expense Allocator [Appendix A, lines 48 and 63, less Appendix A, line 47a (project specific) / Gross Transmission Plant In Service Column (l). If Gross Transmission Plant is zero, then the Expense Allocator should be zero] (Note B) -

65 Base Carrying Charge Appendix A, Line 106 -

The table below breaks out the total revenue requirement on Appendix A separately for each investment. The total of Column (q) must equal the amount shown on Appendix A, Line 3.													
(n)	(a)	(b) (o)	(c) (p)	(d) (q)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			ROE Authorized by	ROE Base (From O&M, Taxes	Incentive % Other				Equity % in Capital Structure (% above Competitive Bid	Impact of Equity Component of Capital Total Revenues			
In	Net Investment		FERC (Note	Appendix A, than Income	Authorized by Depreciation/Amor		Col (e) / .01 x	Incentive \$ (Col	base %, -% below	Structure(Col (b) x (i)	Base Return and Tax (Line 65	Gross Plant	Expense
Line	(Note A)		Allocator	line 94)	FERC	Line 41	Concession	(Col. (h) + (j) + (k)				Service (Note B)	(line 64)
Description	tization Expense	(Note C)	(Note C)	+(n) +(o) -(p))			Col (f)	(b) x Col (g)	base %)(1 equals 1%)	x Line 62	x Col (b)		
(Col. (l) x Col. (n))													
66				0.00%		-	-	-		-	-		-
66a				-		-	-	-		-	-		-
66b				0.00%		-	-	-		-	-		-
66c				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-	-		-
...				0.00%		-	-	-		-	-		-
...				-		-	-	-		-</			

Attachment 5 - Example of True-Up Calculation  
LS Power Grid New York Corporation I

1	Year				Annual True-Up Calculation	
	A	B	C Actual	D	E Net	G
	Project Identification	Project Name	Adjusted Net Revenue Requirement <sup>1</sup>	Revenue Received <sup>2</sup>	Under/(Over) Collection	Interest Income (Expense)
					(C-D)	
2					-	-
2a			-	-	-	-
2b			-	-	-	-
2c			-	-	-	-
2d			-	-	-	-
3	Total		-	-	-	-

Notes

1. From Attachment 4, Column (q) for the period being trued-up
2. The "revenue received" is the total amount of revenue distributed in the True-Up Year. The amounts do not include any true-ups or prior period adjustments and reflects any Competitive Bid Concessions
3. Then Monthly Interest Rate shall be equal to the interest rate set forth below on line 13 and be applied to the amount in Column E for a period of 24 months
4. The True-Up Adjustment is applied to each project prorata based its contribution to the Revenue Requirement shown in Attachment 4

FERC Refund Interest Rate

		(a)	(b)	(c)	(d)
4	Interest Rate:		Quarter	Year	Quarterly Interest Rate under Section 35.19(a)
5		1st Qtr.		-	0.00%
6		2nd Qtr		-	0.00%
7		3rd Qtr		-	0.00%
8		4th Qtr		-	0.00%
9		1st Qtr		-	0.00%
10		2nd Qtr		-	0.00%
11		3rd Qtr		-	0.00%
12		Sum lines 5-11			0.00%
13	Avg. Monthly FERC Rate	Line 12 divided by 7			0.00%



**LS Power Grid New York Corporation I**

**Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Proration and Averaging Worksheet**  
**Projected Annual Transmission Revenue Requirement**  
**For the 12 months ended 12/31/\_\_\_\_**

Line No.	ADIT Account	Amount	
1	190	_____	From line 25
2	281 (enter negative)	=====	From line 58
3	282 (enter negative)	-	From line 91
4	<del>283 (enter negative)</del>	-	<del>From line 124</del>
5	Total Projected ADIT	-	Enter as negative Appendix A, page 2, line 27

6 Rate year = -

7 Test period days after rates become effective -

**Note 1** - The computations on this workpaper average the projected annual activity of accumulated deferred income taxes. To the extent that the ADIT is subject to the normalization requirements, the proration rules of Treasury Regulation Sec. 1.167(l)-1(h)(6) and the consistency rules of IRC Section 168(i)(9)(B) are applied. Activity related to the portions of the account balances not subject to the proration requirement are averaged instead of prorated.

**Note 2** - The components of the accumulated deferred income tax balances are detailed on Attachment 6b.

10	Account 190 - Accumulated Deferred Income Taxes		Amount
			debit / <credit>
11	Beginning Balance		-
12	Less: Portion not related to transmission		-
13	Less: Portion not reflected in rate base		-
14	Subtotal: Portion reflected in rate base	Line 11 - line 12 - line 13	-
15	Less: Portion subject to proration	Line 29, Col. D	-
16	Portion subject to averaging	Line 14 - line 15	-
17	Ending Balance		-
18	Less: Portion not related to transmission		-
19	Less: Portion not reflected in rate base		-
20	Subtotal: Portion reflected in rate base	Line 17 - line 18 - line 19	-
21	Less: Portion subject to proration (before proration)	Line 41 Col. D	-
22	Portion subject to averaging (before averaging)	Line 20 - line 21	-
23	Ending balance of portion subject to proration (prorated)	Line 41 Col. H	-
24	Average balance of portion subject to averaging	(Line 16 + line 22) / 2	-
25	Amount reflected in rate base	Line 23 + line 24	- Enter on line 1

**Note 3** - Accumulated deferred income tax activity in account 190 subject to the proration rules relates to taxable contributions in aid of construction, net operating loss carryforwards, regulatory liabilities for excess deferred income taxes and any other amounts subject to the Section 168 or other normalization requirements.

27 **Account 190 - Accumulated Deferred Income Taxes**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Month	Year	Forecasted Monthly Activity debit / <credit>	Forecasted Month- end Balance debit / <credit>	Days until End of Test Period	Days in Test Period	Prorated Forecasted Monthly Activity debit / <credit>	Forecasted Prorated Month- end Balance debit / <credit>
							(c) X (e) X (f)	Prior Month Col. (h) + Current Month Col. (g)
28		-						
29	December 31,	-	NA	-	NA	0	NA	-
30	January	-	-	-	0	0	-	-
31	February	-	-	-	0	0	-	-
32	March	-	-	-	0	0	-	-
33	April	-	-	-	0	0	-	-
34	May	-	-	-	0	0	-	-
35	June	-	-	-	0	0	-	-
36	July	-	-	-	0	0	-	-
37	August	-	-	-	0	0	-	-
38	September	-	-	-	0	0	-	-
39	October	-	-	-	0	0	-	-
40	November	-	-	-	0	0	-	-
41	December	-	-	0	0	0	-	-
42	Total	-						

**43 Account 281 - Accumulated Deferred Income Taxes**

		Amount	
44	Beginning Balance	-	
45	Less: Portion not related to transmission	-	
46	Less: Portion not reflected in rate base	-	
47	Subtotal: Portion reflected in rate base	-	Line 44 - line 45 - line 46
48	Less: Portion subject to proration	-	Line 62 Col. D
49	Portion subject to averaging	-	Line 47 - line 48
50	Ending Balance	-	
51	Less: Portion not related to transmission	-	
52	Less: Portion not reflected in rate base	-	
53	Subtotal: Portion reflected in rate base	-	Line 50 - line 51 - line 52
54	Less: Portion subject to proration (before proration)	-	Line 74 Col. D
55	Portion subject to averaging (before averaging)	-	Line 53 - line 54
56	Ending balance of portion subject to proration (prorated)	-	Line 74 Col. H
57	Average balance of portion subject to averaging	-	(Line 49 + line 55) / 2
58	Amount reflected in rate base	-	Line 56 + line 57

Enter on line 2

**Note 4** - Accumulated deferred income tax activity in account 281 subject to the proration rules relates differences between depreciation methods and lives for public utility property and any other amounts subject to the Section 168 or other normalization requirements.

**60 Account 281 - Accumulated Deferred Income Taxes**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Month	Year	Forecasted Monthly Activity debit / <credit>	Forecasted Month-end Balance debit / <credit>	Days until End of Test Period	Days in Test Period	Prorated Forecasted Monthly Activity debit / <credit>	Forecasted Prorated Month-end Balance debit / <credit>
		-	debit / <credit>	debit / <credit>	Period	Period	(c) X (e) X (f)	Prior Month Col. (h) + Current Month Col. (g)
61		-						
62	December 31,	-	NA	-	NA	0	NA	-
63	January	-	-	-	0	0	-	-
64	February	-	-	-	0	0	-	-
65	March	-	-	-	0	0	-	-
66	April	-	-	-	0	0	-	-
67	May	-	-	-	0	0	-	-
68	June	-	-	-	0	0	-	-
69	July	-	-	-	0	0	-	-
70	August	-	-	-	0	0	-	-
71	September	-	-	-	0	0	-	-
72	October	-	-	-	0	0	-	-
73	November	-	-	-	0	0	-	-
74	December	-	-	-	0	0	-	-
75	Total	-	-	-				

**76 Account 282 - Accumulated Deferred Income Taxes**

			Amount debit / <credit>	
77	Beginning Balance		-	
78	Less: Portion not related to transmission		-	
79	Less: Portion not reflected in rate base		-	
80	Subtotal: Portion reflected in rate base	Line 77 - line 78 - line 79	-	
81	Less: Portion subject to proration	Line 95 Col. D	-	
82	Portion subject to averaging	Line 80 - line 81	-	
83	Ending Balance		-	
84	Less: Portion not related to transmission		-	
85	Less: Portion not reflected in rate base		-	
86	Subtotal: Portion reflected in rate base	Line 78 - line 79 - line 80	-	
87	Less: Portion subject to proration (before proration)	Line 107 Col. D	-	
88	Portion subject to averaging (before averaging)	Line 81 - line 82	-	
89	Ending balance of portion subject to proration (prorated)	Line 107 Col. H	-	
90	Average balance of portion subject to averaging	(Line 82 + line 88) / 2	-	
91	Amount reflected in rate base	Line 89 + line 90	-	Enter on line 3

**Note 5** - Accumulated deferred income tax activity in account 282 subject to the proration rules relates differences between depreciation methods and lives for public utility property and any other amounts subject to the Section 168 or other normalization requirements.

**93 Account 282 - Accumulated Deferred Income Taxes**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Month	Year	Forecasted Monthly Activity debit / <credit>	Forecasted Month- end Balance debit / <credit>	Days until End of Test Period	Days in Test Period	Prorated Forecasted Monthly Activity debit / <credit>	Forecasted Prorated Month- end Balance debit / <credit>
							(c) X (e) X (f)	Prior Month Col. (h) + Current Month Col. (g)
94		-						
95	December 31,	-	NA	-	NA	0	NA	-
96	January	-		-	0	0	-	-
97	February	-		-	0	0	-	-
98	March	-		-	0	0	-	-
99	April	-		-	0	0	-	-
100	May	-		-	0	0	-	-
101	June	-		-	0	0	-	-
102	July	-		-	0	0	-	-
103	August	-		-	0	0	-	-
104	September	-		-	0	0	-	-
105	October	-		-	0	0	-	-
106	November	-		-	0	0	-	-
107	December	-		-	0	0	-	-
108	Total	-	-	-	0	0	-	-

109	<b>Account 283 - Accumulated Deferred Income Taxes</b>		Amount
			debit / <credit>
110	Beginning Balance		-
111	Less: Portion not related to transmission		-
112	Less: Portion not reflected in rate base		-
113	Subtotal: Portion reflected in rate base	Line 110 - line 111 - line 112	-
114	Less: Portion subject to proration	Line 128 Col. D	-
115	Portion subject to averaging	Line 113 - line 114	-
116	Ending Balance		-
117	Less: Portion not related to transmission		-
118	Less: Portion not reflected in rate base		-
119	Subtotal: Portion reflected in rate base	Line 111 - line 112 - line 113	-
120	Less: Portion subject to proration (before proration)	Line 135 Col. D	-
121	Portion subject to averaging (before averaging)	Line 114 - line 115	-
122	Ending balance of portion subject to proration (prorated)	Line 135 Col. H	-
123	Average balance of portion subject to averaging	(Line 110 + line 116) / 2	-
124	Amount reflected in rate base	Line 117 + line 118	- Enter on line 4

**Note 6** - Accumulated deferred income tax activity in account 283 subject to the proration rules relates differences between depreciation methods and lives for public utility property and any other amounts subject to the Section 168 or other normalization requirements.

126	<b>Account 283 - Accumulated Deferred Income Taxes</b>	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Month	Year	Forecasted Monthly Activity debit / <credit>	Forecasted Month-end Balance debit / <credit>	Days until End of Test Period	Days in Test Period	Prorated Forecasted Monthly Activity debit / <credit>	Forecasted Prorated Month-end Balance debit / <credit>
								(c) X (e) X (f)	Prior Month Col. (h) + Current Month Col. (g)
127			-	-	-	NA	0	NA	-
128	December 31,		-	NA	-	NA	0	NA	-
129	January		-	-	-	0	0	-	-
130	February		-	-	-	0	0	-	-
131	March		-	-	-	0	0	-	-
132	April		-	-	-	0	0	-	-
133	May		-	-	-	0	0	-	-
134	June		-	-	-	0	0	-	-
135	July		-	-	-	0	0	-	-
136	August		-	-	-	0	0	-	-
137	September		-	-	-	0	0	-	-
138	October		-	-	-	0	0	-	-
139	November		-	-	-	0	0	-	-
140	December		-	-	-	0	0	-	-
141	Total		-	-	-	0	0	-	-

LS Power Grid New York Corporation I

Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Detail Worksheet

Projected Annual Transmission Revenue Requirement

For the 12 months ended 12/31/\_\_\_\_

		Projected amount - beginning of	Projected amount during the	Projected amount - end	
		year	year	of year	
		-	-	-	
	Composite income tax rate	0.00%	0.00%	0.00%	Explanation
Account 190 (+ = debit for DTA/DTL amounts)					
Included in rate base and subject to proration					
Item 1		-	-	-	
Item 2		-	-	-	
Subtotal of temporary differences		-	-	-	
DTA / <DTL> for such temporary differences		-	-	-	
Included in rate base but not subject to proration					
Item 1		-			
Item 2		-	-	-	
Subtotal of temporary differences		-	-	-	
DTA / <DTL> for such temporary differences		-	-	-	
Excluded from rate base					
Item 1		-	-	-	
Item 2		-	-	-	
Subtotal of temporary differences		-	-	-	
DTA / <DTL> for such temporary differences		-	-	-	
Total Temporary Differences - account 190		-	-	-	
Total DTA / <DTL> - account 190		-	-	-	
Account 281 (+ = debit for DTA/DTL amounts)					
Included in rate base and subject to proration					
Item 1		-	-	-	
Item 2		-	-	-	
Subtotal of temporary differences		-	-	-	
DTA / <DTL> for such temporary differences		-	-	-	
Included in rate base but not subject to proration					
Item 1		-	-	-	
Item 2		-	-	-	
Subtotal of temporary differences		-	-	-	
DTA / <DTL> for such temporary differences		-	-	-	
Excluded from rate base					
Item 1		-	-	-	
Item 2		-	-	-	
Subtotal of temporary differences		-	-	-	
DTA / <DTL> for such temporary differences		-	-	-	
Total Temporary Differences - account 281		-	-	-	
Total DTA / <DTL> - account 281		-	-	-	

<b>Account 282 (+ = debit for DTA/DTL amounts)</b>				
<b>Included in rate base and subject to proration</b>				
Tax depreciation	-			
Book depreciation of tax basis	-	-	-	
Item 3	-	-	-	
Item 4	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
<b>Included in rate base but not subject to proration</b>				
Item 1				
Item 2	-			
Item 3	-	-	-	
Item 4	-	-	-	
Item 5	-	-	-	
Item 6	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
<b>Excluded from rate base</b>				
AFUDC-equity accrual				
AFUDC-equity - book depreciation				
Item 3	-	-	-	
Item 4	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Total Temporary Differences - account 282	-	-	-	
DTA / <DTL> - account 282	-	-	-	
<b>Account 283 (+ = debit for DTA/DTL amounts)</b>				
<b>Included in rate base and subject to proration</b>				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
<b>Included in rate base but not subject to proration</b>				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
<b>Excluded from rate base</b>				
Item 1				
Item 2				
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Total Temporary Differences - account 283	-	-	-	
DTA / <DTL> - account 283	-	-	-	







76	<b>Account 282 - Accumulated Deferred Income Taxes</b>		Amount
			debit / <credit>
77	Beginning Balance	FF1 274.2.b	-
78	Less: Portion not related to transmission		-
79	Less: Portion not reflected in rate base		-
80	Subtotal: Portion reflected in rate base	Line 77 - line 78 - line 79	-
81	Less: Portion subject to proration	Line 95 Col. D	-
82	Portion subject to averaging	Line 80 - line 81	-
83	Ending Balance	FF1 275.2.k	-
84	Less: Portion not related to transmission		-
85	Less: Portion not reflected in rate base		-
86	Subtotal: Portion reflected in rate base	Line 78 - line 79 - line 80	-
87	Less: Portion subject to proration (before proration)	Line 107 Col. D	-
88	Portion subject to averaging (before averaging)	Line 81 - line 82	-
89	Ending balance of portion subject to proration (prorated)	Line 107 Col. H	-
90	Average balance of portion subject to averaging	(Line 82 + line 88) / 2	-
91	Amount reflected in rate base	Line 89 + line 90	- Enter on line 3

**Note 5** - Accumulated deferred income tax activity in account 282 subject to the proration rules relates differences between depreciation methods and lives for public utility property and any other amounts subject to the Section 168 or other normalization requirements.

93	<b>Account 282 - Accumulated Deferred Income Taxes</b>		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
					Forecasted	Forecasted Month-	Days until	Days in	Prorated	Forecasted			Preserve projected	Fifty percent of the	Fifty percent of actual	
					Monthly Activity	end Balance	End of Test	Test Period	Forecasted	Prorated Month-			proration when	difference between	activity (Col I) when	
					debit / <credit>	debit / <credit>	Period		Monthly Activity	end Balance			actual monthly and	projected and actual	projected activity is an	
									debit / <credit>	debit / <credit>			projected monthly	activity when actual and	increase while actual	Balance reflecting
													activity are either	projected activity are	activity is a decrease	proration or
													both increases or	either both increases or	OR projected activity is	averaging (See
													decreases.	decreases.	a decrease while actual	Note 11.)
													(See Note 8.)	(See Note 9.)	activity is an increase.	
															(See Note 10.)	
94									(c) X (e) X (f)	Prior Month Col.						
95	December 31,	-	NA	-	NA	0		NA		Month Col. (g)		NA	NA	NA	NA	NA
96	January	-	-	-	0	0		-	-	-	-	-	-	-	-	-
97	February	-	-	-	0	0		-	-	-	-	-	-	-	-	-
98	March	-	-	-	0	0		-	-	-	-	-	-	-	-	-
99	April	-	-	-	0	0		-	-	-	-	-	-	-	-	-
100	May	-	-	-	0	0		-	-	-	-	-	-	-	-	-
101	June	-	-	-	0	0		-	-	-	-	-	-	-	-	-
102	July	-	-	-	0	0		-	-	-	-	-	-	-	-	-
103	August	-	-	-	0	0		-	-	-	-	-	-	-	-	-
104	September	-	-	-	0	0		-	-	-	-	-	-	-	-	-
105	October	-	-	-	0	0		-	-	-	-	-	-	-	-	-
106	November	-	-	-	0	0		-	-	-	-	-	-	-	-	-
107	December	-	-	-	0	0		-	-	-	-	-	-	-	-	-
108	Total		-									-	-			

109	<b>Account 283 - Accumulated Deferred Income Taxes</b>		Amount
			debit / <credit>
110	Beginning Balance	FF1 276.9.b	-
111	Less: Portion not related to transmission		-
112	Less: Portion not reflected in rate base		-
113	Subtotal: Portion reflected in rate base	Line 110 - line 111 - line 112	-
114	Less: Portion subject to proration	Line 128 Col. D	-
115	Portion subject to averaging	Line 113 - line 114	-
116	Ending Balance	FF1 277.9.k	-
117	Less: Portion not related to transmission		-
118	Less: Portion not reflected in rate base		-
119	Subtotal: Portion reflected in rate base	Line 111 - line 112 - line 113	-
120	Less: Portion subject to proration (before proration)	Line 135 Col. D	-
121	Portion subject to averaging (before averaging)	Line 114 - line 115	-
122	Ending balance of portion subject to proration (prorated)	Line 135 Col. H	-
123	Average balance of portion subject to averaging	(Line 110 + line 116) / 2	-
124	Amount reflected in rate base	Line 117 + line 118	- Enter on line 4


**Note 6** - Accumulated deferred income tax activity in account 283 subject to the proration rules relates differences between depreciation methods and lives for public utility property and any other amounts subject to the Section 168 or other normalization requirements.

126	<b>Account 283 - Accumulated Deferred Income Taxes</b>		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
					Forecasted	Forecasted Month-	Days until	Days in	Prorated	Forecasted			Preserve projected	Fifty percent of the	Fifty percent of actual	
					Monthly Activity	end Balance	End of Test	Test Period	Forecasted	Prorated Month-			proration when	difference between	activity (Col I) when	
					debit / <credit>	debit / <credit>	Period		Monthly Activity	end Balance			actual monthly and	projected and actual	projected activity is an	
									debit / <credit>	debit / <credit>			projected monthly	activity when actual and	increase while actual	Balance reflecting
													activity are either	projected activity are	activity is a decrease	proration or
													both increases or	either both increases or	OR projected activity is	averaging (See
													decreases.	decreases.	a decrease while actual	Note 11.)
													(See Note 8.)	(See Note 9.)	activity is an increase.	
															(See Note 10.)	
127									(c) X (e) X (f)	Prior Month Col.						
128	December 31,	-	NA	-	NA	0		NA		Month Col. (g)		NA	NA	NA	NA	NA
129	January	-	-	-	0	0		-	-	-	-	-	-	-	-	-
130	February	-	-	-	0	0		-	-	-	-	-	-	-	-	-
131	March	-	-	-	0	0		-	-	-	-	-	-	-	-	-
132	April	-	-	-	0	0		-	-	-	-	-	-	-	-	-
133	May	-	-	-	0	0		-	-	-	-	-	-	-	-	-
134	June	-	-	-	0	0		-	-	-	-	-	-	-	-	-
135	July	-	-	-	0	0		-	-	-	-	-	-	-	-	-
136	August	-	-	-	0	0		-	-	-	-	-	-	-	-	-
137	September	-	-	-	0	0		-	-	-	-	-	-	-	-	-
138	October	-	-	-	0	0		-	-	-	-	-	-	-	-	-
139	November	-	-	-	0	0		-	-	-	-	-	-	-	-	-
140	December	-	-	-	0	0		-	-	-	-	-	-	-	-	-
141	Total		-									-	-			

**Note 7** - Column J is the difference between actual monthly and projected monthly activity (Column I minus Column C). Specifically, if projected and actual activity are both positive, a negative in Column J represents over-projection (i.e., the amount of projected activity that did not occur) and a positive in Column J represents under-projection (i.e., the excess of actual activity over projected activity). If projected and actual activity are both negative, a negative in Column J represents under-projection (i.e., the excess of actual activity over projected activity) and a positive in Column J represents overprojection (i.e., the amount of projected activity that did not occur).

**Note 8** - Column K preserves the effects of ADIT proration from the projected revenue requirement when actual monthly and projected monthly activity are either both increases or decreases. Specifically, if Column J indicates that ADIT activity was over-projected, enter Column G x [Column I / Column C]. If Column J indicates that ADIT activity was under-projected, enter the amount from Column G and complete Column L). In other situations, enter

**Note 9** - Column L applies when (1) Column J indicates that ADIT activity was under-projected AND (2) actual monthly and projected monthly activity are either both increases or both decreases. Enter 50 percent of the amount from Column J. In other situations, enter zero. The ADIT activity in

[illegible][illegible][illegible]

---

---



LS Power Grid New York Corporation I

Attachment 6d - Accumulated Deferred Income Taxes (ADIT) Detail Worksheet

Actual Annual Transmission Revenue Requirement (True-up Adjustment)

For the 12 months ended 12/31/\_\_\_\_

	Amount - beginning of	Amount during the	- Amount - end	
	year	year	of year	
	-	-	-	
Composite income tax rate	0.00%	0.00%	0.00%	Explanation
Account 190 (+ = debit for DTA/DTL amounts)				
Included in rate base and subject to proration				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Included in rate base but not subject to proration				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Excluded from rate base				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Total Temporary Differences - account 190	-	-	-	
Total DTA / <DTL> - account 190	-	-	-	
Account 281 (+ = debit for DTA/DTL amounts)				
Included in rate base and subject to proration				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Included in rate base but not subject to proration				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Excluded from rate base				
Item 1	-	-	-	
Item 2	-	-	-	
Subtotal of temporary differences	-	-	-	
DTA / <DTL> for such temporary differences	-	-	-	
Total Temporary Differences - account 281	-	-	-	
Total DTA / <DTL> - account 281	-	-	-	

--

<b>Account 282 (+ = debit for DTA/DTL amounts)</b>		
<b><i>Included in rate base and subject to proration</i></b>		
Tax depreciation	-	-
Book depreciation of tax basis	-	-
Item 3	-	-
Item 4	-	-
Subtotal of temporary differences	-	-
DTA / <DTL> for such temporary differences	-	-
<b><i>Included in rate base but not subject to proration</i></b>		
Item 1	-	-
Item 2	-	-
Item 3	-	-
Item 4	-	-
Item 5	-	-
Item 6	-	-
Subtotal of temporary differences	-	-
DTA / <DTL> for such temporary differences	-	-
<b><i>Excluded from rate base</i></b>		
AFUDC-equity accrual	-	-
AFUDC-equity - book depreciation	-	-
Item 3	-	-
Item 4	-	-
Subtotal of temporary differences	-	-
DTA / <DTL> for such temporary differences	-	-
Total Temporary Differences - account 282	-	-
DTA / <DTL> - account 282	-	-

<b>Account 283 (+ = debit for DTA/DTL amounts)</b>		
<b><i>Included in rate base and subject to proration</i></b>		
Item 1	-	-
Item 2	-	-
Subtotal of temporary differences	-	-
DTA / <DTL> for such temporary differences	-	-
<b><i>Included in rate base but not subject to proration</i></b>		
Item 1	-	-
Item 2	-	-
Subtotal of temporary differences	-	-
DTA / <DTL> for such temporary differences	-	-
<b><i>Excluded from rate base</i></b>		
Item 1	-	-
Item 2	-	-
Subtotal of temporary differences	-	-
DTA / <DTL> for such temporary differences	-	-
Total Temporary Differences - account 283	-	-
DTA / <DTL> - account 283	-	-

**LS Power Grid New York Corporation I**  
**Attachment 7 - Depreciation and Amortization Rates**  
**For the 12 months ended 12/31/\_\_\_\_**

Line	Account Number	FERC Account	Rate (Annual)Percent (Note A)
<b>TRANSMISSION PLANT</b>			
1	350.2	Land Rights	1.43%
2	352	Structures and Improvements	1.60%
3	353	Station Equipment	2.06%
4	354	Towers and Fixtures	2.06%
5	355	Poles and Fixtures	2.06%
6	356	Overhead Conductor and Devices	2.06%
7	357	Underground Conduit	1.40%
8	358	Underground Conductor and Devices	1.75%
9	359	Roads and Trails	1.00%
<b>GENERAL PLANT</b>			
10	390	Structures and Improvements	1.75%
11	391	Office Furniture & Equipment	12.50%
12	391.1	Computer Hardware	12.50%
13	392	Transportation Equipment	10.00%
14	393	Stores Equipment	12.50%
15	397	Communication Equipment	25.00%
<b>INTANGIBLE PLANT</b>			
16	301	Organization	1.85%
17	302	Franchises and Consents	1.85%
18	303	Miscellaneous Intangible Plant / Computer Software	6.67%
19	303.1	Contributions in Aid of Construction	Note B

- Notes
- A

These depreciation rates shall stay in effect until changed pursuant to a Commission order emanating from an FPA Section 205 or Section 206 filing.
- B

In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in lines 1-9 above and the weighted average depreciation rate will be used to amortize the CIAC. The life of a facility subject to a CIAC will be equivalent to the depreciation rate calculated above, i.e.,  $100\% \div \text{depreciation rate} = \text{life in years}$ . The estimated life of the facility or rights associated with the facility will not change over the life of a CIAC without prior FERC approval.

LS Power Grid New York Corporation I

Worksheet - Annual Excess or Deficient Accumulated Deferred Income Taxes Worksheet  
Annual Transmission Revenue Requirement  
For the 12 months ended 12/31/ \_\_\_\_

Line No.

1

Purpose of worksheet

The purposes of this portion of the worksheet are to:  
- describe legislation resulting in remeasurement of ADIT accounts,  
- explain how any ADIT accounts were re-measured,  
- explain the excess or deficient ADIT contained therein,  
- explain the accounting for any excess or deficient amounts in Accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities),  
- reconcile the amounts of excess or deficient ADIT determined as a result of each specific change in tax law (i.e., unrecovered regulatory assets and unfunded regulatory liabilities comprising the Rate Base Adjustment Mechanism) as of the beginning and end of the current test period,  
- indicate whether each excess or deficient ADIT amount is protected (i.e., subject to the normalization rules) or unprotected (i.e., not subject to the normalization rules),  
- indicate the amount of amortization of the excess or deficient ADIT returned or recovered through rates (i.e., the Income Tax Allowance Adjustment Mechanism) during the current period,  
~~indicate the accounts to which the excess or deficient ADIT are amortized,~~  
- indicate the amortization period of the excess or deficient ADIT being returned or recovered through rates, and  
- describe the method of amortization each excess or deficient ADIT amount.

2

3

Description of changes in tax law

Note 1a - The composite tax rates used for the remeasurement of ADIT balances are:

4

5

6

7

8

9

10

11

Note 1b - Describe change in tax law.

12

Summary of re-measurement of ADIT resulting from the 2017 decrease in federal income tax rate

13

14

15

16

17

18

19

20

21

22

Note 2 - Explanation of how ADIT accounts are re-measured upon a change in income tax law

Deferred tax assets and liabilities are adjusted (re-measured) for the effect of the changes in tax law (including tax rates) in the period that the change is enacted. Adjustments are recorded in the appropriate deferred tax balance sheet accounts (Accounts 190, 281, 282 and 283) based on the nature of the temporary difference and the related classification requirements of the accounts. If as a result of action or expected action by a regulator, it is probable that the future increase or decrease in taxes payable due to the change in tax law or rates will be recovered from or returned to customers through future rates, a regulatory asset or liability is recognized in Account 182.3 (Other Regulatory Assets), or Account 254 (Other Regulatory Liabilities), as appropriate, for that probable future revenue or reduction in future revenue. ~~Re-measurements of deferred tax balance sheet accounts may also result in re-measurements of tax-related regulatory assets or liabilities that had been recorded prior to the change in tax law. If is not probable that the future increase or decrease in taxes payable due to the change in tax law or rates will be recovered from or returned to customers through future rates, tax expense is recognized in Account 410.2 (Provision for Deferred Income Taxes, Other Income or Deductions) or tax benefit is recognized in Account 411.2 (Provision for Deferred Income Taxes-~~

23

Effective Date: 12/27/2022 - Docket #: ER23-218-000 - Page 355

24	Rate Base Adjustment Mechanism - Summary									
25		Projected Revenue Requirement					Actual Revenue Requirement (True-up)			
26	Account	<u>Amount</u>					<u>Amount</u>			
27	182.3 (debit or <credit>)									
28	254 (debit or <credit>)									
29	Total Excess / Deficient ADIT		-				-			
30	Rate Base Adjustment Mechanism - Reconciliation of Beginning and End of Test Period Balances - Projected									
31	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Balance at	Remeasuremen	Annual	Other	Balance at End	Whether	
				Beginning of	t of ADIT -	Amortization -	Adjustments -	of Year -	subject to	
				Year -	Projected	Projected	Projected	Projected	normalization	
32	Description (+ = debit, < = credit)			Projected	(Note 3)	(Note 4)	(Note 5)	(d)+(e)+(f)+(g)	rules	Amortization period and method
33	Item 1									
34										
35										
36	Item ...									
37	Total for account 182.3			-	-	-	-	-		
38	Item 1									
39										
40										
41	Item ...									
42	Total for account 254			-	-	-	-	-		
43	Total excess or deficient ADIT			-	-	-	-	-		
44	Income Tax Allowance Mechanism - Projected									
45	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Annual						
				Amortization	Debit or	Debit or	Debit or	Debit or	Debit or	Debit or
				from Table	<Credit> to	<Credit> to	<Credit> to	<Credit> to	<Credit> to	<Credit> to
46	Description (+ = debit, < = credit)			Above	Account 410.1	Account 411.1	Account 410.2	Account 411.2	Account 190	Account 283
47	Item 1			-	-					-
48										
49				-	-					-
50	Item ...									
51	Total for account 182.3			-	-	-	-	-	-	-
52	Item 1			-		-				
53										
54										
55	Item ...									
56	Total for account 254			-	-	-	-	-	-	-
57	Total amortization and offsetting entries			-	-	-	-	-	-	-
58										
59	Note									
60	Note									
61	Note									
62	Note									



63 **Rate Base Adjustment Mechanism - Reconciliation of Beginning and End of Test Period Balances - Actual**

64	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Balance at	Remeasuremen	Annual	Other	Balance at End	Whether	
				Beginning of	t of ADIT -	Amortization -	Adjustments -	of Year -	subject to	Amortization period and method
65	Description (+ = debit, < = credit)			Year -	Actual	Actual	Actual	Projected	normalization	
66	Item 1			Projected	(Note 7)	(Note 8)	(Note 9)	(d)+(e)+(f)+(g)	rules	
67								-		
68								-		
69	Item ...									
70	Total for account 182.3			-	-	-	-	-		
71	Item 1									
72								-		
73										
74	Item ...									
75	Total for account 254			-	-	-	-	-		
76	Total excess or deficient ADIT			-	-	-	-	-		

76 **Income Tax Allowance Mechanism - Actual**

77	(a)	(b)	(c)	(d)	(e)	(f)				
				Annual	Debit or	Debit or	Debit or	Debit or	Debit or	Debit or
				Amortization	<Credit> to	<Credit> to	<Credit> to	<Credit> to	<Credit> to	<Credit> to
78	Description (+ = debit, < = credit)			Account 410.1	Account 411.1	Account 410.2	Account 411.2	Account 190	Account 283	
79	Item 1			-						
80										
81				-						
82	Item ...									
83	Total for account 182.3			-	-	-	-	-	-	-
84	Item 1			-						
85										
86										
87	Item ...									
88	Total for account 254			-	-	-	-	-	-	-
89	Total amortization and offsetting entries			-	-	-	-	-	-	-
90				-						
91	Note									
92	Note									
93	Note									
94	Note									

#### **6.10.7.2.2 LS Power Grid New York Corporation I Formula Rate Implementation Protocols**

The formula rate template (“Formula Rate Template” or “Template”) and the following procedures (“Protocols”) together comprise the filed rate (“Formula Rate”) of LS Power Grid New York Corporation I (“LSPG-NY”) for transmission revenue requirement determinations under the ISO OATT. LSPG-NY shall follow the instructions specified in the Formula Rate to annually calculate its actual net adjusted revenue requirement set forth at page 1, line 5 of the Template (“Net Adjusted Revenue Requirement”). The Net Adjusted Revenue Requirement shall be determined for January 1 to December 31 of a given calendar year (the “Rate Year”). The Formula Rate shall become effective for recovery of LSPG-NY’s Net Adjusted Revenue Requirement upon the effective date for incorporation into the ISO OATT through an appropriate filing with the Commission under Section 205 of the Federal Power Act (“FPA”).

#### **Section 1. Annual Projection**

- A. On or before September 30 preceding the first Rate Year and each subsequent Rate Year thereafter, LSPG-NY shall determine its projected Net Adjusted Revenue Requirement for the upcoming Rate Year in accordance with its Formula Rate (“Annual Projection”). The Annual Projection shall include the True-up Adjustment described and defined in Section 2, if applicable.
- B. *Posting and Notice of the Annual Projection.* LSPG-NY shall cause its Annual Projection to be posted in both a Portable Document Format (PDF) and fully-functioning Excel format at a publicly accessible location on the ISO website. Such posting shall include (i) all inputs in sufficient detail to identify the components of LSPG-NY’s Annual Projections, and (ii) explanations of the bases for the projections and input data. If the date for making such posting of the Annual Projection should fall on a weekend or

a holiday recognized by FERC, then the posting shall be made no later than the next business day. Within ten (10) days of posting the projected Net Adjusted Revenue Requirement, LSPG-NY shall provide notice of such posting to the Service List. As used in these protocols, "Service List" shall mean (i) the email list of the ISO OATT Transmission Customers maintained by ISO; (ii) any state regulatory agency with rate jurisdiction over a public utility located within the ISO footprint; and (iii) any consumer advocate agency authorized by state law to review and contest the rates for any such public utility, provided such consumer advocate agency requests to be placed on the Service List and provides an email address to LSPG-NY.

For the determination of the initial Rate Year's projected Net Adjusted Revenue Requirement, balances for capital costs reflected in the Formula Rate Template that subsequently use a 13 month average will be divided by the number of months the Formula Rate is in effect to calculate the monthly projected cost of service to be collected each month of the first year. The remaining inputs used in the Formula Rate Template will be developed in accordance with the Formula Rate Template.

- C. *Revisions to the Annual Projection.* If LSPG-NY makes changes in the Annual Projection for a given Rate Year, LSPG-NY shall cause such revised Annual Projection to be promptly posted at a publicly accessible location on the ISO website and distribute notice to the Service List. Changes posted prior to October 31 of the preceding Rate Year, or the next business day if October 31 is not a business day, shall be reflected in the Annual Projection for the Rate Year; changes posted after that date will be reflected, as appropriate, in the True-up Adjustment for the Rate Year.

D. *Review and Challenge of the Annual Projection.* The Annual Projection, including the True-Up Adjustment, for each Rate Year shall be subject to review, challenge, true-up and refunds or surcharges with interest, to the extent and in the manner provided in these Protocols.

E. The projected Net Adjusted Revenue Requirement shall:

1. Include a workable, data-populated Formula Rate Template and underlying work papers in native format with all formulas and links intact;
2. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and work papers for data that are used in the projected Net Adjusted Revenue Requirement;
3. Provide sufficient information to enable interested persons to replicate the calculation of the projected Net Adjusted Revenue Requirement;
4. Provide a work paper demonstrating compliance with the cost containment commitments set forth in the Formula Rate Template;
5. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):
  - a. Identify any Accounting Changes, including:
    - i. the initial implementation of an accounting standard or policy;
    - ii. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
    - iii. correction of errors and prior period adjustments that impact the projected Net Adjusted Revenue Requirement calculation;

- iv. the implementation of new estimation methods or policies that change prior estimates; and
    - v. changes to income tax elections;
  - b. Identify items included in the projected Net Adjusted Revenue Requirement at an amount other than on a historic cost basis (e.g., fair value adjustments);
  - c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the projected Net Adjusted Revenue Requirement; and
  - d. Provide, for each item identified pursuant to items in Section 1.E.5.a-c of these Protocols, a narrative explanation of the individual impact of such changes on the projected Net Adjusted Revenue Requirement.
- F. *Joint Informational Meeting.* Transmission Owners with transmission projects that utilize a regional or inter-regional cost sharing mechanism shall endeavor to hold a joint informational meeting to enable all interested parties to understand how those Transmission Owners are implementing their formula rates for cost recovery of such projects (“Joint Informational Meeting”). Notice of the Joint Informational Meeting, including the time, date, and location, shall be posted on the LSPG-NY website and distributed to the Service List no less than seven (7) days prior to such meeting, and the Transmission Owners shall provide remote access to Joint Informational Meetings to allow all interested parties the opportunity to remotely participate in such meetings. LSPG-NY will participate in Joint Informational Meetings once it begins development of a project for which costs are to be regionally or inter-regionally allocated.

## **Section 2. Calculation of True-Up Adjustment**

- A. LSPG-NY will calculate the amount of under-or-over-collection of its actual Net Revenue Requirement during the preceding Rate Year (“True-up Adjustment”) after the FERC Form No.1 data for that Rate Year has been filed with the Commission. The True-Up Adjustment shall be the sum of the True-Up Adjustment over/under recovery as determined in Section 2.B and the Interest on the True-Up Adjustment over/under recovery as determined in Section 2.C.
- B. *Calculation of the True-Up Adjustment.* To determine any over or under recovery, LSPG-NY’s projected Net Revenue Requirement collected during the previous Rate Year will be compared to LSPG-NY’s actual Net Revenue Requirement for the previous Rate Year. LSPG-NY shall calculate its actual Net Revenue Requirement for the previous Rate Year in accordance with LSPG-NY’s Formula Rate and based upon: (i) LSPG-NY’s FERC Form No. 1 for that same Rate Year; (ii) any FERC orders specifically applicable to LSPG-NY’s calculation of its annual revenue requirement; (iii) the books and records of LSPG-NY (which shall be maintained consistent with the FERC Uniform System of Accounts (“USofA”); (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates; and (v) any aspects of the ISO OATT and other governing documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates to determine any over-or-under-recovery. Notwithstanding anything to the contrary herein, if the initial year of this rate schedule is a partial year, the initial projected Net Revenue Requirement will be divided by the number of months the Formula Rate is in effect to calculate the monthly projected cost of service to be collected each month of the first year. Similarly,

the actual Net Revenue Requirement will be divided by the number of months the rate is in effect to calculate the actual cost of service to be collected each month of the first year.

The first True-up Adjustment will compare the projected Net Revenue Requirement billed and the actual Net Revenue Requirement for that initial Rate Year.

- C. *Interest.* Interest on any True-up Adjustment over/under recovery of the actual Net Revenue Requirement shall be calculated in accordance with the Formula Rate true-up worksheet.

### **Section 3. Annual Update**

- A. On or before June 30 following each Rate Year, LSPG-NY shall calculate its actual Net Adjusted Revenue Requirement including the True-up Adjustment, as described in Section 2, for each Rate Year (“Annual Update”).
- B. *Posting and Notice of the Annual Update.* No later than June 30 following each Rate Year, LSPG-NY shall cause its Annual Update to be posted in both a PDF and fully functioning Excel format at a publicly accessible location on the ISO website. Within ten (10) days of such posting, LSPG-NY shall provide notice of such posting to the Service List. The date on which the last of the events listed in this Section 3.B occurs shall be that year’s “Publication Date.” If the date for making such posting of the Annual Update should fall on a weekend or a holiday recognized by FERC, then the posting shall be due the next business day. In addition, within ten (10) days of the Publication Date the Annual Update shall be submitted as an informational filing with the FERC.
- C. The Annual Update for the Rate Year shall:
1. Include a workable data-populated Formula Rate Template and underlying work papers in native format with all formulas and links intact;

2. Be based on LSPG-NY's FERC Form No. 1 for the prior calendar year;
3. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and work papers for data that are used in the Annual Update that are not otherwise available in FERC Form No. 1. It is the intent of the formula rate, including the supporting explanations and allocations described therein, that each input to the formula rate will be either taken directly from FERC Form No. 1 or reconcilable to FERC Form No. 1 by the application of clearly identified and supported information. If the referenced form is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in the superseded form. If the referenced form(s) is (are) discontinued, equivalent information as that provided in the discontinued form(s) shall be utilized;
4. Provide sufficient information to enable interested persons to replicate the calculation of the Annual Update results from FERC Form No. 1;
5. Provide a work paper demonstrating compliance with the cost containment commitments set forth in the Formula Rate Template;
6. Identify payments, if any, to NYPA for operations and maintenance. To the extent there is any mark-up in the operations and maintenance costs incurred by NYPA and charged to LSPG-NY, LSPG-NY shall justify the mark-up as an appropriate expense to be recovered under the formula rate.
7. Identify any changes in the formula references (page and line numbers) to FERC Form No. 1;



8. Identify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to FERC Form No. 1 and any adjustments not shown in FERC Form No. 1;
9. Provide underlying data for formula rate inputs that provide greater granularity than is required for FERC Form No. 1;
10. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):
  - a. Identify any Accounting Changes, including
    - i. the initial implementation of an accounting standard or policy;
    - ii. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
    - iii. correction of errors and prior period adjustments that impact the True-Up Adjustment calculation;
    - iv. the implementation of new estimation methods or policies that change prior estimates; and
    - v. changes to income tax elections;
  - b. Identify items included in the Annual Update at an amount other than on a historic cost basis (e.g., fair value adjustments);
  - c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual Update; and
  - d. Provide, for each item identified pursuant to items 3.C.9.a-c of these

Protocols, a narrative explanation of the individual impact of such changes on the True-Up Adjustment.

11. Shall not seek to modify the Formula Rate and shall not be subject to challenge by any interested person seeking to modify the Formula Rate. (i.e., any modifications to the Formula Rate will require, as applicable, an FPA Section 205 or Section 206 filing or initiation of a Section 206 investigation).

- D. *Annual Update Meeting.* No less than twenty (20) business days and no more than thirty (30) business days after June 30, LSPG-NY shall hold an open meeting among interested persons (“Annual Update Meeting”) in order for LSPG-NY to explain its Annual Update and to provide interested persons an opportunity to seek information and clarifications regarding the Annual Update. No less than seven (7) days prior to such Annual Update Meeting, LSPG-NY shall cause notice to be posted on the ISO’s website of the time, date, and location of the Annual Update Meeting and LSPG-NY shall provide notice of such meeting to the Service List.
- E. Example – Timeline for 2022 Annual Update: On or before September 30, 2021, LSPG-NY will determine the projected Net Adjusted Revenue Requirement for the 2022 Rate Year, which is expected to be the first year that costs are recovered from Transmission Customers under the Formula Rate. LSPG-NY will post the Annual Projection for the 2022 Rate Year in accordance with Section 1 above. LSPG-NY will not determine a True-up Adjustment or post an Annual Update on June 30, 2022 if no costs have been recovered under the Formula Rate during 2021. On or before September 30, 2022, LSPG-NY will post the Annual Projection for the 2023 Rate Year. On or before June 30, 2023,

LSPG-NY will post its first Annual Update, calculating the True-up Adjustment for the 2022 Rate Year determined pursuant to Section 2 above. Such True-up Adjustment will be reflected in the Annual Projection of the Net Adjusted Revenue Requirement for the 2024 Rate Year posted on or before September 30, 2023. The Annual Update posted on or before June 30, 2023 will be subject to the customer review and challenge procedures described in Sections 4 and 5 of these Protocols.

#### **Section 4. Annual Review Procedures**

The Annual Update and Annual Projection for each Rate Year shall be subject to the following review procedures (“Annual Review Procedures”):

- A. *Information Request Deadline.* interested parties shall have up to one hundred twenty (120) calendar days after the Publication Date (unless such period is extended with the written consent of LSPG-NY or by FERC order) to serve reasonable information requests on LSPG-NY as described in Section 4.B.
- B. *Limitations on Scope.* Such information and document requests shall be limited to what is necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update or Annual Projection fails to include data properly recorded in accordance with these protocols; (3) the proper application of the Formula Rate and procedures in these protocols; (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual Update or Annual Projection; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula. The information and document requests shall not otherwise be directed to

ascertaining whether the formula rate is just and reasonable.

- C. *Responses to Information Requests.* LSPG-NY shall make a good faith effort to respond to information and document requests within ten (10) business days of receipt of such requests. In the event an information request is not provided within 10 business days, the parties will mutually agree on an extension of the Review Period.
- D. *Public Availability of Information Requests and Responses.* LSPG-NY will cause to be posted on the ISO website all information requests from interested parties and LSPG-NY's response(s) to such requests; except, however, if responses to information and document requests include material deemed by LSPG-NY to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by LSPG-NY and the requesting party.
- E. *Privilege.* LSPG-NY shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing LSPG-NY's Annual Update or Annual Projection.

## **Section 5. Challenge Procedures**

- A. *Informal Challenge Deadlines.* interested persons shall have until the latest of one hundred fifty (150) calendar days after the Publication Date, thirty (30) calendar days after the receipt of all responses to timely submitted information requests (unless such period is extended with the written consent of LSPG-NY or by FERC order), or thirty (30) calendar days after resolution of a dispute that does not result in the production of additional information ("Review Period"), to review the calculations and to notify LSPG-

NY in writing of any specific challenges that fall within the parameters as defined in the Limitations on Scope in Section 5.G of these Protocols (“Informal Challenge”). Failure to pursue an issue through an Informal Challenge or to lodge a Formal Challenge regarding any issue as to a given Annual Update or Annual Projection shall bar pursuit of such issue with respect to that Annual Update or Annual Projection, but shall not bar pursuit of such issue or the lodging of a Formal Challenge as to such issue as it relates to a subsequent Annual Update or Annual Projection

- B. *Contents, Scope, and Response.* An interested party submitting an Informal Challenge to LSPG-NY must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge. LSPG-NY shall respond to any Informal Challenge within twenty (20) business days of notification of such challenge. LSPG-NY, and where applicable, the Transmission Provider, shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If LSPG-NY disagrees with such challenge, LSPG-NY will provide the interested person(s) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information.

- C. *Public Availability of Informal Challenges.* LSPG-NY will cause to be posted at a publicly-accessible location on the ISO website all Informal Challenges from interested persons and LSPG-NY’s response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by LSPG-NY to be confidential information, such information will not be publicly posted

but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by LSPG-NY and the requesting party.

- D. *Remedies.* Any changes or adjustments to the Annual Update or Annual Projection resulting from the Informal Challenge process that are agreed to by LSPG-NY will be reported in the informational filing required pursuant to Section 3 of these Protocols. Any such changes or adjustments agreed to by LSPG-NY on or before December 1 will be reflected in the projected Net Adjusted Revenue Requirement for the upcoming Rate Year. Any changes or adjustments agreed to by LSPG-NY after December 1 will be reflected in the following year's Annual Update.
- E. *Formal Challenge Deadlines.* Any interested persons may file a challenge with the FERC ("Formal Challenge") contesting some action or inaction by LSPG-NY with respect to the Annual Update or Annual Projection, and shall do so no later than sixty (60) calendar days following the end of the Review Period (unless such date is extended with the written consent of LSPG-NY to continue efforts to resolve the Informal Challenge). A Formal Challenge shall be filed in the same docket as LSPG-NY's informational filing discussed in Section 3 of these Protocols. LSPG-NY shall respond to the Formal Challenge by submitting any response to FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge, and LSPG-NY shall serve on the filing party(ies) and the Service List by electronic service on the date of such filing. A party may not pursue a Formal Challenge on a specific issue if that party did not submit an Informal Challenge on the issue during the applicable Review Period.
- F. *Contents of Formal Challenges.* Formal Challenges shall be filed pursuant to these Protocols. All information and correspondence produced by LSPG-NY pursuant to these

Protocols may be included in any Formal Challenge or other FERC proceeding relating to the Formula Rate, subject to any applicable confidentiality and Critical Energy Infrastructure Information restrictions. Formal Challenges shall be filed pursuant to these Protocols and shall satisfy all of the following requirements.

(1) A Formal Challenge shall:

- (a) Clearly identify the action or inaction which is alleged to violate the filed Formula Rate Template or Protocols;
- (b) Explain how the action or inaction violates the Formula Rate or Protocols;
- (c) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
  - (i) the extent or effect of an Accounting Change;
  - (ii) whether the Annual Update or Annual Projection fails to include data properly recorded in accordance with these Protocols;
  - (iii) the proper application of the Formula Rate and procedures in the Protocols;
  - (iv) the accuracy of data and consistency with the formula rate of the charges shown in the Annual Update or Annual Projection;
  - (v) the prudence of actual costs and expenditures;
  - (vi) the effect of any change to the underlying Uniform System of Accounts or FERC Form 1; or
  - (vii) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate.

- (d) Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
  - (e) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
  - (f) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
  - (g) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
  - (h) State whether the filing party utilized the Informal Challenge procedures described in these Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.
- (2) *Service.* Any person filing a Formal Challenge must serve a copy of the Formal Challenge on LSPG-NY. Service to LSPG-NY must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with § 385.2010(f)(3) of FERC's regulations, facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on LSPG-NY's Informational Filing required under Section 3 of these Protocols.



- G. *Limitations on Scope.* Informal and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update or Annual Projection fails to include data properly recorded in accordance with these Protocols; (3) the proper application of the formula rate and procedures in these Protocols; (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual Update or Annual Projection; (5) the prudence of actual costs and expenditures; (6) LSPG-NY's compliance with the cost containment commitments reflected in the Formula Rate; (7) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or (8) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- H. *Burden.* In any Formal Challenge proceeding initiated by FERC concerning a given year's Annual Update or Accounting Changes, LSPG-NY shall bear the burden, consistent with section 205 of the FPA, of proving that it has correctly applied the terms of the formula rate consistent with these Protocols, and that it followed the applicable requirements and procedures in these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- I. *Reservation of Rights under FPA Sections 205 and 206.* Except as specifically provided in these Protocols and subject to terms of certain Offer of Settlement and Stipulations filed with FERC in setting LSPG-NY's Formula Rate, nothing herein shall be deemed to limit in any way the right of LSPG-NY to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to change the formula rate or any of its inputs (including, but not limited to, an application seeking changes to the Formula Rate or any

of the stated value inputs requiring a Section 205 filing under these Protocols including, but not limited to, return on equity and depreciation rates), or the right of any interested persons of the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder.

- J. Any interested party seeking changes to the application of the formula rate due to a change in the Uniform System of Accounts or FERC Form No. 1, shall first raise the matter with LSPG-NY before pursuing a Formal Challenge.

#### **Section 6. Changes to the Annual Update or Annual Projection**

Except as provided in Sections 4 and 5 of these Protocols, any changes to the data inputs, including but not limited to revisions to LSPG-NY's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual Update or Annual Projection, or as a result of the procedures set forth herein, shall be incorporated into the formula rate and the charges produced by the formula rate in the Annual Projection for the next Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments. Interest on any refund or surcharge shall be calculated in accordance with the procedures outlined in these Protocols.

#### **Section 7. Updates During Transmission Project Construction**

LSPG-NY anticipates that it will undertake development activities prior to having an obligation for an informational filing related to its Annual Update or which are outside the scope of the annual transmission revenue requirement for a particular Rate Year. During the period of construction, on June 30 of each year or Rate Year as the case may be, LSPG-NY shall provide project cost updates to be included with its annual informational filing set forth in Section 3.B of these Protocols, information regarding any "Unforeseeable Costs" as that term is defined in the Offer of Settlement approved by the Commission in Docket No. ER20-

716, together with information demonstrating how such costs were determined to be Unforeseeable Costs. In addition, to the extent that there are any “Third Party Costs,” as such term is defined in the Offer of Settlement approved by the Commission in Docket No. ER20-716, arising under clause (iii) of the definition of Third Party Costs as set forth in the Offer of Settlement approved by the Commission in Docket No. ER20-716, LSPG-NY will provide information on such Third Party Cost as part of project cost updates in its annual informational filing, including information demonstrating how such costs were determined to be Third Party Costs.

In addition to the project cost updates referenced above, within six months of placing the entire “Segment A Project,” as is defined in the Offer of Settlement approved by the Commission in Docket No. ER20-716, in service, LSPG-NY will provide an informational workpaper identifying the final assets owned by LSPG-NY and the NYPA respectively, the total ratebase of the assets, details including accounting entries of any transfers of assets that may have occurred between the parties that changed the ownership of any assets, the amount of any costs greater than the “Cost Cap” or less than the “Adjusted Cost Cap” as those terms are defined in the Offer of Settlement approved by the Commission in Docket No. ER20-716, as the case may be, and details on the operations and maintenance costs incurred to date.

### **6.10.7.3 Cost Allocation**

LSPG-NY costs associated with the AC Transmission Project for recovery pursuant to Rate Schedule 10 of the ISO OATT shall be allocated to Responsible LSEs consistent with AC Transmission Public Policy Transmission Need Cost Allocation Methodology in Section 31.8.2 of the ISO OATT.

## **6.10.8 Attachment 2 – Rate Mechanism for the Recovery of NYPA Portion of Segment A of the AC Transmission Public Policy Transmission Need Projects**

### **6.10.8.1 Applicability**

This Attachment 2 to Rate Schedule 10 of the ISO OATT establishes the RTFC for the recovery of costs for the NYPA portion of Segment A of the AC Transmission Public Policy Transmission Need projects (“Project”). The Project was selected by the ISO Board of Directors as identified in a decision and Public Policy Transmission Planning Report issued April 8, 2019 (i.e., the Project was identified therein as “Project T027”). NYPA (“Project Developer”) may recover eligible costs for the Project in accordance with the requirements of Rate Schedule 10 of the ISO OATT. For purposes of Rate Schedule 10 of the ISO OATT: (i) the Project shall constitute the applicable “Eligible Project”; and (ii) Project Developer shall constitute the applicable “Transmission Owner” to recover costs for the Project through the RTFC.

### **6.10.8.2 Project Revenue Requirement**

For purposes of Rate Schedule 10 of the ISO OATT, the revenue requirement for the Project shall be determined using the Formula Rate Template and Formula Rate Implementation Protocols included in Section 14.2.3 of Attachment H of the ISO OATT. The Project’s revenue requirement shall be stated separately on line 11b of the NYPA Formula Rate Template’s Transmission Revenue Requirement Summary, and there shall be no duplicative recovery of costs as between the Project revenue requirement, the NTAC revenue requirement or any other NYPA project-specific revenue requirement.

### **6.10.8.3 Project Cost Allocation**

The costs of the Project eligible for recovery pursuant to Rate Schedule 10 of the ISO OATT shall be allocated to Responsible LSEs in accordance with Section 31.8.2 of Appendix E of

Attachment Y to the ISO OATT.

## **6.10.9 Attachment 3 - Rate Mechanism for NextEra Energy Transmission New York, Inc.**

### **6.10.9.1 Applicability**

This Attachment 3 to Rate Schedule 10 of the ISO OATT establishes the RTFC for NextEra Energy Transmission New York, Inc. (“NEET New York”). NEET New York may recover costs in accordance with the requirements of Rate Schedule 10 of the ISO OATT.

### **6.10.9.2 NEET New York Revenue Requirement**

For purposes of Rate Schedule 10 of the ISO OATT, the revenue requirement for NEET New York shall be determined in accordance with its Formula Rate Template and Formula Rate Protocols.



6.10.9.2.1NextEra Energy Transmission New York, Inc. Formula Rate Template

Index

Rate Formula Template Utilizing FERC Form 1 Data NextEra Energy Transmission New York, Inc.	Projected Annual Transmission Revenue Requirement For the 12 months ended 12/31/____
---	---

Appendix A	Main body of the Formula Rate
Attachment 1	Detail of the Revenue Credits
Attachment 2	Monthly Plant and Accumulated Depreciation balances
Attachment 3	Cost Support Detail
Attachment 4	Calculations showing the revenue requirement by Investment, including any Incentives,
Attachment 5	True-Up calculations
Attachment 6a-6e	Detail of the Accumulated Deferred Income Tax Balances
Attachment 7	Depreciation Rates
Attachment 8	Workpapers



Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		Projected Annual Transmission Revenue Requirement For the 12 months ended 12/31/____	
		NextEra Energy Transmission New York, Inc.			
Line No.		(1)	(2)	(3)	
1	GROSS REVENUE REQUIREMENT (page 3, line 75)		12 months	\$	-
2	REVENUE CREDITS	Total	TP		
	Total Revenue Credits Attachment 1, line 6	-	Allocator -		-
3	Net Revenue Requirement (line 1 minus line 2)				-
4	True-up Adjustment (Attachment 5, line 3, col. G)	-	DA 1.00000		-
5	NET ADJUSTED REVENUE REQUIREMENT (line 3 plus line 4)			\$	-

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 12/31/____	
(1)		(2)	(3)	(4)	(5)
Line No.	Source	Company Total	Allocator	Transmission (Col 3 times Col 4)	
<b>RATE BASE:</b>					
6	GROSS PLANT IN SERVICE (Note M)				
7	Production (Attach 2, line 75)	-	NA	-	-
8	Transmission (Attach 2, line 15)	-	TP	-	-
9	Distribution (Attach 2, line 30)	-	NA	-	-
10	General & Intangible (Attach 2, lines 45 + 60)	-	W/S	-	-
11	TOTAL GROSS PLANT (sum lines 6-9) (If line 7>0, GP= line 10 column 5 / line 10 column 3. If line 7=0, GP=0)	-	GP=	-	-
12	ACCUMULATED DEPRECIATION & AMORTIZATION (Note M)				
13	Production (Attach 2, line 151)	-	NA	-	-
14	Transmission (Attach 2, line 91)	-	TP	-	-
15	Distribution (Attach 2, line 106)	-	NA	-	-
16	General & Intangible (Attach 2, lines 121 + 136)	-	W/S	-	-
17	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)	-			-
18	NET PLANT IN SERVICE				
19	Production (line 6- line 12)	-			-
20	Transmission (line 7- line 13)	-			-
21	Distribution (line 8- line 14)	-			-
22	General & Intangible (line 9- line 15)	-			-
23	TOTAL NET PLANT (sum lines 18-21) (If line 19>0, NP= line 22, column 5 / line 22, column 3. If line 19=0, NP=0)	-	NP=	-	-
24	ADJUSTMENTS TO RATE BASE (Note A)				
25	ADIT (Attach 6a proj., line 8, Column E or Attach 6e True-up - line 8, c)	-	TP	-	-
26	Account No. 255 (enter negative) (Note F)	-	NP	-	-
27	CWIP (Attach 8, line 8, col.u)	-	DA	1.0000	-
28	Unamortized portion of lumpsum lease payment (Note P)	-	DA	1.0000	-
29	Unfunded Reserves (enter negative) (Attach 3, line 170a, col. h) (Note O)	-	DA	1.0000	-
30	Unamortized Regulatory Assets (Attach 8, line 2, col. y) (Note L)	-	DA	1.0000	-
31	Unamortized Abandoned Plant (Attach 8, line 4, col. y) (Note K)	-	DA	1.0000	-
32	TOTAL ADJUSTMENTS (sum lines 24-29)	-			-
33	LAND HELD FOR FUTURE USE (Attach 8, line 6, column q)	-	TP	-	-
34	WORKING CAPITAL (Note C)	-			-
35	CWC (1/8 * (Line 45 less Line 44b))	-			-
36	Materials & Supplies (Note B)	-	TP	-	-
37	Prepayments (Account 165 - Note C)	-	GP	-	-
38	TOTAL WORKING CAPITAL (sum lines 33-35)	-			-
39	RATE BASE (sum lines 22, 30, 31, & 36)	-			-

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/\_\_\_\_

(1)		(2)	(3)	(4)	(5)	
		Source	Company Total	Allocator	Transmission (Col 3 times Col 4)	
38	O&M					
39	Transmission	321.112.b	-	TP=	-	-
40	Less Account 565	321.96.b	-	TP=	-	-
41	A&G	323.197.b	-	W/S	-	-
42	Less EPRI & Reg. Comm. Exp. & Other Ad.	(Note D & Attach 3, line 171, column A)	-	DA	1.0000	-
43	Plus Transmission Related Reg. Comm. Exp.	(Note D & Attach 3, line 172, column C)	-	TP=	-	-
44	PBOP expense adjustment	(Attach 3, line 197, col. b)	-	TP=	-	-
44a	Less Account 566	321.97.b	-	DA	1.0000	-
44b	Amortization of Regulatory Assets	(Attach 8, line 2, column h)	-	DA	1.0000	-
44c	Account 566 excluding amort. of Reg Assets	(line 44a less line 44b)	-	DA	1.0000	-
45	TOTAL O&M (sum lines 39, 41, 43, 44, 44b, 44c less lines 40 & 42, 44a) (Note D)		-			-
46	DEPRECIATION EXPENSE					
47	Transmission	336.7.f (Note M)	-	TP	-	-
48	General and Intangible	336.1.f + 336.10.f (Note M)	-	W/S	-	-
49	Amortization of Abandoned Plant	(Attach 3, line 155) (Note K)	-	DA	1.0000	-
50	TOTAL DEPRECIATION (Sum lines 47-49)		-			-
51	TAXES OTHER THAN INCOME TAXES (Note E)					
52	LABOR RELATED					
53	Payroll	263.__i (enter FN1 line #)	-	W/S	-	-
54	Highway and vehicle	263.__i (enter FN1 line #)	-	W/S	-	-
55	PLANT RELATED					
56	Property	263.__i (enter FN1 line #)	-	GP	-	-
57	Gross Receipts	263.__i (enter FN1 line #)	-	NA	-	-
58	Other	263.__i (enter FN1 line #)	-	GP	-	-
59	TOTAL OTHER TAXES (sum lines 53-58)		-			-
60	INCOME TAXES	(Note F)				
61	$T = 1 - \frac{[(1 - \text{SIT}) * (1 - \text{FIT})] + [(1 - \text{SIT}) * \text{FIT} * p]}{1}$		-			
62	$\text{CIT} = \frac{T}{1 - T} * (1 - \text{WCLTD}/R)$		-			
63	where WCLTD=(line 92) and R= (line 95)					
64	and FIT, SIT, p, & n are as given in footnote F.					
65	$1 / (1 - T) = (T \text{ from line 61})$		-			
66	Amortized Investment Tax Credit (Attachment 4, line 14)		-			
67	Permanent Differences Tax Adjustment	(Attach 3, line 173a * line 65)	-	NP	-	-
68	Income Tax Calculation = line 62 * line 72		-			-
69	ITC adjustment (line 65 * line 66)		-	NP	-	-
70	Total Income Taxes	(Sum lines 67 to 69)	-			-
71	RETURN					
72	[ Rate Base (line 37) * Rate of Return (line 95)]		-	NA		-
73	Rev Requirement before Incentive Projects (sum lines 45, 50, 59, 70, 72)		-			-
74	Incentive Return and Income Tax and Competitive Bid Concessions for Projects (Attach 4, line 70, cols. h, j & less p)		-	DA	1.0000	-
75	Total Revenue Requirement (sum lines 73 & 74)		-			-

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/\_\_\_\_

NextEra Energy Transmission New York, Inc.  
SUPPORTING CALCULATIONS AND NOTES

76	TRANSMISSION PLANT INCLUDED IN ISO RATES									
77	Total transmission plant (line 7, column 3)									-
78	Less transmission plant excluded from ISO rates (Note H)	(Attachment 3, line 175)								-
79	Less transmission plant included in OATT Ancillary Services (Note H)	(Attachment 3, line 175)								-
80	Transmission plant included in ISO rates (line 77 less lines 78 & 79)									-
81	Percentage of transmission plant included in ISO Rates (line 80 divided by line 77) [If line 77 equal zero, enter 1]					TP=				-
82	WAGES & SALARY ALLOCATOR (W&S) (Note I)									
83		Form 1 Reference	\$	TP		Allocation				
84	Production	354.20.b	-	-		-				
85	Transmission	354.21.b	-	-		-				
86	Distribution	354.23.b	-	-		-				
87	Other	354.24,25,26.b	-	-		-				
88	Total (sum lines 84-87) [TP equals 1 if there are no wages & salaries]		-	-		-				
89	RETURN (R) (Note J)									
90			\$	%		Cost		Weighted		
91										
92	Long Term Debt	(Attach 3, lines 249 & 270) (Note G)	-	-		-		-	=WCLTD	
93	Preferred Stock	(Attachment 3, lines 251 & 273)	-	-		-		-		
94	Common Stock	(Attachment 3, line 257)	-	-		9.65%		-		
95	Total (sum lines 92-94)		-	-				-	=R	
Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments										
					(a)		(b)		(c)	
					Non-Incentive		Incentive			
					Investments from		Investments from			
					Attachment 4		Attachment 4			
					(Note N)		(Note N)			
96	Net Transmission Plant in Service	Source of Total Column							Total	-
97	CWIP in Rate Base	(Line 19 and Transmission CIACs)			-		-			-
98	Unamortized Abandoned Plant	(Line 26)			-		-			-
99	Project Specific Regulatory Assets	(Line 29)			-		-			-
		(Line 28)			-		-			-
100	Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments				-		-			-
101	Return and Taxes	(Lines 69 & 71)								-
102	Total Revenue Credits									-
103	Base Carrying Charge (used in Attach 4, Line 65)	(Line 100 - Line 101)/ Line 99								-

## SUPPORTING CALCULATIONS AND NOTES

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

NextEra Energy Transmission New York, Inc.

For the 12 months ended 12/31/\_\_\_\_

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.)

References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note  
Letter

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only transmission related.
- C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission minus the amortization of any Regulatory Asset. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1. D Line 42 removes EPRI Annual Membership Dues listed in Form 1 at 353...f (enter FN1 line #), any EPRI Lobbying expenses included in line 42 of the template and all Regulatory Commission Expenses itemized at 351.h Line 42 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising Line 42 removes all EEI and EPRI research, development and demonstration expenses and NEET NY will not participate in EEI or EPRI. Line 43 reflects all Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h Line 39 or Line 41 and thus Line 45 shall include any NYISO charges other than penalties, including but not limited to administrative costs.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (266.8.f) multiplied by (1/(1-T)). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (1/(1-T)).

Inputs Required:

FIT =	-
SIT =	- (State Income Tax Rate or Composite SIT from Attach 3)
p =	- (percent of federal income tax deductible for state purposes)

For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.

- G Prior to obtaining any debt, the cost of debt will be LIBOR plus 1.5%. Once any debt is obtained, the formula will use the actual cost of long term debt determined in Attachment 3. The capital structure will be 60% equity and 40% debt until NextEra Energy Transmission New York, Inc.'s first transmission project enters service, after which the capital structure will be the actual capital structure. LIBOR refers to the London Inter Bank Offer Rate from the Federal Reserve Bank of St. Louis's <https://fred.stlouisfed.org/>. **The capital structure and cost of debt will be the weighted for the year if the first debt is obtained or first project is placed into service midyear using the**
- H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- I Enter dollar amounts
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206.
- K Recovery of Regulatory Assets is permitted only for pre-commercial expenses incurred prior to the date when NEET New York may first recover costs under the NYISO Tariff, as authorized by the Commission. Recovery of any other regulatory assets (e.g., project specific) requires authorization from the Commission. A carrying charge equal to the weighted cost of capital calculated pursuant to this formula will be applied to the Regulatory Asset prior to the rate year when costs are first recovered.
- L Unamortized Regulatory Assets, consisting of all expenses incurred but not included in CWIP prior to the date the rate is charged to customers, is included at line 28 Carrying costs equal to the weighted cost of capital on the balance of the regulatory asset will accrue until the rate is charged to customers
- M Balances exclude Asset Retirement Costs

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.10.9.2.1 OATT Schedule 10 - NextEra Energy Transmission Ne

- N Non-incentive investments are investments without ROE incentives and incentive investments are investments with ROE incentives
- O Unfunded Reserves are customer contributed capital such as when employee vacation expense is accrued but not yet incurred. Also, pursuant to Special Instructions to Accounts 228.1 through 228.4, no amounts shall be credited to accounts 228.1 through 228.4 unless authorized by a regulatory authority or authorities to be collected in a utility's rates.
- P In the event that leased transmission assets or right of ways involve a lumpsum upfront payment, it will be amortized over the life of the lease to Account No. 567 and the unamortized balance will be included here.

In the event such a lease involves monthly or annual payments, the payments will be booked to Account 567.

Attachment 1 - Revenue Credit Workpaper\*

NextEra Energy Transmission New York, Inc.

**Account 454 - Rent from Electric Property (300.19.b)**

Notes 1 & 3

1 Rent from FERC Form No. 1

-

**Account 456 (including 456.1) (300.21.b and 300.22.b)**

Notes 1 & 3

2 Other Electric Revenues (Note 2)

-

3 Professional Services

-

4 Revenues from Directly Assigned Transmission Facility Charges (Note 2)

-

5 Rent or Attachment Fees associated with Transmission Facilities

-

6 Total Revenue Credits

Sum lines 2-5 + line 1

-

**Note 1** All revenues booked to Account 454 that are derived from cost items classified as transmission-related will be included as a revenue credit. All revenues booked to Account 456 (includes 456.1) that are derived from cost items classified as transmission-related, and are not derived from rates under this transmission formula rate will be included as a revenue credit. Work papers will be included to properly classify revenues booked to these accounts to the transmission function. A breakdown of all Account 454 revenues by subaccount will be provided below, and will be used to derive the proper calculation of revenue credits. A breakdown of all Account 456 revenues by subaccount and customer will be provided and tabulated below, and will be used to develop the proper calculation of revenue credits.

**Note 2**

If the facilities associated with the revenues are not included in the formula, the revenue is shown below, but not included in the total above and explained in the Attachment 3.

**Note 3** All Account 454, 456, and 456.1 Revenues must be itemized below and tie to FERC Form No. 1 cites set forth below.

**Line No.**

1 Accounts 456 and 456.1 (300.21.b plus 300.22.b)

**TOTAL**

**NY-ISO**

**Other 1**

**Other 2**

1a

-

-

-

-

...

-

-

-

-

1x

-

-

-

-

2

-

-

-

-

3

Total

-

-

-

-

4

Less:

5

Revenue for Demands in Divisor

-

-

-

-

6

**Sub Total Revenue Credit**

-

-

-

-

7

Prior Period Adjustments

-

-

-

-

8

Total (must tie to 300.21.b plus 300.22.b)

-

-

-

-

9

Account 454 (300.19.b)

\$

9a

-

9b

-

9c

-

9d

-

9e

-

9f

-

9g

-

...

9x

-

10

Total (must tie to 300.19.b)

-



## Attachment 2 - Cost Support

## NextEra Energy Transmission New York, Inc.

## Plant in Service Worksheet

		Source (Less ARO, see Note M)	Year	Balance
1	<b><u>Calculation of Transmission Plant In Service</u></b>			
2	December	p206.58.b	2015	-
3	January	company records	2016	-
4	February	company records	2016	-
5	March	company records	2016	-
6	April	company records	2016	-
7	May	company records	2016	-
8	June	company records	2016	-
9	July	company records	2016	-
10	August	company records	2016	-
11	September	company records	2016	-
12	October	company records	2016	-
13	November	company records	2016	-
14	December	p207.58.g	2016	-
15	<b>Transmission Plant In Service</b>	(sum lines 2-14) /13		-
16	<b><u>Calculation of Distribution Plant In Service</u></b>			
17	December	p206.75.b	2015	-
18	January	company records	2016	-
19	February	company records	2016	-
20	March	company records	2016	-
21	April	company records	2016	-
22	May	company records	2016	-
23	June	company records	2016	-
24	July	company records	2016	-
25	August	company records	2016	-
26	September	company records	2016	-
27	October	company records	2016	-
28	November	company records	2016	-

-

The diagram consists of a 2x2 grid of rectangles. The top-left rectangle is white, the top-right is light yellow, the bottom-left is white, and the bottom-right is light yellow. A horizontal line separates the top and bottom rows, and a vertical line separates the left and right columns.

31	<b><u>Calculation of Intangible Plant In Service</u></b>	Source (Less ARO, see Note M)		
32	December	p204.5.b	2015	-
33	January	company records	2016	-
34	February	company records	2016	-
35	March	company records	2016	-
36	April	company records	2016	-
37	May	company records	2016	-
38	June	company records	2016	-
39	July	company records	2016	-
40	August	company records	2016	-
41	<del>September</del>	<del>company records</del>	<del>2016</del>	<del>-</del>
42	October	company records	2016	-
43	November	company records	2016	-
44	December	p205.5.g	2016	-
45	<b>Intangible Plant In Service</b>	(sum lines 32-44) /13		-
46	<b><u>Calculation of General Plant In Service</u></b>	Source (Less ARO, see Note M)		
47	December	p206.99.b	2015	-
48	January	company records	2016	-
49	February	company records	2016	-
50	March	company records	2016	-
51	April	company records	2016	-
52	May	company records	2016	-
53	June	company records	2016	-
54	July	company records	2016	-
55	August	company records	2016	-
56	<del>September</del>	<del>company records</del>	<del>2016</del>	<del>-</del>
57	October	company records	2016	-
58	November	company records	2016	-
59	December	p207.99.g	2016	-
60	<b>General Plant In Service</b>	(sum lines 47-59) /13		-

61	<b><u>Calculation of Production Plant In Service</u></b>	Source (Less ARO, see Note M)		
62	December	p204.46b	2015	-
63	January	company records	2016	-
64	February	company records	2016	-
65	March	company records	2016	-
66	April	company records	2016	-
67	May	company records	2016	-
68	June	company records	2016	-
69	July	company records	2016	-
70	August	company records	2016	-
71	September	company records	2016	-
72	October	company records	2016	-
73	November	company records	2016	-
74	December	p205.46.g	2016	-
75	<b>Production Plant In Service</b>	(sum lines 62-74) /13		-
76	<b><u>Total Plant In Service</u></b>	(sum lines 15, 30, 45, 60, & 75)		-

### Accumulated Depreciation Worksheet

#### Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

77	<b><u>Calculation of Transmission Accumulated Depreciation</u></b>	Source (Less ARO, see Note M)	Year	Balance
78	December	Prior year p219.25.c	2015	-
79	January	company records	2016	-
80	February	company records	2016	-
81	March	company records	2016	-
82	April	company records	2016	-
83	May	company records	2016	-
84	June	company records	2016	-
85	July	company records	2016	-
86	August	company records	2016	-
87	September	company records	2016	-
88	October	company records	2016	-
89	November	company records	2016	-

90	December	p219.25.c	2016	-
91	<b>Transmission Accumulated Depreciation</b>	(sum lines 78-90) /13		-

92	<b><u>Calculation of Distribution Accumulated Depreciation</u></b>	Source (Less ARO, see Note M)		
93	December	Prior year p219.26.c	2015	-
94	January	company records	2016	-
95	February	company records	2016	-
96	March	company records	2016	-
97	April	company records	2016	-
98	May	company records	2016	-
99	June	company records	2016	-
100	July	company records	2016	-
101	August	company records	2016	-
102	<del>September</del>	<del>company records</del>	<del>2016</del>	<del>-</del>
103	October	company records	2016	-
104	November	company records	2016	-
105	December	p219.26.c	2016	-
106	<b>Distribution Accumulated Depreciation</b>	(sum lines 93-105) /13		-
107	<b><u>Calculation of Intangible Accumulated Amortization</u></b>	Source (Less ARO, see Note M)		
108	December	Prior year p200.21.c	2015	-
109	January	company records	2016	-
110	February	company records	2016	-
111	March	company records	2016	-
112	April	company records	2016	-
113	May	company records	2016	-
114	June	company records	2016	-
115	July	company records	2016	-
116	August	company records	2016	-
117	<del>September</del>	<del>company records</del>	<del>2016</del>	<del>-</del>
118	October	company records	2016	-
119	November	company records	2016	-
120	December	p200.21.c	2016	-
121	<b>Accumulated Intangible Amortization</b>	(sum lines 108-120) /13		-

122	<b><u>Calculation of General Accumulated Depreciation</u></b>	Source (Less ARO, see Note M)		
123	December	Prior year p219.28.c	2015	-
124	January	company records	2016	-
125	February	company records	2016	-
126	March	company records	2016	-
127	April	company records	2016	-
128	May	company records	2016	-
129	June	company records	2016	-
130	July	company records	2016	-
131	August	company records	2016	-
132	<del>September</del>	<del>company records</del>	<del>2016</del>	<del>-</del>
133	October	company records	2016	-
134	November	company records	2016	-
135	December	p219.28.c	2016	-
136	<b>Accumulated General Depreciation</b>	(sum lines 123-135) /13		-
137	<b><u>Calculation of Production Accumulated Depreciation</u></b>	Source (Less ARO, see Note M)		
138	December	p219.20.c to 24.c (prior year)	2015	-
139	January	company records	2016	-
140	February	company records	2016	-
141	March	company records	2016	-
142	April	company records	2016	-
143	May	company records	2016	-
144	June	company records	2016	-
145	July	company records	2016	-
146	August	company records	2016	-
147	<del>September</del>	<del>company records</del>	<del>2016</del>	<del>-</del>
148	October	company records	2016	-
149	November	company records	2016	-
150	December	p219.20.c to 24.c	2016	-
151	<b>Production Accumulated Depreciation</b>	(sum lines 138-150) /13		-
152	<b><u>Total Accumulated Depreciation and Amortization</u></b>	(sum lines 91, 106, 121, 136, & 151)		-

Attachment 3 - Cost Support					NextEra Energy Transmission New York, Inc.		Details
Numbering continues from Attachment 2		Beginning of Year		End of Year		Average Balance	
153	Account No. 255 (enter negative)	267.8.h	-	-	-	-	
154	Unamortized Abandoned Plant (recovery of abandoned plant requires a FERC order approving the amount and recovery period)	Attachment 8, line 4, col. (v)					Amortization Expense
155	Amortization of Abandoned Plant	Attachment 8, line 4, col. (h)					
156	Prepayments (Account 165) (Prepayments exclude Prepaid Pension Assets)		A	B			
			Year	Balance			
157	December	111.57.d	-	-			
158	January	company records	-	-			
159	February	company records	-	-			
160	March	company records	-	-			
161	April	company records	-	-			
162	May	company records	-	-			
163	June	company records	-	-			
164	July	company records	-	-			
165	August	company records	-	-			
166	September	company records	-	-			
167	October	company records	-	-			
168	November	company records	-	-			
169	December	111.57.c	-	-			
170	Prepayments	(sum lines 157-169) /13		-			

Reserves							
170a	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Amount	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers, 1 less the percent associated with an offsetting liability on the balance sheet	Allocation (Plant or Labor Allocator)	Amount Allocated, col. c x col. d x col. e x col. f x col. g
Reserve 1		-	-	-	-	-	-
Reserve 2		-	-	-	-	-	-
Reserve 3		-	-	-	-	-	-
Reserve 4		-	-	-	-	-	-
...		-	-	-	-	-	-
...		-	-	-	-	-	-
Total							

All unfunded reserves will be listed above, specifically including (but not limited to) all subaccounts for FERC Account Nos. 228.1 through 228.4. "Unfunded reserve" is defined as an accrued balance (1) created and increased by debiting an expense which is included in this formula rate (column (e), using the same allocator in column (g) as used in the formula to allocate the amounts in the corresponding expense account) (2) in advance of an anticipated expenditure related to that expense (3) that is not deposited in a restricted account (e.g., set aside in an escrow account, see column (d)) with the earnings thereon retained within that account. Where a given reserve is only partially funded through accruals collected from customers, only the balance funded by customer collections shall serve as a rate base credit, see column (f). The source of monthly balance data is company records.



<b>EPRI Dues Cost Support</b>						<b>EPRI &amp; EEI Costs to be Excluded</b>		<b>Details</b>	
<b>Allocated General &amp; Common Expenses</b>									
EPRI Dues						(A)			
171	EPRI and EEI Dues to be excluded from the formula rate					p353.1 (enter FM line #)			
<b>Regulatory Expense Related to Transmission Cost Support</b>									
<b>Directly Assigned A&amp;G</b>						<b>Form 1 Amount</b>	<b>Transmission</b>	<b>Other</b>	<b>Details*</b>
						(A)	(B)	C (Col A-Col B)	
172	Regulatory Commission Exp Account 928					p323.189.b			
<b>Multi-state Workpaper</b>									
<b>Income Tax Rates</b>									
Weighting						1		0.07	
173	SIT=State Income Tax Rate or Composite					0.0710		0.07	
Multiple state rates are weighted based on the state apportionment factors on the state income tax returns and the number of days in the year that the rates are effective (see Note F)									
173a	The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Appendix A that are not the result of a timing difference. If any, a workpaper showing the calculation will be attach								
<b>Safety Related and Education and Out Reach Cost Support</b>									
<b>Directly Assigned A&amp;G</b>						<b>Form 1 Amount</b>	<b>Safety Related, Education, Siting &amp; Outreach Related</b>	<b>Other</b>	<b>Details</b>
						(A)	(B)	C (Col A-Col B)	
174	General Advertising Exp Account 930.1					company records			
Safety advertising consists of any advertising whose primary purpose is to educate the recipient as to what is safe or is not safe.									
Education advertising consists of any advertising whose primary purpose is to educate the recipient as about transmission related facts or issues Outreach advertising consists of advertising whose primary purpose is to attract the attention of the recipient about a transmission related issue Siting advertising consists of advertising whose primary purpose is to inform the recipient about locating transmission facilities									
Lobbying expenses are not allowed to be included in account 930.1									
<b>Excluded Plant Cost Support</b>									
						<b>Transmission plant included in OATT</b>			
						<b>Excluded Transmission Facilities</b>		<b>Description of the Facilities</b>	
						<b>Transmission Facilities</b>		<b>General Description of the Facilities</b>	
175	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities							A worksheet will be provided if there are ever any excluded transmission plant or transmission plant in OATT Ancillary Services	
Excluded Transmission Facilities								<b>Add more lines if necessary</b>	

**Materials & Supplies**

			Stores Expense Undistributed p227.16 (A)	Transmission Materials & Supplies p227.8 (B)	Total  C (Col A+Col B)
Note: for the projection, the prior year's actual balances will be used					
Form No.1 page					
176	December	Column b	-	-	-
177	January	Company Records	-	-	-
178	February	Company Records	-	-	-
179	March	Company Records	-	-	-
180	April	Company Records	-	-	-
181	May	Company Records	-	-	-
182	June	Company Records	-	-	-
183	July	Company Records	-	-	-
184	August	Company Records	-	-	-
185	September	Company Records	-	-	-
186	October	Company Records	-	-	-
187	November	Company Records	-	-	-
188	December	Column c	-	-	-
189	Average	sum line 176 to 188 divided by 13			-

PBOPs

Details

<u>Calculation of PBOP Expenses</u>		(a)	(b)
190			<b>Total</b>
191	Total PBOP expenses (Note A)		<b>\$0.00</b>
192	Labor dollars (total labor under PBOP Plan, Note A)		\$0.00
193	Cost per labor dollar (line 191 / line 192)		-
194	labor expensed (labor not capitalized) in current year, 354.28.b.		-
195	PBOP Expense for current year (line 193 * line 194)		-
196	PBOP amount included in Company's O&M and A&G expenses included in FERC Account Nos. 500-935		-
197	PBOP Adjustment (line 195 - line 196)		-

A Lines 191-192 cannot change absent approval or acceptance by FERC in a separate proceeding.

B The source of the amounts from the Actuary Study supporting the numbers in Line 2 and 3 is -

Attachment 3 - Cost Support																
NextEra Energy Transmission New York, Inc.																
COST OF CAPITAL																
Line No.	Description	Form No.1 Reference	December	January	February	March	April	May	June	July	August	September	October	November	December	13 Month Avg.
			Col. (a)	Col. (b)	Col. (c)	Col. (d)	Col. (e)	Col. (f)	Col. (g)	Col. (h)	Col. (i)	Col. (j)	Col. (k)	Col. (l)	Col. (m)	Col. (n)
198	Long Term Debt (3):															
199	Acct 221 Bonds	112.18.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Acct 223 Advances from Assoc. Companies	112.20.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
201	Acct 224 Other Long Term Debt	112.21.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
202	Less Acct 222 Reacquired Debt	112.19.c, d enter negative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
203	Total Long Term Debt	Sum Lines 199 - 202	-	-	-	-	-	-	-	-	-	-	-	-	-	-
204																
205	Preferred Stock (1)	112.3.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
206																
207	Common Equity- Per Books	112.16.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
208	Less Acct 204 Preferred Stock	112.3.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
209	Less Acct 219 Accum Other Compre. Income	112.15.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
209	Less Acct 216.1 Unappropriated Undistributed															
210	Subsidiary Earnings	112.12.c,d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
211	Adjusted Common Equity	Ln 207 - 208 - 209 - 210	-	-	-	-	-	-	-	-	-	-	-	-	-	-
212																
213	Total (Line 203 plus Line 205 plus Line 211)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
214																
215	Cost of Debt (3)															
216	Acct 427 Interest on Long Term Debt	117.62.c														
217	Acct 428 Amortization of Debt Discount and Expense	117.63.c														
218	Acct 428.1 Amortization of Loss on Reacquired Debt	117.64.c														
218	Acct 430 Interest on Debt to Assoc. Companies (LTD															
219	portion only) (2)	117.67.c														
220	Less: Acct 429 Amort of Premium on Debt	117.65.c enter negative														
221	Debt	117.66.c enter negative														
222	Total Interest Expense	Sum Lines 216 - 221														
223																
224	Average Cost of Debt (Line 222, col. n / Line 203, col. n)															0.00%
225																
226	Cost of Preferred Stock															
227	Preferred Stock Dividends	118.29.c														
228																
229	Average Cost of Preferred Stock (Line 227, col. n / Line 205, col. n)															

Note 1. If and when the Company issues preferred stock, footnote will indicate the authorizing regulatory agency, the docket/case number, and the date of the Note 2. Interest on Debt to Associated Companies (FERC 430) will be populated with interest related to Long-Term Debt only.  
 Note 3. In the event there is a construction loan, line 222 will also include the outstanding amounts associated with any short term construction financing, prior to the issuance of long term debt.

Rate Formula Template  
Project Worksheet  
Attachment 4

For the 12 months ended 12/31/2021

Utilizing [Appendix A Data](#)

The calculations below calculate that additional revenue requirement for 100 basis points of ROE and 1 percent change in the equity component of the capital structure. These amounts are then used to value the actual increase in revenue in the table below (starting on line 66) associated with the actual incentive authorized by the Commission The use of the 100 basis point calculations do not presume any particular incentive (i.e., 100 basis points) being granted by the Commission.

NextEra Energy Transmission New York, Inc.				
Allocator				Result
1	Rate Base			-
2	BASE RETURN CALCULATION:			
	\$	%	Cost	Weighted
3	Long Term Debt	(Appendix A, Line 91)	-	-
4	Preferred Stock	(Appendix A, Line 92)	-	-
5	Common Stock	(Appendix A, Line 93)	9.65%	-
6	Total (sum lines 3-5)		-	-
7	Return multiplied by Rate Base (line 1 * line 6)			-
8	INCOME TAXES			
9	$T=1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p) =$ (Appendix A, line 61)			
10	$CIT=(T/1-T) * (1-(WCLTD/R)) =$			
11	where WCLTD=(line 3) and R= (line 6)			
12	and FIT, SIT & p are as given in footnote F on Appendix A.			
13	$1 / (1 - T) =$ (T from line 9)			
14	Amortized Investment Tax Credit (266.80) (enter negative)			
15	Permanent Differences Tax Adjustment = (Appendix A, line 67)			
16	Income Tax Calculation (line 10 * line 7)			
17	ITC adjustment (line 13 * line 14)			
18	Total Income Taxes	(Sum lines 15 to 17)	NP	-
19	Base Return and Income Taxes		Sum lines 7 and 18	-
20	Rate Base		Line 1	-
21	Return and Income Taxes at Base ROE		Line 19 / line 20	-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.10.9.2.1 OATT Schedule 10 - NextEra Energy Transmission Ne

100 Basis Point Incentive ROE and Income Taxes Carrying Charge					Attachment 4
					Result
22	Rate Base				-
23	100 Basis Point Incentive Return impact on				
		\$	%	Cost	Weighted
24	Long Term Debt (line 3)	-	-	-	-
25	Preferred Stock (line 4)	-	-	-	-
26	Common Stock (line 5 plus 100 basis points)	-	-	10.65%	-
27	Total (sum lines 24-26)	-			-
28	100 Basis Point Incentive Return multiplied by Rate Base (line 22 * line 27)				-
29	INCOME TAXES				
30	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$ (Appendix A, line 61)	-			
31	$CTI=(1/T-1) * (1-(WCLTD/R))=$	-			
32	where WCLTD=(line 24) and R= (line 27)				
33	and FIT, SIT & p are as given in footnote F on Appendix A.				
34	$1 / (1 - T) =$ (T from line 30)	-			
35	Amortized Investment Tax Credit (line 14)	-			
36	Permanent Differences Tax Adjustment = (line 15)	-			
37	Income Tax Calculation (line 31 * line 28)	-			
38	ITC adjustment (line 34 * line 35)	-	NP	-	-
39	Total Income Taxes (Sum lines 36 to 38)	-			-
40	Return and Income Taxes with 100 basis point increase in ROE		Sum lines 28 and 39		-
41	Rate Base		Line 22		-
42	Return and Income Taxes with 100 basis point increase in ROE		Line 40 / line 41		-
43	Difference in Return and Income Taxes between Base ROE and 100 Basis Point Incentive		Line 42 - Line 21		-
Effect of 1% Increase in the Equity Ratio					Results
44	Rate Base				-
45	100 Basis Point Incentive Return				
		%	Cost	Weighted	
46	Long Term Debt (line 3 minus 1% in equity ratio)	0.99	0.00%	0.00%	
47	Preferred Stock (line 4)	-	0.00%	0.00%	
48	Common Stock (line 5 plus 1% in equity ratio)	0.01	9.65%	0.10%	
49	Total (sum lines 46-48)			0.10%	
50	Line 49 x line 44				-
51	INCOME TAXES				
52	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$ (Appendix A, line 61)	-			
53	$CTI=(1/T-1) * (1-(WCLTD/R))=$	-			
54	where WCLTD=(line 46) and R= (line 49)				
55	and FIT, SIT & p are as given in footnote F on Appendix A.				
56	$1 / (1 - T) =$ (T from line 52)	-			
57	Amortized Investment Tax Credit (line 14)	-			
58	Permanent Differences Tax Adjustment = (line 15)	-			
59	Income Tax Calculation (line 53 * line 50)	-			
60	ITC adjustment (line 56 * line 57)	-	NP	-	-
61	Total Income Taxes (Sum lines 58 to 60)	-			-
62	Return and Income Taxes with 1% Increase in the Equity Ratio		Sum lines 50 and 61		-
63	Rate Base		Line 44		-
64	Return and Income Taxes with 1% Increase in the Equity Ratio		Line 62 / line 63		-
65	Difference between Base ROE and 1% Increase in the Equity Ratio		Line 64 - Line 21		-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.10.9.2.1 OATT Schedule 10 - NextEra Energy Transmission Ne

Attachment 4

[illegible]

**Note:**

<p>A Column (b), Net Investment includes the Net Plant In Service, unamortized regulatory assets, unamortized abandoned plant and CWIP B Column (l), Gross Plant in Service excludes Regulatory Assets, CWIP, and Abandoned Plant.</p> <p>C Competitive Bid Concession, if any, will reflect outcome of competitive developer selection process and will be computed on a worksheet that will be provided as supporting documentation for each Annual Update and will be zero or a reduction to the revenue requirement. The amount in Column (p) above equals the amount by which the annual revenue requirement is reduced from the ceiling rate. D Column (e), for each project with an incentive in column (e), note the docket No. in which FERC granted the incentive:-</p>	<p>Docket No.</p> <p>Docket Nos. ER16-2719, ER18-125</p>	<p>Note</p> <p>Pursuant to the settlement agreement approved in Docket No. ER16-2719, a 100 bp ROE adder will apply to project investment incurred up to the Cost Cap. A 100 bp ROE adder shall also apply to Unforeseeable Costs in excess of five (5) percent of the Cost Cap. Empire Third Party Costs, and Project Development Costs. <u>Empire Third Party Costs</u> are costs that result from: (i) NYISO modifications or further NYISO requirements, including interconnection costs and upgrades resulting from the NYISO interconnection study process; or (ii) real estate-related costs incurred in any lease arrangements or purchases related to the acquisition of rights-of-way or access to rights-of-way or purchases of rights to access utility facilities; (iii) all taxes; or (iv) Empire Upgrades. These Empire Third Party Costs are not included in the Capital Cost Bid, are not subject to the Cost Cap or Cost Containment Mechanism, and are recoverable in the formula rate. <u>Project Development Costs</u> are costs incurred for the Empire State Line Project prior to the selection of one or more transmission developer(s) by the NYISO Board of Directors and are not included in the Capital Cost Bid submitted to the NYISO, and are not subject to the Cost Cap. <u>Cost Containment Mechanism</u>, are to be included in Construction Work in Progress ("CWIP") in accordance with the FERC Uniform System of Accounts, and are recoverable in the formula rate. The <u>Cost Cap</u> is the sum of the following: (A) the Capital Cost Bid, defined as the amount submitted by NEET NY in response to the NYISO's solicitation on the Western New York Public Policy Transmission Need, but excluding Empire Third Party Costs; (B) contingency of 18% will be applied to the Capital Cost Bid; (C) the sum of the Capital</p>
<p>Project</p> <p>Empire State Line Project - 100 BP ROE Adder and Cost Cap</p>		

Empire State Line Project - Cost Containment Mechanism

Docket Nos. ER16-2719, ER18-125

Pursuant to the settlement agreement approved in Docket No. ER16-2719, 20% of any prudently incurred project costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn an equity return, but NEET NY will be allowed to recover the associated depreciation and debt cost. In addition, 80% of any prudently incurred costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any ROE Incentive Adders on the equity portion of such costs, but NEET NY will be allowed to earn the Base ROE, associated depreciation, and debt cost.

Empire State Line Project - Unforeseeable Costs	Docket Nos. ER16-2719, ER18-125	Unforeseeable Costs in an aggregate amount up to 5% of the Cost Cap shall be considered project costs that are part of the contingency and subject to the Cost Containment Mechanism. Unforeseeable Costs that are more than 5% of the amount of the Cost Cap are not subject to the Cost Cap or Cost Containment Mechanism and are recoverable in the formula rate, and are subject to the base ROE of 9.65%. NEET NY will provide updates of Unforeseeable Costs as part of project cost updates in its annual line informational filing, including information demonstrating how such costs were determined to be Unforeseeable Costs.
Empire State Line Project - Administrative ROE Adder for Certain Costs below the Cost Cap	Docket Nos. ER16-2719, ER18-125	Pursuant to the settlement agreement approved in Docket Nos. ER16-2719, the actual project costs are below the "Adjusted Cost Cap." The Adjusted Cost Cap shall be comprised of the sum of the following: (a) the Capital Cost Adder for the Empire State Line Project and the 5% Adder, multiplied by 5% ("5% Adder"); (c) the sum of the Capital Cost Bid and the 5% Adder, multiplied by an inflation factor of 2.0% per year for the period of time from when the Capital Cost Bid was established and until the date when the project starts commercial operations; and (d) any ROE Adder as set forth in Table A below when the Eligible Project costs, inclusive of Unforeseeable Costs to an amount up to 5% of the Adjusted Cost Cap, are less than the Adjusted Cost Cap, as set forth in Table A below.
Table A	Docket Nos. ER16-2719, ER18-125	Table A
		Actual Costs Below Adjusted Cost Cap
		ROE Adder
		0% to <= 5%
		0.05%
		5% to <= 10%
		0.12%
		>10% to <=15%
		0.20%
		>15% to <=20%
		0.45%
		>20% to <=25%
		0.62%
		>25%
		0.71%



Attachment 5 - Example of True-Up Calculation NextEra Energy Transmission New York, Inc.						
Year					Annual True-Up Calculation	
A	B	C	D	E	F	G
		Adjusted		Net		
				Under/(Over)	Interest	Total True-Up
Project	Project Name	Net Revenue Requirement <sup>1</sup>	Revenue Received <sup>2</sup>	Collection (C-D)	Income (Expense)	Adjustment (E + F)
2	Identification	-	-	-	-	-
2a		-	-	-	-	-
2b		-	-	-	-	-
2c		-	-	-	-	-
2d		-	-	-	-	-
3	Total	-	-	-	-	-

Note A

1) From Attachment 4, Column (q) for the period being true-up

2) The "revenue received" is the total amount of revenue distributed in the True-Up Year. The amounts do not include any true-ups or prior period adjustments and reflects any Competitive Bid Concessions

3. Then Monthly Interest Rate shall be equal to the interest rate set forth below on line 13 and be applied to the amount in Column E for a period of 24 months

4. The True-Up Adjustment is applied to each project prorata based its contribution to the Revenue Requirement shown in Attachment 4

FERC Refund Interest Rate

(a)	(b)	(c)	(d)
		Quarterly Interest Rate	
Interest Rate:	Quarter	Year	under Section 35.19(a)
5	1st Qtr.	-	-
6	2nd Qtr.	-	-
7	3rd Qtr.	-	-
8	4th Qtr.	-	-
9	1st Qtr.	-	-
10	2nd Qtr.	-	-
11	3rd Qtr.	-	-
12	Sum lines 5-11	-	-
13	Avg. Monthly FERC Rate	Line 12 divided by 7	-

ome Taxes (ADIT) Average Worksheet (Projection)

## NextEra Energy Transmission New York, Inc.

Projection for the 12 Months Ended 12/31/\_\_\_\_

Ln	A Item	B Transmission Related	C Plant Related	D Labor Related	E (Sum Col. B, C & D) Total
1	ADIT-282 (enter negative)	-	-	-	Line 16
2	ADIT-283 (enter negative)	-	-	-	Line 24
3	ADIT-190	-	-	-	Line 32
4	Subtotal	-	-	-	Sum of Lines 1-3
5	Wages & Salary Allocator (sum lines 1-3 for each column)			-	Appendix A, line 91
6	Net Plant Allocator		-		Appendix A, line 22
7	Total Plant Allocator	1.00			100%
8	Projected ADIT Total	-	-	-	- Enter as negative Appendix A, page 2, line 24

	(a) Beginning Balance & Monthly Changes	(b) Month	(c) Year	(d) Balance	(e) Transmission Related	(f) Plant Related	(g) Labor Related
ADIT-282							
9	Actual Balance, BOY (Attach 6c, Line 30)	December	-	-	-	-	-
10	Actual Balance, BOY, Non Prorated items (Line 9 less Line 11)	December	-	-	-	-	-
11	Actual Balance, BOY, Prorated items (Attach 6c, Line 26)	December	-	-	-	-	-
12	Actual Balance, EOY (Attach 6d, Line 30)	December	-	-	-	-	-
13	Actual Balance, EOY, Non Prorated items (Line 12 less Line 14)	December	-	-	-	-	-
14	Actual Balance, EOY Prorated (Attach 6d, Line 26)	December	-	-	-	-	-
15	Prorated EOY Balance (Attach 6b, Line 14)	December	-	-	-	-	-
16	ADIT 282 ((Line 10 plus Line 13) / 2) plus Line 15	December	-	-	-	-	-
ADIT-283							
17	Actual Balance, BOY (Attach 6c, Line 44)	December	-	-	-	-	-
18	Actual Balance, BOY, Non Prorated items (Line 17 less Line 19)	December	-	-	-	-	-
19	Actual Balance, BOY, Prorated items (Attach 6c, Line 40)	December	-	-	-	-	-
20	Actual Balance, EOY (Attach 6d, Line 44)	December	-	-	-	-	-
21	Actual Balance, EOY, Non Prorated items (Line 20 less Line 22)	December	-	-	-	-	-
22	Actual Balance, EOY Prorated (Attach 6d, Line 40)	December	-	-	-	-	-
23	Prorated EOY Balance (Attach 6b, Line 28)	December	-	-	-	-	-
24	ADIT 283 ((Line 18 plus Line 21) / 2) plus Line 23	December	-	-	-	-	-
ADIT-190							
25	Actual Balance, BOY (Attach 6c, Line 18)	December	-	-	-	-	-
26	Actual Balance, BOY, Non Prorated items (Line 25 less Line 27)	December	-	-	-	-	-
27	Actual Balance, BOY, Prorated items (Attach 6c, Line 14)	December	-	-	-	-	-
28	Actual Balance, EOY (Attach 6d, Line 18)	December	-	-	-	-	-
29	Actual Balance, EOY, Non Prorated items (Line 28 less Line 30)	December	-	-	-	-	-
30	Actual Balance, EOY Prorated (Attach 6d, Line 14)	December	-	-	-	-	-

---

---



Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Proration Worksheet (Projection)

**NextEra Energy Transmission New York, Inc.**  
 Projection for the 12 Months Ended 12/31/\_\_\_\_

(a) Beginning Balance & Monthly Changes	(b) Month	(c) Year	(d) Weighting for Projection	(e) Beginning Balance/ Monthly Increment	(f) Transmission	(g) Transmission Proration (d) x (f)	(h) Plant Related	(i) Plant Proration (d) x (h)	(j) Labor Related	(k) Labor Proration (d) x (j)
<b>ADIT-282-Proration-Note A</b>										
1 Balance (Attach 6c, Line 26)	December	2015	100.00%	-	-	-	-	-	-	-
2 Increment	January	2016	91.78%	-	-	-	-	-	-	-
3 Increment	February	2016	84.11%	-	-	-	-	-	-	-
4 Increment	March	2016	75.62%	-	-	-	-	-	-	-
5 Increment	April	2016	67.40%	-	-	-	-	-	-	-
6 Increment	May	2016	58.90%	-	-	-	-	-	-	-
7 Increment	June	2016	50.68%	-	-	-	-	-	-	-
8 Increment	July	2016	42.19%	-	-	-	-	-	-	-
9 Increment	August	2016	33.70%	-	-	-	-	-	-	-
10 Increment	September	2016	25.48%	-	-	-	-	-	-	-
11 Increment	October	2016	16.99%	-	-	-	-	-	-	-
12 Increment	November	2016	8.77%	-	-	-	-	-	-	-
13 Increment	December	2016	0.27%	-	-	-	-	-	-	-
14 ADIT 282-Prorated EOY Balance				-	-	-	-	-	-	-
<b>ADIT-283-Proration-Note B</b>										
15 Balance (Attach 6c, Line 40)	December	-	100.00%	-	-	-	-	-	-	-
16 Increment	January	-	91.78%	-	-	-	-	-	-	-
17 Increment	February	-	84.11%	-	-	-	-	-	-	-
18 Increment	March	-	75.62%	-	-	-	-	-	-	-
19 Increment	April	-	67.40%	-	-	-	-	-	-	-
20 Increment	May	-	58.90%	-	-	-	-	-	-	-
21 Increment	June	-	50.68%	-	-	-	-	-	-	-
22 Increment	July	-	42.19%	-	-	-	-	-	-	-
23 Increment	August	-	33.70%	-	-	-	-	-	-	-
24 Increment	September	-	25.48%	-	-	-	-	-	-	-
25 Increment	October	-	16.99%	-	-	-	-	-	-	-
26 Increment	November	-	8.77%	-	-	-	-	-	-	-
27 Increment	December	-	0.27%	-	-	-	-	-	-	-
28 ADIT 283-Prorated EOY Balance				-	-	-	-	-	-	-
<b>ADIT-190-Proration-Note C</b>										
29 Balance (Attach 6c, Line 14)	December	-	100.00%	-	-	-	-	-	-	-
30 Increment	January	-	91.78%	-	-	-	-	-	-	-
31 Increment	February	-	84.11%	-	-	-	-	-	-	-
32 Increment	March	-	75.62%	-	-	-	-	-	-	-
33 Increment	April	-	67.40%	-	-	-	-	-	-	-
34 Increment	May	-	58.90%	-	-	-	-	-	-	-
35 Increment	June	-	50.68%	-	-	-	-	-	-	-
36 Increment	July	-	42.19%	-	-	-	-	-	-	-
37 Increment	August	-	33.70%	-	-	-	-	-	-	-
38 Increment	September	-	25.48%	-	-	-	-	-	-	-
39 Increment	October	-	16.99%	-	-	-	-	-	-	-
40 Increment	November	-	8.77%	-	-	-	-	-	-	-
41 Increment	December	-	0.27%	-	-	-	-	-	-	-
42 ADIT 190-Prorated EOY Balance				-	-	-	-	-	-	-

**Note 1** Uses a 365 day calendar year.



## Attachment 6c - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)

For the 12 Months Ended 12/31/\_\_\_\_

Beginning of Year

Ln	Item	Transmission Related	Plant Related	Labor Related	
1	ADIT-282	-	-	-	Line 30
2	ADIT-283	-	-	-	Line 44
3	ADIT-190	-	-	-	Line 18
4	Subtotal	-	-	-	Sum of Lines 1-4

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance will be shown in a separate row for each project.						
A	B	C	D	E	F	G
		Gas, Prod or Other Related	Transmission Related	Plant Related	Labor Related	Justification
ADIT-190	Total					
5						
6						
7						
8						
9						
10						
11						
12						
13						

14 NOL Carryforward Amount subject to Proration

15 Subtotal - p234.b

16 Less FASB 109 Above if not separately removed

17 Less FASB 106 Above if not separately removed

18 Total

Instructions for Account 190:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C

2. ADIT items related only to Transmission are directly assigned to Column D

3. ADIT items related to Plant and not in Columns C &amp; D are included in Column E

4. ADIT items related to labor and not in Columns C &amp; D are included in Column F

5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 &amp; 158 balance sheet items and the related ADIT.

A	B	C	D	E	F	G
ADIT- 282	Total	Gas, Prod or Other Related	Transmission Related	Plant Related	Labor Related	Justification
19						
20						
21						
22						
23						
24						
25						
26 Depreciation Items						Amount subject to Proration
27 Subtotal - p274.b	-	-	-	-	-	
28 Less FASB 109 Above if not separately removed						
29 Less FASB 106 Above if not separately removed						
30 Total	-	-	-	-	-	
Instructions for Account 282:						
1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C						
2. ADIT items related only to Transmission are directly assigned to Column D						
3. ADIT items related to Plant and not in Columns C & D are included in Column E						
4. ADIT items related to labor and not in Columns C & D are included in Column F						
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 & 158 balance sheet items and the related ADIT.						

A	B	C	D	E	F	G
ADIT- 283	Total	Gas, Prod or Other Related	Transmission Related	Plant Related	Labor Related	Justification
31						
32						
33						
34						
35						
36						
37						
38						
39						
40 Depreciation Items						Amount subject to Proration
41 Subtotal - p276.b	-	-	-	-	-	
42 Less FASB 109 Above if not separately removed						
43 Less FASB 106 Above if not separately removed						
44 Total	-	-	-	-	-	
Instructions for Account 283:						
1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C						
2. ADIT items related only to Transmission are directly assigned to Column D						
3. ADIT items related to Plant and not in Columns C & D are included in Column E						
4. ADIT items related to labor and not in Columns C & D are included in Column F						

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.10.9.2.1 OATT Schedule 10 - NextEra Energy Transmission Ne

5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 & 158 balance sheet items and the related ADIT.





## Attachment 6d - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)

For the 12 Months Ended 12/31/ \_\_\_\_

End of Year

Ln	Item	Transmission Related	Plant Related	Labor Related	
1	ADIT- 282	-	-	-	Line 30
2	ADIT-283	-	-	-	Line 44
3	ADIT-190	-	-	-	Line 18
4	Subtotal	-	-	-	Sum of Lines 1-4

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance will be shown in a separate row for each project.						
A	B	C	D	E	F	G
ADIT-190	Total	Gas, Prod or Other Related	Transmission Related	Plant Related	Labor Related	Justification
5						
6						
7						
8						
9						
10						
11						
12						
13						
14	NOL Carryforward					Amount subject to Proration
15	Subtotal - p234.c	-	-	-	-	
16	Less FASB 109 Above if not separately removed					
17	Less FASB 106 Above if not separately removed					
18	Total	-	-	-	-	

## Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 & 158 balance sheet items and the related ADIT.

A	B	C	D	E	F	G
ADIT-282	Total	Gas, Prod or Other Related	Transmission Related	Plant Related	Labor Related	Justification
19						
20						
21						
22						
23						
24						
25						
26 Depreciation Items						Amount subject to Proration
27 Subtotal - p275.k	-	-	-	-	-	
28 Less FASB 109 Above if not separately removed						
29 Less FASB 106 Above if not separately removed						
30 Total	-	-	-	-	-	

Instructions for Account 282:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 & 158 balance sheet items and the related ADIT.

A	B	C	D	E	F	G
ADIT-283	Total	Gas, Prod or Other Related	Transmission Related	Plant Related	Labor Related	Justification
31						
32						
33						
34						
35						
36						
37						
38						
39						
40 Depreciation Items						Amount subject to Proration
41 Subtotal - p277.k	-	-	-	-	-	
42 Less FASB 109 Above if not separately removed						
43 Less FASB 106 Above if not separately removed						
44 Total	-	-	-	-	-	

Instructions for Account 283:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.10.9.2.1 OATT Schedule 10 - NextEra Energy Transmission Ne

2. ADIT items related only to Transmission are directly assigned to Column D

3. ADIT items related to Plant and not in Columns C & D are included in Column E

4. ADIT items related to labor and not in Columns C & D are included in Column F

b.	Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 & 158 balance sheet items and the related ADIT.
----	--

ADIT items related to plant and not in Columns C & D are included in Column E.						
ADIT items related to labor and not in Columns C & D are included in Column F						
Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded. This includes but is not limited to SFAS 109 & 158 balance sheet items and the related ADIT.						


come Taxes (ADIT) Average Worksheet (True-Up)

**NextEra Energy Transmission New York, Inc.**

For the 12 Months Ended 12/31/\_\_\_\_

Ln	A Item	B Transmission Related	C Plant Related	D Labor Related	E (Sum Col. B, C & D) Total Plant & Labor Related
1	ADIT-282	-	-	-	Line 16
2	ADIT-283	-	-	-	Line 24
3	ADIT-190	-	-	-	Line 32
4	Subtotal	-	-	-	Sum of Lines 1-3
5	Wages & Salary Allocator			-	Appendix A, line 91
6	Net Plant Allocator		-		Appendix A, line 22
7	Total Plant Allocator	1.00			100%
8	ADIT Total	-	-	-	- Enter as negative Appendix A, page 2, line 24

	(a) Beginning Balance & Monthly Changes	(b) Month	(c) Year	(d) Balance	(e) Transmission Related	(f) Plant Related	(g) Labor Related
ADIT-282							
9	Actual Balance, BOY (Attach 6c, Line 30)	December	-	-	-	-	-
10	Actual Balance, BOY, Non Prorated items (Line 9 less Line 11)	December	-	-	-	-	-
11	Actual Balance, BOY, Prorated items (Attach 6c, Line 26)	December	-	-	-	-	-
12	Actual Balance, EOY (Attach 6d, Line 30)	December	-	-	-	-	-
13	Actual Balance, EOY, Non Prorated items (Line 12 less Line 14)	December	-	-	-	-	-
14	Actual Balance, EOY Prorated (Attach 6d, Line 26)	December	-	-	-	-	-
15	Prorated EOY Balance (Attach 6f, Line 14)	December	-	-	-	-	-
16	ADIT 282 ((Line 10 plus Line 13) / 2) plus Line 15	December	-	-	-	-	-
ADIT-283							
17	Actual Balance, BOY (Attach 6c, Line 44)	December	-	-	-	-	-
18	Actual Balance, BOY, Non Prorated items (Line 17 less Line 19)	December	-	-	-	-	-
19	Actual Balance, BOY, Prorated items (Attach 6c, Line 40)	December	-	-	-	-	-
20	Actual Balance, EOY (Attach 6d, Line 44)	December	-	-	-	-	-
21	Actual Balance, EOY, Non Prorated items (Line 20 less Line 22)	December	-	-	-	-	-
22	Actual Balance, EOY Prorated (Attach 6d, Line 40)	December	-	-	-	-	-
23	Prorated EOY Balance (Attach 6f, Line 28)	December	-	-	-	-	-
24	ADIT 283 ((Line 18 plus Line 21) / 2) plus Line 23	December	-	-	-	-	-
ADIT-190							
25	Actual Balance, BOY (Attach 6c, Line 18)	December	-	-	-	-	-
26	Actual Balance, BOY, Non Prorated items (Line 25 less Line 27)	December	-	-	-	-	-
27	Actual Balance, BOY, Prorated items (Attach 6c, Line 14)	December	-	-	-	-	-
28	Actual Balance, EOY (Attach 6d, Line 18)	December	-	-	-	-	-
29	Actual Balance, EOY, Non Prorated items (Line 28 less Line 30)	December	-	-	-	-	-
30	Actual Balance, EOY Prorated (Attach 6d, Line 14)	December	-	-	-	-	-
31	Prorated EOY Balance (Attach 6f, Line 42)	December	-	-	-	-	-

---

---



Attachment 6f - Accumulated Deferred Income Taxes (ADIT) Proration Worksheet (True-up)

NextEra Energy Transmission New York, Inc.  
For the 12 Months Ended 12/31/\_\_\_\_\_

(a) Beginning Balance & Monthly Changes	(b) Month	(c) Year	(d) Weighting for Projection	(e) Monthly Increment	(f) Proration (d) x (e)	(g) Prorated Projected Balance (Cumulative Sum of f)	(f) Actual Monthly Activity	Transmission (g) Difference between projected and actual activity	(h) Partially prorate actual activity above Monthly projection	(i) Partially prorate actual activity below Monthly projection but increases ADIT	(j) Partially prorate actual activity below Monthly projection and is a reduction to ADIT	(k) Partially prorated actual balance
<b>ADIT-282-Proration-Note A</b>												
1 Balance (Attach 6c, Line 30) <b>Note D</b>	December	-	100.00%			-						-
2 Increment	January	-	91.78%	-	-	-	-	-	-	-	-	-
3 Increment	February	-	84.11%	-	-	-	-	-	-	-	-	-
4 Increment	March	-	75.62%	-	-	-	-	-	-	-	-	-
5 Increment	April	-	67.40%	-	-	-	-	-	-	-	-	-
6 Increment	May	-	58.90%	-	-	-	-	-	-	-	-	-
7 Increment	June	-	50.68%	-	-	-	-	-	-	-	-	-
8 Increment	July	-	42.19%	-	-	-	-	-	-	-	-	-
9 Increment	August	-	33.70%	-	-	-	-	-	-	-	-	-
10 Increment	September	-	25.48%	-	-	-	-	-	-	-	-	-
11 Increment	October	-	16.99%	-	-	-	-	-	-	-	-	-
12 Increment	November	-	8.77%	-	-	-	-	-	-	-	-	-
13 Increment	December	-	0.27%	-	-	-	-	-	-	-	-	-
14 ADIT 282-Prorated EOY Balance				-	-		-	-	-	-	-	-
<b>ADIT-283-Proration-Note B</b>												
15 Balance (Attach 6c, Line 44) <b>Note D</b>	December	-	100.00%			-						-
16 Increment	January	-	91.78%	-	-	-	-	-	-	-	-	-
17 Increment	February	-	84.11%	-	-	-	-	-	-	-	-	-
18 Increment	March	-	75.62%	-	-	-	-	-	-	-	-	-
19 Increment	April	-	67.40%	-	-	-	-	-	-	-	-	-
20 Increment	May	-	58.90%	-	-	-	-	-	-	-	-	-
21 Increment	June	-	50.68%	-	-	-	-	-	-	-	-	-
22 Increment	July	-	42.19%	-	-	-	-	-	-	-	-	-
23 Increment	August	-	33.70%	-	-	-	-	-	-	-	-	-
24 Increment	September	-	25.48%	-	-	-	-	-	-	-	-	-
25 Increment	October	-	16.99%	-	-	-	-	-	-	-	-	-
26 Increment	November	-	8.77%	-	-	-	-	-	-	-	-	-
27 Increment	December	-	0.27%	-	-	-	-	-	-	-	-	-
28 ADIT 283-Prorated EOY Balance				-	-		-	-	-	-	-	-
<b>ADIT-190-Proration-Note C</b>												
29 Balance (Attach 6c, Line 18) <b>Note D</b>	December	-	100.00%			-						-
30 Increment	January	-	91.78%	-	-	-	-	-	-	-	-	-
31 Increment	February	-	84.11%	-	-	-	-	-	-	-	-	-
32 Increment	March	-	75.62%	-	-	-	-	-	-	-	-	-
33 Increment	April	-	67.40%	-	-	-	-	-	-	-	-	-
34 Increment	May	-	58.90%	-	-	-	-	-	-	-	-	-
35 Increment	June	-	50.68%	-	-	-	-	-	-	-	-	-
36 Increment	July	-	42.19%	-	-	-	-	-	-	-	-	-
37 Increment	August	-	33.70%	-	-	-	-	-	-	-	-	-
38 Increment	September	-	25.48%	-	-	-	-	-	-	-	-	-
39 Increment	October	-	16.99%	-	-	-	-	-	-	-	-	-
40 Increment	November	-	8.77%	-	-	-	-	-	-	-	-	-
41 Increment	December	-	0.27%	-	-	-	-	-	-	-	-	-
42 ADIT 190-Prorated EOY Balance				-	-		-	-	-	-	-	-

**Note 1** Uses a 365 day calendar year.

**Note 2** Projected end of year ADIT must be based on solely on enacted tax law. No assumptions for future estimated changes in tax law may be forecasted.

**A** Substantial portion, if not all, of the ADIT-282 balance is subject to proration. Explanation must be provided for any portion of balance not subject to proration.

**B** Only amounts in ADIT-283 relating to accelerated depreciation, if applicable, are subject to proration. See Line 40 in Attach 6c and 6d.

**C** Only amounts in ADIT-190 related to NOL carryforwards resulting from accelerated depreciation, if applicable, are subject to proration. See Line 14 in Attach 6c and 6d.

[illegible]





6.10.9.2.1 NextEra Energy Transmission New York, Inc. Formula Rate Template

**Attachment 7 - Depreciation and Amortization Rates**  
**NextEra Energy Transmission New York, Inc.**

Line	Account Number	FERC Account	Rate (Annual)Percent
<b>TRANSMISSION PLANT</b>			
1	350.1	Fee Land	0.00
2	350.2	Land Rights	1.33
3	352	Structures and Improvements	3.36
4	353	Station Equipment	2.92
5	354	Towers and Fixtures	1.92
6	355	Poles and Fixtures	2.05
7	356	Overhead Conductor and Devices	3.10
8	357	Underground Conduit	1.54
9	358	Underground Conductor and Devices	1.85
10	359	Roads and Trails	1.47
<b>GENERAL PLANT</b>			
11	390	Structures & Improvements	1.75
12	391	Office Furniture & Equipment	5.25
13	392.10	Automobiles	11.43
14	392.20	Light Trucks	8.89
15	392.30	Heavy Trucks	6.15
16	392.40	Tractor Trailers	8.89
17	392.90	Trailers	4.00
18	393	Stores Equipment	0.00
19	394	Tools, Shop & Garage Equipment	0.00
20	395	Laboratory Equipment	0.00
21	397	Communication Equipment	25.00
22	398	Miscellaneous Equipment	2.50
<b>INTANGIBLE PLANT</b>			
1	301	Organization	1.85
2	302	Intangible	1.85
3	303	Miscellaneous Intangible Plant	
4		5 Year Property	20.00
5		7 Year Property	14.29
6		10 Year Property	10.00
7		Interconnection Equipment	2.92
		Transmission facility Contributions in Aid of Construction	Note 1

Note 1: In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in lines 1-9 above and the weighted average depreciation rate will be used to amortize the CIAC. The life of a facility subject to a CIAC will be equivalent to the depreciation rate calculated above, i.e.,  $100\% \div \text{depreciation rate} = \text{life in years}$ . The estimated life of the facility or rights associated with the facility will not change over the life of a CIAC without prior FERC approval.

These depreciation rates will not change absent the appropriate filing at FERC.

Effective Date: 6/1/2022 - Docket #: ER22-1571-002 - Page 422

[illegible]

9x					
10	Total(sum lines 9a-9x)				
Intangible	Plant Detail				
	Item	Description	Source	Service Life	Amount
11a			Company Records		
11b			Company Records		
11c			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
11x	Total(sum lines 11a-11x) lies to p207.5g -				

### **6.10.9.2.2 NextEra Energy Transmission New York, Inc. Formula Rate Implementation Protocols**

#### **Section I. Applicability**

The following procedures shall apply to NEET New York's calculation of its actual net revenue requirement, true-up adjustment ("True-Up Adjustment"), and projected net revenue requirement.

#### **Section II. Annual True-Up and Projected Net Revenue Requirement**

- A. On or before June 1 of each year, NEET New York shall determine its annual true-up in accordance with NEET New York's formula rate and Section VII of these protocols ("Annual True-Up"), to derive a True-Up Adjustment to be included in NEET New York's projected net revenue requirement for the subsequent calendar year (the "Rate Year").
- B. On or before June 1 of each year, NEET New York shall cause its Annual True-Up, actual net revenue requirement, and True-Up Adjustment to be posted at a publicly accessible location on the ISO website. Within five (5) days of such posting, NEET New York shall provide notice of such posting to the Service List. As used in these protocols, "Service List" shall include but not be limited to (i) the email list of Transmission Customers maintained by the ISO; (ii) any state regulatory agency with rate jurisdiction over a public utility located within the ISO footprint; and (iii) any consumer advocate agency authorized by state law to review and contest the rates for any such public utility, provided such consumer advocate agency requests to be placed on the Service List and provides an e-mail address to NEET New York.
- C. On or before September 30 of each year, NEET New York shall cause its projected net revenue requirement to be posted at a publicly accessible location on the ISO website. Within five (5) days of posting of the projected net revenue requirement, NEET New York shall provide notice of such posting to the Service List. In the event NEET New York's formula rate is first included in the ISO OATT such that the first projected net revenue requirement cannot be provided to ISO by September 30, NEET New York will nevertheless prepare a projection of its net revenue requirement for the first Rate Year using the most recent information available, and cause such projection to be posted at a publicly accessible location on the ISO website at least sixty (60) days prior to the rates becoming effective. The projected net revenue requirement for a partial first Rate Year will reflect NEET New York's annual net revenue requirement only over the remaining months during the partial Rate Year. NEET New York will conduct a meeting with Interested Parties on the projected net revenue requirement for the first Rate Year between twenty (20) to forty (40) days after posting. For purposes of these protocols, the term "Interested Party" includes, but is not limited to, customers under the ISO OATT, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general. NEET New York shall cause a notice of the customer meeting, including the

time, date, location, and remote access information, to be posted at a publicly accessible location on the ISO website. NEET New York shall provide a notice of such posting to the Service List no less than seven (7) days prior to such meeting.

D. If the date for posting the Annual True-Up or the projected net revenue requirement falls on a weekend or a holiday recognized by the Commission, then the posting shall be due on the next business day. The date on which posting of the Annual True-Up occurs shall be that year's "Publication Date." Any delay in the Publication Date or in the posting of the projected net revenue requirement will result in an equivalent extension of time for the submission of information requests discussed in Section III of these protocols.

E. The Annual True-Up shall:

1. Include a workable data-populated formula rate template and underlying workpapers in native format with all formulas and links intact;
2. Be based on NEET New York's FERC Form No. 1 for the prior calendar year;
3. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used in the Annual True-Up that are not otherwise available in the FERC Form No. 1. It is the intent of the formula rate, including the supporting explanations and allocations described therein, that each input to the formula rate will be either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the referenced form is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in the superseded form. If the referenced form(s) is (are) discontinued, equivalent information as that provided in the discontinued form(s) shall be utilized;
4. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-Up results from the FERC Form No. 1;
5. Identify any changes in the formula references (page and line numbers) to the FERC Form No. 1;
6. Identify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
7. Provide underlying data for formula rate inputs that provide greater granularity than is required for the FERC Form No. 1;
8. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate ("Accounting Change"):
  - a. Identify Accounting Changes, including

- i. the initial implementation of an accounting standard or policy;
      - ii. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
      - iii. correction of errors and prior period adjustments that impact the True-Up Adjustment calculation;
      - iv. the implementation of new estimation methods or policies that change prior estimates; and
      - v. changes to income tax elections;
    - b. Identify items included in the Annual True-Up at an amount other than on a historic cost basis (*e.g.*, fair value adjustments);
    - c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-Up;
    - d. Provide, for each item identified pursuant to items II.E.8.a - II.E.8.c of these protocols, a narrative explanation of the individual impact of such changes on the True-Up Adjustment.
  9. Provide for the applicable Rate Year the following information related to affiliate cost allocation: (1) a detailed description of the methodologies used to allocate and directly assign costs between NEET New York and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior year and the reasons and justifications for those changes; and (2) the magnitude of such costs that have been allocated or directly assigned between NEET New York and each affiliate by service category or function.
- F. The projected net revenue requirement shall:
1. Include a workable data-populated formula rate template and underlying workpapers in native format with all formulas and links intact;
  2. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used in the projected net revenue requirement;
  3. Provide sufficient information to enable Interested Parties to replicate the calculation of the projected net revenue requirement; and
  4. With respect to any Accounting Change:

- a. Identify any Accounting Changes, including
    - i. the initial implementation of an accounting standard or policy;
    - ii. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
    - iii. correction of errors and prior period adjustments that impact the projected net revenue requirement calculation;
    - iv. the implementation of new estimation methods or policies that change prior estimates;
    - v. changes to income tax elections.
  - b. Identify items included in the projected net revenue requirement at an amount other than on a historic cost basis (e.g., fair value adjustments);
  - c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the projected net revenue requirement; and
  - d. Provide, for each item identified pursuant to items II.F.4.a - II.F.4.c of these protocols, a narrative explanation of the individual impact of such changes on the projected net revenue requirement.
- G. NEET New York shall hold an open meeting among Interested Parties (“Annual True-Up Meeting”) on the Annual True-Up no sooner than twenty (20) days after the Publication Date and no later than September 1. NEET New York will make the Annual True-Up Meeting remotely accessible. No less than seven (7) days prior to such Annual True-Up Meeting, NEET New York shall cause notice to be posted at a publicly accessible location on the ISO website of the time, date, location, and remote access information for the Annual True-Up Meeting and NEET New York shall provide notice of such meeting to the Service List. The Annual True-Up Meeting shall (i) permit NEET New York to explain and clarify its Annual True-Up and True-Up Adjustment and (ii) provide Interested Parties an opportunity to seek information and clarifications from NEET New York about the Annual True-Up and True-Up Adjustment.
- H. NEET New York shall hold an open meeting among Interested Parties (“Annual Projected Rate Meeting”) no sooner than twenty (20) days after the date that the projected net revenue requirement is posted to a publicly accessible location on the ISO website (as described in Section II.C of these protocols) and no later than October 31. NEET New York will make the Annual Projected Rate Meeting remotely accessible. No less than seven (7) days prior to such Annual Projected Rate Meeting, NEET New York shall

cause notice to be posted at a publicly accessible location on the ISO website of the time, date, location, and remote access information for the Annual Projected Rate Meeting and NEET New York shall provide notice of such meeting to the Service List. The Annual Projected Rate Meeting shall (i) permit NEET New York to explain and clarify its projected net revenue requirement and (ii) provide Interested Parties an opportunity to seek information and clarifications from NEET New York about the projected net revenue requirement.

- I. Transmission Owners with transmission projects that utilize a regional or inter-regional cost sharing mechanism shall endeavor to hold a joint informational meeting to enable all interested parties to understand how those Transmission Owners are implementing their formula rates for cost recovery of such projects. NEET New York will make the joint informational meeting remotely accessible. NEET New York shall cause notice of joint informational meetings, including the time, date, location, and remote access information, to be posted at a publicly accessible location on the ISO website. NEET New York shall provide notice of such posting to the Service List no less than seven (7) days prior to such meetings. NEET New York will participate in joint informational meetings once it begins development of a project for which costs are to be regionally or inter-regionally allocated.

### **Section III. Information Exchange Procedures**

Each Annual True-Up and projected net revenue requirement shall be subject to the following information exchange procedures (“Information Exchange Procedures”):

- A. Interested Parties shall have until December 1 following Publication Date (unless such period is extended with the written consent of NEET New York or by FERC order) to serve reasonable information and document requests on NEET New York (“Information Exchange Period”). If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:
  1. the extent or effect of an Accounting Change;
  2. whether the Annual True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols;
  3. the proper application of the formula rate and procedures in these protocols;
  4. the accuracy of data and consistency with the formula rate of the calculations shown in the Annual True-Up or projected net revenue requirement;
  5. the prudence of actual costs and expenditures, including procurement methods and cost control methodologies;



6. the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
7. any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.

The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable.

- B. NEET New York shall make a good faith effort to respond to information and document requests within fifteen (15) business days of receipt of such requests. NEET New York shall respond to all information and document requests by no later than January 10 following the Publication Date, unless the Information Exchange Period is extended by NEET New York or FERC. If January 10 falls on a weekend or a holiday recognized by FERC, the deadline for responses to information requests shall be extended to the next business day.
- C. NEET New York will cause to be posted at a publicly accessible location on the ISO website all information requests from Interested Parties and NEET New York's response(s) to such requests; except, however, if responses to information and document requests include material deemed by NEET New York to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by NEET New York and the requesting party.
- D. NEET New York shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing NEET New York's Annual True-Up or projected net revenue requirement.

#### **Section IV. Challenge Procedures**

- A. Interested Parties shall have until January 31 following the Publication Date (unless such period is extended with the written consent of NEET New York or by FERC order) to review the inputs, supporting explanations, allocations and calculations and to notify NEET New York in writing, which may be made electronically, of any specific informal challenges to the Annual True-Up or projected net revenue requirement ("Informal Challenges"). The period of time from the Publication Date until January 31 shall be referred to as the "Review Period." If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue an issue through an Informal Challenge or to lodge a formal challenge ("Formal Challenge") regarding any issue as to a given Annual True-Up or projected net revenue requirement shall bar pursuit of such issue with respect to that Annual True-Up or projected net revenue requirement under the challenge procedures set forth in these protocols, but shall not bar pursuit of such issue or the lodging of a Formal Challenge as to such issue as it relates to a subsequent Annual

True-Up or projected net revenue requirement. This Section IV.A in no way shall affect a party's rights under section 206 of the FPA as set forth in Section IV.I of these protocols.

- B. A party submitting an Informal Challenge to NEET New York must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge. NEET New York shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. NEET New York shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If NEET New York disagrees with such challenge, NEET New York will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information. No Informal Challenge may be submitted after January 31, and NEET New York must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by NEET New York or FERC. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. If February 28 falls on a weekend or a holiday recognized by FERC, the deadline for responding to Informal Challenges shall be extended to the next business day.
- C. Informal Challenges shall be subject to the resolution procedures and limitations in this Section IV. Formal Challenges shall be filed pursuant to these protocols and shall satisfy all of the following requirements.
  - 1. A Formal Challenge shall:
    - a. Clearly identify the action or inaction which is alleged to violate the filed rate formula or protocols;
    - b. Explain how the action or inaction violates the filed rate formula or protocols;
    - c. Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
      - i. The extent or effect of an Accounting Change;
      - ii. Whether the Annual True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols;
      - iii. The proper application of the formula rate and procedures in these protocols;
      - iv. The accuracy of data and consistency with the formula rate of the

charges shown in the Annual True-Up or projected net revenue requirement;

- v. The prudence of actual costs and expenditures;
  - vi. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
  - vii. Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- d. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
  - e. State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
  - f. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
  - g. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
  - h. State whether the filing party utilized the Informal Challenge procedures described in these protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.
- 2. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on NEET New York. Service to NEET New York must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on the NEET New York's Informational Filing required under Section VI of these protocols.
- D. Informal and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols; (3) the proper application of the formula rate and procedures in these protocols; (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual True-Up and projected net revenue requirement; (5) the prudence of actual costs and expenditures; (6) the effect of any

change to the underlying Uniform System of Accounts or FERC Form No. 1; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.

- E. NEET New York will cause to be posted to a publicly accessible location on the ISO website all Informal Challenges from Interested Parties and NEET New York's response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by NEET New York to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by NEET New York and the requesting party.
- F. Any changes or adjustments to the True-Up Adjustment or projected net revenue requirement resulting from the Information Exchange and Informal Challenge processes that are agreed to by NEET New York will be reported in the Informational Filing required pursuant to Section VI of these protocols. Any such changes or adjustments agreed to by NEET New York on or before December 1 will be reflected in the projected net revenue requirement for the upcoming Rate Year. Any changes or adjustments agreed to by NEET New York after December 1 will be reflected in the following year's Annual True-Up, as discussed in Section V of these protocols.
- G. An Interested Party shall have until April 15 following the Review Period (unless such date is extended with the written consent of NEET New York to continue efforts to resolve the Informal Challenge or unless the deadline for NEET New York to submit its informational filing is extended) to make a Formal Challenge with FERC, which shall be served on NEET New York on the date of such filing as specified in Section IV.C(2) above. If April 15 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Formal Challenges shall be extended to the next business day. A Formal Challenge shall be filed in the same docket as NEET New York's Informational Filing discussed in Section VI of these protocols. NEET New York shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on any issue during the applicable Review Period.
- H. In any proceeding initiated by FERC concerning the Annual True-Up or projected net revenue requirement or in response to a Formal Challenge, NEET New York shall bear the burden, consistent with section 205 of the FPA, of proving that it has correctly applied the terms of the formula rate consistent with these protocols, and that it followed the applicable requirements and procedures in NEET New York these protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- I. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of NEET New York to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the formula rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the

formula rate with a stated rate, or the right of any other party to request such changes pursuant to section 206 of the FPA and the regulations thereunder.

- J. No party shall seek to modify the formula rate under the Challenge Procedures set forth in these protocols and the Annual True-Up and projected net revenue requirement shall not be subject to challenge by anyone for the purpose of modifying the formula rate. Any modifications to the formula rate will require, as applicable, an FPA section 205 or section 206 filing.
- K. Any Interested Party seeking changes to the application of the formula rate due to a change in the Uniform System of Accounts or FERC Form No. 1, shall first raise the matter with NEET New York in accordance with this Section IV before pursuing a Formal Challenge.

#### **Section V. Changes to True-Up Adjustment or Projected Net Revenue Requirement**

Except as provided in Section IV.F of these protocols, any changes to the data inputs, including but not limited to revisions to NEET New York's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual True-Up or projected net revenue requirement, or as a result of the procedures set forth herein, shall be incorporated into the formula rate and the charges produced by the formula rate in the projected net revenue requirement for the next Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments. Interest on any refund or surcharge shall be calculated in accordance with the procedures outlined in Section VII of these protocols.

#### **Section VI. Informational Filings**

- A. By March 15 of each year, NEET New York shall submit to FERC an informational filing ("Informational Filing") of its projected net revenue requirement for the Rate Year, including its Annual True-Up and True-Up Adjustment (unless the Review Period is extended by NEET New York or FERC). If March 15 falls on a weekend or a holiday recognized by FERC, the deadline for submitting the Informational Filing shall be extended to the next business day. This Informational Filing must include the information that is reasonably necessary to determine: (1) that input data under the formula rate are properly recorded in any underlying workpapers; (2) that NEET New York has properly applied the formula rate and these procedures; (3) the accuracy of data and the consistency with the formula rate of the transmission revenue requirement and rates under review; (4) the extent of accounting changes that affect formula rate inputs; and (5) the reasonableness of projected costs. The Informational Filing must also describe any corrections or adjustments made during that period, and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge Procedures. Additionally, the Informational Filing must include for the applicable Rate Year the following information related to affiliate cost allocation: (1) a detailed description of the methodologies used to allocate and directly assign costs between NEET New York and its affiliates by service category or function, including any changes to such cost allocation and methodologies from the prior

year, and the reasons and justification for those changes; and (2) the magnitude of such costs that have been allocated or directly assigned between NEET New York and each affiliate by service category or function. Within five (5) days of such Informational Filing, NEET New York shall provide notice of the Informational Filing to the Service List and shall cause the docket number assigned to NEET New York's Informational Filing to be posted at a publicly accessible location on the ISO website.

- B. Any challenges to the implementation of the NEET New York formula rate must be made through the Challenge Procedures described in Section IV of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section VII. Calculation of True-Up Adjustment**

The True-Up Adjustment will be determined in the following manner:

1. Actual transmission revenues received the previous Rate Year ("True-Up Year") shall be compared to the actual net revenue requirement (calculated in accordance with NEET New York's formula rate) for the True-Up Year as determined using NEET New York's completed FERC Form No. 1 report to determine any excess or shortfall. The excess or shortfall due to the actual revenue received versus the actual net revenue requirement shall constitute the "True-Up Adjustment." NEET New York shall cause the True-Up Adjustment and related calculations to be posted to a publicly available location on the ISO website no later than June 1 (or if that day falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day) following the issuance of the FERC Form No. 1 for the previous year, as set forth in Section II of these protocols.
2. Interest on any over recovery of the net revenue requirement shall be determined based on the Commission's regulation at 18 C.F.R § 35.19a. Interest on any under recovery of the net revenue requirement shall be determined using the interest rate equal to: (i) NEET New York's actual short-term debt costs capped at the interest rate determined based on the Commission's regulation at 18 C.F.R § 35.19a; or (ii) if NEET New York does not have short-term debt, then the interest rate determined based on the Commission's regulation at 18 C.F.R § 35.19a. In either case, an average interest rate shall be used to calculate the interest payable for the twenty-four (24) months during which the over or under recovery in the revenue requirement exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the twenty-one (21) months preceding October of the current year. The interest amount will be included in the projected costs made available by September 30, as described in Section II.C above.
3. The net revenue requirement for transmission services for the following Rate Year shall be the sum of the projected net revenue requirement for the following year, plus or minus the True-Up Adjustment from the True-Up Year, if any, including interest, as explained above, and as described in Attachment 5 of NEET New York's formula rate.

4. NEET New York may accelerate the refund of any over recovery amounts by one year. The interest calculation will be adjusted to reflect the period the over recovery exists.

### **Section VIII. Competitive Bid Concessions**

For transmission development projects assigned to NEET New York as a result of the ISO's competitive project sponsor process, NEET New York may, in its sole discretion, agree with ISO to apply a competitive bid concession that will result in a lower net revenue requirement on a project-specific basis than that which would otherwise be produced by the NEET New York formula rate ("Competitive Bid Concession"). Any Competitive Bid Concession will appear as a zero or negative input to the formula, and will be determined on a project-specific basis using a workpaper that will be provided to Interested Parties as supporting documentation for each NEET New York Annual True-Up.

### **6.10.9.3 Cost Allocation**

The eligible project development costs incurred by NEET New York for its project submitted in response to AC Transmission Public Policy Transmission Needs identified by the New York State Public Service Commission on December 17, 2015, in Case No. 12-T-0502 shall be allocated to Responsible LSEs in accordance with Section 31.8.2 of Appendix E of Attachment Y to the ISO OATT.

The costs of the Empire State Line Project selected in the Public Policy Transmission Report issued and approved by the ISO's Board of Directors on October 17, 2017 (and identified therein as "Project T014") eligible for recovery pursuant to Rate Schedule 10 of the ISO OATT shall be allocated to Responsible LSEs in accordance with Section 31.8.4 of Appendix E of Attachment Y to the ISO OATT.



## **6.10.10 Attachment 4 – Rate Mechanism for the Recovery by Consolidated Edison Company of New York, Inc.**

### **6.10.10.1 Applicability**

This Attachment 4 to Rate Schedule 10 of the ISO OATT establishes the RTFC for the recovery of costs for projects undertaken by Consolidated Edison Company of New York, Inc. (“Con Edison”) that are eligible for cost recovery pursuant to Rate Schedule 10. The projects subject to this Attachment 4 to Rate Schedule 10 of the ISO OATT are as follows:

- Con Edison’s Designated Public Policy Project that is a portion of the Public Policy Transmission Project selected by the ISO Board of Directors in response to the Long Island Offshore Wind Export Public Policy Transmission Need and identified in a decision and Public Policy Transmission Planning Report dated June 13, 2023, and any Designated Network Upgrade Facilities associated with such Public Policy Transmission Project selected by the ISO Board of Directors (“Con Edison Long Island PPTN Project Facilities”).

For purposes of Rate Schedule 10 of the ISO OATT: (i) each project identified above shall constitute an applicable “Eligible Project”; and (ii) Con Edison shall constitute the applicable “Transmission Owner” to recover costs for each such project through the RTFC.

### **6.10.10.2 Project Revenue Requirement**

For purposes of Rate Schedule 10 of the ISO OATT, the revenue requirement for each Eligible Project shall be determined using the formula rate template (Section 6.19.8.2.2 of Attachment 3 to Rate Schedule 19 of the ISO OATT) and formula rate implementation protocols (Section 6.19.8.2.1 of Attachment 3 to Rate Schedule 19 of the ISO OATT) set forth in Attachment 3 to Rate Schedule 19 of the ISO OATT. The revenue requirement for each Eligible Project shall be stated separately within Worksheet 10b of Con Edison’s formula rate template

(as set forth in Section 6.19.8.2.2 of Attachment 3 to Rate Schedule 19 of the ISO OATT), and there shall be no duplicative recovery of costs as between the revenue requirement for each Eligible Project hereunder or any other Con Edison project-specific revenue requirement recovered through the ISO OATT.

### **6.10.10.3 Project Cost Allocation**

The costs of each project eligible for recovery pursuant to Rate Schedule 10 of the ISO OATT shall be allocated to Responsible LSEs as follows:

- For the Con Edison Long Island PPTN Project Facilities, eligible costs shall be allocated in accordance with the approved cost allocation methodology for the Public Policy Transmission Project selected by the ISO Board of Directors to address Long Island Offshore Wind Export Public Policy Transmission Need.

## **6.10.11 Attachment 5 – Rate Mechanism for the Recovery by Orange and Rockland Utilities, Inc.**

### **6.10.11.1 Applicability**

This Attachment 5 to Rate Schedule 10 of the ISO OATT establishes the RTFC for the recovery of costs for projects undertaken by Orange and Rockland Utilities, Inc. (“O&R”) that are eligible for cost recovery pursuant to Rate Schedule 10.

For purposes of Rate Schedule 10 of the ISO OATT: (i) each project eligible for cost recovery under this Attachment 5 to Rate Schedule 10 shall constitute an applicable “Eligible Project”; and (ii) O&R shall constitute the applicable “Transmission Owner” to recover costs for each such project through the RTFC.

### **6.10.11.2 Project Revenue Requirement**

For purposes of Rate Schedule 10 of the ISO OATT, the revenue requirement for each Eligible Project shall be determined in accordance with the formula rate template (Section 6.19.10.2.2 of Attachment 5 to Rate Schedule 19 of the ISO OATT) and formula rate implementation protocols (Section 6.19.10.2.1 of Attachment 5 to Rate Schedule 19 of the ISO OATT) set forth in Attachment 5 to Rate Schedule 19 of the ISO OATT.

The revenue requirement for each Eligible Project shall be stated separately within Workpaper 10b10 of O&R’s formula rate template (as set forth in Section 6.19.10.2.2 of Attachment 5 to Rate Schedule 19 of the ISO OATT), and there shall be no duplicative recovery of costs as between the revenue requirement for each Eligible Project hereunder or any other O&R project-specific revenue requirement recovered through the ISO OATT.

### **6.10.11.3 Project Cost Allocation**

The costs of each project eligible for recovery pursuant to Rate Schedule 10 of the ISO

OATT shall be allocated to Responsible LSEs as indicated in this Section 6.10.11.3.

## **6.11 Schedule 11 - Penalty Cost Recovery**

### **6.11.1 Direct Allocation of Costs Associated With NERC Penalty Assessments**

#### **6.11.1.1 Purpose and Objectives**

Under the NERC Functional Model and the NERC Rules of Procedure, Registered Entities within a specific function may be assessed penalties by FERC, NERC, and/or NPCC for violations of NERC Reliability Standards. Pursuant to the terms and conditions of the Tariff and the ISO Procedures, certain tasks associated with Reliability Standards compliance may be performed either by the ISO and/or the Customers even when they are not the Registered Entity. This Schedule furnishes a mechanism by which either the ISO or a Customer may directly allocate, with FERC approval, monetary penalties imposed by FERC, NERC and/or NPCC on the Registered Entity to entity or entities whose conduct is determined by NERC or the Regional Entity to have led to a Reliability Standard violation. For purposes of this rate schedule, the terms “Customer” and “Market Participant” shall include Transmission Owners. The purpose of this schedule is to allow for cost allocation; nothing in this schedule is intended to affect the obligations of Registered Entities for compliance with NERC Reliability Standards. Penalties that are assessed against the ISO on or after the effective date of this Section shall be recoverable as provided in this Section regardless of the date of the violation(s) for which the penalty is assessed. Notwithstanding any provisions of the ISO’s Tariffs or ISO Related Agreements, including those provisions requiring stakeholder approval for Section 205 filings in certain instances, the ISO has the independent authority to make Section 205 filings in accordance with the provisions of this Schedule 11 after consultation with the Management Committee as provided in Section 5.1.1(c) of the Services Tariff or Section 2.11.6(c) of the ISO OATT.

### **6.11.1.2 Definitions**

All defined terms in this Schedule shall have the meaning given to them in the Tariff and the ISO Procedures unless otherwise stated below.

**Compliance Monitoring and Enforcement Program (CMEP)** - The program to be used by the NERC and the Regional Entities to monitor, assess and enforce compliance with the NERC Reliability Standards. As part of a Compliance Monitoring and Enforcement Program, NERC and the Regional Entities may, among other things, conduct investigations, determine fault and assess monetary penalties.

**NERC Functional Model** - Defines the set of functions that must be performed to ensure the reliability of the bulk power system. The NERC Reliability Standards establish the requirements of the responsible entities that perform the functions defined in the Functional Model.

**NERC Reliability Standards** - Those standards that have been developed by NERC and approved by FERC to ensure the reliability of the bulk power system.

**NERC Rules of Procedure** - The rules and procedures developed by NERC and approved by the FERC. These rules include the process by which a responsible entity, which is to perform a set of functions to ensure the reliability of the bulk power system, must register as the Registered Entity.

**Registered Entity** - The entity registered under the NERC Functional Model and NERC Rules of Procedures for the purpose of compliance with NERC Reliability Standards and responsible for carrying out the tasks within a NERC function without regard to whether a task or tasks are performed by another entity pursuant to the terms of the ISO's Tariffs and ISO Related Agreements.

**Regional Entity** - An entity to whom NERC has delegated Electric Reliability Organization (ERO) functions in a particular geographic region. For the ISO region, the applicable Regional Entity is the Northeast Power Coordinating Council (NPCC).

### **6.11.1.3 Allocation of Costs When the ISO is the Registered Entity**

6.11.1.3.1 If FERC, NERC and/or NPCC assesses a monetary penalty against the ISO as the Registered Entity for a violation of a NERC Reliability Standard(s), and the conduct of a Customer or Customers contributed to the Reliability Standard violation(s) at issue, then the ISO may directly allocate such penalty costs or a portion thereof to the Customer or Customers whose conduct contributed to the Reliability Standards violation(s), provided that all of the following conditions have been satisfied:

- (1) Pursuant to the CMEP, the Customer or Customers received notice and an opportunity to fully participate in the underlying CMEP proceeding;
- (2) This CMEP proceeding produced a root cause finding, subsequently filed with FERC, that the Customer contributed, either in whole or in part, to the NERC Reliability Standards violation(s); and
- (3) A NERC filing of the root cause finding identifying the Customer's or Customers' conduct as causing or contributing to the Reliability Standards violation charged against the ISO as the Registered Entity is made at FERC.

6.11.1.3.2 The ISO will notify the Customer or Customers found to have contributed to a violation, either in whole or in part, in the CMEP proceedings. Such notification shall set forth in writing the ISO's intent to invoke this Section 6.11.1.3 and directly assign the costs associated with a monetary penalty to the Customer or Customers. Such notification shall (i) state that the ISO believes the criteria for direct assignment and allocation of costs under this Schedule have been satisfied; and (ii) describe the underlying factual basis supporting a penalty cost assignment, including a description of the conduct contributing to the violation and the nature of the violation of the ISO Tariffs or ISO Related Agreement requirements.

6.11.1.3.3 A failure by a Customer or Customers to participate in the CMEP proceedings will not prevent the ISO from directly assigning the costs associated with a monetary penalty to the responsible Customer or Customers provided all other conditions set forth herein have been satisfied.

6.11.1.3.4 Where the Regional Entity's and/or NERC's root cause analysis finds that more than one party's conduct contributed to the Reliability Standards violation(s), the ISO shall inform all involved Customers and shall make an initial apportionment for purposes of the cost allocation on a basis reasonably proportional to the parties' relative fault consistent with NERC's root cause analysis.

6.11.1.3.5 If the ISO and the involved Customer(s) agree on the proportion of penalty cost allocation, such agreement shall be submitted to the FERC pursuant to Section 205 of the Federal Power Act for approval.

6.11.1.3.6 Should the Customer(s) disagree with the ISO's initial apportionment of the penalty based on each party's relative fault, then the parties shall meet in an attempt to informally resolve the penalty allocation. If the parties cannot agree informally, the matter shall be submitted to the FERC pursuant to Section 205 of the Federal Power Act.

6.11.1.3.7 Once there is a final order by FERC regarding the ISO's ability to directly assign the penalty amounts, the ISO shall include such amounts in the appropriate Customer's or Customers' invoice for the next Billing Period. Such payment amount shall be due with interest calculated at the FERC authorized refund rate from the date of payment of the penalty by the ISO, provided however, nothing precludes the Customer or Customers from paying such penalty when it becomes due for the ISO to avoid paying interest costs. If the Customer pays such penalty under protest when it becomes due and prior to a final order by FERC and such Customer is thereafter found not liable, the Customer is entitled to a refund of the



penalty amount from the ISO, with interest calculated at the FERC authorized refund rate from the date the Customer pays the penalty.

#### **6.11.1.4 Allocation of Costs When a Customer is the Registered Entity**

6.11.1.4.1 If FERC, NERC and/or NPCC assesses a monetary penalty against a Customer as the Registered Entity for a violation of a NERC Reliability Standard(s), and the conduct of the ISO contributed to the Reliability Standard violation(s) at issue, then such Customer may directly allocate such penalty costs or portion thereof to the ISO to the extent the ISO's conduct contributed to the Reliability Standards violation(s), provided that the following conditions have been satisfied:

6.11.1.4.1.1 Pursuant to the CMEP, the ISO received notice and an opportunity to fully participate in the underlying CMEP proceeding;

6.11.1.4.1.2 This CMEP proceeding produced a root cause finding, subsequently filed with FERC, that the ISO contributed, either in whole or in part, to the NERC Reliability Standards violation(s); and

6.11.1.4.1.3 A NERC filing of the root cause finding identifying the ISO's conduct as causing or contributing to the Reliability Standards violation charged against the Customer as the Registered Entity is made at FERC.

6.11.1.4.2 The Customer shall notify the ISO if the ISO is found to have contributed to a violation, either in whole or in part in the CMEP proceedings. Such notification shall set forth in writing the Customer's intent to invoke this Section 6.11.1.4 and directly assign the costs associated with a monetary penalty to the ISO. Such notification shall (i) state that the Customer believes the criteria

for direct assignment and allocation of costs under this Schedule have been satisfied; and (ii) describe the underlying factual basis supporting a penalty cost assignment, including a description of the conduct contributing to the violation and, where applicable, the nature of the violation of the ISO Tariffs or ISO Related Agreement requirements.

6.11.1.4.3 A failure by the ISO to participate in the CMEP proceedings will not prevent the Customer from directly assigning the costs associated with a monetary penalty to the ISO provided all other conditions set forth herein have been satisfied.

6.11.1.4.4 Where the Regional Entity's and/or NERC's root cause analysis finds that the ISO's conduct contributed to the Reliability Standards violation(s), the Customer shall inform the ISO and shall make an initial apportionment for purposes of the cost allocation on a basis reasonably proportional to the parties' relative fault consistent with NERC's root cause analysis.

6.11.1.4.5 If the ISO and the involved Customer agree on a proportion of penalty cost allocation, such agreement shall be submitted to the FERC pursuant to Section 205 of the Federal Power Act.

6.11.1.4.6 Should the ISO disagree with the Customer's initial apportionment of the penalty based on each party's relative fault, then the parties shall meet in an attempt to informally resolve the penalty allocation. If the parties cannot agree informally, the matter shall be submitted to the FERC pursuant to Section 205 of the Federal Power Act.

6.11.1.4.7 Once there is a final order by FERC regarding the Customer's direct assignment of costs to the ISO, the ISO shall pay such amount with interest calculated at the FERC authorized refund rate from the date of payment of the penalty by the Registered Entity. The ISO shall thereafter pursue the recovery of such costs in accordance with Section 6.11.3 of this Schedule 11. Nothing precludes the ISO from paying such penalty when it becomes due for the Registered Entity to avoid paying interest costs. If the ISO pays such penalty under protest when it becomes due and prior to a final order by FERC and the ISO thereafter is found not liable, the ISO is entitled to a refund of the penalty amount from the Customer with interest calculated at the FERC authorized refund rate from the date of payment of the penalty by the ISO. The ISO shall thereafter refund any amounts that were collected from all Customers pursuant to Section 6.11.3 of this Schedule 11.

## **6.11.2 Allocation of Costs Associated With Other Reliability **Penalty Assessments****

### **6.11.2.1 Purpose and Objectives**

The ISO is responsible for performing specific functions under other applicable state and federal regulatory requirements and may be assessed penalties by other regulatory bodies for violations of applicable regulatory requirements. Section 6.11.3 of this Schedule furnishes a mechanism by which the ISO may seek to recover monetary penalties imposed by such regulatory authorities. Penalties that are assessed against the ISO on or after the effective date of this Section shall be recoverable as provided in this Section regardless of the date of the violation(s) for which the penalty is assessed. Notwithstanding any provisions of the ISO's Tariffs or ISO Related Agreements, including those provisions requiring stakeholder approval

for Section 205 filings in certain instances, the ISO has the independent authority to make Section 205 filings in accordance with the provisions of this Schedule 11 after consultation with the Management Committee as provided in Section 5.1.1(c) of the Services Tariff and in Section 2.11.6(c) of the ISO OATT.

### **6.11.3 Allocation of Costs Associated With Penalty Assessments**

#### **6.11.3.1**

Where a particular Customer or Customers cannot be identified as the root cause of a penalty assessment against the ISO or if the ISO is assessed a penalty because of its own action or inaction that resulted in a reliability standard violation or a violation of applicable state or federal regulatory requirements, or if the ISO is allocated a penalty under Section 6.11.1.4 of this Schedule 11, the ISO may seek to recover such penalty costs in accordance with this Schedule 11. Any inclusion of penalty assessments in this Schedule 11 must first be approved by FERC on a case-by-case basis, as provided in *Reliability Standard Compliance and Enforcement in Regions with Regional Transmission Organizations or Independent System Operators*, Docket No. AD07-12-000, 122 FERC ¶ 61,247 (2008), or any successor policy. Notwithstanding any provisions of the ISO's Tariffs or ISO Related Agreements, including those provisions requiring stakeholder approval for Section 205 filings in certain instances, the ISO has the independent authority to make Section 205 filings in accordance with the provisions of this Schedule 11 after consultation with the Management Committee as provided in Section 5.1.1(c) of the Services Tariff or Section 2.11.6(c) of the ISO OATT.

#### **6.11.3.2**

Any and all costs associated with the imposition of NERC Reliability Standards penalties or penalties assessed by other regulatory authorities that may be assessed against the ISO either

directly by NERC, other regulatory authority or allocated by a Customer or Customers under this Schedule shall be (i) paid by the ISO notwithstanding the limitation of liability provisions in this Tariff or the Services Tariff; and (ii) recovered as set forth in this Schedule 11, after consultation with the Management Committee as provided in Section 5.1.1(c) of the Services Tariff or Section 2.11.6(c) of the ISO OATT, or as otherwise approved by the FERC.

### **6.11.3.3**

Penalties that are assessed against the ISO on or after the effective date of this section shall be recoverable as provided in this section regardless of the date of the violation(s) for which the penalty is assessed.

### **6.11.3.4 Allocation Basis and Invoicing**

6.11.3.4.1 Allocation Basis. Any penalties that are permitted recovery under Section 6.11.3.0 of this Schedule 11 shall be allocated 50% to all Injection Billing Units and 50% to all Withdrawal Billing Units in the following manner. The rate to be applied to Injection Billing Units shall be the quotient of (i) 50% of (ii) the penalty costs to be recovered in the Billing Period divided by the total Injection Billing Units for the Billing Period. The rate to be applied to the Withdrawal Billing Units shall be the quotient of (i) 50% of (ii) the penalty costs to be recovered in the Billing Period divided by the total Withdrawal Billing Units for that Billing Period. The Injection Billing Unit rate shall then be multiplied by each Transmission Customer's aggregate Injection Billing Units for the Billing Period, and the Withdrawal Billing Unit rate shall be multiplied by each Transmission Customer's aggregate Withdrawal Billing Units for the Billing Period.

6.11.3.4.2 Invoicing. Once there is a final order by FERC regarding the ISO's ability to recover penalty amounts, the ISO shall include such amounts in the invoice for the next Billing Period utilizing the billing units for the Billing Period of infraction. For purposes of this calculation, the "Billing Period of infraction" shall be the Billing Period in which the violation occurred. Should the penalty be assessed for a violation occurring over multiple Billing Periods, the penalty to be recovered for each Billing Period shall be the total penalty to be recovered through Section 6.11.3 of this Schedule divided by the number of Billing Periods over which the violation occurred. Whenever practicable, the ISO shall recover this Rate Schedule 11 charge in the invoice issued in the Billing Period following the Billing Period in which the NYISO incurs the penalty charge. The ISO may recover penalty charges over several Billing Periods if, in its discretion, the ISO determines such method of recovery to be a prudent course of action. In the event that one or more entities who otherwise would have been apportioned a share of the penalty are no longer Customers, the ISO shall adjust the remaining Customers' shares of the penalty costs, on a proportional basis, if necessary to fully recover the penalty charge.

## **6.12 Schedule 12 - Rate Mechanism for the Recovery of the Highway Facilities Charge (“HFC”)**

### **6.12.1 Applicability**

6.12.1.1 This Schedule establishes the Highway Facilities Charge (“HFC”) for the recovery of that portion of the costs related to Highway System Deliverability Upgrades (“Highway SDUs”) required for deliverability under, as applicable, Section 25.7.12 of Attachment S or Section 40.13.12 of Attachment HH to the ISO OATT that are allocated to Load Serving Entities (“LSEs”). This Schedule shall not apply to: (i) the extent that a Highway SDU is addressed and funded as part of a transmission project undertaken in accordance with the Comprehensive System Planning Process pursuant to Attachment Y of the ISO OATT; (ii) costs for System Upgrade Facilities or System Deliverability Upgrades that are allocated to Developers or Interconnection Customers in accordance with Attachments S, X, Z, or HH of the ISO OATT; (iii) costs of transmission expansion projects undertaken in connection with an individual request for Transmission Service under Sections 3.7 or 4.5 of the ISO OATT; (iv) transmission facilities eligible for cost recovery pursuant to another rate schedule of the ISO OATT; and (v) transmission 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.

6.12.1.2 The HFC shall be calculated in accordance with the formula in Section 6.12.3 using the revenue requirement related to each Highway SDU filed with the Commission by a Transmission Owner pursuant to Section 6.12.2 and approved

or accepted by the Commission. The costs that may be included in the revenue requirement for calculating the HFC include all reasonably incurred costs, as determined by the Commission, related to the development, construction, operation and maintenance of any Highway SDU undertaken pursuant to Attachments S or HH of this ISO OATT (including costs for a Highway SDU that is subsequently halted through no fault of the constructing Transmission Owner) that are allocated to LSEs. 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. The HFC established under this Schedule shall be separate from the TSC and the NTAC determined in accordance with Attachment H of the ISO OATT, and any charge for transmission facilities eligible for cost recovery through another rate schedule of the ISO OATT.

#### **6.12.2 Recovery of Transmission Owner's Costs Related to Highway SDUs**

Each Transmission Owner shall file with the Commission the rate treatment, prior to the implementation of any HFC, that will be used to derive and determine the revenue requirement to be included in the HFC for Highway SDUs undertaken pursuant to a Class Year Deliverability Study and allocated to LSEs in accordance with, as applicable, Section 25.7.12 of Attachment S or Section 40.13.12 of Attachment HH of the ISO OATT. The rate treatment will provide for the recovery of the full revenue requirement for that portion of a Highway SDU that is allocated to LSEs consistent with the provisions of, as applicable, Attachment S or Attachment HH and this Rate Schedule. Pursuant to a determination by the ISO that the threshold for construction of a



Highway SDU has been crossed in accordance with, as applicable, Section 25.7.12.3.1 of Attachment S or Section 40.13.12.3.1 of Attachment HH to the ISO OATT, the Transmission Owner(s) responsible for constructing the Highway SDU will proceed with the approval process for all necessary federal, state and local authorizations for the requested project to which this HFC applies.

6.12.2.1        Upon receipt of all necessary federal, state, and local authorizations, including Commission approval or acceptance of the rate treatment, the Transmission Owner(s) shall commence construction of the project.

6.12.2.2        The portion of the cost of the Highway SDU to be allocated to LSEs will be reduced by any Headroom payments made to the constructing Transmission Owner by a subsequent Developer or Interconnection Customer prior to the completion of the project.

6.12.2.3        The period for cost recovery will be determined by the Commission and will begin if and when the Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12 enters service, is halted, or as otherwise determined by the Commission. The Transmission Owner(s) will make a filing with the Commission to provide for its review and approval or acceptance of the final project cost and resulting revenue requirement to be recovered through the HFC pursuant to this Rate Schedule 12. The Transmission Owner(s) shall bear the burden of resolving all concerns about the content of the filing that might be raised in such proceeding. The ISO will begin to calculate and bill the HFC in accordance with the period for cost recovery determined by the Commission after the Commission has accepted or approved the filing.

### **6.12.3 Calculation and Recovery of HFC and Payment of Recovered Revenue**

The HFC is to be invoiced by the ISO separately for each Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12 and paid by the LSEs allocated in accordance with, as applicable, Section 25.7.12.3.2 of Attachment S or Section 40.13.12.3.2 of Attachment HH to the ISO OATT. The ISO shall collect the HFC from LSEs. The LSEs, including Transmission Owners, non-Transmission Owner LSEs, municipal systems, competitive LSEs and any other LSE, to which the costs of the Highway SDU have been allocated (each a “Responsible LSE”) will be invoiced by the ISO and shall pay the HFC.

6.12.3.1 The revenue requirement filed by the Transmission Owner pursuant to this Schedule and approved or accepted by the Commission, as may be subsequently adjusted in accordance with Section 6.12.4.1.3 below, will be the basis for the HFC that shall be charged by the ISO to each Responsible LSE for the Billing Period based on the Responsible LSE’s proportionate share of the ICAP requirement in the statewide capacity market, adjusted to subtract locational capacity requirements, as set forth in, as applicable, Section 25.7.12.3.2 of Attachment S or Section 40.13.12.3.2 of Attachment HH to the ISO OATT.

6.12.3.2 The HFC for the Billing Period shall include operation and maintenance costs for the proportionate share of the Highway SDU funded by LSEs.

6.12.3.3 LSEs will not be responsible for actual costs in excess of their share of the final Class Year Study or Cluster Study estimated cost of the Highway SDU if the excess results from causes within the control of a Transmission Owner(s) responsible for constructing the Highway SDU as described in, as applicable, Section 25.8.6.4 of Attachment S or Section 40.16.3.4 of Attachment HH of the ISO OATT.

6.12.3.4 As described in, as applicable, Section 25.7.2.2 of Attachment S or Section 40.13.2.2 of Attachment HH to the ISO OATT, the Transmission Owner(s) responsible for constructing a Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12 shall request Incremental TCCs with respect to the Highway SDU in accordance with the requirements of Section 19.2.4 of Attachment M. As it relates solely to a Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12, the Transmission Owner(s) responsible for constructing the Highway SDU 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. Accordingly, the Transmission Owner(s) responsible for constructing the Highway SDU shall not receive Net Congestion Rents pursuant to Section 20.2.5 of Attachment N of the ISO OATT or Net Auction Revenues pursuant to Section 20.3.7 of Attachment N of the ISO OATT as it relates to a Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12.

6.12.3.4.1 The Transmission Owner(s) responsible for constructing a Highway SDU shall exercise its right to obtain and maintain in effect all Incremental TCCs they are awarded with respect to the Highway SDU, as further described in, as applicable, Section 25.7.2.2 of Attachment S or Section 40.13.2.2 of Attachment HH to the ISO OATT. The Incremental TCCs awarded with respect to a Highway SDU may not be sold or transferred through a Centralized TCC Auction, Reconfiguration Auction or the Secondary Market. The Transmission Owner(s) responsible for constructing a Highway SDU for which a portion of the

costs thereof are recovered pursuant to this Rate Schedule 12 shall receive congestion payments pursuant to Section 20.2.3 of Attachment N of the ISO OATT for any Incremental TCCs related to the Highway SDU for which it is the Primary Holder. The congestion payments received by the Transmission Owner(s) responsible for constructing a Highway SDU from any Incremental TCCs it holds related to the Highway SDU will be used in the calculation of the HFC. The HFC and adjustments related to Incremental TCCs shall not require and shall not be dependent upon any reopening or any review of : (i) the Transmission Owner's revenue requirements for the HFC for another Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12; (ii) the Transmission Owner's revenue requirements for the TSCs and NTAC set forth in Attachment H of the ISO OATT; or (iii) the Transmission Owner's revenue requirements for the charge for a transmission facility eligible for cost recovery pursuant to another rate schedule of the ISO OATT.

6.12.3.4.2 As it relates solely to a Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12, the Transmission Owner(s) responsible for constructing the Highway SDU shall receive outage charges for any Incremental TCCs related to the Highway SDU it holds pursuant to Section 19.2.4.10 of Attachment M of the ISO OATT for any hour in the Day-Ahead Market during which the Highway SDU is modeled to be wholly or partially out of service as an entity not subject to Section 20.2.5 of Attachment N of the ISO OATT with respect to the Highway SDU. Accordingly, the Transmission Owner(s) responsible for constructing the Highway SDU for which

a portion of the costs thereof are recovered pursuant to this Rate Schedule 12 shall not be charged or paid O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, 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 pursuant to Attachment N of the ISO OATT.

#### 6.12.3.5 **Cost Recovery Methodology**

The HFC for the Billing Period shall be based on the ICAP requirement in the statewide capacity market, adjusted to subtract locational capacity requirements for those LSEs determined to be allocated the costs of the project in accordance with, as applicable, Section 25.7.12 of Attachment S or Section 40.13.12 of Attachment HH to the ISO OATT.

6.12.3.5.1 The ISO shall calculate each LSE's share of the HFC for each Billing Period (*i.e.*, LSE HFC Allocation<sub>p,l,B</sub>) as follows:

$$\text{LSE HFC Allocation}_{p,l,B} = (\text{Billing Period HFC}_{p,B} - \text{IncrementalTransmissionRightsRevenue}_{p,B} + \text{Outage Cost Adjustment}_{p,B}) \times (\text{LSE ICAP Allocation } \%_{l,B})$$

Where:

l = the relevant Responsible LSE;

p = an individual Highway SDU for which a portion of the costs thereof are recovered pursuant to this Rate Schedule 12;

B= the relevant Billing Period;

Billing Period HFC<sub>p, B</sub> = the pro-rata share of the annual HFC for Highway SDU p, as discussed in Section 6.12.2 above and as may be adjusted in accordance with Section 6.12.4.1.3 below, allocated for Billing Period B;

LSE ICAP Allocation %<sub>l,B</sub> = the LSE's proportionate share of the NYCA ICAP requirement for Billing Period B, adjusted to subtract Locational ICAP requirements for Billing Period B, which

shall be calculated as:

$$\frac{(\text{LSE total ICAP Requirement} - \text{Sum of LSE Locational ICAP Requirements for any Locality not located within another Locality})}{(\text{NYCA Minimum Installed Capacity Requirement} - \text{Sum of Locational Minimum Installed Capacity Requirements for any Locality not located within another Locality})}$$

Such ICAP requirements shall be the ICAP equivalent of the LSE's UCAP requirements prior to any reduction for Locality Exchange MW;

$\text{IncrementalTransmissionRightsRevenue}_{p,B}$  = Congestion payments received by the applicable Transmission Owner for Billing Period B pursuant to Section 20.2.3 of Attachment N of the ISO OATT for any Incremental TCCs held by the Transmission Owner related to the Highway SDU p, as discussed in Section 6.12.3.4.1 above; and

$\text{Outage Cost Adjustment}_{p,B}$  = the Outage charges for any Incremental TCCs held by the Transmission Owner related to the Highway SDU p determined pursuant to Section 6.12.3.4.2 above for any hour in the Day-Ahead Market during which the Highway SDU p is modeled to be wholly or partially out of service aggregated across all hours of Billing Period B.

6.12.3.5.2 The ISO will collect the appropriate HFC revenues each Billing Period and remit those revenues to the appropriate Transmission Owner(s) in accordance with the ISO's billing and settlement procedures.

6.12.3.5.3 Billing true-ups to account for load shifting between LSEs will be based upon the existing ICAP methodology, as appropriate. These true-ups will occur on a monthly basis pursuant to ISO procedures.

#### **6.12.4 Headroom Accounting**

As new generators and merchant transmission facilities come on line and use the Headroom created by a prior Highway SDU, the Developers or Interconnection Customers of those new facilities will reimburse prior Developers or Interconnection Customers or will compensate the LSEs who funded the Highway SDU Headroom in accordance with, as applicable, Sections 25.8.7 and 25.8.8 of Attachment S or Sections 40.17.1 and 40.17.2 of Attachment HH to the ISO OATT.

6.12.4.1 The Developer or Interconnection Customer of the subsequent project shall make a lump sum payment to the constructing Transmission Owner(s) proportional to the electrical use of the Headroom in the account by the Developer's or Interconnection Customer's project.

6.12.4.1.1 Payment shall be made as soon as the cost responsibilities of the subsequent Developer or Interconnection Customer are determined in accordance with, as applicable, Attachment S or HH of the ISO OATT.

6.12.4.1.2 Payment to the constructing Transmission Owner(s) will be based upon the depreciated amount of the Highway SDU in the constructing Transmission Owner's accounting records.

6.12.4.1.3 The constructing Transmission Owner(s) will adjust their revenue requirement under this Rate Schedule 12 to account for any payments received from subsequent Developers or Interconnection Customers to lower the HFC charged to LSEs going forward and notify the ISO of the adjusted revenue requirement.

## **6.12.5 Attachment 1 – Rate Mechanism for the Recovery of the Hurley Avenue Highway System Deliverability Upgrade**

### **6.12.5.1 Applicability**

This Attachment 1 to Rate Schedule 12 of the ISO OATT establishes the HFC for the recovery of costs for the Hurley Avenue Highway System Deliverability Upgrade (“Project”). Central Hudson Gas & Electric Corporation (“Central Hudson”) may recover eligible costs for the Project in accordance with the requirements of Rate Schedule 12 of the ISO OATT. For purposes of Rate Schedule 12 of the ISO OATT: (i) the Project shall constitute the applicable “Highway SDU”; and (ii) Central Hudson shall constitute the applicable “Transmission Owner” to recover costs for the Project through the HFC.

### **6.12.5.2 Project Revenue Requirement**

For purposes of Rate Schedule 12 of the ISO OATT, the revenue requirement for the Project shall be determined in accordance with the formula rate template provided in Section 6.12.5.2.1 of this Attachment and the procedures set forth in Section 6.12.5.2.2 of this Attachment.



#### **6.12.5.2.1      Formula Rate Template**

Application Attachment 1

Index

Rate Formula Template  
Utilizing FERC Form 1 Data

Projected Annual Transmission Revenue Requirement  
For the 12 months ended 5/31/21

HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE

Appendix A	Main body of the Formula Rate
Attachment 1	Detail of the Revenue Credits
Attachment 2	Monthly Plant and Accumulated Depreciation balances
Attachment 3	Cost Support Detail
Attachment 4	Calculations showing the revenue requirement by Investment, including any Incentives,
Attachment 5	Cost of Debt should Construction Financing be Obtained
Attachment 6a and 6b	Detail of the Accumulated Deferred Income Tax Balances
Attachment 7	True-Up calculations
Attachment 8	Depreciation Rates
Attachment 9	Workpapers

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

Appendix A  
Page 1 of 5

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		Projected Annual Transmission Revenue Requirement For the 12 months ended 5/31/21	
		HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE			
		(1)	(2)	(3)	
Line No.				Allocated Amount	
1	GROSS REVENUE REQUIREMENT (line 74)		12 months		
	REVENUE CREDITS	Total	Allocator		
2	Total Revenue Credits Attachment 1, line 6	-	TP	-	
3	Net Revenue Requirement (line 1 minus line 2)			-	
4	True-up Adjustment Attachment 7	-	DA	-	
5	NET ADJUSTED REVENUE REQUIREMENT (line 3 plus line 4)			\$ -	

Appendix A  
Page 2 of 5

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 5/31/21	
		HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE			
		(1)	(2)	(3)	(4)
		Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)
Line No.	RATE BASE:				
	GROSS PLANT IN SERVICE (Note M)				
6	Production (Attach 2, line 75)	-	NA	-	-
7	Transmission (Attach 2, line 15)	-	TP	1.0000	-
8	Distribution (Attach 2, line 30)	-	NA	-	-
9	General & Intangible (Attach 2, lines 45 & 60)	-	W/S	-	-
10	TOTAL GROSS PLANT (sum lines 6-9) (GP=1 if plant =0)	-	GP=	-	-
	ACCUMULATED DEPRECIATION & AMORTIZATION (Note M)				
11	Production (Attach 2, line 151)	-	NA	-	-
12	Transmission (Attach 2, line 91)	-	NA	-	-
13	Distribution (Attach 2, line 106)	-	NA	-	-
14	General & Intangible (Attach 2, lines 121 & 136)	-	NA	-	-
15	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)	-			-
	NET PLANT IN SERVICE				
16	Production (line 6- line 12)	-			-
17	Transmission (line 7- line 13)	-			-
18	Distribution (line 8- line 14)	-			-
19	General & Intangible (line 9- line 15)	-			-
20	TOTAL NET PLANT (sum lines 18-21) (NP=1 if plant =0)	-	NP=	-	-
	ADJUSTMENTS TO RATE BASE (Note A)				
21	ADIT (Attach 6a, line 9)	#DIV/0!	DA	1.0000	#DIV/0!
22	Tax Reform (Attach 11a, line 8)	#REF!			#REF!
23	Account No. 255 (enter negative) (Note F)	-	NP	-	-
24	CWIP (Attach 10)	-	DA	-	-
25	Unfunded Reserves (enter negative) (Attach 3, line 170a)	-	DA	1.0000	-
26	Unamortized Regulatory Assets (Attach 10) (Note L)	-	DA	1.0000	-
27	Unamortized Abandoned Plant (Attach 10) (Note K)	-	DA	1.0000	-
28	TOTAL ADJUSTMENTS (sum lines 24-29)	#DIV/0!			#DIV/0!

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT  
Schedule 12 - Formula Rate Template

31	LAND HELD FOR FUTURE USE	Attachment 10	-	NA	1.0000	-
32	WORKING CAPITAL (Note C)					
33	CWC	calculated (1/8 * Line 45)	9,045,405			#DIV/0!
34	Materials & Supplies (Note B)	(Attach 3, line 189)	-	NA	1.0000	-
35	Prepayments (Account 165 - Note C)	(Attach 3, line 170)	-	GP	-	-
36	TOTAL WORKING CAPITAL (sum lines 33-35)		9,045,405			#DIV/0!

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

37 RATE BASE (sum lines 22, 30, 31, & 36) #DIV/0! #DIV/0!

Appendix A  
Page 3 of 5

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 5/31/21	
		HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE			
(1)	(2)	(3)	(4)	(5)	
	Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
38	O&M				
39	Transmission	321.116.b	AGP	#DIV/0!	#DIV/0!
40	Less Accounts 565, 561 and 561.1 to 561.8	321.99.b & 87.b to 94.b	AGP	#DIV/0!	#DIV/0!
41	A&G	323.205.b	W/S	#DIV/0!	#DIV/0!
42	Less EPRI & Reg. Comm. Exp. & Other Ad.	(Note D & Attach 3, line 171)	W/S	#DIV/0!	#DIV/0!
43	Plus Transmission Related Reg. Comm. Exp.	(Note D & Attach 3, line 172)	AGP	#DIV/0!	#DIV/0!
44	PBOP expense adjustment	(Attach 3, line 243)	AGP	#DIV/0!	#DIV/0!
44a	Less Account 566	321.100.b	W/S	#DIV/0!	#DIV/0!
44b	Amortization of Regulatory Assets	(Attach 10, line 2)	W/S	#DIV/0!	#DIV/0!
44c	Account 566 excluding amort. of Reg Assets	(line 44a less line 44b)	W/S	#DIV/0!	#DIV/0!
45	TOTAL O&M (sum lines 39, 41, 43, 44, 44b, 44c less lines 40 & 42, 44a) (Note D)	72,363,237			#DIV/0!
46	DEPRECIATION EXPENSE				
47	Transmission	336.7.f	DA	1.0000	-
48	General and Intangible	336.1.f + 336.10.f	W/S	1.0000	-
49	Amortization of Abandoned Plant	(Attach 3, line 155) (Note K)	DA	1.0000	-
50	TOTAL DEPRECIATION (Sum lines 47-49)	-			-
51	TAXES OTHER THAN INCOME TAXES (Note E)				
52	LABOR RELATED				
53	Payroll	263.3.i + 263.4.i + 263.12.i	W/S	#DIV/0!	#DIV/0!
54	Highway and vehicle	263...i (enter FN1 line #)	W/S	#DIV/0!	#DIV/0!
55	PLANT RELATED				
56	Property	263.24.i + 263.25.i	AEP	#DIV/0!	#DIV/0!
57	Gross Receipts	263.14.i + 263.26.i	NA	-	-
58	Other	263.15.i	AEP	#DIV/0!	#DIV/0!
59	TOTAL OTHER TAXES (sum lines 53-58)	81,648,113			#DIV/0!
60	INCOME TAXES (Note F)				
61	$T=1 - ((1 - SIT) * (1 - FIT)) / ((1 - SIT * FIT * p))) * (1-n) =$	0.2614			0.2614
62	$CIT=(T(1-T) * (1-WCLTD(R))) =$	#DIV/0!			#DIV/0!
63	where WCLTD=(line 95) and R= (line 98)				
64	and FIT, SIT, p, & n are as given in footnote F.				
65	$1 / (1 - T) = (T \text{ from line 61})$	1.3538			1.354
66	Amortized Investment Tax Credit (Attachment 4, line 14)	-			
67	Income Tax Calculation = line 62 * line 71 * (1-n)	#DIV/0!			#DIV/0!
68	ITC adjustment (line 65 * line 66 * (1-n))	-	NP	-	-
69	Total Income Taxes (line 67 plus line 68)	#DIV/0!			#DIV/0!
70	RETURN				
71	[Rate Base (line 37) * Rate of Return (line 98)]	#DIV/0!	NA		#DIV/0!
72	Rev Requirement before Incentive Projects (sum lines 45, 50, 59, 69, 71)	#DIV/0!			#DIV/0!
73	Incentive Return and Income Tax on Authorized Projects (Attach 4, line 58, col h)	#DIV/0!	DA	100%	#DIV/0!
74	Total Revenue Requirement (sum lines 72 & 73)	#DIV/0!			#DIV/0!

Appendix A  
Page 4 of 5

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 5/31/21	
		HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE SUPPORTING CALCULATIONS AND NOTES			
75	TRANSMISSION PLANT INCLUDED IN RTO RATES				
76	Total transmission plant (line 7, column 3)				-
77	Less transmission plant excluded from RTO rates (Note H)	(Attachment 3, line 175)			2,557,690.00
78	Less transmission plant included in OATT Ancillary Services (Note H)	(Attachment 3, line 175)			-
79	Transmission plant included in RTO rates (line 76 less lines 77 & 78)				2,557,690.00
80	Percentage of transmission plant included in RTO Rates (line 79 divided by line 76) [If line 76 equal zero, enter 1]		TP=	1.0000	

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT  
Schedule 12 - Formula Rate Template

81	ADJUSTED TRANSMISSION PLANT INCLUDED IN RTO RATES		
82	Total transmission plant (line 15, column 3)		
	Plus CIAC Reveived (O&M, A&G and Taxes other than income would be on full amount)		17,621,749.00
83	Total Adjusted Transmission Plant		17,621,749.00
	Transmission plant included in RTO rates (line 82 less lines & 83)		-
84		AGP=	#DIV/0!

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

81	ADJUSTED PLANT INCLUDED IN RTO RATES									
82	Total transmission plant	(line 22, column 3)							-	
	Plus CIAC Reveived (O&M, A&G and Taxes other than income would be on full amount)								17,621,749.00	
83	Total Adjusted Transmission Plant								17,621,749.00	
	Total Gross Plant								-	
84							AEP=	#DIV/0!		
										= WS
85	WAGES & SALARY ALLOCATOR (W&S) (Note I)									
86		Form 1 Reference	\$	AGP		Allocation				
87	Production	354.20.b	2,692,974.00		0.00	-				
88	Transmission	354.21.b	3,389,676.00	#DIV/0!		#DIV/0!			Weighted	
89	Distribution	354.23.b	25,895,435.00		0.00	-		W&S Allocator	#DIV/0!	=WCLTD
90	Other	354.24,25,26.b	31,336,359.00		0.00	-		(\$ / Allocation)	-	
91	Total (sum lines 87-90) [TP equals 1 if there are no wages & salaries]		63,314,444.00			#DIV/0!	=	#DIV/0!	#DIV/0!	=R
92	RETURN (R) (Note J)									
93			\$		%	Cost				(c)
94										
95	Long Term Debt	(Attach 3, lines 249 & 270 or Attach 5) (Note G)		-	#DIV/0!	#DIV/0!			Total	
96	Preferred Stock	(Attachment 3, lines 251 & 273)		100.00	-	-			2,557,690	
97	Common Stock	(Attachment 3, line 257)		(100.00)	#DIV/0!	9.40%			-	
98	Total (sum lines 95-97)			-					-	
										2,557,690
Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments										#DIV/0!
99	Net Transmission Plant in Service	Source of Total Column				(a)		(b)		
		(Line 19 and Transmission CIACs)				Non-Incentive		Incentive		
100	CWIP in Rate Base	(Line 26)				Investments from		Investments from		
101	Unamortized Abandoned Plant	(Line 29)				Attachment 4		Attachment 4		
102	Regulatory Assets	(Line 28)				(Note N)		(Note N)		
103	Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments									
104	Return and Taxes	(Lines 69 & 71)								
105	Total Revenue Credits									
106	Base Carrying Charge (used in Attach 4, Line 65)	(Line 100 - Line 101) / Line 99								

Appendix A  
Page 5 of 5

For the 12 months ended 5/31/21

SUPPORTING CALCULATIONS AND NOTES

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note  
Letter

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. The formula uses the stated average of the beginning and end of year balances to prorate ADIT to comply with IRS normalization rules. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only transmission related.
- C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission  
Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1. D Line 42 removes EPRI Annual Membership Dues listed in Form 1 at 353...f (enter FN1 line #),  
any EPRI Lobbying expenses included in line 42 of the template and all Regulatory Commission Expenses itemized at 351.h  
Line 42 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising  
Line 42 removes all EEI and EPRI research, development and demonstration expenses and NY Transco will not participate in EEI or EPRI.  
Line 43 reflects all Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized at 351.h  
Line 38 or Line 41 and thus Line 45 shall include any NYISO charges other than penalties, including but not limited to administrative costs.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.  
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p =  
"the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base.  
multiplied by (1/(1-T)).
- Inputs Required:
- |       |        |   |
|-------|--------|---|
| FIT = | 0.21   |   |
| SIT = | 0.0650 | (State Income Tax Rate or Composite SIT from Attach 3)        |
| p =   | -      | (percent of federal income tax deductible for state purposes) |
| n =   | -      | (not for profit entity ownership percentage)                  |
- For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.
- G The cost of debt is determined using the internal rate of return methodology shown on Attachment 5 once project financing is obtained. Prior to obtaining project financing, an interest rate of 3.85% from Table 4 of Attachment 5 will be used and will not be trueed up. Attachment 5 contains an estimate of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Appendix A.  
After the completion of construction, the cost of debt will be calculated pursuant to Attachment 3

step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT  
Schedule 12 - Formula Rate Template

- I Enter dollar amounts
- J facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.  
ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206.  
The capital structure will be the actual capital




--

--



Application Attachment 1

**Attachment 1 - Revenue Credit Workpaper\***  
**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**

**Account 454 - Rent from Electric Property (300.19.b)**

Notes 1 & 3

1 Rent from FERC Form No. 1

-

**Account 456 (including 456.1) (300.21.b and 300.22.b)**

Notes 1 & 3

2 Other Electric Revenues (Note 2)

-

3 Professional Services

-

4 Revenues from Directly Assigned Transmission Facility Charges (Note 2)

-

5 Rent or Attachment Fees associated with Transmission Facilities

-

6 Total Revenue Credits

Sum lines 2-5 + line 1

-

**Note 1** All revenues booked to Account 454 that are derived from cost items classified as transmission-related will be included as a revenue credit. All revenues booked to Account 456 (includes 456.1) that are derived from cost items classified as transmission-related, and are not derived from rates under this transmission formula rate will be included as a revenue credit. Work papers will be included to properly classify revenues booked to these accounts to the transmission function. A breakdown of all Account 454 revenues by subaccount will be provided below, and will be used to derive the proper calculation of revenue credits. A breakdown of all Account 456 revenues by subaccount and customer will be provided and tabulated below, and will be used to develop the proper calculation of revenue credits.

**Note 2**

If the facilities associated with the revenues are not included in the formula, the revenue is shown below, but not included in the total above and explained in the Attachment 3.

**Note 3** All Account 454 and 456 Revenues must be itemized below

Line No.

1 Account 456

1a Transmission Service

TOTAL

NY-ISO

Other 1

Other 2

...

1x Trans. Fac. Charge

2 Trans Studies

3 Total

4 Less:

5 Revenue for Demands in Divisor

6 Sub Total Revenue Credit

7 Prior Period Adjustments

8 Total

9 Account 454

9a Joint pole attachments - telephone

9b Joint pole attachments - cable

9c Underground rentals

9d Transmission tower wireless rentals

9e Misc non-transmission rentals

9f

9g

...

9x

10 Total

\$

## Application Attachment 1

**Attachment 2 - Cost Support**  
**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**

**Plant in Service Worksheet**

	<b><u>Calculation of Transmission Plant In Service</u></b>	<b>Source</b>	<b>Year</b>	<b>Balance</b>
1				
2	March	company records	2018	
3	April	company records	2018	
4	May	company records	2018	
5	June	company records	2018	
6	July	company records	2018	
7	August	company records	2018	
8	September	company records	2018	
9	October	company records	2018	
10	November	company records	2018	
11	December	p207.58.g	2018	
12	January	company records	2019	
13	February	company records	2019	
14	March	company records	2019	
15	<b>Transmission Plant In Service</b>	(sum lines 2-14) /13		
16	<b><u>Calculation of Distribution Plant In Service</u></b>	<b>Source</b>		
17	March	company records	2018	
18	April	company records	2018	
19	May	company records	2018	
20	June	company records	2018	
21	July	company records	2018	
22	August	company records	2018	
23	September	company records	2018	
24	October	company records	2018	
25	November	company records	2018	
26	December	p207.75.g	2018	

27 January

company records

[2019](#)

28 February

company records

[2019](#)

		2019

Application Attachment 1

29	March	company records	2019
30	<b>Distribution Plant In Service</b>	(sum lines 17-29) /13	
31	<b><u>Calculation of Intangible Plant In Service</u></b>	Source	
32	March	company records	2018
33	April	company records	2018
34	May	company records	2018
35	June	company records	2018
36	July	company records	2018
37	August	company records	2018
38	September	company records	2018
39	October	company records	2018
40	November	company records	2018
41	December	p205.5.g	2018
42	January	company records	2019
43	February	company records	2019
44	March	company records	2019
45	<b>Intangible Plant In Service</b>	(sum lines 32-44) /13	
46	<b><u>Calculation of General Plant In Service</u></b>	Source	
47	March	company records	2018
48	April	company records	2018
49	May	company records	2018
50	June	company records	2018
51	July	company records	2018
52	August	company records	2018
53	September	company records	2018
54	October	company records	2018
55	November	company records	2018
56	December	p207.99.g	2018
57	January	company records	2019
58	February	company records	2019
59	March	company records	2019

60

## General Plant In Service

(sum lines 47-59) /13

## Application Attachment 1

61	<b><u>Calculation of Production Plant In Service</u></b>	Source	
62	March	company records	2018
63	April	company records	2018
64	May	company records	2018
65	June	company records	2018
66	July	company records	2018
67	August	company records	2018
68	September	company records	2018
69	October	company records	2018
70	November	company records	2018
71	December	p205.46.g	2018
72	January	company records	2019
73	February	company records	2019
74	March	company records	2019
75	<b>Production Plant In Service</b>	(sum lines 62-74) /13	
76	<b><u>Total Plant In Service</u></b>	(sum lines 15, 30, 45, 60, & 75)	-

## Accumulated Depreciation Worksheet

## Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

77	<b><u>Calculation of Transmission Accumulated Depreciation</u></b>	Source	Year	Balance
78	March	company records	2018	
79	April	company records	2018	
80	May	company records	2018	
81	June	company records	2018	
82	July	company records	2018	
83	August	company records	2018	
84	September	company records	2018	
85	October	company records	2018	
86	November	company records	2018	
87	December	p219.25.b	2018	

88

January

company records

2019

89

February

company records

2019

## Application Attachment 1

90	March	company records	2019
91	<b>Transmission Accumulated Depreciation</b>	(sum lines 78-90) /13	
92	<b><u>Calculation of Distribution Accumulated Depreciation</u></b>	Source	
93	March	company records	2018
94	April	company records	2018
95	May	company records	2018
96	June	company records	2018
97	July	company records	2018
98	August	company records	2018
99	September	company records	2018
100	October	company records	2018
101	November	company records	2018
102	December	p219.25.b	2018
103	January	company records	2019
104	February	company records	2019
105	March	company records	2019
106	<b>Distribution Accumulated Depreciation</b>	(sum lines 93-105) /13	
107	<b><u>Calculation of Intangible Accumulated Amortization</u></b>	Source	
108	March	company records	2018
109	April	company records	2018
110	May	company records	2018
111	June	company records	2018
112	July	company records	2018
113	August	company records	2018
114	September	company records	2018
115	October	company records	2018
116	November	company records	2018
117	December	p200.21.c	2018
118	January	company records	2019
119	February	company records	2019
120	March	company records	2019



121

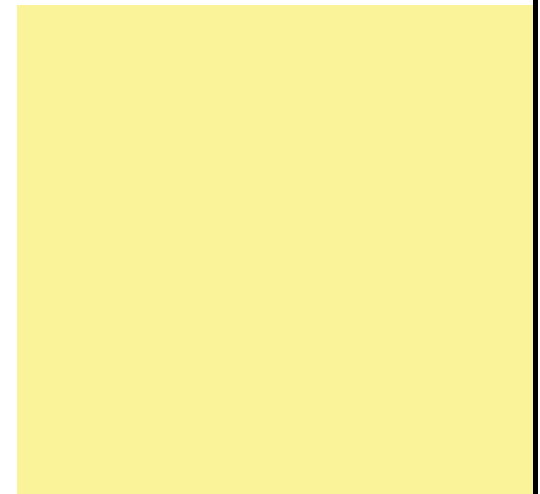
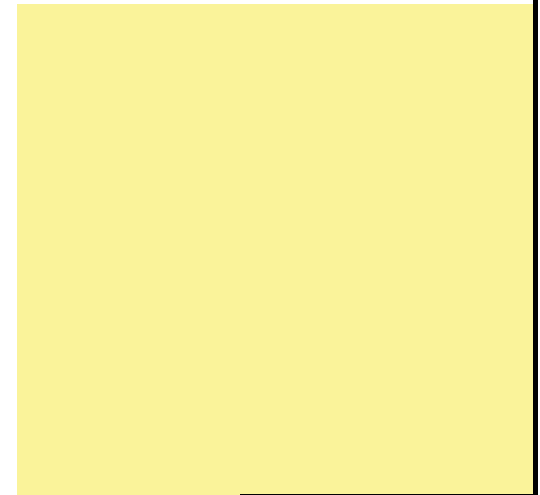
**Accumulated Intangible Amortization**

(sum lines 108-120) /13

-

## Application Attachment 1

122	<b><u>Calculation of General Accumulated Depreciation</u></b>	Source		
123	March	company records	2018	
124	April	company records	2018	
125	May	company records	2018	
126	June	company records	2018	
127	July	company records	2018	
128	August	company records	2018	
129	September	company records	2018	
130	October	company records	2018	
131	November	company records	2018	
132	December	p219.28.b	2018	
133	January	company records	2019	
134	February	company records	2019	
135	March	company records	2019	
136	<b>Accumulated General Depreciation</b>	(sum lines 123-135) /13		-
137	<b><u>Calculation of Production Accumulated Depreciation</u></b>	Source		
138	March	company records	2018	
139	April	company records	2018	
140	May	company records	2018	
141	June	company records	2018	
142	July	company records	2018	
143	August	company records	2018	
144	September	company records	2018	
145	October	company records	2018	
146	November	company records	2018	
147	December	p219.20 thru 219.24.b	2018	
148	January	company records	2019	
149	February	company records	2019	
150	March	company records	2019	
151	<b>Production Accumulated Depreciation</b>	(sum lines 138-150) /13		



**Attachment 3 - Cost Support**  
**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**

Details

Numbering continues from Attachment 2

		Beginning of Year	End of Year	Average Balance	
153	Account No. 255 (enter negative)	267.8.h	-	-	
154	Unamortized Abandoned Plant (recovery of abandoned plant requires a FERC order approving the amount and recovery period)	Attachment 10, line 2, col. (v)		-	Amortization Expense
155	Amortization of Abandoned Plant	Attachment 10, line 2, col. (h)		-	
156	Prepayments (Account 165) (Prepayments exclude Prepaid Pension Assets)		Year	Balance	
157	March	111.57.c	2018		
158	April	company records	2018		
159	May	company records	2018		
160	June	111.57.c	2018		
161	July	company records	2018		
162	August	company records	2018		
163	September	111.57.c	2018		
164	October	company records	2018		
165	November	company records	2018		
166	December	111.57.c	2018		
167	January	company records	2019		
168	February	company records	2019		
169	March	111.57.c	2019		
170	<b>Prepayments</b>	(sum lines 157-169) /13		-	

## Reserves

170a	(b)	(c)	(d) Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	(e) Enter 1 if the accrual account is included in the formula rate, enter (0) if O if the accrual account is NOT included in the formula rate	(f) Enter the percentage paid for by customers, 1 less the percent associated with an offsetting liability on the balance sheet	(g) Allocation (Plant or Labor Allocator)	(h) Amount Allocated, col. c x col. d x col. e x col. f x col. g
		Amount					
Injuries & Damages Reserve 112.27.d			1	-	-	-	-
Reserve 2		-	-	-	-	-	-
Reserve 3		-	-	-	-	-	-
Reserve 4		-	-	-	-	-	-
...		-	-	-	-	-	-
...		-	-	-	-	-	-
Total							-

All unfunded reserves will be listed above, specifically including (but not limited to) all subaccounts for FERC Account Nos. 228.1 through 228.4. "Unfunded reserve" is defined as an accrued balance (1) created and increased by debiting an expense which is included in this formula rate (column (e)), using the same allocator in column (g) as used in the formula to allocate the amounts in the corresponding expense account) (2) in advance of an anticipated expenditure related to that expense (3) that is not deposited in a restricted account (e.g., set aside in an escrow account, see column (d)) with the earnings thereon retained within that

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template account. Where a given reserve is only partially funded through accruals collected from customers, only the balance funded by customer collections shall serve as a rate base credit, see column (f). The source of monthly balance data is company records.

A horizontal bar chart with a yellow bar. The bar is composed of two segments: a longer yellow segment on the left and a shorter red segment on the right. The red segment is positioned at the end of the yellow segment. The bar is set against a white background with a yellow header bar at the top.

**EPRI Dues Cost Support**

Allocated General & Common Expenses		EPRI & EEI Costs to be Excluded		Details
171	EPRI and EEI Dues to be excluded from the formula rate	EPRI Dues p353__f (enter FN1 line #)	-	

**Regulatory Expense Related to Transmission Cost Support**

Directly Assigned A&G		Form 1 Amount	Transmission Related	Other	Details*
172	Regulatory Commission Exp Account 928		p323.189.b	-	-
* insert case specific detail and associated assignments here					

**Multi-state Workpaper**

Income Tax Rates		New York	MTA	NYC	Weighed Average
173	Weighting SIT=State Income Tax Rate or Composite Multiple state rates are weighted based on the state apportionment factors on the state income tax returns and the number of days in the year that the rates are effective (see Note F)	1 6.50%	0 0.00%	0 0.00%	6.50%

**Safety Related and Education and Out Reach Cost Support**

Directly Assigned A&G		Form 1 Amount	Safety Related, Education, Siting & Outreach Related	Other	Details
174	General Advertising Exp Account 930.1		company records	-	
Safety advertising consists of any advertising whose primary purpose is to educate the recipient as to what is safe or is not safe. Education advertising consists of any advertising whose primary purpose is to educate the recipient as about transmission related facts or issues Outreach advertising consists of advertising whose primary purpose is to attract the attention of the recipient about a transmission related issue Siting advertising consists of advertising whose primary purpose is to inform the recipient about locating transmission facilities Lobbying expenses are not allowed to be included in account 930.1					

**Excluded Plant Cost Support**

Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities		Excluded Transmission Facilities	Transmission plant included in OATT Ancillary Services and not otherwise excluded	Description of the Facilities
175	Excluded Transmission Facilities	2,557,690	-	All other Transmission Assets besides the Hurley Ave Smart Wires
Add more lines if necessary				

**Materials & Supplies**

Note: for the projection, the prior year's actual balances will be used	Stores Expense	Transmission Materials	Construction	
Form No.1 page	Undistributed	& Supplies	Materials & Supplies	Total
	p227.16	p227.8	p227.5	

176	March	Company Records	-	-
177	April	Company Records	-	-
178	May	Company Records	-	-
179	June	Company Records	-	-

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

180	July	Company Records	-	-
181	August	Company Records	-	-
182	September	Company Records	-	-
183	October	Company Records	-	-
184	November	Company Records	-	-
185	December	Column c	-	-
186	January	Company Records	-	-
187	February	Company Records	-	-
188	March	Company Records	-	-
189	Average			-

**PBOPs**[Details](#)

189	<b><u>Calculation of PBOP Expenses</u></b>		
190	<b><u>ConEd</u></b>		
191	Total PBOP expenses		
192	Labor dollars		
193	Cost per labor dollar		
194	labor (labor not capitalized) current year	Company Records	
195	PBOP Expense for current year		
196	PBOP Expense in Account 926 for current year	Company Records	
197	PBOP Adjustment for Appendix A, Line 44		
198	Lines 191-193 cannot change absent approval or acceptance by FERC in a separate proceeding.		
198	<b><u>NiMo</u></b>		
199	Total PBOP expenses		
200	Labor dollars		
201	Cost per labor dollar		
202	labor (labor not capitalized) current year	Company Records	
203	PBOP Expense for current year		
204	PBOP Expense in Account 926 for current year	Company Records	
205	PBOP Adjustment for Appendix A, Line 44		
206	Lines 199-201 cannot change absent approval or acceptance by FERC in a separate proceeding.		
207	<b><u>NYSEG</u></b>		
208	Total PBOP expenses		
209	Labor dollars		
210	Cost per labor dollar		
211	labor (labor not capitalized) current year	Company Records	
212	PBOP Expense for current year		
213	PBOP Expense in Account 926 for current year	Company Records	
214	PBOP Adjustment for Appendix A, Line 44		
215	Lines 208-210 cannot change absent approval or acceptance by FERC in a separate proceeding.		
216	<b><u>RGE</u></b>		



217 Total PBOP expenses  
218 Labor dollars  
219 Cost per labor dollar  
220 labor (labor not capitalized) current year

Company Records

Application Attachment 1

221	PBOP Expense for current year	
222	PBOP Expense in Account 926 for current year	Company Records
223	PBOP Adjustment for Appendix A, Line 44	
224	Lines 217-219 cannot change absent approval or acceptance by FERC in a separate proceeding.	
225	<b><u>CHG&amp;E</u></b>	
226	Total PBOP expenses	
227	Labor dollars	
228	Cost per labor dollar	
229	labor (labor not capitalized) current year	Company Records
230	PBOP Expense for current year	
231	PBOP Expense in Account 926 for current year	Company Records
232	PBOP Adjustment for Appendix A, Line 44	
233	Lines 226-228 cannot change absent approval or acceptance by FERC in a separate proceeding.	
234	<b><u>HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE</u></b>	
235	Total PBOP expenses	
236	Labor dollars	
237	Cost per labor dollar	
238	labor (labor not capitalized) current year	Company Records
239	PBOP Expense for current year	
240	PBOP Expense in Account 926 for current year	Company Records
241	PBOP Adjustment for Appendix A, Line 44	
242	Lines 235-237 cannot change absent approval or acceptance by FERC in a separate proceeding.	

243 PBOP expense adjustment (sum lines 197, 214, 205, 223, 232, & 241)

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

Attachment 3 - Cost Support																
HORLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE																
COST OF CAPITAL																
Line No.	Description	Form No./Reference	March	April	May	June	July	August	September	October	November	December	January	February	March	13 Month Avg.
			Col. (c)	company records	company records	Col. (c)	company records	company records	Col. (c)	company records	company records	Col. (c)	company records	company records	Col. (c)	Col. (n)
244	Long Term Debt:															
245	Acct 221 Bonds	112.18.c.d														
246	Acct 223 Advances from Assoc. Companies	112.20.c.d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
247	Acct 224 Other Long Term Debt	112.21.c.d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
248	Less Acct 222 Reacquired Debt	112.19.c, d enter negative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
249	Total Long Term Debt	Sum Lines 244 - 248														
250251	Preferred Stock	112.3.c.d	100	100	100	100	100	100	100	100	100	100	100	100	100	100
252	Common Equity: Per Books	112.16.c.d														
253	Less Acct 204 Preferred Stock	112.3.c.d	100	100	100	100	100	100	100	100	100	100	100	100	100	100
254	Less Acct 219 Accum Other Comprse. Income	112.55.c.d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
255	Less Acct 216.1 Unappropriated Undistributed Subsidiary															
256	Earnings	112.12.c.d														
257258	Adjusted Common Equity	Ln 253 - 254 - 255 - 256	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
259260	Total (Line 249 plus Line 251 plus Line 257)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
261	Cost of Debt:															
262	Acct 427 Interest on Long Term Debt	117.62.c														
263	Acct 428 Amortization of Debt Discount and Expense	117.63.c														
264	Acct 428.1 Amortization of Loss on Reacquired Debt	117.64.c														
265	Acct 430 Interest on Debt to Assoc. Companies (LTD portion only) (2)	117.67.c														
266	Less: Acct 429 Amort of Premium on Debt	117.65.c enter negative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
267	Less: Acct 429 Amort of Discount on Reacquired Debt	117.66.c enter negative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
268269	Total Interest Expense	Sum Lines 262 - 267	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270271	Average Cost of Debt (Line 268 / Line 249)															ND/ND
272	Cost of Preferred Stock															
273274	Preferred Stock Dividends	118.29.c	-	-	-	-	-	-	-	-	-	-	-	-	-	-
275	Average Cost of Preferred Stock (Line 273 / Line 251)		-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 2: Interest on Debt to Associated Companies (FERC 430) will be populated with interest related to Long-Term Debt only.

# New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

Incentive ROE and 60/40 Project Worksheet  
Attachment 4

Rate Formula Template  
Utilizing Appendix A Data

For the 12 months ended 12/31/2019

The calculations below calculate that additional revenue requirement for 50 basis points of ROE and 0.5 percent change in the equity component of the capital structure. These amounts are then used to calculate the actual increase in revenue in the table below (starting on line 66) associated with the actual incentive authorized by the Commission. The use of the 50 basis point calculations per settlement discussions.

## HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE

### Base ROE and Income Taxes Carrying Charge

		Allocator		Result
1	Rate Base			#DIV/0!
2	BASE RETURN CALCULATION:			
3	Long Term Debt (Appendix A, Line 91)	\$ -	% #DIV/0!	Cost #DIV/0!
4	Preferred Stock (Appendix A, Line 92)	100	0%	0.00%
5	Common Stock (Appendix A, Line 93)	(100)	#DIV/0!	9.40%
6	Total (sum lines 3-5)	-		#DIV/0!
7	Return multiplied by Rate Base (line 1 * line 6)			#DIV/0!
8	INCOME TAXES			
9	$T = 1 - \frac{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)}{1}$ (Appendix A, line 61)	0.2614		
10	$\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{R}))$	#DIV/0!		
11	where WCLTD=(line 3) and R= (line 6)			
12	and FIT, SIT & p are as given in footnote F on Appendix A.			
13	$1 / (1 - T) = (T \text{ from line 9})$	1.3538		
14	Amortized Investment Tax Credit (266.8) (enter negative)	-		
15	Income Tax Calculation = line 10 * line 7 * (1-n)	#DIV/0!		#DIV/0!
16	ITC adjustment (line 13 * line 14) * (1-n)	-	NP	-
17	Total Income Taxes (line 15 plus line 16)	#DIV/0!		#DIV/0!
18	Base Return and Income Taxes	Sum lines 7 and 17		#DIV/0!
19	Rate Base	Line 1		#DIV/0!
20	Return and Income Taxes at Base ROE	Line 18 / line 19		#DIV/0!

### 100 Basis Point Incentive ROE and Income Taxes Carrying Charge

Attachment 4

21	Rate Base			Result
22	50 Basis Point Incentive Return impact on			#DIV/0!
23	Long Term Debt (line 3)	\$ -	% #DIV/0!	Cost #DIV/0!
24	Preferred Stock (line 4)	100.00	0%	0.00%
25	Common Stock (line 5 plus 50 basis points)	(100.00)	#DIV/0!	9.90%
26	Total (sum lines 24-26)	-		#DIV/0!
27	50 Basis Point Incentive Return multiplied by Rate Base (line 21 * line 26)			#DIV/0!
28	INCOME TAXES			
29	$T = 1 - \frac{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)}{1}$ (Appendix A, line 61)	0.2614		
30	$\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{R}))$	#DIV/0!		
31	where WCLTD=(line 23) and R= (line 26)			
32	and FIT, SIT & p are as given in footnote F on Appendix A.			
33	$1 / (1 - T) = (T \text{ from line 29})$	1.3538		
34	Amortized Investment Tax Credit (line 14)	-		
35	Income Tax Calculation = line 30 * line 27 * (1-n)	#DIV/0!		#DIV/0!
36	ITC adjustment (line 33 * line 34) * (1-n)	-	NP	-
37	Total Income Taxes (line 35 plus line 36)	#DIV/0!		#DIV/0!
38	Return and Income Taxes with 100 basis point increase in ROE	Sum lines 27 and 37		#DIV/0!
39	Rate Base	Line 21		#DIV/0!
40	Return and Income Taxes with 100 basis point increase in ROE	Line 38 / line 39		#DIV/0!
41	Difference in Return and Income Taxes between Base ROE and 50 Basis Point Incentive	Line 41 - Line 20		#DIV/0!

### Effect of 1% Increase in the Equity Ratio

Results

42	Rate Base			#DIV/0!
43	50 Basis Point Incentive Return			
44	Long Term Debt (line 3 minus 1% in equity ratio)	\$ -	% #DIV/0!	Cost #DIV/0!
45	Preferred Stock (line 4)	-	0%	0.00%
46	Common Stock (line 5 plus 1% in equity ratio)	-	#DIV/0!	9.40%
				#DIV/0!

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

47 Total (sum lines 44-46)

48 Line 47 x line 42

#DIV/0!

#DIV/0!

49 INCOMETAXES

50  $T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$  = (Appendix A, line 61)

0.2614

51  $CIT = (T / (1 - T)) * (1 - (WCLTD / R)) =$

#DIV/0!

_____	_____	_____
_____		_____

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

_____	_____	_____
		_____

\_\_\_\_\_

\_\_\_\_\_

_____	_____	_____
_____		_____

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

52 where  $WCLTD = (line\ 44) \text{ and } R = (line\ 47)$   
 53 and FIT, SIT & p are as given in footnote F on Appendix A.  
 54  $1 / (1 - T) = (T \text{ from line } 50)$  1.3538  
 55 Amortized Investment Tax Credit (line 14) -  
 56 Income Tax Calculation = line 51 \* line 48 \* (1-n) #DIV/0!  
 57 ITC adjustment (line 54 \* line 55) \* (1-n) NP  
 58 Total Income Taxes (line 56 plus line 57) #DIV/0!  
 59 Return and Income Taxes with 1% Increase in the Equity Ratio Sum lines 48 and 58 #DIV/0!  
 60 Rate Base Line 42 #DIV/0!  
 61 Return and Income Taxes with 1% Increase in the Equity Ratio Line 59 / line 60 #DIV/0!  
 62 Difference between Base ROE and 1% Increase in the Equity Ratio Line 61 - Line 20 #DIV/0!

Attachment 4

63	Revenue Requirement per project including incentives															
64	Expense Allocator	Appendix A, lines 45 and 59, less Appendix A, line 44b / Gross Transmission Plant In Service (column (j)) (Note B)														
65	Base Carrying Charge (used in AL) 102 Appendix A															
The table below breaks out the total revenue requirement on Appendix A separately for each investment. The total of Column (p) must equal the amount shown on Appendix A, Line 3.																
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Line	Description	Net Investment (Note A)	ROE Authorized by FERC (Note C)	ROE Base (From Appendix A, line 93)	Incentive % Authorized by FERC	Line 41	Col (e) / .01 x Col (f)	Incentive \$ (Col (b) x Col (g))	Equity % in Capital Structure (% above base %, % below base %)(1 equals 1%)	Impact of Equity Component of Capital Structure (Col (b) x (i) x Line 62)	Base Return and Tax (Line 65 x Col (b))	Gross Plant In Service (Note B)	Expense Allocator (line 64)	O&M, Taxes Other than Income (Col. (l) x Col. (n))	Depreciation/Am ortization Expense	Total Revenues (Col. (h) + (i) + (k) + (n) + (o))
66	Up to 228 million	#DIV/0!	9.4%	9.40%	0.005	#DIV/0!	#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
66a	Over 228 million	-	9.4%	9.40%	-	#DIV/0!	#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
66b	Regulatory Asset	-	9.4%	9.40%	-	#DIV/0!	#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-	#DIV/0!
66c	-	-	0.0%	9.40%	-				-						-	
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
...				9.40%									#DIV/0!	#DIV/0!		
67	Total	#DIV/0!									#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Check Sum Appendix A Line 3															#DIV/0!
	Difference (must be zero)															#DIV/0!

Note:

A Column (b), Net Investment includes the Net Plant In Service, unamortized regulatory assets, unamortized abandoned plant and CWIP

B Column (j), Gross Plant in Service excludes Regulatory Assets, CWIP, and Abandoned Plant.

C Column (e), for each project with an incentive in column (e), note the docket No. in which FERC granted the incentive->

Project	Docket No.	Note
TOTs 1 - Ramapo to Rock Tavern	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate
TOTs 2 - Staten Island Unbottling Feeder Split	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate
TOTs 3 - NYSEG's Marcy South Series Comp Fraser to Coopers Corner	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate

**Attachment 5 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology (Note 13)**

HORLEY AVENUE PROJECT SYSTEM DISTRIBUTION UPGRADE  
HYPOTHETICAL EXAMPLE

Assumes financing will be a 5 year loan with Origination Fees of \$2.1 million and a Commitments Fee of 0.3% on the undrawn principal. Consistent with GAAP, the Origination Fees and Commitments Fees will be amortized using the standard Internal Rate of Return formula below. Each year, the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount will be updated on this attachment.

Table 1  

$$\sum_{t=1}^N \frac{C_t}{(1+IRR)^t} = 0$$

1 Total Loan Amount \$ -

2 Internal Rate of Return<sup>1</sup> #NUM!

3 Based on following Financial Formula:

4 NPV = 0 =

Table 3

Origination Fees  
Underwriting Discount

Arrangement Fee

Upfront Fee

Rating Agency Fee

Legal Fees

Total Issuance Expense

Annual Rating Agency Fee

Annual Bank Agency Fee

Revolving Credit Commitment Fee 0.000%

Table 4

	2014	2015	2016	2017	2018	2019	2020
LIBOR Rate	0.64%	1.03%	1.60%	2.13%	2.13%	2.13%	2.13%
Spread	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Interest Rate	2.89%	3.28%	3.85%	4.38%	4.38%	4.38%	4.38%

Table 5

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year		Capital Expenditures (\$000's)	Principal Drawn In Quarter (\$000's)	Principal Drawn To Date (\$000's)	Interest & Principal (\$000's)	Origination Fees (\$000's)	Commitment & Utilization Fee (\$000's)	Net Cash Flows (\$000's)
				Cumulative Col. D	1/4 * Interest Rate from Line 16 x Col. E prior quarter and Principal repayment	Input in first Qtr of Loan	(line 1/1000 less Col. E prior quarter)*line 13/4 +line 12/4000+line 11/4000	(D-F-G-H)
3/31/2014	Q3	-	-	-	-	-	-	-
6/30/2014	Q4	-	-	-	-	-	-	-
9/30/2014	Q1	-	-	-	-	-	-	-
12/31/2014	Q2	-	-	-	-	-	-	-
3/31/2015	Q3	-	-	-	-	-	-	-
6/30/2015	Q4	-	-	-	-	-	-	-
9/30/2015	Q1	-	-	-	-	-	-	-
12/31/2015	Q2	-	-	-	-	-	-	-
3/31/2016	Q3	-	-	-	-	-	-	-
6/30/2016	Q4	-	-	-	-	-	-	-
9/30/2016	Q1	-	-	-	-	-	-	-
12/31/2016	Q2	-	-	-	-	-	-	-
3/31/2017	Q3	-	-	-	-	-	-	-
6/30/2017	Q4	-	-	-	-	-	-	-
9/30/2017	Q1	-	-	-	-	-	-	-
12/31/2017	Q2	-	-	-	-	-	-	-
3/31/2018	Q3	-	-	-	-	-	-	-

- Notes 1 The IRR is the input to Debt Cost shown on Appendix A, Page 4, Line 95 during the construction period, after obtaining project financing, in accordance with Note G of Appendix A.  
2 The IRR is a discount rate that makes the net present value of a series of cash flows equal to zero. The IRR equation is shown on line 4.

N is the last quarter the loan would be outstanding  
t is each quarter

Ct is the cash flow (Table 5, Col. I in each quarter)  
Alternatively the equation can be written as  $0 = C_0 + C_1/(1+IRR) + C_2/(1+IRR)^2 + C_3/(1+IRR)^3 + \dots + C_N/(1+IRR)^N$  and solved for IRR

The Excel™ formula on line 2 is : (round(XIRR(first quarter of loan Col A of Table 5:last quarter of loan Col I of Table 5, 8%),4)) The 8% in the above formula is a seed number to ensure the formula produces a positive number.

3. Line 1 reflects the loan amount, the maximum amount that can be drawn on

4. Lines 5 through 13 include the fees associated with the loan. They are estimated based on current bank condition and are updated with the actual fees once the actual fees are known.

5. The estimate of the average 3 month Libor forward rate for the year on line 14 is that published by Bloomberg Finance L.P. during August of the prior year and is true-up to actual average 3 month Libor rate for the year under the loan.

6. Table 5, Col. C reflect the capital expenditures in each quarter

7. Table 5, Col. D reflect the amount of the loan that is drawn down in the quarter

8. Table 5, Col. E is the amount of principle drawn down

9. Table 5, Col F calculates the interest on the principle drawn down to date based on the applicable interest on line 16

10. Table 5, Col. G is the total origination fees in line 10 and is input in the first quarter that a portion of the loan is drawn

11. Table 5, Col. H is calculated as follows:

(line 1/1000 less Col. E prior quarter)\*line 13/4 +line 12/4000+line 11/4000

Where A = Loan amount in line 1 less the amount drawn down (Table 5, Col. (E)) in the prior quarter

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT  
Schedule 12 - Formula Rate Template

12. The inputs shall be estimated based on the current market conditions and is subject to true up for all inputs , e.g., fees, interest rates, spread, and Table 3 once the amounts are known

13. Prior to obtaining long term debt, the cost of debt, will be 3.28%. If NY Transco obtains project financing, the long term debt rate will be determined using the methodology in Attachment 5 and Attachment 5 contains a hypothetical example of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Attachment A. After the first project is placed into service, NY Transco will use the its actual cost of long term debt determined in Attachment 3. The capital structure will be the actual capital structure up to 53% equity.





## New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**  
**Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)**  
**Beginning of Year**

Item		Transmission Related	Plant Related	Labor Related	Total	
1	ADIT-282	-	-	-		From Acct. 282 total, below
2	ADIT-283	-	-	-		From Acct. 283 total, below
3	ADIT-190	-	-	-		From Acct. 190 total, below
4	Subtotal	-	-	-		
5	Wages & Salary Allocator			#DIV/0!		
6	NP		-			
7	Beginning of Year	-	-	#DIV/0!	#DIV/0!	
8	End of year from Attachment 6b, line 7	-	-	#DIV/0!	#DIV/0!	
9	Average of Beginning of Year and End of Year ((7 +8)/2)	-	-	#DIV/0!	#DIV/0!	Enter as negative Appendix A, line 24.

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance must shown in a separate row for each project.

	A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
10	ADIT-190						
11a			-	-			
11b			-	-			
11c			-				
11d			-				
11e			-				

12	Subtotal - p234	-	-	-	-	-	
13	Less FASB 109 Above if not separately removed	-					
14	Less FASB 106 Above if not separately removed	-		-			
15	Total	-	-	-	-	-	

Instructions for Account 190:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**  
**Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)**  
**Beginning of Year**

A	B Total	C Gas, Prod	D	E	F	G
---	------------	----------------	---	---	---	---

Labor  
Related

22a MACRS for plant additions

Timing difference related to depreciation for TOTS Projects placed in service

[illegible]

--	--	--	--	--	--	--

22b

22c

...

...

...

...

...

...

23	Subtotal - p275	-	-	-	-	-
24	Less FASB 109 Above if not separately removed	-				
25	Less FASB 106 Above if not separately removed	-		-		
26	Total	-	-	-	-	-

Instructions for Account 282:

- 27 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C  
 28 2. ADIT items related only to Transmission are directly assigned to Column D  
 29 3. ADIT items related to Plant and not in Columns C & D are included in Column E  
 30 4. ADIT items related to labor and not in Columns C & D are included in Column F  
 31 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**  
**Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)**  
**Beginning of Year**

	A	B	C	D	E	F	G
		Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	
32	ADIT-283						
33a	COR	-		-			Cost of removal
33b		-					
33c		-					
33d		-					
33e		-					
...							
...							
...							
...							
...							
34	Subtotal - p277	-	-	-	-	-	
35	Less FASB 109 Above if not separately removed	-		-			
36	Less FASB 106 Above if not separately removed	-					
37	Total	-	-	-	-	-	

Instructions for Account 283:

- 38 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C

39 2. ADIT items related only to Transmission are directly assigned to Column D

40 S. ADIT items related to Plant and not in Columns C & D are included in Column E

41 4. ADIT items related to labor and not in Columns C & D are included in Column F

42 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

[illegible][illegible]

**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**  
**Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)**  
End of Year

	Line	Transmission Related	Plant Related	Labor Related	Total
1	1 ADIT-282		-	-	From Acct. 282 total, below
2	2 ADIT-283		-	-	From Acct. 283 total, below
3	3 ADIT-190		-	-	From Acct. 190 total, below
4	4 Subtotal		-	-	
5	5 Wages & Salary Allocator			#DIV/0!	
6	6 NP		-		
7	7 End of Year ADIT		-	#DIV/0!	#DIV/0!

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed. dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance must be shown in a separate row for each project.

	A	B	C	D	E	F	G
		Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
8	ADIT-190						
9a		-					
9b		-					
9c		-					
9d		-					
9e		-					
...							
...							
...							
...							
...							
...							
10	Subtotal - p234	-	-	-	-	-	
11	Less FASB 109 Above if not separately removed	-					
12	Less FASB 106 Above if not separately removed	-		-			
13	Total	-	-	-	-	-	

Instructions for Account 190:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**  
**Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)**  
End of Year

## C

Labor

# New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

		Related	Related	Related	Related	Justification
20a	MACRS for plant additions					Timing difference related to depreciation
20b						
20c						
...						
...						
...						
...						
...						
...						
21	Subtotal - p275	-	-	-	-	
22	Less FASB 109 Above if not separately removed	-				
23	Less FASB 106 Above if not separately removed	-		-		
24	Total	-	-	-	-	

Instructions for Account 282:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

## HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)

	A	B	C	D	E	F	G
		Total	Gas, Prod				
30	ADIT- 283		Or Other	Transmission	Plant	Labor	
			Related	Related	Related	Related	
31a	COR						Cost of removal
31b							
31c							
31d							
31e							
...							

[illegible][illegible]



New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

						Application Attachment 1

33 Less FASB 109 Above if not separately removed

-

-

34 Less FASB 106 Above if not separately removed

-

-

35 Total

-

-

-

-

-

Instructions for Account 283:

36 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C

37 2. ADIT items related only to Transmission are directly assigned to Column D

38 3. ADIT items related to Plant and not in Columns C & D are included in Column E

39 4. ADIT items related to labor and not in Columns C & D are included in Column F

40 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**Attachment 7 - Example of True-Up Calculation (Note 3)**  
**HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**

2017		2017		
Revenue Requirement Billed (Note 1)		Actual Revenue Requirement (Note 2)		Over (Under) Recovery
\$2,164,047	Less	\$2,164,047	<b>Equals</b>	\$0

Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 7a 0.4225%	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
--	--	--	--------	---------------------	--------------	----------------------------

An over or under collection will be recovered prorata over year collected, held for one year and returned prorata over next year. If the first year is a partial year, the true-up (over or under recovery per month and interest calculation) will reflect only the number of months for which the rate was charged.

**Calculation of Interest**

				Monthly		
January	Year 2017	-	0.4225%	12	-	-
February	Year 2017	-	0.4225%	11	-	-
March	Year 2017	-	0.4225%	10	-	-
April	Year 2017	-	0.4225%	9	-	-
May	Year 2017	-	0.4225%	8	-	-
June	Year 2017	-	0.4225%	7	-	-
July	Year 2017	-	0.4225%	6	-	-
August	Year 2017	-	0.4225%	5	-	-
September	Year 2017	-	0.4225%	4	-	-
October	Year 2017	-	0.4225%	3	-	-
November	Year 2017	-	0.4225%	2	-	-
December	Year 2017	-	0.4225%	1	-	-

January through December	Year 2018	-	0.4225%	12	-	-
--------------------------	-----------	---	---------	----	---	---

**Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months**

				Monthly		
January	Year 2019	-	0.4225%	-	-	-
February	Year 2019	-	0.4225%	-	-	-
March	Year 2019	-	0.4225%	-	-	-
April	Year 2019	-	0.4225%	-	-	-
May	Year 2019	-	0.4225%	-	-	-
June	Year 2019	-	0.4225%	-	-	-
July	Year 2019	-	0.4225%	-	-	-
August	Year 2019	-	0.4225%	-	-	-
September	Year 2019	-	0.4225%	-	-	-
October	Year 2019	-	0.4225%	-	-	-
November	Year 2019	-	0.4225%	-	-	-
December	Year 2019	-	0.4225%	-	-	-

Total Amount of True-Up Adjustment	\$	-
Less Over (Under) Recovery	\$	-
Total Interest	\$	-

Note 1: Revenue requirements billed is input, source data are the invoices from NYISO. The amounts exclude any true ups or prior period adjustments. Note 2: The actual revenue requirement is input from Attachment 4, line 66, column p. The amounts exclude any true-ups or prior period adjustments. Note 3: This "Example" sheet will be populated with actuals and used in each year's annual true-up calculation.

**True-Up Interest Calculation**

Attachment 7a  
Page 2

			Pursuant to 18 C.F.R. Section 18.35.19 (a)
<b>FERC Quarterly Interest Rate</b>			
1	Qtr 3 (Previous Year)		4.69%
2	Qtr 4 (Previous Year)		4.96%
3	Qtr 1 (Current Year)		5.18%
4	Qtr 2 (Current Year)		5.45%
5	Average of the last 4 quarters	(Lines 1-4 / 4)	5.07%
6	Interest Rate Used for True-up adjustment (Note B)		0.0507
7	Monthly Interest Rate for Attachment 7	(Line 6 / 12)	0.0042

**Attachment 8 - Depreciation and Amortization Rates  
HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE**

Account Number	FERC Account	Rate (Annual) Percent
<b>TRANSMISSION PLANT</b>		
1 350.1	Land Rights	
2 352	Structures and Improvements	0.13
3 353	Station Equipment	0.38
4 354	Towers and Fixtures	
5 355	Poles and Fixtures	0.91
6 356	Overhead Conductor and Devices	0.50
7 357	Underground Conduit	
8 358	Underground Conductor and Devices	
9 356.3	Smart Wire Device	2.50
10 <b>PRODUCTION PLANT</b>	All Accounts	
11 <b>DISTRIBUTION PLANT</b>	All Accounts	
<b>GENERAL PLANT</b>		
12 390	Structures & Improvements	
13 391	Office Furniture & Equipment	
14 392	Transportation Equipment	
15 393	Stores Equipment	
16 394	Tools, Shop & Garage Equipment	
17 395	Laboratory Equipment	
18 396	Power Operated Equipment	
19 397	Communication Equipment	
20 398	Miscellaneous Equipment	

## **INTANGIBLE PLANT**



Application Attachment 1

21303	Miscellaneous Intangible Plant	
	5 Yr	
	7 Yr	
	10 Year	
	15 year	
	Transmission facility Contributions in Aid of Construction	Note 1

These depreciation and amortization rates will not change absent the appropriate filing at FERC.

Note 1: The Contribution in Aid of Construction (CIAC) made for this project is assumed to be applied to offset all transmission plant categories with the remaining balance in account 35x for the new Smart Wire Devices for the purposes of calculating rate base and depreciation to be recovered.

## Application Attachment 1

### Regulatory Assets

\*\*All amortizations of the Regulatory Asset are to be booked to Account 566

### Abandoned Plant

\* Non-zero values in these columns may only be established per FERC order

## Land Held for Future Use (LHFU)

**CWIP in Rate Base**

Effective Date: 5/20/2020 - Docket #: ER20-715-002 - Page 507

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Change to recovery percent in Column (t) requires FERC order

### Actual Additions by FERC Account

The total of these additions should total the additions reported in the FERC Form No.1 on page 206, lines 48 to 56

[illegible][illegible]


[illegible]



New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 6 OATT Rate Schedules - 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template

Application Attachment 1

[illegible]

2X				-
10	Total (sum lines 9a-9c)			2,557,690

Intangible Asset	Plant Detail	The total			
Item	Description	Source	Service Life	Amount	
11a		Company Records			
11b		Company Records			
11c		Company Records			
12		Company Records			
13		Company Records			
14		Company Records			
15		Company Records			
16		Company Records			

	Company Records
xxx	Company Records
xxx	Company Records
xxx	Company Records
xxx	Company Records
xxx	Company Records
xxx	Company Records
xxx	Company Records
11x	Company Records
	Company Records

111x	Company Records								
02	Company Records								
	Total (sum lines 111a-111j) ties to p207.5g								-
Detail of Affiliate Charges Included in NY Transco's Books as Requested by Certain Parties to the Filing									
Transco's charges to NY Transco and any entity that is associated (affiliated) with NY Transco must be reported on page 429 of the Form No. 1. The chart below is to									
	FERC Account	Central Hudson G&E	Consolidated Edison	National Grid	NY State E&G	Rochester G&E	Orange & Rockland	Niagara Mohawk	Total
01a									-
01b									-
01c									-
01d									-
01e									-
01f									-
01g									-
01h									-
01i									-
01j									-
02a									-
02b									-
02c									-
02d									-
02e									-
02f									-
02g									-
02h									-
02i									-
02j									-

13d	-
13p	-
13q	-
13r	-
13s	-
13t	-
13u	-
13x	-
14	-
Total	-

[illegible]

#### **6.12.5.2.2 Description of Annual Update Process**

Central Hudson will recalculate the Hurley-FC revenue requirement, prospectively for the rate to be charged over the next year and retrospectively as a true up to actual rate base and expense, annually with the new rates to be effective each June 1, to permit the Hurley-FC to be adjusted to actual costs. The annual update will reflect the FERC Form 1 Report data from the most recent calendar year for all components of the allocation methodology, as well as actual project costs and associated income taxes and an updated megawatt-hour forecast for billing to the LSEs. Central Hudson will coordinate with the ISO to post the results of its annual updates to the NYISO's website. The annual update will include supporting documentation and be subject to review and challenge as described herein.

Central Hudson will track the gross plant costs of the Hurley-FC SDU. The Hurley-FC revenue requirement will equal Central Hudson's trued up rate base, at the Commission approved return on equity, and ongoing operations and maintenance and other costs based on the entire project cost. Based on those actual costs the Hurley-FC revenue requirements will be adjusted annually. Central Hudson will determine its annual adjusted revenue requirement using the template set forth in 6.12.5.2.1.

Central Hudson will coordinate with the ISO to post its proposed annual update to a publicly accessible location on the ISO's website by no later than April 15, of each year. Interested parties may submit comments to Central Hudson no later than May 1 of each year regarding the posted annual update. Central Hudson will coordinate with the ISO to post all comments submitted by interested parties to a publicly accessible location on the ISO's website. Central Hudson will submit an informational filing to the Commission with the results of its annual update, reflecting (to the extent necessary) any changes in response to comments

submitted by interested parties, by May 15 of each year. Central Hudson will also coordinate with the ISO to post the results of its annual update, as filed with the Commission, to a publicly accessible location on the ISO's website by May 15 of each year.

## **6.13 Schedule 13 – Rate Mechanism for the Recovery of the Transco Facilities Charge (“TFC”)**

### **6.13.1 Applicability**

This Schedule establishes the Transco Facilities Charge (“TFC”) for the recovery of costs related to the following New York Transco LLC (“NY Transco”) projects, each of which is hereinafter referred to as an “Approved NYTP”:

- The projects approved by the New York Public Service Commission (“NYPSC”) on November 4, 2013, in Case No. 12-E-0503 (the “Transmission Owner Transmission Solutions” or “TOTS” projects): (1) the Ramapo-to-Rock Tavern Project; (2) the Marcy South Series Compensation Fraser-to-Coopers Corner Reconductoring Project; and (3) the Staten Island Unbottling Project.<sup>1</sup> [Any costs incurred on the forced cooling portion of the Staten Island Unbottling Project after the date of the Commission’s order approving the offer of partial settlement in Docket No. ER15-572, issued on March 17, 2016, shall not be recovered through the TFC without further order of the Commission.]
- The Segment B facilities the need for which was determined by the NYPSC on December 17, 2015, in Case No. 12-T-0502 (“AC Public Policy Transmission Need Order”) and identified in Appendix A of the AC Public Policy Transmission Need Order, and selected by an ISO Board of Directors’ decision and Public Policy Transmission Planning Report issued April 8, 2019 (and identified therein as “Project T019”) pursuant to the Public Policy Transmission Planning Process set forth in Section 31.4 of Attachment Y of the ISO OATT, consisting of: (1) the Knickerbocker to Pleasant Valley project; and, (2) if applicable, the Segment B Additions, as defined in the settlement approved by the Federal Energy Regulatory Commission on

November 16, 2017, in Docket No. ER15-572-000, et al. (the “Segment B Facilities”).

- The Propel New York Energy Project the need for which was determined by the NYPSC on March 18, 2021, in Case No. 20-E-0497 and Case No. 18-E-0623 (“Long Island Public Policy Transmission Need Order”) and selected by an ISO Board of Directors’ decision and Long Island Offshore Wind Export Public Policy Transmission Plan dated June 13, 2023 (and identified therein as “Propel NY’s T051 Alternate 5 Project”) pursuant to the Public Policy Transmission Planning Process set forth in Section 31.4 of Attachment Y of the ISO OATT.

NY Transco may undertake an Approved NYTP and seek cost recovery through a TFC under this Schedule.<sup>2</sup><sup>2</sup> Capitalized terms used in this Schedule that are not defined in this Schedule shall have the same meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT.]

The TFC shall be separate from the Transmission Service Charge (“TSC”) and the NYPA Transmission Adjustment Charge (“NTAC”) determined in accordance with Section 14 of Attachment H of the ISO OATT, and any Reliability Facilities Charge (“RFC”) determined pursuant to Section 6.10 of the ISO OATT.

In addition, NY Transco 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 the ISO OATT; and NY Transco shall receive Incremental TCCs as described in Section 19.2.4 of the ISO OATT, but NY Transco shall not be a

“Transmission Owner” for purposes of Section 20.2.5 or Section 20.3.7 of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of the ISO OATT or Net Auction Revenues under Section 20.3.7 of the ISO OATT.

### **6.13.2 Revenue Requirement for TFC**

The TFC shall be calculated in accordance with the applicable formula set forth in Section 6.13.3 using the revenue requirement of NY Transco necessary to recover the costs of an Approved NYTP. The revenue requirement to be used in the calculation of the TFC is described in Section 6.13.4. The costs that may be included in the revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Approved NYTP, including, but 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, as determined by the Commission.

Notwithstanding anything to the contrary herein, to the extent that an Approved NYTP is a Designated Public Policy Project for which NY Transco has submitted a Cost Cap pursuant to Section 31.4.5.1.8 of Attachment Y to the ISO OATT, the requirements set forth in Section 6.10.6 of Rate Schedule 10 to the ISO OATT shall be applicable to this Schedule as it relates to the Cost Cap for such Approved NYTP, unless otherwise permitted by FERC.

### **6.13.3 Calculation and Recovery of TFC and Payment of Recovered Revenue**

The ISO will calculate and bill the TFC for each Approved NYTP in accordance with this Section 6.13.3. The ISO shall collect each TFC from the LSEs. The LSEs, including Transmission Owners, competitive LSEs, and municipal systems, serving Load located in Transmission Districts, Load Zones and/or Subzones to which the costs of the Approved NYTP

have been allocated (each a “Responsible LSE”) shall pay the applicable TFC. The costs of each Approved NYTP shall be allocated as set forth in the appropriate allocation table in Section 36.2 of Attachment 1 to Attachment DD. Solely with respect to the TOTS Projects, the portion of the costs of the Approved NYTP allocated to Responsible LSEs located in the NYPA North Subzone shall be calculated as part of the allocation percentage for Niagara Mohawk Power Corporation d/b/a National Grid set forth in Section 36.2.

**6.13.3.1** The revenue requirement for each approved NYTP filed pursuant to this Schedule by NY Transco will be the basis for the TFC Rate (\$/MWh) for the Billing Period that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.13.3.4. The revenue requirement of the NY Transco for each Approved NYTP will be calculated according to the formula rate set forth in Section 36.3.1. of Attachment DD of the ISO OATT.

**6.13.3.2** NY Transco shall in relation to any Approved NYTP reasonably 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 the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Section 19.2.4.7 and 19.2.4.8 of the ISO OATT, Incremental TCCs created and awarded to NY Transco as a result of implementation of an Approved NYTP shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NY Transco as a result of the implementation of an Approved NYTP, shall be offered by the ISO 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 NY Transco. The total amount of the auction revenues disbursed to the NY Transco pursuant to this Section 6.13.3.2 shall be used in the calculation of the TFC Rate, as set forth in Section 6.13.3.4. Incremental TCCs associated with an Approved NYTP shall continue to be offered for the duration of the Incremental TCCs, established pursuant to the terms of Attachment M.

The revenue offset discussed in this Section 6.13.3.2 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of an Approved NYTP on or after the date the TFC is implemented. The TFC and the revenue offset related to Incremental TCCs associated with the implementation of an Approved NYTP shall not require and shall not be dependent upon a reopening or review of NY Transco's revenue requirements for an RFC pursuant to Section 6.10 of the ISO OATT.

**6.13.3.2.1** Outage Charges related to Incremental TCCs. Outage charges developed pursuant to the provisions of OATT Section 19 applicable to Expanders (as that term is defined in OATT Section 19) not subject to OATT Section 20.2.5, shall be payable to the ISO for any hour in the Day-Ahead Market during which an Expansion, associated with an Approved NYTP, is modeled to be wholly or partially out of service.

**6.13.3.3** The billing units for the TFC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the current Billing Period for those Transmission Districts, Load Zones and/or Subzones allocated the costs of the Approved NYTP in accordance with Attachment DD of the ISO OATT.



#### 6.13.3.4 Cost Recovery Methodology

##### 6.13.3.4.1 Cost Recovery Methodology Associated with the TOTS Projects for All Responsible LSEs in a Transmission District Except NYPA

The ISO shall calculate the TFC for each Responsible LSE as follows:

**Step 1: Calculate the \$ assigned to each Transmission District**

$$TFC_{t,B} = \sum_{p \in P} \left( (AnnualRR_{p,B} - Incremental\ TCC\ Revenue_{p,B} + Outage\ Cost\ Adjustment_{p,B}) \times (TransmissionDistrictCostAllocation_{t,p}) \right)$$

**Step 2: Calculate a per-MWh Rate for each Transmission District**

$$TFCRate_{t,B} = TFC_{t,B} / MWh_{t,B}$$

**Step 3: Calculate charge for each Billing Period for each Responsible LSE in each Transmission District**

$$Charge_{B,l,t} = TFCRate_{t,B} \times MWh_{l,t,B}$$

**Step 4: Calculate charge for each Billing Period for each Responsible LSE across all Transmission Districts**

$$Charge_{B,l} = \sum_{t \in T} (Charge_{B,l,t})$$

Where,

l = the relevant Responsible LSE;

P = the set of projects constituting the TOTS projects;

p = an individual project that is a component of the TOTS projects

T = set of ISO Transmission Districts;

$t$  = an individual Transmission District

$B$  = the relevant Billing Period;

$MWh_{t,B}$  = Actual Energy Withdrawals in Transmission District  $t$  aggregated across all hours in Billing Period  $B$ ;

$MWh_{l,t,B}$  = Actual Energy Withdrawals for Responsible LSE  $l$  in Transmission District  $t$  aggregated across all hours in Billing Period  $B$ ;

Annual  $RR_{p,B}$  = the pro rata share of the annual revenue requirement for each project  $p$  as discussed in Section 6.13.2 above allocated for Billing Period  $B$ ;

Incremental TCC Revenue $_{p,B}$  = the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by NY Transco pursuant to Section 20.2.3 of the ISO OATT for each project  $p$  as discussed in Section 6.13.3.2 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;

Outage Cost Adjustment $_{p,B}$  = the Outage Charges determined pursuant to OATT Section 6.13.3.2.1 for any hour in the Day-Ahead Market during which the project  $p$  is modeled to be wholly or partially out of service aggregated across all hours in Billing Period  $B$ ;

Transmission District Cost Allocation $_{t,p}$  = the proportion of the cost of project  $p$  allocated to Transmission District  $t$ , as set forth in Section 36.2 of Attachment 1 to Attachment DD; *provided, however*, that the proportion of the cost of project  $p$  allocated to the NYPA North Subzone shall be included in the percentage for Niagara Mohawk Power Corporation d/b/a National Grid set forth in Section 36.2.

#### **6.13.3.4.2 Cost Recovery Methodology Associated with the Segment B Facilities**

The ISO shall calculate the TFC for each Responsible LSE as follows:

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

$$TFC_{p,t,B} = (AnnualRR_{p,B} - Incremental\ TCC\ Revenue_{p,B} + Outage\ Cost\ Adjustment_{p,B}) \\ \times (ZonalCostAllocation_{t,p})$$

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

$$TFCRate_{p,t,B} = TFC_{p,t,B} / MWh_{t,B}$$

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

$$\text{Charge}_{B,l,t,p} = \text{TFCRate}_{p,t,B} \times \text{MWh}_{l,t,B}$$

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

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

Where,

$l$  = the relevant Responsible LSE;

$p$  = the Segment B Facilities;

$T$  = set of ISO Load Zones or Subzones (as applicable);

$t$  = an individual Load Zone or Subzone (as applicable);

$B$  = the relevant Billing Period;

$\text{MWh}_{t,B}$  = Actual Energy Withdrawals in Load Zone or Subzone (as applicable)  $t$  aggregated across all hours in Billing Period  $B$ ;

$\text{MWh}_{l,t,B}$  = Actual Energy Withdrawals for Responsible LSE  $l$  in Load Zone or Subzone (as applicable)  $t$  aggregated across all hours in Billing Period  $B$ ;

Annual  $\text{RR}_{p,B}$  = the pro rata share of the annual revenue requirement for the Segment B Facilities ( $p$ ), as discussed in Section 6.13.2 above, allocated for Billing Period  $B$ ;

Incremental TCC Revenue $_{p,B}$  = the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by NY Transco pursuant to Section 20.2.3 of Attachment N of the ISO OATT for the Segment B Facilities ( $p$ ), as discussed in Section 6.13.3.2 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;

Outage Cost Adjustment $_{p,B}$  = the outage charges determined pursuant to ISO OATT Section 6.13.3.2.1 for any hour in the Day-Ahead Market during which the Segment B Facilities ( $p$ ) is modeled to be wholly or partially out of service aggregated across all hours in Billing Period  $B$ ;

$ZonalCostAllocation_{t,p}$  = the proportion of the cost of the Segment B Facilities (p) allocated to Load Zone or Subzone (as applicable) t, as set forth in Section 36.2 of Attachment 1 to Attachment DD of the ISO OATT.

#### **6.13.3.4.3 Cost Recovery Methodology Associated with the Propel New York Energy Project**

The ISO shall calculate the TFC for each Responsible LSE as follows:

$$Charge_{B,L,P} = (AnnualRR_{P,B} - IncrementalTransmissionRightsRevenue_{P,B} + OutageCostAdjustment_{P,B}) \times (LSEWithdrawalUnits_{L,B} / TotalWithdrawalUnits_B)$$

Where:

L = the relevant Responsible LSE;

B = the relevant Billing Period;

P = the Propel New York Energy Project;

$AnnualRR_{P,B}$  = the pro rata share of the annual revenue requirement for the Propel New York Energy Project (P), as discussed in Section 6.13.2 above, allocated for Billing Period B;

$IncrementalTransmissionRightsRevenue_{P,B}$  = the auction revenue derived from the sale of the Incremental TCCs plus payments received by NY Transco pursuant to Section 20.2.3 of Attachment N of the ISO OATT for the Propel New York Energy Project P, as discussed in Section 6.13.3.2 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 Billing Period B;

$OutageCostAdjustment_{P,B}$  = the outage charges determined pursuant to ISO OATT Section 6.13.3.2.1 for any hour in the Day-Ahead Market during which the Propel New York Energy Project P is modeled to be wholly or partially out of service aggregated across all hours in Billing Period B;

$LSEWithdrawalUnits_{L,B}$  = Actual Energy Withdrawals for Responsible LSE L, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B; and

$TotalWithdrawalUnits_B$  = Actual Energy Withdrawals for all Responsible LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B.

**6.13.3.5** With respect to the TOTS projects, for the initial Rate Year 2016, the ISO may begin billing and collecting NY Transco's projected TFC subsequent to January 1, 2016; however, once billing commences in 2016, the ISO shall bill and collect NY Transco's projected TFC in equal installments for each Billing Period over the balance of 2016.

**6.13.3.6** The ISO will collect the appropriate TFC revenues each Billing Period and remit those revenues to NY Transco in accordance with the ISO's billing and settlement procedures.

#### **6.13.4 Recovery of Costs Incurred by NY Transco**

**6.13.4.1** The TFC shall be used as the cost recovery mechanism for the recovery of the costs of an Approved NYTP that is proposed, developed, or constructed by NY Transco under applicable federal, state and local law and 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 NY Transco to proceed with a regulated transmission project that NY Transco does not otherwise have at law.

**6.13.4.2** The period for cost recovery will be determined by the Commission and will begin if and when the Approved NYTP is completed, or as otherwise determined by the Commission. NY Transco and/or the ISO, as applicable, will make a filing with the Commission to provide for its review and approval or acceptance, as appropriate, of the final project cost and resulting revenue requirement to be recovered through the TFC, which shall be reproduced in the form of Section 36.3 of Attachment 2 to Attachment DD of the ISO OATT. The

filing may include all reasonably incurred costs related to NY Transco's undertaking an Approved NYTP as specified in Section 6.13.2 of this Schedule.

NY Transco shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding.

## **6.14      Schedule 14 – Rate Mechanism for Recovery of RMR Generator and Interim Service Provider Related Charges from and Payment of RMR Generator and Interim Service Provider Related Credits to RMR LSEs**

### **6.14.1      Applicability**

The ISO will apply this Schedule separately for each RMR Generator operating under an RMR Agreement and to each Generator operating or maintaining in-service its step-up transformer(s) and/or other system protection facilities as an Interim Service Provider. For purposes of this Schedule, “RMR LSEs” are all the LSEs, including Transmission Owners, competitive LSEs and municipal systems, serving Load in the Load Zone or Subzone (as applicable) to which the charges and credits associated with an RMR Generator operating under an RMR Agreement or a Generator operating or maintaining in-service its step-up transformer(s) and/or other system protection facilities as an Interim Service Provider are allocated.

Section 6.14.2 establishes how credits and charges to RMR LSEs will be allocated and recovered. Section 6.14.3 establishes how the ISO will calculate and recover the RMR Charge applicable to each RMR Generator operating under an RMR Agreement or as an Interim Service Provider. The RMR Charge for a Billing Period may result in either a charge or a credit to the RMR LSEs. Sections 6.14.4 and 6.14.5 establish how the ISO will charge RMR LSEs any Performance Incentive payment or Availability Incentive payment owed to an RMR Generator with an RMR Agreement that contains an Availability and Performance Rate. Finally, Section 6.14.7 establishes how the ISO will allocate and credit to RMR LSEs any Monthly Repayment Obligation recovered from a former RMR Generator and/or former Interim Service Provider by the ISO pursuant to Sections 15.8.7, 15.8.7.1 and 15.8.7.2 of Rate Schedule 8 to the Services Tariff.

## **6.14.2 Allocation of RMR Charges**

Charges and credits to RMR LSEs under this Schedule will be allocated in accordance with Section 31.5.3 of Attachment Y to the ISO OATT. The ISO will charge or credit each RMR LSE based on its share of Actual Energy Withdrawals in the Load Zone or Subzone (as applicable) for the relevant Billing Period.

## **6.14.3 Calculation and Recovery of RMR Charge**

### **6.14.3.1 Applicability**

The ISO will calculate the RMR Charge in accordance with Section 6.14.3.3 for each RMR Generator operating under an RMR Agreement that includes an Availability and Performance Rate. The ISO will calculate the RMR Charge in accordance with Section 6.14.3.4 for each RMR Generator operating under a rate that is not an Availability and Performance Rate. The ISO will calculate the RMR Charge in accordance with Section 6.14.3.5 for each Interim Service Provider.

### **6.14.3.2 Assessing or Crediting the RMR Charge**

If the RMR Charge calculated pursuant to Section 6.14.3.3, 6.14.3.4 or 6.14.3.5, as applicable, is positive for a Billing Period, then the ISO will assess the RMR Charge to the RMR LSEs. If the RMR Charge calculated pursuant to Section 6.14.3.3, 6.14.3.4 or 6.14.3.5, as applicable, is negative for a Billing Period, then the ISO will credit the absolute value of the RMR Charge to the RMR LSEs. Credits to the RMR LSEs are drawn from the revenue recovered from Transmission Customers as a result of the RMR Generator's participation in the ISO-Administered Markets during that Billing Period.



### 6.14.3.3 Calculation of RMR Charge for an RMR Generator Providing Service Under an Availability and Performance Rate

$$RMRCharge_{l,g,P} = \sum_{d \in P} \left( (RMRAvoidCost_{g,d} + VarCost_{g,d} - MarketRev_{g,d}) * \sum_{z \in Z} (ZonalCostAllocation_{g,z} * (MWh_{l,z,d} / MWh_{z,d})) \right)$$

Where:

$g$  = the relevant RMR Generator that is providing service under an Availability and Performance Rate;

$P$  = the relevant Billing Period;

$d$  = the relevant market day;

$l$  = the relevant RMR LSE;

$z$  = an individual NYCA Load Zone or Subzone (as applicable);

$Z$  = the set of all Load Zones (or Subzones as applicable) that have nonzero allocations for the relevant RMR Generator;

$RMRCharge_{l,g,P}$  = the RMR Charge associated with RMR Generator  $g$  for Billing Period  $P$  for RMR LSE  $l$ ;

$RMRAvoidCost_{g,d}$  = the RMR Avoidable Cost amount for RMR Generator  $g$  for day  $d$ , that has been accepted for filing by the Commission, or as calculated by the ISO in accordance with Sections 31.2.11.8 and 31.2.11.17 of the OATT pending Commission action, shaped on a Capability Period basis, and Additional Costs in accordance with Section 38.16 of the OATT;

$VarCost_{g,d}$  = the Variable Cost amount for RMR Generator  $g$  for day  $d$ , calculated pursuant to Section 15.8.1 of Rate Schedule 8 to the ISO Services Tariff;

$MarketRev_{g,d}$  = the revenue recovered from Transmission Customers under the ISO Tariffs for day  $d$  in connection with the participation of the RMR Generator  $g$  in the ISO Administered Markets, including LBMP revenues, Ancillary Services revenues, guarantee or supplemental payments, Day-Ahead to real-time balancing settlements as described in Section 4 of the ISO Services Tariff, and monthly Capacity revenues divided by the number of days in the month;

$ZonalCostAllocation_{g,z}$  = the proportion of the cost of RMR Generator  $g$  allocated to Load Zone or Subzone (as applicable)  $z$ ;

$MWh_{z,d}$  = Actual Energy Withdrawals in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours on day  $d$ ;

$MWh_{l,z,d}$  = Actual Energy Withdrawals for RMR LSE  $l$  in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours on day  $d$ .

#### 6.14.3.4 Calculation of RMR Charge for an RMR Generator Providing Service Under a Rate Other Than an Availability and Performance Rate

$$RMRCharge_{l,g,p} = \sum_{d \in P} \left( (RMRCost_{g,d} + VarCost_{g,d} - MarketRev_{g,d}) \right. \\ \left. * \sum_{z \in Z} (ZonalCostAllocation_{g,z} * (MWh_{l,z,d} / MWh_{z,d})) \right)$$

Where:

$g$  = the relevant RMR Generator that is providing service under a rate other than an ISO-developed Availability and Performance Rate;

$RMRCost_{g,d}$  = the costs RMR Generator  $g$  is authorized to recover for day  $d$  pursuant to a rate approved for RMR Generator  $g$  by the Commission, or is recovering subject to refund pending Commission action, shaped on a Capability Period basis, and Additional Costs in accordance with Section 38.16 of the OATT.

The definitions of the remaining variables in this equation are identical to the definitions for such variables set forth in Section 6.14.3.3 above.

#### 6.14.3.5 Calculation of RMR Charge for an Interim Service Provider

$$RMRCharge_{l,g,p} = \sum_{d \in P} \left( (RMRAvoidCost_{g,d} + VarCost_{g,d} - MarketRev_{g,d}) \right. \\ \left. * \sum_{z \in Z} (ZonalCostAllocation_{g,z} * (MWh_{l,z,d} / MWh_{z,d})) \right)$$

Where:

$g$  = the relevant Interim Service Provider Generator. In some cases, the “Interim Service Provider Generator” may not include the operation of the generating unit(s), but may instead be limited to the step-up transformer(s) and/or other system protection facilities designated by the ISO that are required to be maintained in-service;

$Z$  = the set of all Load Zones (or Subzones as applicable) that have nonzero allocations for the relevant Interim Service Provider Generator;

$RMRCharge_{l,g,P}$  = the RMR Charge associated with Interim Service Provider Generator  $g$  for Billing Period  $P$  for RMR LSE  $l$ ;

$RMRAvoidCost_{g,d}$  = the Avoidable Cost amount for Interim Service Provider Generator  $g$  for day  $d$  calculated by the ISO in accordance with Sections 38.8, 38.16 and 38.17 of the OATT, shaped on a Capability Period basis;

$VarCost_{g,d}$  = the Variable Cost amount for Interim Service Provider Generator  $g$  for day  $d$ , calculated pursuant to Section 15.8.6 of Rate Schedule 8 to the ISO Services Tariff;

$MarketRev_{g,d}$  = the revenue recovered from Transmission Customers under the ISO Tariffs for day  $d$  in connection with the participation of the Interim Service Provider Generator  $g$  in the ISO Administered Markets, including LBMP revenues, Ancillary Services revenues, guarantee or supplemental payments, Day-Ahead to real-time balancing settlements as described in Section 4 of the ISO Services Tariff, and monthly Capacity revenues divided by the number of days in the month; and

$ZonalCostAllocation_{g,z}$  = the proportion of the cost of Interim Service Provider Generator  $g$  allocated to Load Zone or Subzone (as applicable)  $z$ .

The definitions of the remaining variables in this equation are identical to the definitions for such variables set forth in Section 6.14.3.3 above.

#### 6.14.4 Performance Incentive Payment

The ISO will charge the RMR LSEs on a monthly basis for any Performance Incentive payment owed to an RMR Generator pursuant to Section 15.8.2 of the ISO Services Tariff for its performance in that month in accordance with the formula in Section 6.14.4.1.

##### 6.14.4.1 Calculation of RMR Performance Incentive Charge

$$RMRPerformIncentCharge_{l,g,m} = RMRPerformIncentPayment_{g,m} * \sum_{z \in Z} (ZonalCostAllocation_{g,z} * (MWh_{l,z,m} / MWh_{z,m}))$$

Where:

$m$  = the billing month for which the performance was calculated;

$RMRPerformIncentCharge_{l,g,m}$  = the Performance Incentive Charge associated with RMR Generator  $g$  for billing month  $m$  for RMR LSE  $l$ ;

$RMRPerformIncentPayment_{g,m}$  = the Performance Incentive amount for RMR Generator  $g$  for month  $m$ , calculated pursuant to Section 15.8.2 of Rate Schedule 8 to the ISO Services Tariff;

$MWh_{z,m}$  = Actual Energy Withdrawals in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours in month  $m$ ;

$MWh_{l,z,m}$  = Actual Energy Withdrawals for RMR LSE  $l$  in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours in month  $m$ .

The definitions of the remaining variables in this equation are identical to the definitions for such variables set forth in Section 6.14.3.3 above.

#### 6.14.5 Availability Incentive Payment

The ISO will charge the RMR LSEs on a Capability Period basis for any Availability Incentive payment owed to an RMR Generator pursuant to Section 15.8.3 of the ISO Services Tariff. The ISO will recover the Availability Incentive payment from RMR LSEs in the Billing Period following the first month of the Capability Period for any payment earned for the previous Capability Period in accordance with the formula in Section 6.14.5.1.

##### 6.14.5.1 Calculation of RMR Availability Incentive Charge

$$RMRAvailIncentCharge_{l,g,m} = RMRAvailIncentPayment_{g,m} * \sum_{z \in Z} (ZonalCostAllocation_{g,z} * (MWh_{l,z,m} / MWh_{z,m}))$$

Where:

$m$  = the first billing month after the Incentive from the previous Capability period was calculated;

$RMRAvailIncentCharge_{l,g,m}$  = the Availability Incentive Charge associated with RMR Generator  $g$  for billing month  $m$  for RMR LSE  $l$ ;

$RMRAvailIncentPayment_{g,m}$  = the Availability Incentive amount for RMR Generator  $g$  for month  $m$ , calculated pursuant to Section 15.8.3 of Rate Schedule 8 to the ISO Services Tariff;

$MWh_{z,m}$  = Actual Energy Withdrawals in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours in month  $m$ ;

$MWh_{l,z,m}$  = Actual Energy Withdrawals for RMR LSE  $l$  in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours in month  $m$ .

The definitions of the remaining variables in this equation are identical to the definitions for such variables set forth in Section 6.14.3.3 above.

#### 6.14.6 Distribution of Monthly Repayment Credit to RMR Loads

If, at any time, the ISO recovers from a former RMR Generator or from a former Interim Service Provider any Capital Expenditure or Above Market Revenues in accordance with Sections 15.8.7, 15.8.7.1 or 15.8.7.2 of Rate Schedule 8 to the ISO Services Tariff, then the ISO will credit the recovered costs to the RMR LSEs on the same monthly invoice as the recovery from the RMR Generator or Interim Service Provider, in accordance with the formula in Section 6.14.6.1 below.

##### 6.14.6.1 Calculation of Monthly Repayment Credit

$$\begin{aligned} \text{MonthlyRepaymentCredit}_{l,g,m} &= \text{Monthly Repayment Obligation Recovery}_{g,m} \\ &\quad * \sum_{z \in Z} \left( \text{ZonalCostAllocation}_{g,z} * (MWh_{l,z,m} / MWh_{z,m}) \right) \end{aligned}$$

Where:

$m$  = the billing month for which the Monthly Repayment Obligation is recovered;

$\text{MonthlyRepaymentCredit}_{l,g,m}$  = the Monthly Repayment Credit associated with former RMR Generator  $g$  or former Interim Service Provider Generator  $g$  for billing month  $m$  for RMR LSE  $l$ ;

$\text{Monthly Repayment Obligation Recovery}_{g,m}$  = the Monthly Repayment Obligation recovery from former RMR Generator  $g$  or former Interim Service Provider Generator  $g$  for month  $m$ , calculated pursuant to Section 15.8.7 of Rate Schedule 8 to the ISO Services Tariff;

$MWh_{z,m}$  = Actual Energy Withdrawals in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours in month  $m$ ;

$MWh_{l,z,m}$  = Actual Energy Withdrawals for RMR LSE  $l$  in Load Zone or Subzone (as applicable)  $z$  aggregated across all hours in month  $m$ .

The definitions of the remaining variables in this equation are identical to the definitions for such variables set forth in Section 6.14.3.3 above, except for the Monthly Repayment Obligation which is defined in Section 15.8.7 of the Services Tariff.

## **6.15 Schedule 15 – Rate Mechanism for the Recovery of the Marcy South Series Compensation Facilities Charge (“MSSCFC”)**

### **6.15.1 Applicability**

This Schedule establishes the Marcy South Series Compensation Facilities Charge (“MSSCFC”) for the recovery of costs related to NYPA’s Marcy South Series Compensation (“MSSC”) project.

The MSSCFC shall be separate from the Transmission Service Charge (“TSC”) and the NYPA Transmission Adjustment Charge (“NTAC”) determined in accordance with Section 14 of Attachment H of the ISO OATT, and any Reliability Facilities Charge (“RFC”) determined pursuant to Section 6.10 of the ISO OATT. In addition, with respect to the MSSC project only, NYPA shall receive the outage charges described herein for the MSSC project 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 for the MSSC project under Section 20.2.4 and Section 20.3.6 of the ISO OATT; and NYPA shall be entitled to receive Incremental TCCs, as described in Section 19.2.4 of the ISO OATT, for the MSSC project to the extent requested by NYPA and awarded by the ISO. As it relates solely to the MSSC project, NYPA shall not be a “Transmission Owner” for purposes of Section 20.2.5 or Section 20.3.7 of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of the ISO OATT or Net Auction Revenues under Section 20.3.7 of the ISO OATT relating to the MSSC project.

### **6.15.2 Revenue Requirement for MSSCFC**

The MSSCFC shall be calculated in accordance with the formula set forth in Section

6.15.3 using the revenue requirement of NYPA necessary to recover the costs of the MSSC project. The revenue requirement to be used in the calculation of the MSSCFC is determined using the Formula Rate Template included in Attachment H, Section 14.2.3.1 of the ISO OATT. The MSSC revenue requirement shall be stated separately on line 11a from NYPA's NTAC revenue requirement on line 11 of the NYPA Formula Rate Template's Transmission Revenue Requirement Summary, and there shall be no duplicative recovery of costs as between the NTAC revenue requirement, the MSSC revenue requirement or any other NYPA project-specific revenue requirement. The costs that may be included in the MSSC revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, the MSSC project, including, but 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, as determined by the Commission.

### **6.15.3 Calculation and Recovery of MSSCFC and Payment of Recovered Revenue**

The ISO will calculate and bill the MSSCFC for the MSSC project in accordance with this Section 6.15.3. The ISO shall collect the MSSCFC from the LSEs. The LSEs, including Transmission Owners, NYPA, competitive LSEs, municipal systems, and any other LSE, serving Load located in Transmission Districts to which the costs of the MSSC project have been allocated (each a "Responsible LSE") shall pay the MSSCFC. The costs of the MSSC project shall be allocated as set forth in the allocation table presented herein in Section 6.15.3.7.

**6.15.3.1** The MSSC revenue requirement developed pursuant to Attachment H, Section 14.2.3.1 of the ISO OATT by NYPA will be the basis for the MSSCFC Rate (\$/MWh) for the Billing Period that shall be charged by the ISO to each



Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.15.3.4. NYPA's revenue requirement for the MSSC project will be calculated according to the formula rate and protocols set forth in Section 14.2.3 of Attachment H to the ISO OATT.

**6.15.3.2** NYPA shall in relation to the MSSC project reasonably 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 the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Section 19.2.4.7 and 19.2.4.8 of the ISO OATT, Incremental TCCs created and awarded to NYPA as a result of the MSSC project shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NYPA as a result of the MSSC project shall be offered by the ISO 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 NYPA. The total amount of the auction revenues disbursed to NYPA pursuant to this Section 6.15.3.2 shall be used in the calculation of the MSSCFC Rate, as set forth in Section 6.15.3.4. Incremental TCCs associated with the MSSC 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.

As described in Section 6.15.4.2, the revenue offset discussed in this Section 6.15.3.2 shall commence upon the first payment of revenues related to Incremental TCCs associated with the MSSC project, and shall be deferred to the

extent necessary through the Formula Rate Template's true-up mechanism until the date the Formula Rate Template first produces a non-zero MSSC revenue requirement and the ISO begins to collect the MSSCFC from the LSEs. The MSSCFC and the revenue offset related to Incremental TCCs associated with the implementation of the MSSC project shall not require and shall not be dependent upon a reopening or review of NYPA's revenue requirement for an RFC pursuant to Section 6.10 of the ISO OATT.

**6.15.3.2.1** Outage Charges related to Incremental TCCs. Outage charges developed pursuant to the provisions of OATT Section 19 applicable to Expanders (as that term is defined in OATT Section 19) not subject to OATT Section 20.2.5, shall be payable to the ISO for any hour in the Day-Ahead Market during which the MSSC project is modeled to be wholly or partially out of service.

**6.15.3.3** The billing units for the MSSCFC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the current Billing Period for those Transmission Districts allocated the costs of the MSSC project in accordance with Section 6.15.3.7.

#### **6.15.3.4 Cost Recovery Methodology**

##### **6.15.3.4.1 Cost Recovery Methodology for All Responsible LSEs**

The ISO shall calculate the MSSCFC for each Responsible LSE as follows:

**Step 1: Calculate the \$ assigned to each Transmission District**

$$\text{MSSCFC}_{tB} = (\text{AnnualRR}_B - \text{Incremental TCC Revenue}_B + \text{Outage Cost Adjustment}_B) \times (\text{TransmissionDistrictCostAllocation}_t)$$

**Step 2: Calculate a per-MWh Rate for each Transmission District**

$$\text{MSSCFRate}_{t,B} = \text{MSSCFC}_{t,B} / \text{MWh}_{t,B}$$

**Step 3: Calculate charge for each Billing Period for each Responsible LSE in each Transmission District**

$$\text{Charge}_{B,l,t} = \text{MSSCFRate}_{t,B} \times \text{MWh}_{l,t,B}$$

**Step 4: Calculate charge for each Billing Period for each Responsible LSE across all Transmission Districts**

$$\text{Charge}_{B,l} = \sum_{t \in T} (\text{Charge}_{B,l,t})$$

Where,

l = the relevant Responsible LSE;

T = set of ISO Transmission Districts;

t = an individual Transmission District

B = the relevant Billing Period;

$\text{MWh}_{t,B}$  = Actual Energy Withdrawals in Transmission District t aggregated across all hours in Billing Period B;

$\text{MWh}_{l,t,B}$  = Actual Energy Withdrawals for Responsible LSE l in Transmission District t aggregated across all hours in Billing Period B;

Annual  $\text{RR}_B$  = the *pro rata* share of the annual revenue requirement for the MSSC project allocated for Billing Period B;

Incremental TCC Revenue<sub>B</sub> = the auction revenue derived from the sale of Incremental TCCs related to the MSSC project plus Incremental TCC payments received by NYPA pursuant to Section 20.2.3 of the ISO OATT for the MSSC project allocated for Billing Period B. The revenues from the sale of Incremental TCCs related to the MSSC project in the ISO's six month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of the Billing Period;

Outage Cost Adjustment<sub>B</sub> = the Outage Charges determined pursuant to OATT Section 6.15.3.2.1 for any hour in the Day-Ahead Market during which the MSSC project is modeled to be wholly or partially out of service aggregated across all hours in Billing Period B;

Transmission District Cost Allocation<sub>t</sub> = the proportion of the cost of the MSSC project allocated to Transmission District t, as set forth below in Section 6.15.3.7.

**6.15.3.5** NYPA anticipates that the MSSC project will achieve commercial operation during 2016. Because of the retrospective nature of NYPA's Formula Rate Template in Attachment H, Section 14.2.3.1 of the ISO OATT, the NYPA Formula Rate Template will not produce a revenue requirement for the MSSC project until the Annual Update scheduled for July 1, 2017. NYPA therefore anticipates that ISO will begin billing and collecting NYPA's MSSCFC for energy withdrawals occurring on and subsequent to July 1, 2017; but in any event the ISO shall not commence billing and collecting NYPA's MSSCFC until NYPA's Formula Rate Template produces a MSSC revenue requirement on Line 11a of the Transmission Revenue Requirement Summary.

**6.15.3.6** The ISO will collect the appropriate MSSCFC revenues each Billing Period and remit those revenues to NYPA in accordance with the ISO's billing and settlement procedures.

### 6.15.3.7 Cost Allocation Table for the MSSC Project

Transmission District	Allocation of Project Costs (%)
Consolidated Edison Co. of NY, Inc. Orange and Rockland Utilities, Inc.	63.18
Long Island Power Authority	8.55
Niagara Mohawk Power Corp.	12.16*
New York Gas & Electric Corp. Rochester Gas and Electric Corp.	10.12
Central Hudson Gas & Electric Corp.	5.99
New York Power Authority	Load is treated the same as all other load serving entities (“LSEs”) and NYPA will pay the same rate as the LSEs in each transmission district.

\* NYPA customers that are geographically located in the NYSEG and National Grid transmission districts but are connected directly to NYPA transmission facilities (identified by NYISO for billing purposes as ‘NYPA North’ customers) shall be included in the Niagara Mohawk Transmission District for purposes of the MSSCFC cost allocation and billing.

### 6.15.4 Recovery of Costs Incurred by NYPA

**6.15.4.1** The MSSCFC shall be used as the cost recovery mechanism for the recovery of the costs of the MSSC project.

**6.15.4.2** The period for cost recovery will begin if and when the MSSC project is completed and a MSSC revenue requirement is produced by NYPA’s Formula Rate Template as discussed in Section 6.15.3.5, or as otherwise determined by the Commission. The ISO will not begin to assess the MSSCFC solely because NYPA receives incremental TCC revenue or is assessed Outage Charges related to the MSSC project prior to the date NYPA’s Formula Rate Template first

produces a non-zero MSSC revenue requirement. Instead any incremental TCC revenue received, or Outage Charge incurred, prior to that time will be reflected in the Formula Rate Template's true-up of calendar year revenue to calendar year costs for the calendar year when such revenue or charge was incurred. In any event, the ISO will not collect the MSSCFC from LSEs under this Schedule 15 unless and until the Commission issues an order approving a settlement in Docket No. ER15-572-000 that includes the cost allocation described in Section 6.15.3.7.

## **6.16 Schedule 16 - Rate Mechanism for the Recovery of the Short-Term Reliability Process Facilities Charge for a Regulated Transmission Solution in the Short-Term Reliability Process (“STRPFC”).**

### **6.16.1 Applicability.**

This Schedule establishes the facilities charge for the recovery of the costs of a regulated transmission Short-Term Reliability Process Solution in connection with a Short-Term Reliability Process Need arising in the Short-Term Reliability Process set forth in Attachment FF of the ISO OATT (“STRPFC”).<sup>1</sup> A Transmission Owner, an Unregulated Transmitting Utility,<sup>2</sup> or another Developer, may recover through the STRPFC the costs that it is eligible to recover pursuant to Attachment FF of the ISO OATT related to: (i) the transmission Short-Term Reliability Process Solution proposed by a Responsible Transmission Owner to address the Short-Term Reliability Process Need in accordance with Section 38.4.2.1, (ii) the conceptual permanent transmission Short-Term Reliability Process Solution, if applicable, submitted by a Responsible Transmission Owner in accordance with Section 38.4.2.1, or (iii) a regulated transmission Short-Term Reliability Process Solution proposed by a Developer that is selected by the ISO to address the Short-Term Reliability Process Need in accordance with Section 38.10, including the portion of an Interregional Transmission Project proposed pursuant to Section 38.4.2.5 of the ISO OATT and selected by the ISO pursuant to Section 38.10 of the ISO OATT. Such a project is referred to in this Schedule as an “Eligible Project.” Any costs incurred for an Eligible Project by LIPA or NYPA will be collected under a separate LIPA STRPFC or NYPA STRPFC, as applicable, as described in Section 6.16.5.

---

<sup>1</sup> Capitalized terms used in this Schedule that are not defined in this Schedule shall have the same meaning set forth in Section 38.1 of Attachment FF of the ISO 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.

This Schedule does not provide for cost recovery related to: (i) projects undertaken by Transmission Owners through their Local Transmission Owner Planning Processes pursuant to Section 31.1.3 and 31.2.1 of Attachment Y of the ISO OATT, (ii) projects eligible for cost recovery through Schedule 10 of the ISO OATT in connection with the NYISO's Reliability Planning Process, (iii) a Generator operating under an RMR Agreement, or (iv) a market-based Short-Term Reliability Process Solution identified in accordance with Section 38.6 of the ISO OATT.

The STRPFC shall be separate from the Transmission Service Charge ("TSC") and the NYPA Transmission Adjustment Charge ("NTAC") determined in accordance with Attachment H of the ISO OATT.

In addition, 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. 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.



### **6.16.2 Revenue Requirement for STRPFC**

The STRPFC shall be calculated in accordance with the formula set forth in Section 6.16.3 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 STRPFC for a Transmission Owner or other Developer, other than an Unregulated Transmitting Utility, is described in Section 6.16.4. The development of a revenue requirement and recovery of costs for an Eligible Project by an Unregulated Transmitting Utility through the NYPA STRPFC or the LIPA STRPFC, as applicable, is described in Section 6.16.5.

If an Eligible Project involves construction of a facility identified as a Highway System Deliverability Upgrade in a completed Class Year Interconnection Facilities Study or Cluster Study, the Project Cost Allocation for which has been accepted and Security posted by at least one Interconnection Customer in the Class Year Study, Cluster Study, or Additional SDU Study, the final project cost and resulting revenue requirement will be reduced to the extent permitted by, as applicable, Section 25.7.12.3.3 of Attachment S or Section 40.13.12.3.3 of Attachment HH to the ISO OATT.

### **6.16.3 Calculation and Recovery of STRPFC and Payment of Recovered Revenue**

The ISO will calculate and bill the STRPFC for each Eligible Project in accordance with this Section 6.16.3. The ISO shall collect the STRPFC from LSEs. The LSEs, including Transmission Owners, competitive LSEs, municipal systems, and any other LSE, 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 STRPFC. The costs of each Eligible Project shall be allocated as set forth in Section 38.22 of Attachment FF of the ISO OATT.

6.16.3.1 The revenue requirement filed pursuant to this Schedule by the Transmission Owner, Unregulated Transmitting Utility, or another Developer, as applicable, and approved or accepted by the Commission will be the basis for the STRPFC Rate (\$/MWh) that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.16.3.4.

6.16.3.2 The Developer shall in relation to any Eligible Project reasonably 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 6.16.3.2 shall be used in the calculation of the STRPFC Rate, as set forth in Section 6.16.3.4. 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 6.16.3.2 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 STRPFC is implemented. The STRPFC 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 the Developer's revenue requirements for an RFC pursuant to Section 6.10 of the ISO OATT or the Transmission Owners' revenue requirements for the TSCs and NTAC set forth in Attachment H of the NYISO OATT.

6.16.3.2.1 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.

6.16.3.3 The billing units for the STRPFC 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 accordance with Section 38.22 of Attachment FF of the ISO OATT.

#### **6.16.3.4 Cost Recovery Methodology**

The ISO shall calculate the STRPFC for each Responsible LSE as follows:

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

$$STRPFC_{z,B} = \sum_{p \in P} \left( (AnnualRR_{p,B} - IncrementalTransmissionRightsRevenue_{p,B} + OutageCostAdjustment_{p,B}) \times (ZonalCostAllocation_{z,p}) \right)$$

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

$$STRPFCRate_{z,B} = STRPFC_{z,B} / MWh_{z,B}$$

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

$$Charge_{B,l,z} = STRPFCRate_{z,B} * MWh_{l,z,B}$$

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

$$Charge_{B,l} = \sum_{z \in Z} (Charge_{B,l,z})$$

Where,

$l$  = the relevant Responsible LSE;

$p$  = an individual Eligible Project;

$P$  = set of Eligible Projects;

$z$  = 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 6.16.2 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 6.16.3.2 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;

$\text{OutageCostAdjustment}_{p,B}$  = the Outage charges determined pursuant to Section 6.16.3.2.1 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  $B$ ;

$\text{ZonalCostAllocation}_{z,p}$  = the proportion of the cost of Eligible Project  $p$  allocated to Load Zone or Subzone, as applicable,  $z$ , as set forth in Section 38.22 of Attachment FF of the ISO OATT.

6.16.3.5        The ISO will collect the appropriate STRPFC revenues each Billing Period and remit those revenues to the appropriate Transmission Owner, Unregulated Transmitting Utility, or other Developer in accordance with the ISO's billing and settlement procedures.

#### **6.16.4        Recovery of Costs Incurred by Transmission Owner or Developer**

6.16.4.1        The STRPFC shall be used as the cost recovery mechanism for the recovery of the costs of an Eligible Project undertaken by a Transmission Owner or 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 Developer to proceed with a regulated transmission project that it does not otherwise have at law. The cost that may be included in the revenue requirement for calculating the STRPFC pursuant to Section 6.16.3 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. This cost includes, but is 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.

6.16.4.2 The period for cost recovery will be determined by the Commission and will begin if and when the Eligible Project is completed or halted, or as otherwise determined by the Commission. The Transmission Owner/Developer and/or the ISO, as applicable, will make a filing with the Commission to provide for its review and approval or acceptance, as appropriate, of the final project cost and resulting revenue requirement to be recovered through the STRPFC. The filing may include all reasonably incurred costs specified in Section 6.16.4.1 of this Schedule that are related to the Transmission Owner's or the Developer's undertaking an Eligible Project. The Transmission Owner or 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 STRPFC after the Commission has accepted or approved the filing.

#### **6.16.5 Recovery of Costs Incurred By Unregulated Transmitting Utility**

6.16.5.1 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 as well as a reasonable return on investment. For any recovery of a revenue requirement by an Unregulated Transmitting Utility under the STRPFC, the period of cost recovery will be determined by the Commission and will begin if and when the

Eligible Project is completed or halted, or as otherwise determined by the Commission. The ISO will begin to calculate and bill the STRPFC for an Unregulated Transmitting Utility pursuant to Section 6.16.3 after the Commission has accepted or approved the filing of its revenue requirement.

#### **6.16.5.2 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 6.16.5.1 under the LIPA STRPFC shall be recovered over the period established by Long Island Power Authority's Board of Trustees as follows:

6.16.5.2.1 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 38.22 of Attachment FF of the ISO OATT.

6.16.5.2.2 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 6.16.5.2.1 in accordance with the formula set forth in Section 6.16.3.4. 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, to the extent requested to 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. 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. Using the procedures described in Sections 6.16.3 through 6.16.3.4 of this Schedule, the ISO shall calculate a separate LIPA STRPFC based on the revenue requirement and shall bill for LIPA the LIPA STRPFC 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.

6.16.5.2.3 Developers, other than LIPA, that undertake an Eligible Project on Long Island may recover any costs pursuant to Section 6.16.4 of this Schedule.

### **6.16.5.3 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 6.16.5.1 shall be recovered under a NYPA STRPFC 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.

6.16.5.3.1 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. The ISO shall file the revenue requirement with the Commission to the extent requested to do so by NYPA. 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. In accordance with Sections 6.16.3 through 6.16.3.4 of this Schedule, the ISO shall calculate a separate NYPA STRPFC based on the revenue requirement and bill for NYPA the NYPA STRPFC to the Responsible LSEs. The ISO shall remit the revenues collected to NYPA in accordance with the ISO's billing and settlement procedures.

6.16.5.3.2 Developers, other than NYPA, that undertake an Eligible Project in the NYPA North Subzone may recover any costs pursuant to Section 6.16.4 of this Schedule.

#### **6.16.5.4 Savings Clause**

The inclusion in the ISO OATT or in a Commission filing 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 FF to the ISO OATT, as provided for in this Section 6.16.5, or the inclusion of such revenue requirement in the LIPA STRPFC or the NYPA STRPFC, shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

## **6.17 Schedule 17 – Rate Mechanism for the Recovery of the Western New York Facilities Charge for Non-Bulk Transmission Facilities (“WNY-FC”)**

### **6.17.1 Applicability**

#### **6.17.1.1 Eligible Projects**

This Schedule establishes the Western New York Facilities Charge (“WNY-FC”) for the recovery of the costs of certain upgrades to non-bulk transmission facilities related to any Public Policy Transmission Project that are eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.<sup>3</sup> Niagara Mohawk Power Corporation (“NMPC”) may recover through the WNY-FC the costs that it is eligible to recover pursuant to Attachment Y of the ISO OATT related to certain upgrades to NMPC non-bulk transmission facilities in connection with 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 Western New York Public Policy Transmission Need. The “Western New York Public Policy Transmission Need” relates to congestion relief in Western New York identified by the NYPSC on July 20, 2015 and October 13, 2016, in NYPSC Case No. 14-E-0454.

The specific upgrades to NMPC non-bulk transmission facilities to address the Western New York Public Policy Transmission Need (the “WNY Ancillary Upgrades.”) shall be identified by the ISO in the Public Policy Transmission Planning Report for those needs.

#### **6.17.1.2 Projects Not Eligible for Cost Recovery Through the WNY-FC**

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

---

<sup>3</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.

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.

#### **6.17.2 Revenue Requirement for WNY-FC**

The WNY-FC shall be calculated in accordance with the formula set forth in Section 6.17.3. The costs that may be included in the WNY-FC revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, the WNY Ancillary Upgrades, including, but 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, as determined by the Commission.

#### **6.17.3 Calculation and Recovery of WNY-FC and Payment of Recovered Revenue**

##### **6.17.3.1** The ISO will calculate and bill the WNY-FC separately for the WNY

Ancillary Upgrades in accordance with this Section 6.17.3. The ISO shall collect the WNY-FC 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 WNY Ancillary Upgrades have been allocated (each a “Responsible LSE”) shall pay the WNY-FC. The costs of the WNY Ancillary Upgrades shall be allocated in accordance with the Section 31.8.4 of Appendix E to Attachment Y of the ISO OATT.

**6.17.3.2** The WNY-FC revenue requirement shall be calculated as follows: The annual WNY-FC revenue requirement shall equal the annual Historical Transmission Revenue Requirement (“HTRR”) for NMPC’s TSC divided by NMPC’s gross transmission plant in service multiplied by the gross transmission plant in service for the WNY Ancillary Upgrades. For purposes of this calculation:

- (a) NMPC’s HTRR is equal to Attachment 1 to Attachment H, Schedule 1, line 18.
- (b) NMPC’s gross transmission plant is equal to Attachment 1 to Attachment H, Schedule 6, page 2 of 2, line 3.

In addition, to the extent that the revenues received for the WNY Ancillary Upgrades in the prior year were greater (or less) than the annual WNY-FC revenue requirement for the year, the current year’s WNY-FC revenue requirement will be decreased (or increased) by that difference. The annual WNY-FC revenue requirement will be the basis for the applicable WNY-FC Rate (\$/MWh) for the Billing Period that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.17.3.5.

**6.17.3.3** NMPC shall request Incremental TCCs with respect to the WNY Ancillary Upgrades 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 WNY Ancillary Upgrades, NMPC 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.

NMPC shall in relation to the WNY Ancillary Upgrades 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 NMPC as a result of implementation of the WNY Ancillary Upgrades shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NMPC as a result of the implementation of the WNY Ancillary Upgrades, shall be offered by NMPC 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 NMPC. The total amount of the auction revenues disbursed to NMPC pursuant to this Section 6.17.3.3 shall be used in the calculation of the WNY-FC Rate, as set forth in Section 6.17.3.5. Incremental

TCCs associated with the WNY Ancillary Upgrades 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 6.17.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of the WNY Ancillary Upgrades, and shall be deferred to the extent necessary and accounted for through the NMPC's annual true-up mechanism until the date the NMPC first produces a non-zero revenue requirement for the WNY Ancillary Upgrades and the ISO begins to collect the WNY-FC from Responsible LSEs. The WNY-FC and the revenue offset related to Incremental TCCs associated with the implementation of the WNY Ancillary Upgrades shall not require and shall not be dependent upon a reopening or review of: (i) NMPC's revenue requirements for charges set forth in another rate schedule of the ISO OATT, or (ii) NMPC's revenue requirements for its TSC set forth in Attachment H of the ISO OATT.

**6.17.3.3.1** With respect to the WNY Ancillary Upgrades only, NMPC shall receive the outage charges specific to Incremental TCCs as 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 the WNY Ancillary Upgrades shall be separately assessed to NMPC as an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT, and payable by NMPC to the ISO, pursuant to Section 19.2.4 of Attachment M of the ISO OATT for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are modeled to be wholly or partially out of service.

**6.17.3.4** The billing units for the WNY-FC 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 6.17.3.1.

#### **6.17.3.5 Cost Recovery Methodology**

The ISO shall calculate the WNY-FC for each Responsible LSE as follows:

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

$$WNYFC_{p,z,B} = (AnnualRR_{p,B} - IncrementalTransmissionRightsRevenue_{p,B} + OutageCostAdjustment_{p,B}) \times (ZonalCostAllocation_{z,p})$$

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

$$WNYFCRate_{p,z,B} = WNYFC_{p,z,B} / MWh_{z,B}$$

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

$$Charge_{B,l,z,p} = WNYFCRate_{p,z,B} * MWh_{l,z,B}$$

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

$$Charge_{B,l,p} = \sum_{z \in Z} (Charge_{B,l,z,p})$$

Where,



$l$  = the relevant Responsible LSE;

$p$  = the WNY Ancillary Upgrades;

$z$  = 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 the WNY Ancillary Upgrades as set forth in 6.17.3.2 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 NMPC pursuant to Section 20.2.3 of Attachment N of the ISO OATT for the WNY Ancillary Upgrades, as discussed in Section 6.17.3.3 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 6.17.3.3.1 above for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are 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 the WNY Ancillary Upgrades allocated to Load Zone or Subzone, as applicable,  $z$ , in the manner described in Section 6.17.3.1 above.

**6.17.3.6** The ISO will collect the appropriate WNY-FC revenues each Billing Period and remit those revenues to NMPC in accordance with the ISO's billing and settlement procedures.

**6.17.3.7** Payments received by NMPC for the WNY-FC will be treated as a revenue credit in the revenue requirement for NMPC's TSC. After considering

the revenue credit from the WNY-FC, the net cost for the WNY Ancillary

Upgrades recovered through the TSC will be deemed to be zero.

**6.17.3.8** NMPC shall recalculate the WNY-FC revenue requirement each year as part of the Annual Update process set forth in Section 14.1.9.4 of Attachment H of the ISO OATT. The WNY-FC revenue requirement shall be separately stated in that Annual Update, and the Annual Update shall provide supporting documentation for the calculation of the WNY-FC revenue requirement for the Update Year. Each Responsible LSE paying the WNY-FC shall be an “Interested Party” with respect to any portion of the Annual Update related to the WNY-FC. The WNY-FC revenue requirement for the first year after the WNY Ancillary Upgrades are placed in service will be calculated retroactively to the in-service date. The ISO shall commence charging the WNY-FC beginning with the first billing period for the next effective Update Year, as such term is defined in Section 14.1.9.1.66 of Attachment H of the ISO OATT, after the WNY Ancillary Upgrades are placed into service.

## **6.18 Schedule 18 – Rate Mechanism for the Recovery of the Smart Path Connect Facilities Charge**

### **6.18.1 Applicability**

#### **6.18.1.1 Eligible Project**

This Schedule establishes the Smart Path Connect Facilities Charge (“SPC-FC”) for the recovery of the costs of Niagara Mohawk Power Corporation’s (“NMPC”) portion of the “Smart Path Connect” priority transmission project (“SPC Project”). The SPC Project was identified as a “priority transmission project” pursuant to New York State’s Accelerated Renewable Energy Growth and Community Benefit Act (“AREGCBA”) by order of the PSC on October 15, 2020 in PSC Case No. 20-E-0197. Pursuant to AREGCBA, NYPA selected NMPC as a co-developer of the SPC Project. NMPC’s portion of the SPC Project, which is recoverable hereunder, includes the following components: (1) the upgrade of NMPC’s Adirondack-Porter 230 kV lines to 345kV; (2) the construction of a new Austin Road Substation; (3) the extension of the existing 230 kV Rector Road to Chases Lake Line 10 to Austin Road Substation; (4) modifications at the Edic Substation; and (5) removal of the existing 230kV Edic to Porter Line 17 and equipment at the Porter and Chases Lakes Substations (collectively, hereinafter referred to as the “NMPC Smart Path Connect Facilities”).

#### **6.18.1.2 Projects Not Eligible For Cost Recovery Through the CFC Charge**

This Schedule does not apply to transmission projects other than those set forth in Section 6.18.1.1. In addition, this Schedule shall not apply to provide cost recovery to NYPA for any transmission projects.

## **6.18.2 Revenue Requirement for SPC-FC**

The SPC-FC shall be calculated in accordance with Section 6.18.3. The costs that may be included in the SPC-FC revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, the NMPC Smart Path Connect Facilities, including, but not limited to, a reasonable return on investment and any incentives for the construction or abandonment of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission's regulations implementing those sections, as determined by the Commission.

## **6.18.3 Calculation and Recovery of SPC-FC and Payment of Recovered Revenue**

**6.18.3.1** The ISO will calculate and bill the SPC-FC separately for the NMPC Smart Path Connect Facilities in accordance with this Section 6.18.3. The SPC-FC will be allocated on a load ratio share basis, calculated volumetrically based on Actual Energy Withdrawals by LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through. The ISO shall bill the SPC-FC to all LSEs serving Load in the New York Control Area (each a "Responsible LSE"). Responsible LSEs shall pay the SPC-FC.

**6.18.3.2** The SPC-FC revenue requirement shall be calculated as determined in accordance with Schedules 15a through 15d of NMPC's formula rate template as set forth in Section 14.2.1 of Attachment H of the ISO OATT.

To the extent that the revenues received for the NMCP Smart Path Connect Facilities in the prior year were greater (or less) than the annual SPC-FC revenue requirement for the year, the current year's SPC-FC revenue requirement will be decreased (or increased) by that difference. The annual SPC-FC revenue

requirement will be the basis for the applicable SPC-FC for the Billing Period that shall be charged by the ISO to Responsible LSEs as set forth in Section 6.18.3.4.

**6.18.3.3** NMPC shall request Incremental TCCs with respect to the NMPC Smart Path Connect Facilities in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and accept any Incremental TCCs to the extent awarded by the ISO pursuant to such request. As it relates solely to the NMPC Smart Path Connect Facilities, NMPC 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.

NMPC shall in relation to the NMPC Smart Path Connect Facilities 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 NMPC as a result of implementation of the NMPC Smart Path Connect Facilities shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NMPC as a result of the implementation of the NMPC Smart Path Connect Facilities, shall be offered by NMPC 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 NMPC. The total amount of the auction revenues disbursed to NMPC pursuant to this Section 6.18.3.3 shall be used in the calculation of the SPC-FC, as set forth in Section 6.18.3.5. Incremental TCCs associated with the NMPC Smart Path Connect Facilities 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 6.18.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of the NMPC Smart Path Connect Facilities on or after the date the SPC-FC is implemented. The revenue offset related to Incremental TCCs associated with the implementation of the NMPC Smart Path Connect Facilities shall not require and shall not be dependent upon a reopening or review of: (i) NMPC's revenue requirements for charges set forth in another rate schedule of the ISO OATT, or (ii) NMPC's revenue requirements for its TSC set forth in Attachment H of the ISO OATT.

**6.18.3.3.1** With respect to the NMPC Smart Path Connect Facilities only, NMPC 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 the NMPC Smart Path

Connect Facilities shall be separately assessed to NMPC as an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT, and payable by NMPC to the ISO, pursuant to Section 19.2.4.10 of Attachment M of the ISO OATT.

**6.18.3.4** The billing units for the SPC-FC shall be based on the Actual Energy Withdrawals, excluding Withdrawal Billing Units for Exports and Wheels Through, of the Responsible LSEs.

**6.18.3.5 Cost Recovery Methodology**

The ISO shall calculate the SPC-FC applicable to each Responsible LSE as follows:

$$\text{SPC-FC}_{B,L} = (\text{AnnualRR}_B - \text{IncrementalTransmissionRightsRevenue}_B + \text{OutageCostAdjustment}_B) \\ \times (\text{LSEWithdrawalUnits}_{L,B} / \text{TotalWithdrawalUnits}_B)$$

Where:

L = The relevant Responsible LSE;

B = The relevant Billing Period;

$\text{AnnualRR}_B$  = the pro rata share of the annual revenue requirement for the NMPC Smart Path Connect Facilities, as discussed in Sections 6.18.2 and 6.18.3.2 above, allocated for Billing Period B;

$\text{IncrementalTransmissionRightsRevenue}_B$  = the auction revenue derived from the sale of Incremental TCCs awarded to NMPC plus Incremental TCC payments received by NMPC pursuant to Section 20.2.3 of Attachment N of the ISO OATT for the NMPC Smart Path Connect Facilities, as discussed in Section 6.18.3.3 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 Billing Period B;

$\text{OutageCostAdjustment}_B$  = the Outage charges, as discussed in Section 6.18.3.3.1 above, for the Incremental TCCs awarded to NMPC for the NMPC Smart Path Connect Facilities aggregated across all hours in Billing Period B; and

$LSEWithdrawalUnits_{L,B}$  = Actual Energy Withdrawals for Responsible LSE L, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B; and

$TotalWithdrawalUnits_B$  = Actual Energy Withdrawals for all Responsible LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B.

**6.18.3.6** The ISO will collect the appropriate SPC-FC revenues each Billing Period and remit those revenues to NMPC in accordance with the ISO's billing and settlement procedures.

**6.18.3.7** The "Base Revenue Requirement" for the NMPC Smart Path Connect Facilities as identified in Schedule 15 line 2 (a) of NMPC's formula rate template, as set forth in Section 14.2.1 of Attachment H of the ISO OATT, will be treated as a revenue credit in the revenue requirement for NMPC's TSC. After considering the revenue credit from the SPC-FC, the net cost for the NMPC Smart Path Connect Facilities recovered through the TSC will be deemed to be zero.

**6.18.3.8** NMPC shall recalculate the SPC-FC revenue requirement each year as part of the Annual Update process set forth in Section 14.1.9.4 of Attachment H of the ISO OATT. The SPC-FC revenue requirement shall be separately stated in that Annual Update, and the Annual Update shall provide supporting documentation for the calculation of the SPC-FC revenue requirement for the Update Year. Each Responsible LSE shall be an "Interested Party" with respect to any portion of the Annual Update related to the SPC-FC. The SPC-FC revenue requirement for the first year will be calculated retroactively to include any construction work in progress ("CWIP") amounts authorized by the Commission for recovery in rate base. The ISO shall commence charging the revenue



requirement component of the SPC-FC beginning with the first billing period for the next effective Update Year. Capitalized terms used in this Section 6.18.3.8, but not otherwise defined in Section 1 of the ISO OATT or this rate schedule shall have the meaning specified in Section 14.1.9 of Attachment H of the ISO OATT.

## **6.19 Schedule 19 - Rate Mechanism for the Recovery of the CLCPA Facilities Charge**

### **6.19.1 Applicability**

#### **6.19.1.1 CLCPA Eligible Projects**

This Schedule establishes the CLCPA Facilities Charge (“CFC Charge” or, as it relates to LIPA, a “LIPA CFC Charge”) for the recovery of the costs of each transmission project that is eligible for cost recovery in accordance with the Cost Sharing and Recovery Agreement among the Member Systems, dated as of June 17, 2022 (as such agreement may be amended, the “CSRA”). Each Transmission Owner that is a signatory to the CSRA (excluding NYPA but including LIPA as an “Unregulated Transmitting Utility” as such term is defined in Section 6.10.1 of Rate Schedule 10 of the ISO OATT) (each referred to herein as an “Eligible Transmission Owner”) may recover through the applicable CFC Charge or LIPA CFC Charge the costs of a transmission project (or portion thereof) that it is eligible to recover under the CSRA. For purposes of this Schedule, such a transmission project (or portion thereof) is referred to as a “CLCPA Eligible Project.” The costs of a CLCPA Eligible Project incurred by an Eligible Transmission Owner other than LIPA will be billed and collected under a CFC Charge as described in Section 6.19.4. The costs of a CLCPA Eligible Project incurred by LIPA will be billed and collected under a LIPA CFC Charge as described in Section 6.19.5.

#### **6.19.1.2 Projects Not Eligible for Cost Recovery Through the CFC Charge**

This Schedule does not apply to transmission projects that are not eligible under the CSRA for cost allocation and recovery through the applicable CFC Charge or LIPA CFC Charge. In addition, this Schedule shall not apply to provide cost recovery to NYPA for any transmission projects.

### **6.19.2 Revenue Requirement for CFC Charge**

The CFC Charge for an Eligible Transmission Owner other than LIPA and LIPA CFC Charge for LIPA shall be calculated in accordance with the formula set forth in Section 6.19.3 using the revenue requirement of the individual Eligible Transmission Owner necessary to recover the costs of a CLCPA Eligible Project. The revenue requirement to be used in the calculation and recovery of the CFC Charge for an Eligible Transmission Owner other than LIPA is described in Section 6.19.4. The revenue requirement to be used in the calculation and recovery of the LIPA CFC Charge for LIPA is described in Section 6.19.5.

### **6.19.3 Calculation and Recovery of CFC Charge and Payment of Recovered Revenue**

6.19.3.1 The costs of each CLCPA Eligible Project shall be allocated on a load ratio share basis, calculated volumetrically based on Actual Energy Withdrawals by LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through. The ISO will calculate and bill a CFC Charge for an Eligible Transmission Owner other than LIPA and a LIPA CFC Charge for LIPA in accordance with this Section 6.19.3. The ISO shall bill each CFC Charge and LIPA CFC Charge to all LSEs serving Load in the New York Control Area (each a “Responsible LSE”). Responsible LSEs shall pay each CFC Charge and LIPA CFC Charge.

6.19.3.2 The revenue requirement established by an Eligible Transmission Owner pursuant to Section 6.19.4 and by LIPA pursuant to Section 6.19.5 will be the basis for the applicable CFC Charge and LIPA CFC Charge that shall be charged by the ISO to each Responsible LSE as set forth in Section 6.19.3.5.

6.19.3.3 Each Eligible Transmission Owner shall request Incremental TCCs with respect to its respective CLCPA Eligible Projects in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and accept any Incremental TCCs to the extent

awarded by the ISO pursuant to such request. As it relates solely to CLCPA Eligible Projects, an Eligible Transmission Owner shall not be deemed 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.

Each Eligible Transmission Owner shall in relation to their respective CLCPA Eligible Projects 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 an Eligible Transmission Owner resulting from implementation of a CLCPA Eligible Project shall not be eligible for sale in Secondary Markets but shall be offered by the Eligible Transmission Owner in all rounds of the six-month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse an Eligible Transmission Owner the auction revenues resulting from the sale of its offered Incremental TCCs. The total amount of the auction revenues disbursed to an Eligible Transmission Owner pursuant to this Section 6.19.3.3 shall be used in the calculation of the CFC Charge and LIPA CFC Charge, as set forth in Section 6.19.3.5. Incremental TCCs associated with a CLCPA 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 6.19.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of a CLCPA Eligible Project on or after the date the CFC Charge or LIPA CFC Charge is

implemented. The CFC Charge and LIPA CFC Charge and the revenue offset related to Incremental TCCs associated with the implementation of a CLCPA Eligible Project shall not require and shall not be dependent upon a reopening or review of the Eligible Transmission Owner's or LIPA's revenue requirements for (i) the CFC Charge or LIPA CFC Charge for any other CLCPA Eligible Project pursuant to this Section 6.19 of the ISO OATT, (ii) the revenue requirement for charges set forth in another rate schedule of the ISO OATT, or (iii) the revenue requirement for the TSCs set forth in Attachment H of the ISO OATT.

6.19.3.3.1 With respect to CLCPA Eligible Projects only, an Eligible Transmission Owner 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 a CLCPA Eligible Project shall be assessed to the Eligible Transmission Owner, and payable by the Eligible Transmission Owner to the ISO, pursuant to Section 19.2.4.10 of Attachment M of the ISO OATT for an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT.

6.19.3.4 The billing units for the CFC Charge and LIPA CFC Charge for the Billing Period shall be based on the Actual Energy Withdrawals, excluding Withdrawal Billing Units for Exports and Wheels Through, of the Responsible LSEs.

#### **6.19.3.5 Cost Recovery Methodology**

The ISO shall calculate a CFC Charge or LIPA CFC Charge, as applicable, for the CLCPA Eligible Project(s) of each Eligible Transmission Owner that will be applicable to each Responsible LSE as follows:

$$\text{Charge}_{B,L,P} = (\text{AnnualRR}_{P,B} - \text{IncrementalTransmissionRightsRevenue}_{P,B} + \text{OutageCostAdjustment}_{P,B}) \times (\text{LSEWithdrawalUnits}_{L,B} / \text{TotalWithdrawalUnits}_B)$$

Where:

L = the relevant Responsible LSE;

B = the relevant Billing Period;

P = the relevant CLCPA Eligible Project of an Eligible Transmission Owner (or set of CLCPA Eligible Projects of an Eligible Transmission Owner);

AnnualRR<sub>P,B</sub> = the pro rata share of the annual revenue requirement for each CLCPA Eligible Project (or set of CLCPA Eligible Projects of an Eligible Transmission Owner) P, as discussed in Section 6.19.2 above, allocated for Billing Period B;

IncrementalTransmissionRightsRevenue<sub>P,B</sub> = the auction revenue derived from the sale of the Incremental TCCs awarded to the Eligible Transmission Owner for each CLCPA Eligible Project (or set of CLCPA Eligible Projects of an Eligible Transmission Owner) P plus payments received by the Eligible Transmission Owner for such Incremental TCCs pursuant to Section 20.2.3 of Attachment N of the ISO OATT, as discussed in Section 6.19.3.3 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 Billing Period B;

OutageCostAdjustment<sub>P,B</sub> = the outage charges, as discussed in Section 6.19.3.3.1 above, for the Incremental TCCs awarded to the Eligible Transmission Owner for each CLCPA Eligible Project (or set of CLCPA Eligible Projects of an Eligible Transmission Owner) P aggregated across all hours in Billing Period B;

LSEWithdrawalUnits<sub>L,B</sub> = Actual Energy Withdrawals for Responsible LSE L, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B; and

TotalWithdrawalUnits<sub>B</sub> = Actual Energy Withdrawals for all Responsible LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B.

6.19.3.6 The ISO will collect the appropriate CFC Charge and LIPA CFC Charge revenues each Billing Period and remit those revenues to the appropriate Eligible Transmission Owner in accordance with the ISO's billing and settlement procedures.

#### **6.19.4 Recovery of Costs Incurred by a Transmission Owner Other than LIPA**

6.19.4.1 The CFC Charge for an Eligible Transmission Owner other than LIPA shall be used as the cost recovery mechanism for the recovery of the costs, as approved for recovery through this Rate Schedule 19 of the ISO OATT, of each CLCPA Eligible Project undertaken by such Transmission Owner.

6.19.4.2 The period for cost recovery, including the recovery of any approved construction work in progress ("CWIP") or allowance for funds used during construction ("AFUDC"), if applicable, will be determined in accordance with the CSRA. Unless otherwise provided in the CSRA or otherwise approved by an applicable Governmental Authority, the period of recovery for Eligible Projects shall begin when a CLCPA Eligible Project enters service, or if such Eligible Project shall not enter service, after the Eligible Transmission Owner ceases construction of the project. The Eligible Transmission Owner, or, at its request, the ISO on behalf of the Eligible Transmission Owner, 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/acceptance of the project cost and resulting revenue requirement to be recovered through the CFC Charge for an Eligible Transmission Owner other than LIPA. The Eligible Transmission Owner 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 CFC Charge in accordance with the applicable period for cost recovery for each CLCPA Eligible Project.

## **6.19.5 Recovery of Costs Incurred by LIPA**

### **6.19.5.1 Cost Recovery for LIPA**

6.19.5.1.1 The LIPA CFC Charge shall be used as the cost recovery mechanism for the recovery of the costs, as approved for recovery pursuant to the CSRA, of each CLCPA Eligible Project undertaken by LIPA. LIPA is an Unregulated Transmitting Utility and 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. LIPA's revenue requirement for calculating the LIPA CFC Charge is approved by the LIPA Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. The costs that may be included in the revenue requirement for calculating the LIPA CFC Charge include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, a CLCPA Eligible Project, including those costs explicitly permitted for recovery pursuant to the CSRA. The period for cost recovery for each CLCPA Eligible Project undertaken by LIPA shall be determined by the LIPA Board of Trustees, provided that such period of recovery is consistent with the terms of the CSRA.

6.19.5.1.2 If requested to do so by LIPA, the ISO shall file LIPA's revenue requirement for each CLCPA Eligible Project undertaken 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. LIPA 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 for each CLCPA Eligible Project undertaken by LIPA, the ISO will calculate and bill a LIPA CFC Charge in accordance with the approved period for cost recovery for each CLCPA Eligible Project undertaken by LIPA.



#### **6.19.5.2 Savings Clause**

The inclusion in the ISO OATT, or in a filing with the Commission pursuant to Section 6.19.5 of the ISO OATT, of the revenue requirement for recovery of costs incurred by LIPA for a CLCPA Eligible Project undertaken by LIPA, or the inclusion of such revenue requirement in a LIPA CFC Charge, shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

## **6.19.6 Attachment 1 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for New York State Electric and Gas Corporation**

### **6.19.6.1 Applicability**

This Attachment 1 to Rate Schedule 19 of the ISO OATT establishes the CFC Charge of New York State Electric and Gas Corporation (“NYSEG”). NYSEG is an Eligible Transmission Owner and may recover eligible costs for its CLCPA Eligible Projects in accordance with the requirements of Rate Schedule 19 of the ISO OATT.

### **6.19.6.2 Revenue Requirement**

For purposes of Rate Schedule 19 of the ISO OATT, the revenue requirement for the Eligible Transmission Owner’s CLCPA Eligible Projects shall be determined in accordance with the formula rate protocols set forth in Section 6.19.6.2.1 and the formula rate template set forth in Section 6.19.6.2.2.

#### **6.19.6.2.1 Formula Rate Protocols**

##### **Section 1 Definitions**

The following definitions shall apply for purposes of this Attachment 1 to Rate Schedule 19 of the ISO OATT:

a. **Accounting Change:** any change in accounting by NYSEG or its affiliates that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate.

b. **Annual Review Procedures:** the procedures described in this Section 6.19.6.2.1 of Attachment 1 to Rate Schedule 19 of the ISO OATT that provide for review and challenge by Interested Parties of the Annual True-up Adjustment and the Annual Update.

c. **Annual Stakeholder Meeting:** an annual meeting for Interested Parties with the intention that NYSEG present, explain and answer questions related to the Annual True-up Adjustment and Annual Update.

d. **Actual Annual Transmission Revenue Requirement (“Actual ATRR”):** the actual annual revenue requirement of NYSEG’s CLCPA Eligible Projects for a Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than June 15 following the end of such Rate Year.

e. **Annual True-up Adjustment:** the difference between the revenues collected for that Rate Year under the Formula Rate based upon the Projected ATRR (not including the True-up Adjustment or Corrections) and the Actual ATRR for the same Rate Year. The Annual True-up Adjustment is included in the Annual Update for the next Rate Year.

f. **Annual Update:** the Projected ATRR for the upcoming Rate Year, including any Annual True-up Adjustment for the prior Rate Year or any Corrections for prior years.

g. **CLCPA Eligible Projects:** the transmission projects (or any portion thereof) owned by NYSEG that qualify as a “CLCPA Eligible Project” as such term is defined in Section 6.19.1.1 of Rate Schedule 19 of the ISO OATT. For the purposes of this Attachment 1 to Rate Schedule 19 of the ISO OATT, such transmission projects may also be referred to as “Schedule 19 Projects.”

h. **Corrections:** changes due to errors or otherwise to prior Actual ATRRs that occur after that Actual ATRR is used to determine that Rate Year’s Annual True-up Adjustment and included in the applicable Annual Update.

i. **Formal Challenge:** a written challenge, filed with FERC, to the Annual True-up Adjustment submitted to the Commission or to the Annual Update posted to

the ISO website.

j. **Formula Rate:** the Formula Rate Template (as set forth in Section 6.19.6.2.2 of this Attachment 1 to Rate Schedule 19 of the ISO OATT) and the Formula Rate Protocols (as set forth in this Section 6.19.6.2.1 of this Attachment 1 to Rate Schedule 19 of the ISO OATT).

k. **Formula Rate Template:** the collection of formulas and worksheets, unpopulated with any data, included as set forth in Section 6.19.6.2.2 of this Attachment 1 to Rate Schedule 19 of the ISO OATT.

l. **Informal Challenge:** a process by which Interested Parties may challenge certain aspects of the Annual True-up Adjustment or Annual Update. Informal Challenges are presented to NYSEG directly.

m. **Informational Filing:** the filing of the Annual Update and the results of the Review Period with FERC on or before February 1 of each year commencing with the completion of the initial Rate Year for which this Attachment 1 to Rate Schedule 19 of the ISO OATT is effective. This is filed at FERC for informational purposes only and does not require any action by the Commission.

n. **Interested Parties:** any transmission customer under the ISO OATT, the New York State Department of Public Service, the New York State Department of State's Division of Consumer Protection Utility Intervention Unit, consumer advocacy agencies, the New York Attorney General or any party that has standing in a NYSEG Formula Rate proceeding under sections 205 or 206 of the FPA.

o. **Posting Date:** the date on which NYSEG causes to be posted to the ISO website its Annual Update, which is October 15 of each year; provided, however, that if

such date falls on a weekend or holiday recognized by the Commission, the Posting Date shall be the next business day.

p. **Projected Annual Transmission Revenue Requirement (“Projected ATRR”)**: the projected annual revenue requirement of NYSEG’s CLCPA Eligible Projects for the upcoming Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than the Posting Date.

q. **Publication Date**: the date on which NYSEG causes the Annual True-up Adjustment to be posted to the ISO website, which is June 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Publication Date shall be the next business day.

r. **Rate Year**: a twelve consecutive month period that begins on January 1 and continues through December 31.

s. **Review Period**: the period during which Interested Parties may request information or make Informal Challenges to the Annual True-up Adjustment or Annual Update. The Review Period extends from the Publication Date to January 31 of the following calendar year. Information requests can be submitted from the Publication Date through December 1 of the current year. The deadlines for information requests and for the Review Period shall be extended for any delays in the Publication Date, including if the Publication Date falls on a holiday recognized by FERC or a weekend. In addition, the deadline for information requests or for the Review Period shall be extended to the next business day if such dates fall on a holiday recognized by FERC or a weekend.

## **Section 2      Applicability**

These Formula Rate Protocols shall apply to NYSEG’s calculation of its Projected

ATRR and Actual ATRR, and related Annual True-up Adjustment(s). A timeline of the annual protocol process is contained in Section 10 of this Section 6.19.6.2.1 of Attachment 1 to Rate Schedule 19 of the ISO OATT.

**Section 3      Projected ATRR, Actual ATRR, Annual True-up Adjustment and Annual Update**

a.          The Projected ATRR calculated pursuant to the Formula Rate shall be applicable on and after January 1 of the Rate Year in which the revenue requirement of Schedule 19 Projects is to be included in transmission rates.

b.          On or before June 15 of each succeeding Rate Year (the Publication Date), NYSEG shall calculate its Actual ATRR and resulting Annual True-up Adjustment according to the Formula Rate and cause the results to be posted on the ISO website. Within five (5) days of such posting, NYSEG shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. NYSEG shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to NYSEG.

c.          On or before October 15 of each year (the Posting Date) beginning when the revenue requirement of Schedule 19 Projects is to be included in transmission rates in the subsequent Rate Year, NYSEG shall calculate its Annual Update for the upcoming Rate Year and cause the results to be posted on the ISO website. As part of the Annual Update, NYSEG shall determine its Projected ATRR, calculated according to the Formula Rate. The Annual Update will also include the results of the Annual True-up Adjustment for the prior Rate Year and any Corrections for prior years, when applicable. Within five (5) days of such posting, NYSEG shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. NYSEG

shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to NYSEG.

d. If the Publication Date or the Posting Date falls on a weekend or a holiday recognized by FERC, then the Publication Date or Posting Date, as applicable, shall be the next business day.

e. Within thirty (30) days after the Posting Date (October 15), NYSEG shall hold the Annual Stakeholder Meeting to present, explain and answer questions concerning the Annual True-up Adjustment for the prior Rate Year and the Annual Update for the upcoming Rate Year. NYSEG will provide the opportunity for remote participation at Annual Stakeholder Meetings. To ensure that Interested Parties receive sufficient advance notice of Stakeholder Meetings, NYSEG shall schedule each Annual Stakeholder Meeting at least one (1) month in advance and cause notice thereof to be posted on the ISO website. Within five (5) days of such posting, NYSEG shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. NYSEG shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to NYSEG.

f. NYSEG shall modify the Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 1 and shall cause the revised Annual Update to be posted on the ISO website no later than December 15. Any change agreed to or required after November 30 will be implemented as part of the subsequent Annual True-up Adjustment to be effective in the next following Rate Year. Within five (5) days of such posting, NYSEG shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers.

NYSEG shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to NYSEG.

- g. The Actual ATRR and Annual True-up Adjustment posting shall:
  - i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact and based on NYSEG's FERC Form No. 1 reports for the prior Rate Year;
  - ii. Provide supporting documentation and workpapers for data that are used in the Annual True-up Adjustment that are not otherwise available directly from the FERC Form No. 1 reports;
  - iii. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-up Adjustment;
  - iv. Identify any changes in the Formula Rate references (page and line numbers) to the FERC Form No. 1 report;
  - v. Identify all material adjustments made to the FERC Form No. 1 data in determining Formula Rate Template inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
  - vi. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Actual ATRR under the Formula Rate:
    - A. a description of any changes in an accounting standard or policy;
    - B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
    - C. any correction of errors and prior period adjustments that impact the Annual True-up Adjustment calculation or prior Annual True-up Adjustments;



D. a description of any new estimation methods or policies that change prior estimates; and

E. changes to income tax elections or rates;

vii. Identify items included in the Annual True-up Adjustment at an amount other than on a historic cost basis (*e.g.*, fair value adjustments);

viii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-up Adjustment;

ix. Include, for each item identified pursuant to 3.g.vi – 3.g.viii of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Actual ATRR under the Formula Rate; and

x. Provide for the applicable rate year the following information related to affiliate cost allocation.

A. a detailed description of the methodologies used to allocate and directly assign costs between NYSEG and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior Rate Year and the reasons and justifications for those changes; and

B. the magnitude of such costs that have been allocated or directly assigned between NYSEG and each affiliate by service category or function.

h. The Projected ATRR shall:

i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact;

ii. Provide supporting documentation and workpapers for all Schedule

19 Projects being added to operating property in the upcoming Rate Year that are used in the Projected ATRR, including projected costs of each project, expected construction schedule and in-service dates;

iii. Provide enough information to enable Interested Parties to replicate the calculation of the Projected ATRR;

iv. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Projected ATRR under the Formula Rate:

- A. a description of any changes in an accounting standard or policy;
- B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
- C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
- D. a description of any new estimation methods or policies that change prior estimates; and
- E. changes to income tax elections or rates;

v. Identify items included in the Projected ATRR at an amount other than on a historic cost basis (*e.g.*, fair value adjustments);

vi. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Projected ATRR; and

vii. Include, for each item identified pursuant to 3.h.iv – 3.h.vi of these

Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Projected ATRR under the Formula Rate.

i. If NYSEG files any corrections to its FERC Form No. 1 that impacts an Annual True-up Adjustment, such corrections and any resulting refunds or surcharges shall be reflected in the subsequent Annual True-up Adjustment or Annual Update as a Correction, with interest.

j. Interest on the Annual True-up Adjustment shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a a(iii)(A). The interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over- or under- recovery in the Actual ATRR exists (middle of Rate Year for which Annual True-up Adjustment is being determined to the middle of Rate Year where the Annual True-up Adjustment is included in the Annual Update). The interest during this 24-month period will initially be estimated and then trued-up to actual and included in a subsequent Annual True-up Adjustment.

k. Formula Rate Template inputs for (i) the ceiling rate of return on common equity; (ii) extraordinary property losses, and (iii) depreciation and amortization expense rates shall be stated values to be used in the Formula Rate approved by FERC order(s). NYSEG may make a limited section 205 filing to change its rate of return on common equity to reflect incentive rate of return adders, if any, which may only be included upon FERC order. Such filings shall comply with the filing requirements that the FERC may have established for seeking such incentives. Changes in depreciation and amortization rates to track a state commission order shall become effective only upon FERC order permitting a change in depreciation and amortization rates, which, to the extent possible, should be made effective as

of the same date the state commission order becomes effective. NYSEG will include notification of such changes in the applicable informational filing. NYSEG may also request transmission rate incentives pursuant to section 219 of the FPA.

1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be taken either directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the FERC Form No. 1 is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in FERC Form No. 1. If the FERC Form No. 1 is discontinued, equivalent information as that provided in the FERC Form No. 1 shall be utilized.

#### **Section 4. Fundamental Predicates**

a. The Formula Rate is premised upon data reported or recorded by NYSEG consistent with the following predicates ("Fundamental Predicates"):

- i. FERC's Uniform System of Accounts;
- ii. Applicable FERC Form No. 1 reporting requirements;
- iii. FERC's policies governing formula rates for transmission service, including FERC's policies that all charges billed under transmission formula rates are subject to: (A) challenge on grounds of imprudence, and (B) an order by FERC requiring refunds in the manner and to the extent ordered;
- iv. FERC orders establishing transmission ratemaking policies of general application to transmission-owning public utilities, including NYSEG; and
- v. The accounting and cost allocation policies, practices and procedures of NYSEG to the extent consistent with the authorities listed in (i) through

(iv) above.

b. The Formula Rate is based upon each of these Fundamental Predicates as existed as of the date these Formula Rate Protocols are filed with FERC. Provisions of the Formula Rate may be modified to conform to changes in these Fundamental Predicates in accordance with Section 8 of these Formula Rate Protocols or as ordered by FERC.

c. The Projected ATRR and the Actual ATRR shall include only costs for CLCPA Eligible Projects approved by the PSC as contemplated by the CSRA and such costs are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 19 of the ISO OATT. Interested Parties shall be entitled to review and challenge (i) the reasonableness and prudence of costs and expenditures included in the Projected ATRR and Actual ATRR, (ii) the basis for and reasonableness of allocating all or any portion of such costs and expenditures in determining the Projected ATRR and Actual ATRR under Rate Schedule 19 of the ISO OATT, and (iii) whether the allocation of costs as applied results in a disproportionate allocation of cost to the Projected ATRR and Actual ATRR for charges under Rate Schedule 19 of the ISO OATT. Any such review and challenge shall adhere to the procedures set forth in Sections 6 and 8 below.

## **Section 5 Construction Work in Progress**

a. This section applies to any and all NYSEG Schedule 19 Projects where the Commission has granted NYSEG CWIP in rate base, either 100% or less ("CWIP").

i. NYSEG shall use the following accounting procedures to ensure that, if authorized by a Commission order to include 100% of any CLCPA Eligible Project CWIP in transmission rate base, NYSEG ceases to accrue for recovery any AFUDC and, if less than 100% of CWIP in transmission rate base is authorized, a corresponding percentage of

AFUDC accruals will cease. NYSEG shall assign each Schedule 19 Project where the Commission has authorized CWIP a unique funding project number (“FPN”) for internal cost tracking purposes.

ii. NYSEG shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each applicable Schedule 19 Project. Such work orders shall be segregated from work orders for other Schedule 19 Projects for which the Commission has not authorized NYSEG to include any portion of CWIP in rate base.

iii. For each applicable Schedule 19 Project, NYSEG shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and transfers to plant in service and shall correspond to amounts shown in NYSEG’s FERC Form No. 1. NYSEG shall use these summaries as data inputs into the Annual True-up Adjustment. NYSEG shall make such work order summaries available upon request under the review procedures of Section 6 of these Formula Rate Protocols.

iv. When a Schedule 19 Project for which the Commission granted CWIP, or portion thereof, is placed into service, NYSEG shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.

v. For Schedule 19 Projects for which the Commission has not granted CWIP, NYSEG shall record AFUDC to be applied to CWIP and capitalized as part of CWIP and included in the project investment when the project is placed into service.

vi. For Schedule 19 Projects where the Commission has granted CWIP, NYSEG will include in the investment for such project's AFUDC accrued prior to the date that NYSEG first includes the CWIP for such projects in rate base.

b. For each Schedule 19 Project where FERC has approved CWIP in rate base, NYSEG shall include in its Informational Filing a report that includes the following concerning each project:

- i. the actual amount of CWIP recorded for each project by month for the Rate Year;
- ii. the current status of each project; and
- iii. the estimated in-service date for each project.

## **Section 6 Annual Review Procedures**

Each Annual True-up Adjustment and Annual Update shall be subject to the following review procedures:

a. Interested Parties shall have until December 1 to serve reasonable information requests on NYSEG for both the Annual True-up Adjustment and the Annual Update. If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day.

Such information and document requests shall be limited to what is necessary to determine:

- i. the extent or effect of an Accounting Change;
- ii. whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates or includes data not properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates;

iii. whether the costs included in the Annual Update are properly accounted for (*e.g.*, recordable and recorded in the appropriate accounts) under FERC's Uniform System of Accounts under 18 C.F.R. Part 101, and otherwise consistent with NYSEG's accounting policies, practices, or procedures;

iv. whether there are errors in the current Annual Update and, if any are identified, whether the same or similar errors were made in prior Formula Rate filings with a further explanation identifying each Formula Rate filing in which such errors were made;

v. the proper application of the Formula Rate and procedures in these Formula Rate Protocols;

vi. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-up Adjustment or the Annual Update;

vii. the prudence of actual costs and expenditures;

viii. the effect of any change to the underlying Uniform System of Accounts or the FERC Form No. 1;

ix. information on procurement methods and cost control methodologies used by NYSEG; or

x. any other information that may reasonably have a substantive effect on the calculation of the Projected ATRR or Actual ATRR pursuant to the Formula Rate.

b. The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable. Additionally, information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined by FERC (or resolved by a settlement accepted by FERC) or for Annual True-up Adjustments for other Rate Years, except that such information



requests shall be permitted if they seek to determine if there has been a material change in NYSEG's circumstances.

c. NYSEG shall make a good faith effort to respond to information requests pertaining to the Annual True-up Adjustment and Annual Update within fifteen (15) business days of receipt of such requests. NYSEG shall respond to all information and document requests by no later than December 20 unless the information exchange period is extended by NYSEG or FERC. If December 20 falls on a weekend or a holiday recognized by FERC, the deadline for response to information requests shall be extended to the next business day.

d. If NYSEG and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these annual review procedures, NYSEG or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with these annual review procedures and consistent with FERC's discovery rules.

e. NYSEG will cause to be posted on the ISO website all information requests from Interested Parties and NYSEG's response to such requests; except to the extent such responses to information and document requests include material deemed by NYSEG to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by NYSEG and the requesting party).

f. NYSEG shall not claim that responses to information and document requests provided pursuant to these Formula Rate Protocols are subject to any settlement

privilege in any subsequent FERC proceeding addressing NYSEG's Annual True-up Adjustment, Annual Update, or its Formula Rate.

g. The dates and time periods set forth in this Section 6 may be modified by agreement between NYSEG and other Interested Parties.

## **Section 7      Informational Filing**

a. By February 1 of each year, NYSEG shall submit to FERC an Informational Filing of its Annual Update and the results of the Annual Review Procedures. This Informational Filing must include the information that is required by Section 3, must describe any changes pursuant to the Annual Review Procedures and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. NYSEG will include supporting documentation and workpapers for all Schedule 19 Projects added to operating property in the Rate Year of the respective Projected ATRR, including projected costs of each project, expected construction schedule and in-service dates. Within five (5) days of such Informational Filing, NYSEG shall provide (or cause to be provided) notice of the Informational Filing to Interested Parties via email and by posting the docket number assigned to NYSEG's Informational Filing on NYSEG's website and OASIS.

b. Any challenges to the implementation of the Annual Update must be made through the Challenge Procedures described in Section 8 of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section 8      Challenge Procedures**

a. Interested Parties have through January 31 of the following year to make an Informal Challenge to NYSEG's Annual True-up Adjustment or Annual Update. If January 31

falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue at least one issue through an Informal Challenge shall bar the filing of a Formal Challenge. If at least one Informal Challenge was pursued, then a Formal Challenge may be filed on that issue or any other issue. Failure to pursue an issue with respect to any particular Annual True-up Adjustment or Annual Update shall not bar pursuit of such issue through Informal Challenge or the lodging of a Formal Challenge as to such issue as it relates to subsequent Annual True-up Adjustments or Annual Updates. This Section 8 shall in no way affect a party's rights under FPA section 206.

b. A party submitting an Informal Challenge to NYSEG must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects and provide an appropriate explanation and documents to support its challenge. NYSEG shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. NYSEG shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If NYSEG disagrees with such challenge, NYSEG will provide the Interested Party(ies) with an explanation supporting the inputs and provide supporting calculations, descriptions, allocations, or other information. No Informal Challenge may be submitted after January 31, and NYSEG must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by NYSEG or FERC. Informal Challenges shall be subject to the resolution procedures and limitations in this Section 8.

c. Informal Challenges shall be presented to NYSEG and Formal Challenges filed before the FERC, pursuant to these Formula Rate Protocols and shall:

- i. Clearly identify the action or inaction which is alleged to violate the filed Formula Rate or Formula Rate Protocols;
- ii. Explain how the action or inaction violates the Formula Rate or Formula Rate Protocols;
- iii. Set forth the business, commercial, economic, or other issues presented by the action or inaction as such relates to or affects the party filing the Informal Challenge or Formal Challenge, including:
  - A. The extent or effect of an Accounting Change;
  - B. Whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols;
  - C. The proper application of the Formula Rate and procedures in these Formula Rate Protocols;
  - D. The accuracy of data and consistency with the Formula Rate of the charges shown in the Annual True-up Adjustment or Annual Update, including errors as described in Section 6.a.iv, for the current Annual True-up Adjustment or Annual Update and for any prior years in which the Formula Rate included such errors;
  - E. The prudence of actual costs and expenditures;
  - F. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
  - G. Any other information that may reasonably have substantive effect on the calculation of the Annual True-up Adjustment or Annual Update.
- iv. Informal Challenges and Formal Challenges may address whether costs are recorded consistent with the Fundamental Predicates in these Formula Rate Protocols and

FERC's policies and regulations, how the costs charged by NYSEG's affiliates are recorded on NYSEG's books in accordance with Instruction 14 of the Uniform System of Accounts, the amounts of such centralized service company costs, and whether the costs are properly includable in transmission rates.

v. With respect to an issue that had previously been adjudicated by the Commission in a Formal Challenge proceeding that was not resolved by settlement, the principles of *res judicata* and *collateral estoppel* shall apply and, therefore, if a subsequent Formal Challenge is made with respect to such issue, NYSEG may move to dismiss on such grounds, the challenging party or other Interested Parties may contest whether such principles apply, and the Commission shall have the discretion to determine whether the Formal Challenge may proceed or should be dismissed.

vi. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;

vii. State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;

viii. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;

ix. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and

x. State whether the filing party utilized the Informal Challenge

procedures described in these Formula Rate Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.

d. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on NYSEG. Service to NYSEG must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on NYSEG's Informational Filing required under Section 7 of these Formula Rate Protocols.

e. NYSEG will cause to be posted on the ISO website all Informal Challenges from Interested Parties and NYSEG's response(s) to such Informal Challenges; except to the extent such Informal Challenges or responses to Informal Challenges include material deemed by NYSEG to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by NYSEG and the requesting party).

f. Any changes or adjustments to the Annual True-up Adjustment or Annual Update resulting from the information exchange and Informal Challenge processes agreed to by NYSEG on or before December 1 will be reflected in the Annual Update for the upcoming Rate Year. Any changes or adjustments agreed to by NYSEG after December 1 will be reflected in the following year's Annual True-up Adjustment.

g. If NYSEG and a challenging party have not resolved an Informal Challenge to an Annual Update, the challenging party shall have the right to submit by May 1 a Formal Challenge with the FERC, which shall be served on NYSEG on the date of such filing as specified in Section 8.d., above. If May 1 falls on a weekend or a holiday recognized by

FERC, the deadline for submitting a Formal Challenge shall be extended to the next business day. However, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in this Section 8 if the FERC already has initiated *sua sponte* a proceeding to consider the Annual Update. A Formal Challenge shall be filed pursuant to these Formula Rate Protocols rather than Section 206 of the FPA and in the same docket as NYSEG's informational filing discussed in Section 7 of these Formula Rate Protocols. NYSEG shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue during the applicable Review Period.

h. In any proceeding initiated by FERC concerning the Annual True-up Adjustment or Annual Update or in response to a Formal Challenge, NYSEG shall bear the burden, consistent with FPA section 205, of proving that it has correctly applied the terms of the Formula Rate consistent with these Formula Rate Protocols, and that it followed the applicable requirements and procedures in these Formula Rate Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.

i. In the event an error, as further described in Section 6.a.iv, is identified in an Annual True-up Adjustment or Annual Update and such error was present in prior Annual True-up Adjustments or Annual Updates, an Interested Party may request a FERC order making any correction or providing other remedial relief retroactive to the first Formula Rate filing in which such error occurred. NYSEG retains all rights to oppose such a request.

j. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of NYSEG to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not

limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any Interested Party to request such changes pursuant to FPA section 206 and the Commission's regulations thereunder.

k. No Interested Party shall seek to modify the Formula Rate under the challenge procedures set forth in this Section 8, and the Annual True-up Adjustment and Annual Update shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, an FPA section 205 or section 206 filing.

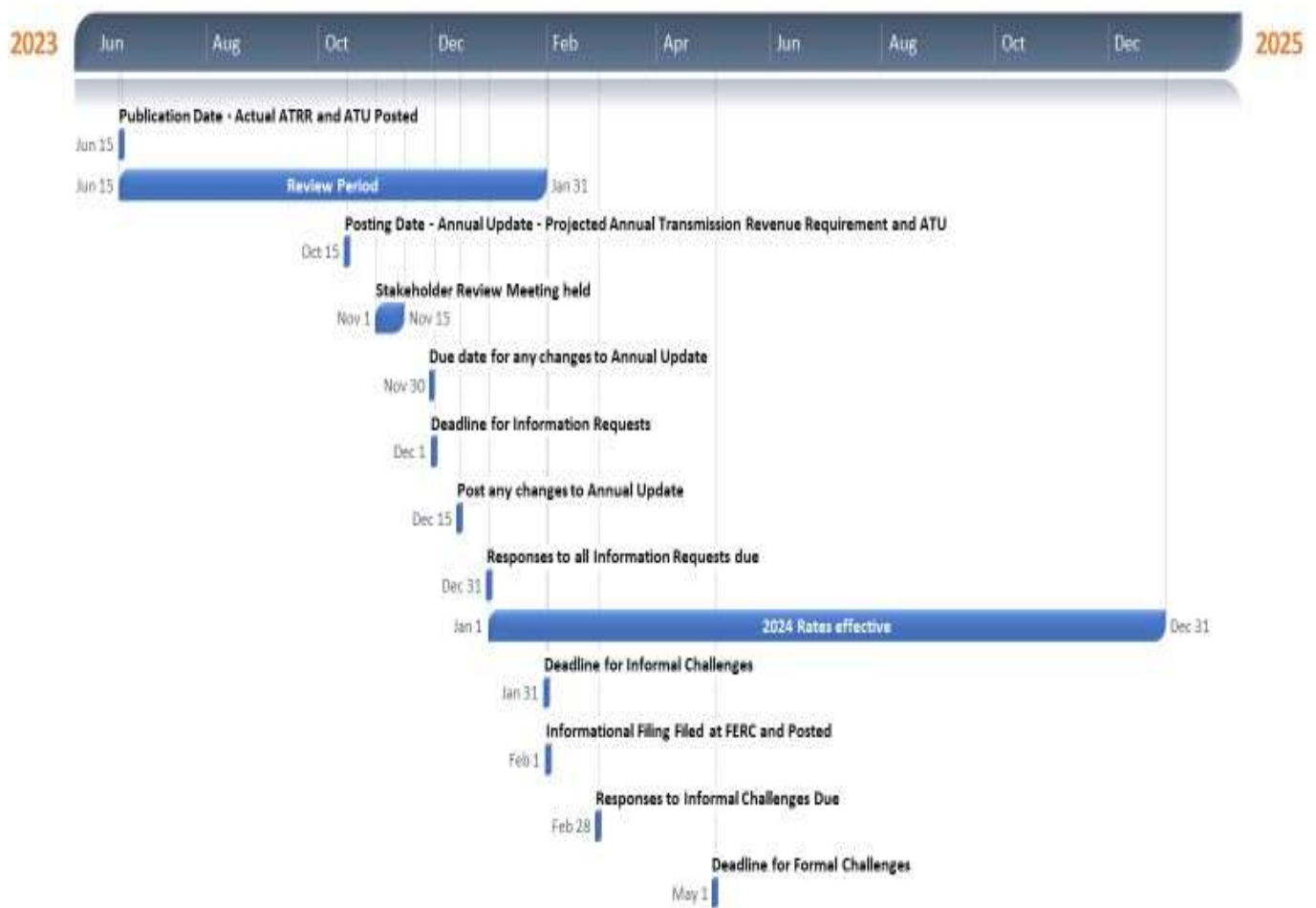
l. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1 shall first raise the matter with NYSEG in accordance with this Section 8 before pursuing a Formal Challenge.

## **Section 9 Changes to Annual Informational Filings**

Any changes to the data inputs as a result of revisions to NYSEG's FERC Form No. 1 or as a result of any FERC proceeding to consider the Annual True-up Adjustment or as a result of the procedures set forth herein shall be incorporated into the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the Annual Update for the next effective Rate Year. This approach shall apply in lieu of mid-Rate Year adjustments or any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made if the Formula Rate is replaced by a stated rate by NYSEG.

## **Section 10 Timeline of Annual Process**





#### **6.19.6.2.2      Reserved for future use**

## **6.19.7 Attachment 2 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Rochester Gas and Electric Corporation**

### **6.19.7.1 Applicability**

This Attachment 2 to Rate Schedule 19 of the ISO OATT establishes the CFC Charge of Rochester Gas and Electric Corporation (“RG&E”). RG&E is an Eligible Transmission Owner and may recover eligible costs for its CLCPA Eligible Projects in accordance with the requirements of Rate Schedule 19 of the ISO OATT.

### **6.19.7.2 Revenue Requirement**

For purposes of Rate Schedule 19 of the ISO OATT, the revenue requirement for the Eligible Transmission Owner’s CLCPA Eligible Projects shall be determined in accordance with the formula rate protocols set forth in Section 6.19.7.2.1 and the formula rate template set forth in Section 6.19.7.2.2.

#### **6.19.7.2.1 Formula Rate Protocols**

##### **Section 1 Definitions**

The following definitions shall apply for purposes of this Attachment 2 to Rate Schedule 19 of the ISO OATT:

a. **Accounting Change:** any change in accounting by RG&E or its affiliates that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate.

b. **Annual Review Procedures:** the procedures described in this Section 6.19.7.2.1 of Attachment 2 to Rate Schedule 19 of the ISO OATT that provide for review and challenge by Interested Parties of the Annual True-up Adjustment and the Annual Update.

c. **Annual Stakeholder Meeting:** an annual meeting for Interested Parties with the intention that RG&E present, explain and answer questions related to the Annual True-up Adjustment and Annual Update.

d. **Actual Annual Transmission Revenue Requirement (“Actual ATRR”):** the actual annual revenue requirement of RG&E’s CLCPA Eligible Projects for a Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than June 15 following the end of such Rate Year.

e. **Annual True-up Adjustment:** the difference between the revenues collected for that Rate Year under the Formula Rate based upon the Projected ATRR (not including the True-up Adjustment or Corrections) and the Actual ATRR for the same Rate Year. The Annual True-up Adjustment is included in the Annual Update for the next Rate Year.

f. **Annual Update:** the Projected ATRR for the upcoming Rate Year, including any Annual True-up Adjustment for the prior Rate Year or any Corrections for prior years.

g. **CLCPA Eligible Projects:** the transmission projects (or any portion thereof) owned by RG&E that qualify as a “CLCPA Eligible Project” as such term is defined in Section 6.19.1.1 of Rate Schedule 19 of the ISO OATT. For the purposes of this Attachment 2 to Rate Schedule 19 of the ISO OATT, such transmission projects may also be referred to as “Schedule 19 Projects.”

h. **Corrections:** changes due to errors or otherwise to prior Actual ATRRs that occur after that Actual ATRR is used to determine that Rate Year’s Annual True-up Adjustment and included in the applicable Annual Update.

i. **Formal Challenge:** a written challenge, filed with FERC, to the Annual True-up Adjustment submitted to the Commission or to the Annual Update posted to

the ISO website.

j. **Formula Rate:** the Formula Rate Template (as set forth in Section 6.19.7.2.2 of this Attachment 2 to Rate Schedule 19 of the ISO OATT) and the Formula Rate Protocols (as set forth in this Section 6.19.7.2.1 of this Attachment 2 to Rate Schedule 19 of the ISO OATT).

k. **Formula Rate Template:** the collection of formulas and worksheets, unpopulated with any data, included as set forth in Section 6.19.7.2.2 of this Attachment 2 to Rate Schedule 19 of the ISO OATT.

l. **Informal Challenge:** a process by which Interested Parties may challenge certain aspects of the Annual True-up Adjustment or Annual Update. Informal Challenges are presented to RG&E directly.

m. **Informational Filing:** the filing of the Annual Update and the results of the Review Period with FERC on or before February 1 of each year commencing with the completion of the initial Rate Year for which this Attachment 2 to Rate Schedule 19 of the ISO OATT is effective. This is filed at FERC for informational purposes only and does not require any action by the Commission.

n. **Interested Parties:** any transmission customer under the ISO OATT, the New York State Department of Public Service, the New York State Department of State's Division of Consumer Protection Utility Intervention Unit, consumer advocacy agencies, the New York Attorney General or any party that has standing in a RG&E Formula Rate proceeding under sections 205 or 206 of the FPA.

o. **Posting Date:** the date on which RG&E causes to be posted to the ISO website its Annual Update, which is October 15 of each year; provided, however, that if

such date falls on a weekend or holiday recognized by the Commission, the Posting Date shall be the next business day.

p. **Projected Annual Transmission Revenue Requirement (“Projected ATRR”)**: the projected annual revenue requirement of RG&E’s CLCPA Eligible Projects for the upcoming Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than the Posting Date.

q. **Publication Date**: the date on which RG&E causes the Annual True-up Adjustment to be posted to the ISO website, which is June 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Publication Date shall be the next business day.

r. **Rate Year**: a twelve consecutive month period that begins on January 1 and continues through December 31.

s. **Review Period**: the period during which Interested Parties may request information or make Informal Challenges to the Annual True-up Adjustment or Annual Update. The Review Period extends from the Publication Date to January 31 of the following calendar year. Information requests can be submitted from the Publication Date through December 1 of the current year. The deadlines for information requests and for the Review Period shall be extended for any delays in the Publication Date, including if the Publication Date falls on a holiday recognized by FERC or a weekend. In addition, the deadline for information requests or for the Review Period shall be extended to the next business day if such dates fall on a holiday recognized by FERC or a weekend.

## **Section 2      Applicability**

These Formula Rate Protocols shall apply to RG&E’s calculation of its Projected

ATRR and Actual ATRR, and related Annual True-up Adjustment(s). A timeline of the annual protocol process is contained in Section 10 of this Section 6.19.7.2.1 of Attachment 2 to Rate Schedule 19 of the ISO OATT.

**Section 3      Projected ATRR, Actual ATRR, Annual True-up Adjustment and Annual Update**

a.      The Projected ATRR calculated pursuant to the Formula Rate shall be applicable on and after January 1 of the Rate Year in which the revenue requirement of Schedule 19 Projects is to be included in transmission rates.

b.      On or before June 15 of each succeeding Rate Year (the Publication Date), RG&E shall calculate its Actual ATRR and resulting Annual True-up Adjustment according to the Formula Rate and cause the results to be posted on the ISO website. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

c.      On or before October 15 of each year (the Posting Date) beginning when the revenue requirement of Schedule 19 Projects is to be included in transmission rates in the subsequent Rate Year, RG&E shall calculate its Annual Update for the upcoming Rate Year and cause the results to be posted on the ISO website. As part of the Annual Update, RG&E shall determine its Projected ATRR, calculated according to the Formula Rate. The Annual Update will also include the results of the Annual True-up Adjustment for the prior Rate Year and any Corrections for prior years, when applicable. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E

shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

d. If the Publication Date or the Posting Date falls on a weekend or a holiday recognized by FERC, then the Publication Date or Posting Date, as applicable, shall be the next business day.

e. Within thirty (30) days after the Posting Date (October 15), RG&E shall hold the Annual Stakeholder Meeting to present, explain and answer questions concerning the Annual True-up Adjustment for the prior Rate Year and the Annual Update for the upcoming Rate Year. RG&E will provide the opportunity for remote participation at Annual Stakeholder Meetings. To ensure that Interested Parties receive sufficient advance notice of Stakeholder Meetings, RG&E shall schedule each Annual Stakeholder Meeting at least one (1) month in advance and cause notice thereof to be posted on the ISO website. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

f. RG&E shall modify the Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 1 and shall cause the revised Annual Update to be posted on the ISO website no later than December 15. Any change agreed to or required after November 30 will be implemented as part of the subsequent Annual True-up Adjustment to be effective in the next following Rate Year. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers.



RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

- g. The Actual ATRR and Annual True-up Adjustment posting shall:
  - i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact and based on RG&E's FERC Form No. 1 reports for the prior Rate Year;
  - ii. Provide supporting documentation and workpapers for data that are used in the Annual True-up Adjustment that are not otherwise available directly from the FERC Form No. 1 reports;
  - iii. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-up Adjustment;
  - iv. Identify any changes in the Formula Rate references (page and line numbers) to the FERC Form No. 1 report;
  - v. Identify all material adjustments made to the FERC Form No. 1 data in determining Formula Rate Template inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
  - vi. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Actual ATRR under the Formula Rate:
    - A. a description of any changes in an accounting standard or policy;
    - B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
    - C. any correction of errors and prior period adjustments that impact the Annual True-up Adjustment calculation or prior Annual True-up Adjustments;

D. a description of any new estimation methods or policies that change prior estimates; and

E. changes to income tax elections or rates;

vii. Identify items included in the Annual True-up Adjustment at an amount other than on a historic cost basis (*e.g.*, fair value adjustments);

viii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-up Adjustment;

ix. Include, for each item identified pursuant to 3.g.vi – 3.g.viii of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Actual ATRR under the Formula Rate; and

x. Provide for the applicable rate year the following information related to affiliate cost allocation.

A. a detailed description of the methodologies used to allocate and directly assign costs between RG&E and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior Rate Year and the reasons and justifications for those changes; and

B. the magnitude of such costs that have been allocated or directly assigned between RG&E and each affiliate by service category or function.

h. The Projected ATRR shall:

i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact;

ii. Provide supporting documentation and workpapers for all Schedule

19 Projects being added to operating property in the upcoming Rate Year that are used in the Projected ATRR, including projected costs of each project, expected construction schedule and in-service dates;

iii. Provide enough information to enable Interested Parties to replicate the calculation of the Projected ATRR;

iv. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Projected ATRR under the Formula Rate:

- A. a description of any changes in an accounting standard or policy;
- B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
- C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
- D. a description of any new estimation methods or policies that change prior estimates; and
- E. changes to income tax elections or rates;

v. Identify items included in the Projected ATRR at an amount other than on a historic cost basis (*e.g.*, fair value adjustments);

vi. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Projected ATRR; and

vii. Include, for each item identified pursuant to 3.h.iv – 3.h.vi of these

Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Projected ATRR under the Formula Rate.

i. If RG&E files any corrections to its FERC Form No. 1 that impacts an Annual True-up Adjustment, such corrections and any resulting refunds or surcharges shall be reflected in the subsequent Annual True-up Adjustment or Annual Update as a Correction, with interest.

j. Interest on the Annual True-up Adjustment shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a a(iii)(A). The interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over- or under- recovery in the Actual ATRR exists (middle of Rate Year for which Annual True-up Adjustment is being determined to the middle of Rate Year where the Annual True-up Adjustment is included in the Annual Update). The interest during this 24-month period will initially be estimated and then trued-up to actual and included in a subsequent Annual True-up Adjustment.

k. Formula Rate Template inputs for (i) the ceiling rate of return on common equity; (ii) extraordinary property losses, and (iii) depreciation and amortization expense rates shall be stated values to be used in the Formula Rate approved by FERC order(s). Changes in depreciation and amortization rates to track a state commission order shall become effective only upon FERC order permitting a change in depreciation and amortization rates, which, to the extent possible, should be made effective as of the same date the state commission order becomes effective. RG&E will include notification of such changes in the applicable informational filing. RG&E may also request transmission rate incentives pursuant to section 219 of the FPA.

1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be taken either directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the FERC Form No. 1 is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in FERC Form No. 1. If the FERC Form No. 1 is discontinued, equivalent information as that provided in the FERC Form No. 1 shall be utilized.

#### **Section 4. Fundamental Predicates**

a. The Formula Rate is premised upon data reported or recorded by RG&E consistent with the following predicates ("Fundamental Predicates"):

- i. FERC's Uniform System of Accounts;
- ii. Applicable FERC Form No. 1 reporting requirements;
- iii. FERC's policies governing formula rates for transmission service, including FERC's policies that all charges billed under transmission formula rates are subject to: (A) challenge on grounds of imprudence, and (B) an order by FERC requiring refunds in the manner and to the extent ordered;
- iv. FERC orders establishing transmission ratemaking policies of general application to transmission-owning public utilities, including RG&E; and
- v. The accounting and cost allocation policies, practices and procedures of RG&E to the extent consistent with the authorities listed in (i) through (iv) above.

b. The Formula Rate is based upon each of these Fundamental Predicates as existed as of the date these Formula Rate Protocols are filed with FERC. Provisions of the

Formula Rate may be modified to conform to changes in these Fundamental Predicates in accordance with Section 8 of these Formula Rate Protocols or as ordered by FERC.

c. The Projected ATRR and the Actual ATRR shall include only costs for CLCPA Eligible Projects approved by the PSC as contemplated by the CSRA and such costs are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 19 of the ISO OATT. Interested Parties shall be entitled to review and challenge (i) the reasonableness and prudence of costs and expenditures included in the Projected ATRR and Actual ATRR, (ii) the basis for and reasonableness of allocating all or any portion of such costs and expenditures in determining the Projected ATRR and Actual ATRR under Rate Schedule 19 of the ISO OATT, and (iii) whether the allocation of costs as applied results in a disproportionate allocation of cost to the Projected ATRR and Actual ATRR for charges under Rate Schedule 19 of the ISO OATT. Any such review and challenge shall adhere to the procedures set forth in Sections 6 and 8 below.

## **Section 5 Construction Work in Progress**

a. This section applies to any and all RG&E Schedule 19 Projects where the Commission has granted RG&E CWIP in rate base, either 100% or less (“CWIP”).

i. RG&E shall use the following accounting procedures to ensure that, if authorized by a Commission order to include 100% of any CLCPA Eligible Project CWIP in transmission rate base, RG&E ceases to accrue for recovery any AFUDC and, if less than 100% of CWIP in transmission rate base is authorized, a corresponding percentage of AFUDC accruals will cease. RG&E shall assign each Schedule 19 Project where the Commission has authorized CWIP a unique funding project number (“FPN”) for internal cost tracking purposes.

ii. RG&E shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each applicable Schedule 19 Project. Such work orders shall be segregated from work orders for other Schedule 19 Projects for which the Commission has not authorized RG&E to include any portion of CWIP in rate base.

iii. For each applicable Schedule 19 Project, RG&E shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and transfers to plant in service and shall correspond to amounts shown in RG&E's FERC Form No. 1. RG&E shall use these summaries as data inputs into the Annual True-up Adjustment. RG&E shall make such work order summaries available upon request under the review procedures of Section 6 of these Formula Rate Protocols.

iv. When a Schedule 19 Project for which the Commission granted CWIP, or portion thereof, is placed into service, RG&E shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.

v. For Schedule 19 Projects for which the Commission has not granted CWIP, RG&E shall record AFUDC to be applied to CWIP and capitalized as part of CWIP and included in the project investment when the project is placed into service.

vi. For Schedule 19 Projects where the Commission has granted CWIP, RG&E will include in the investment for such project's AFUDC accrued prior to the date that RG&E first includes the CWIP for such projects in rate base.

b. For each Schedule 19 Project where FERC has approved CWIP in rate base, RG&E shall include in its Informational Filing a report that includes the following concerning each project:

- i. the actual amount of CWIP recorded for each project by month for the Rate Year;
- ii. the current status of each project; and
- iii. the estimated in-service date for each project.

## **Section 6 Annual Review Procedures**

Each Annual True-up Adjustment and Annual Update shall be subject to the following review procedures:

a. Interested Parties shall have until December 1 to serve reasonable information requests on RG&E for both the Annual True-up Adjustment and the Annual Update. If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:

- i. the extent or effect of an Accounting Change;
- ii. whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates or includes data not properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates;
- iii. whether the costs included in the Annual Update are properly accounted for (*e.g.*, recordable and recorded in the appropriate accounts) under FERC's Uniform System of Accounts under 18 C.F.R. Part 101, and otherwise consistent with



RG&E's accounting policies, practices, or procedures;

iv. whether there are errors in the current Annual Update and, if any are identified, whether the same or similar errors were made in prior Formula Rate filings with a further explanation identifying each Formula Rate filing in which such errors were made;

v. the proper application of the Formula Rate and procedures in these Formula Rate Protocols;

vi. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-up Adjustment or the Annual Update;

vii. the prudence of actual costs and expenditures;

viii. the effect of any change to the underlying Uniform System of Accounts or the FERC Form No. 1;

ix. information on procurement methods and cost control methodologies used by RG&E; or

x. any other information that may reasonably have a substantive effect on the calculation of the Projected ATRR or Actual ATRR pursuant to the Formula Rate.

b. The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable. Additionally, information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined by FERC (or resolved by a settlement accepted by FERC) or for Annual True-up Adjustments for other Rate Years, except that such information requests shall be permitted if they seek to determine if there has been a material change in RG&E's circumstances.

c. RG&E shall make a good faith effort to respond to information requests

pertaining to the Annual True-up Adjustment and Annual Update within fifteen (15) business days of receipt of such requests. RG&E shall respond to all information and document requests by no later than December 20 unless the information exchange period is extended by RG&E or FERC. If December 20 falls on a weekend or a holiday recognized by FERC, the deadline for response to information requests shall be extended to the next business day.

d. If RG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these annual review procedures, RG&E or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with these annual review procedures and consistent with FERC's discovery rules.

e. RG&E will cause to be posted on the ISO website all information requests from Interested Parties and RG&E's response to such requests; except to the extent such responses to information and document requests include material deemed by RG&E to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by RG&E and the requesting party).

f. RG&E shall not claim that responses to information and document requests provided pursuant to these Formula Rate Protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing RG&E's Annual True-up Adjustment, Annual Update, or its Formula Rate.

g. The dates and time periods set forth in this Section 6 may be modified

by agreement between RG&E and other Interested Parties.

## **Section 7      Informational Filing**

a.      By February 1 of each year, RG&E shall submit to FERC an Informational Filing of its Annual Update and the results of the Annual Review Procedures. This Informational Filing must include the information that is required by Section 3, must describe any changes pursuant to the Annual Review Procedures and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. RG&E will include supporting documentation and workpapers for all Schedule 19 Projects added to operating property in the Rate Year of the respective Projected ATRR, including projected costs of each project, expected construction schedule and in-service dates. Within five (5) days of such Informational Filing, RG&E shall provide (or cause to be provided) notice of the Informational Filing to Interested Parties via email and by posting the docket number assigned to RG&E's Informational Filing on RG&E's website and OASIS.

b.      Any challenges to the implementation of the Annual Update must be made through the Challenge Procedures described in Section 8 of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section 8      Challenge Procedures**

a.      Interested Parties have through January 31 of the following year to make an Informal Challenge to RG&E's Annual True-up Adjustment or Annual Update. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue at least one issue through an Informal Challenge shall bar the filing of a Formal Challenge. If at least one

Informal Challenge was pursued, then a Formal Challenge may be filed on that issue or any other issue. Failure to pursue an issue with respect to any particular Annual True-up Adjustment or Annual Update shall not bar pursuit of such issue through Informal Challenge or the lodging of a Formal Challenge as to such issue as it relates to subsequent Annual True-up Adjustments or Annual Updates. This Section 8 shall in no way affect a party's rights under FPA section 206.

b. A party submitting an Informal Challenge to RG&E must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects and provide an appropriate explanation and documents to support its challenge. RG&E shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. RG&E shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If RG&E disagrees with such challenge, RG&E will provide the Interested Party(ies) with an explanation supporting the inputs and provide supporting calculations, descriptions, allocations, or other information. No Informal Challenge may be submitted after January 31, and RG&E must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by RG&E or FERC. Informal Challenges shall be subject to the resolution procedures and limitations in this Section 8.

c. Informal Challenges shall be presented to RG&E and Formal Challenges filed before the FERC, pursuant to these Formula Rate Protocols and shall:

- i. Clearly identify the action or inaction which is alleged to violate the filed Formula Rate or Formula Rate Protocols;
- ii. Explain how the action or inaction violates the Formula Rate or Formula

Rate Protocols;

iii. Set forth the business, commercial, economic, or other issues presented by the action or inaction as such relates to or affects the party filing the Informal Challenge or Formal Challenge, including:

- A. The extent or effect of an Accounting Change;
- B. Whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols;
- C. The proper application of the Formula Rate and procedures in these Formula Rate Protocols;
- D. The accuracy of data and consistency with the Formula Rate of the charges shown in the Annual True-up Adjustment or Annual Update, including errors as described in Section 6.a.iv, for the current Annual True-up Adjustment or Annual Update and for any prior years in which the Formula Rate included such errors;
- E. The prudence of actual costs and expenditures;
- F. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
- G. Any other information that may reasonably have substantive effect on the calculation of the Annual True-up Adjustment or Annual Update.

iv. Informal Challenges and Formal Challenges may address whether costs are recorded consistent with the Fundamental Predicates in these Formula Rate Protocols and FERC's policies and regulations, how the costs charged by RG&E's affiliates are recorded on RG&E's books in accordance with Instruction 14 of the Uniform System of Accounts, the amounts of such centralized service company costs, and whether the costs are properly

includable in transmission rates.

v. With respect to an issue that had previously been adjudicated by the Commission in a Formal Challenge proceeding that was not resolved by settlement, the principles of *res judicata* and *collateral estoppel* shall apply and, therefore, if a subsequent Formal Challenge is made with respect to such issue, RG&E may move to dismiss on such grounds, the challenging party or other Interested Parties may contest whether such principles apply, and the Commission shall have the discretion to determine whether the Formal Challenge may proceed or should be dismissed.

vi. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;

vii. State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;

viii. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;

ix. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and

x. State whether the filing party utilized the Informal Challenge procedures described in these Formula Rate Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.

d. Any person filing a Formal Challenge must serve a copy of the Formal

Challenge on RG&E. Service to RG&E must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on RG&E's Informational Filing required under Section 7 of these Formula Rate Protocols.

e. RG&E will cause to be posted on the ISO website all Informal Challenges from Interested Parties and RG&E's response(s) to such Informal Challenges; except to the extent such Informal Challenges or responses to Informal Challenges include material deemed by RG&E to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by RG&E and the requesting party).

f. Any changes or adjustments to the Annual True-up Adjustment or Annual Update resulting from the information exchange and Informal Challenge processes agreed to by RG&E on or before December 1 will be reflected in the Annual Update for the upcoming Rate Year. Any changes or adjustments agreed to by RG&E after December 1 will be reflected in the following year's Annual True-up Adjustment.

g. If RG&E and a challenging party have not resolved an Informal Challenge to an Annual Update, the challenging party shall have the right to submit by May 1 a Formal Challenge with the FERC, which shall be served on RG&E on the date of such filing as specified in Section 8.d., above. If May 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting a Formal Challenge shall be extended to the next business day. However, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in this Section 8 if the FERC already has initiated *sua sponte* a proceeding to

consider the Annual Update. A Formal Challenge shall be filed pursuant to these Formula Rate Protocols rather than Section 206 of the FPA and in the same docket as RG&E's informational filing discussed in Section 7 of these Formula Rate Protocols. RG&E shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue during the applicable Review Period.

h. In any proceeding initiated by FERC concerning the Annual True-up Adjustment or Annual Update or in response to a Formal Challenge, RG&E shall bear the burden, consistent with FPA section 205, of proving that it has correctly applied the terms of the Formula Rate consistent with these Formula Rate Protocols, and that it followed the applicable requirements and procedures in these Formula Rate Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.

i. In the event an error, as further described in Section 6.a.iv, is identified in an Annual True-up Adjustment or Annual Update and such error was present in prior Annual True-up Adjustments or Annual Updates, an Interested Party may request a FERC order making any correction or providing other remedial relief retroactive to the first Formula Rate filing in which such error occurred. RG&E retains all rights to oppose such a request.

j. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of RG&E to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any Interested Party to request such changes pursuant to FPA section 206 and the Commission's regulations thereunder.



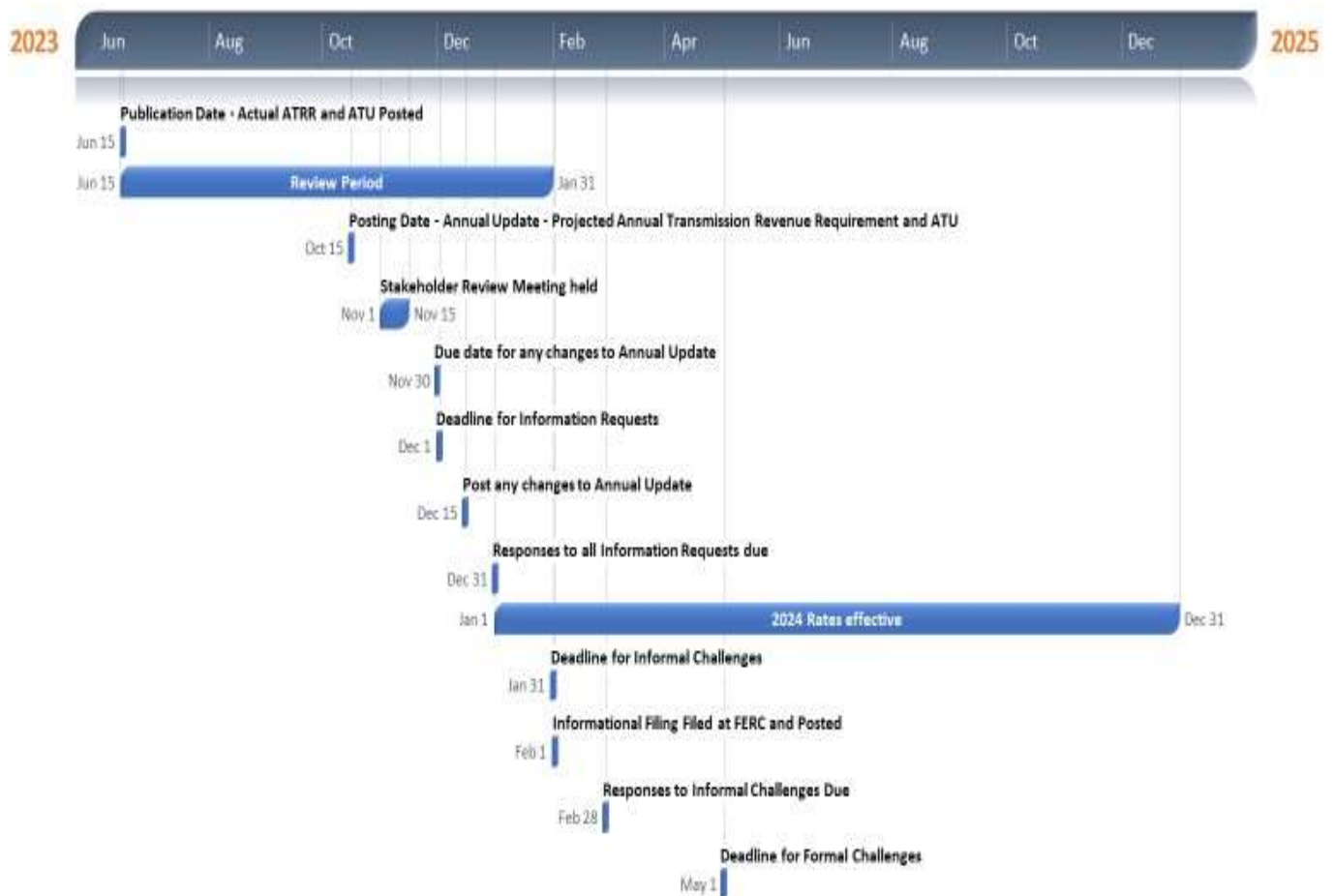
k. No Interested Party shall seek to modify the Formula Rate under the challenge procedures set forth in this Section 8, and the Annual True-up Adjustment and Annual Update shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, an FPA section 205 or section 206 filing.

l. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1 shall first raise the matter with RG&E in accordance with this Section 8 before pursuing a Formal Challenge.

## **Section 9 Changes to Annual Informational Filings**

Any changes to the data inputs as a result of revisions to RG&E's FERC Form No. 1 or as a result of any FERC proceeding to consider the Annual True-up Adjustment or as a result of the procedures set forth herein shall be incorporated into the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the Annual Update for the next effective Rate Year. This approach shall apply in lieu of mid-Rate Year adjustments or any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made if the Formula Rate is replaced by a stated rate by RG&E.

## **Section 10 Timeline of Annual Process**



**6.19.7.2.2 Reserved for future use**

## **6.19.8 Attachment 3 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Consolidated Edison Company of New York, Inc.**

### **6.19.8.1 Applicability**

This Attachment 3 to Rate Schedule 19 of the ISO OATT establishes the CFC Charge of Consolidated Edison Company of New York, Inc. (“Con Edison”). Con Edison is an Eligible Transmission Owner and may recover eligible costs for its CLCPA Eligible Projects in accordance with the requirements of Rate Schedule 19 of the ISO OATT.

### **6.19.8.2 Revenue Requirement**

For purposes of Rate Schedule 19 of the ISO OATT, the revenue requirement for the Eligible Transmission Owner’s CLCPA Eligible Projects shall be determined in accordance with the formula rate protocols set forth in Section 6.19.8.2.1 and the formula rate template set forth in Section 6.19.8.2.2. There shall be no duplicative recovery of costs as between the revenue requirement hereunder with any other Con Edison revenue requirement recovered through the ISO OATT

#### **6.19.8.2.1 Formula Rate Protocols**

##### **Section 1. Definitions**

The following definitions shall apply for purposes of this Attachment 3 to Rate Schedule 19 of the ISO OATT:

- a. **Accounting Change:** any change in accounting by Con Edison or its affiliates that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate.
- b. **Annual Review Procedures:** the procedures described in this Section 6.19.8.2.1 of Attachment 3 to Rate Schedule 19 of the ISO OATT that provide for review and challenge by Interested Parties of an Annual True-up Adjustment and Annual Update.
- c. **Annual Stakeholder Meeting:** an annual meeting for Interested Parties with the intention that Con Edison present, explain and answer questions related to an Annual True-up

Adjustment and Annual Update.

- d. **Actual Annual Transmission Revenue Requirement (“Actual ATRR”):** the actual annual revenue requirement of Con Edison’s Schedule 19 Projects for a Rate Year and the actual annual revenue requirement for each of Con Edison’s Schedule 10 Projects for a Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than June 15 following the end of such Rate Year.
- e. **Annual True-up Adjustment:** determined separately for Schedule 19 Projects and Schedule 10 Projects, the difference between the revenues collected for that Rate Year under the Formula Rate based upon a Projected ATRR (not including the True-up Adjustment or Corrections) and an Actual ATRR for the same Rate Year. The Annual True-up Adjustment is included in the applicable Annual Update for the next Rate Year.
- f. **Annual Update:** determined separately for Schedule 19 Projects and Schedule 10 Projects, a Projected ATRR for the upcoming Rate Year including any applicable Annual True-up Adjustment for the prior Rate Year or any Corrections for prior years.
- g. **CLCPA Eligible Projects:** the transmission projects (or any portion thereof) owned by Con Edison that qualify as a “CLCPA Eligible Project” as such term is defined in Section 6.19.1.1 of Rate Schedule 19 of the ISO OATT. For the purposes of this Attachment 3 to Rate Schedule 19 of the ISO OATT, such transmission projects may also be referred to as “Schedule 19 Projects.”
- h. **Corrections:** determined separately for Schedule 19 Projects and Schedule 10 Projects, changes due to errors or otherwise to a prior Actual ATRR that occur after that Actual ATRR is used to determine an Annual True-up Adjustment for that Rate Year and included in an applicable Annual Update.
- i. **Formal Challenge:** a written challenge, filed with FERC, to an Annual True-up

Adjustment submitted to the Commission or to an Annual Update posted to the ISO website.

- j. **Formula Rate:** the Formula Rate Template (as set forth in Section 6.19.8.2.2 of this Attachment 3 to Rate Schedule 19 of the ISO OATT) and the Formula Rate Protocols (as set forth in this Section 6.19.8.2.1 of this Attachment 3 to Rate Schedule 19 of the ISO OATT).
- k. **Formula Rate Protocols:** The protocols under this Section 6.19.8.2.1 of this Attachment 3 to Rate Schedule 19 of the ISO OATT that provide safeguards to ensure that the input data to the formula rate is correct and accurate, that calculations are performed consistent with the formula rate, that the costs to be recovered in the formula rate are reasonable and were prudently incurred, and that the resulting rates are just and reasonable. The protocols address: (1) the scope of participation, (2) the transparency of the information exchange, and (3) the ability of Interested Parties to challenge Con Edison's implementation of the formula rate as a result of the information exchange.
- l. **Formula Rate Template:** the collection of formulas and worksheets, unpopulated with any data, included as set forth in Section 6.19.8.2.2 of this Attachment 3 to Rate Schedule 19 of the ISO OATT.
- m. **Informal Challenge:** a process by which Interested Parties may challenge certain aspects of an Annual True-up Adjustment or an Annual Update. Informal Challenges are presented to Con Edison directly.
- n. **Informational Filing:** the filing of an Annual Update and the results of the Review Period with FERC on or before February 1 of each year commencing with the completion of the initial Rate Year for which the Formula Rate is effective. This is filed at FERC for informational purposes only and does not require any action by the Commission.
- o. **Interested Parties:** any transmission customer under the ISO OATT, the New York State Department of Public Service, the New York State Department of State's Division of

Consumer Protection Utility Intervention Unit, consumer advocacy agencies, the New York Attorney General or any party that has standing in a Con Edison Formula Rate proceeding under sections 205 or 206 of the FPA.

- p. **Posting Date:** the date on which Con Edison causes to be posted to the ISO website an Annual Update, which is October 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Posting Date shall be the next business day.
- q. **Projected Annual Transmission Revenue Requirement (“Projected ATRR”):** the projected annual revenue requirement of Con Edison’s CLCPA Eligible Projects for the upcoming Rate Year and the projected annual revenue requirement for each of Con Edison’s Schedule 10 Projects for the upcoming Rate Year, calculated in accordance with the Formula Rate and posted on the ISO website no later than the Posting Date.
- r. **Publication Date:** the date on which Con Edison causes an Annual True-up Adjustment to be posted to the ISO website, which is June 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Publication Date shall be the next business day.
- s. **Rate Year:** a twelve consecutive month period that begins on January 1 and continues through December 31.
- t. **Review Period:** the period during which Interested Parties may request information or make Informal Challenges to an Annual True-up Adjustment or an Annual Update. The Review Period extends from the Publication Date to January 31 of the following calendar year. Information requests can be submitted from the Publication Date through December 1 of the current year. The deadlines for information requests and the Review Period shall be extended for any delays in the Publication Date, including if the Publication Date falls on a holiday

recognized by FERC or a weekend. In addition, the deadline for information requests or for the Review Period shall be extended to the next business day if such dates fall on a holiday recognized by FERC or on a weekend.

- u. **Schedule 10 Projects:** the transmission projects (or any portion thereof) owned by Con Edison that are eligible for recovery under Rate Schedule 10 to the ISO OATT.

## **Section 2. Applicability**

These Formula Rate Protocols shall apply to Con Edison's calculation of its Projected ATRRs and Actual ATRRs, and related Annual True-up Adjustments. A timeline of the annual protocol process is contained in Section 10 of this Section 6.19.8.2.1 of Attachment 3 to Rate Schedule 19 of the ISO OATT.

## **Section 3. Projected ATRR, Actual ATRR, Annual True-up Adjustment and Annual Update**

- a. The Projected ATRRs, calculated pursuant to the Formula Rate, shall be applicable on and after January 1 of the Rate Year in which the applicable revenue requirement is to be included in transmission rates.
- b. On or before June 15 of each succeeding Rate Year (the Publication Date), Con Edison shall calculate its Actual ATRRs and resulting Annual True-up Adjustments according to the Formula Rate and cause the results to be posted on the ISO website. Within five (5) days of such posting, Con Edison shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Con Edison shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Con Edison.
- c. On or before October 15 of each year (the Posting Date) beginning when the applicable revenue requirement is to be included in transmission rates in the subsequent Rate Year, Con Edison shall calculate its Annual Update for the upcoming Rate Year and cause the



results to be posted on the ISO website. As part of the Annual Update, Con Edison shall determine its Projected ATRRs, calculated according to the Formula Rate. The Annual Update will also include the results of the applicable Annual True-up Adjustments for the prior Rate Year and any Corrections for prior years, when applicable. Within five (5) days of such posting, Con Edison shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Con Edison shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Con Edison.

- d. If the Publication Date or the Posting Date falls on a weekend or a holiday recognized by FERC, then the Publication Date or Posting Date, as applicable, shall be the next business day.
- e. Within thirty (30) days after the Posting Date (October 15), Con Edison shall hold the Annual Stakeholder Meeting to present, explain and answer questions concerning the Annual True-up Adjustments for the prior Rate Year and the Annual Updates for the upcoming Rate Year. Con Edison will provide the opportunity for remote participation at Annual Stakeholder Meetings. To ensure that Interested Parties receive sufficient advance notice of Stakeholder Meetings, Con Edison shall schedule each Annual Stakeholder Meeting at least one (1) month in advance and cause notice thereof to be posted on the ISO website. Within five (5) days of such posting, Con Edison shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Con Edison shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Con Edison.
- f. Con Edison shall modify an Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 1 and shall cause the revised Annual

Update to be posted on the ISO website no later than December 15. Any change agreed to or required after November 30 will be implemented as part of the applicable Annual True-up Adjustment to be effective in the next following Rate Year. Within five (5) days of such posting, Con Edison shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Con Edison shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Con Edison.

- g. The Actual ATRRs and Annual True-up Adjustments posting shall:
- i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact and based on Con Edison's FERC Form No. 1 reports for the prior Rate Year;
  - ii. Provide supporting documentation and workpapers for data that are used in the Annual True-up Adjustments that are not otherwise available directly from the FERC Form No. 1 reports;
  - iii. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-up Adjustments;
  - iv. Identify any changes in the Formula Rate references (page and line numbers) to the FERC Form No. 1 report;
  - v. Identify all material adjustments made to the FERC Form No. 1 data in determining Formula Rate Template inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
  - vi. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Actual ATRRs under the Formula Rate:
    - A. a description of any changes in an accounting standard or policy;

- B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
  - D. a description of any new estimation methods or policies that change prior estimates; and
  - E. changes to income tax elections or rates;
- vii. Identify items included in the Annual True-up Adjustments at an amount other than on a historic cost basis (e.g., fair value adjustments);
- viii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-up Adjustments;
- ix. Include, for each item identified pursuant to 3.g.vi – 3.g.viii of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on Actual ATRRs under the Formula Rate; and
- x. Provide for the applicable rate year the following information related to affiliate cost allocation.
  - A. a detailed description of the methodologies used to allocate and directly assign costs between Con Edison and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior Rate Year and the reasons and justifications for those changes; and
  - B. the magnitude of such costs that have been allocated or directly assigned between Con Edison and each affiliate by service category or function.
- h. The Projected ATRRs shall:

- i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact;
- ii. Provide supporting documentation and workpapers for all Schedule 19 Projects and Schedule 10 Projects being added to operating property in the upcoming Rate Year that are used in the respective Projected ATRRs, including projected costs of each project, expected construction schedule and in-service dates;
- iii. Provide enough information to enable Interested Parties to replicate the calculation of the Projected ATRRs;
- iv. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Projected ATRRs under the Formula Rate:
  - A. a description of any changes in an accounting standard or policy;
  - B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
  - D. a description of any new estimation methods or policies that change prior estimates; and
  - E. changes to income tax elections or rates;
- v. Identify items included in a Projected ATRR at an amount other than on a historic cost basis (e.g., fair value adjustments);
- vi. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to a

Projected ATRR; and

- vii. Include, for each item identified pursuant to 3.h.iv – 3.h.vi of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on Projected ATRRs under the Formula Rate.
- i. If Con Edison files any corrections to its FERC Form No. 1 that impacts an Annual True-up Adjustment, such corrections and any resulting refunds or surcharges shall be reflected in the subsequent, applicable Annual True-up Adjustment or Annual Update as a Correction, with interest.
- j. Interest on each Annual True-up Adjustment shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a a(iii)(A). The interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over- or under- recovery in the applicable Actual ATRR exists (middle of Rate Year for which the applicable Annual True-up Adjustment is being determined to the middle of Rate Year where such Annual True-up Adjustment is included in the respective Annual Update). The interest during this 24-month period will initially be estimated and then trued-up to actual and included in a subsequent, applicable Annual True-up Adjustment.
- k. Formula Rate Template inputs for (i) the ceiling rate of return on common equity for Schedule 19 Projects; (ii) the base return on equity for the Schedule 10 Projects; (iii) extraordinary property losses, and (iv) depreciation and amortization expense rates shall be stated values to be used in the Formula Rate approved by FERC order(s). Con Edison may make a limited section 205 filing to change its Schedule 19 Projects ceiling rate of return on common equity or its base rate of return on common equity for a Schedule 10 Project(s) to reflect incentive rate of return adders, if any, which may only be included upon FERC order.

Such filings shall comply with the filing requirements that FERC has established for seeking such incentives. Changes in depreciation and amortization rates to track a state commission order shall become effective only upon FERC order permitting a change in depreciation and amortization rates, which, to the extent possible, should be made effective as of the same date the state commission order becomes effective. Con Edison will include notification of any of the above changes in the applicable informational filing. Con Edison may also request transmission rate incentives pursuant to section 219 of the FPA or any superseding sections.

1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be taken either directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the FERC Form No. 1 is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in FERC Form No. 1. If the FERC Form No. 1 is discontinued, equivalent information as that provided in FERC Form No. 1 shall be utilized.

#### **Section 4. Fundamental Predicates**

- a. The Formula Rate is premised upon data reported or recorded by Con Edison consistent with the following predicates ("Fundamental Predicates"):
  - i. FERC's Uniform System of Accounts;
  - ii. Applicable FERC Form No. 1 reporting requirements;
  - iii. FERC's policies governing formula rates for transmission service, including FERC's policies that all charges billed under transmission formula rates are subject to: (A) challenge on grounds of imprudence, and (B) an order by FERC requiring refunds in the manner and to the extent ordered;
  - iv. FERC orders establishing transmission ratemaking policies of general

- application to transmission-owning public utilities, including Con Edison; and
- v. The accounting and cost allocation policies, practices and procedures of Con Edison to the extent consistent with the authorities listed in (i) through (iv) above.
- b. The Formula Rate is based upon each of these Fundamental Predicates as existed as of the date these Formula Rate Protocols are filed with FERC. Provisions of the Formula Rate may be modified to conform to changes in these Fundamental Predicates in accordance with Section 8 of these Formula Rate Protocols or as ordered by FERC.
- c. The Projected ATRRs and Actual ATRRs shall include 1) as it relates to CLCPA Eligible Projects, only costs for CLCPA Eligible Projects approved by the PSC as contemplated by the CSRA and such costs as are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 19 of the ISO OATT and 2) as it relates to Schedule 10 Projects, only costs for projects eligible for recovery under Rate Schedule 10 of the ISO OATT and such costs as are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 10 of the ISO OATT. Interested Parties shall be entitled to review and challenge (i) the reasonableness and prudence of costs and expenditures included in the Projected ATRRs and Actual ATRRs, (ii) the basis for and reasonableness of allocating all or any portion of such costs and expenditures in determining the Projected ATRRs and Actual ATRRs, and (iii) whether the allocation of costs as applied results in a disproportionate allocation of cost to the Projected ATRRs and Actual ATRRs for charges under, as applicable, Rate Schedule 19 or Rate Schedule 10 of the ISO OATT. Any such review and challenge shall adhere to the procedures set forth in Sections 6 and 8 below.

## **Section 5. Construction Work in Progress**

- a. This section applies to any and all Con Edison Schedule 19 Projects or Schedule 10

Projects where the Commission has granted Con Edison inclusion in rate base of CWIP above 50% (“CWIP incentive”). This section does not apply to FERC’s general policy of including 50% CWIP in rate base, which, if authorized, would be treated for review like other ratebase items.

- i. Con Edison shall use the following accounting procedures to ensure that, if authorized by a Commission order to include 100% of any CWIP in rate base, Con Edison ceases to accrue for recovery any AFUDC and, if less than 100% of CWIP in rate base is authorized, a corresponding percentage of AFUDC accruals will cease. Con Edison shall assign each Schedule 19 Project or Schedule 10 Project where the Commission has authorized the CWIP incentive a unique funding project number (“FPN”) for internal cost tracking purposes.
- ii. Con Edison shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each applicable Schedule 19 or Schedule 10 Project. Such work orders shall be segregated from work orders for other Schedule 19 or Schedule 10 projects for which the Commission has not authorized Con Edison to include any portion of CWIP in rate base.
- iii. For each applicable Schedule 19 Project or Schedule 10 Project, Con Edison shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and transfers to plant in service and shall correspond to amounts shown in Con Edison’s FERC Form No. 1. Con Edison shall use these summaries as data inputs into the respective Annual True-up Adjustments. Con Edison shall make such work order summaries available upon request under the review procedures of Section 6 of these Formula Rate Protocols.



- iv. When a Schedule 19 Project or Schedule 10 Project for which the Commission granted the CWIP incentive, or portion thereof, is placed into service, Con Edison shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
  - v. For Schedule 19 Projects or Schedule 10 Projects for which the Commission has not granted the CWIP incentive, Con Edison shall record AFUDC to be applied to CWIP and capitalized as part of CWIP and included in the project investment when the project is placed into service.
  - vi. For Schedule 19 Projects or Schedule 10 Projects where the Commission has granted the CWIP incentive, Con Edison will include in the investment for such project's AFUDC accrued prior to the date that Con Edison first includes the CWIP for such projects in rate base.
- b. For each Schedule 19 Project and Schedule 10 Project where FERC has approved the CWIP incentive, Con Edison shall include in its Informational Filing a report that includes the following concerning each project:
- i. the actual amount of CWIP recorded for each project by month for the Rate Year;
  - ii. the current status of each project; and
  - iii. the estimated in-service date for each project.

## **Section 6. Annual Review Procedures**

Each Annual True-up Adjustment and Annual Update shall be subject to the following review procedures:

- a. Interested Parties shall have until December 1 to serve reasonable information

requests on Con Edison for both the Annual True-up Adjustments and the Annual Updates. If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:

- i. the extent or effect of an Accounting Change;
- ii. whether the Annual True-up Adjustments or Annual Updates fail to include data properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates or includes data not properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates;
- iii. whether the costs included in the Annual Updates are properly accounted for (e.g., recordable and recorded in the appropriate accounts) under FERC's Uniform System of Accounts under 18 C.F.R. Part 101, and otherwise consistent with Con Edison's accounting policies, practices, or procedures;
- iv. whether there are errors in the current Annual Updates and, if any are identified, whether the same or similar errors were made in prior Formula Rate filings with a further explanation identifying each Formula Rate filing in which such errors were made;
- v. the proper application of the Formula Rate and procedures in these Formula Rate Protocols;
- vi. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-up Adjustments or the Annual Updates;
- vii. the prudence of actual costs and expenditures;
- viii. the effect of any change to the underlying Uniform System of Accounts or the FERC Form No. 1;

- ix. information on procurement methods and cost control methodologies used by  
Con Edison; or
  - x. any other information that may reasonably have a substantive effect on the  
calculation of the Projected ATRRs or Actual ATRRs pursuant to the  
Formula Rate.
- b. The information and document requests shall not otherwise be directed to ascertaining whether  
the Formula Rate is just and reasonable. Additionally, information requests shall not solicit  
information concerning costs or allocations where the costs or allocation methods have been  
determined by FERC (or resolved by a settlement accepted by FERC) or for Annual True-up  
Adjustments for other Rate Years, except that such information requests shall be permitted if  
they seek to determine if there has been a material change in Con Edison's circumstances.
  - c. Con Edison shall make a good faith effort to respond to information requests pertaining to the  
Annual True-up Adjustments and Annual Updates within fifteen (15) business days of receipt  
of such requests. Con Edison shall respond to all information and document requests by no  
later than December 20 unless the information exchange period is extended by Con Edison or  
FERC. If December 20 falls on a weekend or a holiday recognized by FERC, the deadline for  
response to information requests shall be extended to the next business day.
  - d. If Con Edison and any Interested Party are unable to resolve disputes related to information  
requests submitted in accordance with these annual review procedures, Con Edison or the  
Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery  
master. The discovery master shall have the power to issue binding orders to resolve discovery  
disputes and compel the production of discovery, as appropriate, in accordance with these  
annual review procedures and consistent with FERC's discovery rules.
  - e. Con Edison will cause to be posted on the ISO website all information requests from

Interested Parties and Con Edison's response to such requests; except to the extent such responses to information and document requests include material deemed by Con Edison to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by Con Edison and the requesting party).

- f. Con Edison shall not claim that responses to information and document requests provided pursuant to these Formula Rate Protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing Con Edison's Annual True-up Adjustments, Annual Updates, or its Formula Rate.
- g. The dates and time periods set forth in this Section 6 may be modified by agreement between Con Edison and other Interested Parties.

## **Section 7. Informational Filing**

- a. By February 1 of each year, Con Edison shall submit to FERC an Informational Filing of its Annual Updates and the results of the Annual Review Procedures. This Informational Filing must include the information that is required by Section 3, must describe any changes pursuant to the Annual Review Procedures and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. In addition, Con Edison will include supporting documentation and workpapers for all Schedule 19 Projects and Schedule 10 Projects added to operating property in the Rate Year of the respective Projected ATRRs, including projected costs of each project, expected construction schedule and in-service dates. Within five (5) days of such Informational Filing, Con Edison shall provide (or cause to be provided) notice of the Informational Filing to Interested Parties via an email exploder list and by posting the docket number assigned to Con Edison's Informational Filing on Con Edison's website and OASIS.

- b. Any challenges to the implementation of the Annual Updates must be made through the Challenge Procedures described in Section 8 of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section 8. Challenge Procedures**

- a. Interested Parties have through January 31 of the following year to make an Informal Challenge to Con Edison's Annual True-up Adjustments or Annual Updates. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue at least one issue through an Informal Challenge shall bar the filing of a Formal Challenge. If at least one Informal Challenge was pursued, then a Formal Challenge may be filed on that issue or any other issue. Failure to pursue an issue with respect to any particular Annual True-up Adjustment or Annual Update shall not bar pursuit of such issue through Informal Challenge or the lodging of a Formal Challenge as to such issue as it relates to subsequent Annual True-up Adjustments or Annual Updates. This Section 8 shall in no way affect a party's rights under FPA section 206.
- b. A party submitting an Informal Challenge to Con Edison must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects and provide an appropriate explanation and documents to support its challenge. Con Edison shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. Con Edison shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If Con Edison disagrees with such challenge, Con Edison will provide the Interested Party(ies) with an explanation supporting the inputs and provide supporting calculations, descriptions, allocations, or other information. No Informal

Challenge may be submitted after January 31, and Con Edison must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by Con Edison or FERC. Informal Challenges shall be subject to the resolution procedures and limitations in this Section 8.

c. Informal Challenges shall be presented to Con Edison, and Formal Challenges shall be filed before the FERC, pursuant to these Formula Rate Protocols, and both Informal and Formal Challenges shall:

- i. Clearly identify the action or inaction which is alleged to violate the filed Formula Rate or Formula Rate Protocols;
- ii. Explain how the action or inaction violates the Formula Rate or Formula Rate Protocols;
- iii. Set forth the business, commercial, economic, or other issues presented by the action or inaction as such relates to or affects the party filing the Informal Challenge or Formal Challenge, including:
  - A. The extent or effect of an Accounting Change;
  - B. Whether the applicable Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols;
  - C. The proper application of the Formula Rate and procedures in these Formula Rate Protocols;
  - D. The accuracy of data and consistency with the Formula Rate of the charges shown in the applicable Annual True-up Adjustment or Annual Update, including errors as described in Section 6.a.iv, for the current, applicable Annual True-up Adjustment or Annual Update and for any prior

years in which the Formula Rate included such errors;

E. The prudence of actual costs and expenditures;

F. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or

G. Any other information that may reasonably have substantive effect on the calculation of the applicable Annual True-up Adjustment or Annual Update.

iv. Informal Challenges and Formal Challenges may address whether costs are recorded consistent with the Fundamental Predicates in these Formula Rate Protocols and FERC's policies and regulations, how the costs charged by Con Edison's affiliates are recorded on Con Edison's books in accordance with Instruction 14 of the Uniform System of Accounts, the amounts of such affiliates' costs, and whether the costs are properly includable in transmission rates.

v. With respect to an issue that had previously been adjudicated by the Commission in a Formal Challenge proceeding that was not resolved by settlement, the principles of *res judicata* and *collateral estoppel* shall apply and, therefore, if a subsequent Formal Challenge is made with respect to such issue, Con Edison may move to dismiss on such grounds, the challenging party or other Interested Parties may contest whether such principles apply, and the Commission shall have the discretion to determine whether the Formal Challenge may proceed or should be dismissed.

vi. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;

vii. State whether the issues presented are pending in an existing Commission

proceeding or a proceeding in any other forum in which the filing party is a party, and  
if so, provide an explanation why timely resolution cannot be achieved in that forum;

viii. State the specific relief or remedy requested, including any request for stay or  
extension of time, and the basis for that relief;

ix. Include all documents that support the facts in the Formal Challenge in  
possession of, or otherwise attainable by, the filing party, including, but not limited  
to, contracts and affidavits; and

x. State whether the filing party utilized the Informal Challenge procedures  
described in these Formula Rate Protocols to dispute the action or inaction raised by  
the Formal Challenge, and, if not, describe why not.

d. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on  
Con Edison. Service to Con Edison must be simultaneous with filing at the Commission.  
Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. §  
385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal  
Challenge shall serve the individual listed as the contact person on Con Edison's  
Informational Filing required under Section 7 of these Formula Rate Protocols.

e. Con Edison will cause to be posted on the ISO website all Informal Challenges from  
Interested Parties and Con Edison's response(s) to such Informal Challenges; except to the  
extent such Informal Challenges or responses to Informal Challenges include material deemed  
by Con Edison to be confidential information (in which event such information will not be  
publicly posted but will be made available to requesting parties pursuant to a confidentiality  
agreement to be executed by Con Edison and the requesting party).

f. Any changes or adjustments to an Annual True-up Adjustment or Annual Update  
resulting from the information exchange and Informal Challenge processes agreed to by Con



Edison on or before December 1 will be reflected in the applicable Annual Update for the upcoming Rate Year. Any changes or adjustments agreed to by Con Edison after December 1 will be reflected in the following year's applicable Annual True-up Adjustment.

- g. If Con Edison and a challenging party have not resolved an Informal Challenge to an Annual Update, the challenging party shall have the right to submit by May 1 a Formal Challenge with the FERC, which shall be served on Con Edison on the date of such filing as specified in Section 8.d., above. If May 1 falls on a holiday recognized by FERC or on a weekend, the deadline for submitting a Formal Challenge shall be extended to the next business day. However, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in this Section 8 if the FERC already has initiated *sua sponte* a proceeding to consider the corresponding Annual Update. A Formal Challenge shall be filed pursuant to these Formula Rate Protocols rather than Section 206 of the FPA and in the same docket as Con Edison's informational filing discussed in Section 7 of these Formula Rate Protocols. Con Edison shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue during the applicable Review Period.
- h. In any proceeding initiated by FERC concerning an Annual True-up Adjustment or Annual Update or in response to a Formal Challenge, Con Edison shall bear the burden, consistent with FPA section 205, of proving that it has correctly applied the terms of the Formula Rate consistent with these Formula Rate Protocols, and that it followed the applicable requirements and procedures in these Formula Rate Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- i. In the event an error, as further described in Section 6.a.iv, is identified in an Annual True-up Adjustment or Annual Update and such error was present in prior Annual True-up

Adjustments or Annual Updates, an Interested Party may request a FERC order making any correction or providing other remedial relief retroactive to the first Formula Rate filing in which such error occurred. Con Edison retains all rights to oppose such a request.

- j. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of Con Edison to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, ceiling rate of return on common equity for Schedule 19 Projects, base rate of return on common equity for Schedule 10 Projects, and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any Interested Party to request such changes pursuant to FPA section 206 and the Commission's regulations thereunder.
- k. No Interested Party shall seek to modify the Formula Rate under the challenge procedures set forth in this Section 8, and the Annual True-up Adjustments and Annual Updates shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, an FPA section 205 or section 206 filing.
- l. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1 shall first raise the matter with Con Edison in accordance with this Section 8 before pursuing a Formal Challenge.

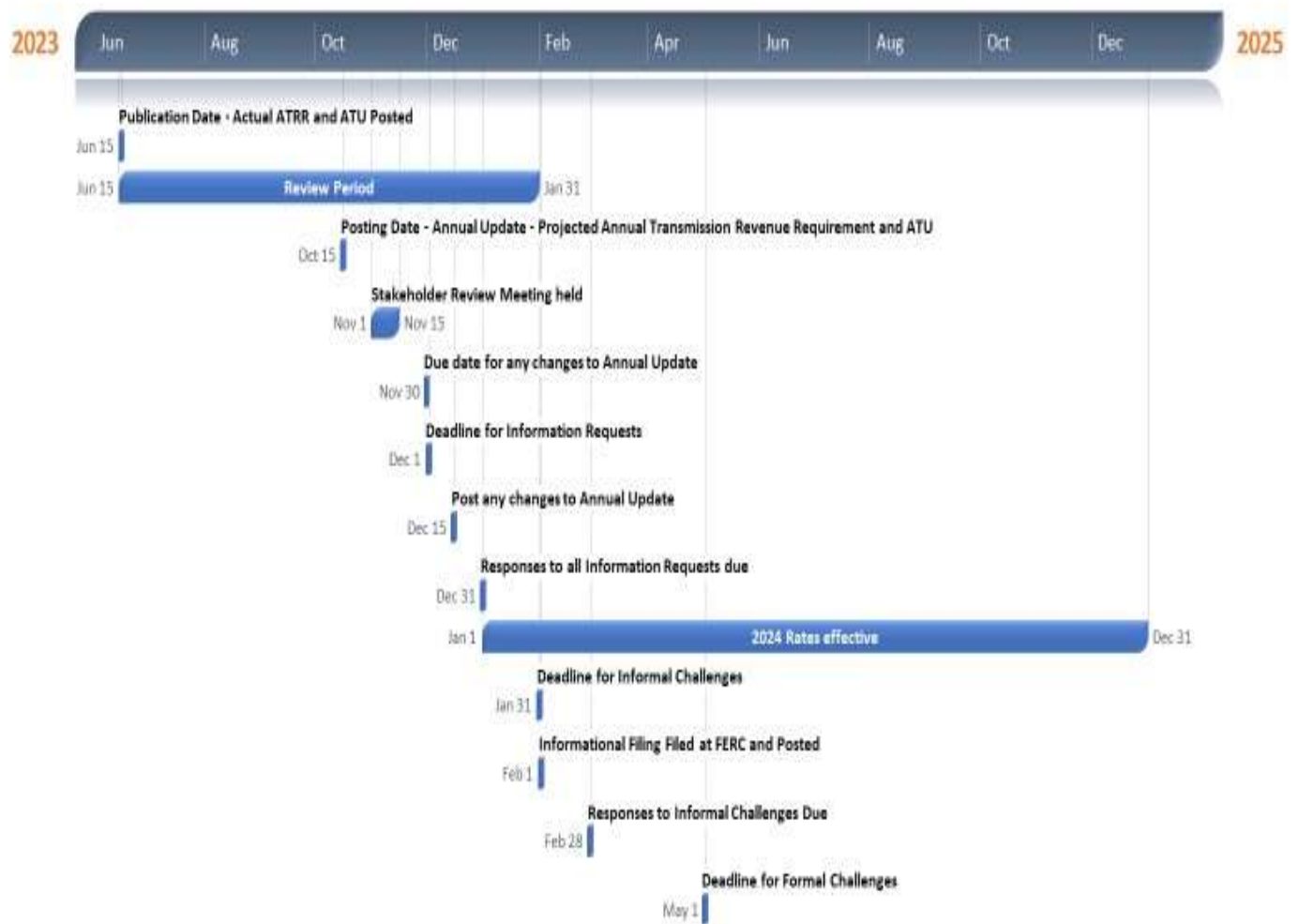
## **Section 9. Changes to Annual Informational Filings**

Any changes to the data inputs as a result of revisions to Con Edison's FERC Form No. 1 or as a result of any FERC proceeding to consider an Annual True-up Adjustment or as a result of the procedures set forth herein shall be incorporated into the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the applicable Annual Update for the next effective Rate Year. This approach shall apply in lieu of mid-Rate Year adjustments or any refunds or surcharges.

However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R.

§38.19a) for the then current Rate Year shall be made if the Formula Rate is replaced by a stated rate by Con Edison.

## Section 10. Example Timeline of Annual Process



**6.19.8.2.2      Reserved for future use**

## **6.19.9 Attachment 4 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Central Hudson Gas and Electric Corporation**

### **6.19.9.1 Applicability**

This Attachment 4 to Rate Schedule 19 of the ISO OATT establishes the CFC Charge of Central Hudson Gas and Electric Corporation (“Central Hudson”). Central Hudson is an Eligible Transmission Owner and may recover eligible costs for its CLCPA Eligible Projects in accordance with the requirements of Rate Schedule 19 of the ISO OATT.

### **6.19.9.2 Revenue Requirement**

For purposes of Rate Schedule 19 of the ISO OATT, the revenue requirement for the Eligible Transmission Owner’s CLCPA Eligible Projects shall be determined in accordance with the formula rate protocols set forth in Section 6.19.9.2.1 and the formula rate template set forth in Section 6.19.9.2.2. There shall be no duplicative recovery of costs as between the revenue requirement hereunder with any other Central Hudson revenue requirement recovered through the ISO OATT.

#### **6.19.9.2.1 Formula Rate Protocols**

##### **Section 1 Definitions**

The following definitions shall apply for purposes of this Attachment 4 to Rate Schedule 19 of the ISO OATT:

- a. **Accounting Change:** any change in accounting by Central Hudson or its affiliates that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate.
- b. **Annual Review Procedures:** the procedures described in this Section 6.19.9.2.1 of Attachment 4 to Rate Schedule 19 of the ISO OATT that provide for

review and challenge by Interested Parties of an Annual True-up Adjustment and the Annual Update.

c. **Annual Stakeholder Meeting:** an annual meeting for Interested Parties with the intention that Central Hudson present, explain and answer questions related to an Annual True-up Adjustment and Annual Update.

d. **Actual Annual Transmission Revenue Requirement (“Actual ATRR”):** the actual annual revenue requirement of Central Hudson’s CLCPA Eligible Projects for a Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than June 15 following the end of such Rate Year.

e. **Annual True-up Adjustment:** the difference between the revenues collected for that Rate Year under the Formula Rate based upon the Projected ATRR (not including the True-up Adjustment or Corrections) and the Actual ATRR for the same Rate Year. The Annual True-up Adjustment is included in the Annual Update for the next Rate Year.

f. **Annual Update:** the Projected ATRR for the upcoming Rate Year, including any Annual True-up Adjustment for the prior Rate Year or any Corrections for prior years.

g. **CLCPA Eligible Projects:** the transmission projects (or any portion thereof) owned by Central Hudson that qualify as a “CLCPA Eligible Project” as such term is defined in Section 6.19.1.1 of Rate Schedule 19 of the ISO OATT. For the purposes of this Attachment 4 to Rate Schedule 19 of the ISO OATT, such transmission projects may also be referred to as “Schedule 19 Projects.”

h. **Corrections:** changes due to errors or otherwise to a prior Actual ATRR that

occur after that Actual ATRR is used to determine an Annual True-up Adjustment for that Rate Year and included in an applicable Annual Update.

- i. **Formal Challenge:** a written challenge, filed with FERC, to an Annual True-up Adjustment submitted to the Commission or to an Annual Update posted to the ISO website.
- j. **Formula Rate:** the Formula Rate Template (as set forth in Section 6.19.9.2.2 of this Attachment 4 to Rate Schedule 19 of the ISO OATT) and the Formula Rate Protocols (as set forth in this Section 6.19.9.2.1 of this Attachment 4 to Rate Schedule 19 of the ISO OATT).
- i. **Formula Rate Protocols:** The protocols under this Section 6.19.9.2.1 of this Attachment 4 to Rate Schedule 19 of the ISO OATT that provide safeguards to ensure that the input data to the Formula Rate is correct and accurate, that calculations are performed consistent with the Formula Rate, that the costs to be recovered in the Formula Rate are reasonable and were prudently incurred, and that the resulting rates are just and reasonable. The protocols address: (1) the scope of participation, (2) the transparency of the information exchange, and (3) the ability of Interested Parties to challenge Central Hudson's implementation of the formula rate as a result of the information exchange.
- k. **Formula Rate Template:** the collection of formulas and worksheets, unpopulated with any data, included as set forth in Section 6.19.9.2.2 of this Attachment 4 to Rate Schedule 19 of the ISO OATT.
- l. **Informal Challenge:** a process by which Interested Parties may challenge certain aspects of an Annual True-up Adjustment or Annual Update. Informal Challenges are presented to Central Hudson directly.

- m. **Informational Filing:** the filing of an Annual Update and the results of the Review Period with FERC on or before February 1 of each year commencing with the completion of the initial Rate Year for which the Formula Rate is effective. This is filed at FERC for informational purposes only and does not require any action by the Commission.
- n. **Interested Parties:** any transmission customer under the ISO OATT, the New York State Department of Public Service, the New York State Department of State's Division of Consumer Protection Utility Intervention Unit, consumer advocacy agencies, the New York Attorney General or any party that has standing in a Central Hudson Formula Rate proceeding under sections 205 or 206 of the FPA.
- o. **Posting Date:** the date on which Central Hudson causes to be posted to the ISO website an Annual Update, which is October 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Posting Date shall be the next business day.
- p. **Projected Annual Transmission Revenue Requirement ("Projected ATRR"):** the projected annual revenue requirement of Central Hudson's CLCPA Eligible Projects for the upcoming Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than the Posting Date.
- q. **Publication Date:** the date on which Central Hudson causes an Annual True-up Adjustment to be posted to the ISO website, which is June 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Publication Date shall be the next business day.
- r. **Rate Year:** a twelve consecutive month period that begins on January 1



and continues through December 31.

- s. **Review Period:** the period during which Interested Parties may request information or make Informal Challenges to an Annual True-up Adjustment or Annual Update. The Review Period extends from the Publication Date to January 31 of the following calendar year. Information requests can be submitted from the Publication Date through December 1 of the current year. The deadlines for information requests and for the Review Period shall be extended for any delays in the Publication Date, including if the Publication Date falls on a holiday recognized by FERC or a weekend. In addition, the deadline for information requests or for the Review Period shall be extended to the next business day if such dates fall on a holiday recognized by FERC or a weekend.

## **Section 2      Applicability**

These Formula Rate Protocols shall apply to Central Hudson's calculation of its Projected ATRR and Actual ATRR, and related Annual True-up Adjustment(s). A timeline of the annual protocol process is contained in Section 10 of this Section 6.19.9.2.1 of Attachment 4 to Rate Schedule 19 of the ISO OATT.

## **Section 3      Projected ATRR, Actual ATRR, Annual True-up Adjustment and Annual Update**

- a. The Projected ATRR calculated pursuant to the Formula Rate shall be applicable on and after January 1 of the Rate Year in which the revenue requirement of Schedule 19 Projects is to be included in transmission rates.
- b. On or before June 15 of each succeeding Rate Year (the Publication Date), Central Hudson shall calculate its Actual ATRR and resulting Annual True-up

Adjustment according to the Formula Rate and cause the results to be posted on the ISO website. Within five (5) days of such posting, Central Hudson shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Central Hudson shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Central Hudson.

- c. On or before October 15 of each year (the Posting Date) beginning when the revenue requirement of Schedule 19 Projects is to be included in transmission rates in the subsequent Rate Year, Central Hudson shall calculate its Annual Update for the upcoming Rate Year and cause the results to be posted on the ISO website. As part of the Annual Update, Central Hudson shall determine its Projected ATRR, calculated according to the Formula Rate. The Annual Update will also include the results of the Annual True-up Adjustment for the prior Rate Year and any Corrections for prior years, when applicable. Within five (5) days of such posting, Central Hudson shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Central Hudson shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Central Hudson.
- d. If the Publication Date or the Posting Date falls on a weekend or a holiday recognized by FERC, then the Publication Date or Posting Date, as applicable, shall be the next business day.
- e. Within thirty (30) days after the Posting Date (October 15), Central Hudson shall hold the Annual Stakeholder Meeting to present, explain and answer questions

concerning the Annual True-up Adjustment for the prior Rate Year and the Annual Update for the upcoming Rate Year. Central Hudson will provide the opportunity for remote participation at Annual Stakeholder Meetings. To ensure that Interested Parties receive sufficient advance notice of Stakeholder Meetings, Central Hudson shall schedule each Annual Stakeholder Meeting at least one (1) month in advance and cause notice thereof to be posted on the ISO website. Within five (5) days of such posting, Central Hudson shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Central Hudson shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Central Hudson.

- f. Central Hudson shall modify an Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 1 and shall cause the revised Annual Update to be posted on the ISO website no later than December 15. Any change agreed to or required after November 30 will be implemented as part of the subsequent Annual True-up Adjustment to be effective in the next following Rate Year. Within five (5) days of such posting, Central Hudson shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. Central Hudson shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to Central Hudson.

- g. The Actual ATRR and Annual True-up Adjustment posting shall:

- i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact

and based on Central Hudson's FERC Form No. 1 reports for the prior Rate Year;

- ii. Provide supporting documentation and workpapers for data that are used in the Annual True-up Adjustment that are not otherwise available directly from the FERC Form No. 1 reports;
- iii. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-up Adjustment;
- iv. Identify any changes in the Formula Rate references (page and line numbers) to the FERC Form No. 1 report;
- v. Identify all material adjustments made to the FERC Form No. 1 data in determining Formula Rate Template inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
- vi. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Actual ATRR under the Formula Rate:
  - A. a description of any changes in an accounting standard or policy;
  - B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual

True-up Adjustments;

- D. a description of any new estimation methods or policies that change prior estimates; and
- E. changes to income tax elections or rates.
- vii. Identify items included in the Annual True-up Adjustment at an amount other than on a historic cost basis (e.g., fair value adjustments);
- viii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-up Adjustment;
- ix. Include, for each item identified pursuant to 3.g.vi – 3.g.viii of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Actual ATRR under the Formula Rate; and
- x. Provide for the applicable rate year the following information related to affiliate cost allocation.
  - A. a detailed description of the methodologies used to allocate and directly assign costs between Central Hudson and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior Rate Year and the reasons and justifications for those changes; and
  - B. the magnitude of such costs that have been allocated or directly assigned between Central Hudson and each affiliate by service category or function.
- h. The Projected ATRR shall:

- i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact;
- ii. Provide supporting documentation and workpapers for all Schedule 19 Projects being added to operating property in the upcoming Rate Year that are used in the Projected ATRR, including projected costs of each project, expected construction schedule and in-service dates; and
- iii. Provide enough information to enable Interested Parties to replicate the calculation of the Projected ATRR.
- iv. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Projected ATRR under the Formula Rate:
  - A. a description of any changes in an accounting standard or policy;
  - B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
  - D. a description of any new estimation methods or policies that change prior estimates; and
  - E. changes to income tax elections or rates;
- v. Identify items included in the Projected ATRR at an amount other than on a historic cost basis (e.g., fair value adjustments);

- vi. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Projected ATRR; and
- vii. Include, for each item identified pursuant to 3.h.iv – 3.h.vi of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Projected ATRR under the Formula Rate.
- i. If Central Hudson files any corrections to its FERC Form No. 1 that impacts an Annual True-up Adjustment, such corrections and any resulting refunds or surcharges shall be reflected in the subsequent Annual True-up Adjustment or Annual Update as a Correction, with interest.
- j. Interest on each Annual True-up Adjustment shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a a(iii)(A). The interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over- or under- recovery in the Actual ATRR exists (middle of Rate Year for which Annual True-up Adjustment is being determined to the middle of Rate Year where such Annual True-up Adjustment is included in the Annual Update). The interest during this 24-month period will initially be estimated and then trued-up to actual and included in a subsequent Annual True-up Adjustment.
- k. Formula Rate Template inputs for (i) the ceiling rate of return on common equity; (ii) extraordinary property losses, and (iii) depreciation and amortization expense rates shall be stated values to be used in the Formula Rate approved by FERC order(s). Changes in depreciation and amortization rates to track a state commission order shall

become effective only upon FERC order permitting a change in depreciation and amortization rates, which, to the extent possible, should be made effective as of the same date the state commission order becomes effective. Central Hudson will include notification of the above changes in the applicable informational filing. Central Hudson may also request transmission rate incentives pursuant to section 219 of the FPA or any superseding sections.

1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be taken either directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the FERC Form No. 1 is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in FERC Form No. 1. If the FERC Form No. 1 is discontinued, equivalent information as that provided in FERC Form No. 1 shall be utilized.

#### **Section 4 Fundamental Predicates**

- a. The Formula Rate is premised upon data reported or recorded by Central Hudson consistent with the following predicates ("Fundamental Predicates"):
  - i. FERC's Uniform System of Accounts;
  - ii. Applicable FERC Form No. 1 reporting requirements;
  - iii. FERC's policies governing formula rates for transmission service, including FERC's policies that all charges billed under transmission formula rates are subject to: (A) challenge on grounds of imprudence, and (B) an order by FERC requiring refunds in the manner and to the extent ordered;



- iv. FERC orders establishing transmission ratemaking policies of general application to transmission-owning public utilities, including Central Hudson; and
  - v. The accounting and cost allocation policies, practices and procedures of Central Hudson to the extent consistent with the authorities listed in (i) through (iv) above.
- b. The Formula Rate is based upon each of these Fundamental Predicates as existed as of the date these Formula Rate Protocols are filed with FERC. Provisions of the Formula Rate may be modified to conform to changes in these Fundamental Predicates in accordance with Section 8 of these Formula Rate Protocols or as ordered by FERC.
- c. The Projected ATRR and the Actual ATRR shall include only costs for CLCPA Eligible Projects approved by the NYPSC as contemplated by the CSRA and as such costs are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 19 of the ISO OATT. Interested Parties shall be entitled to review and challenge (i) the reasonableness and prudence of costs and expenditures included in the Projected ATRR and Actual ATRR, (ii) the basis for and reasonableness of allocating all or any portion of such costs and expenditures in determining the Projected ATRR and Actual ATRR under Rate Schedule 19 of the ISO OATT, and (iii) whether the allocation of costs as applied results in a disproportionate allocation of cost to the Projected ATRR and Actual ATRR for charges under Rate Schedule 19 of the ISO OATT. Any such review and challenge shall adhere to the procedures set forth in Sections 6 and 8 below.

## **Section 5 Construction Work in Progress**

- a. This section applies to any and all Central Hudson Schedule 19 Projects where the Commission has granted Central Hudson in rate base of CWIP above 50% (“CWIP incentive”). This section does not apply to FERC’s general policy of including 50% CWIP in rate base, which if authorized would be treated for review like other rate base items.
- i. Central Hudson shall use the following accounting procedures to ensure that, if authorized by a Commission order to include 100% of any CLCPA Eligible Project CWIP in transmission rate base, Central Hudson ceases to accrue for recovery any AFUDC and, if less than 100% of CWIP in transmission rate base is authorized, a corresponding percentage of AFUDC accruals will cease. Central Hudson shall assign each Schedule 19 Project where the Commission has authorized the CWIP incentive a unique funding project number (“FPN”) for internal cost tracking purposes.
- ii. Central Hudson shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each applicable Schedule 19 Project. Such work orders shall be segregated from work orders for other Schedule 19 Projects for which the Commission has not authorized Central Hudson to include any portion of CWIP in rate base.
- iii. For each applicable Schedule 19 Project, Central Hudson shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and transfers to plant in service and shall correspond to amounts shown in Central Hudson’s FERC Form No. 1. Central Hudson shall use these summaries as data inputs into the

Annual True-up Adjustment. Central Hudson shall make such work order summaries available upon request under the review procedures of Section 6 of these Formula Rate Protocols.

- iv. When a Schedule 19 Project for which the Commission granted the CWIP incentive, or portion thereof, is placed into service, Central Hudson shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
  - v. For Schedule 19 Projects for which the Commission has not granted the CWIP incentive, Central Hudson shall record AFUDC to be applied to CWIP and capitalized as part of CWIP and included in the project investment when the project is placed into service.
  - vi. For Schedule 19 Projects where the Commission has granted the CWIP incentive, Central Hudson will include in the investment for such project's AFUDC accrued prior to the date that Central Hudson first includes the CWIP for such projects in rate base.
- b. For each Schedule 19 Project where FERC has approved the CWIP incentive, Central Hudson shall include in its Informational Filing a report that includes the following concerning each project:
- i. the actual amount of CWIP recorded for each project by month for the Rate Year;
  - ii. the current status of each project; and

- iii. the estimated in-service date for each project.

## **Section 6 Annual Review Procedures**

Each Annual True-up Adjustment and Annual Update shall be subject to the following review procedures:

- a. Interested Parties shall have until December 1 to serve reasonable information requests on Central Hudson for both the Annual True-up Adjustment and the Annual Update. If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:
  - i. the extent or effect of an Accounting Change;
  - ii. whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates or includes data not properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates;
  - iii. whether the costs included in the Annual Update are properly accounted for (*e.g.*, recordable and recorded in the appropriate accounts) under FERC's Uniform System of Accounts under 18 C.F.R. Part 101, and otherwise consistent with Central Hudson's accounting policies, practices, or procedures;
  - iv. whether there are errors in the current Annual Update and, if any are identified, whether the same or similar errors were made in prior Formula

Rate filings with a further explanation identifying each Formula Rate filing in which such errors were made;

- v. the proper application of the Formula Rate and procedures in these Formula Rate Protocols;
  - vi. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-up Adjustment or the Annual Update;
  - vii. the prudence of actual costs and expenditures;
  - viii. the effect of any change to the underlying Uniform System of Accounts or the FERC Form No. 1;
  - ix. information on procurement methods and cost control methodologies used by Central Hudson; or
  - x. any other information that may reasonably have a substantive effect on the calculation of the Projected ATRR or Actual ATRR pursuant to the Formula Rate.
- b. The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable. Additionally, information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined by FERC (or resolved by a settlement accepted by FERC) or for Annual True-up Adjustments for other Rate Years, except that such information requests shall be permitted if they seek to determine if there has been a material change in Central Hudson's circumstances.
- c. Central Hudson shall make a good faith effort to respond to information

requests pertaining to the Annual True-up Adjustment and Annual Update within fifteen (15) business days of receipt of such requests. Central Hudson shall respond to all information and document requests by no later than December 20 unless the information exchange period is extended by Central Hudson or FERC. If December 20 falls on a weekend or a holiday recognized by FERC, the deadline for response to information requests shall be extended to the next business day.

- d. If Central Hudson and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these annual review procedures, Central Hudson or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with these annual review procedures and consistent with FERC's discovery rules.
- e. Central Hudson will cause to be posted on the ISO website all information requests from Interested Parties and Central Hudson's response to such requests; except to the extent such responses to information and document requests include material deemed by Central Hudson to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by Central Hudson and the requesting party).
- f. Central Hudson shall not claim that responses to information and document requests provided pursuant to these Formula Rate Protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing Central

Hudson's Annual True-up Adjustment, Annual Update, or its Formula Rate.

- g. The dates and time periods set forth in this Section 6 may be modified by agreement between Central Hudson and other Interested Parties.

## **Section 7      Informational Filing**

- a. By February 1 of each year, Central Hudson shall submit to FERC an Informational Filing of its Annual Update and the results of the Annual Review Procedures. This Informational Filing must include the information that is required by Section 3, must describe any changes pursuant to the Annual Review Procedures and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. In addition, Central Hudson will include supporting documentation and workpapers for all Schedule 19 Projects added to operating property in the Rate Year of the respective Projected ATRRs, including projected costs of each project, expected construction schedule and in-service dates. Within five (5) days of such Informational Filing, Central Hudson shall provide (or cause to be provided) notice of the Informational Filing to Interested Parties via an email exploder list and by posting the docket number assigned to Central Hudson's Informational Filing on Central Hudson's website and OASIS.
- b. Any challenges to the implementation of the Annual Update must be made through the Challenge Procedures described in Section 8 of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section 8      Challenge Procedures**

- a. Interested Parties have through January 31 of the following year to make an

Informal Challenge to Central Hudson's Annual True-up Adjustment or Annual Update.

If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue at least one issue through an Informal Challenge shall bar the filing of a Formal Challenge. If at least one Informal Challenge was pursued, then a Formal Challenge may be filed on that issue or any other issue. Failure to pursue an issue with respect to any particular Annual True-up Adjustment or Annual Update shall not bar pursuit of such issue through Informal Challenge or the lodging of a Formal Challenge as to such issue as it relates to subsequent Annual True-up Adjustments or Annual Updates. This Section 8 shall in no way affect a party's rights under FPA section 206.

- b. A party submitting an Informal Challenge to Central Hudson must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects and provide an appropriate explanation and documents to support its challenge. Central Hudson shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. Central Hudson shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If Central Hudson disagrees with such challenge, Central Hudson will provide the Interested Party(ies) with an explanation supporting the inputs and provide supporting calculations, descriptions, allocations, or other information. No Informal Challenge may be submitted after January 31, and Central Hudson must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by Central Hudson or FERC. Informal Challenges shall be subject to the resolution



procedures and limitations in this Section 8.

- c. Informal Challenges shall be presented to Central Hudson and Formal Challenges filed before the FERC, pursuant to these Formula Rate Protocols and both Informal and Formal Challenges shall:
- i. Clearly identify the action or inaction which is alleged to violate the filed Formula Rate or Formula Rate Protocols;
  - ii. Explain how the action or inaction violates the Formula Rate or Formula Rate Protocols;
  - iii. Set forth the business, commercial, economic, or other issues presented by the action or inaction as such relates to or affects the party filing the Informal Challenge or Formal Challenge, including:
    - A. The extent or effect of an Accounting Change;
    - B. Whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols;
    - C. The proper application of the Formula Rate and procedures in these Formula Rate Protocols;
    - D. The accuracy of data and consistency with the Formula Rate of the charges shown in the Annual True-up Adjustment or Annual Update, including errors as described in Section 6.a.iv, for the current Annual True-up Adjustment or Annual Update and for any prior years in which the Formula Rate included such errors;
    - E. The prudence of actual costs and expenditures;

- F. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
  - G. Any other information that may reasonably have substantive effect on the calculation of the Annual Update or Annual True-up Adjustment.
- iv. Informal Challenges and Formal Challenges may address whether costs are recorded consistent with the Fundamental Predicates in these Formula Rate Protocols and FERC's policies and regulations, how the costs charged by Central Hudson's shared services division are recorded on Central Hudson's books in accordance with Instruction 14 of the Uniform System of Accounts, the amounts of such centralized service company costs, and whether the costs are properly includable in transmission rates.
  - v. With respect to an issue that had previously been adjudicated by the Commission in a Formal Challenge proceeding that was not resolved by settlement, the principles of *res judicata* and *collateral estoppel* shall apply and, therefore, if a subsequent Formal Challenge is made with respect to such issue, Central Hudson may move to dismiss on such grounds, the challenging party or other Interested Parties may contest whether such principles apply, and the Commission shall have the discretion to determine whether the Formal Challenge may proceed or should be dismissed.
  - vi. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;

- vii. State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
  - viii. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
  - ix. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
  - x. State whether the filing party utilized the Informal Challenge procedures described in these Formula Rate Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.
- d. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on Central Hudson. Service to Central Hudson must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on Central Hudson's Informational Filing required under Section 7 of these Formula Rate Protocols.
- e. Central Hudson will cause to be posted on the ISO website all Informal Challenges from Interested Parties and Central Hudson's response(s) to such Informal Challenges; except to the extent such Informal Challenges or responses to Informal Challenges include material deemed by Central Hudson to be confidential information

(in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by Central Hudson and the requesting party).

- f. Any changes or adjustments to an Annual True-up Adjustment or Annual Update resulting from the information exchange and Informal Challenge processes agreed to by Central Hudson on or before December 1 will be reflected in the Annual Update for the upcoming Rate Year. Any changes or adjustments agreed to by Central Hudson after December 1 will be reflected in the following year's Annual True-up Adjustment.
- g. If Central Hudson and a challenging party have not resolved an Informal Challenge to an Annual Update, the challenging party shall have the right to submit by May 1 a Formal Challenge with the FERC, which shall be served on Central Hudson on the date of such filing as specified in Section 8.d., above. If May 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting a Formal Challenges shall be extended to the next business day. However, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in this Section 8 if the FERC already has initiated *sua sponte* a proceeding to consider the Annual Update. A Formal Challenge shall be filed pursuant to these Formula Rate Protocols rather than Section 206 of the FPA and in the same docket as Central Hudson's informational filing discussed in Section 7 of these Formula Rate Protocols. Central Hudson shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue during the applicable Review Period.

- h. In any proceeding initiated by FERC concerning an Annual True-up Adjustment or Annual Update or in response to a Formal Challenge, Central Hudson shall bear the burden, consistent with FPA section 205, of proving that it has correctly applied the terms of the Formula Rate consistent with these Formula Rate Protocols, and that it followed the applicable requirements and procedures in these Formula Rate Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- i. In the event an error, as further described in Section 6.a.iv, is identified in an Annual True-up Adjustment or Annual Update and such error was present in prior Annual True-up Adjustments or Annual Updates, an Interested Party may request a FERC order making any correction or providing other remedial relief retroactive to the first Formula Rate filing in which such error occurred. Central Hudson retains all rights to oppose such a request.
- j. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of Central Hudson to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, the ceiling rate of return on common equity and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any Interested Party to request such changes pursuant to FPA section 206 and the Commission's regulations thereunder.
- k. No Interested Party shall seek to modify the Formula Rate under the challenge procedures set forth in this Section 8, and an Annual True-up Adjustment and Annual Update shall not be subject to challenge by anyone for the purpose of modifying the

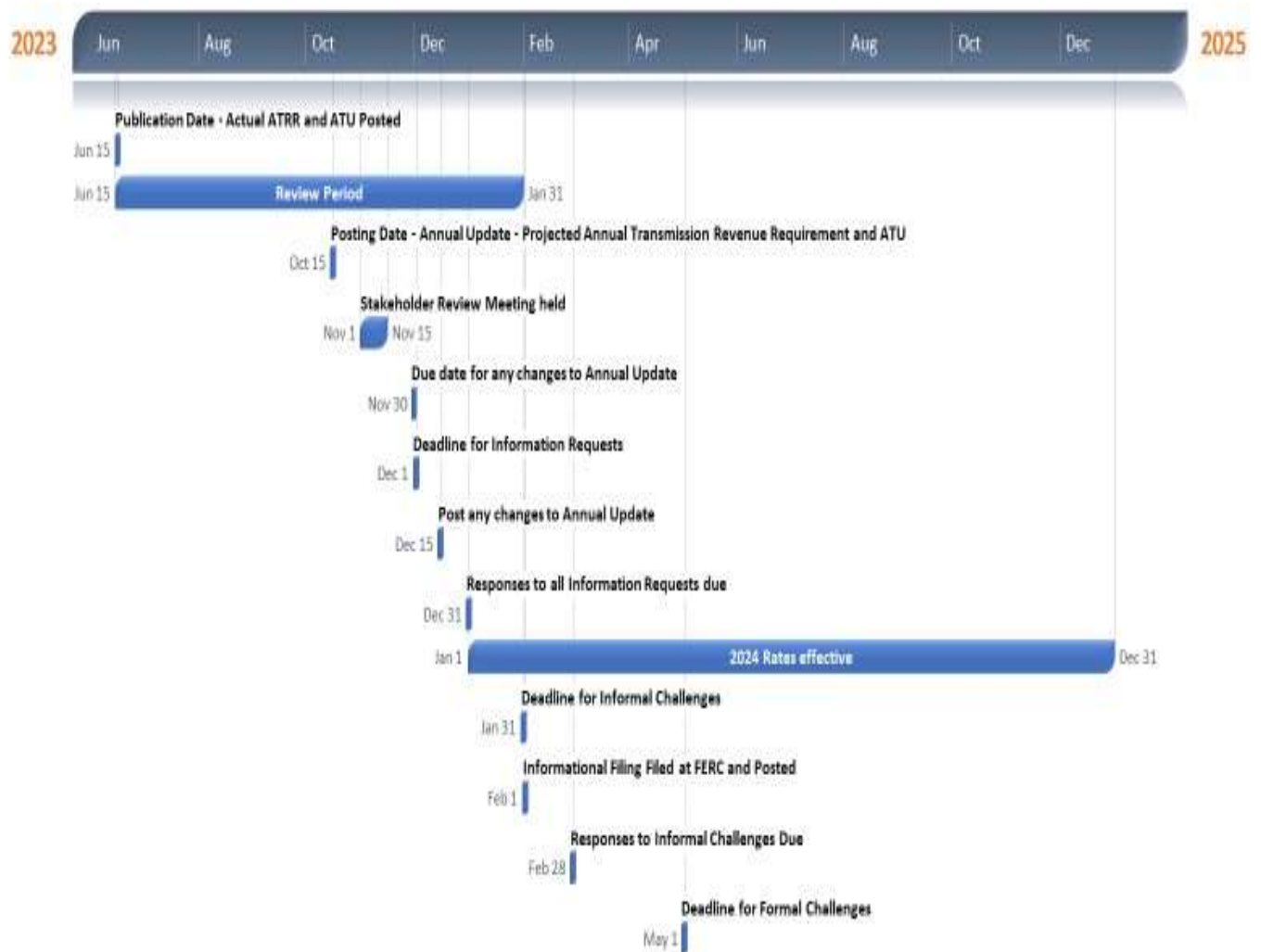
Formula Rate. Any modifications to the Formula Rate will require, as applicable, an FPA section 205 or section 206 filing.

1. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1 shall first raise the matter with Central Hudson in accordance with this Section 8 before pursuing a Formal Challenge.

## **Section 9 Changes to Annual Informational Filings**

Any changes to the data inputs as a result of revisions to Central Hudson's FERC Form No. 1 or as a result of any FERC proceeding to consider an Annual True-up Adjustment or as a result of the procedures set forth herein shall be incorporated into the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the Annual Update for the next effective Rate Year. This approach shall apply in lieu of mid-Rate Year adjustments or any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made if the Formula Rate is replaced by a stated rate by Central Hudson.

## **Section 10 Example Timeline of Annual Process**







## **6.19.10 Attachment 5 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Orange and Rockland Utilities, Inc.**

### **6.19.10.1 Applicability**

This Attachment 5 to Rate Schedule 19 of the ISO OATT establishes the CFC Charge of Orange and Rockland Utilities, Inc. (“O&R”). O&R is an Eligible Transmission Owner and may recover eligible costs for its CLCPA Eligible Projects in accordance with the requirements of Rate Schedule 19 of the ISO OATT.

### **6.19.10.2 Revenue Requirement**

For purposes of Rate Schedule 19 of the ISO OATT, the revenue requirement for the Eligible Transmission Owner’s CLCPA Eligible Projects shall be determined in accordance with the formula rate protocols set forth in Section 6.19.10.2.1 and the formula rate template set forth in Section 6.19.10.2.2. There shall be no duplicative recovery of costs as between the revenue requirement hereunder with any other O&R revenue requirement recovered through the ISO OATT.

#### **6.19.10.2.1 Formula Rate Protocols**

##### **Section 1. Definitions**

The following definitions shall apply for purposes of this Attachment 5 to Rate Schedule 19 of the ISO OATT:

- a. **Accounting Change:** any change in accounting by O&R or its affiliates that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate.
- b. **Annual Review Procedures:** the procedures described in this Section 6.19.10.2.1 of Attachment 5 to Rate Schedule 19 of the ISO OATT that provide for review and challenge by Interested Parties of an Annual True-up Adjustment and Annual Update.
- c. **Annual Stakeholder Meeting:** an annual meeting for Interested Parties with the intention that O&R present, explain and answer questions related to an Annual True-up

Adjustment and Annual Update.

- d. **Actual Annual Transmission Revenue Requirement (“Actual ATRR”):** the actual annual revenue requirement of O&R’s Schedule 19 Projects for a Rate Year and the actual annual revenue requirement for each of O&R’s Schedule 10 Projects for a Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than June 15 following the end of such Rate Year.
- e. **Annual True-up Adjustment:** determined separately for Schedule 19 Projects and Schedule 10 Projects, the difference between the revenues collected for that Rate Year under the Formula Rate based upon a Projected ATRR (not including the True-up Adjustment or Corrections) and an Actual ATRR for the same Rate Year. The Annual True-up Adjustment is included in the applicable Annual Update for the next Rate Year.
- f. **Annual Update:** determined separately for Schedule 19 Projects and Schedule 10 Projects, a Projected ATRR for the upcoming Rate Year including any applicable Annual True-up Adjustment for the prior Rate Year or any Corrections for prior years.
- g. **CLCPA Eligible Projects:** the transmission projects (or any portion thereof) owned by O&R that qualify as a “CLCPA Eligible Project” as such term is defined in Section 6.19.1.1 of Rate Schedule 19 of the ISO OATT. For the purposes of this Attachment 5 to Rate Schedule 19 of the ISO OATT, such transmission projects may also be referred to as “Schedule 19 Projects.”
- h. **Corrections:** determined separately for Schedule 19 Projects and Schedule 10 Projects, changes due to errors or otherwise to a prior Actual ATRR that occur after that Actual ATRR is used to determine an Annual True-up Adjustment for that Rate Year and included in an applicable Annual Update.
- i. **Formal Challenge:** a written challenge, filed with FERC, to an Annual True-up

Adjustment submitted to the Commission or to an Annual Update posted to the ISO website.

- j. **Formula Rate:** the Formula Rate Template (as set forth in Section 6.19.10.2.2 of this Attachment 5 to Rate Schedule 19 of the ISO OATT) and the Formula Rate Protocols (as set forth in this Section 6.19.10.2.1 of this Attachment 5 to Rate Schedule 19 of the ISO OATT).
- k. **Formula Rate Protocols:** The protocols under this Section 6.19.10.2.1 of this Attachment 5 to Rate Schedule 19 of the ISO OATT that provide safeguards to ensure that the input data to the formula rate is correct and accurate, that calculations are performed consistent with the formula rate, that the costs to be recovered in the formula rate are reasonable and were prudently incurred, and that the resulting rates are just and reasonable. The protocols address: (1) the scope of participation, (2) the transparency of the information exchange, and (3) the ability of Interested Parties to challenge O&R's implementation of the formula rate as a result of the information exchange.
- l. **Formula Rate Template:** the collection of formulas and worksheets, unpopulated with any data, as set forth in Section 6.19.10.2.2 of this Attachment 5 to Rate Schedule 19 of the ISO OATT.
- m. **Informal Challenge:** a process by which Interested Parties may challenge certain aspects of an Annual True-up Adjustment or an Annual Update. Informal Challenges are presented to O&R directly.
- n. **Informational Filing:** the filing of an Annual Update and the results of the Review Period with FERC on or before February 1 of each year commencing with the completion of the initial Rate Year for which the Formula Rate is effective. This is filed at FERC for informational purposes only and does not require any action by the Commission.
- o. **Interested Parties:** Transmission Customers under the ISO OATT, the New York State Department of Public Service, the New York State Department of State's Division of

Consumer Protection Utility Intervention Unit, consumer advocacy agencies, the New York State Attorney General or any party that has standing in a O&R Formula Rate proceeding under sections 205 or 206 of the FPA.

- p. **Posting Date:** the date on which O&R causes to be posted to the ISO website an Annual Update, which is October 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Posting Date shall be the next business day.
- q. **Projected Annual Transmission Revenue Requirement (“Projected ATRR”):** the projected annual revenue requirement of O&R’s CLCPA Eligible Projects for the upcoming Rate Year and the projected annual revenue requirement for each of O&R’s Schedule 10 Projects for the upcoming Rate Year, calculated in accordance with the Formula Rate and posted on the ISO website no later than the Posting Date.
- r. **Publication Date:** the date on which O&R causes an Annual True-up Adjustment to be posted to the ISO website, which is June 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Publication Date shall be the next business day.
- s. **Rate Year:** a twelve consecutive month period that begins on January 1 and continues through December 31.
- t. **Review Period:** the period during which Interested Parties may request information or make Informal Challenges to an Annual True-up Adjustment or an Annual Update. The Review Period extends from the Publication Date to January 31 of the following calendar year. Information requests can be submitted from the Publication Date through December 1 of the current year. The deadlines for information requests and the Review Period shall be extended for any delays in the Publication Date, including if the Publication Date falls on a holiday

recognized by FERC or a weekend. In addition, the deadline for information requests or for the Review Period shall be extended to the next business day if such dates fall on a holiday recognized by FERC or on a weekend.

- u. **Schedule 10 Projects:** the transmission projects (or any portion thereof) owned by O&R that are eligible for recovery under Rate Schedule 10 to the ISO OATT.

## **Section 2. Applicability**

These Formula Rate Protocols shall apply to O&R's calculation of its Projected ATRRs and Actual ATRRs, and related Annual True-up Adjustments. A timeline of the annual protocol process is contained in Section 10 of this Section 6.19.10.2.1 of Attachment 5 to Rate Schedule 19 of the ISO OATT.

## **Section 3. Projected ATRR, Actual ATRR, Annual True-up Adjustment and Annual Update**

- a. The Projected ATRRs, calculated pursuant to the Formula Rate, shall be applicable on and after January 1 of the Rate Year in which the applicable revenue requirement is to be included in transmission rates.
- b. On or before June 15 of each succeeding Rate Year (the Publication Date), O&R shall calculate its Actual ATRRs and resulting Annual True-up Adjustments according to the Formula Rate and cause the results to be posted on the ISO website. Within five (5) days of such posting, O&R shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. O&R shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to O&R.
- c. On or before October 15 of each year (the Posting Date) beginning when the applicable revenue requirement is to be included in transmission rates in the subsequent Rate Year, O&R shall calculate its Annual Update for the upcoming Rate Year and cause the results to be

posted on the ISO website. As part of the Annual Update, O&R shall determine its Projected ATRRs, calculated according to the Formula Rate. The Annual Update will also include the results of the applicable Annual True-up Adjustments for the prior Rate Year and any Corrections for prior years, when applicable. Within five (5) days of such posting, O&R shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. O&R shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to O&R.

- d. If the Publication Date or the Posting Date falls on a weekend or a holiday recognized by FERC, then the Publication Date or Posting Date, as applicable, shall be the next business day.
- e. Within thirty (30) days after the Posting Date, O&R shall hold the Annual Stakeholder Meeting to present, explain and answer questions concerning the Annual True-up Adjustments for the prior Rate Year and the Annual Updates for the upcoming Rate Year. O&R will provide the opportunity for remote participation at Annual Stakeholder Meetings. To ensure that Interested Parties receive sufficient advance notice of Stakeholder Meetings, O&R shall schedule each Annual Stakeholder Meeting at least one (1) month in advance and cause notice thereof to be posted on the ISO website. Within five (5) days of such posting, O&R shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. O&R shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to O&R.
- f. O&R shall modify an Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 1 and shall cause the revised Annual Update to

be posted on the ISO website no later than December 15. Any change agreed to or required after November 30 will be implemented as part of the applicable Annual True-up Adjustment to be effective in the next following Rate Year. Within five (5) days of such posting, O&R shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. O&R shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to O&R.

- g. The Actual ATRRs and Annual True-up Adjustments posting shall:
  - i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact and based on O&R's FERC Form No. 1 reports for the prior Rate Year;
  - ii. Provide supporting documentation and workpapers for data that are used in the Annual True-up Adjustments that are not otherwise available directly from the FERC Form No. 1 reports;
  - iii. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-up Adjustments;
  - iv. Identify any changes in the Formula Rate references (page and line numbers) to the FERC Form No. 1 report;
  - v. Identify all material adjustments made to the FERC Form No. 1 data in determining Formula Rate Template inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
  - vi. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Actual ATRRs under the Formula Rate:
    - A. a description of any changes in an accounting standard or policy;

- B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
  - D. a description of any new estimation methods or policies that change prior estimates; and
  - E. changes to income tax elections or rates;
- vii. Identify items included in the Annual True-up Adjustments at an amount other than on a historic cost basis (e.g., fair value adjustments);
- viii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-up Adjustments;
- ix. Include, for each item identified pursuant to 3.g.vi – 3.g.viii of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on Actual ATRRs under the Formula Rate; and
- x. Provide for the applicable rate year the following information related to affiliate cost allocation.
  - A. a detailed description of the methodologies used to allocate and directly assign costs between O&R and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior Rate Year and the reasons and justifications for those changes; and
  - B. the magnitude of such costs that have been allocated or directly assigned between O&R and each affiliate by service category or function.
- h. The Projected ATRRs shall:



- i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact;
- ii. Provide supporting documentation and workpapers for all Schedule 19 Projects and Schedule 10 Projects being added to operating property in the upcoming Rate Year that are used in the respective Projected ATRRs, including projected costs of each project, expected construction schedule and in-service dates;
- iii. Provide enough information to enable Interested Parties to replicate the calculation of the Projected ATRRs;
- iv. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Projected ATRRs under the Formula Rate:
  - A. a description of any changes in an accounting standard or policy;
  - B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - C. any correction of errors and prior period adjustments that impact an Annual True-up Adjustment calculation or prior Annual True-up Adjustments;
  - D. a description of any new estimation methods or policies that change prior estimates; and
  - E. changes to income tax elections or rates;
- v. Identify items included in a Projected ATRR at an amount other than on a historic cost basis (e.g., fair value adjustments);
- vi. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to a

Projected ATRR; and

- vii. Include, for each item identified pursuant to 3.h.iv – 3.h.vi of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on Projected ATRRs under the Formula Rate.
- i. If O&R files any corrections to its FERC Form No. 1 that impacts an Annual True-up Adjustment, such corrections and any resulting refunds or surcharges shall be reflected in the subsequent, applicable Annual True-up Adjustment or Annual Update as a Correction, with interest.
- j. Interest on each Annual True-up Adjustment shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a a(iii)(A). The interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over- or under- recovery in the applicable Actual ATRR exists (middle of Rate Year for which the applicable Annual True-up Adjustment is being determined to the middle of Rate Year where such Annual True-up Adjustment is included in the respective Annual Update). The interest during this 24-month period will initially be estimated and then trued-up to actual and included in a subsequent, applicable Annual True-up Adjustment.
- k. Formula Rate Template inputs for (i) the ceiling rate of return on common equity for Schedule 19 Projects; (ii) the base return on equity for the Schedule 10 Projects; (iii) extraordinary property losses, and (iv) depreciation and amortization expense rates shall be stated values to be used in the Formula Rate approved by FERC order(s). O&R may make a limited section 205 filing to change its Schedule 19 Projects ceiling rate of return on common equity or its base rate of return on common equity for a Schedule 10 Project(s) to reflect incentive rate of return adders, if any, which may only be included upon FERC order. Such

filings shall comply with the filing requirements that FERC has established for seeking such incentives. Changes in depreciation and amortization rates to track a state commission order shall become effective only upon a FERC order permitting a change in depreciation and amortization rates, which, to the extent possible, should be made effective as of the same date the state commission order becomes effective. O&R will include notification of any of the above changes in the applicable informational filing. O&R may also request transmission rate incentives pursuant to section 219 of the FPA or any superseding sections.

1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be taken either directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the FERC Form No. 1 is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in FERC Form No. 1. If the FERC Form No. 1 is discontinued, equivalent information as that provided in FERC Form No. 1 shall be utilized.

#### **Section 4. Fundamental Predicates**

- a. The Formula Rate is premised upon data reported or recorded by O&R consistent with the following predicates ("Fundamental Predicates"):
  - i. FERC's Uniform System of Accounts;
  - ii. Applicable FERC Form No. 1 reporting requirements;
  - iii. FERC's policies governing formula rates for transmission service, including FERC's policies that all charges billed under transmission formula rates are subject to: (A) challenge on grounds of imprudence, and (B) an order by FERC requiring refunds in the manner and to the extent ordered;
  - iv. FERC orders establishing transmission ratemaking policies of general

- application to transmission-owning public utilities, including O&R; and
- v. The accounting and cost allocation policies, practices and procedures of O&R to the extent consistent with the authorities listed in (i) through (iv) above.
- b. The Formula Rate is based upon each of these Fundamental Predicates as existed as of the date these Formula Rate Protocols are filed with FERC. Provisions of the Formula Rate may be modified to conform to changes in these Fundamental Predicates in accordance with Section 8 of these Formula Rate Protocols or as ordered by FERC.
- c. The Projected ATRRs and Actual ATRRs shall include 1) as it relates to CLCPA Eligible Projects, only costs for CLCPA Eligible Projects approved by the PSC as contemplated by the CSRA and such costs as are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 19 of the ISO OATT and 2) as it relates to Schedule 10 Projects, only costs for projects eligible for recovery under Rate Schedule 10 of the ISO OATT and such costs as are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 10 of the ISO OATT. Interested Parties shall be entitled to review and challenge (i) the reasonableness and prudence of costs and expenditures included in the Projected ATRRs and Actual ATRRs, (ii) the basis for and reasonableness of allocating all or any portion of such costs and expenditures in determining the Projected ATRRs and Actual ATRRs, and (iii) whether the allocation of costs as applied results in a disproportionate allocation of cost to the Projected ATRRs and Actual ATRRs for charges under, as applicable, Rate Schedule 19 or Rate Schedule 10 of the ISO OATT. Any such review and challenge shall adhere to the procedures set forth in Sections 6 and 8 below.

## **Section 5. Construction Work in Progress**

- a. This section applies to any and all Schedule 19 Projects or Schedule 10 Projects where the Commission has granted O&R inclusion in rate base of CWIP above 50% ("CWIP

incentive”). This section does not apply to FERC’s general policy of including 50% CWIP in rate base, which, if authorized, would be treated for review like other ratebase items.

- i. O&R shall use the following accounting procedures to ensure that, if authorized by a Commission order to include 100% of any CWIP in rate base, O&R ceases to accrue for recovery any AFUDC and, if less than 100% of CWIP in rate base is authorized, a corresponding percentage of AFUDC accruals will cease. O&R shall assign each Schedule 19 Project or Schedule 10 Project where the Commission has authorized the CWIP incentive a unique funding project number (“FPN”) for internal cost tracking purposes.
- ii. O&R shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each applicable Schedule 19 Project or Schedule 10 Project. Such work orders shall be segregated from work orders for other Schedule 19 Projects or Schedule 10 Projects for which the Commission has not authorized O&R to include any portion of CWIP in rate base.
- iii. For each applicable Schedule 19 Project or Schedule 10 Project, O&R shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and transfers to plant in service and shall correspond to amounts shown in O&R’s FERC Form No. 1. O&R shall use these summaries as data inputs into the respective Annual True-up Adjustments. O&R shall make such work order summaries available upon request under the review procedures of Section 6 of these Formula Rate Protocols.
- iv. When a Schedule 19 Project or Schedule 10 Project for which the Commission granted the CWIP incentive, or portion thereof, is placed into service, O&R shall deduct from the total CWIP the accumulated charges for work orders under the FPN

for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.

- v. For Schedule 19 Projects or Schedule 10 Projects for which the Commission has not granted the CWIP incentive, O&R shall record AFUDC to be applied to CWIP and capitalized as part of CWIP and included in the project investment when the project is placed into service.
  - vi. For Schedule 19 Projects or Schedule 10 Projects where the Commission has granted the CWIP incentive, O&R will include in the investment for such project's AFUDC accrued prior to the date that O&R first includes the CWIP for such projects in rate base.
- b. For each Schedule 19 Project and Schedule 10 Project where FERC has approved the CWIP incentive, O&R shall include in its Informational Filing a report that includes the following concerning each project:
- i. the actual amount of CWIP recorded for each project by month for the Rate Year;
  - ii. the current status of each project; and
  - iii. the estimated in-service date for each project.

## **Section 6. Annual Review Procedures**

Each Annual True-up Adjustment and Annual Update shall be subject to the following review procedures:

- a. Interested Parties shall have until December 1 to serve reasonable information requests on O&R for both the Annual True-up Adjustments and the Annual Updates. If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:

- i. the extent or effect of an Accounting Change;
- ii. whether the Annual True-up Adjustments or Annual Updates fail to include data properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates or includes data not properly recorded in accordance with these Formula Rate Protocols and the Fundamental Predicates;
- iii. whether the costs included in the Annual Updates are properly accounted for (e.g., recordable and recorded in the appropriate accounts) under FERC's Uniform System of Accounts under 18 C.F.R. Part 101, and otherwise consistent with O&R's accounting policies, practices, or procedures;
- iv. whether there are errors in the current Annual Updates and, if any are identified, whether the same or similar errors were made in prior Formula Rate filings with a further explanation identifying each Formula Rate filing in which such errors were made;
- v. the proper application of the Formula Rate and procedures in these Formula Rate Protocols;
- vi. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-up Adjustments or the Annual Updates;
- vii. the prudence of actual costs and expenditures;
- viii. the effect of any change to the underlying Uniform System of Accounts or the FERC Form No. 1;
- ix. information on procurement methods and cost control methodologies used by O&R; or
- x. any other information that may reasonably have a substantive effect on the calculation of the Projected ATRRs or Actual ATRRs pursuant to the

Formula Rate.

- b. The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable. Additionally, information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined by FERC (or resolved by a settlement accepted by FERC) for Annual True-up Adjustments for other Rate Years, except that such information requests shall be permitted if they seek to determine if there has been a material change in O&R's circumstances.
- c. O&R shall make a good faith effort to respond to information requests pertaining to the Annual True-up Adjustments and Annual Updates within fifteen (15) business days of receipt of such requests. O&R shall respond to all information and document requests by no later than December 20 unless the information exchange period is extended by O&R or FERC. If December 20 falls on a weekend or a holiday recognized by FERC, the deadline for response to information requests shall be extended to the next business day.
- d. If O&R and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these annual review procedures, O&R or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with these annual review procedures and consistent with FERC's discovery rules.
- e. O&R will cause to be posted on the ISO website all information requests from Interested Parties and O&R's response to such requests; except to the extent such responses to information and document requests include material deemed by O&R to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by O&R



and the requesting party).

- f. O&R shall not claim that responses to information and document requests provided pursuant to these Formula Rate Protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing O&R's Annual True-up Adjustments, Annual Updates, or its Formula Rate.
- g. The dates and time periods set forth in this Section 6 may be modified by agreement between O&R and other Interested Parties.

## **Section 7. Informational Filing**

- a. By February 1 of each year, O&R shall submit to FERC an Informational Filing of its Annual Updates and the results of the Annual Review Procedures. This Informational Filing must include the information that is required by Section 3, must describe any changes pursuant to the Annual Review Procedures and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. In addition, O&R will include supporting documentation and workpapers for all Schedule 19 Projects and Schedule 10 Projects added to operating property in the Rate Year of the respective Projected ATRRs, including projected costs of each project, expected construction schedule and in-service dates. Within five (5) days of such Informational Filing, O&R shall provide (or cause to be provided) notice of the Informational Filing to Interested Parties via an email exploder list and by posting the docket number assigned to O&R's Informational Filing on O&R's website and OASIS and to the ISO website.
- b. Any challenges to the implementation of the Annual Updates must be made through the Challenge Procedures described in Section 8 of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section 8. Challenge Procedures**

- a. Interested Parties have through January 31 of the following year to make an Informal Challenge to O&R's Annual True-up Adjustments or Annual Updates. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue at least one issue through an Informal Challenge shall bar the filing of a Formal Challenge. If at least one Informal Challenge was pursued, then a Formal Challenge may be filed on that issue or any other issue. Failure to pursue an issue with respect to any particular Annual True-up Adjustment or Annual Update shall not bar pursuit of such issue through Informal Challenge or the lodging of a Formal Challenge as to such issue as it relates to subsequent Annual True-up Adjustments or Annual Updates. This Section 8 shall in no way affect a party's rights under FPA section 206.
- b. A party submitting an Informal Challenge to O&R must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects and provide an appropriate explanation and documents to support its challenge. O&R shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. O&R shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If O&R disagrees with such challenge, O&R will provide the Interested Party(ies) with an explanation supporting the inputs and provide supporting calculations, descriptions, allocations, or other information. No Informal Challenge may be submitted after January 31, and O&R must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by O&R or FERC. Informal Challenges shall be subject to the resolution procedures and limitations in this Section 8.
- c. Informal Challenges shall be presented to O&R, and Formal Challenges shall be filed

before the FERC, pursuant to these Formula Rate Protocols, and both Informal and Formal Challenges shall:

- i. Clearly identify the action or inaction which is alleged to violate the filed Formula Rate or Formula Rate Protocols;
- ii. Explain how the action or inaction violates the Formula Rate or Formula Rate Protocols;
- iii. Set forth the business, commercial, economic, or other issues presented by the action or inaction as such relates to or affects the party filing the Informal Challenge or Formal Challenge, including:
  - A. The extent or effect of an Accounting Change;
  - B. Whether the applicable Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols;
  - C. The proper application of the Formula Rate and procedures in these Formula Rate Protocols;
  - D. The accuracy of data and consistency with the Formula Rate of the charges shown in the applicable Annual True-up Adjustment or Annual Update, including errors as described in Section 6.a.iv, for the current, applicable Annual True-up Adjustment or Annual Update and for any prior years in which the Formula Rate included such errors;
  - E. The prudence of actual costs and expenditures;
  - F. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
  - G. Any other information that may reasonably have a substantive

effect on the calculation of the applicable Annual True-up Adjustment or Annual Update.

- iv. Informal Challenges and Formal Challenges may address whether costs are recorded consistent with the Fundamental Predicates in these Formula Rate Protocols and FERC's policies and regulations, how the costs charged by O&R's affiliates are recorded on O&R's books in accordance with Instruction 14 of the Uniform System of Accounts, the amounts of such affiliates' costs, and whether the costs are properly includable in transmission rates.
- v. With respect to an issue that had previously been adjudicated by the Commission in a Formal Challenge proceeding that was not resolved by settlement, the principles of *res judicata* and *collateral estoppel* shall apply and, therefore, if a subsequent Formal Challenge is made with respect to such issue, O&R may move to dismiss on such grounds, the challenging party or other Interested Parties may contest whether such principles apply, and the Commission shall have the discretion to determine whether the Formal Challenge may proceed or should be dismissed.
- vi. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
- vii. State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
- viii. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
- ix. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited

to, contracts and affidavits; and

- x. State whether the filing party utilized the Informal Challenge procedures described in these Formula Rate Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.
- d. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on O&R. Service to O&R must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on O&R's Informational Filing required under Section 7 of these Formula Rate Protocols.
- e. O&R will cause to be posted on the ISO website all Informal Challenges from Interested Parties and O&R's response(s) to such Informal Challenges; except to the extent such Informal Challenges or responses to Informal Challenges include material deemed by O&R to be confidential information, in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by O&R and the requesting party.
- f. Any changes or adjustments to an Annual True-up Adjustment or Annual Update resulting from the information exchange and Informal Challenge processes agreed to by O&R on or before December 1 will be reflected in the applicable Annual Update for the upcoming Rate Year. Any changes or adjustments agreed to by O&R after December 1 will be reflected in the following year's applicable Annual True-up Adjustment.
- g. If O&R and a challenging party have not resolved an Informal Challenge to an Annual Update, the challenging party shall have the right to submit by May 1 a Formal Challenge with the FERC, which shall be served on O&R on the date of such filing as

specified in Section 8.d., above. If May 1 falls on a holiday recognized by FERC or on a weekend, the deadline for submitting a Formal Challenge shall be extended to the next business day. However, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in this Section 8 if the FERC already has initiated *sua sponte* a proceeding to consider the corresponding Annual Update. A Formal Challenge shall be filed pursuant to these Formula Rate Protocols rather than Section 206 of the FPA and in the same docket as O&R's informational filing discussed in Section 7 of these Formula Rate Protocols. O&R shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue during the applicable Review Period.

- h. In any proceeding initiated by FERC concerning an Annual True-up Adjustment or Annual Update or in response to a Formal Challenge, O&R shall bear the burden, consistent with FPA section 205, of proving that it has correctly applied the terms of the Formula Rate consistent with these Formula Rate Protocols, and that it followed the applicable requirements and procedures in these Formula Rate Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- i. In the event an error, as further described in Section 6.a.iv, is identified in an Annual True-up Adjustment or Annual Update and such error was present in prior Annual True-up Adjustments or Annual Updates, an Interested Party may request a FERC order making any correction or providing other remedial relief retroactive to the first Formula Rate filing in which such error occurred. O&R retains all rights to oppose such a request.
- j. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of O&R to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, the

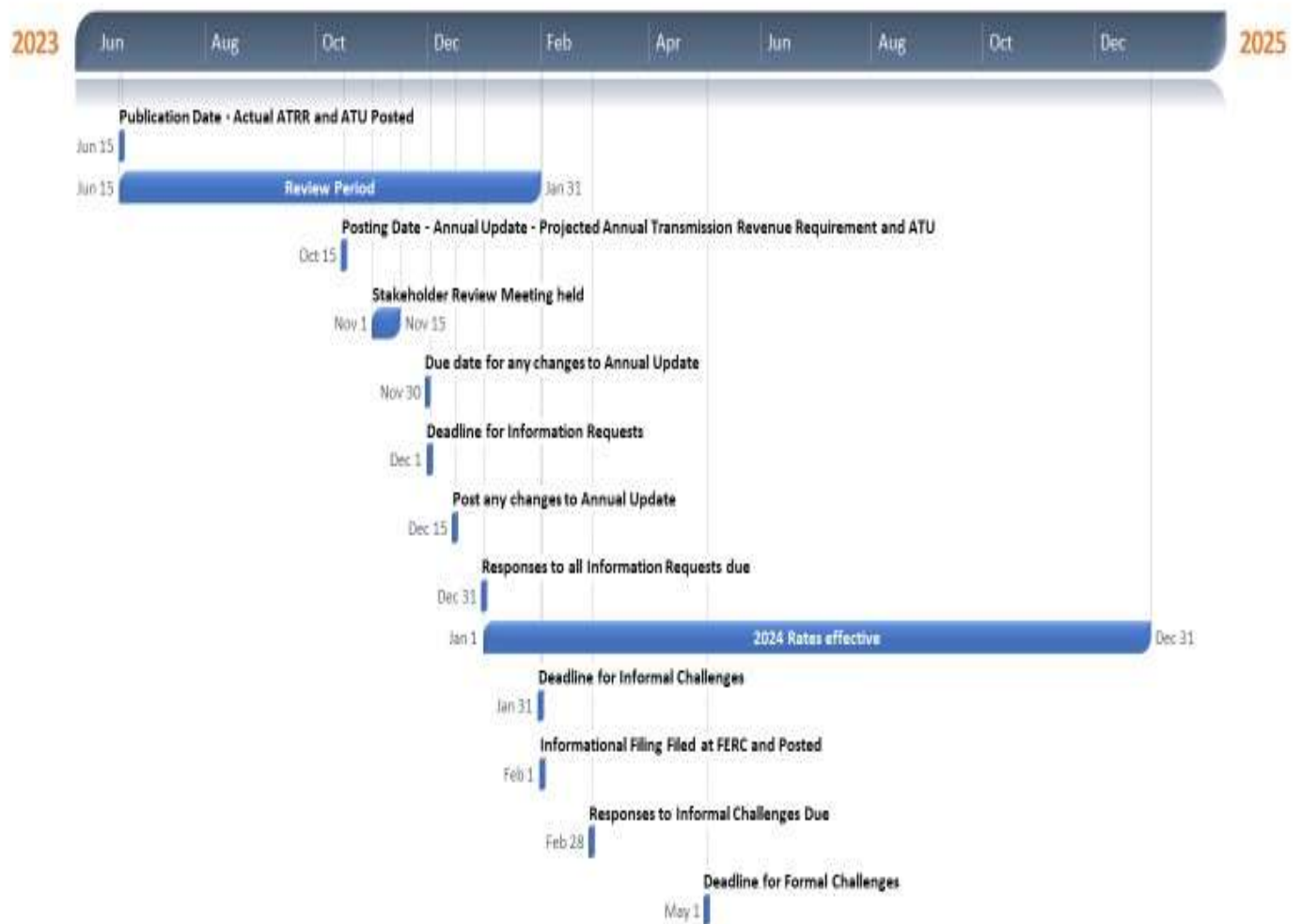
ceiling rate of return on common equity for Schedule 19 Projects, the base rate of return on common equity for Schedule 10 Projects, and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any Interested Party to request such changes pursuant to FPA section 206 and the Commission's regulations thereunder.

- k. No Interested Party shall seek to modify the Formula Rate under the challenge procedures set forth in this Section 8, and the Annual True-up Adjustments and Annual Updates shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, an FPA section 205 or section 206 filing.
- l. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1 shall first raise the matter with O&R in accordance with this Section 8 before pursuing a Formal Challenge.

#### **Section 9. Changes to Annual Informational Filings**

Any changes to the data inputs as a result of revisions to O&R's FERC Form No. 1 or as a result of any FERC proceeding to consider an Annual True-up Adjustment or as a result of the procedures set forth herein shall be incorporated into the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the applicable Annual Update for the next effective Rate Year. This approach shall apply in lieu of mid-Rate Year adjustments or any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made if the Formula Rate is replaced by a stated rate by O&R.

## Section 10. Example Timeline of Annual Process





**6.19.10.2.2    Reserved for future use**

**6.20        Reserved for future use**

**6.21        Reserved for future use**

**7 Attachment A - Form of Service Agreement for Firm Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (the “ISO”), and \_\_\_\_\_ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the ISO to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The ISO agrees to provide and the Transmission Customer agrees to pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

ISO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by  
their respective authorized officials.

ISO:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

**8      Attachment B - Form of Service Agreement for Non-Firm Point-To-Point  
Transmission Service**

Non-Firm Point-To-Point Transmission Service is not available in the markets that the  
NYISO administers.

## **9 Attachment C - Methodology to Assess Available Transfer Capability**

The ISO shall calculate Available Transfer Capability ("ATC") according to the procedures set forth in this Attachment C which adopts the "Rated System Path Methodology" established by the North American Electric Reliability Corporation's Reliability Standard MOD-029-1a, or its successors. Additional information and detail shall be set forth in the ISO's ATC Implementation Document ("ATCID").

### **9.1 Overview**

The ISO shall calculate and post ATC values for its Internal and External Interfaces and for Scheduled Lines. The ISO's Interfaces represent a defined set of transmission facilities that separate Locational Based Marginal Pricing (LBMP) Load Zones within the New York Control Area and that separate the New York Control Area from adjacent Control Areas. External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes. Each Proxy Generator Bus may be associated with distinct, posted ATC values. Scheduled Lines represent a transmission facility or set of transmission facilities that provide a separate scheduling path interconnecting the ISO to an adjacent Control Area. Each Scheduled Line is associated with a distinct Proxy Generator bus for which the ISO separately posts ATC.

Hourly ATCs for the current day and for the next six days, and daily and monthly ATCs shall be calculated for all External Interfaces and for Scheduled Lines. Specifically, for External Interfaces and for all Scheduled Lines, the ISO shall calculate: (i) hourly ATC values for at least the next forty eight hours; (ii) daily values for at least the next thirty one calendar days; and (iii) monthly values for at least the next twelve months (*i.e.*, months 2-13). For External Interfaces and for all Scheduled Lines, the ISO shall recalculate ATC at a minimum on the following

frequency, unless none of the calculated values identified in its ATC equation have changed: (i) for hourly values, once per hour (subject to the exception in MOD-001-1a which allows transmission service providers up to 175 hours per year during which calculations are not required); (ii) for daily values, once per day; and (iii) for monthly values, once per week. Hourly ATCs shall be calculated for all Internal Interfaces for the current day and for the next day. To the extent necessary for compliance with MOD-001-1a, the ISO: (i) accounts for the impacts of its internal congestion on its external interfaces as accurately as possible; and (ii) calculates internal flows in order to fulfill its obligation to calculate external flows. External ATC calculations shall be performed with models that depict system conditions consistent with the expected internal flows.

The ISO's calculation of ATC shall reflect its provision of transmission service under an LBMP system pursuant to the schedules produced by its Day-Ahead Market software (the "Security Constrained Unit Commitment" ("SCUC")) and Real-Time Market software (the "Real Time Commitment" ("RTC")) in the form of "Transmission Flow Utilization" information which is incorporated into the ISO's ATC equation as specified in sections 9.2 and 9.4, below.

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for Firm Transmission Service through the use of SCUC, RTC, and its Real-Time Dispatch software. If the posted ATC value for an Interface is zero that is an indication that the Interface is congested. The ISO may, however, still be able to provide additional Firm Transmission Service over such Interfaces through redispatching and other schedule adjustments directed by the SCUC and RTC algorithms that will be incorporated into the Transmission Flow Utilization component of its ATC equation.

SCUC creates the ISO's Day-Ahead Market schedules and prices by performing a series



of commitment and dispatch runs. The SCUC algorithm simultaneously minimizes the ISO's total Bid Production Cost of: (i) supplying power or demand reductions to satisfy accepted purchasers' Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market consistent with the Regulation Service Demand Curve and Operating Reserve Demand Curve; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting Bilateral Transaction schedules submitted Day-Ahead excluding schedules of Bilateral Transactions with Trading Hubs as their POWs. The power flow information produced by the SCUC algorithm is incorporated into the ISO's ATC calculations as Transmission Flow Utilization<sub>Firm</sub> data pursuant to sections 9.2 and 9.4, below.

RTC is a multi-period security constrained unit commitment and dispatch model that cooptimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. RTC makes binding unit commitment and de-commitment decisions for the periods beginning fifteen minutes (in the case of resources that can respond in ten minutes) and thirty minutes (in the case of resources that can respond in thirty minutes) after the scheduled posting time of each RTC run, provides advisory commitment information for the remainder of the two and a half hour optimization period, and will produce binding schedules for External Transactions to begin at the start of each quarter hour. RTC co-optimizes to solve simultaneously for all Load, Operating Reserves and Regulation Service requirements and to minimize the total as bid production costs over its optimization timeframe. RTC considers SCUC's resource commitment for the day, load forecasts that RTC itself will produce each quarter hour, binding transmission constraints, and all Real-Time Bids and Bid parameters. The schedules produced by RTC are incorporated into the

ISO's ATC calculation as Transmission Flow Utilization<sub>Firm</sub> data pursuant to sections 9.2 and 9.4 below.

At the conclusion of the SCUC and RTC processes, the ISO's software performs the calculation for determining ATC values for the current day and the next day in accordance with section 9.2. Hourly or quarter-hourly ATC values are then posted to the ISO's OASIS. In addition, the ISO's long-term ATC calculator software runs twice a day and calculates daily and monthly ATC values, and hourly values further ahead than the next day, for the ISO's External Interfaces and all Scheduled Lines, which are in turn posted to the ISO's OASIS.

When calculating ATC the ISO shall use assumptions no more limiting than those used in the planning of operations, for the corresponding time period studied, provided that such planning of operations has been performed for that time period. When different inputs are used in ATC calculations because the calculations are performed at different times, such that the most recent information is used in any calculation, a difference in that input data shall be not be considered to be a difference in assumptions.

## **9.2 Methodology for Computing Firm ATC**

The ISO calculates hourly Firm ATC based on the market schedules determined using its SCUC process for the Day-Ahead Market and its RTC processes for the Real-Time Market for the next day and current day time periods. These ATC values shall be posted for all Interfaces and Scheduled Lines in compliance with applicable North American Energy Standards Board requirements. The ISO also calculates and posts Firm ATC for External Interfaces for the additional hourly, as well as the daily and monthly periods specified in section 9.1, above. The ISO does not calculate Non-Firm ATC because NonFirm PointToPoint Transmission Service is not available in the markets that the NYISO administers.

When calculating Firm ATC (“ATC<sub>F</sub>”) for all Interfaces for each of the time periods specified in section 9.1 above, the ISO shall use the algorithm established under Requirement 7 of MOD-029-1a. Specifically:

$$ATC_F = TTC - ETC_F - CBM - TRM + Postbacks_F + counterflows_F$$

Where

**ATC<sub>F</sub>** is the firm Available Transfer Capability for the Interface for that period.

**TTC** is the Total Transfer Capability of the Interface for that period.

**ETC<sub>F</sub>** is the sum of existing firm commitments for the Interface during that period (including Firm Transmission Flow Utilization).

**CBM** is the Capacity Benefit Margin for the Interface during that period.

**TRM** is the Transmission Reliability Margin for the Interface during that period.

**Postbacks<sub>F</sub>** are changes to firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>F</sub>** are the adjustments to ATC<sub>F</sub> as determined by the ISO and specified in its ATCID.

When calculating Non-Firm ATC (“ATC<sub>NF</sub>”) for all Interfaces for each of the time periods specified in section 9.1 above, the ISO shall use the algorithm established under Requirement 8 of MOD-029-1a. Specifically:

$$ATC_{NF} = TTC - ETC_F - ETC_{NF} - CBM_S - TRM_U + Postbacks_{NF} + counterflows_{NF}$$

Where

**ATC<sub>NF</sub>** is the non-firm Available Transfer Capability for the Interface for that period.

**TTC** is the Total Transfer Capability of the Interface for that period.

**ETC<sub>F</sub>** is the sum of existing firm commitments for the Interface during that period (including Firm Transmission Flow Utilization).

**ETC<sub>NF</sub>** is the sum of existing non-firm commitments for the Interface during that period.

**CBM<sub>S</sub>** is the Capacity Benefit Margin for the Interface that has been scheduled during that period.

**TRM<sub>U</sub>** is the Transmission Reliability Margin for the Interface that has not been released for sale (unreleased) as non-firm capacity by the ISO during that period.

**Postbacks<sub>NF</sub>** are changes to non-firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices

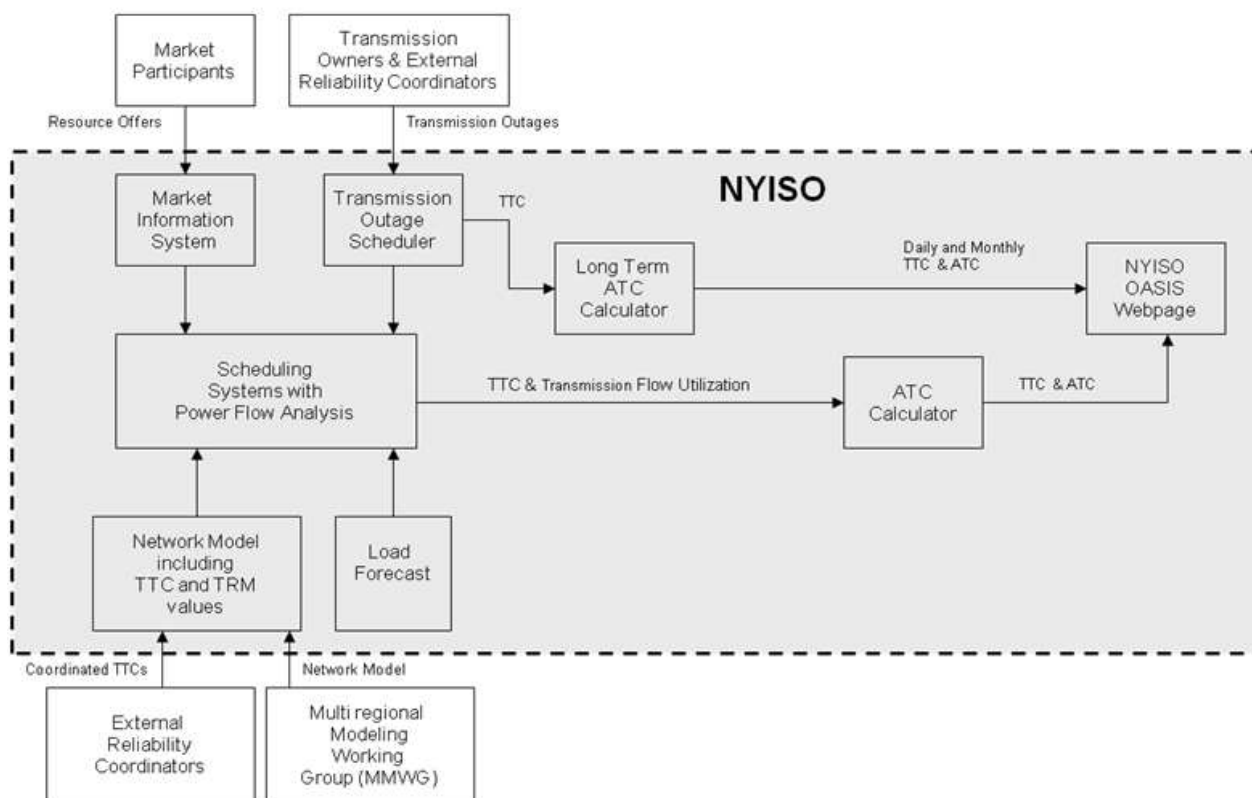
**counterflows<sub>NF</sub>** are the adjustments to ATC<sub>NF</sub> as determined by the ISO and specified in its ATCID.

The ISO's ATC calculation algorithms are posted at the "ATC Detailed Algorithms" link at: [http://www.nyiso.com/public/webdocs/market\\_data/power\\_grid\\_info/ATCDetailedAlgorithms.pdf](http://www.nyiso.com/public/webdocs/market_data/power_grid_info/ATCDetailedAlgorithms.pdf)

### **9.3 Process Flow Diagram**

The following diagram illustrates the process that the ISO follows when computing and posting ATC.

## NYISO ATC Calculation Flow Diagram



### 9.4 Existing Transmission Commitments (“ETC”)

The ISO shall calculate ETC for firm Existing Transmission Commitments

(ETCF) for a specified period for an Interface, using the formula established under Requirement 5 of MOD-029-1a. Specifically:

$$\text{ETCF} = \text{NLF} + \text{NITSF} + \text{GFF} + \text{PTPF} + \text{RORF} + \text{OSF}$$

#### Where:

**NLF** is the firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**NITSF** is the firm capacity reserved for Network Integration Transmission Service serving Load, to include losses, and Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**GFF** is the firm capacity set aside for grandfathered Transmission Service and contracts for

energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or "safe harbor tariff."

**PTPF** is the firm capacity reserved for confirmed Point-to-Point Transmission Service.

**RORF** is the firm capacity reserved for Roll-over rights for contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer's Transmission Service contract expires or is eligible for renewal.

**OSF** is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service as specified in the ATCID.

The ISO shall calculate ETC for non-firm Existing Transmission Commitments (ETCNF) for a specified period for an Interface, using the formula established under Requirement 6 of MOD-029-1a. Specifically:

$$\text{ETCNF} = \text{NITSNF} + \text{GFNF} + \text{PTPNF} + \text{OSNF}$$

**Where:**

**NITSNF** is the non-firm capacity set aside for Network Integration Transmission Service serving Load (i.e., secondary service), to include losses, and load growth not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**GFNF** is the non-firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or "safe harbor tariff."

**PTPNF** is non-firm capacity reserved for confirmed Point-to-Point Transmission Service.

**OSNF** is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using non-firm transmission service as specified in the ATCID.

$\text{OS}_F$  and  $\text{OS}_{NF}$  shall include a Transmission Flow Utilization value which shall be based on the market schedules determined using the SCUC and RTC market software for the current and next day time periods. The Day-Ahead Market and Real-Time Market schedules established by the market software are security constrained network powerflow solutions that are used to determine the Transmission Flow Utilization value for the ISO's Interfaces and Scheduled Lines.

Thus:

*Transmission Flow Utilization<sub>Firm</sub>* for each Internal and External Interface is determined by the corresponding security constrained network powerflow solutions of SCUC or RTC, as applicable.

*Transmission Flow Utilization<sub>Non-Firm</sub>* for each Internal and External Interface is the sum of Non-Firm Transactions scheduled.

*Transmission Flow Utilization<sub>Firm</sub>* for Scheduled Lines is determined by the corresponding security constrained network powerflow solutions of SCUC or RTC, as applicable.

*Transmission Flow Utilization<sub>Non-Firm</sub>* for Scheduled Lines is the sum of Non-Firm Transactions scheduled.

The Transmission Flow Utilization value for  $OS_F$  and  $OS_{NF}$  for time periods beyond the next day shall be zero because the ISO's Commission-approved market design does not permit transactions to be scheduled for such time periods.

## **9.5 Total Transfer Capability ("TTC")**

The ISO shall develop TTC values for each Interface and Scheduled Line in conformance with all applicable requirements of MOD-001-1a and MOD-029-1a, or their successors.

External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes. Each Proxy Generator Bus associated with an External Interface may be associated with distinct, posted TTC values. Each Scheduled Line is associated with a distinct Proxy Bus for which the ISO separately posts a TTC value.

The TTC value for each Interface and Scheduled Line shall be the maximum amount of electric power that can be reliably transferred over the New York State Transmission System.

The ISO shall use studies that it performs, joint studies conducted with neighboring Control

Areas, and real-time system monitoring to determine the appropriate TTC values. The TTC values are periodically reviewed and may be updated as warranted to ensure that accurate values are posted. When calculating TTC the ISO shall use assumptions no more limiting than those used in the planning of operations, for the corresponding time period studied, provided that such planning of operations has been performed for that time period. When different inputs are used in TTC calculations because the calculations are performed at different times, such that the most recent information is used in any calculation, a difference in that input data shall be not be considered to be a difference in assumptions.

Databases used in the determination of the TTC values include Eastern Interconnection Reliability Assessment system representations, and the ISO's Day-Ahead Market and Real-Time Market system representations.

The normal maximum Interface and Scheduled Line TTC values correspond to TTC assessments that assume: (1) all significant Bulk Power System transmission facilities are in service, (2) Capability Period forecast peak-load conditions, (3) no significant generation outages with generation output levels consistent with typical operation for Capability Period forecast peak-load conditions, and (4) coordination with neighboring Control Area transfer capability assessments.

Interface or Scheduled Line TTC values may be modified in response to identified transmission facility or generation outage conditions. TTC values may also be modified to account for neighboring Control Area transfer capability assessments for identified transmission facility or generation outage conditions, assuming the ISO receives timely notification of such conditions, or to account for operating conditions affecting the New York State Transmission System.



## **9.6 Transmission Reliability Margin (“TRM”)**

TRM is the amount of transmission transfer capability necessary to ensure that the interconnected transmission network remains secure under a reasonable range of system conditions. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change.

The ISO shall maintain a TRM Implementation Document (“TRMID”) in compliance with the requirements of MOD-008-1, or its successors..

Databases used in the determination of the TRM values include the MultiRegional Modeling Working Group system representations and the ISO’s Day-Ahead Market and Real-Time Market system representations.

TRM equal to the sum of the following components shall be applied to calculations conducted up to eighteen months before the Dispatch Day to address unexpected system conditions including: (1) uncertainty in unscheduled loop or parallel flows ranging in value from zero (0) MW to five hundred (500) MW based on the greater of the average of the last three months of historical parallel flows observed for each External Interface or the average of the deviation in parallel flows observed over the last three months for each External Interface, (2) load forecast uncertainty (normally this value is set to zero (0) MW), (3) uncertainty in external system conditions (normally this value is set to zero (0) MW), and (4) External Interface transmission facility availability ranging in value from zero (0) MW to one thousand (1000) MW reflecting the uncertainty of transfer capability resulting from the most significant single transmission facility outage for each External Interface.

The TRM used for purposes of ATC calculations conducted for External Interfaces for the Day-Ahead Market and the Real-Time Market shall be used to address unexpected system conditions equal to the sum of the following components: (1) uncertainty in unscheduled loop or

parallel flows ranging in value from zero (0) to five hundred (500) MW based on the greater of the average of the last three months of historical parallel flows observed for each External Interface or the average of the deviation in parallel flows observed over the last three months for each External Interface, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Internal Interfaces for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components or a value of one hundred (100) MW, although the ISO may increase it above that level if necessary. TRM is applied to these ATC calculations to address unexpected system conditions including: (1) unscheduled loop or parallel flows normally of value zero (0) MW, (2) load forecast uncertainty normally of value zero (0) MW, (3) uncertainty in external and internal system conditions normally of value one hundred (100) MW, and (4) ISO Balancing Authority requirements normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Scheduled Lines for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components, which will ordinarily be expected to have a combined value of zero (0) MW, although the ISO may increase it above that level if necessary: (1) unscheduled loop or parallel flows ranging based on the average of the last three months of historical parallel flows observed for each associated External Proxy Generator Bus, normally of value zero (0) MW, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

TRM is used to decrement TTC from External and Internal Interfaces and from Scheduled Lines when calculating ATC. The ISO may, however, still be able to provide

additional Firm Transmission Service over Internal Interfaces for Transmission Customers that are willing to pay congestion charges by redispatching the New York State Power System.

The specific values of TRM used on each Internal and External Interface and Scheduled Line are posted on the ISO's website. The TRM values are periodically reviewed by the ISO and may be updated as warranted. In compliance with Requirement 4 of MOD-008-1, or its successors, the ISO shall establish TRM values at least every thirteen months in accordance with its TRMID.

## **9.7 Capacity Benefit Margin**

The ISO shall not set aside transmission capacity as CBM but shall maintain a CBM Implementation Document ("CBMID") in compliance with the requirements of MOD-004-1, or its successors, which shall include all of the information required by that Reliability Standard. In compliance with Requirements 5 and 6 of MOD-004-1, or its successors, the ISO shall establish CBM values at least every thirteen months in accordance with its CBMID.

## **9.8 Coordinated ATC Calculations**

The ISO's seasonal operating studies are an input into its TTC calculations for External Interfaces that represent Control Area boundaries. The ISO coordinates those seasonal operating studies, and exchanges data necessary to support that coordination, with neighboring Control Areas.

The ISO also coordinates transmission outages and the TTCs associated with these system conditions, and exchanges related data, with neighboring Control Areas. The ISO's and neighboring Control Areas' practice is to provide relevant information to each other in sufficient time for it to be incorporated into their own scheduling and ATC calculation processes. If a neighboring Control Area determines a more limiting TTC corresponding to a transmission

outage, the ISO will use the other Control Area's TTC in its scheduling system (SCUC and RTC). These values are correspondingly used in the calculation of ATC consistent with the algorithms set forth in section 9.2 above.

## **10 Attachment D - Methodology for Completing a System Impact Study, Transmission Service Study, or Network Integration Transmission Service Study**

An Eligible Customer may request a System Impact Study, Transmission Service Study, or Network Integration Transmission Service Study.

The purpose of the impact study will be to determine the effect the requested facilities will have on system operations, system Constraints, and whether system expansion will create the requested incremental Transfer Capability and associated TCCs.

The Commission's comparability standard will be applied in evaluating the impact of all requests. Specifically, the ISO will use the same due diligence in completing System Impact Studies, , Transmission Service Studies, and Network Integration Transmission Service Studies for any Eligible Customers that it uses when completing such studies for any Transmission Owner.

System Impact Studies will be evaluated, to the extent possible, as a part of the on-going planning process for expansions of the NYS Power System. Appropriate planning studies will be conducted periodically to assess the capability of the NYS Transmission System to deliver the planned Network Resources to the forecasted Network Loads of the existing LSEs and any prior committed Firm Transmission Service customers. The Loads and resources of Eligible Customers requesting new or additional service during the normal planning cycle will be incorporated into this aggregate planning process along with the Loads and resources of all other Firm Point-to-Point Transmission Customers and LSEs.

The ISO plans and evaluates the NYS Transmission System in strict compliance with the following:

- (1) NERC principles and guides;
- (2) Principles and standards for planning the bulk electric systems of the NPCC; and

- Transmission planning criteria, methods and procedures described in the FERC Form No. 715-Annual Transmission Planning and Evaluation Report for the NPCC Region; and
- (3) NYSRC Reliability Rules including Local Reliability Rules.

## **11      Attachment E - Index Of Point-To-Point Transmission Service Customers**

To be provided by the ISO.

## **12      Attachment F - New York Independent System Operator Code of Conduct**



## 12.1 Introduction

This Code of Conduct shall apply to the ISO's Directors, Officers, and Employees (collectively, "ISO Employees") and provides policies, rules and procedures to be followed in carrying out the ISO's responsibilities. The provisions relating to covered contractors and consultants are set forth in Section 12.13 below.

The ISO Employees shall take all reasonable actions within their authority under the ISO Tariffs and Agreements<sup>4</sup> necessary to:

- (1) comply with all laws including, without limitation, the following: federal and state environmental laws; Federal Power Act, FERC Rules and Regulations, FERC Order Nos. 888 et. seq. and 889 et seq.; 18 C.F.R. § 37.1-37.4; federal securities laws; and copyright, trademark and patent laws; Attachment F
- (2) provide Transmission Service pursuant to the ISO Open Access Transmission Tariff ("OATT"), acting as the Responsible Party,<sup>5</sup> as defined in Order Nos. 889 et. seq. for all Transmission Owners and operate the OASIS in accordance with Section 12.2, below;
- (3) refrain from Energy Transactions in accordance with Section 12.3, below;
- (4) treat commercially sensitive, proprietary, or regulated information as Confidential Information in accordance with Section 12.4, below;

---

<sup>4</sup> The "ISO Tariffs and Agreements" consist of the ISO OATT, the ISO Services Tariff, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement, the ISO/TO Agreement, and Operating Agreements. The term "ISO Tariffs" consists of the ISO OATT and the ISO Services Tariff.

<sup>5</sup> The term "Responsible Party" as defined in Order No. 889 means the Transmission Owner or an agent to whom the Transmission Owner has delegated the responsibility of meeting the requirements of 18 C.F.R. §37 concerning the operation of the OASIS.

- (5) protect the integrity of ISO Records<sup>6</sup> in accordance with Section 12.7, below;
- (6) protect the ISO's assets including property, facilities, equipment and supplies in accordance with Section 12.12, below; and
- (7) avoid contact with Market Participants<sup>7</sup> which could cause or appear to cause a conflict of interest under Section 12.8, below.

---

<sup>6</sup> ISO Records consist of all documents submitted to, or generated by, the ISO that pertain to ISO business. Examples of ISO Records include, without limitation, requests for Transmission and Ancillary Services, service agreements, system impact studies and facilities studies developed by the Transmission Owners and forwarded to the ISO, audit records, and ISO annual reports.

<sup>7</sup> Market Participant is any person (natural or legal) transacting with the ISO to buy, sell or schedule electric generating Capacity and/or Energy, Ancillary Services or Transmission Services. The term includes, but is not limited to, Power Exchanges, power brokers, power marketers, Buyers, Sellers, Transmission Owners, Non-Utility Generators, Independent Power Producers, load aggregators, Load Serving Entities, and municipalities or groups of these entities.

## **12.2 Fair and Non-Discriminatory Administration of the Tariff**

It is the policy of the ISO to offer open-access Transmission Service under the ISO Tariff in a non-discriminatory manner to all Market Participants. In compliance with this policy, all ISO Employees must administer the ISO OATT and ISO Services Tariff (the “ISO Tariffs”) and the ISO related Agreements with impartiality toward all Market Participants.

Where the ISO OATT allows the exercise of discretion in applying the ISO OATT, to the extent that discretion is exercised, the ISO will maintain a written log of each waiver or act of discretion, the circumstances involved, the person authorizing the waiver and the source of authority for the waiver. The ISO will provide the log for review and copying at the request and expense of any interested persons during regular business hours of operation in a manner that treats similarly situated persons on a comparable and non-discriminatory basis.

The ISO shall also require an officer of the ISO or designee to periodically review these discretionary decisions to ensure compliance with the Code of Conduct. The ISO shall post information on the OASIS for a period of ninety (90) days, detailing the circumstances and manner under which that discretion was exercised; and make this information available for review, but not on the OASIS, for three (3) years from the date it is first posted.

In providing Transmission Service pursuant to the ISO OATT, the ISO shall strictly comply with the Reliability Rules developed by the NYSRC.

### **12.3 Non-Participation in Energy Transactions**

To assure that the ISO and the ISO Employees maintain independence from any Market Participant, except as otherwise provided or required by the terms of the ISO Agreement, the ISO and ISO Employees are prohibited from engaging in any Energy Transactions other than in the performance of duties under the ISO Tariffs. This provision shall not, however, prevent the ISO and any ISO Employee from purchasing electricity, power and Energy as retail customers for their own account and consumption.

## **12.4 Treatment of Confidential and Transmission System Information**

This section deals with Confidential Information, including Transmission System Information. Confidential Information consists of: (1) data designated as such in NYPP Operating Policy OP-18 (or its successor); (2) any commercially sensitive information including, without limitation, trade secrets, equipment specific information (*e.g.*, Generator specific data such as heat rates, etc.), and business strategies, affirmatively designated as Confidential Information by its supplier or owner; and (3) Transmission System Information (“TSI”) that has not yet been posted on the OASIS or provided in some public forum such as a FERC filing. TSI is information: (1) that is commercially valuable and (2) access to which is necessary to buy, sell or schedule Energy, Capacity, Ancillary Services or Transmission Service. Examples of TSI include, but are not limited to, the following:

- Available Transfer Capability;
- Total Transfer Capability;
- Information regarding physical Curtailments and Interruptions;
- Information regarding Ancillary Services;
- Pricing for Transmission Service; and
- Discounts offered.

In the course of responding to requests for Energy, Capacity, Transmission Services or Ancillary Services, the ISO shall not disclose Confidential Information to any Market Participant. The ISO shall disclose data that is not Confidential Information, and information required to be disclosed by FERC, by posting the information on the OASIS. If an ISO Employee improperly discloses TSI to any Market Participant, the ISO shall immediately post the information on the OASIS and notify the Commission.

ISO Employees shall also report all improper disclosures of Confidential Information to the ISO compliance officer (as described in Section 12.11) or its designee immediately. In the case of an Emergency, the ISO may disclose such TSI, and then notify the Commission, posting the information on the OASIS as soon as practicable but no later than twenty-four (24) hours after the information is disclosed.

The procedures described in this section do not apply to the following:

- (1) communication of TSI between the ISO and the Transmission Owner's control centers, and other power pools or ISOs;
- (2) communication of non-public, operational information concerning natural gas-fueled generation from resources located within the New York Control Area between the ISO and the operating personnel of an interstate natural gas pipeline company for the purpose of promoting reliable service or operational planning;
- (3) communication of non-public, operational information concerning natural gas-fueled generation from resources located within the New York Control Area between the ISO and the operating personnel of natural gas local distribution companies ("LDCs") and/or intrastate natural gas pipeline companies for the purpose of promoting reliable service or operational planning, if such party has acknowledged, in writing, that it is prohibited from disclosing—or using anyone as a conduit for disclosure of—non-public, operational information received from the ISO to: (a) an employee other than operating personnel of that LDC and/or intrastate natural gas pipeline company, (b) a third party, or (c) any affiliate except for (i) the operating personnel of an affiliated interstate natural gas pipeline company, or (ii) the operating personnel of an intrastate pipeline which has a non-

disclosure agreement with the ISO. The operating personnel of an affiliated interstate natural gas pipeline company accepting non-public operational information pursuant to this section shall agree to comply with 18 CFR 284.12(b)(4)(ii). Unless otherwise authorized by the Commission, for purposes of this section LDC or intrastate pipeline “operating personnel” shall exclude employees engaged in marketing functions as defined by 18 CFR 358.3(c) or who make sales of natural gas;

- (4) communication of information from a Market Participant to the ISO;
- (5) information that is no longer Confidential Information because it was made public by posting it on the OASIS; or it was legally disclosed by a third party in good faith and without violating a trade secret, secrecy agreement or employment contract with a non-disclosure clause; or it was made public by a government agency, court or other process of law;
- (6) requests by a Market Participant for a report regarding the status of that Market Participant’s particular contracts or transactions. The ISO shall provide all Market Participants requesting a report the same type and level of detail of information;
- (7) information that is not listed in NYPP OP-18 and has not been designated by the supplier or owner as Confidential Information;
- (8) disclosures by the ISO that are authorized under ISO Services Tariff Attachment H Section 23.4.5.7 and its subsections (except as restricted in section 23.4.5.7.3.2);

- (9) identification of a Generator first entering service, becoming Retired, or entering into or returning from a Mothball Outage or ICAP Ineligible Forced Outage, including dates thereof; and
- (10) New York State Transmission System reliability impacts that would occur if a Generator were unavailable due to events such as becoming Retired or entering a Mothball Outage or ICAP Ineligible Forced Outage.

If Confidential Information is required to be divulged in compliance with an order or a subpoena of a court or regulatory body other than FERC or the Commodity Futures Trading Commission (“CFTC”), the ISO will seek to obtain a protective order or other appropriate protective relief from the court or regulatory body, provided, however, that the ISO staff shall not be required to do any additional analysis to produce such information. With the exception of requests for Confidential Information submitted to the ISO from FERC or the CFTC, the ISO shall provide advance written or electronic notice to the parties providing the Confidential Information as soon as practicable upon receipt of such an order or a subpoena from a court or regulatory body, and the ISO shall not be held liable for any losses, consequential or otherwise, resulting from the ISO divulging such Confidential Information pursuant to a subpoena or an order of a court or regulatory body.

The ISO shall establish procedures for handling Confidential Information that minimize the possibility of intentional or accidental improper disclosure.

#### **12.4.1 Information Provided to NYSERDA Consistent with Article 8, Title 9 of New York Public Authorities Law, Section 1854(19)**

Article 8, Title 9 of New York Public Authorities Law, Section 1854(19) directs NYSERDA to, on its own or through a qualified entity, develop and administer a generation attribute tracking system. Consistent with Section 1854(19), the ISO will provide to NYSERDA



or its designee the following generation, delivery, and consumption data that is otherwise required to be maintained in confidence pursuant to this tariff: (i) generator output data; (ii) load consumption data; and (iii) import and export transaction data. The data provided will be summed to the monthly level, except where hourly data is required to support the generation attribute tracking system. The ISO shall provide this information pursuant to a confidentiality agreement with NYSERDA and/or its designee. The ISO shall, consistent with state rules or regulations that may provide for protected treatment of such information, request that Confidential Information be withheld from public disclosure by NYSERDA unless presented in masked or aggregated form. The ISO shall not be held liable for any losses, consequential or otherwise, resulting from the ISO divulging such Confidential Information pursuant to the ongoing electronic delivery.

After Confidential Information has been provided to NYSERDA or its designee, the ISO shall immediately notify any affected Market Participant(s) when it becomes aware that a request for disclosure of such Confidential Information has been received by NYSERDA or its designee, or a decision to disclose such Confidential Information has been made by NYSERDA or its designee, at which time the ISO and the affected Market Participant(s) may respond before such information would be made public, pursuant to state rules or regulations that may provide for protected treatment of such information.

#### **12.4.2 Information Provided to FERC Pursuant to FERC Order No. 760, or to the CFTC**

The ISO is required to provide data and information to the FERC or its staff, pursuant to

FERC Order No. 760,<sup>8</sup> that is otherwise required to be maintained in confidence pursuant to this section. FERC Order No. 760 requires the ISO to engage in the ongoing electronic delivery of data related to physical and virtual offers and bids, market awards, resource outputs, marginal cost estimates, shift factors, TCCs, internal bilateral contracts, interchange pricing, capacity markets and uplift charges and credits. The ISO shall provide the data described in FERC Order No. 760 to the FERC or its staff on a continuous basis.

If the FERC or CFTC or their staff, during the course of an investigation or otherwise, requests information, in addition to the ongoing electronic delivery pursuant to FERC Order No. 760, from the ISO that is otherwise required to be maintained in confidence pursuant to this section, the ISO shall provide the requested information to the FERC or CFTC or their staff within the time provided for in the request for information. In providing the ongoing electronic delivery or additional requested information to the FERC or its staff or information requested by the CFTC, the ISO shall, consistent with any FERC or CFTC rules or regulations that may provide for privileged treatment of that information, request that the information be treated as confidential and non-public by the FERC or CFTC and their staff and that the information be withheld from public disclosure. The ISO shall not be held liable for any losses, consequential or otherwise, resulting from the ISO divulging such Confidential Information pursuant to the ongoing electronic delivery or an additional request under this paragraph.

After Confidential Information has been provided to the FERC or CFTC or their staff, the ISO shall immediately notify any affected Market Participant(s) when it becomes aware that a request for disclosure of such Confidential Information has been received by the FERC or CFTC

---

<sup>8</sup> *Enhancement of Electricity Market Surveillance and Analysis Through Ongoing Electronic Delivery of Data From Regional Transmission Organizations and Independent System Operators*, Order No. 760, 139 FERC ¶ 61,053 (2012) (“Order No. 760” or “the Order”).

or their staff, or a decision to disclose such Confidential Information has been made by the FERC or CFTC, at which time the ISO and the affected Market Participant(s) may respond before such information would be made public, pursuant to the FERC's and CFTC's rules and regulations that may provide for privileged treatment of information provided to the FERC or CFTC or their staff.

## **12.5 Insider Trading**

This section defines insider trading, explain the duties of ISO Employees and describes behavior that is prohibited under securities laws.

### **12.5.1 Insider Information:**

Federal laws prohibit the purchase or sale of any publicly traded security by a person in possession of important information about the security or its issuer that is not publicly known. These laws have special significance to the ISO because ISO Employees routinely learn of Confidential Information about Market Participants and others. This circumstance creates two duties for all ISO Employees: (1) a duty not to trade while in possession of “material, nonpublic information,” also known as “inside information” or “insider information,” as defined below, and (2) a duty not to communicate such information to anyone outside of the ISO, also known as “tipping.” It has been and remains the policy of the ISO that there be scrupulous compliance with each of these duties.

**Material:** Much of the information obtained about Market Participants and any of their Affiliates may be material information under the law. Information is material if a reasonable investor would consider it important in determining whether to buy or sell the securities of the company involved. The information may be either positive or negative. If the information would affect the price of the stock, it is material. If the information makes you or anyone else think about wanting to buy or sell the stock, that is probably the best indication that it is material. Some examples of information that could be considered material are key personnel changes, earnings information, fines or assessments that the ISO imposes on the company, and Confidential Information (as described in Section 12.4) including information relating to future generation capacity. If in doubt, one should assume that any information which could have any

significance to an investor is material and not purchase or sell or allow anyone else to purchase or sell the securities in question until such information has been made public.

Nonpublic: Information that has not been disclosed to the public generally is nonpublic. To show that information is public, one should be able to point to some evidence that it is widely disseminated. Information would generally be deemed widely disseminated if it has been disclosed, for example, in the Dow Jones broad tape; news wire services such as AP or Reuters; radio or television; newspapers or magazines; the OASIS; or widely circulated public disclosure documents filed with the federal Securities and Exchange Commission (“SEC”), such as prospectuses or proxies.

Although it is natural to “talk shop,” no Confidential Information should be given to outsiders; for this purpose “outsiders” include one’s immediate family (as defined in Section 12.8), relatives, friends and anyone else other than those working on the matter at the ISO. In general, ISO matters should not be discussed with any outside individuals. Particular care is necessary in discussing ISO matters in elevators, restaurants, taxicabs, trains, commercial aircraft and other public places where names and other scraps of information might be overheard. Care should also be taken not to expose nonpublic papers in such places or leave them lying around in conference rooms or other places even within the ISO.

### **12.5.2 Penalties for Trading on Insider Information**

It is against ISO policy and a violation of law to make use of insider information for personal advantage in securities trading or to disclose such information to an outsider. ISO Employees who have any knowledge or insider trading activities or improper disclosure committed by other ISO Employees must immediately notify the ISO compliance officer (as described in Section 12.11) or his designee. ISO Employees who have engaged in insider

trading or have provided insider information to outsiders will be terminated immediately. In addition, both the ISO and the ISO Employee may be subject to severe civil and criminal penalties as a result of insider trading by the ISO Employee or by an outsider who has received insider information from the ISO Employee.

## **12.6 Training**

The ISO shall develop procedures to train ISO Employees soon after their hiring or appointment on the Code of Conduct, and to assess the effectiveness of the Code of Conduct in preventing insider trading and conflicts of interest. All ISO Employees will receive annual training thereafter for as long they remain associated with the ISO. All personnel receiving this training shall sign a Compliance Certificate stating that they attended the training, understand the Code of Conduct, and will not violate it.

## **12.7 ISO Records**

The ISO shall develop and maintain procedures for the handling, safeguarding, use, storage and retention of ISO Records. The ISO shall require all ISO Records to be accurate.



## **12.8 Conflicts of Interest**

Certain contacts between ISO Employees, or their immediate family members (*i.e.*, spouse or minor children), and Market Participants may constitute or appear to constitute a conflict of interest. Potential conflicts of interest and the ISO's ability to restrict actions and duties to avoid potential conflicts are discussed below.

### **12.8.1 Financial Interests and Associations:**

#### **12.8.1.1 Prohibited Securities**

"Prohibited Securities" shall mean the Securities<sup>9</sup> of a Market Participant that has been active in the ISO Administered Markets in the preceeding twelve months or the Securities of its Affiliates, in either case, if:

- (1) the primary business purpose of the Market Participant or its Affiliate is to buy, sell or schedule Energy, Capacity, Ancillary Services or Transmission Services as indicated by an industry code within the "Electric Power Generation, Transmission, and Distribution" industry group under the North American Industry Classification System ("NAICS") or otherwise determined by the ISO;
- (2) the total activity in the ISO Administered Markets (purchases and sales) for all Market Participants affiliated with the publicly traded company during its most recently completed fiscal year is equal to or greater than 0.5% of its gross revenues for the same time period; or
- (3) the total activity in the ISO Administered Markets (purchases and sales) for all Market Participants affiliated with the publicly traded company during the prior

---

<sup>9</sup> The term "Securities" refers to stocks, stock options, bonds and any other instruments of debt or equity.

calendar year is equal to or greater than 3% of the total ISO Administered Market activity (purchases and sales) for the same time period.

The ISO shall compile a list of the Prohibited Securities traded publicly and distribute this list to ISO Employees.

In order for the ISO to remain truly independent, free of any control, or appearance of control, of decision-making by any individual Market Participant, ISO Employees must strictly observe the following rules regarding financial interests in Prohibited Securities:

No ISO Employee or his/her immediate family member shall own, control, or hold with power to vote, Prohibited Securities; *provided, however,*

- (1) an ISO Employee or his/her immediate family member may transfer to a single blind trust Prohibited Securities that qualify under Section 12.8.2 to this Attachment F;
- (2) any matching contributions made in the Securities of a Market Participant in connection with any savings, pension, or 401(k) plans of a former employee of a Market Participant shall be permitted until the completion of the transfer, spin off and merger of assets and liabilities of such plans to new plans maintained by the ISO;
- (3) this provision shall not apply to any purchase of Prohibited Securities by a spouse of an ISO Employee who was, as of the effective date of the ISO OATT, employed by a Market Participant or any Affiliate of such Market Participant and is required to purchase Securities of such Market Participant or Affiliate as a part of his or her employment. Any such purchases by a spouse must be disclosed to the ISO Board which shall have the authority to consider appropriate limitations

on the duties of the ISO Employee, including changing his or her duties, to avoid an appearance of a conflict of interest; and

- (4) Ownership of mutual funds by ISO Employees that contain Prohibited Securities is permitted provided: (i) the fund is publicly traded; (ii) the fund's prospectus does not indicate the objective or practice of concentrating its investment in Market Participants or their Affiliates; and (iii) the ISO Employee does not exercise or have the ability to exercise control over the financial interests held by the fund.

An ISO director shall make an appropriate disclosure to the ISO Board if the director is aware that he or she, or an immediate family member, has a financial interest in a Market Participant or its Affiliate that is the subject of a matter before the ISO Board. The Chair of the ISO Board Governance Committee and ISO legal counsel shall consult with the director to determine whether the director should be recused from Board deliberations and decision making regarding the matter.

#### **12.8.1.2 Prohibited Associations**

No ISO Employee shall be Associated with any Market Participant. For the purposes of this paragraph, an ISO Employee shall be deemed "Associated" with a Market Participant or its Affiliate if: (1) the ISO Employee is an officer, director, partner, or employee of a Market Participant or any of its Affiliates; (2) the ISO Employee is a former executive officer of a Market Participant, which Market Participant together with its Affiliates has three (3) percent or more of the voting shares on the Management Committee, or of any Affiliate of the Market Participant, and the ISO Employee is receiving continuing benefits under an existing employee benefit plan (other than a defined benefit pension plan or other plan pursuant to which the

benefits are independent of the financial condition of the Market Participant and pension payments are distributed to the former employee by a trustee, not as compensation but in accordance with the rules of the pension plan), arrangement or policy of the Market Participant or any of its Affiliates; or (3) the ISO Employee has a material ongoing business or professional relationship with a Market Participant or any of its Affiliates; *provided, however*, that no ISO Employee shall be deemed to have a material ongoing business relationship with a Market Participant or any of its Affiliates solely as a result of being served as a retail customer by a Market Participant or its Affiliates.

#### **12.8.1.3 Consultants**

The ISO Board will establish reasonable guidelines with respect to the financial interests of covered consultants or contracts, in accordance with Section 12.13.

#### **12.8.2 ISO Policy on Divestiture or Transfer to a Blind Trust of Financial Interests:**

Except as provided in Section 12.8.1, if an ISO Employee or his/her immediate family member owns, controls or has the power to vote Prohibited Securities, the ISO Employee or his/her immediate family member must, within the timeframe set forth below, either (i) divest the Prohibited Securities or (ii) transfer the Prohibited Securities to a single blind trust if they qualify for this option unless material hardship would result. The ISO shall develop a procedure establishing the conditions under which the divestiture or transfer would result in material hardship.

For purposes of this Section 12.8.2, a “blind trust” is a legally binding arrangement pursuant to which a third-party fiduciary, as the trustee, has full management discretion over the assets contained in the trust, and the ISO Employee or his/her immediate family, as the trust

beneficiary, has no visibility regarding the specific assets contained in the trust.

Prohibited Securities shall qualify for a blind trust if: (1) the publicly traded company's NAICS code is not within the "Electric Power Generation, Transmission, and Distribution" industry group, and (2) the total activity in the ISO Administered Markets (purchases and sales) for all Market Participants affiliated with the publicly traded company during its most recently completed fiscal year is less than 0.5% of its gross revenues for the same time period. The ISO shall review each year whether the Prohibited Securities that previously qualified for inclusion in a blind trust continue to be qualified under this two-part test.

The timeframe to divest or transfer Prohibited Securities is as follows: (1) new ISO Employees must divest or transfer to a blind trust Prohibited Securities within six months of commencement of employment; (2) if ownership, control or the power to vote such Prohibited Securities results from an entity becoming a Market Participant, divestiture or transfer to a blind trust must occur within six months of receipt of the ISO's list of prohibited Securities referencing such Prohibited Securities; (3) if ownership, control or the power to vote such Prohibited Securities is as a result of a gift, inheritance, distribution of marital property or other involuntary acquisition, divestiture or transfer to a blind trust must occur within six months of the acquisition; and (4) if the ISO determines that Prohibited Securities that were previously qualified for inclusion in a blind trust are no longer qualified, divestiture must occur within six months of the ISO's notice to ISO Employees of this change.

### **12.8.3 Political Activities:**

Restrictions on the political activities of ISO Employees are limited only to the extent that ISO Employees may not engage in lobbying activities on behalf of a Market Participant. Beyond this political activity, ISO Employees are not restricted from participating in any legal

political activity so long as they do not purport, directly or indirectly, to represent the ISO without authorization.

ISO Employees are not precluded from holding public office so long as upon accepting public office the ISO compliance officer or designee is notified in writing. The ISO Employee's work in the public office must not detract from the ISO Employee's performance in connection with the ISO, and the ISO Employee shall not represent the ISO in his/her capacity as a public official and shall not use ISO resources for work related to the public office.

Any ISO Employee holding a public office shall abstain from voting or participating in any debate or matters relating to the ISO as part of his/her duties in public office.

#### **12.8.4 Secondary Employment:<sup>10</sup>**

ISO Employees shall not take Secondary Employment with a Market Participant or its Affiliate nor transact business with a Market Participant or its Affiliate other than as a retail customer. ISO Employees may take Secondary Employment with a non-Market Participant if the employment: (1) will not embarrass or discredit the ISO; (2) will not interfere with the duties or involve the use of ISO resources, materials or assets; (3) will not create a conflict of interest for the ISO or the ISO Employee; (4) will not result in any Market Participant receiving an advantage, real or apparent, over other Market Participants with respect to the ISO; and (5) is fully disclosed to the ISO prior to commencement of employment with a Secondary Employer and the ISO compliance officer or designee determines whether the criteria of (1) through (4) are met and then authorizes the Secondary Employment in writing.

Where an ISO Employee takes Secondary Employment with a non-Market Participant,

---

<sup>10</sup> Secondary Employment refers to participation in (1) a second job (part-time, full-time or project related), or (2) an organization including, without limitation, a corporation, association, partnership or sole proprietorship.

that ISO Employee may not transact business with the ISO on behalf of the Secondary Employer.

An ISO Employee shall not serve as a representative of a member of the Executive Committee of the NYSRC.

#### **12.8.5 Other Conflicts of Interest:**

ISO Employees must not directly or indirectly request or accept any service (other than as a retail customer of a Market Participant receiving electric, gas or steam service for heating, etc.), money, gift, loan or discount from any Market Participant or any of its Affiliates. Gifts should be returned or offers declined with an appropriate explanation. If a gift is not returnable (*e.g.*, perishable), the gift should be given to the compliance officer for donation to a charity or destroyed. ISO Employees shall not accept meals or entertainment from actual or potential Market Participants, except when it would be socially humiliating to decline the meal or entertainment; if an ISO Employee accepts such a meal or entertainment, the ISO Employee shall promptly report such acceptance to the compliance officer.

Acceptance of an offer of anything of more than nominal value, including but not limited to vacations, property, loans, contributions or unpaid services by ISO Employees from a representative of a Market Participant or any of its Affiliates shall be considered a conflict of interest.

Engaging in outside non-business activity that materially decreases the impartiality, judgment, or effectiveness of ISO Employees shall also be considered a conflict of interest.

## **12.9 Additional Controls**

The ISO shall establish a periodic audit process to verify compliance with the Code of Conduct and determine whether conflicts of interest exist. Except where prohibited by law or judicial order, the ISO may request that ISO Employees complete an annual conflict of interest survey requiring disclosure of the ISO Employee's or immediate family member's interests in Market Participants or their Affiliates.

The ISO shall require, as a condition precedent to association, that ISO Employees who will have access to Confidential Information agree to reasonable restrictions on future employment following termination of the association.



## **12.10 Termination of Association**

Upon termination of association with the ISO, an ISO Employee with access to Confidential Information shall not disclose the information to any person outside of the ISO, nor use Confidential Information in any manner for personal benefit or for the benefit of a third party.

## **12.11 Violations of the Code of Conduct**

Any ISO Employee who violates the Code of Conduct or fails to report a known violation may be subject to disciplinary action including suspension or termination of employment, unless such violation involves insider trading whereby such violation will result in the termination of employment. In addition, any current or former ISO Employee that violates the Code of Conduct may be required to provide restitution to the ISO for financial injury suffered by the ISO as a result of the violation.

The ISO shall assign the responsibility of reviewing compliance with the Code of Conduct to the ISO compliance officer (*e.g.*, a senior staff member such as the ISO General Counsel) who will be responsible for interpreting the Code of Conduct; responding to questions regarding the Code of Conduct; advising the ISO Employees regarding potential conflicts of interest; overseeing the auditing process; and to follow-up on all suspected violations. The ISO compliance officer may designate one or more individuals to assist in carrying out these responsibilities. The ISO also shall establish a “hot-line” to provide a means to anonymously and confidentially report suspected violations over the telephone.

## **12.12 ISO Property and Other Assets**

ISO property and other assets shall be used only for ISO-related business.

### **12.13 Determination by the ISO Board as to Consultants and Contractors**

The ISO Board shall apply reasonable and objective criteria as conflicts-of-interest screening guidelines for consultants and contractors. In applying the guidelines to individual cases, the ISO Board will consider the nature of the services provided by the consultant or contractor, whether the consultant or contractor is engaged by the ISO on a substantially full-time basis, whether the consultant or contractor is required to comply with its own professional conflict of interest standard (*e.g.*, attorneys, accountants, etc.), and whether the consultant or contractor will have access to market information. The guidelines will be made known to the appropriate ISO Employees authorized to enter into contracts for outside services, and application of the Board's criteria by the ISO Employees will be monitored by the ISO compliance officer. The guidelines will preclude consultants or contractors from serving as a Member or a representative of a Member of the NYSRC Executive Committee. In the event that any entity disputes a determination regarding a consultant or contractor, the matter may be referred to ADR, as covered in Section 12.13 of the ISO OATT.

## **12.14 Waiver**

Subject to Section 12.2, the ISO Board may grant a waiver of compliance with a specific provision of the Code of Conduct to a Director, or the ISO compliance officer may grant a waiver of compliance to a non-Director ISO Employee, in appropriate cases to avoid unjust or unreasonable results. Each waiver shall be properly disclosed along with an appropriate explanation.

## 12.15 Annual Compliance Certificate

I have received the Code of Conduct which I have read, been trained in, and fully understand. I will comply with the Code of Conduct during and after association with the ISO, to the extent required by the Code of Conduct.

I am ☐ a Director ☐ an Officer ☐ an ISO Employee.

- a. I have no financial interest in Prohibited Securities other than those I still have time to divest or transfer to a blind trust in accordance with the ISO's policy in Section 12.8.2 to this Attachment F (or if I do, I have been granted a hardship exception).
- b. I have no other financial or business relationship with a Market Participant that would create a conflict of interest as defined in the Code of Conduct (or if I do, I have been granted a waiver by the ISO Board or compliance officer).
- c. Since the date that I last signed a Compliance Certificate, I have complied with the rules and policies contained in the Code of Conduct, except the following matters which I disclose to the management of the ISO (if none, so state):

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name (print): \_\_\_\_\_

Title/Position: \_\_\_\_\_

### **13 Attachment G - Network Operating Agreement**

For Network Customers that also take service under the ISO Services Tariff, the ISO Services Tariff shall serve as the Network Operating Agreement. For all other Network Customers, the ISO shall negotiate a Network Operating Agreement and file such Agreement with the Commission. These Agreements shall specify the following:

- (1) Provisions for the operation and maintenance of equipment necessary for integrating the Network Customer within the NYS Transmission System including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment.
- (2) Requirements for transfer of data between the ISO, Transmission Owners, and the Network Customer including, but not limited to, bid curves and operational characteristics of Network Resources, generation schedules for units outside of the NYS Transmission System, interchange schedules, unit outputs for redispatch required under Section 4.8, voltage schedules, loss factors and other real time data.
- (3) Software programs for data links and Constraint dispatching.
- (4) Data requirements on forecasted Loads and resources necessary for long-term planning.
- (5) Any other technical requirements required for implementation of Part 4 of the Tariff.

**14      Attachment H - Annual Transmission Revenue Requirement for Point-To-Point  
Transmission Service and Network Integration Transmission Service**



## **14.1 Transmission Service Charge (“TSC”)**

### **14.1.1 Applicability of the Transmission Service Charge to Wholesale Customers**

Each month, each wholesale Transmission Customer shall pay to the appropriate Transmission Owner the applicable Wholesale Transmission Service Charge (“Wholesale TSC”) calculated in accordance with Section 14.1.2.1 of this Attachment. The TSC shall apply to Transmission Service:

- 14.1.1.1 from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area (“Wheels Through”); provided, however, that the TSC shall not apply to Wheels Through scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied;
- 14.1.1.2 from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection Point (“Exports”); provided, however, that the TSC shall not apply to Exports scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied; or
- 14.1.1.3 to serve Load within the NYCA; except, the Wholesale TSC shall not apply to:
  - 14.1.1.3.1 a Transmission Owner’s use of its own system to provide bundled retail service to its Native Load Customers pursuant to a retail service tariff on file with

the PSC or, in the case of LIPA, has been approved by the Long Island Power Authority's Board of Trustees;

14.1.1.3.2 Transmission Service pursuant to an Existing Transmission Agreement whereby the otherwise applicable TSC does not apply pursuant to Attachment K; or

14.1.1.3.3 retail Transmission Service pursuant to any tariff or rate schedule of a Transmission Owner that explicitly provides for other transmission charges in lieu of the Wholesale TSC, subject to any applicable provisions of the Federal Power Act.

Each Transmission Owner subject to FERC and/or PSC jurisdiction may file with FERC a separate TSC applicable to retail access in accordance with its retail access program filed with the PSC. To the extent that LIPA's rates for service are established by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u) and 1020-s and are not subject to FERC jurisdiction, this requirement will not apply to LIPA.

## **14.1.2 Wholesale TSC Calculation**

Sections 14.1.2-14.1.6 do not apply to the development of the NYPA TSC, which is described in Section 14.1.7.

### **14.1.2.1 Wholesale TSC Formula**

Each Transmission Owner, except NYPA, shall calculate its TSC applicable to Transmission Service to serve Load within or exiting the NYCA at its Transmission District as follows:

$$\text{WHOLESALE TSC} = \{(\text{RR} \div 12) + (\text{CCC} \div 12) - \text{SR} - \text{ECR} - \text{CRR} - \text{WR} - \text{Reserved}\} / (\text{BU} \div 12).$$

Where:

- RR = The Annual Transmission Revenue Requirement, as stated in Table 1 of this Attachment. Gross Receipts Tax (“GRT”) treatment by each individual company is described in Section 14.1.7. Revenues from grandfathered agreements listed on Attachment H-1 are treated as a revenue credit in the RR;
- CCC = The annual Scheduling, System Control and Dispatch Costs of the individual Transmission Owner (*i.e.*, the transmission component of control center costs) as stated on Table 1 of this Attachment;
- SR = The Transmission Owner’s revenues associated with the sale of certain TCCs, as described in Section 14.1.2.1.1 of this Attachment;
- ECR = The Transmission Owner's share of Net Congestion Rents in a month, calculated pursuant to Attachment N of the OATT;
- CRR = The Transmission Owner's Congestion Payments received from Grandfathered TCCs and Imputed Revenues from Grandfathered Rights from ETA's, the expenses for which are included in the Transmission Owner's Revenue Requirement;
- WR = The Transmission Owner's revenues from external sales (Wheels Through and Export Transactions) not associated with Existing Transmission Agreements included in Attachment L, Tables 18.1, 18.2 and 18.3 and wheeling revenue, associated with OATT reservations extending beyond the start-up of the ISO. (*i.e.*, grandfathered OATT agreements), as described in Section 14.1.2.1.2 of this Attachment;

Reserved = The Transmission Owner's Congestion payments associated with, and value from the sale of ETCNL TCCs and RCRR TCCs, as described in Section 14.1.2.1.3 of this Attachment; and

BU = The Transmission Owner's Billing Units (annual MWh) for the Transmission District (see Table 1 of this Attachment). The Transmission Owner's BU has been adjusted upward to include subtransmission and distribution losses.

#### **14.1.2.1.1 Elements of SR Component**

$$SR = SR_1 + SR_2 + SR_3 + SR_4.$$

SR<sub>1</sub> will equal the revenues from the Direct Sale by the Transmission Owner of Original Residual TCCs, TCCs derived from Existing Transmission Capacity for Native Load, and Grandfathered TCCs associated with ETAs, the expenses for which are included in the Transmission Owner's Revenue Requirements where the Transmission Owner is the Primary Holder of said TCCs. SR<sub>1</sub> for a month in which a Direct Sale is applicable shall equal the total nominal revenue that the Transmission Owner will receive under each applicable TCC sold in a Direct Sale divided by the duration of that TCC (in months).

SR<sub>2</sub> will equal the Transmission Owner's revenues from the Centralized TCC Auctions and Reconfiguration Auctions allocated pursuant to Attachments N. SR<sub>2</sub> includes revenues from: (a) TCCs associated with Residual Transmission Capacity that are sold in the Centralized TCC Auctions and Reconfiguration Auctions; (b) the sale of Grandfathered TCCs associated with ETAs, if the expenses for those ETAs are included in the Transmission Owner's Revenue Requirements; and (c) TCCs derived from Existing Transmission Capacity for Native Load that are sold in the Centralized TCC Auction.

Revenue from TCCs associated with Residual Transmission Capacity includes payments for Original Residual TCCs that the Transmission Owners sell through the Centralized TCC Auctions and the allocation of revenue for other TCCs sold through the Centralized TCC Auctions and Reconfiguration Auctions (per the Facility Flow-Based Methodology described in Attachment N).

SR<sub>3</sub> shall equal the Transmission Owner's share of revenues from the award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT), as determined pursuant to Section 20.4 of Attachment N. The share of revenues allocated to a Transmission Owner pursuant to Section 20.4 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that were awarded or renewed prior to the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to the Transmission Owner's share of any revenues for Historic Fixed Price TCCs that took effect on or before November 1, 2016, such revenues (or any portion thereof) shall be accounted for in SR<sub>3</sub> by dividing such revenues (or any portion thereof) equally across the six months of the first Capability Period following the effective date of this provision provided that the NYISO has informed the Transmission Owner of its respective share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR<sub>3</sub> by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period following the effective date of this provision.

SR<sub>4</sub> shall equal the Transmission Owner's share of revenues from the initial award and renewal of Non-Historic Fixed Price TCCs, as determined pursuant to Section 20.5 of Attachment N. The share of revenues allocated to a Transmission Owner pursuant to Section 20.5 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Non-Historic Fixed Price TCCs that were initially awarded or renewed as part of the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to the Transmission Owner's share of any revenues for Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017, such revenues (or any portion thereof) shall be accounted for in SR<sub>4</sub> by dividing such revenues (or any portion thereof) equally across the six months of the first Capability Period that commences following the effective date of this provision provided that the NYISO has informed the Transmission Owner of its respective share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR<sub>4</sub> by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period that commences following the effective date of this provision.

#### **14.1.2.1.2 Elements of the WR Component**

The WR component will equal the sum of: (1) TSC revenues received from new external transactions (Wheels Through and Export Transactions); (2) transmission revenues received under grandfathered OATT agreements and actual revenues under Schedule 1 to the grandfathered OATT agreements, but not under Schedules 2 through 6 to the grandfathered OATT agreements; and (3) any revenues related to pre-OATT grandfathered arrangements if the transmission owner increased its OATT revenue requirement to derive its RR component to

reflect the fact that revenues related to such transactions are at risk due to options available to the customers resulting from the current restructuring, and the customer retains its grandfathered arrangement.

In each subcomponent of the WR component above, the revenues will include the Gross Receipts Tax ("GRT") when the Transmission Owner has included the GRT in the RR.

#### **14.1.2.1.2.1 Treatment of Schedule 1 Associated with Grandfathered OATT Service**

All customers under grandfathered OATT service agreements must continue to pay the Schedule 1 charge applicable under the individual OATT, absent a settlement to the contrary. The revenues received from Schedule 1 charges paid by grandfathered OATT customers will be treated as revenue credit in the WR component as part of the wheeling revenue associated with OATT reservations extending beyond the start-up of the ISO.

##### **14.1.2.1.3 Elements of the Reserved Component**

$$\text{Reserved} = \text{Reserved}_1 + \text{Reserved}_2 + \text{Reserved}_3 + \text{Reserved}_4$$

$\text{Reserved}_1$  will equal the Transmission Owner's Congestion payments for a month received pursuant to Section 20.2.3 of Attachment N of this Tariff for the Transmission Owner's ETCNL TCCs.

$\text{Reserved}_2$  will equal the Transmission Owner's Congestion payments for a month received pursuant to Section 20.2.3 of Attachment N of this Tariff for the Transmission Owner's RCRR TCCs.

$\text{Reserved}_3$  will equal the value that a Transmission Owner receives for the sale of its ETCNL TCCs in a month, with the value for each ETCNL TCC sold divided equally over the month(s) for which that sold ETCNL TCC is valid.

Reserved<sub>4</sub> will equal the value that a Transmission Owner receives for the sale of its RCRR TCCs in a month, with the value for each RCRR TCC sold divided equally over the month(s) for which that sold RCRR TCC is valid.

The RR, SR and CRR will not include expenses for the Transmission Owner's purchase of TCCs or revenues from the sale of said TCCs or from the collection of Congestion Rents for said TCCs. The ECR, CRR, WR, and Reserved shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (e.g., January actual data will be used in February to calculate the TSC effective in March). The TSC shall not apply to the scheduled quantities physically Curtailed by the ISO.

Each Member System is responsible for calculating: (1) the RR component of its TSC charge; (2) the CCC component of its TSC charge; (3) the SR<sub>1</sub> portion of the SR component of its TSC charge; and (4) the BU component of its TSC charge.

The NYISO is responsible for calculating or providing the information necessary to calculate: (1) the SR<sub>2</sub>, SR<sub>3</sub> and SR<sub>4</sub> portions of the SR component of each Member System's TSC charge based on information provided by the Member System and information derived from ISO operation; (2) the ECR component of each Member System's TSC charge based on information derived from ISO operation; (3) the CRR component of each Member System's TSC charge based on information derived from ISO operation; (4) the Reserved component of each Member System's TSC charge based on information provided by the Member System and information derived from ISO operation; and (5) the WR component of each Member System's TSC charge based on information provided by the Member System and information derived from ISO operation. Any calculations that the ISO is responsible for are subject to review and comment by all affected parties.



The RR term will be updated based on Transmission Owner filings to FERC (or a NYISO filing to FERC on behalf of LIPA) under the FPA. These filings will be made when a Transmission Owner determines that a change to its RR is required under Section 205.

The CCC term will be updated based on Transmission Owner filings to FERC (or a NYISO filing to FERC on behalf of LIPA) under the FPA. These filings will be made when the Transmission Owner determines that a change to the CCC is required.

SR: The revenue from the Direct Sale of TCCs will be determined monthly and will enter the TSC formula through the SR term with a two-month lag (e.g., January actual data will be used in February to calculate the SR term used in the TSC for March). The revenue that a Transmission Owner receives from a TCC sold in a Centralized Auction or Reconfiguration Auction will be divided equally among the month(s) for which the sold TCC is valid. The revenue from these TCCs will enter the TSC formula month-by-month through the SR term with a two-month lag (e.g., January actual data will be used in February to calculate the SR term used in the TSC for March). For Balance of Period Auctions, the ISO shall also provide each Transmission Owner information regarding their respective share of Net Auction Revenues for each month covered by each Balance-of-Period Auction. The ISO is responsible for providing the information necessary to calculate the SR<sub>2</sub>, SR<sub>3</sub> and SR<sub>4</sub> portions of the SR component of each Transmission Owner's TSC. The Transmission Owner will not adjust the information provided by the ISO.

The ECR revenue will be calculated monthly and will enter the TSC formula with a two-month lag (e.g., January actual data will be used in February to calculate the ECR term used in the TSC for March). The ISO is responsible for calculating the ECR component of each Transmission Owner's TSC. The Transmission Owner will not adjust the ISO's calculation.

The CRR revenue will be calculated monthly and will enter the TSC formula with a two-month lag (e.g., January actual data will be used in February to calculate the CRR term used in the TSC for March). Each Transmission Owner will identify for the ISO each ETA ("Identified ETA"), under which the Transmission Owner is a customer, the expenses for which are included in the Transmission Owner's RR. The ISO shall calculate that Transmission Owner's Congestion Payments received from Grandfathered TCCs and Imputed Revenues from Grandfathered Rights from the Transmission Owner's Identified ETAs. If the inclusion of the costs under an Identified ETA in the Transmission Owner's RR is subject to refund, then the CRR shall be subject to adjustment. If the costs under one or more of the Identified ETAs are removed from the RR and the Transmission Owner is required to recalculate its TSC with the adjusted RR, then in recalculating the TSC, the Transmission Owner shall reverse the portion of the CRR that was attributed to each such ETA. The Transmission Owner shall rebill the customers based on the recalculated TSC. To the extent the Transmission Owner owes a refund to the customer, it shall comply with any applicable refund obligations, including payment of interest to the extent due pursuant to 18 C.F.R. § 35.19a(a)(2)(iii), or its successor. If the reversal of the CRR results in a higher TSC than was charged, the customer shall pay in the time prescribed for payment of TSCs the Transmission Owner the difference between the TSC payments it made and the rebilled amounts, with interest thereon from the dates payments were made to the date that the rebilled amounts are due. Said interest will be calculated in the same manner as interest on over-payments as specified in 18 C.F.R. § 35.19a(a)(2)(iii), or its successor.

The Reserved will be calculated monthly and will enter the TSC formula with a two-month lag (e.g., January actual data will be used in February to calculate the ETCNL TCC term

used in the TSC for March). The ISO is responsible for providing the information necessary to calculate the Reserved Component of each Transmission Owner's TSC.

WR: The revenue that a Transmission Owner collects for new external sales will be calculated monthly and will enter the WR term in the TSC formula with a two-month lag (*i.e.*, January actual data will be used in February to calculate the WR term used in the TSC for March). The ISO is responsible for calculating new external sales subcomponent of the WR component of each Transmission Owner's TSC. The Transmission Owner will not adjust the ISO's calculation. The actual revenue that a Transmission Owner collects for grandfathered OATT service that extends beyond ISO start-up, and revenues related to pre-OATT grandfathered arrangements as provided for under numbers (2) and (3) of Original Sheet No. 214A, will also be calculated monthly and will enter the WR term in the TSC formula based upon the prior month's information. For the first month the credit will be equal to the actual revenues received under those grandfathered agreements to be included in the WR component.

The BU term will be updated based on Transmission Owner filings to FERC (or a NYISO filing to FERC on behalf of LIPA) under the FPA. These filings will be made when the Transmission Owner determines that a change to its BU is required.

#### **14.1.3 Filing and Posting of Wholesale TSCs**

The Transmission Owners shall coordinate with the ISO to update certain components of the Wholesale TSC formula on a monthly basis or Capability Period basis. Each Transmission Owner may update its Wholesale TSC calculation to change its RR, CCC, or BU component value(s). Such updates, however, shall be subject to necessary FERC filings under the FPA. Each Transmission Owner will calculate its monthly Wholesale TSC and provide the ISO with the Wholesale TSC by no later than the fourteenth of each month, for posting on the OASIS to

become effective on the first of the next calendar month. The monthly Wholesale TSCs for each of the Transmission Districts shall be posted on the OASIS by the ISO no later than the fifteenth of each month or as soon thereafter as is reasonably possible but in no event later than the 20th of the month to become effective on the first of the next calendar month.

#### 14.1.4 TSC Calculation Information

The Annual Transmission Revenue Requirements (“RR”); Scheduling, System Control and Dispatch Costs (“CCC”), Billing Units (“BU”) and Rates of the Transmission Owners, except NYPA, for the purpose of calculating the respective Transmission District-based Wholesale TSC are shown in Table 1 below.

**Table 1**  
**Wholesale TSC Calculation Information**

Transmission Owner	Revenue Requirement (RR)	Scheduling System Control and Dispatch Costs (CCC)	Annual Billing Units (BU) MWh	Rate \$/MWh <sup>1</sup>
Central Hudson Gas & Electric Corp.	\$15,326,852	\$1,309,980	4,723,659	\$3.5220
Consolidated Edison Co. of NY, Inc.	\$385,900,000	\$21,000,000	49,984,628	\$8.1405
LIPA <sup>2</sup>	\$203,109,469	\$4,207,517	19,512,309	\$10.6249
New York State Electric & Gas Corporation <sup>3</sup>	\$90,149,075	\$1,633,000	14,817,111	\$6.1943
Niagara Mohawk Power Corporation	See Attachment H, Section 14.1.9	See Attachment H, Section 14.1.9	See Attachment H, Section 14.1.9	See Attachment H, Section 14.1.9
Orange and Rockland Utilities, Inc.	\$21,034,831	\$942,579	3,595,947	\$6.1117
Rochester Gas and Electric Corporation	\$24,242,747	\$583,577	6,967,556	\$3.5631

<sup>1</sup>The rate column represents the unit rate prior to crediting; the actual rate will be determined pursuant to the applicable TSC formula rate.

<sup>2</sup>LIPA and the Villages of Freeport, Greenport, and Rockville Centre (“Long Island Municipals”) agreed that the total discounted monthly Wholesale TSC rates to be billed to the Long Island

Municipals during the period from November 1, 2021 through December 31, 2024 are as follows: (1) November 1, 2021 – December 31, 2022: \$6.00/MWh; (2) January 1, 2023 – December 31, 2023: \$7.00/MWh; and (3) January 1, 2024 – December 31, 2024: \$8.00/MWh. Starting January 1, 2025, LIPA's then effective non-discounted Wholesale TSC rate, as described in Table 1 (including footnote 1 above), shall apply.

<sup>3</sup>NYSEG's RR, BU and unit Rate prior to adjustment pursuant to Attachment H, are subject to retroactive modification pursuant to the provisions of the Settlement Agreement approved by the Commission in its March 26, 2004 order issued in Docket No. EL04-56-000. For any Transmission Customer that "opts out" of the Settlement Agreement as described in paragraph 1.E thereof, the applicable NYSEG "RR" shall be \$100,541,739; the "BU" shall be 13,741,901 MWh; and, the "Rate" prior to adjustment pursuant to Attachment H, shall be \$7.4235 effective as of March 1, 2004.

#### **14.1.5 Treatment of Gross Receipts Tax**

##### **14.1.5.1 Central Hudson Gas & Electric Corporation**

Central Hudson's TSC shall be increased by dividing the following surcharge factors into the total of all applicable rates and charges to reflect the New York State GRT (0.94922 in the MTA regions and 0.95750 in the non-MTA regions), which is not specifically provided for in the transmission rate, to the extent such tax is imposed on Central Hudson as a result of the transmission service provided to such Customer. Central Hudson shall make an appropriate filing pursuant to Section 205 of the Federal Power Act to implement any change in the specified tax rate prior to altering the tax rate under this provision.

##### **14.1.5.2 Consolidated Edison Company of New York, Inc.**

The GRT is included in Con Edison's TSC rate. Con Edison will not charge separately for GRT.

##### **14.1.5.3 LIPA**

The GRT is included in LIPA's TSC rate. LIPA will not charge separately for GRT.

##### **14.1.5.4 New York State Electric & Gas Corporation**

The Transmission Customer shall pay an amount sufficient to reimburse NYSEG for any amounts payable by NYSEG as sales, excise, value-added, gross receipts or other applicable

taxes with respect to the total amount payable to NYSEG pursuant to the Tariff. The total of all rates and charges will be divided by the appropriate tax factor listed below, depending upon the geographic location of the Transmission Customer's Point(s) of Delivery

Within the Metropolitan Commuter Transportation District: 0.984583

Not within the Metropolitan Commuter Transportation District: 0.986823

These tax factors incorporate the taxes imposed on the Transmission Provider's electric revenues pursuant to New York law and represents the Franchise Tax on Gross Earnings, the Gross Income Tax, and where applicable the Metropolitan Commuter Transportation District Surcharge.

This Provision shall be effective upon commencement of services under the ISO OATT.

#### **14.1.5.5 Niagara Mohawk Power Corporation**

For the settled Niagara Mohawk TSC rate, the GRT is included in the RR and there will be no separate GRT tax assessed; For the filed Niagara Mohawk TSC rate, GRT initially is included in the RR and there will be no separate GRT assessed; however, this issue with regard to GRT is subject to final Commission action in Docket No. OA96-194-000, including all stipulations executed in connection therewith.

#### **14.1.5.6 Orange and Rockland Utilities, Inc.**

The Transmission Customer's rate will be increased to reflect the gross receipts tax ("GRT") which is not specifically provided for in the transmission rate and ancillary service rates, that a governmental authority may impose on Orange and Rockland as a result of the Transmission Service provided to such Transmission Customer pursuant to Sections 186 and 186-a of the New York Tax Law. The current effective GRT rate for the Section 186-a tax is 3.25% from October 1, 1998 through October 31, 1999 and 2.5% on and after January 1, 2000.

The maximum locality rate allowable under state law for each locality is specified below.

However, if the actual locality rate is less than the maximum locality rate permitted under state law, O&R shall charge the actual tax rate levied by the locality. The currently effective GRT rate for the Section 186 tax is .75%.

Airmont	1.0%
Bloomington	1.0%
Chestnut Ridge	1.0%
Goshen	1.0%
Grandview on Hudson	1.0%
Greenwood Lake	1.0%
Harriman	1.0%
Haverstraw	1.0%
Highland Falls	1.0%
Hillburn	1.0%
Kaser	1.0%
Kiryas Joel	1.0%
Middletown	1.0%
Monroe	1.0%
Montebello	1.0%
New Hempstead	1.0%
New Square	1.0%
Nyack	1.0%
Otisville	1.0%
Piermont	1.0%
Pomona	1.0%
Port Jervis	1.0%
Sloatsburg	1.0%
South Nyack	1.0%
Spring Valley	1.0%
Suffern	1.0%
Unionville	1.0%
Upper Nyack	1.0%
Warwick	1.0%
Washingtonville	1.0%
Wesley Hills	1.0%
West Haverstraw	1.0%
Wurtsboro	1.0%

#### **14.1.5.7 Rochester Gas & Electric Corporation**

The Transmission Customer's rate will be increased to reflect the gross receipts tax which is not specifically provided for in the transmission rate and ancillary service rates, that a

governmental authority may impose on RG&E as a result of the Transmission Service provided to such Transmission Customer pursuant to Sections 186 and 186-a of the New York Tax Law.

The currently effective GRT rate for the Section 186-a tax is 3.5% and each locality rate is specified below. The currently effective GRT rate for the Section 186 tax is .75%.

City of Rochester	3.0%
Leroy	1.0%
Manchester	1.0%
Perry	1.0%
Shortsville	1.0%
Warsaw	1.0%
Hilton	1.0%
Pittsford	1.0%
Caledonia	1.0%
Wolcott	1.0%
Avon	1.0%
Leicester	1.0%
Nunda	1.0%
Genesco	1.0%
Mt. Morris	1.0%
Sodus Point	1.0%
Livonia	1.0%
Meridian	1.0%
City of Canandaigua	1.0%
Fairport	1.0%
Brockport	1.0%
Scottsville	1.0%
East Rochester	1.0%

#### **14.1.6 TSC For Retail Access Customers (“RTSC”)**

Customers who apply for unbundled Transmission Service in accordance with the provisions of a Transmission Owner’s retail access program filed with the PSC or, in the case of LIPA, approved by the Long Island Power Authority’s Board of Trustees, will be responsible for paying a retail transmission service charge as detailed in Section 5 of this Tariff.



#### **14.1.7 NYPA Transmission Service Charge**

The NYPA TSC for service to its directly connected Loads (Reynolds Metals, GM-Massena, Town of Massena and the City of Plattsburgh) shall, at the Eligible Customer's option, be (a) \$1.30 per kilowatt-month or (b) no more than \$3.75 per MWh; not to exceed \$60.00 per MW Day applied to peak MWh scheduled any hour each day; not to exceed \$300.00 per MW-Week applied to the peak MWh scheduled any hour each week. The TSC applicable to service over the Vermont intertie and the Ontario-Hydro intertie shall be the same as (b); provided, however, that the NYPA TSC shall not apply to service over the Vermont intertie provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied. The TSC applicable to service over the Hydro-Quebec intertie shall be no more than \$4.62 per MWh; not to exceed \$73.85 per MW-Day applied to peak MWh scheduled each day; not to exceed \$369.23 per MW-Week applied to the peak MWh scheduled any hour each week. NYPA shall coordinate with the ISO to update its TSC. Such updates shall be subject to FERC filings.

#### **14.1.8 Discounting**

Each Transmission Owner may advise the ISO of discounts to its TSC applicable during a specified period to all deliveries to a particular Interconnection between the NYCA and another Control Area. The ISO shall post the discounts on the OASIS for the specified period.

Three principal requirements apply to discounts for Transmission Service as follows: (1) any offer of a discount made by a Transmission Owner must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by a Transmission Owner's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount that the Transmission Owner agrees to

and advises the ISO of, the same discounted Transmission Service rate will be offered to all Transmission Customers for the same period for all deliveries to a particular Interconnection between the NYCA and another Control Area. The ISO will post the discounts on the OASIS for the specified period.

**TABLE 2**  
**Applicable Wholesale TSC for Exports from**  
**New York State, by Transmission Circuit**

<b>Ckt.Id</b>	<b>From/To</b>	<b>kV</b>	<b>From Co./To Ext.</b>	<b>Wholesale TSC Paid</b>
5018	Ramapo / Branchburg	500	O&R/PJM	Con Ed/O&R
398	Pleasant Valley/ Long Mtn	345	CHG&E / NE	Con Ed
B3402	Farragut / Hudson	345	Con Ed / PJM	Con Ed
C3403	Farragut / Hudson	345	Con Ed / PJM	Con Ed
A2253	Goethals / Linden	230	Con Ed / PJM	Con Ed
FE	Smithfield / Falls Village	69	CHG&E/NE	CHG&E
1385	Northport / Norwalk 1	138	LIPA / NE	LIPA
393	Alps / Berkshire	345	NMPC / NE	NMPC
69	So. Ripley / Erie East	230	NMPC / PJM	NMPC
E205W	Rotterdam / Bear Swamp	230	NMPC / NE	NMPC
BP76	Packard / Beck	230	NMPC / OH	NMPC
171	Falconer / Warren	115	NMPC / PJM	NMPC
6	Hoosick / Bennington	115	NMPC / NE	NMPC
7	Whitehall / Blissville	115	NMPC / NE	NMPC
1	Dennison / Rosemont	115	NMPC / HQ	NMPC
2	Dennison / Rosemont	115	NMPC / HQ	NMPC
37-HS	Stolle Road / Homer City	345	NYSEG / PJM	NYSEG
30-HW	Watercure / Homer City	345	NYSEG / PJM	NYSEG
70-EH	Hillside / East Towanda	230	NYSEG / PJM	NYSEG
952	Goudey / Laurel Lake	115	NYSEG / PJM	NYSEG
956	No. Waverly / East Sayre	115	NYSEG / PJM	NYSEG
J	So. Mahwah / Waldwick	345	O&R / PJM	Con Ed/O&R
K	So. Mahwah / Walkwick	345	O&R / PJM	Con Ed/O&R
7040	Massena / Chateaugay	765	NYPA / HQ NYPA	NYPA
PA302	Niagara / Beck A	345	NYPA / OH	NYPA
PA301	Niagara / Beck B	345	NYPA / OH	NYPA
L34P	Moses / St. Lawrence	230	NYPA / OH	NYPA

L33P	Moses / St. Lawrence	230	NYPA / OH	NYPA
PA27	Niagara / Beck	230	NYPA / OH	NYPA
PV-20	Plattsburgh / Grand Isle	115	NYPA / NE	NYPA

<sup>1</sup> All scheduling over the Northport - Norwalk Intertie is conducted by LIPA pursuant to Section 5.7 of this Tariff.

**TABLE 3**  
**Applicable Wholesale TSC for Municipal Utilities,**  
**Electric Cooperatives and Loads**

Except for those municipal utilities and electric cooperatives that continue to take transmission service under an Existing Transmission Agreement, the following Loads shall be obligated to pay the noted Transmission District - based TSC as applicable in accordance with Section 2.7 of this Tariff.

Load	TSC Paid	Load	TSC Paid	Load	TSC Paid
		Greene	NYSEG	Sherrill	NMPC
		Green Island	NMPC	Silver Springs	NYSEG
		Greenport	LIPA	Skaneateles	NMPC
		Groton	NYSEG	Solvay	NMPC
		Hamilton	NYSEG	Spencerport	RG&E
		Holley	NMPC	Springville	NMPC
		Ilion	NMPC	Steuben	NYSEG
Akron	NMPC	Lake Placid	NMPC	Theresa	NMPC
Andover	NMPC	Little Valley	NMPC	Tupper Lake	NMPC
Angelica	RG&E	Marathon	NYSEG	Watkins Glen	NYSEG
Arcade	NMPC	Mayville	NMPC	Wellsville	NMPC
Bath	NYSEG	Mohawk	NMPC	Westfield	NMPC
Bergen	NMPC	Oneida -Madison	NMPC/ NYSEG	Massena	NYPA
Boonville	NMPC	Otsego	NYSEG	Freeport	LIPA
Brolton	NMPC	Penn Yan	NYSEG	Jamestown	NMPC
Castile	NYSEG	Philadelphia	NMPC	Rockville Ctr.	LIPA
Churchville	NMPC	Plattsburgh	NYPA	Alcoa	(1)
Delaware	NYSEG	Richmondville	NMPC	Reynolds	NYPA
Endicott	NYSEG	Rouses Point	NYSEG	Gen. Motors (Massena, NY)	NYPA
Fairport	NMPC	Salamanca	NMPC	Cornwall	NMPC
Frankfort	NMPC	Sherburne	NYSEG		

Notes: (1) - Load is treated as an entity external to the NYCA.

#### **14.1.9 Niagara Mohawk Power Corporation Wholesale TSC Formula Components RR, CCC and BU and Sources of Data Inputs**

Niagara Mohawk Power Corporation ("NMPC") will calculate and update each of its RR, CCC, and BU components annually using the formulas for each component contained in Attachment 1 and in accordance with the update procedures set forth in Section 14.1.9.4. With the exception of forecasted information, the cost data used in the Formula Rate will be cost data from NMPC's annual FERC Form 1, NMPC's Annual Report to the New York State Public Service Commission, or NMPC's official books of record.

##### **14.1.9.1 Definitions**

Capitalized terms used in this calculation will have the following definitions:

##### **Allocation Factors**

14.1.9.1.1 Electric Wages and Salaries Allocation Factor shall be fixed at 0.835.

14.1.9.1.2 Gross Transmission Plant Allocation Factor shall equal the total investment in Transmission Plant in Service, Transmission Related Electric General Plant, Transmission Related Common Plant and Transmission Related Intangible Plant divided by Gross Electric Plant.

14.1.9.1.3 Transmission Wages and Salaries Allocation Factor shall be fixed at 0.13.

14.1.9.1.4 Gross Electric Plant Allocation Factor shall equal Gross Electric Plant divided by the sum of Total Gas Plant, Total Electric Plant, and total Common Plant.

##### **Ratebase and Expense Items**

14.1.9.1.5 Administrative and General Expense shall equal expenses as recorded in FERC Account Nos. 920-935. FERC Account No. 926 shall be adjusted by

reversing the adjustment to the deferred pension costs booked per the NYPSC Statement of Policy for Accounting and Ratemaking Treatment for Pension and Post-Retirement Benefits Other than Pensions. In addition, Administrative and General Expenses shall exclude the actual Post-Employment Benefits Other than Pensions (“PBOP”) expenses included in FERC Account No. 926, and shall add back the FERC accepted Post Employment Benefit Other than Pensions of \$88,644,000 annually or \$7,387,000 per month or any other amount subsequently approved by FERC under Section 205 or 206 of the Federal Power Act.

14.1.9.1.6 Amortization of Investment Tax Credits shall equal credits as recorded in FERC Account No. 420, per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.7 Amortization of Debt Discount Expense shall equal expenses as recorded in FERC Account No. 428.

14.1.9.1.8 Amortization of Loss on Reacquired Debt shall equal expenses as recorded in FERC Account No. 428.1.

14.1.9.1.9 Amortization of Premium on Debt –Credit shall equal the expenses as recorded in FERC Account 429.

14.1.9.1.10 Amortization of Gain on Reacquired Debt--Credit shall equal the expenses as recorded in FERC Account No. 429.1.

14.1.9.1.11 Common Plant shall equal the balance of plant recorded in FERC Account Nos. 389-399. Common Plant shall be defined as the plant common to NMPC’s gas and electric functions per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.12 Common Plant Depreciation Expense shall equal the common plant depreciation expenses as recorded in FERC Account No. 403, 404 and 405 associated with Common Plant per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.13 Common Plant Depreciation Reserve shall equal the common plant depreciation reserve balance as recorded in FERC Account No. 108 associated with Common Plant per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.14 Depreciation Expense for Transmission Plant in Service shall equal depreciation expenses as recorded in FERC Account No. 403, 404 and 405 calculated using the depreciation rates set forth in the following table:

### **Depreciation Rates**

<u>FERC Account/NMPC Internal Account No.</u>	<u>Annual Rate</u>
---	--------------------

#### **Transmission Plant**

350	Land –Rights of Way and Easements	1.32
352	Structures and Improvements	2.42
353	Station Equipment	2.53
353.55	Station Equipment – EMS	4.20
354	Towers and Fixtures	1.80
355	Poles and Fixtures	2.23
356	Overhead Conductors and Devices	1.69
357	Underground Conduit	1.24
358	Underground Conductors and Devices	1.59
359	Roads and Trails	1.33

#### **Electric General Plant**

390	Structures and improvements	2.51
391.01	Office furniture, equipment	4.55
391.20	Office furniture equipment (Data Processing Equipment)	20.00

392.22	Transportation Equipment	3.33
394	Tools, shop, garage equipment	4.55
395	Laboratory equipment	4.55
396	Power operated equipment	4.55
397.01	Communication equipment – Radio	4.55
397.02	Communication equipment – Telephone	12.50
397.50 &.60	Communication equipment – Network	4.55
398.01	Power and Supervisory Control	4.55

### **Common General Plant**

390	Structures and improvements	2.57
391.10	Office furniture and equipment	4.55
391.21	Data Processing Equipment	20.00
392.21	Transportation Equipment – Aircraft	7.50
393	Stores equipment	4.55
394	Tools, shop and garage equipment	4.55
395	Laboratory equipment	4.55
396	Power operated equipment	4.55
397.10	Communication equipment – Radio	4.55
397.20	Communication equipment – Telephone	12.50
397.30	Communication equipment – Network	4.55
398	Miscellaneous equipment	4.55
398.10	Power and Supervisory Control	4.55

### **Electric Distribution Plant – Large Meters**

370.30	Large Meters Installation – Bare Costs	5.05
370.35	Large Meters – Installation Costs	5.05

### **Intangible Plant**

302	Franchises and Consents	2.38
303	Miscellaneous Intangible Assets	14.29

14.1.9.1.15 Distribution Plant shall equal the plant balance as recorded in FERC

Account Nos. 360 – 374.

14.1.9.1.16 Equity AFUDC Component of Depreciation Expense shall equal the

activity recorded in FERC Account No. 419.1.

14.1.9.1.17 Electric Environmental Remediation Expense shall be the environmental

remediation expense as recorded in FERC Account 930.2.

14.1.9.1.18 Electric General Plant shall equal the plant balance recorded in FERC

Account Nos. 389-399. Electric General Plant shall be defined as the general plant associated with NMPC's electric function.

14.1.9.1.19 Electric General Plant Depreciation Expense shall equal general plant

depreciation expenses as recorded in FERC Account No. 403, 404 and 405

associated with Electric General Plant.

14.1.9.1.20 Electric General Plant Depreciation Reserve shall equal the general plant

depreciation reserve balance as recorded in FERC Account No. 108 associated with Electric General Plant.

14.1.9.1.21 Electric Property Insurance shall equal property insurance recorded in

FERC Account No. 924.

14.1.9.1.22 Electric Research and Development Expense shall equal research and

development expenses as recorded in FERC Account No. 930.2.

14.1.9.1.23 Gain on Reacquired Debt shall equal the balance as recorded in FERC

Account No. 257.



- 14.1.9.1.24 Gross Electric Plant shall equal Total Electric Plant plus an allocation of Common Plant determined by multiplying Common Plant by the Electric Wages and Salaries Allocation Factor.
- 14.1.9.1.25 Gross Plant (Gas & Electric) shall equal Total Gas Plant plus Total Electric Plant plus Total Common Plant.
- 14.1.9.1.26 Gross Transmission Investment shall equal the total of Transmission Plant in Service, Transmission Related Electric General Plant, Transmission Related Common Plant and Transmission Related Intangible Plant.
- 14.1.9.1.27 Intangible Electric Plant shall equal the balance of plant recorded in FERC Account Nos. 301-303. Intangible Electric Plant shall be defined as the intangible plant associated with NMPC's electric functions.
- 14.1.9.1.28 Intangible Electric Plant Depreciation Expense shall equal the intangible electric plant depreciation expenses as recorded in FERC Account No. 403, 404 and 405 associated with Intangible Electric Plant.
- 14.1.9.1.29 Intangible Electric Plant Depreciation Reserve shall equal the intangible plant depreciation reserve balance as recorded in FERC Account No. 108 associated with Intangible Electric Plant.
- 14.1.9.1.30 Loss on Reacquired Debt shall equal the loss on reacquired debt as recorded in FERC Account No. 189.
- 14.1.9.1.31 Materials and Supplies shall equal materials and supplies balance as recorded in FERC Account No. 154 per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

- 14.1.9.1.32 Payroll Taxes shall equal the electric payroll tax expenses related to FICA and federal and state unemployment as recorded in FERC Account 408.1.
- 14.1.9.1.33 Plant Held for Future Use shall equal the balance as recorded in FERC Account No. 105 for transmission uses within 5 years.
- 14.1.9.1.34 Prepayments shall equal prepayment balance as recorded in FERC Account No. 165 per 18 C.F.R. Parts 101 (Electric) and 201 (Gas) less prepaid state and Federal income taxes.
- 14.1.9.1.35 Real Estate Tax Expenses shall equal electric real estate tax expense as recorded in FERC Account 408.1.
- 14.1.9.1.36 Regulatory Assets and Liabilities shall equal state and federal regulatory asset balances in FERC Account Nos. 182.3 and 254, assets and liabilities solely related to excess and deficient ADIT associated with changes in federal, state or local tax rates, Other FAS109 assets or liabilities, and excess AFUDC.
- 14.1.9.1.37 Total Accumulated Deferred Income Taxes shall equal the sum of deferred tax balances recorded in FERC Account Nos. 281 - 283 plus accumulated deferred investment tax credits as reflected in FERC Account No. 255, minus the deferred tax balance in FERC Account No. 190. Total Accumulated Deferred Income Taxes shall exclude the specifically identified generation-related stranded cost deferred taxes.
- 14.1.9.1.38 Total Electric Plant shall equal the sum of Transmission Plant, Distribution Plant, Electric General Plant and Intangible Electric Plant.
- 14.1.9.1.39 Total Gas Plant shall equal the plant balance recorded in 18 C.F.R. Part 201, FERC Account Nos. 301-399. Total Gas Plant shall exclude Common Plant.

- 14.1.9.1.40 Transmission Depreciation Reserve shall equal electric transmission plant related depreciation reserve balance as recorded in FERC Account No. 108, plus Transmission Related General Plant Accumulated Depreciation, Transmission Related Amortization of Other Utility Plant, and Common Plant Accumulated Depreciation associated with Gross Electric Plant.
- 14.1.9.1.41 Transmission Operation and Maintenance Expense shall equal the sum of electric expenses as recorded in FERC Account Nos. 560 and 562-574 which shall include Transmission Support Payments, but shall exclude expenses incurred pursuant to agreements entered into with generators or other similar resources for the purpose of supporting transmission reliability that do not qualify as Transmission Support Payments.
- 14.1.9.1.42 Transmission Plant shall equal the gross plant balance as recorded in FERC Account Nos. 350-359.
- 14.1.9.1.43 Transmission Related Bad Debt Expense shall equal Bad Debt Expense as reported in FERC Account 904 related to NMPC's wholesale transmission billing.
- 14.1.9.1.44 Unamortized Discount on Long-Term Debt shall equal the balance in FERC Account No. 226.
- 14.1.9.1.45 Wholesale Metering Investment shall equal the gross plant investment associated with any Revenue or Remote Terminal Unit ("RTU") meters and associated equipment connected to an internal or external tie at voltages equal to or greater than 23 kV. The gross plant investment shall be determined by multiplying the number of such existing wholesale meters recorded in FERC Account No. 370.3 and in blanket metering accounts by the average cost of the

meters plus the average costs of installation. To the extent future gross plant investment for Wholesale Metering can be specifically identified, actual gross meter costs will be used.

14.1.9.1.46 Amortization of Regulatory Assets and Liabilities shall equal credits and expenses as recorded in FERC account 411.1 or 410.1 solely related to excess and deficient ADIT associated with changes in federal, state or local tax rates.

#### **Forecast and True-up Related Terms**

14.1.9.1.47 Forecast Period shall mean the calendar year immediately following the calendar year for which the most recent FERC Form 1 data is available, as of the beginning of the Update Year.

14.1.9.1.48 Forecasted Transmission Plant Additions (“FTPA”) shall mean the sum of:

14.1.9.1.48.1 NMPC’s actual Transmission Plant additions during the first quarter (January 1 through March 31) of the Forecast Period; and

14.1.9.1.48.2 NMPC’s forecasted transmission investment for the Forecast Period less the amount (i), divided by 2.

14.1.9.1.49 Interest on refunds, surcharges, or adjustments, as applicable, shall mean interest calculated in accordance with the methodology specified in the Commission’s regulations at 18 C.F.R. § 35.19a (a) (2) (iii) (or as such provision may be renumbered in the future).

14.1.9.1.50 Actual Transmission Revenue Requirement shall mean the current Historical Transmission Revenue Requirement (as defined in Attachment 1).

- 14.1.9.1.51 Actual Scheduling, System Control and Dispatch cost shall mean the most recently established CCC (as defined in Attachment 1).
- 14.1.9.1.52 Actual Billing Units shall mean the most recently established BU (as defined in Attachment 1).
- 14.1.9.1.53 Prior Year Transmission Revenue Requirement shall equal RR less Annual True-Up ("ATU"), as defined in Attachment 1, for the most recently ended calendar year as of the beginning of the Update Year.
- 14.1.9.1.54 Prior Year Scheduling, System Control and Dispatch shall equal the CCC, as defined in Attachment 1, for the prior calendar year.
- 14.1.9.1.55 Prior Year Billing Units shall equal the BU, as defined in Attachment 1, for the prior calendar year.
- 14.1.9.1.56 Prior Year Unit Rate shall equal the sum of RR, as defined in Attachment 1, for the most recently ended Prior Year Revenue Requirement and the Prior Year Scheduling, System Control and Dispatch divided by the Prior Year Billing Units.
- 14.1.9.1.57 Annual Update shall mean the calculation of the RR, CCC, and BU components with Data Inputs for an Update Year in accordance with Section 14.1.9.4.
- 14.1.9.1.58 Data Input shall mean any data required for the calculation of RR, CCC and BU, in accordance with the Formula Rate.
- 14.1.9.1.59 Formal Challenge shall mean a challenge presented in accordance with Section 14.1.9.4.3.2.

14.1.9.1.60 Informational Filing shall mean the filing that NMPC makes in accordance with Section 14.1.9.4 to establish the Annual Update for an Update Year.

14.1.9.1.61 Interested Party shall mean a person that is (i) a party to FERC Docket No. ER08-552, (ii) the New York State Public Service Commission; (iii) a transmission customer under this Tariff that pays charges based on the Formula Rate during the calendar year prior to the submission of the Informational Filing; or (iv) a state regulatory authority having jurisdiction over the retail electric rates of such a transmission customer, provided that such regulatory authority or such customer notifies NMPC of that fact no later than 30 days prior to the Publication Date. An Interested Person includes employees of or consultants to such person.

14.1.9.1.62 Material Accounting Change shall mean an accounting policy or practice, including, but not limited to, a policy or practice affecting the allocation of costs or revenues, employed by NMPC during an Update Year that differs from the corresponding policy or practice in effect during any of the three previous calendar years which change affects any Data Input for the Update Year by \$1.0 million or more, as compared to the previous calendar year.

14.1.9.1.63 Preliminary Challenge shall mean a challenge presented by an Interested Party in accordance with Section 14.1.9.4.2.1.

14.1.9.1.64 Publication Date shall be the date of an Informational Filing for an Update Year.

14.1.9.1.65 Review Period shall be the period ending one-hundred and fifty (150) days after the Publication Date, unless extended in accordance with Section 14.1.9.4.2.1.

14.1.9.1.66 Formula Rate shall be the formulas set forth in Attachment 1.

14.1.9.1.67 Update Year shall be the period from July 1 of a given calendar year through June 30 of the subsequent calendar year for a particular Annual Update.

14.1.9.1.68 Transmission Support Payments shall be expenses accepted by FERC for inclusion in the Historical Transmission Revenue Requirement pursuant to agreements entered into with generators or other similar resources for the purpose of supporting transmission reliability that have been submitted to FERC for review. Pursuant to the settlement agreement accepted by FERC in Docket No. ER14-543, Transmission Support Payments shall include the costs incurred by Niagara Mohawk pursuant to the reliability support services agreements entered into between Niagara Mohawk and Dunkirk Power, LLC on July 12, 2012 and March 4, 2013, including the costs of extending the March 4, 2013 agreement through the end of 2015, less a sum total of \$35 million.

All references to FERC accounts in the above definitions are references to 18 C.F.R. Part 101, unless specifically noted otherwise. In the event that the above-referenced FERC accounts are renumbered, renamed, or otherwise modified, the above sections shall be deemed amended to incorporate such renumbered, renamed, modified or additional accounts.

#### **14.1.9.2 Calculation of RR**

The RR component shall equal the (a) Historical Transmission Revenue Requirement, plus (b) the Forecasted Transmission Revenue Requirement which shall exclude the impact of any Transmission Support Payments, plus (c) the Annual True-Up, determined in accordance with the Formula Rate.

### **14.1.9.3 Fixed Formula Inputs**

Formula Rate inputs for (i) the authorized return on common equity (“ROE”), (ii) any cap on the common equity component of the capital structure, (iii) amount and amortization period of extraordinary property losses, (iv) depreciation and/or amortization rates, (v) PBOP expenses, and (vi) the electric wages and salaries allocation factor and transmission wages and salaries allocation factor shall be stated values until changed by the FERC pursuant to Section 205 or Section 206 of the Federal Power Act. An application under Section 205 or 206 or a proceeding initiated by FERC sua sponte under Section 206 to modify any of these stated values under the Formula Rate other than the ROE, the cap on the common equity component of the capital structure or the allocation factors in (vi) shall not be deemed to open for review other components of the Formula Rate.

### **14.1.9.4 Annual Update Process**

#### **14.1.9.4.1 Annual Updates**

14.1.9.4.1.1 On or before June 14th of each year, NMPC shall recalculate its RR, CCC, and BU components, applying the Data Inputs called for in the Formula Rate to produce the Annual Update for the upcoming Update Year, and:

14.1.9.4.1.1.1 shall post such Annual Update and a “workable” excel file containing that year’s Annual Update on the NYISO’s Internet website;

14.1.9.4.1.1.2 shall file such Annual Update with the FERC as the Informational Filing. The submission of such Informational Filing with FERC shall not require any action by the agency; and

14.1.9.4.1.1.3 shall serve the Annual Update electronically on all Interested Parties.



14.1.9.4.1.2 If the date for making the Informational Filing should fall on a weekend or a holiday recognized by the FERC, then the posting/filing shall coincide with the NYISO posting requirement for July rates.

14.1.9.4.1.3 The Annual Update for the Update Year:

14.1.9.4.1.3.1 shall use the Data Inputs specified in NMPC's Formula Rate, and therefore, to the extent specified in NMPC's Formula Rate, be based upon NMPC's FERC Form No. 1 data for the most recent calendar year; to the extent specified in NMPC's Formula Rate, be based upon the books and records of NMPC consistent with FERC accounting policies, and, to the extent specified in NMPC's Formula Rate, be based on projections for the upcoming calendar year;

14.1.9.4.1.3.2 shall provide supporting documentation for Data Inputs in the form of the data provided in Attachment C to the Offer of Settlement dated April 6, 2009, in Docket No. ER08-552; and, with respect to Billing Units, shall include monthly documents in PDF format with redacted names and revised reference numbers for each entity to protect confidentiality, showing the Billing Units for each month of the most recently completed calendar billing year (the six-month updated BUs), including NMPC's Transmission Owner Load ("TOL"), consisting of metered loads for the December through November timeframe showing the calendar billing year BUs reported to the NYISO by NMPC. The total MWh of generation (including load modifiers) and net interchange for each NMPC transmission zone will be displayed. National Grid will also provide a document as a "workable" Excel file summarizing the TOL for disputed station service, High Load Factor Fitzpatrick and any other entity excluded from the Billing Units

calculation in Attachment 1, Schedule 6.12, of the Formula Rate. The summary will be labeled to show the reason for exclusion, consistent with the definition of Billing Units and will reconcile to the totals shown on Attachment 1, Schedule 6.12.

14.1.9.4.1.3.3 shall provide notice of and describe all Material Accounting Changes, which description shall include an explanation of the purpose for and the circumstances giving rise to the Material Accounting Change, including references to any relevant orders, policies or notices of the Securities and Exchange Commission, the FERC or a retail regulator, which explanation may incorporate by reference any applicable disclosure statements filed with any such agency;

14.1.9.4.1.3.4 shall provide notice of the date and location of the meeting to be held in accordance with Section 14.1.9.4.2.2;

14.1.9.4.1.3.5 shall be subject to challenge and review only in accordance with the procedures set forth in this Section 14.1.9.4, provided that such procedures shall not preclude investigation of the Annual Update by FERC, including through hearing procedures;

14.1.9.4.1.3.6 shall not seek to modify NMPC's Formula Rate and shall not be subject to challenge by an Interested Party seeking to modify NMPC's Formula Rate (i.e., all such modifications to the Formula Rate will require, as applicable, a Federal Power Act Section 205 or Section 206 proceeding), provided that an Interested Party may propose for consideration a change to the Formula Rate, as provided in Section 14.1.9.4.3.5;

14.1.9.4.1.3.7 shall include a list of the email addresses of Interested Parties upon which the Annual Update was served; and

14.1.9.4.1.3.8 shall provide a description of, and workpapers for, any correction of an error discovered by NMPC that affects the calculation of any charges under the Formula Rate during a prior year within the period applicable under Section 14.1.9.4.4.

14.1.9.4.1.4 The fixed Formula Rate inputs set forth in Section 14.1.9.3 shall not be subject to adjustment in an Annual Update.

#### **14.1.9.4.2 Annual Review Procedures**

Each Annual Update shall be subject to the following review procedures:

14.1.9.4.2.1 Any Interested Party shall have up to one hundred fifty (150) days after the Publication Date (unless such period is extended with the written consent of NMPC) to review the calculations and to notify NMPC in writing of any specific challenges to the accuracy of any Data Input in the Annual Update or the conformance of any such Data Input with the requirements of the Formula Rate (“Preliminary Challenge”); provided, however, that each Interested Party shall make a good faith effort to submit Preliminary Challenges at the earliest practicable date so that they may be resolved as soon as possible, and provide NMPC with a non-binding list of potential Preliminary Challenges it may present, based on its review of the Annual Update and on responses to information requests provided to that point, within ninety (90) days of the Publication Date. Any Preliminary Challenge shall be posted on the NYISO’s internet website and

served by electronic service on all Interested Parties by the next business day following the date it is provided to NMPC.

14.1.9.4.2.2 Within thirty (30) days of the Publication Date, NMPC shall hold a meeting open to all Interested Parties, at which meeting: (a) NMPC shall present and explain the Annual Update; (b) NMPC shall respond to questions from Interested Parties, to the extent such questions can be answered immediately; and (c) Interested Parties shall identify any areas of potential Preliminary Challenges, to the extent they have identified them at the time of the meeting.

14.1.9.4.2.3 Interested Parties shall have up to one hundred thirty (130) days after each annual Publication Date (unless such period is extended with the written consent of NMPC) to serve reasonable information requests on NMPC; provided, however, that the Interested Parties shall make a good faith effort to submit consolidated sets of information requests that limit the number and overlap of questions to the extent practicable. Such information requests may be directed to matters relevant to the accuracy of the Data Inputs included in the Annual Update and the conformance of those Data Inputs with the requirements of the corresponding provisions of the Formula Rate, including: (a) the reasons for any change in a Data Input from the corresponding Data Input in an earlier Annual Update; (b) the reasons for any change in a Data Input based on actual costs from the corresponding Data Input based on a cost projection in an earlier Annual Update; (c) any reports or other materials provided to fulfill the requirements of a state or federal regulatory agency that explain the basis for projected or actual costs reflected in a Data Input; and (d) the impact of any Material Accounting

Change identified in the Annual Update on the charges produced by the Formula Rate.

14.1.9.4.2.4 NMPC shall make a good faith effort to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such requests. NMPC may give reasonable priority to responding to requests that satisfy the practicable coordination and consolidation provision of Section 14.1.9.4.2.3, above. NMPC's responses to information requests shall not be entitled to protection as privileged settlement communications; provided, however, that: (a) any communications between NMPC and any Interested Party in connection with efforts to negotiate a resolution of a Preliminary Challenge or Formal Challenge shall be entitled to such protection; (b) if NMPC's response to an information request contains proprietary or trade secret information or critical energy infrastructure information, NMPC and the Interested Party or Parties receiving such information shall enter into a confidentiality agreement materially similar to the model protective order used by the FERC to protect the confidentiality of such information; and (c) nothing herein shall require NMPC to provide information that is protected by the attorney-client privilege, the attorney work product doctrine, or any other legally recognized privilege.

#### **14.1.9.4.3 Resolution of Challenges**

14.1.9.4.3.1 NMPC and the Interested Parties shall negotiate in good faith throughout the Review Period to attempt to resolve any Preliminary Challenges.

14.1.9.4.3.2 If NMPC and any Interested Party or Parties have not resolved any Preliminary Challenge to the Annual Update within the Review Period, an

Interested Party shall have an additional twenty-one (21) days (unless such period is extended with the written consent of NMPC to continue efforts to resolve a Preliminary Challenge) to present the subject matter of the Preliminary Challenge to the FERC as a Formal Challenge, which shall be served on NMPC and all other Interested Parties by electronic service on the date of such filing and posted on the NYISO's internet website, however, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in Section 14.1.9.4.2 if the FERC already has initiated a proceeding to investigate the Annual Update. By no later than five (5) business days after the end of the Review Period, NMPC shall apprise Interested Parties of the resolution of all Preliminary Challenges that have been resolved and of the impact of the resolution of all such Preliminary Challenges on the Annual Update. Within an additional fifteen (15) business days, NMPC shall submit a supplement to its Informational Filing to the FERC, with electronic service upon the Interested Parties, reflecting the impact of all successfully resolved Preliminary Challenges.

14.1.9.4.3.3 Any response by NMPC to a Formal Challenge must be submitted to the FERC within twenty-one (21) days of the date of the filing of the Formal Challenge, and shall be posted on the NYISO's Internet website and served on all Interested Parties by electronic service on the date of such filing.

14.1.9.4.3.4 In any proceeding initiated by the FERC concerning the Annual Update or in response to a Formal Challenge, NMPC shall bear the burden of proving that the Data Inputs in that year's Annual Update are correct and conform to the terms of the Formula Rate and refunds or adjustments may be made, in either case with

interest, to charges collected under the Formula Rate if the FERC concludes that the Data Inputs are incorrect or do not conform to the terms of the Formula Rate. In all other respects, any such proceeding shall be governed by the rules and requirements applicable to proceedings under Section 206 of the Federal Power Act.

14.1.9.4.3.5 An Interested Party may propose that resolution of a Preliminary Challenge or Formal Challenge concerning a Material Accounting Change necessitates changes to the Formula Rate to ensure that the resulting charges, including the effect of the Material Accounting Change, are just and reasonable. If NMPC agrees to such a proposed change to the Formula Rate to resolve a Preliminary Challenge, NMPC shall file the change to the Formula Rate with the FERC for approval pursuant to Section 205 of the Federal Power Act. If NMPC does not agree to such a proposed change, the Interested Party may file the proposed change with the FERC for approval pursuant to Section 206 of the Federal Power Act concurrent with its submission of a Formal Challenge; provided that if FERC approves the proposed change, the change to the Formula Rate shall take effect as of the beginning of the Update Year during which the Section 206 filing is made, and refunds or surcharges shall be made, in either case with interest, to charges under the Formula Rate after the beginning of such Update Year to reflect the proposed change.

14.1.9.4.3.6 Nothing herein shall be deemed to limit in any way the right of NMPC to file unilaterally, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, changes to NMPC's Formula Rate (including changes in

connection with any incentive mechanism) or any of its Data Inputs (including, but not limited to, any fixed Data Inputs) or the right of any other party to file for such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder. All parties reserve all rights to challenge, or take any position in response to, any such filing by any other party.

#### **14.1.9.4.4 Changes to Data Inputs**

14.1.9.4.4.1 Any changes to the Data Inputs for an Annual Update, including but not limited to revisions resulting from any FERC proceeding to consider the Annual Update, or as a result of the procedures set forth herein, shall take effect as of the beginning of the Update Year and the impact of such changes shall be incorporated into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19(a)) in the Annual Update for the next effective Update Year. This mechanism shall apply in lieu of mid-Update Year adjustments and any refunds or surcharges, except that, if an error in a Data Input is discovered and agreed upon within the Review Period, the impact of such change shall be incorporated prospectively into the charges produced by the Formula Rate during the remainder of the year preceding the next effective Update Year, in which case the impact reflected in subsequent charges shall be reduced accordingly.

14.1.9.4.4.2 The impact of an error affecting a Data Input on charges collected during the Formula Rate during the five (5) years prior to the Update Year in which the error was first discovered shall be corrected by incorporating the impact of the error on the charges produced by the Formula Rate during the five-year period



into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19(a)) in the Annual Update for the next effective Update Year. Charges collected before the five-year period shall not be subject to correction.

## **14.2 Attachment 1 to Attachment H (Niagara Mohawk Power Corporation) and NYPA Transmission Adjustment Charge**

### **14.2.1 Attachment 1 to Attachment H: Schedules (Niagara Mohawk Power Corporation)**

#### **Table of Contents**

Historical Transmission Revenue Requirement	Schedule 1
Forecasted Transmission Revenue Requirement	Schedule 2
Annual True-up with Interest Calculation	Schedule 3
Year to Year Comparison	Schedule 4
Allocators	Schedule 5
Transmission Investment Base (Part 1 of 2)	Schedule 6 Page 1 of 2
Transmission Investment Base (Part 1 of 2)	Schedule 6 Page 2 of 2
Transmission Investment Base (Part 2 of 2)	Schedule 7
Capital Structure	Schedule 8
Expenses	Schedule 9
Other	Schedule 10
System Dispatch Expense - Component CCC	Schedule 11
Billing Units - Component BU	Schedule 12
Forecasted Accumulated Deferred Income Taxes (FADIT)	Schedule 13
Actual Accumulated Deferred Income Taxes (AADIT)	Schedule 13(a)
(Excess)/Deficient ADIT Worksheet	Schedule 14
(Excess)/Deficient ADIT Remeasurement Support	Schedule 14(a)

Niagara Mohawk Power Corporation

Calculation of RR Pursuant to Attachment H, Section 14.1.9.2

Year

Attachment 1  
Schedule 1

Calculation of RR

14.1.9.2 The RR component shall equal the (a) Historical Transmission Revenue Requirement plus (b) the Forecasted Transmission Revenue Requirement plus (c) the Annual True-Up, determined in accordance with the formula below.

Historical Transmission Revenue Requirement (Historical TRR)

Line No.

1	<b><u>Historical Transmission Revenue Requirement (Historical TRR)</u></b>			
2				
3	14.1.9.2 (a)	Historical TRR shall equal the sum of NMPC’s (A) Return and Associated Income Taxes, (B) Transmission Related Depreciation Expense, (C)		
4		Transmission Related Real Estate Tax Expense, (D) Transmission Related Amortization of Investment Tax Credits,		
5		(E) Transmission Operation and Maintenance Expense, (F) Transmission Related Administrative and General Expenses, (G) Transmission		
		Related Payroll Tax Expense, (H) Amortization of Transmission Regulatory Assets and Liabilities, (I) Billing Adjustments, and (J) Transmission Related Bad Debt Expense		
6		less		
7		(K) Revenue Credits, and (L) Transmission Rents, all determined for the most recently ended calendar year as of the beginning of the update year.		
8		Reference		
9		Section:	0	
10		(A)	#DIV/0!	Schedule 8, Line 64
11		(B)	#DIV/0!	Schedule 9, Line 6, column 5
12		(C)	#DIV/0!	Schedule 9, Line 12, column 5
13		(D)	#DIV/0!	Schedule 9, Line 16, column 5 times minus 1
14		(E)	\$0	Schedule 9, Line 23, column 5
15		(F)	#DIV/0!	Schedule 9, Line 38, column 5
16		(G)	\$0	Schedule 9, Line 44, column 5
17		(H)	#DIV/0!	Schedule 9, Line 46, column 5
18			#DIV/0!	
19				
20		(I)	\$0	Schedule 10, Line 1
21		(J)	\$0	Schedule 10, Line 4
22		(K)	\$0	Schedule 10, Line 7
23		(L)	\$0	Schedule 10, Line 14
24				
25		Total Historical Transmission Revenue Requirement (Sum of Line 18 - Line 23)		#DIV/0!

Niagara Mohawk Power Corporation  
Forecasted Transmission Revenue Requirement  
Attachment H, Section 14.1.9.2

Attachment 1  
Schedule 2

		Year		
Shading denotes an input				
Line No.				
1	14.1.9.2 FORECASTED TRANSMISSION REVENUE REQUIREMENTS			
	(b)			
2	Forecasted TRR shall equal (1) the Forecasted Transmission Plant Additions (FTPA) multiplied by the Adjusted Annual (AFTRRF), plus (2) Forecasted ADIT Adjustment (FADITA), plus (3) the Mid-Year Trend			
3	Adjustment (MYTA), less (4) Transmission Support Payments (TSP), plus (5) the Tax Rate Adjustment (TRA), less (6) Other Billing Adjustments (OBA) as shown in the following formula:			
4				
5	Forecasted TRR = (FTPA * AFTRRF) + FADITA + MYTA - TSP + TRA - OBA			
6				
7		<u>Period</u>	<u>Reference</u>	<u>Source</u>
8				
9				
10	(1)	FORECASTED TRANSMISSION PLANT ADDITIONS (FTPA)	\$0	Workpaper 8, Section I, Line 16
11		Adjusted Annual Transmission Revenue Requirement Factor (AFTRRF)	#DIV/0!	Line 76
12		Sub-Total (Lines 10*11)	#DIV/0!	
13				
14	(2)	FORECASTED ADIT ADJUSTMENT (FADITA)		
15	The Forecasted ADIT Adjustment (FADITA) shall equal the Forecasted ADIT (FADIT)			
16	multiplied by the Cost of Capital Rate, where:			
17				
18	Forecasted ADIT(FADIT) shall equal the projected change in Accumulated Deferred Income Taxes from the most recently concluded calendar year related to accelerated depreciation and associated with Transmission Plant for the Forecasted Period calculated in accordance with Treasury regulation Section 1.167(1)-1(h)(6).			
19				
20				
21				
22		Forecasted ADIT (FADIT)	#DIV/0!	Schedule 13, Line 24
23		Cost of Capital Rate	#DIV/0!	Schedule 8, Line 62
24		Forecasted ADIT Adjustment (FADITA)	#DIV/0!	Line 22 * Line 23
25				
26	(3)	MID YEAR TREND ADJUSTMENT (MYTA)		
27	The Mid-Year Trend Adjustment shall be the difference, whether positive or negative, between			
28	(i) the Historical TRR Component (E) excluding Transmission Support Payments, based on actual data for the first three months of the Forecast Period,			

29	and (ii) the Historical TRR Component (E) excluding Transmission Support Payments, based on data for the first three months of the year prior to the Forecast Period.		
30			
31	Plus Mid-Year Trend Adjustment (MYTA)	\$0	Workpaper 9, line 32, variance column
32			
33	(4) TRANSMISSION SUPPORT PAYMENTS (TSP)		
34	Less Impact of Transmission Support Payments on Historical Transmission Revenue Requirement	\$0	Workpaper 9A
35	Less: Other Billing Adjustments - Dunkirk Settlement ER14-543-000	\$0	Schedule 10
36			
37	(5) TAX RATE ADJUSTMENT (TRA)		
38	The Tax Rate Adjustment shall be the amount, if any, required to adjust Historical TRR Component (A) for any change in the Federal Income Tax Rate		
39	and/or the State Income Tax Rate that takes effect during the first five months of the Forecast Period.		
40			
41	Tax Rate Adjustment (TRA)	\$0	
42			
43	(6) OTHER BILLING ADJUSTMENTS (OBA)		
44	Other Billing Adjustments shall equal any amounts related to the HTRR calculation that are		
45	required to be adjusted in the current year's FTRR to remove the impact on the Update Year		
46			
47	Other Billing Adjustments (OBA)	\$0	Schedule 10, Line 1
48			
49	Forecasted Transmission Revenue Requirement (Line 12 + Line 24 + Line 31 – Line 34 – Line 35 + Line 41-Line 47)	#DIV/0!	
50			
51	14.1.9.2(c) <b><u>ANNUAL FORECAST TRANSMISSION REVENUE REQUIREMENT FACTOR</u></b>		
52			
53	Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF) shall equal the difference between the Annual Forecast		
54	Transmission Revenue Requirement Factor (FTRRF) and the quotient of (1) Cost of Capital Rate multiplied by the Transmission Related		
55	Accumulated Deferred Taxes less Accumulated Deferred Inv. Tax Cr (255) for the most recently concluded calendar year,		
56	and (ii) the year-end Transmission Plant in Service determined in accordance with Section 14.1.9.2 (a), component (A)1(a).		
57			
58	The Annual Forecast Transmission Revenue Requirement Factor (Annual FTRRF) shall equal the sum of Historical TRR components (A) through (C),		
59	divided by the year-end balance of Transmission Plant in Service determined in accordance with Section 14.1.9.2 (a), component (A)1(a).		
60			
61	Derivation of Annual Forecast Transmission Revenue Requirement Factor (FTRRF)		
62	Investment Return and Income Taxes (A)	#DIV/0!	Schedule 1, Line 10

63	Depreciation Expense	(B)	#DIV/0!	Schedule 1, Line 11
64	Property Tax Expense	(C)	#DIV/0!	Schedule 1, Line 12
65	Total Expenses (Lines 62 thru 64)		#DIV/0!	
66	Transmission Plant	(a)	#DIV/0!	Schedule 6, Page 1, Line 12
67	Annual Forecast Transmission Revenue Requirement Factor (Lines 65/ Line 66)		#DIV/0!	
68				
69	Adjustment to FTRRF to reflect removal of ADIT that is subject to normalization			
70	Transmission Related ADIT Balance at year-end		#DIV/0!	Schedule 7, Line 2
71	Cost of Capital Rate		! #DIV/0!	Schedule 8, Line 62
72	Total Return and Income Taxes Associated with ADIT Balance at year-end		#DIV/0!	Line 70 * Line 71
73				
74	Annual Forecast Transmission Revenue Requirement Factor (FTRRF)		#DIV/0!	Line 67
75	Less: Incremental Annual Forecast Transmission Revenue Requirement Factor Adjustment for ADIT		#DIV/0!	Line 72/ Line 66
76	Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF)		#DIV/0!	Line 74 - Line 75

Niagara Mohawk Power Corporation

Annual True-up (ATU)

Attachment H Section 14.1.9.2 (c)

Attachment 1

Schedule 3

Line No.

		Year	Source:						
1									
2	14.1.9.2(d)	The Annual True-Up (ATU) shall equal (1) the difference between the Actual Transmission Revenue Requirement and the Prior Year							
3		Transmission Revenue Requirement, plus (2) the difference between the Actual Scheduling, System Control and Dispatch costs							
4		and Prior Year Scheduling, System Control and Dispatch costs, plus (3) the difference between the Prior Year Billing Units and the Actual Year							
5		Billing Units multiplied by the Prior Year Unit Rate, plus (4) Interest on the net differences.							
6									
7	(1)	Revenue Requirement (RR) of rate effective July 1 of prior year	\$0Schedule 4, Line 1, Col (d)						
8		Less: Annual True-up (ATU) from rate effective July 1 of prior year	\$0Schedule 4, Line 1, Col (c)						
9		Prior Year Transmission Revenue Requirement	\$0Line 7 - Line 8						
10									
11		Actual Transmission Revenue Requirement	#DIV/0!Schedule 4, Line 2, Col (a)						
12		Difference	#DIV/0!Line 11 - Line 9						
13									
14	(2)	Prior Year Scheduling, System Control and Dispatch costs (CCC)	\$0Schedule 4, Line 1, Col (e)						
15		Actual Scheduling, System Control and Dispatch costs (CCC)	\$0Schedule 4, Line 2, Col (e)						
16		Difference	\$0Line 15 - Line 14						
17									
18	(3)	Prior Year Billing Units (MWH)	\$0Schedule 4, Line 1, Col (f)						
19		Actual Billing Units	-Schedule 4, Line 2, Col (f)						
20		Difference	-Line 18 - Line 19						
21		Prior Year Indicative Rate	#DIV/0!Schedule 4, Line 1, Col (g)						
22		Billing Unit True-Up	#DIV/0!Line 20 * Line 21						
23									
24		Total Annual True-Up before Interest	#DIV/0!(Line 12 + Line 16 + Line 22)						
25									
26	(4)	Interest	#DIV/0!Line 57, Column 9						
27									
28		Annual True-up RR Component	#DIV/0!(Line 24 + Line 26)						
29									
30	Interest Calculation per 18 CFR § 35.19a								
31	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
32	Quarters	Annual	Accrued Prin	Monthly	Days			Accrued Prin	Accrued
33		Interest	& Int. @ Beg	(Over)/Under	in	Period		& Int. @ End	Int. @ End
34		Rate (a)	Of Period	Recovery	Period (b)	Days	Multiplier	Of Period	Of Period
35									
36	3rd QTR		0		92	92	1.0000	\$0	\$0
37	July	0.00%		#DIV/0!	31	92	1.0000	#DIV/0!	#DIV/0!
38	August	0.00%		#DIV/0!	31	61	1.0000	#DIV/0!	#DIV/0!
39	September	0.00%		#DIV/0!	30	30	1.0000	#DIV/0!	#DIV/0!

40									
41	4th QTR		#DIV/0!		92	92	1.0000	#DIV/0!	#DIV/0!
42	October	0.00%		#DIV/0!	31	92	1.0000	#DIV/0!	#DIV/0!
43	November	0.00%		#DIV/0!	30	61	1.0000	#DIV/0!	#DIV/0!
44	December	0.00%		#DIV/0!	31	31	1.0000	#DIV/0!	#DIV/0!
45									
46	1st QTR		#DIV/0!		91	91	1.0000	#DIV/0!	#DIV/0!
47	January	0.00%		#DIV/0!	31	91	1.0000	#DIV/0!	#DIV/0!
48	February	0.00%		#DIV/0!	28	60	1.0000	#DIV/0!	#DIV/0!
49	March	0.00%		#DIV/0!	31	31	1.0000	#DIV/0!	#DIV/0!
50									
51	2nd QTR		#DIV/0!		91	91	1.0000	#DIV/0!	#DIV/0!
52	April	0.00%		#DIV/0!	30	91	1.0000	#DIV/0!	#DIV/0!
53	May	0.00%		#DIV/0!	31	61	1.0000	#DIV/0!	#DIV/0!
54	June	0.00%		#DIV/0!	30	30	1.0000	#DIV/0!	#DIV/0!
55									
56									
57	Total (over)/under Recovery		#DIV/0!	(line 24)	#DIV/0!				#DIV/0!

(a) Interest rates shall be the interest rates as reported on the FERC Website <http://www.ferc.gov/legal/acct-matts/interest-rates.asp>  
(b) For leap years use 29 days in the month of February



Attachment 1  
Schedule 4

Niagara Mohawk Power Corporation

Wholesale TSC Calculation Information

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.		Historical Transmission Revenue Requirement (Historical TRR)	Forecasted Transmission Revenue Requirement	Annual True Up	Revenue Requirement (RR)	Scheduling System Control and Dispatch Costs (CCC)	Annual Billing Units (BU) MWh	Rate \$/MWh (*)
1	Prior Year Rates Effective _____	-	-	-	-	-	-	#DIV/0!
	Current Year Rates Effective July 1, _____							
2		#DIV/0!	#DIV/0!		#DIV/0!	-	-	#DIV/0!
3	Increase/(Decrease)							#DIV/0!
4	Percentage Increase/(Decrease)							#DIV/0!
1.)	Information directly from Niagara Mohawk Prior Year Informational Filing							
2.)								
(a)	Schedule 1, Line 24							
(b)	Schedule 2, Line 49							
(c)	Schedule 3, Line 28							
(d)	Attachment H, Section 14.1.9.2 The RR Component shall equal Col (a) Historical Transmission Revenue Requirement plus Col (b) the Forecasted Transmission Revenue Requirement which shall exclude Transmission Support Payments, plus Col (c) the Annual True-Up plus Col (c) the Annual True-Up							
(e)	Schedule 11, Line 21 - Annual Scheduling, System Control and Dispatch Costs. (i.e. the Transmission Component of control center costs) as recorded in FERC Account 561 and its associated sub-accounts from the prior calendar year excluding any NY Independent System Operator (NYISO) system control and load dispatch expenses already recovered under Schedule 1 of the NYISO Tariff.							
(f)	Schedule 12, line 17 - Billing Units shall be the total Niagara Mohawk load as reported to the NYISO for the calendar year prior to the Forecast Period, including the load for customers taking service under Niagara Mohawk's TSC rate. The total Niagara Mohawk load will be adjusted to exclude (i) load associated with wholesale transactions being revenue credited through the WR, CRR, SR, ECR, and Reserved components of Attachment H of the NYISO TSC rate including Niagara Mohawk's external sales, load associated with grandfathered OATT agreements, and any load related to pre-OATT grandfathered agreements; (ii) load associated with transactions being revenue credited under Historical TRR Component J; and (iii) load associated with netted station service.							
(g)	(Col (d) + Col (e)) / Col (f)							

(\*) The rate column represents the unit rate prior to adjustments; the actual rate will be determined pursuant to the applicable TSC formula rate.

Niagara Mohawk Power Corporation  
Allocation Factors - As calculated pursuant to Section 14.1.9.1

Attachment 1  
Schedule 5

Year

Shading denotes an input

Line No.	Description	Amount	Source	Definition
1	14.1.9.1 1. <u>Electric Wages and Salaries Factor</u>	83.5000%		Fixed per settlement Docket ER08-552
2				
3	14.1.9.1 3. <u>Transmission Wages and Salaries Allocation Factor</u>	13.0000%		Fixed per settlement Docket ER08-552
4				
5				
6				
7				
8	14.1.9.1 2. <u>Gross Transmission Plant Allocation Factor</u>			
9	Transmission Plant in Service	#DIV/0!	Schedule 6, Page 2, Line 3, Col 5	Gross Transmission Plant Allocation Factor shall equal the total investment in
10	Plus: Transmission Related General	\$0	Schedule 6, Page 2, Line 5, Col 5	Transmission Plant in Service, Transmission Related Electric General Plant,
11	Plus: Transmission Related Common	\$0	Schedule 6, Page 2, Line 10, Col 5	Transmission Related Common Plant and Transmission
12	Plus: Transmission Related Intangible Plant	\$0	Schedule 6, Page 2, Line 15, Col 5	Related Intangible Plant
13	Gross Transmission Investment	#DIV/0!	Sum of Lines 9 - 13	divided by Gross Electric Plant.
14				
15	Total Electric Plant		FF1 204-207.104g	
16	Plus: Electric Common	\$0	Schedule 6, Page 2, Line 10, Col 3	
17	Gross Electric Plant in Service	\$0	Line 15 + Line 16	
18				
19	Percent Allocation	#DIV/0!	Line 13 / Line 17	
20				
21	14.1.9.1 4. <u>Gross Electric Plant Allocation Factor</u>			
22				
23	Total Electric Plant in Service	\$0	Line 15	Gross Electric Plant Allocation Factor shall equal
24	Plus: Electric Common Plant	\$0	Schedule 6, Page 2, Line 10, Col 3	Gross Electric Plant divided by the sum of Total Gas Plant,
25	Gross Electric Plant in Service	\$0	Line 23 + Line 24	Total Electric Plant, and Total Common Plant
26				
27	Total Gas Plant in Service		FF1 200-201.8d, minus 4d	
28	Total Electric Plant in Service	\$0	Line 15	
29	Total Common Plant in Service	\$0	Schedule 6, Page 2, Line 10, Col 1	

30	Gross Plant in Service (Gas & Electric)	-	Sum of Lines 27-Lines 29
31			
32	Percent Allocation	<u><u>#DIV/0!</u></u>	Line 25 / Line 30

Niagara Mohawk Power Corporation  
Annual Revenue Requirements of Transmission Facilities  
Transmission Investment Base (Part 1 of 2)  
Attachment H, section 14.1.9.2

Line No.

1	14.1.9.2 (a) <u>Transmission Investment Base</u>			
2				
3	A.1. Transmission Investment Base shall be defined as (a) Transmission Plant in Service, plus (b) Transmission Related Electric General Plant, plus			
4	(c) Transmission Related Common Plant, plus (d) Transmission Related Intangible Plant, plus (e) Transmission Related Plant Held for Future Use, less			
5	(f) Transmission Related Depreciation Reserve, less (g) Transmission Related Accumulated Deferred Taxes, plus (h)			
6	Transmission Regulatory Assets and Liabilities, plus (i) Transmission Related Prepayments, plus (j) Transmission Related Materials and Supplies,			
7	plus (k) Transmission Related Cash Working Capital.			
8				
9				
10	Description	Reference	Year	Reference
11		Section:		
12	Transmission Plant in Service	(a)	#DIV/0!	Schedule 6, page 2, line 3, column 5
13	General Plant	(b)	\$0	Schedule 6, page 2, line 5, column 5
14	Common Plant	(c)	\$0	Schedule 6, page 2, line 10, column 5
15	Intangible Plant	(d)	\$0	Schedule 6, page 2, line 15, column 5
16	Plant Held For Future Use	(e)	\$0	Schedule 6, page 2, line 19, column 5
17	Total Plant (Sum of Line 12 - Line 16)		#DIV/0!	
18				
19	Accumulated Depreciation	(f)	#DIV/0!	Schedule 6, page 2, line 29, column 5
20	Accumulated Deferred Income Taxes	(g)	#DIV/0!	Schedule 7, line 6, column 5
21	Transmission Regulatory Assets and Liabilities	(h)	#DIV/0!	Schedule 7, line 11, column 5
22	Net Investment (Sum of Line 17 -Line 21)		#DIV/0!	
23				
24	Prepayments	(i)	#DIV/0!	Schedule 7, line 15, column 5
25	Materials & Supplies	(j)	#DIV/0!	Schedule 7, line 21, column 5
26	Cash Working Capital	(k)	\$0	Schedule 7, line 28, column 5
27				
28	Total Investment Base (Sum of Line 22 - Line 26)		#DIV/0!	

Niagara Mohawk Power Corporation  
Annual Revenue Requirements of Transmission Facilities  
Transmission Investment Base (Part 1 of 2)  
Attachment H Section 14.1. 9.2 (a) A. 1.

Attachment 1  
Schedule 6  
Page 2 of 2

		Year							
		(2)	(3) = (1)*(2)	(4)	(5) = (3)*(4)	FERC Form 1/PSC Report Reference for col (1)			
Line	(1)	Allocation	Electric	Allocation	Transmission				
No.	Total	Factor	Allocated	Factor	Allocated			Definition	
1	Transmission Plant					FF1 204-207.58g	14.1.9.2(a)A.1.(a)	Transmission Plant in Service shall equal the balance of total investment in Transmission Plant plus Wholesale Metering Investment.	
2	Wholesale Meter Plant				#DIV/0!	Workpaper 1			
3	Total Transmission Plant in Service (Line 1+ Line 2)				#DIV/0!				
4									
5	General Plant	100.00%	\$0	13.00%	(c) \$0	FF1 204-207.99g	14.1.9.2(a)A.1.(b)	Transmission Related Electric General Plant shall equal the balance of investment in Electric General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.	
6									
7									
8									
9									
10	Common Plant	83.50%	(a) \$0	13.00%	(c) \$0	FF1 200-201.8h	14.1.9.2(a)A.1.(c)	Transmission Related Common Plant shall equal Common Plant multiplied by the Electric Wages and Salaries Allocation Factor and further multiplied by the Transmission Wages and Salaries Allocation Factor.	
11									
12									
13									
14									
15	Intangible Plant	100.00%	-	13.00%	(c) \$0	FF1 204-207.5g	14.1.9.2(a)A.1.(d)	Transmission Related Intangible Plant shall equal Intangible Electric Plant multiplied by the Transmission Wages and Salaries Allocation Factor.	
16									
17									

[illegible]

Niagara Mohawk Power Corporation  
Annual Revenue Requirements of Transmission Facilities  
Transmission Investment Base ( Part 2 of 2)

Attachment 1  
Schedule 7

Attachment H Section 14.1.9.2 (a) A. 1.									
Shading denotes an input		Year							
Line No.	(1) Total	(2) Allocation Factor	(3) = (1)*(2) Electric Allocated	(4) Allocation Factor	(5) = (3)*(4) Transmission Allocated	FERC Form 1/PSC Report Reference for col (1)	Definition		
<u>Transmission Accumulated Deferred Taxes</u>									
1	Accumulated Deferred Taxes (281)		100.00%	\$0	#DIV/0! (d)	#DIV/0!	FF1 272-273 Line 2k	14.1.9.2(a)A.1.(g)	Transmission Related Accumulated Deferred Income Taxes shall equal the electric balance of Total Accumulated Deferred Income Taxes (FERC Accounts 190, 55,281, 282, and 283 net of stranded costs), multiplied by the Gross Transmission Plant Allocation Factor.
2	Accumulated Deferred Taxes (282)		100.00%	\$0	#DIV/0! (d)	#DIV/0!	Schedule 13(a) AADIT, Line 3		
3	Accumulated Deferred Taxes (283)	\$0	100.00%	\$0	#DIV/0! (d)	#DIV/0!	Workpaper 2, Line 5		
4	Accumulated Deferred Taxes (190)		100.00%	\$0	#DIV/0! (d)	#DIV/0!	FF1 234.8c		
5	Accumulated Deferred Inv. Tax Cr (255)		100.00%	\$0	#DIV/0! (d)	#DIV/0!	FF1 266-267.8h		
6	Total (Sum of Line 2 - Line 5)			\$0		#DIV/0!			
<u>Transmission Regulatory Assets and Liabilities</u>									
8	Excess AFUDC		100.00%	\$0	#DIV/0! (d)	#DIV/0!	FF1 232 lines_ f	14.1.9.2(a)A.1.(h)	Transmission Related Regulatory Assets and Liabilities shall equal: (i) the balance of Regulatory Assets net of Regulatory Liabilities assigned to Transmission plus (ii) the electric balance of Regulatory Assets net of Regulatory Liabilities multiplied by the Gross Transmission Plant Allocation Factor.
9	FAS 109	\$0	100.00%	\$0	#DIV/0! (d)	#DIV/0!	Schedule 14, line 3a, column Q		
10	Excess (Deficient) ADIT – Tax Rate Changes	\$0	100.00%	\$0	100.00%	\$0	Schedule 14, line 2, column Q		
11	Total (Line 8 + Line 9 + Line 10)	\$0		\$0		#DIV/0!			
<u>Transmission Prepayments</u>									
14	Less: Prepaid State and Federal Income Tax						FF1 110-111.57c FF1 262-263 _ k	14.1.9.2(a)A.1.(i)	Transmission Related Prepayments shall be the product of Prepayments excluding Federal and State taxes multiplied by the Gross Electric Plant Allocation Factor and further multiplied by the Gross Transmission Plant Allocation Factor.
15	Total Prepayments (Line 13 + Line 14)	\$0	#DIV/0! (b)	#DIV/0!	#DIV/0! (d)	#DIV/0!			
<u>Transmission Material and Supplies</u>									
19	Trans. Specific O&M Materials and Supplies					\$0	FF1 227.8c	14.1.9.2(a)A.1.(j)	Transmission Related Materials and Supplies shall equal: (i) the balance of Materials and Supplies assigned to Transmission plus (ii) the product of Material and Supplies assigned to Construction multiplied by the Gross Electric Plant Allocation Factor and further multiplied by Gross Transmission Plant Allocation Factor.
20	Construction Materials and Supplies		#DIV/0! (b)	#DIV/0!	#DIV/0! (d)	#DIV/0!	FF1 227.5c		
21	Total (Line 19 + Line 20)					#DIV/0!			
<u>Cash Working Capital</u>									
26	Operation & Maintenance Expense					\$0	Schedule 9, Line 23	14.1.9.2(a)A.1.(k)	Transmission Related Cash Working Capital shall be an allowance equal to the product of: (i) 12.5% (45 days/ 360 days = 12.5%) multiplied by (ii) Transmission Operation and Maintenance Expense.
27						0.1250	x 45 / 360		

28	Total (Line 26 * Line 27)	<div><div></div><div>\$0</div><div></div></div>
----	---------------------------	---

Allocation Factor Reference  
(a) Schedule 5, line 1 - not used on this Schedule  
(b) Schedule 5, line 32  
(c) Schedule 5, line 3 - not used on this Schedule  
(d) Schedule 5, line 19



**Niagara Mohawk Power Corporation**  
**Annual Revenue Requirements of Transmission Facilities**  
**Cost of Capital Rate**

**Attachment 1**  
**Schedule 8**

Shading denotes an input

Year

Line No.	
1	<b>The Cost of Capital Rate shall equal the proposed Weighted Costs of Capital plus Federal Income Taxes and State Income Taxes.</b>
2	The Weighted Costs of Capital will be calculated for the Transmission Investment Base using NMPC's actual capital structure and will equal the sum of (i), (ii), and (iii) below:
3	
4	(i) the long-term debt component, which equals the product of the actual weighted average embedded cost to maturity of NMPC's long-term debt outstanding during the year and the sum of (a) the ratio of actual long-term debt to total capital at year-end; and
5	(b) the extent, if any, by which the ratio of NMPC's actual common equity to total capital at year-end exceeds fifty percent (50%). Long term debt shall be defined as the average of the beginning of the year and end of year balances of the following: long term debt less the unamortized
6	Discounts on Long-Term Debt less the unamortized Loss on Reacquired Debt plus unamortized Gain on Reacquired Debt. Cost to maturity of NMPC's long term debt shall be defined as the cost of long term debt included in the debt discount expense and
7	any loss or gain on reacquired debt.
8	(ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of NMPC's preferred stock then outstanding and the ratio of actual preferred stock to total capital at year-end;
9	
10	(iii) the return on equity component shall be the product of the allowed return on equity of 10.3% and the ratio of NMPC's actual common equity to total capital at year-end, provided that such ratio
11	shall not exceed fifty percent (50%).

13							WEIGHTED	
14							COST OF	EQUITY
15			CAPITALIZATION	Source:	CAPITALIZATION	COST OF	COST OF	PORTION
16					RATIOS	CAPITAL		
				Workpaper 6, Line			Workpaper 6,	
17	(i)	Long-Term Debt	\$0	16b	#DIV/0!	#DIV/0!	Line 17c	#DIV/0!
18	(ii)	Preferred Stock		FF1 112-113.3c	#DIV/0!	#DIV/0!	Workpaper 6,	#DIV/0!
				FF1 112-113.16c - FF1			Line 24d	
19	(iii)	Common Equity		112-113.3,12,15c	#DIV/0!	10.30%		#DIV/0!
20								
	Total Investment							
21		Return	\$0		#DIV/0!			#DIV/0!

26 14.1.9.2.2.(b) Federal Income = ( A + [ B / C ] X Federal Income )

27 Tax shall equal 
$$\frac{\text{Tax Rate}}{\text{Federal Income Tax Rate}}$$

28

29 where A is the sum of the preferred stock component and the return on equity component, each as determined in Sections (a)(ii) and for the ROE set forth in (a)(iii)

30 above, B is the Equity AFUDC component of Depreciation Expense for

31 Transmission Plant in Service as defined at Section 14.1.9.1.16 (FF1 117.38c), and C is the Transmission Investment Base as shown at Schedule 6, Page 1 of 2, Line

32 28.

33

34

35 
$$= \frac{\left( \frac{\text{\#DIV/0!} + (\text{\$0})}{1} \right) / \frac{\text{\#DIV/0!}}{-0} \times \text{X}}{\text{\#DIV/0!}}$$

36

37

38

39 
$$\begin{aligned} &\text{State Income Tax shall equal} = \frac{\left( \frac{\text{A} + \left[ \frac{\text{B}}{\text{C}} \right] + \frac{\text{Federal Income Tax Rate}}{\text{State Income Tax Rate}} \right) \times \text{X}}{\left( \frac{1}{-0} \right)} \end{aligned}$$

40

41 where A is the sum of the preferred stock component and the return on equity component as determined in (a)(ii) and (a)(iii) above , B is the Equity AFUDC

42 component of Depreciation Expense for Transmission Plant in

43 Service as defined at Section 14.1.9.1.16 above, and C is the Transmission Investment Base as shown at Schedule 6, Page 1 of 2, Line 28.

44

45

46 
$$= \frac{\left( \frac{\text{\#DIV/0!} + (\text{\$0})}{1} \right) / \frac{\text{\#DIV/0!}}{-0} + \frac{\text{\#DIV/0!}}{0} \right) \times \text{X}}{\text{\#DIV/0!}}$$

47

48

49

50

51

52

53 
$$\text{(a)+(b)+(c) Cost of Capital Rate} = \frac{\text{\#DIV/0!}}{\text{\#DIV/0!}}$$

54

55

56 **14.1.9.2(a) A. Return and Associated Income Taxes shall equal the product of the**

57 **Transmission Investment Base and the Cost of Capital Rate**

58

59

	Transmission		
	Investment		
60	Base	#DIV/0!	Schedule 6, page 1 of 2, Line 28
61			
	Cost of Capital		
62	Rate	#DIV/0!	Line 53
63			
	= Investment Return		
64	and Income Taxes	#DIV/0!	Line 60 X Line 62

Niagara Mohawk Power Corporation  
Annual Revenue Requirements of Transmission Facilities  
Transmission Expenses

Attachment 1  
Schedule 9

Attachment H Section 14.1.9.2

Year

Shading denotes an input

Line No.	(1) Total	(2) Allocation Factor	(3) = (1)*(2) <u>Electric</u> Allocated	(4) Allocation Factor	(5) = (3)*(4) Transmission Allocated	FERC Form 1/ PSC Report Reference for col (1)	Definition
<u>Depreciation Expense</u>							
1					\$0	FF1 336-337.7f	14.1.9.2.B. Transmission Related Depreciation Expense shall equal the sum of: (i) Depreciation Expense for Transmission Plant in Service, plus (ii) the product of Electric General Plant Depreciation Expense multiplied by the Transmission Wages and Salaries Allocation Factor plus (iii) Common Plant Depreciation Expense multiplied by the Electric Wages and Salaries Allocation Factor, further multiplied by the Transmission Wages and Salaries Allocation Factor plus (iv) Intangible Electric Plant Depreciation Expense multiplied by the Transmission Wages and Salaries Factor plus (v) depreciation expense associated with the Wholesale Metering Investment.
2		100.0000%	\$0	13.0000% (c)	\$0	FF1 336-337.10f	
3		83.5000% (a)	\$0	13.0000% (c)	\$0	FF1 356	
4		100.0000%	\$0	13.0000% (c)	\$0	FF1 336-337.1f	
5					#DIV/0!	Workpaper 1	
6					#DIV/0!		
7							
8							
9							
10							
11							
12	<u>Real Estate Taxes</u>	100.0000%	\$0	#DIV/0! (d)	#DIV/0!	FF1 262-263 _ I	14.1.9.2.C. Transmission Related Real Estate Tax Expense shall equal the electric Real Estate Tax Expenses multiplied by the Gross Transmission Plant Allocation Factor.
13							
14							
15							
16	<u>Amortization of Investment Tax Credits</u>	#DIV/0! (b)	#DIV/0!	#DIV/0! (d)	#DIV/0!	FF1 114-117.58c	14.1.9.2.D. Transmission Related Amortization of Investment Tax Credits shall equal the product of Amortization of Investment Tax Credits multiplied by the Gross Electric Plant Allocation Factor and further multiplied by the Gross Transmission Plant Allocation Factor.
17							
18							
19							
20	<u>Transmission Operation and Maintenance</u>						
21	Operation and Maintenance				\$0	FF1 320-323.112b	14.1.9.2.E. Transmission Operation and Maintenance Expense shall equal the sum of electric expenses as recorded in FERC Account Nos. 560, 562-574.
22	less Load Dispatching - #561				\$0	FF1 320-323.85-92b	
23	O&M (Line 21 - Line 22)	\$0			\$0		
24							
25	<u>Transmission Administrative and General</u>						
26	Total Administrative and General					FF1 320-323.197b	14.1.9.2.F. Transmission Related Administrative and General Expenses shall equal the product of electric Administrative and General Expenses, excluding the sum of Electric Property Insurance, Electric Research and
27	less Property Insurance (#924)					FF1 320-323.185b	
28	less Pensions and Benefits (#926)					FF1 320-323.187b	Development Expense and Electric Environmental Remediation Expense, and 50% of the NYPSC Regulatory Expense multiplied by the Transmission Wages and Salaries Allocation Factor,
29	less: Research and Development Expenses (#930)	\$0				Workpaper 12	
30	Less: 50% of NY PSC Regulatory Expense					50% of Workpaper 15	
	Less: 18a Charges (Temporary Assessment						

31							Workpaper 15	
32	less: Environmental Remediation Expense	\$0					Workpaper 11	plus the sum of Electric Property Insurance multiplied by the Gross
33	Subtotal (Line 26-27-28-29-30-31-32)	\$0	100.0000%	\$0	13.0000% (c)	\$0		Transmission Plant Allocation Factor, plus transmission-specific Electric
34	PLUS Property Insurance alloc. using Plant Allocation	\$0	100.0000%	\$0	#DIV/0! (d)	#DIV/0!	Line 27	
35	PLUS Pensions and Benefits	\$88,644,000	100.0000%	\$88,644,000	13.0000% (c)	\$11,523,720	Workpaper 3	Research and Development Expense, and transmission-specific
36	PLUS Transmission-related research and development	\$0				\$0	Workpaper 12	Electric Environmental Remediation Expense. In addition, Administrative
37	PLUS Transmission-related Environmental Expense	\$0				\$0	Workpaper 11	and General Expenses shall exclude the actual Post-Employment
38	Total A&G (Line 33+34+35+36+37)	\$88,644,000		\$88,644,000		#DIV/0!		Benefits Other than Pensions ("PBOP") included in FERC Account 926,
39								and shall add back in the amounts shown on Workpaper 3, page 1,
40	<u>Payroll Tax Expense</u>							or other amount subsequently approved by FERC under Section 205 or 206.
41	Federal Unemployment						FF1 262-263.12I	14.1.9.2.G. Transmission Related Payroll Tax Expense shall equal the product of
42	FICA						FF1 262-263.17I	electric Payroll Taxes multiplied by the Transmission Wages and
43	State Unemployment						FF1 262-263.13I	Salaries Allocation Factor.
44	Total (Line 41+42+43)	\$0	100.0000%	\$0	13.0000% (b)	\$0		
45								
46	Amortization of (Excess)/ Deficient ADIT	\$0	100.0000%	\$0	#DIV/0! (d)	#DIV/0!	Schedule 14, line 2, column J	14.1.9.2.H Transmission related Amortization of Regulatory Assets and Liabilities shall equal the transmission-specific Amortization of Regulatory Assets and Liabilities

Allocation Factor Reference  
(a) Schedule 5, line 1  
(b) Schedule 5, line 32  
(c) Schedule 5, line 3  
(d) Schedule 5, line 19

Niagara Mohawk Power Corporation  
Annual Revenue Requirements of Transmission Facilities  
Billing Adjustments, Revenue Credits, Rental Income

Attachment 1  
Schedule 10

Attachment H Section 14.1.9.2 (a)

Year

Shading denotes an input

Line No.	Description	(1) Total	Source	Definition
1	Billing Adjustments		Workpaper 16	14.1.9.2.I. Billing Adjustments shall be any adjustments made in accordance with Section 14.1.9.4.4 below. ( ) indicates a refund or a reduction to the revenue requirement on Schedule 1.
2				
3				
4	Bad Debt Expense	\$0	Workpaper 4	14.1.9.2.J. Transmission Related Bad Debt Expense shall equal Bad Debt Expense as reported in Account 904 related to NMPC's wholesale transmission billing.
5				
6				
7	Revenue Credits	\$0	Workpaper 5	14.1.9.2.K. Revenue Credits shall equal all Transmission revenue recorded in FERC account 456 excluding (a) any NMPC revenues already reflected in the WR, CRR, SR, ECR and Reserved components in Attachment H of the NYISO TSC rate; (b) any revenues associated with expenses that have been excluded from NMPC's revenue requirement; and (c) any revenues associated with transmission service provided under this TSC rate, for which the load is reflected in the calculation of BU.
8				
9				
10				
11				
12				
13				
14	Transmission Rents	\$0	Workpaper 7	14.1.9.2.L. Transmission Rents shall equal all Transmission-related rental income recorded in FERC account 454.615
15				
16				
17				14.1.9.4(d)
18				1 Any changes to the Data Inputs for an Annual Update, including but not limited to revisions resulting from any FERC proceeding to consider the Annual Update, or as a result of the procedures set forth herein, shall take effect as of the beginning of the Update Year and the impact of such changes shall be incorporated into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19(a)) in the Annual Update for the next effective Update Year. This mechanism shall apply in lieu of mid-Update Year adjustments and any refunds or surcharges, except that, if an error in a Data Input is discovered and agreed upon within the Review Period, the impact of such change shall be incorporated prospectively into the charges produced by the Formula Rate during the remainder of the year preceding the next effective Update Year, in which case the impact reflected in subsequent charges shall be reduced accordingly.
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				2 The impact of an error affecting a Data Input on charges collected during the Formula Rate during the five (5) years prior to the Update Year in which the error was first discovered shall be corrected by incorporating the impact of the error on the charges produced by the Formula Rate during the five-year period into the charges produced by the Formula Rate (with interest determined in accordance
31				
32				
33				
34				

35  
36

with 18 C.F.R. § 38.19(a)) in the Annual Update for the next effective Update  
Year. Charges collected before the five-year period shall not be subject to correction.

(b) List of Items excluded from the Revenue Requirement

Attachment 1  
Schedule 11  
Page 1 of 1

Niagara Mohawk Power Corporation  
System, Control, and Load Dispatch Expenses (CCC)

Attachment H, Section  
14.1.9.5

The CCC shall equal the annual Scheduling, System Control and Dispatch Costs (i.e., the transmission component of control center costs) as recorded in FERC Account 561 and its associated sub-accounts using information from the prior calendar year, excluding NYISO system control and load dispatch expense already recovered under Schedule 1 of the NYISO Tariff.

Line No.				Year	Source
1	<u>Scheduling and Dispatch Expenses</u>				
2					
3					
4	Accounts	561.1	Reliability		FF1 320-323.85b
5	Accounts	561.2	Monitor and Operate Transmission System		FF1 320-323.86b
6	Accounts	561.3	Transmission Service and Schedule		FF1 320-323.87b
7	Accounts	561.4	Scheduling System Control and Dispatch		FF1 320-323.88b
8	Accounts	561.5	Reliability, Planning and Standards Development		FF1 320-323.89b
9	Accounts	561.6	Transmission Service Studies		FF1 320-323.90b
10	Accounts	561.7	Generation Interconnection Studies		FF1 320-323.91b
11	Accounts	561.8	Reliability, Planning and Standards Dev. Services		FF1 320-323.92b
12					
13	Total Load Dispatch Expenses (sum of Lines 4 - 11)				Sum of Lines 4 - 11
14					
15	Less Account 561 directly recovered under Schedule 1 of the NYISO Tariff				
16					
17	Accounts	561.4	Scheduling System Control and Dispatch		Line 7
18	Accounts	561.8	Reliability, Planning and Standards Dev. Services		Line 11
19	Total NYISO Schedule 1				Line 17 + Line 18
20					
21	Total CCC Component				Line 13 - Line 19



Niagara Mohawk Power Corporation  
Billing Units - MWH  
Attachment H, Section 14.1.9.6

BU shall be the total Niagara Mohawk load as reported to the NYISO for the calendar billing year prior to the Forecast Period, including the load for customers taking service under Niagara Mohawk’s TSC Rate. The total Niagara Mohawk load will be adjusted to exclude (i) load associated with wholesale transactions being revenue credited through the WR, CRR, SR, ECR and Reserved components of Workpaper H of the NYISO TSC rate including Niagara Mohawk’s external sales, load associated with grandfathered OATT agreements, and any load related to pre-OATT grandfathered agreements; (ii) load associated with transactions being revenue credited under Historical TRR Component J; and (iii) load associated with netted station service.

Line No.			<u>SOURCE</u>
1	Subzone 1		NIMO TOL (transmission owner load)
2	Subzone 2		NIMO TOL (transmission owner load)
3	Subzone 3		NIMO TOL (transmission owner load)
4	Subzone 4		NIMO TOL (transmission owner load)
5	Subzone 29		NIMO TOL (transmission owner load)
6	Subzone 31		NIMO TOL (transmission owner load)
7	Total NIMO Load report to NYISO	0.000	Sum of Lines 1-6
8	LESS: All non-retail transactions		
9	Watertown		FF1 page 328-330. __j
10	Disputed Station Service		NIMO TOL (transmission owner load)
11	Other non-retail transactions		All other non-retail transactions (Sum of 300,000 series PTID's from TOL)
12	Total Deductions	0.000	Sum of Lines 9 - 11
13	PLUS: TSC Load		
14	NYMPA Muni's, Misc. Villages, Jamestown (X1)		FF1 page 328-330. __j
15	NYPA Niagara Muni's (X2)		FF1 page 328-330. __j
16	Total additions	0.000	Sum of Lines 14 -15
17	Total Billing Units	0.000	Line 7 - Line 12 + Line 16

Niagara Mohawk Power Corporation  
Forecasted Accumulated Deferred Income Taxes (FADIT)

Attachment 1  
Schedule 13  
Page 1 of 1

Shading denotes an input

Line No.	Description	Amount	
1	Electric ADIT Balance at year-end		FF1 Page 274-275.2k
2	Transmission Plant (PL) Allocator		Schedule 5, Line 19
3	Transmission Related ADIT Balance at year-end		Line 1 x Line 2
4			
5	Forecasted Transmission Related ADIT balance		Internal Records
6			
7	Change in ADIT		Line 5 - Line 3
8			
9	Monthly Change in ADIT		Line 7 / 12 Months
10			

	(A) Month	(B) Remaining Days	(C) = (B)/ Line 17 (B) IRS Proration %	(D) = Line 9 *(C) Prorated ADIT	
11					
12	Month 1		100.00%	-	
13	Month 2		100.00%	-	
14	Month 3		100.00%	-	
15	Month 4		100.00%	-	
16	Month 5		100.00%	-	
17	Month 6		100.00%	-	
18	Month 7		#DIV/0! %	-	
19	Month 8		#DIV/0! %	-	
20	Month 9		#DIV/0! %	-	
21	Month 10		#DIV/0! %	-	
22	Month 11		#DIV/0! %	-	
23	Month 12		#DIV/0! %	-	
24	Total Prorated ADIT Change (Sum of 12 through 23)			\$ -	to Schedule 2, Line 22
	(a) The balance in Line 1, Total Transmission ADIT Balance at year-end, shall equal such ADIT that is subject to the normalization rules prescribed by the IRS and the net of the amounts recorded in			-	

FERC Account No. 282.

Niagara Mohawk Power Corporation

Actual Accumulated Deferred Income Taxes (AADIT)

Attachment 1

Schedule 13(a)

Page 1 of 1

Shading denotes an input

Line No.	Description	(A) Amount	(B) Reference
1	Total ADIT Balance at prior year-end (Enter Credit) (b)		(c) FF1 Page 274-275.2b
2	Prorated Actual ADIT Activity		Line 16(G)
3	Total Prorated ADIT Balance at year-end (Line 1 + Line 2)		

(C)

(D)

(E)

(F) = (E) / Line 17(E)

(G) = (D) x (F)

	Month	Actual Monthly Change in ADIT	Remaining Days	IRS Proration %	Prorated ADIT
4	Month 1	\$	335	91.7808%	\$ Internal Records
5	Month 2	\$	307	84.1096%	\$ Internal Records
6	Month 3	\$	276	75.6164%	\$ Internal Records
7	Month 4	\$	246	67.3973%	\$ Internal Records
8	Month 5	\$	215	58.9041%	\$ Internal Records
9	Month 6	\$	185	50.6849%	\$ Internal Records
10	Month 7	\$	154	42.1918%	\$ Internal Records
11	Month 8	\$	123	33.6986%	\$ Internal Records
12	Month 9	\$	93	25.4795%	\$ Internal Records
13	Month 10	\$	62	16.9863%	\$ Internal Records
14	Month 11	\$	32	8.7671%	\$ Internal Records
15	Month 12	\$	1	0.2740%	\$ Internal Records
16	Total Prorated Actual ADIT Activity (Sum Lines 6 thru 17)				\$
17	Number of Days in the Year		365		

- Notes:**
- (a) Enter credit balances as negatives.
  - (b) The balance in Line 1, Total ADIT Balance at year-end, shall equal such ADIT that is subject to the normalization rules prescribed by the IRS.

Niagara Mohawk Power Corporation  
Annual Revenue Requirements of  
Transmission Facilities  
(Excess)/Deficient ADIT Worksheet  
For Costs in 20\_\_

Attachment 1

Schedule 14

Page 1 of 2

Input Cells are Shaded Yellow

(A) (B) ( C) (D) = (A)  
+ (B) +  
(C) ( E) (F) (G) (H) (I) (J)

20\_\_ Year End Unamortized (Excess)/Deficient ADIT (e)

Amortization Periods (f)

Amortization Expense (e ) (g)

Line No.	Description	FERC Account No. (a)	Ref	Protected	Unprotected	Gross-Up (i)	12/31/20__ Balance	Protected	Unprotected	FERC Account No. (g)	Protected	Unprotected	Gross-Up (i)	Total Amortization
<b>Transmission (EXCESS)/DEFICIENT ADIT - TAX RATE CHANGES</b>														
1a			(b)				-						-	-
1 []			(c)				-						-	-
2	Total (Sum Lines1a thru 1[]) (d)													
				-	-	-	-				-	-	-	-
<b>Electric FAS 109/(Excess) Deficient ADIT</b>														
3a	FAS 109 - Electric		(j)											
3[]														
4	Total (Sum Lines 3a thru 3[]) (d)													
5	<b>TOTAL Electric FAS 109/(Excess) Deficient ADIT (Line 2 + Line 4)</b>													
6	Deficient ADIT - Regulatory Asset Account 182.3			FF 1 Page 232 b										
7	Excess ADIT - Regulatory Liability Account 254			FF1 Page 278 b										
8	Deficient/(Excess) Deferred Income Tax Regulatory Asset/(Liability) (Line 6 + Line 7)													

Notes:

- (a) The affected ADIT accounts were remeasured by comparing ADIT on cumulative temporary differences for each item in accounts 190, 282, and 283 at the current Federal, State & Local Income Tax rate to ADIT balances at historical Federal, State & Local Income Tax rates. The difference between the two represents the excess or deficient ADIT. Refer to Schedule 14(a).
- (b) Relates to the Federal Income Tax Rate change associated with the 2017 Tax Cuts and Jobs Act.
- (c) Niagara Mohawk Power Corporation may add or remove sublines and notes explaining them without a FPA Section 205 filing.
- (d) Total equals the sum of sublines a through [], where [] is the last subline denoted by a letter.
- (e) Enter credit balances as negatives.
- (f) Deficient/(excess) ADIT balances will be amortized as follows: "Protected property-related" = ARAM, "unprotected property-related" = 31 yrs, all other unprotected deficient/(excess) ADIT balances = 10 yrs.
- (g) Deficient ADIT is amortized to Account 410.1; Excess ADIT is amortized to Account 411.1.
- (h) Other changes to (excess)/deficient ADIT due to the conclusion of IRS audits during applicable periods affected by a change in federal, state or local tax rates, the establishment of new (excess)/deficient ADIT due to future tax rate

changes and classification changes between protected and unprotected categories due to the passage of time.

- (i) Tax gross up calculated using the Composite Tax Rate / (1 - Composite Tax Rate) in effect for the applicable period.
- (j) Other Electric Transmission and Distribution FAS 109 balances
- (k) Niagara Mohawk Power Company will add footnotes below to identify excess or deficient ADIT from future Federal, State and Local income tax rate changes.
- (l) ☐



Niagara Mohawk Power Corporation  
Annual Revenue Requirements of  
Transmission Facilities  
(Excess)/Deficient ADIT Worksheet  
For costs in 20\_\_

Attachment 1  
  
Schedule 14  
  
Page 2 of 2

Input cells are Shaded Yellow				$(N) = (A) - (G) - (K)$ $(O) = (B) - (H) - (L)$ $(P) = (C) - (I) - (M)$ $(Q) = (N) + (O) + (P)$				(R)
Other Adjustments (e) (h)				20__ Year End Unamortized (Excess)/Deficient ADIT (e)				
Line No.	Protected	Unprotected	Gross-Up(i)	Protected	Unprotected	Gross-Up (i)	12/31/20__ Balance	Reference
1a			-	-	-	-	-	
1 []			-	-	-	-	-	
2	-	-	-	-	-	-	-	
3a								
3b								
3c			-		-	-	-	
3d								
3 []			-		-	-	-	
4	-	-	-	-	-	-	-	
5	-	-	-	-	-	-	-	

6

FF1 Page 232

-

7

FF1 Page 278

8

-



Niagara Mohawk Power Corporation

Annual Revenue Requirements of Transmission Facilities

(Excess)/Deficient ADIT Worksheet

Schedule 14(a) - Remeasurement Support - \_\_\_\_\_

For Costs in the Year of 20\_\_

Line No.	Description	FERC Account No.	(A)	(B) = (A)* ____%	(C) = (A)* ____%	(D) = (B) - (C)	(E)	(F) = (E)* ____%	(G) = (E)* ____%	(H) = (F) - (G)	(I) = (D) + (H)	(J)	(K) = (I) - (J)
			Gross Temporary Difference Fiscal Year Ended March 31, 20__ (a) (d)	ADIT @ ____%	ADIT @ ____%	(Excess)/ Deficient ADIT due to Rate Change	Gross Temporary Difference Fiscal Year Ended March 31, 20__ (a) (d)	ADIT @ ____% (c)	ADIT @ ____%	(Excess)/ Deficient ADIT due to Rate Change	Total (Excess)/ Deficient ADIT due to Rate Change	Adjustments Post Remeasurement (d)	20__ (Excess)/ Deficient ADIT due to Rate Change
1a				-	-	-		-	-	-	-		-
1[ ]				-	-	-		-	-	-	-		-
2	Total (Sum Lines 1a thru 1[ ]) (b)		-	-	-	-	-	-	-	-	-	-	-

Notes:

- (a) Company records
- (b) Total equals the sum of sublines a through [ ], where [ ] is the last subline denoted by a letter. Niagara Mohawk Power Company may add or remove sublines without a FPA Section 205 filing.
- (c) When the effective date for an income tax rate change falls within a Company's fiscal tax year, the income tax rate for such a year shall be the sum of the number of days in each time period times the tax rate for each a period.

Blended Rate	Days	Effective Rate	Blended Rate
			0.00%
			0.00%
			0.00%

- (d) Enter credit balances as negatives.
- (e) Niagara Mohawk Power Company may add footnotes below without a FPA Section 205 filing.

## **14.2.2 NYPA Transmission Adjustment Charge (“NTAC”)**

### **14.2.2.1 Applicability of the NYPA Transmission Adjustment Charge**

Each Billing Period, the ISO shall charge, and each Transmission Customer shall pay, the applicable NYPA Transmission Adjustment Charge (“NTAC”) calculated in accordance with Section 14.2.2.2.1 of this Attachment. The NTAC shall apply to Transmission Service:

14.2.2.1.1 from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area (“Wheels Through”); provided, however, that the NTAC shall not apply to Wheels Through scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied; or

14.2.2.1.2 from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection (“Exports”); provided, however, that the NTAC shall not apply to Exports scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied; or

14.2.2.1.3 to serve Load within the NYCA.

In summary, the NTAC will be applied to all Energy Transactions, including internal New York State Loads and Wheels Through and Exports out of the NYCA at a uniform, non-discountable rate.

## 14.2.2.2 NTAC Calculation

### 14.2.2.2.1 NTAC Formula

NYPA shall calculate the NTAC applicable to Transmission Service to serve New York State Load, Wheels Through and Exports as follows:

$$NTAC = \{(ATTR_{NTAC} \div 12) - (EA) - (IR \div 12) - SR - CRN - WR - ECR - NR - NT\} / (BU \div 12)$$

Where:

$ATTR_{NTAC}$  = NYPA's Annual Transmission Revenue Requirement for costs not recoverable through project-specific transmission revenue requirements, which includes the Scheduling, System Control and Dispatch Costs of NYPA's control center, all as determined in accordance with the Formula Rate Template provided in Section 14.2.3.1 of this Attachment, and as reflected on SCH - Summary, line 11 of the Formula Rate Template;

EA = Monthly Net Revenues from Modified Wheeling Agreements, Facility Agreements and Third Party TWAs, and Deliveries to directly connected Transmission Customers;

$$SR = SR_1 + SR_2 + SR_3 + SR_4$$

$SR_1$  will equal the revenues from the Direct Sale by NYPA of Original Residual TCCs, and Grandfathered TCCs associated with ETAs, the expenses for which are included in NYPA's  $ATTR_{NTAC}$  where NYPA is the Primary Holder of said TCCs.  $SR_1$  for a month in which a Direct Sale is applicable shall equal the total nominal revenue that NYPA will receive under each applicable TCC sold in a Direct Sale divided by the duration of that TCC (in months).

$SR_2$  will equal NYPA's revenues from the Centralized TCC Auctions and Reconfiguration Auctions allocated pursuant to Attachment N; this includes revenues from: (a)

TCCs associated with Residual Transmission Capacity that are sold in the Centralized TCC Auctions and Reconfiguration Auctions; and (b) the sale of Grandfathered TCCs associated with ETAs, if the expenses for these ETAs are included in NYPA's  $ATTR_{NTAC}$ . The revenue that NYPA receives from a TCC sold in a Centralized Auction or Reconfiguration Auction will be divided equally among the month(s) for which the sold TCC is valid. For Balance of Period Auctions, the ISO shall provide NYPA information regarding its respective share of Net Auction Revenues for each month covered by each Balance-of-Period Auction.

Revenue from TCCs associated with Residual Transmission Capacity includes payments for Original Residual TCCs that the Transmission Owners sell through the Centralized TCC Auctions and the allocation of revenue for other TCCs sold through the Centralized TCC Auctions and Reconfiguration Auctions (per the Facility Flow-Based Methodology described in Attachment N);

$SR_3$  shall equal NYPA's share of revenues from the award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT), as determined pursuant to Section 20.4 of Attachment N. The share of revenues allocated to NYPA pursuant to Section 20.4 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that were awarded or renewed prior to the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to NYPA's share of any revenues for Historic Fixed Price TCCs that took effect on or before November 1, 2016, such revenues (or any portion thereof) shall be accounted for in  $SR_3$  by dividing such revenues (or any portion thereof) equally across the six months of the

first Capability Period following the effective date of this provision provided that the NYISO has informed NYPA of its respective share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR<sub>3</sub> by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period following the effective date of this provision.

SR<sub>4</sub> shall equal NYPA's share of revenues from the initial award and renewal of Non-Historic Fixed Price TCCs, as determined pursuant to Section 20.5 of Attachment N. The share of revenues allocated to NYPA pursuant to Section 20.5 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Non-Historic Fixed Price TCCs that were initially awarded or renewed as part of the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to NYPA's share of any revenues for Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017, such revenues (or any portion thereof) shall be accounted for in SR<sub>4</sub> by dividing such revenues (or any portion thereof) equally across the six months of the first Capability Period that commences following the effective date of this provision provided that the NYISO has informed NYPA of its share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR<sub>4</sub> by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period that commences following the effective date of this provision.

ECR = NYPA's share of Net Congestion Rents in a month, calculated pursuant to Attachment N. The computation of ECR is exclusive of any Congestion payments or Rents included in the CRN term;

CRN = Monthly Day-Ahead Congestion Rents in excess of those required to offset Congestion paid by NYPA's SENY governmental customers associated with the NYPA OATT Niagara/St. Lawrence Service reservations, net of the Initial Cost.

IR = A. The amount that NYPA will credit to its  $ATRR_{NTAC}$  assessed to the SENY Load on account of the foregoing NYPA Niagara/St. Lawrence OATT reservations for SENY governmental customers. Such annual revenues will be computed as the product ("Initial Cost") of NYPA's current OATT system rate of \$2.23 per kilowatt per month and the 600 MW of TCCs (or the amount of TCCs reduced by Paragraph C below). In the event NYPA sells these TCCs (or any part thereof), all revenues from these sales will offset the NTAC and the Initial Cost will be concomitantly reduced to reflect the net amount of Niagara/St. Lawrence OATT Reservations, if any, retained by NYPA for the SENY Load. The parties hereby agree that the revenue offset to NTAC will be the greater of the actual sale price obtained by NYPA for the TCCs sold or that computed at the applicable system rate in accordance with Paragraph B below;

B. The system rate of \$2.23 per kilowatt per month will be benchmarked to the  $ATRR_{NTAC}$  for NYPA transmission initially accepted by FERC ("Base Period  $ATRR_{NTAC}$ ") for the purposes of computing the

Initial Cost. Whenever an amendment to the  $ATRR_{NTAC}$  is accepted by FERC or the  $ATRR_{NTAC}$  is updated pursuant to the procedures set forth in Section 14.2.3.2 of this Attachment (“Amended  $ATRR_{NTAC}$ ”), the system rate for the purpose of computing the Initial Cost will be increased (or decreased) by the ratio of the Amended  $ATRR_{NTAC}$  to the Base Period  $ATRR_{NTAC}$  and the effect of Paragraph A on NTAC will be amended accordingly.

C. If prior to the Centralized TCC Auction all Grandfathered Transmission Service including NYPA's 600 MW Niagara/St. Lawrence OATT reservations held on behalf of its SENY governmental customers are found not to be feasible, then such OATT reservations will be reduced until feasibility is assured. A reduction, subject to a 200 MW cap on the total reduction as described in Attachment M, will be applied to the NYPA Niagara/St. Lawrence OATT reservations held on behalf of its SENY governmental customers.

WR = NYPA’s revenues from external sales (Wheels Through and Exports) not associated with Existing Transmission Agreements in Attachment L, Tables 1 and 2 and Wheeling revenues from OATT reservations extending beyond the start-up of the ISO;

NR = NYPA Reserved1 + NYPA Reserved2

NYPA Reserved1 will equal NYPA’s Congestion payments for a month received pursuant to Section 20.2.3 of Attachment N of this Tariff for NYPA’s RCRR TCCs.

NYPA Reserved<sup>2</sup> will equal the value that NYPA receives for the sale of RCRR TCCs in a month, with the value for each RCRR TCC sold divided equally over the month(s) for which that sold RCRR TCC is valid.

NT = The amount of actual NYPA transmission revenues minus NYPA's monthly revenue requirement.

BU = Annual Billing Units are New York State Loads and Loads associated with Wheels Through and Exports in megawatt-hours ("MWh").

The  $ATTR_{NTAC}$  and SR will not include expenses for NYPA's purchase of TCCs or revenues from the sale of such purchased TCCs or from the collection of Congestion Rents for such TCCs.

The ECR, EA, SR, CRN, WR, NR, and NT shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (i.e., January actual data will be used in February to calculate the NTAC effective in March).

The NTAC shall be calculated as a \$/MWh charge and shall be applied to Actual Energy Withdrawals, except for Wheels Through and Exports in which case the NTAC shall be applied to scheduled Energy quantities. The NTAC shall not apply to scheduled quantities that are Curtailed by the ISO.

#### **14.2.2.2.3**

NYPA's recovery of capital expenditure pursuant to NTAC is subject to limitations set forth in Section 14.2.3.2.7 of this Attachment H. NYPA may also invest in transmission facilities outside the NTAC recovery mechanism. In that case, NYPA cannot recover any expenses or return associated with such additions under NTAC and any TCC or other revenues associated



with such additions will not be considered NYPA transmission revenue for purposes of developing the NTAC nor be used as a credit in the allocation of NTAC to transmission system users.

#### **14.2.2.3 Filing and Posting of NTAC**

NYPA shall coordinate with the ISO to update certain components of the NTAC formula on a monthly or Capability Period basis. NYPA may update the NTAC calculation to change the  $ATTR_{NTAC}$ , initially approved by FERC, and such updates shall be submitted to FERC each year as part of NYPA's informational filing pursuant to Section 14.2.3.2.6 of this Attachment. An integral part of the agreement between the other Member Systems and NYPA is NYPA's consent to the submission of its  $ATTR_{NTAC}$  for FERC review and approval on the same basis and subject to the same standards as the Revenue Requirements of the Investor-Owned Transmission Owners. Each January, beginning with January 2001, the ISO shall inform NYPA of the prior year's actual New York internal Load requirements and the actual Wheels Through and Exports and shall post this information on the OASIS. NYPA shall change the BU component of the NTAC formula to reflect the prior calendar year's information, with such change to take effect beginning with the March NTAC of the current year. NYPA will calculate the monthly NTAC and provide this information to the ISO by no later than the fourteenth day of each month, for posting on the OASIS to become effective on the first day of the next calendar month. Beginning with LBMP implementation, the monthly NTAC shall be posted on the OASIS by the ISO no later than the fifteenth day of each month or as soon thereafter as is reasonably possible but in no event later than the 20th of the month to become effective on the first day of the next calendar month.

#### **14.2.2.4 NTAC Calculation Information**

NYPA's  $ATTR_{NTAC}$  for facilities owned as of January 31, 1997, and Annual Billing

Units (BU) of the NTAC are:

$$ATTR_{NTAC} = \$165,449,297$$

$$BU = 133,386,541 \text{MWh}$$

NYPA's  $ATTR_{NTAC}$  is subject to FERC review because it is collected through the ISO's jurisdictional rates, and will be filed, together with any project-specific revenue requirements, with the Commission each year for informational purposes pursuant to Section 14.2.3.2.6 of this Attachment.

#### **14.2.2.5 Billing**

The New York State Loads, Wheels Through, and Exports will be billed based on the product of: (i) the NTAC; and (ii) the Customer's billing units for the Billing Period. The billing units will be based on the metered energy for all Transactions to supply Load in the NYCA during the Billing Period, and hourly Energy schedules for the Billing Period for all Wheels Through and Exports.

**INDEX**  
**NEW YORK POWER AUTHORITY**  
**TRANSMISSION REVENUE REQUIREMENT**

<b>Name</b>	<b>Description</b>
<a href="#">Cost-of-Service Summary</a>	TRANSMISSION REVENUE REQUIREMENT SUMMARY
<a href="#">Schedule A1</a>	OPERATION & MAINTENANCE EXPENSE SUMMARY
<a href="#">Schedule A2</a>	ADMINISTRATIVE AND GENERAL EXPENSES
<a href="#">Schedule B1</a>	ANNUAL DEPRECIATION AND AMORTIZATION EXPENSES
<a href="#">Schedule B2</a>	ADJUSTED PLANT IN SERVICE
<a href="#">Schedule B3</a>	DEPRECIATION AND AMORTIZATION RATES
<a href="#">Schedule C1</a>	TRANSMISSION - RATE BASE CALCULATION
<a href="#">Schedule D1</a>	CAPITAL STRUCTURE AND COST OF CAPITAL
<a href="#">Schedule D2</a>	PROJECT SPECIFIC CAPITAL STRUCTURE AND COST OF CAPITAL
<a href="#">Schedule E1</a>	A&G AND GENERAL PLANT ALLOCATOR
<a href="#">Schedule F1</a>	PROJECT REVENUE REQUIREMENT WORKSHEET
<a href="#">Schedule F2</a>	INCENTIVES
<a href="#">Schedule F3</a>	PROJECT TRUE-UP
<a href="#">Work Paper-AA</a>	O&M AND A&G SUMMARY
<a href="#">Work Paper-AB</a>	O&M AND A&G DETAIL
<a href="#">Work Paper-AC</a>	STEP-UP TRANSFORMERS O&M ALLOCATOR
<a href="#">Work Paper-AD</a>	FACTS O&M ALLOCATOR
<a href="#">Work Paper-AE</a>	MICROWAVE TOWER RENTAL INCOME
<a href="#">Work Paper-AF</a>	POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PBOP)
<a href="#">Work Paper-AG</a>	PROPERTY INSURANCE ALLOCATION
<a href="#">Work Paper-AH</a>	INJURIES & DAMAGES INSURANCE EXPENSE ALLOCATION
<a href="#">Work Paper-AI</a>	PROPERTY INSURANCE ALLOCATOR
<a href="#">Work Paper-BA</a>	DEPRECIATION AND AMORTIZATION EXPENSES (BY FERC ACCOUNT)
<a href="#">Work Paper-BB</a>	EXCLUDED PLANT IN SERVICE
<a href="#">Work Paper-BC</a>	PLANT IN SERVICE DETAIL
<a href="#">Work Paper-BD</a>	MARCY-SOUTH CAPITALIZED LEASE AMORTIZATION AND UNAMORTIZED BALANCE
<a href="#">Work Paper-BE</a>	FACTS PROJECT PLANT IN SERVICE AND ACCUMULATED DEPRECIATION
<a href="#">Work Paper-BF</a>	GENERATOR STEP-UP TRANSFORMERS BREAKOUT
<a href="#">Work Paper-BG</a>	RELICENSING/RECLASSIFICATION EXPENSES
<a href="#">Work Paper-BH</a>	ASSET IMPAIRMENT
<a href="#">Work Paper-BI</a>	COST OF REMOVAL
<a href="#">Work Paper-BJ</a>	INDIVIDUAL PROJECTS - PLANT IN SERVICE AND DEPRECIATION
<a href="#">Work Paper-CA</a>	MATERIALS AND SUPPLIES
<a href="#">Work Paper-CB</a>	ESTIMATED PREPAYMENTS AND INSURANCE
<a href="#">Work Paper-DA</a>	WEIGHTED COST OF CAPITAL
<a href="#">Work Paper-DB</a>	LONG-TERM DEBT AND RELATED INTEREST
<a href="#">Work Paper-EA</a>	CALCULATION OF A&G AND GENERAL PLANT ALLOCATOR
<a href="#">Work Paper-AR-IS</a>	STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN NET POSITION
<a href="#">Work Paper-AR-BS</a>	STATEMENT OF NET POSITION
<a href="#">Work Paper-AR-Cap Assets</a>	CAPITAL ASSETS
<a href="#">Work Paper-Reconciliations</a>	RECONCILIATIONS BETWEEN ANNUAL REPORT & ATRR

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**TRANSMISSION REVENUE REQUIREMENT SUMMARY**

<u>Line No.</u>	<u>A. OPERATING EXPENSES</u>	<u>TOTAL \$</u> (1)	<u>SOURCE/COMMENTS</u> (2)
1	Operation & Maintenance Expense	-	Schedule A1, Col 5, Ln 7
2	Administrative & General Expenses	-	Schedule A2, Col 5, Ln 5
3	Depreciation & Amortization Expense	-	Schedule B1, Col 6, Ln 6
4	<b>TOTAL OPERATING EXPENSE</b>	-	Sum lines 1, 2, & 3
5	<b><u>B. RATE BASE</u></b>	-	Schedule C1, Col 5, Ln 10
6	Return on Rate Base	-	Schedule C1, Col 7, Ln 10
6a	Total Project Specific Return Adjustment	-	Schedule D2, Col 3, Ln A
7	<b>TOTAL REVENUE REQUIREMENT</b>	-	Line 4 + Line 6 + Line 6a
8	Incentive Return	-	Schedule F1, page 2, line 2, col. 13
9	True-up Adjustment	-	Schedule F3, page 1, line 3, col. 10
10	<b>NET ADJUSTED REVENUE REQUIREMENT</b>	-	Line 7 + line 8 + line 9
<b>Breakout by Project</b>			
11	NTAC Facilities	-	Schedule F1, page 2, line 1a + line 1d, col. 17
11a	Project 1 - Marcy South Series Compensation	-	Schedule F1, page 2, line 1b, col. 17
11b	Project 2 - AC Project Segment A (Central East Energy Connect)	-	Schedule F1, page 2, line 1c, col. 17
11c		-	
11d		-	
...	...	-	
12	Total Break out	-	Sum lines 11

Note 1 The revenue requirements shown on lines 11 and 11a et seq. are annual revenue requirements. If the first year is a partial year, 1/12 of the amounts should be recovered for every month of the Rate Year.

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**SCHEDULE A1  
OPERATION & MAINTENANCE EXPENSE SUMMARY (\$)**

<u>Line No</u>	<u>FERC Account</u>	<u>FERC Account Description</u>	<u>Source</u>	<u>Total</u>	<u>Grand Total</u>	<u>NYPA Form 1 Equivalent</u>
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Transmission:</b>						
		<b>OPERATION:</b>				
1a	560	Supervision & Engineering	WP-AA, Col (5)	-		Page 321 line 83
1b	561	Load Dispatching	WP-AA, Col (5)	-		Page 321 lines 85-92
1c	562	Station Expenses	WP-AA, Col (5)	-		Page 321 line 93
1d	566	Misc. Trans. Expenses	WP-AA, Col (5)	-		Page 321 line 97
...	...	...	...			...
2		<b>Total Operation</b>	(sum lines 1)	-		
		<b>MAINTENANCE:</b>				
3a	568	Supervision & Engineering	WP-AA, Col (5)	-		Page 321 line 101
3b	569	Structures	WP-AA, Col (5)	-		Page 321 line 102-106
3c	570	Station Equipment	WP-AA, Col (5)	-		Page 321 line 107
3d	571	Overhead Lines	WP-AA, Col (5)	-		Page 321 line 108
3e	572	Underground Lines	WP-AA, Col (5)	-		Page 321 line 109
3f	573	Misc. Transm. Plant	WP-AA, Col (5)	-		Page 321 line 110
...	...	...	...			...
4		<b>Total Maintenance</b>	(sum lines 3)	-		
5		<b>TOTAL O&amp;M TRANSMISSION</b>	(sum lines 2 & 4)		-	
		<b>Adjustments (Note 2)</b>				
6a		Step-up Transformers	WP-AC, Col (1) line 5		-	
6b		FACTS (Note 1)	WP-AD, Col (1) line 5		-	

6c	Microwave Tower Rental Income	WP-AE, Col (3) line 2	-
----	-------------------------------	-----------------------	---

...	...	...	...
-----	-----	-----	-----

7	<b>TOTAL ADJUSTED O&amp;M TRANSMISSION</b>	(sum lines 5-6)	-
---	--	-----------------	---

Note 1 Flexible Alternating Current Transmission System device

Note 2 Revenues that are credited in the NTAC are not revenue credited here.

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**SCHEDULE A2  
ADMINISTRATIVE AND GENERAL EXPENSES**

<b>FERC</b>							
<b>Line No.</b>	<b>Account</b>	<b>FERC Account Description</b>	<b>Source</b>	<b>Unallocated A&amp;G (\$)</b>	<b>Transmission Allocator (%)</b>	<b>Allocated to Transmission (\$)</b>	<b>Source/Comments</b>
(1)	(2)			(3)	(4)	(5)	(6)
							<b>NYPA Form 1 Equivalent</b>
							(7)
<b><u>Administrative &amp; General Expenses</u></b>							
1a	920	A&G Salaries	WP-AA, Col (5)	-			Page 323 line 181
1b	921	Office Supplies & Expenses	WP-AA, Col (5)	-			Page 323 line 182
1c	922	Admin. Exp. Transferred-Cr	WP-AA, Col (5)	-			Page 323 line 183
1d	923	Outside Services Employed	WP-AA, Col (5)	-			Page 323 line 184
1e	924	Property Insurance	WP-AA, Col (5)	-		-	See WP-AG; Col (3) ,Ln 5
1f	925	Injuries & Damages Insurance	WP-AA, Col (5)	-		-	See WP-AH; Col (3) ,Ln 4
1g	926	Employee Pensions & Benefits	WP-AA, Col (5)	-			Page 323 line 187
1h	928	Reg. Commission Expenses	WP-AA, Col (5)	-		-	See WP-AA; Col (3), Ln 2x
1i	930	Obsolete/Excess Inv	WP-AA, Col (5)	-			Page 323 line 190.5
1j	930.1	General Advertising Expense	WP-AA, Col (5)	-			Page 323 line 191
1k	930.2	Misc. General Expenses	WP-AA, Col (5)	-			Page 323 line 192
1l	930.5	Research & Development	2/	-		-	Page 323 line 192.5
1m	931	Rents	WP-AA, Col (5)	-			Page 323 line 193
1n	935	Maint of General Plant A/C 932	WP-AA, Col (5)	-			Page 323 line 196
...	...	...	...				
2		<b>TOTAL</b>	(sum lines 1)	-			
3a		Less A/C 924	Less line 1e	-			Page 323 line 185
3b		Less A/C 925	Less line 1f	-			Page 323 line 186
3c		Less EPRI Dues	1/	-			
3d		Less A/C 928	Less line 1h	-			Page 323 line 189
3e		Less A/C 930.5	Less line 1l	-			
3f		PBOP Adjustment	WP-AF	-			3/
...		...	...				
4		<b>TOTAL A&amp;G Expense</b>	(sum lines 2 to 4)	-	-	-	- Allocated based on transmission allocator
5		<b>NET A&amp;G TRANSMISSION EXPENSE</b>	(sum lines 1 to 4)			-	(Schedule E1)

1/ NYPA does not pay EPRI dues

2/ Column 5 is populated as 0 (zero) for data pertaining to calendar years \_\_\_\_ and 2015. It is populated as a sum of Transmission R&D Expense [Workpaper WP-AA Col (3) ln(2ab)] plus the portion of Admin & General allocated to transmission [Workpaper WP-AA Col (4) ln (2ab) multiplied by Workpaper E1-Allocator Col (3) ln (2)] for data pertaining to calendar years 2016 and later.

3/ Populated as 0 (zero) for data pertaining to calendar years \_\_\_\_ and 2015. Populated as WP-AA Col (3) for data pertaining to calendar years 2016 and later.

...

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**SCHEDULE B1  
ANNUAL DEPRECIATION AND AMORTIZATION EXPENSES (\$)**

<u>Line No.</u>	<u>Account</u>	<u>FERC Account Description</u>	<u>Source</u> (1)	<u>Transmission</u> (2)	<u>General Plant</u> (3)	<u>Transmission</u> <u>Allocator (%)</u> (4)	<u>General Plant</u> <u>Allocated to</u> <u>Transm. Col (3)*(4)</u> (5)	<u>Total</u> <u>Annual</u> <u>Depreciation</u> <u>Col (2)+(5)</u> (6)
	<b>FERC</b>							
1a	352	Structures & Improvements	WP-BA, Col (4)	-				
1b	353	Station Equipment	WP-BA, Col (4)	-				
1c	354	Towers & Fixtures	WP-BA, Col (4)	-				
1d	355	Poles & Fixtures	WP-BA, Col (4)	-				
1e	356	Overhead Conductors & Devices	WP-BA, Col (4)	-				
1f	357	Underground Conduit	WP-BA, Col (4)	-				
1g	358	Underground Conductors & Devices	WP-BA, Col (4)	-				
1h	359	Roads & Trails	WP-BA, Col (4)	-				
...	...	...	...					
2		<b>Unadjusted Depreciation</b>		-				
3a	390	Structures & Improvements	WP-BA, Col (4)		-			
3b	391	Office Furniture & Equipment	WP-BA, Col (4)		-			
3c	392	Transportation Equipment	WP-BA, Col (4)		-			
3d	393	Stores Equipment	WP-BA, Col (4)		-			
3e	394	Tools, Shop & Garage Equipment	WP-BA, Col (4)		-			
3f	395	Laboratory Equipment	WP-BA, Col (4)		-			
3g	396	Power Operated Equipment	WP-BA, Col (4)		-			
3h	397	Communication Equipment	WP-BA, Col (4)		-			
3i	398	Miscellaneous Equipment	WP-BA, Col (4)		-			
3j	399	Other Tangible Property	WP-BA, Col (4)		-			
...	...	...	...					
4		<b>Unadjusted General Plant Depreciation</b>			-			
		<b>Adjustments</b>						
5a		Capitalized Lease Amortization	Schedule B2, Col 4, line 14	-				
5b		FACTS	Schedule B2, Col 4, line 13	-				
5c		Windfarm	Schedule B2, Col 4, line 11	-				
5d		Step-up Transformers	Schedule B2, Col 4, line 12	-				
5e		Relicensing Reclassification	WP-BG, Col 4		-			
...	...	...	...					
6		<b>TOTAL</b>	(Sum lines 2-5)	-	-	- 1/	-	-



1/ See Schedule-E1, Col (3), Ln 2

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 14 OATT Attachment H - Annual Transmission Revenue Requireme - 14.2.3-14.2.3.1 OATT Att H - NYPA Formula Rate

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

SCHEDULE B2  
ADJUSTED PLANT IN SERVICE

														Average	
Line				Plant in	Accumulated	Plant in	Depreciation	Plant in	Accumulated	Plant in	Depreciation	Plant in	Accumulated	Net	
No.				<u>Service (\$)</u>	<u>Depreciation (\$)</u>	<u>Service - Net (\$)</u>	<u>Expense (\$)</u>	<u>Service (\$)</u>	<u>Depreciation (\$)</u>	<u>Service - Net (\$)</u>	<u>Expense (\$)</u>	<u>Service (\$)</u>	<u>Depreciation (\$)</u>	<u>Plant in</u>	
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
NYPA Form 1 Equivalent															
	<b>PRODUCTION</b>	<b>Source</b>	<b>Plant in Service (p. 204-207 column (g))</b>	<b>Depreciation (p.219)</b>											
1	Production - Land	WP-BC	In. 8 + In. 27 + In. 37	-	-	-	-	-	-	-	-	-	-	-	
2	Production - Hydro	WP-BC	In. 35 - In. 27	In. 22 - Cost of Removal 5/	-	-	-	-	-	-	-	-	-	-	
3	Production - Gas Turbine / Combined Cycle	WP-BC	In. 16 + In. 45 + In. 100.5 - In. 8 - In. 37	In. 20 + In. 23	-	-	-	-	-	-	-	-	-	-	
4				-	-	-	-	-	-	-	-	-	-	-	
<b>TRANSMISSION</b>															
5	Transmission - Land	WP-BC	In. 48	-	-	-	-	-	-	-	-	-	-	-	
6	Transmission	WP-BC	In. 58 + In. 100.6 - In. 48	In. 24 - Cost of Removal 5/	-	-	-	-	-	-	-	-	-	-	
7				-	-	-	-	-	-	-	-	-	-	-	
8	Transmission - Cost of Removal 1/	WP-BC		-	-	-	-	-	-	-	-	-	-	-	
9	Excluded Transmission 2/	WP-BB		-	-	-	-	-	-	-	-	-	-	-	
<u>Adjustments to Rate Base</u>															
10	Transmission - Asset Impairment	WP-BC		-	-	-	-	-	-	-	-	-	-	-	
11	Windfarm	WP-BC		-	-	-	-	-	-	-	-	-	-	-	
12	Generator Step-ups	WP-BF		-	-	-	-	-	-	-	-	-	-	-	
13	FACTS	WP-BE		-	-	-	-	-	-	-	-	-	-	-	
14	Marcy South Capitalized Lease 3/			-	-	-	-	-	-	-	-	-	-	-	
15	...														
16	Total Adjustments			-	-	-	-	-	-	-	-	-	-	-	
17															
18	<b>Net Adjusted Transmission</b>			-	-	-	-	-	-	-	-	-	-	-	
<b>GENERAL</b>															
19	General - Land	WP-BC	In. 86	-	-	-	-	-	-	-	-	-	-	-	
20	General	WP-BC	In. 99 - In. 86	In. 27 - Cost of Removal 5/	-	-	-	-	-	-	-	-	-	-	
21			In. 99	-	-	-	-	-	-	-	-	-	-	-	
<u>Adjustments to Rate Base</u>															
22	General - Asset Impairment			-	-	-	-	-	-	-	-	-	-	-	
23	General - Cost of Removal	WP-BC		-	-	-	-	-	-	-	-	-	-	-	
24	Relicensing	WP-BG		-	-	-	-	-	-	-	-	-	-	-	
25	Excluded General 4/	WP-BC		-	-	-	-	-	-	-	-	-	-	-	
26	...			-	-	-	-	-	-	-	-	-	-	-	
27	Total Adjustments			-	-	-	-	-	-	-	-	-	-	-	
28	<b>Net Adjusted General Plant</b>			-	-	-	-	-	-	-	-	-	-	-	

Notes

1/ Cost of Removal: Bringing back to accumulated depreciation cost of removal which was reclassified to regulatory liabilities in annual report.

5/ The difference between the Accumulated Depreciation contained in the NYPA Form 1 Equivalent and the amount contained here is equal to the Cost of Removal.

--	--



**Schedule B3 - Depreciation and Amortization Rates  
NEW YORK POWER AUTHORITY**

**Based on Plant Data Year Ending December 31, 2019 for General and Intangible Plant and December 31, 2020 for Transmission Plant (as filed with FERC in 2022 in Docket ER22-2581)**

Line No.	FERC Account	FERC Account Description	Headquarter s	Lawrence/FD R	Niagara	Blenheim- Gilboa	J. A. FitzPatrick	Massena- Marcy	Marcy- South	Long Island Sound Cable	New Project 2/
<b>TRANSMISSION PLANT</b>											
1	350	Land Rights									
2	352	Structures and Improvements		1.87%	1.78%	1.60%		1.83%		0.89%	1.92%
3	353	Station Equipment		2.73%	2.80%	2.79%		2.83%	2.90%	1.67%	2.67%
4	354	Towers and Fixtures		1.63%	1.65%	1.65%	0.87%	1.84%	2.12%		2.27%
5	355	Poles and Fixtures		2.26%	2.30%	1.71%		1.75%	2.28%		2.65%
6	356	Overhead Conductor and Devices		2.32%	2.25%	1.95%	1.37%	2.83%	2.43%		2.45%
7	357	Underground Conduit		1.03%					1.76%	0.32%	1.69%
8	358	Underground Conductor and Devices		2.47%					2.91%	0.74%	2.44%
9	359	Roads and Trails		0.77%	0.53%	1.02%	0.11%	1.23%	1.42%		1.33%
<b>GENERAL PLANT</b>											
10	390	Structures & Improvements	1.37%	1.69%	1.53%	1.61%		1.70%			1.75%
11	391	Office Furniture & Equipment	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
12	391.2	Computer Equipment 5 yr	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
13	391.3	Computer Equipment 10 yr	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
14	392	Transportation Equipment	10.00% 4/	5.58%	4.30%	6.30%		5.53%			10.00%
15	393	Stores Equipment		2.84%		3.08%		2.11%			3.33%
16	394	Tools, Shop & Garage Equipment	4.64%	3.92%	2.55%	5.11%		3.71%			5.00%
17	395	Laboratory Equipment	5.00% 4/	5.17%	4.26%	5.11%		4.78%			5.00%
18	396	Power Operated Equipment		6.19%	5.68%	2.28%		3.55%	8.33%4/		8.33%
19	397	Communication Equipment	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
20	398	Miscellaneous Equipment 4/	4.00%	1.09%	4.42%	5.02%		5.00% 4/			5.00%
21	399	Other Tangible Property	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
<b>INTANGIBLE PLANT</b>											
22	303	Miscellaneous Intangible Plant									
23		5 Year Property	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
24		7 Year Property	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%
25		10 Year Property	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
26		Transmission facility Contributions in Aid of Construction 3/									

**Notes:**

- 1/ Where no depreciation rate is listed for a transmission or general plant account for a particular project, NYPA lacks depreciable plant as of 12/31/2019 or 2020 (or all plant has been fully depreciated). If new plant corresponding to these accounts is subsequently added for the relevant projects, the "New Project" depreciation rate for the relevant account will apply. 2/ New Project transmission and general depreciation rates are equal to the life of the asset adjusted for salvage.
- 3/ In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in lines 1-9 above and the weighted average depreciation rate will be used to amortize the CIAC. The life of a facility subject to a CIAC will be equivalent to the depreciation rate calculated above, i.e., 100% depreciation rate = life in years. The estimated life of the facility or rights associated with the facility will not change over the life of a CIAC without prior FERC approval.
- 4/ NYPA has replaced the anomalous rates for these assets with New Project rates.

These depreciation rates will not change absent the appropriate filing at FERC.

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

SCHEDULE C1  
TRANSMISSION - RATE BASE CALCULATION

<u>RATE BASE</u>	<u>TRANSMISSION PLANT (\$)</u> (1)	<u>TOTAL GENERAL PLANT (\$)</u> (2)	<u>TRANSMISSION ALLOCATOR [Schedule E1]</u> (3)	<u>GENERAL PLANT ALLOCATED TO TRANSMISSION (\$)</u> (2) * (3) (4)	<u>TOTAL TRANSMISSION (\$)</u> (1) + (4) (5)	<u>RATE OF RETURN [Schedule D1]</u> (6)	<u>RETURN ON RATE BASE</u> (5) * (6) (7)
1 A) Net Electric Plant in Service	- 1/	- 2/	-	-	-		
2 B) Rate Base Adjustments							
3 * Cash Working Capital (1/8 O&M)	- 3/				-		
4 * Marcy South Capitalized Lease	- 4/				-		
5 * Materials & Supplies	- 5/		-		-		
6 * Prepayments	- 6/		-		-		
7 * CWIP	- 7/						
8 * Regulatory Asset	- 7/						
9 * Abandoned Plant	- 7/						
10 TOTAL (sum lines 1-9)	-	-	-	-	-	-	-

1/ Schedule B2; Net Electric Plant in Service; Ln 17

2/ Schedule B2; Net Electric Plant in Service; Ln 25

3/ 1/8 of (Schedule A1; Col 5, Ln 17 + Schedule A2; Col 5, Ln 22) [45 days] 4/

WP-BD; Average of Year-end Unamortized Balances, Col 5

5/ Average of year-end inventory Materials & Supplies (WP-CA). NYPA Form 1 Equivalent, page 227, Ln 12, average of columns b and c. 6/

WP-CB; Col 3, Ln 3

7/ CWIP, Regulatory Asset and Abandoned Plant are zero until an amount is authorized by FERC as shown below. CWIP amount is shown in the NYPA Form 1 Equivalent, page 216, line 1

Docket Number Authorized Amount

... ..

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**SCHEDULE D1  
CAPITAL STRUCTURE AND COST OF CAPITAL**

<u>Line No.</u>	<u>TITLE</u>	<u>CAPITALIZATION RATIO from WP-DA 1/ (1)</u>	<u>COST RATE from WP-DA 2/ (2)</u>	<u>WEIGHTED AVERAGE (3)</u>	<u>SOURCE/COMMENTS (4)</u>
1	LONG-TERM DEBT	0.00%	-	<div style="border: 1px solid black; width: 80px; height: 20px; margin: 0 auto;"></div>	Col (1) * Col (2)
2	<u>COMMON EQUITY</u>	<u>0.00%</u>	9.45%	-	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	0.00%		-	Col (3); Ln (1) + Ln (2)

Notes

- 1/ The Common Equity share listed in Col (1) is capped at 50%. The cap may only be changed pursuant to an FPA Section 205 or 206 filing to FERC. The Long-Term Debt share is calculated as 1 minus the Common Equity share.
- 2/ The ROE listed in Col (2) Ln (2) is the base ROE plus 50 basis-point incentive for RTO participation. ROE may only be changed pursuant to an FPA Section 205 or 206 filing to FERC.

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**SCHEDULE D2  
PROJECT SPECIFIC CAPITAL STRUCTURE AND COST OF CAPITAL 3/**

<u>Line No.</u>	<u>TITLE</u>	<u>CAPITALIZATION RATIO</u> <u>from WP-DA</u> <u>(1)</u>	<u>COST RATE</u> <u>from WP-DA</u> <u>(2)</u>	<u>WEIGHTED</u> <u>AVERAGE</u> <u>(3)</u>	<u>SOURCE/COMMENTS</u> <u>(4)</u>
Project 1 - Marcy South Series Compensation - Capital Structure					
1	LONG-TERM DEBT	- 1/	-	-	Col (1) * Col (2)
2	COMMON EQUITY	- 1/	9.45%	2/	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	-		-	Col (3); Ln (1) + Ln (2)
4	PROJECT NET PLANT			-	F1-Proj RR, Col (7), Ln (1b)
5	PROJECT BASE RETURN			-	Col (3) Ln (4) * WP-DA Col (7) Ln (4)
6	PROJECT ALLOWED RETURN			-	Col (3); Ln (3) * Ln (4)
1A	PROJECT SPECIFIC RETURN ADJUSTMENT			-	Col (3); Ln (6) - Ln (5)
Project 2 - AC Project Segment A (Central East Energy Connect) - Capital Structure 4/					
1	LONG-TERM DEBT	-	-	-	Col (1) * Col (2)
2	COMMON EQUITY	-	9.95%	-	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	-		-	Col (3); Ln (1) + Ln (2)
4	PROJECT NET PLANT			-	F1-Proj RR, Col (7), Ln (1c)
5	PROJECT BASE RETURN			-	Col (3) Ln (4) * WP-DA Col (7) Ln (4)
6	PROJECT ALLOWED RETURN			-	Col (3); Ln (3) * Ln (4)
2B	PROJECT SPECIFIC RETURN ADJUSTMENT			-	Col (3); Ln (6) - Ln (5)
Project 3 - SPC Project - Capital Structure 5/					
1	LONG-TERM DEBT	-	-	-	Col (1) * Col (2)
2	COMMON EQUITY	-	9.95%	-	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	-		-	Col (3); Ln (1) + Ln (2)
4	PROJECT NET PLANT			-	F1-Proj RR, Col (7), Ln (1d)
5	PROJECT BASE RETURN			-	Col (3) Ln (4) * WP-DA Col (7) Ln (4)
6	PROJECT ALLOWED RETURN			-	Col (3); Ln (3) * Ln (4)
3C	PROJECT SPECIFIC RETURN ADJUSTMENT			-	Col (3); Ln (6) - Ln (5)
ProjectX					
A	Total Project Adjustments			-	

Notes

- 1/ The MSSC Common Equity share listed in Col (1) is capped at 53%. The cap may only be changed pursuant to an FPA Section 205 or 206 filing to FERC. The MSSC Long-Term Debt share is calculated as 1 minus the Common Equity share.
- 2/ The MSSC ROE listed in Col (2) Ln (2) is the base ROE plus 50 basis-point incentive Congestion Relief Adder. ROE may only be changed pursuant to an FPA Section 205 or 206 filing to FERC.
- 3/ Additional project-specific capital structures added to this Schedule D2 must be approved by FERC. The cost of long-term debt and common equity for any such project shall reflect the cost rates in Col (2), Lns (1) and (2) unless a different cost rate is approved by FERC.
- 4/ The AC Project Segment A cost containment impacts, if any, will be computed on a workpaper and provided as supporting documentation for each applicable Annual Update consistent with the NYPA Protocols. The ROE listed in Col (2) for AC Project Segment A consists of a 50 basis point ROE Risk Adder per the Commission's approval in Docket No. EL19-88, added to the 9.45% ROE applicable to NYPA's other transmission assets. See Schedule D1 and Project 1, above.
- 5/ The Smart Path Connect Project cost containment impacts, if any, will be computed on a workpaper and provided as supporting documentation for each applicable Annual Update,

consistent with the Commission's Order dated 07/05/22 in Docket No. ER22-1014. The ROE listed in Col (2) for the Smart Path Connect Project consists of a 50 basis point ROE Risk Adder per the Commission's approval in Docket No. ER 22-1014 added to the 9.45% ROE applicable to NYPA's other transmission assets. See Schedule D1 and Project 1, above.

_____	_____ _____
-------	----------------

_____	_____ _____
-------	----------------

_____	_____ _____
-------	----------------



**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**SCHEDULE E1  
A&G AND GENERAL PLANT ALLOCATOR**

<b>Line No.</b>	<b>DESCRIPTION</b> (1)	<b>RATIO From WP-EA</b> (2)	<b>ALLOCATED TO TRANSMISSION</b> (3)	<b>SOURCE/ COMMENTS</b> (4)
1	PRODUCTION	0.00%		
2	INCLUDED TRANSMISSION	0.00%	<b>0.00%</b>	Col (2); Ln (2)
3	<b>TOTAL</b>	<b>0.00%</b>		

Schedule F1  
Project Revenue Requirement Worksheet  
NEW YORK POWER AUTHORITY  
YEAR ENDING DECEMBER 31, \_\_\_\_

Line No.	Item	Page, Line, Col. (1)	Transmission (\$) (2)	Allocator (3)
1	Gross Transmission Plant - Total	Schedule B2, line 17, col 9 (Note A)	-	
1a	Transmission Accumulated Depreciation	Schedule B2, line 17, col 10	-	
1b	Transmission CWIP, Regulatory Asset and Abandoned Plant	Schedule C1, lines 7, 8, & 9 (Note B)	-	
2	Net Transmission Plant - Total	Line 1 minus Line 1a plus Line 1b	-	
O&M TRANSMISSION EXPENSE				
3	Total O&M Allocated to Transmission	Schedule A1, line 17, col 5 and Schedule A2, line 22, Col 5	-	
GENERAL DEPRECIATION EXPENSE				
		(Note G)		
5	Total General Depreciation Expense	Schedule B1 line 26, col 5	-	
6	<b>Annual Allocation Factor for Expenses</b>	((line 3 + line 5) divided by line 1, col 2)	-	-
RETURN				
7	Return on Rate Base	Schedule C1 line 10, col 7	-	
8	<b>Annual Allocation Factor for Return on Rate Base</b>	(line 7 divided by line 2 col 2)	-	-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 14 OATT Attachment H - Annual Transmission Revenue Requireme - 14.2.3-14.2.3.1 OATT Att H - NYPA Formula Rate

Schedule F1 Project Revenue Requirement Worksheet NEW YORK POWER AUTHORITY																		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	(14a)	(15)	(16)	(17)
Line No.	Project Name and #	Type	Project Gross Plant (\$)	Project Accumulated Depreciation (\$)	Annual Allocation Factor for Expenses	Annual Allocation for Expenses (\$)	Project Net Plant (\$)	Annual Allocation Factor for Return	Annual Return Charge (\$)	Project Depreciation/Amortization Expense (\$)	Annual Revenue Requirement (\$)	Incentive Return in basis Points	Incentive Return (\$)	Discount	PROJECT SPECIFIC CAPITAL STRUCTURE AND COST OF CAPITAL	Total Annual Revenue Requirement (\$)	True-Up Adjustment (\$)	Net Revenue Requirement (\$)
		(Note C)			Page 1 line 6	Col. 3 * Col. 5	(Note D)	(Page 1, line 8)	(Col. 7 * Col. 8)	(Note E)	(Sum Col. 6, 9 & 10)	Per FERC order (Note H)	(Schedule F2, Line 10 * (Col. 12/100) * Col. 7)	(Note I)	Schedule D2	(Sum Col. 11 + 13 + 14 + 14a)	(Note F)	Sum Col. 15 + 16
1a	NTAC Facilities	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1b	MSSC	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1c	AC Project Segment A (Central East Energy Connect)	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1d	Smart Path Connect - NTAC - ROE Risk Adder	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1e	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1f	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1g	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1h	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1i	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1j	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1k	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1l	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1m	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1n	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
1o	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-
2	Total	-	-	-	0.0000%	-	-	0.0000%	-	-	-	-	-	-	-	-	-	-

Note

Letter

- A Gross Transmission Plant that is included on Schedule B2, Ln 17, Col 5.
- B Inclusive of any CWIP, Unamortized Regulatory Asset or Unamortized Abandoned Plant balances included in rate base when authorized by FERC order.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in page 1, line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities. Gross plant does not include CWIP, Unamortized Regulatory Asset or Unamortized Abandoned Plant.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation in page 2, column 4. Net Plant includes any FERC approved CWIP, Unamortized Abandoned Plant and Regulatory Asset.
- E Project Depreciation Expense is the amount in Schedule B1, Ln 26, Col. 2 that is associated with the specified project. Project Depreciation Expense includes the amortization of Abandoned Plant and any FERC approved Regulatory Asset. However, if FERC grants accelerated depreciation for a project the depreciation rate authorized by FERC will be used instead of the rates shown on Schedule B3 for all other projects.
- F Reserved
- G The Total General and Common Depreciation Expense excludes any depreciation expense directly associated with a project and thereby included in page 2 column 8.
- H Requires approval by FERC of incentive return applicable to the specified project(s). A negative number of basis points may be entered to reduce the ROE applicable to a project if a FERC order specifies a lower return for that project.
- I The discount is the reduction in revenue, if any, that NYPA agreed to, for instance, to be selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate

Schedule F2 Incentives NEW YORK POWER AUTHORITY YEAR ENDING DECEMBER 31, ____						
Line No.	Item	Reference				\$
1	Rate Base	Schedule C1, line 10, Col. 5				-
2	100 Basis Point Incentive Return				\$	
			%	Cost	Weighted Cost	
3	Long Term Debt	(Schedule D1, line 1)	-	-	-	
4	Common Stock	(Schedule D1, line 2)	Cost = Schedule E, line 2, Cost plus .01	-	0.1045	-
5	Total (sum lines 3-4)				-	
6	100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 5)					-
7	Return (Schedule C1, line 10, Col. 7)					-
8	Incremental Return for 100 basis point increase in ROE		(Line 6 less line 7)			-
9	Net Transmission Plant		(Schedule C1, line 1, col. (1)			-
10	Incremental Return for 100 basis point increase in ROE divided by Rate Base		(Line 8 / line 9)			-

Notes:

A Line 5 includes a 100 basis point increase in ROE that is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE. Any actual incentive is calculated on Schedule F1 and must be approved by FERC. For example, if FERC were to grant a 137 basis point ROE incentive, the increase in return and taxes for a 100 basis point increase in ROE would be multiplied by 137 on Schedule F1, Col. 13.

Schedule F3 Project True-Up Incentives YEAR ENDING DECEMBER 31, ____									
(\$)									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Line No.	Project Name	NTAC ATRR or Project Number	Actual Revenues Received (Note 1)	Net Revenue Requirement (Note 2)	Adjustment Principal Under/(Over)	Prior Period Adjustment	Applicable Interest Rate on Under/(Over)	Adjustment Interest Under/(Over)	Total True-Up Adjustment
			Received for Transmission Service	Schedule F2 Using Actual Cost Data	Col. (5) - Col. (4)	(Note A) Line 25, Col. (e)	Line 24	(Col. (6) + Col. (7)) x Col. (8) x 24 months	Col. (6) + Col. (7) + Col. (9)
1a	NTAC Facilities	-	-	-	-	-	-	-	-
1b	MSSC	-	-	-	-	-	-	-	-
1c	AC Project Segment A (Central East Energy Connect)	-	-	-	-	-	-	-	-
1d		-	-	-	-	-	-	-	-
1e		-	-	-	-	-	-	-	-
...									
...									
2	Subtotal				-			-	-
3	Under/(Over) Recovery								-

Notes:

- For all projects and NTAC ATRR, the Actual Revenues Received are the actual revenues NYPA receives from the NYISO in that calendar year. If NYISO does not break out the revenues per project, the Actual Revenues Received will be allocated pro rata to each project based on their Actual Net Revenue Requirement in col (5).
- Schedule F1, Page 2 of 2, col (15).

**Schedule F3  
Project True-Up  
Incentives**

**FERC Refund Interest Rate**

	Year	Interest Rates under Section 35.19(a)
4	Interest Rate (Note A):	
5	January	-
6	February	-
7	March	-
8	April	-
9	May	-
10	June	-
11	July	-
12	August	-
13	September	-
14	October	-
15	November	-
16	December	-
17	January	-
18	February	-
19	March	-
20	April	-
21	May	-
22	June	-

23	July	-	-			
24	Avg. Monthly FERC Rate		-		-	
<b>Prior Period Adjustments</b>						
	(a) Project or Schedule 1	(b)	Adjustment A Description of the Adjustment	(c) Amount In Dollars	(d) Interest (Note A)	(e) Total Adjustment Col. (c) + Col. (d)
25	-		-	-	-	-
25a	-		-	-	-	-
25b	-		-	-	-	-
25c						-
...						-
...						-
26	Total					-

Notes: A Prior Period Adjustments are when an error is discovered relating to a prior true-up or refunds/surcharges ordered by FERC. The interest on the Prior Period Adjustment excludes interest for the current true up period, because the interest is included in Ln 25 Col (d).

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AA  
Operation and Maintenance Summary**

(1)		(2)	(3)	(4)	(5)	(6)
Line No. Amount (\$)		PRODUCTION	TRANSMISSION	ADMIN & GENERAL	OVERALL RESULT	Major Category
1a	555 - OPSE-Purchased Power	-	-	-	-	-
1b	501 - Steam Product-Fuel	-	-	-	-	-
1c	565 - Trans-Xmsn Elect Oth	-	-	-	-	-
...	...	-	-	-	-	-
2a	506 - SP-Misc Steam Power	-	-	-	-	-
2b	535 - HP-Oper Supvr&Engrg	-	-	-	-	-
2c	537 - HP-Hydraulic Expense	-	-	-	-	-
2d	538 - HP-Electric Expenses	-	-	-	-	-
2e	539 - HP-Misc Hyd Pwr Gen	-	-	-	-	-
2f	546 - OP-Oper Supvr&Engrg	-	-	-	-	-
2g	548 - OP-Generation Exps	-	-	-	-	-
2h	549 - OP-Misc Oth Pwr Gen	-	-	-	-	-
2i	560 - Trans-Oper Supvr&Eng	-	-	-	-	-
2j	561 - Trans-Load Dispatcng	-	-	-	-	-
2k	562 - Trans-Station Exps	-	-	-	-	-
2l	566 - Trans-Misc Xmsn Exp	-	-	-	-	-
2m	905 - Misc. Customer Accts. Exps	-	-	-	-	-
2n	Contribution to New York State	-	-	-	-	-
2o	916 - Misc. Sales Expense	-	-	-	-	-
2p	920 - Misc. Admin & Gen'l Salaries	-	-	-	-	-
2q	921 - Misc. Office Supp & Exps	-	-	-	-	-
2r	922 - Administrative Expenses Transferred	-	-	-	-	-
2s	923 - Outside Services Employed	-	-	-	-	-
2t	924 - A&G-Property Insurance	-	-	-	-	-
2u	925 - A&G-Injuries & Damages Insurance	-	-	-	-	-
2v	926 - A&G-Employee Pension & Benefits	-	-	-	-	-
2w	926 - A&G-Employee Pension & Benefits(PBOP)	-	-	-	-	-
2x	928 - A&G-Regulatory Commission Expense	-	-	-	-	-
2y	930 - Obsolete/Excess Inv	-	-	-	-	-
2z	930.1-A&G-General Advertising Expense	-	-	-	-	-
2aa	930.2-A&G-Miscellaneous & General Expense	-	-	-	-	-
2ab	930.5-R & D Expense	-	-	-	-	-
2ac	931 - Rents	-	-	-	-	-
2ad	935 - A&G-Maintenance of General Plant	-	-	-	-	Operations
...	...	-	-	-	-	-
3a	545 - HP-Maint Misc Hyd Pl	-	-	-	-	-
3b	512 - SP-Maint Boiler Plt	-	-	-	-	-
3c	514 - SP-Maint Misc Stm Pl	-	-	-	-	-
3d	541 - HP-Maint Supvn&Engrg	-	-	-	-	-
3e	542 - HP-Maint of Struct	-	-	-	-	-
3f	543 - HP-Maint Res Dam&Wtr	-	-	-	-	-
3g	544 - HP-Maint Elect Plant	-	-	-	-	-
3h	551 - OP-Maint Supvn & Eng	-	-	-	-	-
3i	552 - OP-Maint of Struct	-	-	-	-	-
3j	553 - OP-Maint Gen & Elect	-	-	-	-	-
3k	554 - OP-Maint Oth Pwr Prd	-	-	-	-	-
3l	568 - Trans-Maint Sup & En	-	-	-	-	-
3n	569 - Trans-Maint Struct	-	-	-	-	-
3m	570 - Trans-Maint St Equip	-	-	-	-	-
3o	571 - Trans-Maint Ovhd Lns	-	-	-	-	-

3p	572 - Trans-Maint Ungrd Ln	-	-	-	-
3q	573 - Trans-Maint Misc Xmn	-	-	-	Maintenance
...	...	-	-	-	-
4a	403 - Depreciation Expense	-	-	-	-
...	...	-	-	-	-
5	TOTALS	-	-	-	-

[illegible]



NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT

YEAR ENDING DECEMBER 31, \_\_\_\_\_

WORK PAPER AB

Operation and Maintenance Detail

FERC by accounts and profit center

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
			Amount (\$)															
		0100/105	0100/110	0100/115	0100/120	0100/122	0100/125	0100/130	0100/135	0100/140	0100/145	0100/150	0100/155	0100/156	0100/157	0100/158	0100/159	
Line No.	FERC G/L Accounts	Blenheim-Gilboa	St. Lawrence	Niagara	Poetli	Astoria Energy II	Flynn	Jarvis	Crescent	Vischer Ferry	Ashokan	Kensico	Hall Gate	Harlem River	Vernon Blvd.	23rd & 3rd (Gowanus)	1st & Grand (Kent)	
1a	403 - Depreciation Expense																	
1b	501 - Steam Product Fuel																	
1c	506 - SP-Misc Steam Power																	
1d	512 - SP-Maint Boiler Plt																	
1e	514 - SP-Maint Misc Strm Pl																	
1f	535 - HP-Oper Supvr&Engng																	
1g	537 - HP-Hydraulic Expense																	
1h	538 - HP-Electric Expenses																	
1i	539 - HP-Misc Hyd Pwr Gen																	
1j	541 - HP-Maint Supvn&Engng																	
1k	542 - HP-Maint of Struct																	
1l	543 - HP-Maint Res Dam&Wtr																	
1m	544 - HP-Maint Elect Plant																	
1n	545 - HP-Maint Misc Hyd Pl																	
1o	546 - OP-Oper Supvr&Engng																	
1p	548 - OP-Generation Expens																	
1q	549 - OP-Misc Oth Pwr Gen																	
1r	551 - OP-Maint Supvn & Eng																	
1s	552 - OP-Maint of Struct																	
1t	553 - OP-Maint Gen & Elect																	
1u	554 - OP-Maint Oth Pwr Prd																	
1v	555 - OPSE-Purchased Power																	
1w	560 - Trans-Oper Supvr&Eng																	
1x	561 - Trans-Load Dispatchng																	
1y	562 - Trans-Station Expens																	
1z	565 - Trans-Xmsn Elect Oth																	
1aa	566 - Trans-Misc Xmsn Exp																	
1ab	568 - Trans-Maint Sup & En																	
1ac	569 - Trans-Maint Struct																	
1ad	570 - Trans-Maint St Equip																	
1ae	571 - Trans-Maint Ovhd Lns																	
1af	572 - Trans-Maint Ungrd Ln																	
1ag	573 - Trans-Maint Misc Xmn																	
1ah	905 - Misc. Customer Accts. Exps																	
1ai	916 - Misc. Sales Expense																	
1ak	920 - Misc. Admin & Genl Salaries																	
1al	921 - Misc. Office Supp & Exps																	
1am	922 - Administrative Expenses Transferred																	
1an	923 - Outside Services Employed																	
1ao	924 - A&G-Property Insurance																	
1ap	925 - A&G-Injuries & Damages Insurance																	
1aq	926 - A&G-Employee Pension & Benefits(PBOP)																	
1ar	926 - A&G-Employee Pension & Benefits																	
1as	928 - A&G-Regulatory Commission Expense																	
1at	930 - Obsolete/Excess Inv																	
1au	931 - Rents																	
1av	930.5-R & D Expense																	
1aw	930.1-A&G-General Advertising Expense																	
1ax	930.2-A&G-Miscellaneous & General Expense																	
1ay	935 - A&G-Maintenance of General Plant																	
1az																		
...																		
2	Contribution to New York State																	
3	Overall Result																	

### Overall Result

[illegible]

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AC  
STEP-UP TRANSFORMERS O&M ALLOCATOR**

<u>Line No.</u>		<u>Amount (\$)</u> (1)	<u>Ratio</u> (2)	<u>Notes</u>
1	Avg. Transmission Plant in Service	-		Sch B2; Col 9, Sum Ln 5, 6 and 10
2	Generator Step-Up Transformer Plant-in-Service	-		Sch B2, Line 12, Col 9
3	<b>Ratio</b>		-	Col 1, Ln 2 / Col 1, Ln 1
4	Transmission Maintenance	-		Sch A1; Col 4, Ln 4
5	<b>Removed Step-up Transmission O&amp;M</b>	-		Col 1, Ln 4 x Col 2, Ln 3

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AD  
FACTS O&M ALLOCATOR**

---

<u>Line No.</u>	<u>Amount (\$)</u> (1)	<u>Ratio</u> (2)	<u>Notes</u>
<b>1</b>	Avg. Transmission Plant in Service	-	Sch B2; Col 5, Sum Ln 5, 6 and 10
<b>2</b>	FACTS Plant-in-Service	-	Sch B2, Line 13, Col 9
<b>3</b>	<b>Ratio</b>	-	Col 1, Ln 2 / Col 1, Ln 1
<b>4</b>	Transmission Maintenance	-	Sch A1: Col 4, Ln 4
<b>5</b>	<b>Reclassified FACTS Transmission Plant</b>	-	Subtract Col 1, Ln 4 * Col 2, Ln 3

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AE  
MICROWAVE TOWER RENTAL INCOME**

	(1)	(2)	(3)
Line No.	Posting Date	Account	Income Amount (\$)
1a			
1b			
1c			
1d			
1e			
1f			
1g			
1h			
1i			
1j			
1k			
1l			
1n			
...			
2			-

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

<b>WORK PAPER AF</b>			
<b>POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PBOP)</b>			
	(1)		(2)
<b>Line No.</b>	<b>Item</b>		<b>Amount (\$)</b>
<b>1</b>	Total NYPA PBOP		
<b>2</b>	PBOP Capitalized		
<b>3</b>	PBOP contained in Cost of Service	Line 1 less line 2	-
<b>4</b>	Base PBOP Amount		<b>35,797,785</b>
<b>5</b>	<b>PBOP Adjustment</b>	Line 4 less line 3	-

This work paper includes total NYPA PBOP which is allocated to transmission by the allocator as shown on Schedule A2.

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AG  
PROPERTY INSURANCE ALLOCATION**

<u>Line No.</u>	<u>Site</u>	<u>Amount (\$)</u> (1)	<u>Ratio</u> (2)	<u>Allocated Insurance Expense - Transmission (\$)</u> (3)	<u>Notes</u> (4)
1a					
1b					
1c					
1d					
...					
2	<b>Subtotal (Gross Transmission Plant Ratio)</b>	-	-	-	Allocated based on transmission gross plant ratio from Work Paper AI
3a					
3b					
...					
4	<b>Subtotal (Full Transmission)</b>	-	100.00%	-	
5	<b>Grand Total</b>			-	



**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AH**  
**INJURIES & DAMAGES INSURANCE EXPENSE ALLOCATION**

Line No.	Site	Amount (\$) (1)	Ratio (%) (2)	Allocated Injury/Damage Insurance Expense - <u>Transmission (\$)</u> (3)	Notes (4)
1a					
1b					
1c					
1d					
...					
2	Subtotal	-	-	-	Allocated based on transmission allocator from Schedule E1
3a					
...					
		-	100.00	-	
4	Grand Total			-	

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AI  
PROPERTY INSURANCE ALLOCATOR**

					<b>Gross Plant in</b>	
		<u>12/31/ ____ (\$)</u>	<u>12/31/ ____ (\$)</u>	<u>Average</u>	<u>Service Ratio</u>	<u>Source</u>
		<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>
1	<b>PRODUCTION</b>	-	-	-	-	WP-BC
2	<b>TRANSMISSION (353 Station Equip.)</b>	-	-	-	-	WP-BC
3	<b>TOTAL</b>	-	-	-	-	

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER BA  
DEPRECIATION AND AMORTIZATION EXPENSES (BY FERC ACCOUNT)**

		Included General & Transmission Plant - Depreciation ____			
		(1)	(2)	(3)	(4)
		Site	FERC Acct #	Item	Depreciation (\$)
Line No.	Source/Comments	Included General Plant			
1a			390		-
1b			390		-
1c			390		-
1d			390		-
1e			390		-
1f			390		-
...			390		-
...			390		-
2			390	Subtotal General - Structures & Improvements	-
3a			391		-
3b			391		-
3c			391		-
3d			391		-
3e			391		-
...			391		-
...			391		-
4			391	Subtotal General - Office Furniture & Equipment	-
5a			392		-
5b			392		-
5c			392		-
5d			392		-
5e			392		-
...			392		-
...			392		-
6			392	Subtotal General - Transportation Equipment	-
7a			393		-
7b			393		-
7c			393		-
7d			393		-
...			393		-
...			393		-
8			393	Subtotal General - Stores Equipment	-
9a			394		-
9b			394		-
9c			394		-
9d			394		-
9e			394		-
...			394		-
...			394		-
10			394	Subtotal General - Tools, Shop & Garage Equipment	-
11a			395		-
11b			395		-
11c			395		-
11d			395		-
11e			395		-
...			395		-
...			395		-
12			395	Subtotal General - Laboratory Equipment	-
13a			396		-
13b			396		-
13c			396		-
13d			396		-
13e			396		-
...			396		-
...			396		-
14			396	Subtotal General - Power Operated Equipment	-
15a			397		-
15b			397		-
15c			397		-
15d			397		-
15e			397		-
15f			397		-
15g			397		-
...			397		-
...			397		-
16			397	Subtotal General - Communication Equipment	-
17a			398		-
17b			398		-
17c			398		-
17d			398		-
17e			398		-
...			398		-
...			398		-
18			398	Subtotal General - Miscellaneous Equipment	-
19a			399		-
19b			399		-
19c			399		-

Category	Item	Value	Unit
Food and Beverage	Breakfast	10.00	USD
	Lunch	15.00	USD
	Dinner	20.00	USD
	Coffee	5.00	USD
	Snack	3.00	USD
	Alcohol	12.00	USD
	Fruit	8.00	USD
	Vegetables	6.00	USD
	Meat	9.00	USD
	Dairy	7.00	USD
Transportation	Bus	2.00	USD
	Train	3.00	USD
	Taxi	5.00	USD
	Rental Car	10.00	USD
	Motorcycle	4.00	USD
	Bike	2.50	USD
	Boat	6.00	USD
	Plane	15.00	USD
	Helicopter	8.00	USD
	Subway	1.50	USD
Accommodation	Hotel	12.00	USD
	Hostel	8.00	USD
	Apartment	10.00	USD
	Cabin	6.00	USD
	Room	9.00	USD
	Suite	15.00	USD
	Villa	20.00	USD
	Condo	11.00	USD
	Guesthouse	7.00	USD
	Cottage	8.00	USD
Utilities	Electricity	5.00	USD
	Water	3.00	USD
	Gas	4.00	USD
	Internet	2.00	USD
	Phone	1.50	USD
	Cable	2.50	USD
	Heating	6.00	USD
	Cooling	7.00	USD
	Laundry	1.00	USD
	Cleaning	2.00	USD
Health and Wellness	Gym	10.00	USD
	Spa	15.00	USD
	Massage	8.00	USD
	Yoga	5.00	USD
	Swimming	3.00	USD
	Running	2.00	USD
	Cycling	4.00	USD
	Fishing	6.00	USD
	Hiking	3.00	USD
	Shopping	12.00	USD
Miscellaneous	Travel Insurance	10.00	USD
	Visa	5.00	USD
	Passport	3.00	USD
	Map	1.00	USD
	Compass	0.50	USD
	First Aid Kit	2.00	USD
	Toolbox	1.50	USD
	Flashlight	1.00	USD
	Water Bottle	0.50	USD
	Snacks	2.00	USD

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

## WORK PAPER BA

## DEPRECIATION AND AMORTIZATION EXPENSES (BY FERC ACCOUNT)

(1)		Included General & Transmission Plant - Depreciation ____		(4)
Site		FERC	(3)	
Included Transmission Plant		Acct #	Item	Depreciation (\$)
22a		352		-
22b		352		-
22c		352		-
22d		352		-
22e		352		-
22f		352		-
22g		352		-
...		352		-
...		352		-
23		352	Subtotal Transmission - Structures & Improvements	-
24a		353		-
24b		353		-
24c		353		-
24d		353		-
24e		353		-
24f		353		-
24g		353		-
24h		353		-
...		353		-
...		353		-
25		353	Subtotal Transmission - Station Equipment	-
26a		354		-
26b		354		-
26c		354		-
26d		354		-
26e		354		-
26f		354		-
...		354		-
...		354		-
27		354	Subtotal Transmission - Towers & Fixtures	-
28a		355		-
28b		355		-
28c		355		-
28d		355		-
28e		355		-
...		355		-
...		355		-
29		355	Subtotal Transmission - Poles & Fixtures	-
30a		356		-
30b		356		-
30c		356		-
30d		356		-
30e		356		-
30f		356		-
...		356		-
...		356		-
31		356	Subtotal Transmission - Overhead Conductors & Devices	-
32a		357		-
32b		357		-
32c		357		-
...		357		-
...		357		-
33		357	Subtotal Transmission - Underground Conduit	-
34a		358		-
34b		358		-
34c		358		-
...		358		-
...		358		-
35		358	Subtotal Transmission - Underground Conductors & Devices	-
36a		359		-
36b		359		-
36c		359		-
36d		359		-
36e		359		-
36f		359		-
...		359		-
...		359		-
37		359	Subtotal Transmission - Roads & Trails	-
...				
38	Total Included Transmission Plant			-

NEW YORK POWER AUTHORITY											
TRANSMISSION REVENUE REQUIREMENT											
YEAR ENDING DECEMBER 31, ____											
WORK PAPER BB											
EXCLUDED PLANT IN SERVICE											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
						</					

NEW YORK POWER AUTHORITY TRANSMISSION REVENUE REQUIREMENT YEAR ENDING DECEMBER 31, ____ WORK PAPER BB ____-____ EXCLUDED PLANT IN SERVICE										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
14	EXCLUDED GENERAL									
14a			-	-	-	-	-	-	-	-
14b			-	-	-	-	-	-	-	-
14c			-	-	-	-	-	-	-	-
14d			-	-	-	-	-	-	-	-
14e			-	-	-	-	-	-	-	-
14f			-	-	-	-	-	-	-	-
---			-	-	-	-	-	-	-	-
15	SUBTOTAL 500Mw CC		-	-	-	-	-	-	-	-
16										
16a			-	-	-	-	-	-	-	-
16b			-	-	-	-	-	-	-	-
---			-	-	-	-	-	-	-	-
17	SUBTOTAL Small Hydro		-	-	-	-	-	-	-	-
18										
18a			-	-	-	-	-	-	-	-
18b			-	-	-	-	-	-	-	-
18c			-	-	-	-	-	-	-	-
18d			-	-	-	-	-	-	-	-
18e			-	-	-	-	-	-	-	-
18f			-	-	-	-	-	-	-	-
18g			-	-	-	-	-	-	-	-
18h			-	-	-	-	-	-	-	-
---			-	-	-	-	-	-	-	-
19	SUBTOTAL Flynn		-	-	-	-	-	-	-	-
20										
20a			-	-	-	-	-	-	-	-
20b			-	-	-	-	-	-	-	-
20c			-	-	-	-	-	-	-	-
20d			-	-	-	-	-	-	-	-
20e			-	-	-	-	-	-	-	-
20f			-	-	-	-	-	-	-	-
20g			-	-	-	-	-	-	-	-
20h			-	-	-	-	-	-	-	-
20i			-	-	-	-	-	-	-	-
20j			-	-	-	-	-	-	-	-
20k			-	-	-	-	-	-	-	-
---			-	-	-	-	-	-	-	-
21	SUBTOTAL Poletti		-	-	-	-	-	-	-	-
22										
22a			-	-	-	-	-	-	-	-
22b			-	-	-	-	-	-	-	-
22c			-	-	-	-	-	-	-	-
22d			-	-	-	-	-	-	-	-
22e			-	-	-	-	-	-	-	-
22f			-	-	-	-	-	-	-	-
22g			-	-	-	-	-	-	-	-
22h			-	-	-	-	-	-	-	-
22i			-	-	-	-	-	-	-	-
22j			-	-	-	-	-	-	-	-
22k			-	-	-	-	-	-	-	-
22l			-	-	-	-	-	-	-	-
22n			-	-	-	-	-	-	-	-
---			-	-	-	-	-	-	-	-
23	SUBTOTAL SCPP		-	-	-	-	-	-	-	-
24										

25

SUBTOTAL

TOTAL EXCLUDED GENERAL



NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
			Capital assets, not being depreciated:								
1			Land								
1a											
1b											
1c											
1d											
1e											
1f											
1g											
1h											
1i											
1j											
1k											
1l											
1n											
1m											
1o											
1p											
1q											
1r											
1s											
1t											
1u											
1v											
1w											
1x											
1y											
1z											
1aa											
1ab											
1ac											

1ad  
1ae  
1af  
1ag

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
1ah												
1ai												
...												
...												
2				Land Total	-	-	-	-	-	-	-	-
3				Construction in progress								
3a		Adjustments		CWIP								
4				Construction in progress Total	-	-	-	-	-	-	-	-
5				Total capital assets not being depreciated	-	-	-	-	-	-	-	-
Capital assets, being depreciated:												
6				Production - Hydro								
6a												
6b												
6c												
6d												
6e												
6f												
6g												
6h												
6i												
6j												
6k												
6l												
6n												
6m												
6o												

6p  
6q  
6r  
6s

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
6t												
6u												
6v												
6w												
6x												
6y												
6z												
6aa												
6ab												
6ac												
6ad												
6ae												
6af												
6ag												
...												
...												
7				Production - Hydro Total	-	-	-	-	-	-	-	-
8				Production - Gas turbine/combined cycle								
8a												
8b												
8c												
8d												
8e												
8f												
8g												
8h												
8i												
8j												
8k												
8l												

8n  
8m  
8o  
8p  
8q

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
8r												
8s												
8t												
8u												
8v												
8w												
8x												
8y												
8z												
8aa												
8ab												
8ac												
8ad												
8ae												
8af												
8ag												
8ah												
8ai												
8aj												
8ak												
8al												
8am												
8an												
8ao												
8ap												
8aq												
8ar												
8as												
8at												
8au												
8av												
8aw												
8ax												
8ay												

--	--



NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
8bc												
8bd												
...												
...												
				Production - Gas								
9				turbine/combined cycle Total	-	-	-	-	-	-	-	-
10				Transmission								
10a												
10b												
10c												
10d												
10e												
10f												
10g												
10h												
10i												
10j												
10k												
10l												
10m												
10n												
10o												
10p												
10q												
10r												
10s												
10t												
10u												
10v												
10w												
10x												

10y  
10z  
10aa  
10ab

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
10ac												
10ad												
10ae												
10af												
10ag												
10ah												
10ai												
10aj												
10ak												
10al												
10am												
10an												
10ao												
10ap												
10aq												
10ar												
10as												
10at												
10au												
10av												
10aw												
10ax												
10ay												
10az												
10ba												
10bb												
10bc												
10bd												
10be												
10bf												
10bg												
10bh												

10bi  
10bj  
10bk  
10bl  
10bm

--

--	--

--

--

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
10bn												
10bo												
10bp												
10bq												
10br												
...												
...												
11				Transmission Total	-	-	-	-	-	-	-	-
												-
12				General								
12a												
12b												
12c												
12d												
12e												
12f												
12g												
12h												
12i												
12j												
12k												
12l												
12m												
12n												
12o												
12p												
12q												
12r												
12s												
12t												
12u												
12v												
12w												

12x  
12y  
12z

[Redacted]

[Redacted]	[Redacted]
------------	------------

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_  
  
WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
12aa												
12ab												
12ac												
12ad												
12ae												
12af												
12ag												
12ah												
12ai												
12aj												
12ak												
12al												
12am												
12an												
12ao												
12ap												
12aq												
12ar												
12as												
12at												
12au												
12av												
12aw												
12ax												
12ay												
12az												
12ba												
12bb												
12bc												
12bd												
12be												
12bf												
12bg												
12bh												

--	--



NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_

WORK PAPER BC  
PLANT IN SERVICE DETAIL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
12bl												
12bm												
12bn												
12bo												
12bp												
12bq												
12br												
12bs												
12bt												
12bu												
12bv												
12bw												
12bx												
12by												
12bz												
12ca												
12cb												
12cc												
12cd												
12ce												
12cf												
12cg												
12ch												
12ci												
12cj												
12ck												
12cl												
12cm												
12cn												
12co												
12cp												
12cq												
12cr												
12cs												

--	--

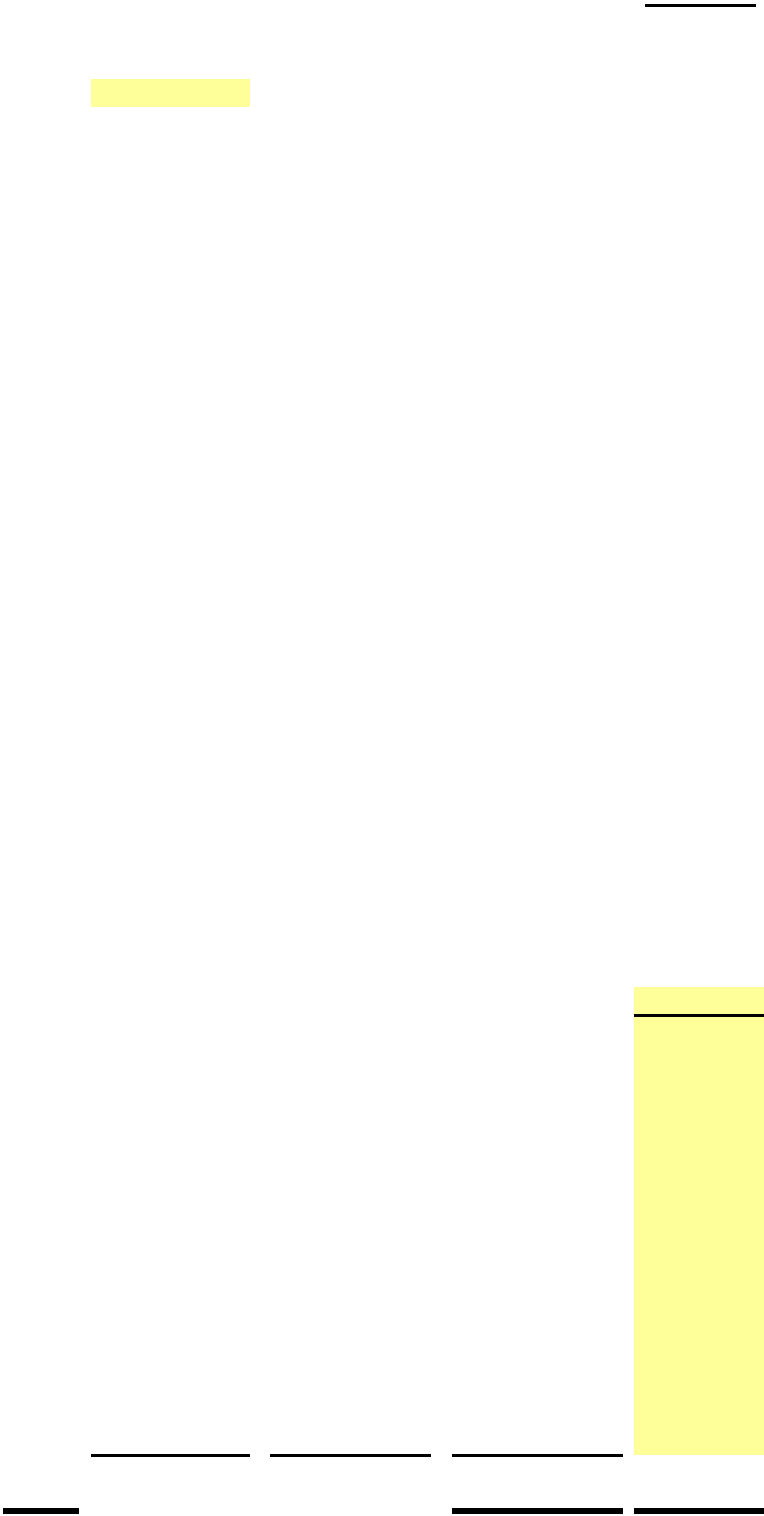
NEW YORK POWER AUTHORITY											
TRANSMISSION REVENUE REQUIREMENT											
YEAR ENDING DECEMBER 31, _____											
WORK PAPER BC											
PLANT IN SERVICE DETAIL											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$ )	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)
12cw											
12cx											
12cy											
12cz											
12da											
...											
...											
13	General Total										
14	Total capital assets, being depreciated			-	-	-	-	-	-	-	-
15	Net value of all capital assets			-	-	-	-	-	-	-	-

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER BD  
MARCY-SOUTH CAPITALIZED LEASE AMORTIZATION  
AND UNAMORTIZED BALANCE**

<u>Line No.</u>	<u>Year</u>	<u>Beginning Unamortized Lease Asset/ Obligation (\$)</u>	<u>Ending Unamortized Lease/Asset (\$)</u>	<u>Capitalized Lease Amortization (\$)</u>	<u>Current Year Average Unamortized Balance</u>
	(1)	(2)	(3)	(4)	(5)
1	1988	-	-	-	
2	1989	-	-	-	
3	1990	-	-	-	
4	1991	-	-	-	
5	1992	-	-	-	
6	1993	-	-	-	
7	1994	-	-	-	
8	1995	-	-	-	
9	1996	-	-	-	
10	1997	-	-	-	
11	1998	-	-	-	
12	1999	-	-	-	
13	2000	-	-	-	
14	2001	-	-	-	
15	2002	-	-	-	
16	2003	-	-	-	
17	2004	-	-	-	
18	2005	-	-	-	
19	2006	-	-	-	
20	2007	-	-	-	
21	2008	-	-	-	
22	2009	-	-	-	
23	2010	-	-	-	
24	2011	-	-	-	
25	2012	-	-	-	
26	2013	-	-	-	
27	2014	-	-	-	
28	2015	-	-	-	
29	2016	-	-	-	
30	2017	-	-	-	
31	2018	-	-	-	
32	2019	-	-	-	
33	2020	-	-	-	
34	2021	-	-	-	-
35	2022	-	-	-	
36	2023	-	-	-	
37	2024	-	-	-	
38	2025	-	-	-	
39	2026	-	-	-	
40	2027	-	-	-	
41	2028	-	-	-	
42	2029	-	-	-	
43	2030	-	-	-	
44	2031	-	-	-	
45	2032	-	-	-	
46	2033	-	-	-	

47	2034	-	-	-
48	2035	-	-	-
49	2036	-	-	-
50	2037	-	-	-
51	Total			- -



YEAR ENDING DECEMBER 31,	
--------------------------	--

**FACTS PROJECT PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE**

[illegible]

Effective Date: 1/24/2023 - Docket #: ER23-491-002 - Page 898

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER BF  
GENERATOR STEP-UP TRANSFORMERS BREAKOUT**

	Asset No.	Electric Plant in Service (\$) (1)	Accumulated Depreciation (\$) (2)	Electric Plant (Net \$) (3)	Depreciation Expense (\$) (4)	Electric Plant in Service (\$) (5)	Accumulated Depreciation (\$) (6)	Electric Plant (Net \$) (7)	Depreciation Expense (\$) (8)
1									
1a									
1b									
1c									
...		-	-	-	-	-	-	-	-
2									
2a									
2b									
2c									
2d									
2e									
2f									
2g									
2h									
...		-	-	-	-	-	-	-	-
3									
3a									
...		-	-	-	-	-	-	-	-
4									
4a									
...		-	-	-	-	-	-	-	-
5									
5a									
5b									
5c									
...		-	-	-	-	-	-	-	-
6									
6a									
...									

[illegible]



**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER BG  
RELICENSING/RECLASSIFICATION EXPENSES**

	NIAGARA	Plant in	Accumulated	Plant in	Depreciation	Plant in	Accumulated	Plant in	Depreciation
		Service (\$)	Depreciation (\$)	Service (Net \$)	Expense (\$)	Service (\$)	Depreciation (\$)	Service (Net \$)	Expense (\$)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1a									
1b									
1c									
...									
1		-	-	-	-	-	-	-	-
2a	ST. LAWRENCE								
2b									
2c									
2d									
2e									
2f									
2g									
...									
2		-	-	-	-	-	-	-	-
3a	BLENHEIM GILBOA								
...									
...									
...									
3		-	-	-	-	-	-	-	-

...

...

4

- - - - - - - - -

5 Total Expenses - - - - - - - - -

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER BH  
ASSET IMPAIRMENT**

	(1)	(2)	(3)	(4)	(5)
	Posting Date	Profit Center	Account	Impairment Amount (\$)	Facility
1a					
1b					
1c					
1d					
1e					
1f					
1g					
...					
2				-	
3	Total Impairment - Production			-	
4	Total Impairment - Transmission			-	
5	Total Impairment - General Plant			-	

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER BI  
COST OF REMOVAL**

**Cost of Removal to Regulatory Assets - Depreciation:**

(1)		(2)	(3)
		Amount (\$)	Amount (\$)
1	Production		
2	Transmission		
3	General		
4	<b>Total</b>	-	-

**Note: The Cost of Removal data is based on NYPA's accounting records under the provisions of FASB Accounting Standards Codification Topic 980.**

NEW YORK POWER AUTHORITY															
TRANSMISSION REVENUE REQUIREMENT															
December 31, ____															
WORKPAPER B.I															
INDIVIDUAL PROJECTS - PLANT IN SERVICE and DEPRECIATION															
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	Average
P/T/G	Plant Name	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant in Service (Net \$)	
1a	Transmission	MARCY-SOUTH SERIES COMPENSATION	300 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
1b	Transmission	MARCY-SOUTH SERIES COMPENSATION	302 Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-
1c	Transmission	MARCY-SOUTH SERIES COMPENSATION	353 Station Equipment	-	-	-	-	-	-	-	-	-	-	-	-
1d	Transmission	MARCY-SOUTH SERIES COMPENSATION	354 Towers & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
1e	Transmission	MARCY-SOUTH SERIES COMPENSATION	355 Poles & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
1f	Transmission	MARCY-SOUTH SERIES COMPENSATION	356 Overhead Conductors & Devices	-	-	-	-	-	-	-	-	-	-	-	-
1g	Transmission	MARCY-SOUTH SERIES COMPENSATION	357 Underground Conduit	-	-	-	-	-	-	-	-	-	-	-	-
1h	Transmission	MARCY-SOUTH SERIES COMPENSATION	358 Underground Conductors & Devices	-	-	-	-	-	-	-	-	-	-	-	-
1i	Transmission	MARCY-SOUTH SERIES COMPENSATION	359 Roads & Trails	-	-	-	-	-	-	-	-	-	-	-	-
...															
1			MSSC Transmission Total	-	-	-	-	-	-	-	-	-	-	-	-
2a	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	300 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
2b	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	302 Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-
2c	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	353 Station Equipment	-	-	-	-	-	-	-	-	-	-	-	-
2d	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	354 Towers & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
2e	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	355 Poles & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
2f	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	356 Overhead Conductors & Devices	-	-	-	-	-	-	-	-	-	-	-	-
2g	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	357 Underground Conduit	-	-	-	-	-	-	-	-	-	-	-	-
2h	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	358 Underground Conductors & Devices	-	-	-	-	-	-	-	-	-	-	-	-
2i	Transmission	AC Project Segment A (CENTRAL EAST ENERGY CONNECT)	359 Roads & Trails	-	-	-	-	-	-	-	-	-	-	-	-
...															
2			AC Project Seg A (Central East Energy Connect) Total	-	-	-	-	-	-	-	-	-	-	-	-
3a	Transmission	Smart Path Connect	300 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
3b	Transmission	Smart Path Connect	302 Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-
3c	Transmission	Smart Path Connect	353 Station Equipment	-	-	-	-	-	-	-	-	-	-	-	-
3d	Transmission	Smart Path Connect	354 Towers & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
3e	Transmission	Smart Path Connect	355 Poles & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
3f	Transmission	Smart Path Connect	356 Overhead Conductors & Devices	-	-	-	-	-	-	-	-	-	-	-	-
3g	Transmission	Smart Path Connect	357 Underground Conduit	-	-	-	-	-	-	-	-	-	-	-	-
3h	Transmission	Smart Path Connect	358 Underground Conductors & Devices	-	-	-	-	-	-	-	-	-	-	-	-
3i	Transmission	Smart Path Connect	359 Roads & Trails	-	-	-	-	-	-	-	-	-	-	-	-
...															
3			SPC Project Total	-	-	-	-	-	-	-	-	-	-	-	-

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER CA  
MATERIALS AND SUPPLIES**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<b>NYPA</b>		<b>Total M&amp;S</b>	<b>Total M&amp;S</b>	<b>Avg. M&amp;S</b>		
	<b>Acct #</b>	<b>Facility</b>	<b>Inventory (\$)</b>	<b>Inventory (\$)</b>	<b>Inventory</b>	<b>Transmission</b>	<b>Allocated</b>
			<b>12/31/____</b>	<b>12/31/____</b>	<b>____-14</b>	<b>Allocator</b>	<b>M&amp;S (\$)</b>
1a	1100	NIA					
1b	1200	STL					
1c	3100	POL					
1d	3200	Flynn					
1e	1300	B/G					
1f	3300	500MW					
1g	2100	CEC					
...	-	-					
2		Facility Subtotal	-	-			
3a	Reserve for Degraded Materials						
3b	Reserve for Excess and Obsolete Inventory						
...							
4		Reserves Subtotal	-	-			
5		<b>Total</b>	-	-	-	-	-

**NEW YORK POWER AUTHORITY  
 TRANSMISSION REVENUE REQUIREMENT  
 YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER CB  
 ESTIMATED PREPAYMENTS AND INSURANCE**

	(1)	(2)	(3)
	<b>Date</b>	<b>Property Insurance (\$)</b>	<b>Other Prepayments (\$)</b>
1	12/31/____	-	
2	12/31/____	-	
3	<b>Beginning/End of Year Average</b>	-	-

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

WORK PAPER DA WEIGHTED COST OF CAPITAL									
(1) Component	(2) Amount (\$)	(3) Actual Share	(4) Equity Cap	(5) Applied Share	(6) Cost Rate	(7) Weighted Cost			
1 Long-Term Debt	- 6/	-	50.00%	-	- 2/	-			
2 Preferred Stock	-	-	-	-	- 3/	-			
3 Common Equity	- 1/	-	50.00%	- 4/	9.45% 5/	-			
4 Total	-	-	100%	-		-			
Notes									
1/:									
5 Total Proprietary Capital	-	Workpaper WP-DB Ln (5), average of Col (2) and (3)							
6 less Preferred									
7 less Acct. 216.1									
8 Common Equity	-								
2/:									
9 Total Long Term Debt Interest	-	Workpaper WP-DB Col (2) Ln (2)							
10 Net Proceeds Long Term Debt	-	Workpaper WP-DB Ln (4), average of Col (2) and (3)							
11 LTD Cost Rate	- 7/								
3/:									
12 Preferred Dividends	-								
13 Preferred Stock	-								
14 Preferred Cost Rate	-								
15 4/: The capital structure listed in Col (3) is calculated based on the total capitalization amount listed in column (2). The Equity Cap in Col (4) Ln (3) is fixed and cannot be modified or deleted absent an FPA Section 205 or 206 filing to FERC. The Applied Equity Share in Col (5) Ln (3) will be the actual common equity share, not to exceed the Equity Cap in Col (4) Ln (3). The debt share is calculated as 1 minus the equity share.									
16 5/: The ROE listed in Col (6), Ln (3) is the base ROE plus 50 basis-point incentive for RTO participation. ROE may only be changed pursuant to an FPA Section 205 or 206 filing to FERC.									
17 6/: The Long-Term Debt Amount (\$) in Col (2) Ln (1) is the Gross Proceeds Outstanding Long Term Debt, the average of WP-DB Ln (3e), Col (2) and (3).									
18 7/: The Long-Term Debt Cost Rate is calculated as the Total Long Term Debt Interest [Workpaper WP-DB Col (2) Ln (2)] divided by the Net Proceeds Long Term Debt [Workpaper WP-DB row (4), average of Col (2) and (3)].									



**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER DB  
CAPITAL STRUCTURE  
LONG-TERM DEBT AND RELATED INTEREST**

(1)	(2)	(3)	(4)
	____ Amount (\$)	____ Amount (\$)	<b>NYPA Form 1 Equivalent</b>
<b>1 Long Term Debt Cost</b>			
1a Interest on Long-Term Debt			p. 117 ln. 62 c,d
1b Amort. of Debt Disc. and Expense			p. 117 ln. 63 c,d
1c Amortization of Loss on Reacquired Debt			p. 117 ln. 64 c,d
1d (Less) Amort. of Premium on Debt			p. 117 ln. 65 c,d
1e (Less) Amortization of Gain on Reacquired Debt			p. 117 ln. 66 c,d
<b>2 Total Long Term Debt Interest</b>	-	-	
<b>3 Long Term Debt</b>			
3a Bonds			p. 112 ln. 18 c,d
3b (Less) Reacquired Bonds			p. 112 ln. 19 c,d
3d Other Long Term Debt			p. 112 ln. 21 c,d
3e Gross Proceeds Outstanding LT Debt	-	-	
3f (Less) Unamortized Discount on Long-Term Debt			p. 112 ln. 23 c,d
3g (Less) Unamortized Debt Expenses			p. 111 ln. 69 c,d
3h (Less) Unamortized Loss on Reacquired Debt			p. 111 ln. 81 c,d
3i Unamortized Premium on Long-Term Debt			p. 112 ln. 22 c,d
3k Unamortized Gain on Reacquired Debt			p. 113 ln. 61 c,d
<b>4 Net Proceeds Long Term Debt</b>	-	-	
<b>5 Net Position</b>	-	-	

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER EA  
CALCULATION OF A&G AND GENERAL PLANT ALLOCATOR**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<b>Profit Center(s)</b>	<b>Site</b>	<b>Labor <sup>1/</sup> \$</b>	<b>Net Plant <sup>2/</sup> \$</b>	<b>Net Revenue <sup>3/</sup> \$</b>	<b>Labor %</b>	<b>Net Plant %</b>	<b>Net Revenue %</b>	<b>Allocator Ratio</b>
1a	105	Blenheim-Gilboa							0.00%
1b	110	St. Lawrence							0.00%
1c	115	Niagara							0.00%
1d	120	Poletti							0.00%
1e	125	Flynn							0.00%
1f									
1g	122	AE II							0.00%
1h									
1i	130-150	Total Small Hydro							0.00%
1j									
1k	155-161	Total Small Clean Power Plants							0.00%
1l									
1n	165	500MW Combined Cycle							0.00%
1m									
1o	205-245	Total Included Transmission							0.00%
1p									
1q	321	Recharge New York							0.00%
1r									
1s	600	SENY							0.00%
...	-	-							0.00%
		<b>Total - Production + Transmission</b>	-	-	-	0.00%	0.00%	0.00%	0.00%
		<b>Total - Production Only</b>	-	-	-	0.00%	0.00%	0.00%	0.00%

## Notes

- |    |  |
|----|--|
| 1/ | Data source for Labor is NYPA Form 1 Equivalent and audited financials.  |
| 2/ | Data source for Net Plant is NYPA audited financials. The balance at the end of the calendar year is used in determining the percentages for the Net Plant factor.                   |
| 3/ | Data source for Net Revenue is NYPA audited financials.<br>Net Revenue excludes fuel, purchased power and certain other charges that are passed through to direct service customers. |

...

The diagram consists of 10 yellow rectangular blocks arranged in a sequence. The first block is small. There is a gap between the first and second blocks. The second block is larger than the first. The third block is larger than the second. The fourth block is larger than the third. The fifth block is larger than the fourth. The sixth block is larger than the fifth. The seventh block is larger than the sixth. The eighth block is larger than the seventh. The ninth block is larger than the eighth. The tenth block is small, similar in size to the first block. The blocks are arranged in a row, with the first block on the left and the tenth block on the right.

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AR- IS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
(\$ Millions)**

	Description (1)	Actual (2)	Actual (3)
<b>1</b>	<b>Operating Revenues</b>		
1a	Power Sales		
1b	Transmission Charges		
1c	Wheeling Charges		
1d	Other		
...	-		
<b>2</b>	<b>Total Operating Revenues</b>	-	-
<b>3</b>	<b>Operating Expenses</b>		
3a	Purchased Power		
3b	Fuel Oil and Gas		
3c	Wheeling		
3d	Operations		
3e	Maintenance		
3f	Depreciation		
3g	Impairment Cost		
...	-		
<b>4</b>	<b>Total Operating Expenses</b>	-	-
<b>5</b>	<b>Operating Income</b>	-	-
<b>6</b>	<b>Nonoperating Revenues</b>		
6a	Investment Income		
6b	Other		
...	-		
<b>7</b>	<b>Investments and Other Income</b>	-	-
<b>8</b>	<b>Nonoperating Expenses</b>		
8a	Contribution to New York State		
8b	Interest on Long-Term Debt		
8c	Interest - Other		
8d	Interest Capitalized		
8e	Amortization of Debt Premium		
8f	Canal Reimbursement Agreement		
...	-		
<b>9</b>	<b>Investments and Other Income</b>	-	-
<b>10</b>	<b>Net Income Before Contributed Capital</b>	-	-
<b>11</b>	Contributed Capital - Wind Farm Transmission Assets		
...	-	-	-
<b>13</b>	Change in net position	-	-

The diagram illustrates a sequence of events or a process flow over time. It consists of a series of horizontal bars of varying lengths and colors, connected by lines. The colors used are yellow, light blue, and dark blue. The bars are arranged in a way that suggests a progression from left to right. Some bars are connected by single lines, while others are connected by double lines, possibly indicating different types of transitions or durations. The overall layout is clean and modern, with a white background and a light gray grid.

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AR-BS  
STATEMENT OF NET POSITION  
(\$ Millions)**

	DESCRIPTION	DECEMBER ____	DECEMBER ____
	(1)	(2)	(3)
<b>1</b>	<b>Assets and Deferred Outflows</b>		
1a	Current Assets:		
1b	Cash and cash equivalents		
1c	Investment in securities		
1d	Investments in securities- restricted		
1e	Receivables - customers		
1f	Materials and supplies, at average Cost:		
1g	Plant and general		
1h	Fuel		
1i	Miscellaneous receivables and other		
...	-		
<b>2</b>	Total current assets	-	-
<b>3</b>	Noncurrent Assets:		
3a	Restricted funds:		
3b	Cash and cash equivalents		
3c	Investment in securities		
...	-		
<b>4</b>	Total restricted assets	-	-
<b>5</b>	Capital funds:		
5a	Cash and cash equivalents		
5b	Investment in securities		
...	-		
<b>6</b>	Total capital funds	-	-
<b>7</b>	Capital Assets		
7a	Capital assets not being depreciated		
7b	Capital assets, net of accumulated depreciation		
...	-		
<b>8</b>	Total capital assets	-	-
<b>9</b>	Other noncurrent assets:		
9a	Receivable - New York State		
9b	Notes receivable - nuclear plant sale		
9c	Other long-term assets		
...	-		
<b>10</b>	Total other noncurrent assets	-	-
<b>11</b>	Total noncurrent assets	-	-

Page 915

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AR-BS  
STATEMENT OF NET POSITION  
(\$ Millions)**

1/ Source: Annual Financial Statements



**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AR-BS  
STATEMENT OF NET POSITION  
(\$ Millions)**

	DESCRIPTION	DECEMBER ____	DECEMBER ____
<b>16</b>	<b>Liabilities, Deferred Inflows and Net Position</b>		
16a	Current Liabilities:		
16b	Accounts payable and accrued liabilities		
16c	Short-term debt		
16d	Long-term debt due within one year		
16e	Capital lease obligation due within one year		
16f	Risk management activities - derivatives		
...	-		
<b>17</b>	Total current liabilities	-	-
18	Noncurrent liabilities:		
18a	Long-term debt:		
18b	Senior:		
18c	Revenue bonds		
18d	Adjustable rate tender notes		
18e	Subordinated:		
18f	Subordinated Notes, Series 2012		
18g	Commercial paper		
...	-		
<b>19</b>	Total long-term debt	-	-
20	Other noncurrent liabilities:		
20a	Capital lease obligation		
20b	Liability to decommission divested nuclear facilities		
20c	Disposal of spent nuclear fuel		
20d	Relicensing		
20e	Risk management activities - derivatives		
20f	Other long-term liabilities		
...	-		
<b>21</b>	Total other noncurrent liabilities	-	-
<b>22</b>	Total noncurrent liabilities	-	-
<b>23</b>	Total liabilities	-	-
<b>24</b>	Deferred inflows:		
24a	Cost of removal obligation		
24b	Accumulated increase in fair value of hedging		
24c	Pensions (Note 10)		
24d	Postemployment benefits other than pensions (Note 11)		
...	-		
<b>25</b>	Net position:	-	-

[illegible]

**NEW YORK POWER AUTHORITY  
TRANSMISSION REVENUE REQUIREMENT  
YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER AR-BS  
STATEMENT OF NET POSITION  
(\$ Millions)**

1/ Source: Annual Financial Statements

**WORK PAPER AR-Cap Assets**

(5)

Effective Date: 1/24/2023 - Docket #: ER23-491-002 - Page 920

**NEW YORK POWER AUTHORITY**  
**TRANSMISSION REVENUE REQUIREMENT**  
**YEAR ENDING DECEMBER 31, \_\_\_\_**

**WORK PAPER Reconciliations**  
**RECONCILIATIONS BETWEEN ANNUAL REPORT & ATRR**

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>1</b>	<b>OPERATION &amp; MAINTANANCE EXPENSES</b>								
		Operations	Maintenance	Total O&M					
1a	Operations & Maintenance Expenses - as per Annual Report	-	-	-					
	Excluded Expenses								
1b	Production	-	-	-					
1c	A&G in FERC Acct 549 - OP-Misc Oth Pwr Gen	-	-	-					
1d	FERC acct 905 (less contribution to New York State)	-	-	-					
1e	FERC acct 916 - Misc Sales Expense	-	-	-					
...	...			-					
...	...			-					
1h	A&G not allocated to Transmission	-	-	-					
	Adjustments			-					
1i	Less A/C 924 - Property Insurance	-	-	-					
1j	Less A/C 925 - Injuries & Damages Insurance	-	-	-					
1k	Less EPRI Dues	-	-	-					
1l	Less A/C 928 - Regulatory Commission Expense	-	-	-					
1m	Less A/C 930.5 - R&D Expense	-	-	-					
1n	PBOP Adjustment	-	-	-					
1o	924 -Property Insurance as allocated	-	-	-					
1p	925 - Injuries & Damages Insurance as allocated	-	-	-					
1q	930.5 - R&D Expense	-	-	-					
1r	Step-up Transformers	-	-	-					
1s	FACTS	-	-	-					
1t	Microwave Tower Rental Income	-	-	-					
...	...			-					
...	...			-					
1w	Reclassifications (post Annual Report)	-	-	-					
1x	Operations & Maintenance Expenses - as per ATRR	-	-	-					
	check	-	-	-					

--	--

## 2 ELECTRIC PLANT IN SERVICE & DEPRECIATION

		Electric Plant in	Accumulated	Electric Plant in	Depreciation	Electric Plant in	Accumulated	Electric Plant in	Depreciation
		Service (\$)	Depreciation (\$)	Service - Net (\$)	Expense (\$)	Service (\$)	Depreciation (\$)	Service - Net (\$)	Expense (\$)
2a	Electric Plant in Service & Depreciation As per Annual Report								
2b	Capital Assets not being depreciated	-	-	-	-	-	-	-	-
2c	Capital Assets being depreciated	-	-	-	-	-	-	-	-
2d	Total Capital Assets	-	-	-	-	-	-	-	-
2e	Less CWIP	-	-	-	-	-	-	-	-
2e	Less Canal CIP	-	-	-	-	-	-	-	-
2f	Less Canal Assets	-	-	-	-	-	-	-	-
...	...								
2g	Total Assets in Service	-	-	-	-	-	-	-	-
2h	Adjustments for ATRR								
2i	Cost of Removal (note 1)								
2j	Transmission	-	-	-	-	-	-	-	-
2k	General	-	-	-	-	-	-	-	-
2l	Total	-	-	-	-	-	-	-	-
2n	Excluded (note 2)								
2m	Transmission	-	-	-	-	-	-	-	-
2o	General	-	-	-	-	-	-	-	-
2p	Total	-	-	-	-	-	-	-	-
2q	Adjustments to Rate Base (note 3)								
2r	Transmission	-	-	-	-	-	-	-	-
2s	General	-	-	-	-	-	-	-	-
2t	Total	-	-	-	-	-	-	-	-
2u									
2v	Total Assets in Service - As per ATRR	-	-	-	-	-	-	-	-
2w	Comprising:								
2x	Production	-	-	-	-	-	-	-	-
2y	Transmission	-	-	-	-	-	-	-	-
2z	General	-	-	-	-	-	-	-	-
2aa	Total	-	-	-	-	-	-	-	-
	check differences due to rounding	-	-	-	-	-	-	-	-

### Notes

2ab	1	Cost of Removal: Bringing back to accumulated depreciation cost of removal which was reclassified to regulatory liabilities in annual report
2ac	2	Excluded: Assets not recoverable under ATRR
2ad	3	Adjustments to Rate Base: Relicensing, Windfarm, Step-up transformers, FACTS & Asset Impairment

## 3 MATERIALS & SUPPLIES

3a	As per Annual Report		
3b	Plant and General	-	-
3c	As per ATRR	-	-
3d	check	-	-

#### 4 CAPITAL STRUCTURE

		Long -Term Debt	Common Equity	Long -Term Debt	Common Equity
4a	As per Annual Report				
4b	Long-Term	-		-	
4c	Short-Term	-		-	
4d	Unamortized Premium/Discount	-		-	
4e	Total	-	-	-	-
4f	As per ATRR (Note 4)	-	-	-	-
4g	check	-	-	-	-
	<u>Notes</u>				
4h	4 Actual common equity amounts not used in weighted average cost of capital.				
...	...				

#### 5 INTEREST ON LONG-TERM DEBT

5a	As per Annual Report		
5b	Interest LTD (including Swaps, Deferred Refinancing)	-	-
5c			
5d	Debt Discount/Premium	-	-
5e	Total	-	-
5f	As per ATRR		
5g	Interest LTD (including Swaps, Deferred Refinancing)	-	-
5h	Debt Discount/Premium	-	-
5i	Total	-	-
5j	check	-	-
	<u>Notes</u>		
...	...		

#### 6 REVENUE REQUIREMENT

6a	As per Annual Report	-
6b	SENY load (note 5)	
6c	FACTS revenue (note 6)	
6d	Timing differences	
...		
7a	Subtotal	-
7b	<b>FERC approved ATRR</b> (line 6a + line 7a)	-
7c	check	-

	<u>Notes</u>	
7d	5 Amount that NYPA will credit to its ATRR assessed to the SENY customer load. These revenues are included in the Annual Report within Production Revenues.	
7e	6 Compensation for FACTS through the NYISO's issuance of Transmission Congestion Contract ("TCC") payments	

#### 8 OTHER POSTEMPLOYMENT BENEFIT PLANS

8a	As per Annual Report	
8b	Annual OPEB Cost	-
8c	...	-
8d	Subtotal	-
8e	As per ATRR	

8f Total NYPA PBOP  
8g check

-	-


--	--



--


--

--

--



### **14.2.3.2 NYPA Formula Rate Implementation Protocols**

#### **14.2.3.2.1 General**

- (a) NYPA employs the Formula Rate (contained in Section 14.2.3.1 (“Formula Rate Template” or “Formula”) of this Attachment) to calculate its Annual Transmission Revenue Requirement (“ATRR”) in accordance with the Protocols set forth herein. NYPA employs an Annual Update Process, which refreshes the calculation of the ATRR by populating the Formula in Section 14.2.3.1 of this Attachment with prior-year information from the Financial Report contained in the NYPA annual report and other historical data from NYPA’s books and records, which are maintained using the FERC Uniform System of Accounts. The Annual Update Process does not effect any changes to the Formula Rate itself. NYPA will hold an Open Meeting each year to provide an additional opportunity for Interested Parties to obtain information about the Annual Update, and will make the Open Meeting remotely accessible to Interested Parties.

#### **(b) Protocols Definitions:**

**“Accounting Change”** means any change in accounting that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate, including (A) any change in NYPA’s accounting policies, practices and procedures (including changes resulting from revisions to the U.S. generally accepted accounting principles) from those in effect during the Calendar Year upon which the most recent Actual ATRR was based that affects the Formula Rate or calculations under the Formula; (B) any change in NYPA’s cost allocation policies from those policies or methodologies in effect for the Initial Rate Year or Calendar Year upon which the immediately preceding True-Up Adjustment was based that affects the Formula Rate or calculations under the Formula; (C) the initial implementation of an accounting standard or policy; (D) the initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction; (E) the implementation of new estimation methods or policies that change prior estimates; and (F) the correction of errors and prior-period adjustments.

**“Actual Annual Transmission Revenue Requirement”** (“Actual ATRR”) means the actual net annual transmission revenue requirement calculated in accordance with the Formula Rate, using as inputs only those costs and credits properly recorded in NYPA’s most recent Financial Report (to the extent the Formula Rate specifies Financial Report data as the input source) or data reconcilable to the Financial Report by the application of clearly identified and supported information that is properly recorded in NYPA’s books and records, which books and records are maintained in accordance with (A) the FERC Uniform System of Accounts; (B) NYPA’s internal accounting policies and practices; (C) U.S. generally accepted accounting principles; and (D) NYPA’s cost allocation policies. Where the reconciliation to the Financial Report is provided through a workpaper, the inputs to the workpaper shall be either taken directly from the Financial Report or reconcilable to the Financial Report by the application of clearly identified and supported information.

**“Annual Review Procedures”** means the procedures for review of each Annual Update, as described in these Protocols.

**“Annual Update”** means the calculation and publication of the Actual ATRR for the prior Calendar Year, and the Projected ATRR (including the True-Up Adjustment and any Prior Period Adjustment, if applicable) to be applicable for the upcoming Rate Year.

**“Annual Update Process”** means the annual process by which NYPA calculates the Annual Update and makes it available to Interested Parties.

**“Calendar Year”** means January 1st through December 31st of a given year.

**“Discovery Period”** means the period for serving Information Requests pursuant to Section 14.2.3.2.3 of this Attachment, commencing as of the calendar day immediately following the Publication Date and ending one hundred twenty (120) calendar days after the Publication Date. The Discovery Period may be extended only as provided in Sections 14.2.3.2.3(a)(i) and 14.2.3.2.3(a)(v) of this Attachment.

**“Financial Report”** means the independently audited financial statements contained in the NYPA annual report which is issued in April of each year for the prior Calendar Year.

**“Formal Challenge”** means a dispute regarding an aspect of the Annual Update that is raised with FERC by an Interested Party pursuant to these Protocols, and served on NYPA by electronic service on the date of such filing.

**“Formula”** means the cost-of-service template and associated schedules shown in Section 14.2.3.1 of this Attachment.

**“Formula Rate”** means the Formula together with the Protocols.

**“Information Request”** means a request served upon NYPA by an Interested Party within the Discovery Period for information or documents relating to an Annual Update as provided for in these Protocols.

**“Initial Rate Year”** means the initial period, from the date the rates are first made effective by the Commission through June 30, 2016.

**“Interested Party”** includes, but is not limited to, customers under the Tariff, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general.

**“NYPA Exploder List”** means an e-mail list maintained by NYPA that includes all Interested Parties who have notified NYPA of their intent to be included. Interested Parties can subscribe to the NYPA Exploder List on the NYPA website.

**“NYPA Form 1 Equivalent”** means a form developed by the parties to the settlement in Docket No. ER16-835-000 that presents NYPA’s financial information in substantially the same format as selected pages of the FERC Form No. 1.

**“Open Meeting”** means an open meeting and conference call (in webinar format) that shall permit NYPA to explain and clarify, and shall provide Interested Parties an opportunity to seek information and clarification concerning the Annual Update. The Open Meeting shall be held no earlier than twenty (20) calendar days and no later than forty (40) calendar days after the Publication Date. NYPA shall provide notice of the Open Meeting no less than fifteen (15) calendar days prior to such meeting via the NYPA Exploder List and by posting on the ISO website.

**“Other Developers”** is defined as that term is defined in Section 31.1.1 of Attachment Y of the ISO OATT.

**“Preliminary Challenge”** means a written notification by an Interested Party to NYPA, during the Review Period, of any specific challenge to the Annual Update.

**“Prior Period Adjustment”** means any change to the True-Up Adjustment agreed upon or determined through the review and challenge procedures outlined in these Protocols that is carried forward with interest to the subsequent True-Up Adjustment.

**“Projected Annual Transmission Revenue Requirement”** (“Projected ATRR”) means the Actual ATRR for the prior Calendar Year as adjusted to reflect the True-Up Adjustment and any Prior Period Adjustments.

**“Protocols”** means the Formula Rate implementation protocols set forth in Section 14.2.3.2 of this Attachment.

**“Publication Date”** means the date of the posting on the ISO website (in a workable Excel format with cell formulas and links intact) of the Annual Update. The Publication Date shall be no later than July 1st, provided, however, that if July 1st should fall on a weekend or a holiday recognized by FERC, then the posting or filing shall be due no later than the next business day, and the Publication Date shall correspond to the actual posting or filing date.

**“Rate Year”** means July 1st of a given Calendar Year through June 30th of the succeeding Calendar Year.

**“Review Period”** means the period during which an Interested Party may review the Annual Update calculations and make a Preliminary Challenge. The Review Period commences as of the calendar day immediately following the Publication Date and ends on the later of (1) January 15 following the Publication Date; (2) sixty (60) calendar days after the close of the Discovery Period; or (3) thirty (30) calendar days after NYPA has responded to all timely submitted information requests.

**“True-Up Adjustment”** means the amount of under- or over-collection of NYPA’s Actual ATRR during the preceding Calendar Year, measured by the difference between the Actual ATRR and the transmission revenues received by NYPA during the preceding Calendar Year, plus interest, as calculated on Schedule F3 of the Formula using the interest rates specified in 18 C.F.R. § 35.19a.

#### **14.2.3.2.2 Annual Update Process**

- (a) The Projected ATRR derived pursuant to the Formula Rate each year shall be applicable to services during the upcoming Rate Year.
- (b) On or before the Publication Date of each year, as part of the Annual Update Process, NYPA shall:
  - (i) Calculate the Actual ATRR for the preceding Calendar Year;
  - (ii) Calculate the Projected ATRR, reflecting the True-Up Adjustment and any Prior Period Adjustments, for the upcoming Rate Year;
  - (iii) Post on the ISO website (and on the NYPA website via a link to the ISO website):
    - (A) the Annual Update, including a data-populated Formula Rate Template and underlying workpapers in native “workable” Excel file format with all formulas and links intact;
    - (B) sufficiently detailed supporting documentation, including underlying data and calculations and a populated version of the NYPA Form 1 Equivalent, that explains the source and derivation of any data affecting the Formula that is not drawn directly from NYPA’s Financial Report, such that

Interested Parties can replicate the calculation of the Formula results using the Financial Report and can verify that each input is consistent with the requirements of the Formula Rate;

(C) the date, time, location, and call-in information for the Open Meeting;

(c) Within one (1) business day of the Publication Date, NYPA shall notify Interested Parties via the NYPA Exploder List of the posting of the Annual Update and the date, time, location, and call-in information for the Open Meeting.

(d) The Annual Update for the Rate Year:

(i) Shall identify and provide a narrative explanation of Accounting Changes and their impacts on inputs to the Formula Rate or resulting charges billed under the Formula Rate;

(ii) Shall identify and provide a narrative explanation of any items included in the Formula at an amount other than on a historic cost basis (e.g., fair value adjustments), and their impacts on inputs to the Formula Rate or resulting charges billed under the Formula Rate;

(iii) Shall be based on NYPA's Financial Report;

(iv) Shall provide the Formula Rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used in the Formula Rate that are not otherwise available in the Financial Report;<sup>11</sup>

---

<sup>11</sup> It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be either taken directly from NYPA's Financial Report or reconcilable to the Financial Report by the application of clearly identified and supported information.

- (v) Shall provide underlying data for Formula Rate inputs that provide greater granularity than is required for the Financial Report;
- (vi) Shall be subject to challenge and review in accordance with the procedures set forth in these Protocols;
- (vii) Shall not seek to modify the Formula Rate and shall not be subject to challenge by anyone seeking to modify the Formula Rate (i.e., all such modifications/amendments to the Formula Rate shall require, as applicable, a Section 205 or Section 206 filing with FERC);
- (viii) Shall identify any changes in the Formula references to NYPA's Financial Report;
- (ix) Shall identify all material adjustments made to NYPA's Financial Report data in determining Formula inputs, including relevant footnotes to the Financial Report and any adjustments not shown in the Financial Report; and
- (x) Shall reflect any corrections or modifications to NYPA's Financial Report if said corrections or modifications are made prior to the Publication Date and would affect the True-Up Adjustment for a prior Rate Year. The True-Up Adjustment for each Rate Year(s) affected by the corrections or modifications shall be updated to reflect the corrected or modified Financial Report and the Annual Update and shall incorporate the changes in such True-Up Adjustment for the next effective Rate Year(s), with interest. Corrections or modifications to a Financial Report filed after the Publication Date of an Annual Update and not included in a revised Annual Update shall be incorporated in the next True-Up Adjustment or Annual Update, as applicable. NYPA shall report in a timely

manner to the ISO and to Interested Parties, via the NYPA Exploder List, any corrections or modifications to its Financial Report, that affect the past or present implementation of the Formula Rate, whether such corrections or modifications have the effect of increasing or decreasing the resulting transmission rates.

(e) Joint Informational Meeting

NYPA shall endeavor to coordinate with other Transmission Owners and Other Developers using formula rates to recover the costs of transmission projects under the ISO OATT that utilize the same regional cost sharing mechanism and to hold annual joint informational meetings to enable all Interested Parties to understand how those Transmission Owners and Other Developers are implementing their formula rates for recovering the costs of such projects. No less than fifteen (15) calendar days prior to such meeting, NYPA shall provide notice of the joint informational meeting, including the date, time, location, and call-in information, via the NYPA Exploder List and by posting this information on the ISO website (and on the NYPA website via a link to the ISO website). NYPA shall make the joint informational meeting remotely accessible to Interested Parties.

**14.2.3.2.3 Annual Review Procedures**

Each Annual Update shall be subject to the following Annual Review Procedures:

(a) Discovery Period

(i) Interested Parties shall have up to one hundred twenty (120) calendar days after the Publication Date (unless such period is extended with the written consent of NYPA or by FERC order) to serve Information Requests on NYPA. If the

deadline for Interested Parties should fall on a weekend or a holiday recognized by FERC, then Information Requests shall be due no later than the next business day. Such Information Requests shall be limited to what is or may reasonably be necessary to determine:

- (A) The extent or effect of an Accounting Change;
- (B) Whether the Annual Update fails to include data properly recorded in accordance with these Protocols;
- (C) The proper application of the Formula Rate and the procedures in these Protocols;
- (D) The accuracy of data and consistency with the Formula Rate of the calculations included in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review;
- (E) The prudence of the costs and expenditures included in the Annual Update under review, including information on procurement methods and cost control methodologies;
- (F) The effect of any change to the underlying Uniform System of Accounts or the Financial Report; and
- (G) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate or aid in the understanding or derivation of such charge.

The Information Requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable under the FPA.



(ii) NYPA shall make a good faith effort to respond to Information Requests pertaining to the Annual Update within ten (10) business days of receipt of such requests. NYPA shall respond to all Information Requests submitted during the Discovery Period by no later than November 30 following the Publication Date, or thirty (30) calendar days after the close of the Discovery Period, whichever is later. If the deadline should fall on a weekend or a holiday recognized by FERC, then NYPA's responses to Information Requests shall be due no later than the next business day.

(iii) NYPA shall post all Information Requests, and NYPA's responses to Information Requests, on the ISO website and will distribute a link to the website to Interested Parties via the NYPA Exploder List; except, however, if responses to Information Requests include material deemed by NYPA to be confidential, such information will not be publicly posted, but confidential information will be made available to requesting parties provided that a confidentiality agreement is executed by NYPA and the requesting party.

(iv) NYPA shall be precluded from claiming settlement privilege with respect to responses to Information Requests pursuant to these Protocols in any subsequent FERC proceeding addressing NYPA's Annual Update.

(v) To the extent NYPA and any Interested Party are unable to resolve disputes related to Information Requests submitted in accordance with these Protocols, NYPA or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes, and compel

the production of discovery, as appropriate, in accordance with these Protocols, and, if deemed appropriate, to extend the Discovery Period and Review Period to permit completion of the discovery process.

(vi) All information produced pursuant to these Protocols may be included in any Preliminary or Formal Challenge, in any other proceeding concerning the Formula Rate initiated at FERC pursuant to the FPA, or in any proceeding before the U.S. Court of Appeals to review a FERC decision involving the Formula Rate. NYPA may, however, designate any response to an Information Request as confidential if the information conveyed is not publicly available and if NYPA in good faith believes the information should be treated as confidential. Interested Parties' representatives shall treat such response as confidential in connection with any of the proceedings discussed in this Section 14.2.3.2 of this Attachment; provided, however, that when so used, such response shall initially be filed under seal (unless the claim of confidentiality is waived by NYPA), subject to a later determination by the presiding authority that the material is, in whole or part, not entitled to confidential treatment.

(b) Challenges and Resolution of Challenges

(i) Any Interested Party shall have the duration of the Review Period to review the inputs, supporting explanations, allocations, and calculations, and to submit a Preliminary Challenge. The Review Period ends on the later of (1) January 15 following the Publication Date; (2) sixty (60) calendar days after the close of the Discovery Period; or (3) thirty (30) calendar days after NYPA has responded to all timely submitted information requests. If the deadline for

Interested Parties to submit Preliminary Challenges should fall on a weekend or a holiday recognized by FERC, then Preliminary Challenges shall be due no later than the next business day. An Interested Party submitting a Preliminary Challenge must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge.

(ii) NYPA shall promptly post all Preliminary Challenges, and written responses by NYPA to Preliminary Challenges, on the ISO website and will distribute a link to the website to Interested Parties via the NYPA Exploder List; except, however, if Preliminary Challenges or responses to Preliminary Challenges include material deemed by NYPA to be confidential, such information will not be publicly posted, but confidential information will be made available to requesting parties provided that a confidentiality agreement is executed by NYPA and the requesting party.

(iii) NYPA shall make a good faith effort to respond to a Preliminary Challenge within twenty (20) business days, and NYPA and any Interested Party raising a Preliminary Challenge shall attempt in good faith to resolve the Preliminary Challenge in a timely manner. Where applicable, NYPA shall appoint senior representatives to work with Interested Parties to resolve Preliminary Challenges. If NYPA disagrees with such challenge, NYPA will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information. NYPA shall respond to all Preliminary Challenges submitted during the Review Period

by no later than February 15 following the Publication Date or thirty (30) calendar days after the close of the Review Period, whichever is later. If the deadline should fall on a weekend or a holiday recognized by FERC, then NYPA's response to Preliminary Challenges shall be due no later than the next business day.

(iv) An Interested Party shall make a good faith effort to raise all issues in a Preliminary Challenge; however, the failure to raise an issue in a Preliminary Challenge shall not act as a bar to raising the issue in a Formal Challenge provided the Interested Party raised one or more other issues in a Preliminary Challenge.

(v) An Interested Party that submitted a Preliminary Challenge shall have until April 15 following the Publication Date or thirty (30) calendar days after NYPA makes its informational filing, whichever is later, to make a Formal Challenge with FERC, which shall be served on NYPA by electronic service on the date of such filing. If the deadline for Interested Parties should fall on a weekend or a holiday recognized by FERC, then Formal Challenges shall be due no later than the next business day. An Interested Party shall file a Formal Challenge in the new docket assigned to NYPA's informational filing. Nothing in this paragraph shall alter the rights of any party to file a complaint under Section 206 of the FPA regarding NYPA's Formula Rate.

(vi) Formal Challenges shall satisfy all of the following requirements<sup>12</sup>:

---

<sup>12</sup> Requiring interested parties to satisfy filing requirements for formal challenges "does not improperly shift the burden of persuasion to interested parties." *See Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,025 at P 51 (2015) (internal quotations omitted).

(A) Clearly identify the action or inaction which is alleged to violate the Formula Rate or Protocols;

(B) Explain how the action or inaction violates the Formula Rate or Protocols;

(C) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:

(1) The extent or effect of an Accounting Change;

(2) Whether the Annual Update fails to include data properly recorded in accordance with these Protocols;

(3) The proper application of the Formula Rate and procedures in these Protocols;

(4) The accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review;

(5) The prudence of actual costs and expenditures;

(6) The effect of any change to the underlying Uniform System of Accounts or the Financial Report; or

(7) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula.

(D) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing

party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;

(E) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;

(F) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and

(G) State whether the filing party utilized the Preliminary Challenge procedures described in these Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.

(vii) Any response by NYPA to a Formal Challenge must be submitted to FERC within thirty (30) calendar days following the date of the filing of the Formal Challenge and shall be served by NYPA on the filing party(ies) by electronic service on the date of such filing and shall also be sent to the NYPA Explorer List on the date of such filing. If the deadline should fall on a weekend or a holiday recognized by FERC, then NYPA's response to the Formal Challenge shall be due no later than the next business day.

(viii) Preliminary and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update fails to include data properly recorded in accordance with these Protocols; (3) the proper application of the Formula Rate and procedures in these Protocols; (4) the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update (including the

Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or the Financial Report; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula.

(ix) In any proceeding on a Formal Challenge, or proceeding initiated sua sponte by FERC challenging an Annual Update or an Accounting Change, NYPA shall bear the burden of proof, consistent with Section 205 of the FPA, with respect to the correctness of its Annual Update and/or the Accounting Change, and with respect to proving that it has correctly applied the terms of the Formula Rate consistent with these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.<sup>13</sup>

(x) Failure to make a Preliminary Challenge or Formal Challenge as to any Annual Update shall not act as a bar to a Preliminary Challenge or Formal Challenge related to the same issue in any subsequent Annual Update to the extent such issue affects the subsequent Annual Update.

(c) Challenges to Accounting Changes

(i) Preliminary Challenges or Formal Challenges related to Accounting Changes are not intended to serve as a means of pursuing changes to the Formula Rate.

---

<sup>13</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149 at P 121 (2013) (“[P]arties seeking to challenge the prudence of a transmission owner’s expenditures must first create a serious doubt as to the prudence of those expenditures before the burden of proof shifts to the transmission owner.”).

(ii) Failure to make a Preliminary Challenge with respect to an Accounting Change to an Annual Update shall not act as a bar with respect to making a Formal Challenge regarding the Accounting Change to that Annual Update, provided the Interested Party submitted a Preliminary Challenge with respect to one or more other issues. Nor shall failure to make a Preliminary Challenge or Formal Challenge with respect to an Accounting Change as to any Annual Update act as a bar to a Preliminary Challenge or Formal Challenge related to that Accounting Change in any subsequent Annual Update to the extent such Accounting Change affects the subsequent Annual Update.

(iii) Preliminary Challenges or Formal Challenges related to Accounting Changes shall be subject to the procedures and limitations in Section 14.2.3.2.3(b) of this Attachment. It is recognized that resolution of Formal Challenges concerning Accounting Changes may necessitate adjustments to the Formula input data for the applicable Annual Update or changes to the Formula to achieve a just and reasonable end result consistent with the intent of the Formula.

#### **14.2.3.2.4 Changes Pursuant to Annual Update Process**

Any changes to the data inputs, including but not limited to revisions to NYPA's Financial Report, or as the result of any FERC proceeding to consider the Annual Update, or as a result of the Annual Review Procedures set forth herein, shall be incorporated into the Formula and into the charges produced by the Formula (with interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year as a Prior Period Adjustment. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any associated refunds or surcharges. However, actual refunds or surcharges (with interest



determined in accordance with 18 C.F.R. § 35.19a) shall be made, as appropriate, in the event that the Formula Rate is replaced by a stated rate for NYPA.

#### **14.2.3.2.5 Changes to the Formula Rate**

- (a) Any modification to the Formula or to these Protocols requires a filing under FPA Section 205 or Section 206. The following Formula inputs shall be stated values to be used in the Formula until changed pursuant to an FPA Section 205 or Section 206 proceeding: (i) rate of return on common equity; (ii) Post-Retirement Benefits other than Pensions (“PBOPs”) expense; (iii) the depreciation and/or amortization rates as set forth in Schedule B3 to the Formula; and (iv) the caps on the equity percentage component of NYPA’s capital structure for the Marcy-South Series Compensation Project (53% equity) and the assets recovered through the NTAC (50% equity).
- (b) Except as specifically provided herein, nothing in these Protocols shall be deemed to limit in any way (i) the right of NYPA to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to change the Formula Rate or any of its stated inputs or to replace the Formula Rate with a stated rate, or (ii) the right of any other party to challenge inputs to, or the implementation of, or to request changes to, the Formula Rate pursuant to Section 206, or any other applicable provision, of the FPA and the regulations thereunder.
- (c) NYPA may, at its discretion and at a time of its choosing, make a limited filing pursuant to Section 205 to change stated values in the Formula Rate for amortization/depreciation rates and PBOPs expense. The sole issue in any such

limited Section 205 filing shall be whether such proposed changes or recovery are just and reasonable, and shall not include other aspects of the Formula Rate.

#### **14.2.3.2.6 Informational Filing**

By March 15 following the Publication Date or by sixty (60) calendar days following the close of the Review Period, whichever is later, NYPA shall submit to FERC an informational filing of its Annual Update for the Rate Year. If the deadline should fall on a weekend or a holiday recognized by FERC, then the informational filing shall be due no later than the next business day. Within one (1) business day of submitting the informational filing, NYPA shall notify Interested Parties via the NYPA Explorer List that it has made its informational filing, and shall post the docket number assigned to the informational filing on the ISO website. This informational filing must include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying schedules and workpapers; (2) that NYPA has properly applied the Formula and these Protocols; (3) the accuracy of data and the consistency with the Formula Rate of the Actual ATRR, Projected ATRR (including any True-Up Adjustment and Prior Period Adjustments), and rates under review; (4) the extent and effects of Accounting Changes that affect Formula inputs; and (5) the reasonableness of projected costs. The informational filing must also describe any corrections or adjustments made during the Review Period or as a result of the Preliminary Challenge process, and must describe all aspects of the Annual Update or its inputs that are the subject of an ongoing dispute under the Preliminary Challenge procedures. Any challenges to the implementation of the Formula must be made through the annual review and challenge procedures described in these Protocols or in a separate complaint proceeding, and not in response to the informational filing.

#### **14.2.3.2.7 Bounds on NTAC Recovery of Capital Expenditures**

The following terms, for the purposes of this Section 14.2.3.2.7, shall be defined as follows:

**“Annual Incremental Capital Expenditures”** means incremental capital expenditures incurred during a calendar year irrespective of whether the plant that is the product of these capital expenditures has been placed in service during the calendar year, except that (i) capital expenditures for Repairs or Replacements, (ii) capital expenditures for projects meeting the requirements of Section 14.2.3.2.7(a)(ii)(b), and (iii) capital expenditures for projects meeting the requirements of Section 14.2.3.2.7(a)(iv), shall not be included as “Annual Incremental Capital Expenditures” and shall not be counted against the \$40 million annual cap described in Section 14.2.3.2.7(a)(iii).

**“Substantive Cost Allocation Order”** means an order from which rehearing may be sought on the issue of cost recovery for the purposes of Section 14.2.3.2.7(b)(x) (i.e., an order accepting a cost allocation without setting the matter for hearing, an order approving a settlement agreement stipulating a cost allocation for the contested project, or an order on exceptions to an initial decision following an evidentiary hearing; but not a tolling order or some other procedural order that refers the issue of cost allocation for a hearing or settlement judge procedures).

**“Gross ATRR for the Major Y-49 Reconstruction or Replacement”** means the ATRR attributable to the Major Y-49 Reconstruction or Replacement, including but not limited to return on rate base, depreciation expense, operation and maintenance expense, and allocated administrative and general costs.

**“Major Y-49 Reconstruction or Replacement”** means a major reconstruction or replacement of the Y-49 Facility with a projected capital cost of greater than \$150 million in 2016 dollars (as adjusted annually by the Consumer Price Index).

**“Moses to Adirondack Line”** means the Moses-Adirondack 1 and 2 transmission lines that originate at the Moses Switchyard at the St. Lawrence-FDR project in Massena, New York and continue south to the NYPA Adirondack switching station in Croghan, New York for a distance of approximately 85 miles. The lines consist of eight miles of double circuit steel lattice structures and seventy-seven miles of single circuit wooden H-frame structures.

**“NYPA Backbone System”** means the facilities that are listed and defined in Exhibit C to the settlement approved by the Commission in Docket No. ER16-835-000. This list of facilities that comprise the NYPA Backbone System is not anticipated to be static, and will be updated periodically to include, for example, projects NYPA is required to construct as contemplated by Section 14.2.3.2.7(a)(iv) below.

**“NYPA-LIPA Y-49 Contract”** means the existing 1987 contract for the sale of transmission service on the Y-49 Facility by NYPA to LIPA.

**“Remaining Y-49 ATRR”** has the meaning set forth in Section 14.2.3.2.7(a)(ii)(a)(i) of this Attachment.

**“Repair or Replacement”** means any capitalized repair or replacement of an existing NYPA transmission facility that comprises a part of the NYPA Backbone System provided that the repair or replacement, to the extent it involves installation of new equipment, utilizes items with substantially the same capacity rating as the existing equipment (or that any increase in facility rating is limited to the smallest change possible with commercially available replacements, or is no more costly than the price of a like-for-like replacement plus 10%).

**“Voting Member Systems”** means: (1) Central Hudson Gas and Electric Corporation; (2) Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. (as a single Voting Member System); (3) Niagara Mohawk Power Corporation d/b/a National Grid; (4) New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation (as a single Voting Member System); and (5) Long Island Power Authority.

**“Y-49 Facility”** means the Y-49 transmission facility interconnecting Westchester County, New York and Long Island that is included as part of the NYPA Backbone System as reflected in Exhibit C to the settlement approved by the Commission in Docket No. ER16-835-000.

**“Y-49 TCC Revenue”** means revenue related to Transmission Congestion Contracts (“TCCs”) associated with the Y-49 Facility.

(a) Cap on New NTAC Capital Expenditures

(i) As provided in Section 14.2.2.2 of this Attachment, the NTAC allows NYPA to recover the portion of NYPA’s ATRR that is not recovered via existing customer transmission service agreements or from other revenue streams identified in the NTAC Formula described in Section 14.2.2.2.1 of this Attachment. The following provisions in this Section 14.2.3.2.7 shall apply only to the NYPA Backbone System. No other NYPA capital expenditures, other than those contemplated by this Section 14.2.3.2.7, may be recovered via the NTAC absent express approval by FERC, subject to Section 14.2.3.2.7(b)(x) below.

(ii) Capitalized expenditures incurred by NYPA that may be recovered through the NTAC without Voting Member System review and approval, as described in Section 14.2.3.2.7(b) below, are:

(a) Any Repair or Replacement provided that the estimated project cost of any such Repair or Replacement is less than \$90 million in 2016 dollars (as adjusted annually using the Consumer Price Index), except that the Y-49 Facility and the Moses to Adirondack Line will be treated as follows:

(i) With respect to the Y-49 Facility, after the date that the NYPA-LIPA Y-49 Contract is terminated, the cost of normal repairs and maintenance of the Y-49 Facility will be included in the NTAC, subject to the otherwise applicable provisions of this Section 14.2.3.2.7(a), along with revenue credits related to Y-49 TCC Revenue. However a major reconstruction or replacement shall be treated as follows: whether or not the NYPA-LIPA Y-49 Contract has been terminated, the first year a Major Y-49 Reconstruction or Replacement appears in NYPA's five-year capital expenditure plan (described in Section 14.2.3.2.7(b) below), NYPA will initiate an FPA section 205 proceeding to determine whether the Major Y-49 Reconstruction or Replacement, as proposed or as NYPA may modify it on its own or in response to issues raised by other parties, is a prudent investment and, if so, the appropriate allocation of project costs that are not otherwise recoverable through the NTAC. After the date that the NYPA-LIPA Y-49 Contract is terminated, and if the Major Y-49 Reconstruction or Replacement is found prudent by FERC in that section 205 proceeding, the parties agree that (a) unless reduced by the formula below, \$20 million in 2016 dollars (as adjusted annually by the Consumer Price Index) of ATRR attributable to the Major Y-49 Reconstruction or Replacement cost shall be automatically recovered in the NTAC but only after the later of the NYPA-

LIPA Y-49 Contract's expiration or the in-service date of the Major Y-49 Reconstruction or Replacement; and (b) the allocation of the Remaining Y-49 ATRR shall be in accord with the result of the section 205 proceeding. For purposes of this provision, the Remaining Y-49 ATRR shall be calculated annually after the later of the NYPA-LIPA Y-49 Contract's expiration or the in-service date of the Major Y-49 Reconstruction or Replacement as:

**Remaining Y-49 ATRR = (Gross ATRR for the Major Y-49 Reconstruction or Replacement) – (Y-49 TCC Revenue) – (\$20 million + Consumer Price Index adjustment)**

To the extent the Remaining Y-49 ATRR is negative it shall be applied to the NTAC ATRR. For the avoidance of doubt, there shall be no double-crediting of the same Y-49 TCC Revenue between (i) the above "Remaining Y-49 ATRR" formula, and (ii) the first sentence of this Section 14.2.3.2.7(a)(ii)(a)(i), which requires NYPA to include revenue credits related to Y-49 TCC Revenue in the NTAC after the date that the NYPA-LIPA Y-49 Contract is terminated. If the Remaining Y-49 ATRR is positive, it will be recovered pursuant to the project-specific cost allocation determined in the section 205 proceeding described above and included in this Tariff.

(ii) With respect to the Moses to Adirondack Line, reconstruction or complete replacement of that line will be subject to a Voting Member System vote as described in Section 14.2.3.2.7(b). Repairs and maintenance-type replacement of the Moses to Adirondack Line will be subject to the otherwise applicable limitations of this Section 14.2.3.2.7(a).

(b) Emergency projects undertaken in response to damage caused by storms, vandalism, or terrorism, or in response to any force majeure events.

Where appropriate, NYPA will apply for Federal Emergency Management Agency (“FEMA”) reimbursement for such projects, and any FEMA or insurance reimbursements shall be applied to the NTAC as a credit against the cost of such projects.

(iii) For capital expenditures related to the NYPA Backbone System that do not meet the requirements of Section 14.2.3.2.7(a)(ii) above or Section 14.2.3.2.7(a)(iv) below, NYPA’s Annual Incremental Capital Expenditures that may be recovered through the NTAC, absent Voting Member System review and approval, are capped at \$40 million in 2016 dollars (as adjusted annually using the Consumer Price Index).

(iv) Any capital expenditures related to the NYPA Backbone System incurred (i) as a result of directives issued by NERC, FERC, the New York State Reliability Council, or in compliance with the ISO OATT or manuals to build, maintain, or operate required interconnections of a generation or transmission facility, except for the costs that have been otherwise recovered from third parties such as generator or transmission developers or insurance companies or, (ii) as a result of directives issued by some other regulatory agency in the event that, due to changes in the New York Public Authorities Law or other legislative action, such regulatory agency obtains legal authority to order NYPA to undertake capital projects, shall be excluded from Voting Member System review and approval and excluded from the \$40 million annual cap described in Section 14.2.3.2.7(a)(iii)

above. For the avoidance of doubt, future capital expenditures in such facilities will be subject to this Section 14.2.3.2.7(a).

(b) Voting Member System Review of Expenditures that Exceed Applicable Caps Described in Section 14.2.3.2.7(a)

(i) NYPA will conduct an annual meeting, on no less than three weeks' advance notice to the Voting Member Systems and other Interested Parties that have subscribed to the NYPA Exploder List, at which it will present to the Voting Member Systems and other Interested Parties a five-year capital expenditure plan. This meeting will occur prior to the commencement of the Annual Update Process described in these Protocols. NYPA may conduct additional meetings on no less than three weeks' advance notice to the Voting Member Systems and other Interested Parties that have subscribed to the NYPA Exploder List.

(ii) NYPA's presentation of the capital expenditure plan will identify for each project under construction or anticipated to begin construction within the five-year planning horizon:

- (a) Description of the project;
- (b) Total project cost;
- (c) Anticipated start and end date of construction;
- (d) Whether the project is a Repair or Replacement of a NYPA

Backbone System facility; and

(e) Whether the project is subject to any of the exclusions identified in Section 14.2.3.2.7(a) above.



(iii) The Voting Member Systems and other Interested Parties may issue data requests concerning NYPA's capital expenditure plan for forty (40) calendar days following the annual capital expenditure plan meeting, and NYPA will make commercially reasonable efforts to respond within fourteen (14) calendar days of receipt of a data request.

(iv) (a) If the capital expenditure plan as presented by NYPA, or in the opinion of the Voting Member Systems, includes (i) a Repair or Replacement that exceeds \$90 million (as adjusted annually using the Consumer Price Index); (ii) a suite of projects subject to Section 14.2.3.2.7(a)(iii) above for which NYPA plans to spend more than \$40 million (as adjusted annually using the Consumer Price Index) in a single calendar year; or (iii) a project that NYPA proposes to recover through the NTAC which the Voting Member Systems believe is not related to the NYPA Backbone System, the Voting Member Systems must notify NYPA of their intent to vote on whether to allow NYPA to recover in the NTAC any project or suite of projects meeting the criteria above within sixty (60) calendar days of the publication of the capital expenditure plan that first identifies the project or annual suite of projects, with a vote to occur within thirty (30) calendar days after such notification. The Voting Member Systems must notify NYPA of the outcome of the vote by the end of the next business day after such vote is made.

(b) Subject to Section 14.2.3.2.7(b)(ix) below, and with regard to a project or suite of projects for which the Voting Member Systems have provided timely notice to NYPA under Section 14.2.3.2.7(b)(iv)(a), a 3/5 majority vote in

favor is required for NYPA to recover the costs of such project or suite of projects contained in the capital expenditure plan through the NTAC. The five Voting Member Systems shall have one vote each.

(v) If the Voting Member Systems elect not to vote on a Repair or Replacement that exceeds \$90 million (as adjusted annually using the Consumer Price Index), or an annual suite of projects under Section 14.2.3.2.7(a)(iii) that exceeds \$40 million (as adjusted annually using the Consumer Price Index), or 3/5 of the Voting Member Systems vote to approve the Repair or Replacement or annual suite of projects, then no further voting shall be permitted with respect to such Repair or Replacement or annual suite of projects and NYPA shall recover the cost of such Repair or Replacement or suite of projects through the NTAC subject to the Annual Update Process set forth in these Protocols. This provision shall not apply to Repairs or Replacements or annual suites of projects that are modified in a subsequent five-year capital expenditure plan where such modification would either (i) change the categorization of a project or suite of projects under Section 14.2.3.2.7(a); or (ii) would result in a 10% increase in the original project costs the Voting Member Systems previously had a right to vote on, and either approved or elected not to vote on.

(vi) If 3/5 of the Voting Member Systems vote against allowing NTAC recovery of a NYPA project or suite of projects meeting the criteria set forth in 14.2.3.2.7(b)(iv)(a), the Voting Member Systems that voted against NTAC recovery must provide a written statement explaining their rationale for their negative votes within sixty (60) calendar days of notifying NYPA of the outcome

of the vote. Such rationale may include, but is not limited to, whether those Voting Member Systems voting against the project believed the project or suite of projects in question: (i) was segmented; (ii) is inconsistent with good utility practice; (iii) should be expanded beyond Repair or Replacement and submitted as a project fitting the definition of one of the categories of projects identified in the ISO's Comprehensive System Planning Process; (iv) has costs that have been improperly estimated or are too high; and/or (v) has been inaccurately categorized by NYPA as a Repair or Replacement (for projects subject to the \$90 million cap). The Voting Member Systems will not assert that a project is not a Repair or Replacement where the New York Public Service Commission has determined that a project is a Repair or Replacement in response to a petition for a declaratory ruling from NYPA with prior notice to the Voting Member Systems. The explanation of any "no" vote with respect to a suite of projects exceeding the limit prescribed in Section 14.2.3.2.7(a)(iii) could include a description of one or more specific objectionable projects.

(vii) NYPA shall have the opportunity to submit a revised package of capital expenditures in response to a "no" vote by the Voting Member Systems. If a revised package is submitted, the Voting Member System voting process described above shall be repeated starting with Section 14.2.3.2.7(b)(iii) above.

(viii) In the event of a "no" vote, the Voting Member Systems and NYPA agree to convene a meeting that includes senior management within sixty (60) calendar days of the Voting Member Systems providing NYPA with a written explanation of the vote.

(ix) NYPA may make a filing at FERC to include capital expenditures rejected by 3/5 of the Voting Member Systems in the NTAC ATRR. In any such proceeding, NYPA would bear the burden of demonstrating (i) that its proposed rate treatment and cost allocation is just and reasonable, (ii) that the reasons offered by the Voting Member Systems for voting against the project or suite of projects are arbitrary, unduly discriminatory, or otherwise not supported by substantial evidence, and (iii) that the proposed costs are eligible to be recovered using the NTAC. The settlement in Docket No. ER16-835-000 shall not preclude or inhibit the ability of a party to that settlement to submit comments or protests on any such filing by NYPA.

(x) If NYPA makes a filing as contemplated in Section 14.2.3.2.7(b)(ix) above, NYPA shall not be entitled to recover the costs of any such project or suite of projects through the NTAC until FERC issues a Substantive Cost Allocation Order and subject to any adjustments directed by FERC in such Substantive Cost Allocation Order; provided, however, if a Substantive Cost Allocation Order has not been issued as of a contested project's in-service date, NYPA shall record the expenses and return related to any such project or projects in a regulatory asset, with carrying costs accruing at NYPA's weighted average cost of capital as determined by the Formula Rate Template. Such costs may be amortized and recovered over the useful life of the project once FERC issues a Substantive Cost Allocation Order approving NTAC recovery for the project or directing NYPA to recover the costs of the project according to some other allocation, subject to any adjustments directed by FERC.

#### **14.2.3.2.8 Costs Excluded from Formula Rate**

Costs allocated to NYPA as a part of PJM Interconnection, L.L.C.'s Regional Transmission Expansion Plan, and costs and expenses related to the New York State Canal Corporation, shall be excluded from recovery under the Formula Rate.

#### **14.2.3.2.9 AC Project Segment A Cost Containment**

##### **A. Definitions**

1. "Segment A Project" shall mean the various components of the double-circuit Marcy to New Scotland project proposed jointly by LSPGNY and NYPA that was selected by the ISO Board of Directors as the more efficient or cost-effective transmission solution from the competing projects to address the public policy-based transmission need to increase Central East transfer capability by at least 350 MW and identified in a decision and Public Policy Transmission Planning Report issued April 8, 2019 (i.e., the project was identified therein as "Project T027").
2. "LSPGNY" shall mean LS Power Grid New York Corporation I, the joint developer with NYPA of the Segment A Project.
3. "NYPA Segment A Project" shall mean the portion of the Segment A Project owned by NYPA.
4. "Other Project Capitalized Costs" are capitalized costs incurred other than to develop, construct, and place the Segment A Project in service, such as capitalized spare parts, and are recoverable in the Formula Rate.
5. "Third Party Costs" are costs that result from: (i) ISO modifications or further ISO requirements, including interconnection costs and upgrades resulting from the ISO interconnection process; (ii) payments to an incumbent transmission owner, including real estate-related costs incurred in any lease arrangements, purchases related to the

acquisition of rights-of-way or access to rights-of-way, purchases of rights to access utility facilities and payments for assets to be retired; (iii) increased costs, such as costs incurred related to the rescheduling of outages or the relocation of utility assets, due to an action or inaction by the incumbent transmission owner and that are beyond the ability of NYPA to control or mitigate; or (iv) all sales and property taxes. Third Party Costs are recoverable in the Formula Rate and includable in FERC Account 107 during construction and the appropriate account after being placed in service.

6. "Project Costs" are all capital costs incurred to develop, construct, and place the Segment A Project in service, excluding Third Party Costs, Project Development Costs, Other Project Capitalized Costs, and Unforeseeable Costs in excess of 5% of the Cost Cap (as defined below).

7. "Project Development Costs" are costs incurred for the Segment A Project prior to its selection by the ISO Board of Directors, were not included in the Capital Cost Bid submitted to the ISO, are not subject to the Cost Cap (as defined below), and are recoverable in the Formula Rate.

8. "Unforeseeable Costs" shall mean costs and savings that, with the exercise of commercially reasonable due diligence, could not have been anticipated at the time the Capital Cost Bid for the Segment A Project was submitted to the ISO on April 29, 2016. Unforeseeable Costs in excess of 5% of the Cost Cap are recoverable in the Formula Rate. Unforeseeable Costs are costs:

(a) Associated with material modifications to the routing or scope of work of the Segment A Project that results from a PSC order, negotiation, or settlement agreements within the siting process, or are imposed or required by any other

governmental agency. For the avoidance of doubt, foreseeable obligations as included in the New York State Article VII certificate application, or non-material obligations imposed upon LSPGNY and NYPA as a normal part of the siting process, shall not be deemed to be Unforeseeable Costs;

(b) Associated with changes in applicable laws and regulations, or interpretations thereof by governmental agencies;

(c) As a result of orders of courts or action or inaction by governmental agencies; or

(d) related to destruction, damage, interruption, suspension, or interference of or with the Segment A Project caused by landslides, lightning, earthquakes, hurricanes, tornadoes, severe weather, fires, explosions, floods, epidemics, acts of public enemy, acts of terrorism, wars, blockades, riots, rebellions, sabotage, insurrections, environmental contamination or damage, or strike, provided that (i) the cause was not reasonably within the control of LSPGNY or NYPA, (ii) LSPGNY and NYPA made reasonable efforts to avoid or minimize the adverse impacts of any of the above-listed events, and (iii) LSPGNY and NYPA took reasonable steps to expeditiously resolve the event after it occurred.

9. “Capital Cost Bid” is defined as the bid submitted by LSPGNY and NYPA to the ISO on April 29, 2016 for the Segment A Project.

#### **B. Return on Equity Incentive Adders**

For the NYPA Segment A Project, a 100 basis point (“bp”) adder to the base return on equity (“ROE”) will apply to Project Costs incurred up to the Cost Cap (as defined in Section 14.2.3.2.9.C below). A 100 bp ROE adder shall also apply to

Unforeseeable Costs (that are more than five (5) percent of the Cost Cap), Third Party Costs, and Project Development Costs. The 100 bp consists of (1) a 50 bp incentive adder for RTO participation authorized by the Commission in Docket No. ER16-835, 154 FERC ¶ 61,268 at PP21-22 (2016) and that was subject to negotiation, compromise and adoption in the uncontested settlement in the same proceeding (Offer of Settlement, § 3.1 (filed September 30, 2016)), and (2) a 50 bp incentive adder for risks and challenges in developing the Segment A Project authorized in Docket No. EL19-88, 169 FERC ¶ 61,125 at P 37 (2019).

### **C. Cost Cap, Cost Containment and Risk Sharing**

A Cost Cap equal to \$189,900,000 (“Cost Cap”) shall apply to the NYPA Segment A Project. All prudently incurred costs below the Cost Cap are fully recoverable in the Formula Rate, including with respect to the base ROE, ROE incentive adders (as described in Section 14.2.3.2.9.B), depreciation, and debt costs. The following cost containment provisions (“Cost Containment Mechanism”) apply for the life of the Segment A Project. The Cost Containment Mechanism applies to NYPA’s share of Project Costs as follows:

1. Cost Containment Mechanism For Prudently Incurred Actual Project Costs Above Cost Cap
  - a. 20% of any prudently incurred Project Costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any ROE on the equity portion of such costs, but NYPA will be allowed to recover the associated depreciation and debt cost.
  - b. 80% of any prudently incurred Project Costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any



ROE incentive adders (as described in Section 14.2.3.2.9.B) on the equity portion of such costs, but NYPA will be allowed to earn the base ROE, associated depreciation, and debt cost.

2. Additional ROE Adder for Actual Project Costs Below the Cost Cap

a. For purposes of providing an incentive to reduce costs, NYPA may utilize an additional ROE adder when the actual Project Costs are below the “Adjusted Cost Cap.”

b. The Adjusted Cost Cap shall be \$156,600,000.

3. NYPA will receive an additional ROE adder, as set forth in Table A

below, when prudently incurred Project Costs are less than the Adjusted Cost Cap:

<b>TABLE A</b>	
Project Costs Below Adjusted Cost Cap	ROE Adder
0% to ≤5%	0.05%
>5% to ≤10%	0.17%
>10% to ≤15%	0.30%
>15% to ≤20%	0.45%
>20% to ≤25%	0.62%
>25%	0.71%

**14.2.3.2.10 Smart Path Connect Project Cost Containment**

**A. Definitions**

- “Smart Path Connect Project (“SPC Project”)” shall mean the rebuilding of approximately 100 linear miles of existing 230 kV transmission lines and converting approximately 90% of these facilities to 345 kV, along with associated substation construction and upgrades. The SPC Project consists of

two components: 1) east to west—the Moses-Willis-Patnode component and 2) north to south—the Adirondack Porter component. NYPA will develop and own the entire Moses-Willis-Patnode component and, of the Adirondack-Porter component, the new Adirondack Substation, the interface connection of the proposed Adirondack Substation to the existing NYPA Moses to Adirondack 1 and 2 transmission facilities, and the extension of the existing 345 kV Marcy Substation. The SPC Project was identified and selected by the PSC as a priority transmission project. By statute, NYPA was authorized to develop the Project and determined that it would jointly develop the Project with Niagara Mohawk Power Corporation d/b/a National Grid USA.

2. “Other Project Capitalized Costs” are recoverable in the Formula Rate and are comprised of capitalized costs incurred other than to develop, construct, and place NYPA’s share of the SPC Project in service, such as capitalized spare parts and capital investment incurred after NYPA’s share of the SPC Project is in-service and not incurred to develop, construct, and place NYPA’s share of the SPC Project in-service.
3. “Third Party Costs” are costs that result from: (i) interconnection and network upgrade costs resulting from the ISO interconnection process; or (ii) increased costs, such as costs incurred related to the rescheduling of outages or the relocation of utility assets that are beyond the ability of NYPA to control or mitigate. Third Party Costs are recoverable in the Formula Rate.
4. “Project Costs” are all capital costs incurred to develop, construct, and place NYPA’s share of the SPC Project in service, excluding allowance for funds

used during construction (“AFUDC”), Third Party Costs, Other Project Capitalized Costs, and Unforeseeable Costs in excess of 2.5% of the Cost Cap (as defined Section 14.2.3.2.10.C below).

5. “Unforeseeable Costs” shall mean costs and savings that, with the exercise of commercially reasonable due diligence, could not have been anticipated at the time the capital cost estimate for the SPC Project was determined.

Unforeseeable Costs in excess of 2.5% of the Cost Cap are recoverable in the Formula Rate. Unforeseeable Costs are costs:

- (a) associated with material modifications to the routing or scope of work of NYPA’s share of the SPC Project that results from a PSC order, negotiation, or settlement agreements within the siting process, or are imposed or required by any other governmental agency. For the avoidance of doubt, foreseeable obligations as included in the New York State Article VII certificate application, or non-material obligations imposed upon NYPA as a normal part of the siting process, shall not be deemed to be Unforeseeable Costs;
- (b) associated with changes in applicable laws and regulations, or interpretations thereof by governmental agencies;
- (c) as a result of orders of courts or action or inaction by governmental agencies;
- (d) related to destruction, damage, interruption, suspension, or interference of or with NYPA’s share of the SPC Project caused by landslides, lightning, earthquakes, hurricanes, tornadoes, severe

weather, fires, explosions, floods, epidemics, pandemics, acts of public enemy, acts of terrorism, wars, blockades, riots, rebellions, sabotage, insurrections, environmental contamination or damage, or strike or otherwise unavailability of skilled labor, provided that (i) the cause was not reasonably within the control of NYPA, (ii) NYPA made reasonable efforts to avoid or minimize the adverse impacts of any of the above-listed events, and (iii) NYPA took reasonable steps to expeditiously resolve the event after it occurred;

(e) steel cost escalation that is greater than the construction cost index applied to steel costs in determining NYPA's share of the SPC Project cost estimate and included in the Cost Cap; and

(f) total actual project cost escalation, excluding steel costs, that is greater than 150% of the construction cost index applied to non-steel costs in determining NYPA's share of the SPC Project cost estimate and included in the Cost Cap.

6. The "Performance-based ROE Incentive" is defined in Section 14.2.3.2.10.C below, which was authorized in Docket No. ER22-1014, 180 FERC ¶ 61,004 at P 44 (2022).

#### **B. Return on Equity Incentive Adders**

For NYPA's share of the SPC Project, a 100-basis point ("bp") adder to the base return on equity ("ROE") will apply to Project Costs incurred up to the Cost Cap (as defined in Section 14.2.3.2.10.C below). A 100 bp ROE adder shall also apply to AFUDC, Unforeseeable Costs (that are more than 2.5 percent of the Cost Cap), Third Party Costs, and Other Project Capitalized

Costs. The 100 bp consists of (1) a 50 bp incentive adder for RTO participation authorized by the Commission in Docket No. ER16-835, 154 FERC ¶ 61,268 at PP 21-22 (2016) and that was subject to negotiation, compromise and adoption in the uncontested settlement in the same proceeding (Offer of Settlement, § 3.1 (filed September 30, 2016)), and (2) a 50 bp incentive adder for risks and challenges in developing the SPC Project which was authorized in Docket No. ER22-1014, 180 FERC ¶ 61,004 at P 41 (2022).

### **C. Cost Cap, Cost Containment and Risk Sharing**

A cost cap equal to \$568,041,000 (“Cost Cap”) shall apply to the NYPA portion of the SPC Project. All prudently incurred costs below the Cost Cap are fully recoverable in the Formula Rate, including with respect to the base ROE, ROE incentive adders (as described in Section 14.2.3.2.10.B), depreciation, and debt costs. The following cost containment provisions (“Cost Containment Mechanism”) apply for the life of the SPC Project. The Cost Containment Mechanism applies to NYPA’s share of Project Costs as follows:

1. Cost Containment Mechanism For Prudently Incurred Actual Project Costs Above Cost Cap
  - a. 20% of any prudently incurred Project Costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any ROE on the equity portion of such costs, but NYPA will be allowed to recover the associated depreciation and debt cost.
  - b. 80% of any prudently incurred Project Costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any ROE incentive adders (as described in Section 14.2.3.2.10.B) on the equity portion of such costs, but NYPA will be allowed to earn the base ROE, associated depreciation, and debt cost.

2. Additional ROE Adder for Actual Project Costs Below the Cost Cap
  - a. For purposes of providing an incentive to reduce costs, NYPA will utilize an additional ROE adder when the actual Project Costs are below the “Adjusted Cost Cap.”
  - b. The Adjusted Cost Cap is equal to \$535,548,000.
3. NYPA will receive an additional ROE adder, as set forth in Table B below, when prudently incurred Project Costs are less than the Adjusted Cost Cap:

<b>TABLE B</b>	
Project Costs Below Adjusted Cost Cap	ROE Adder
0% to ≤5%	0.05%
>5% to ≤10%	0.17%
>10% to ≤15%	0.30%
>15% to ≤20%	0.45%
>20% to ≤25%	0.62%
>25%	0.71%

#### **D. Other**

With respect to NYPA’s share of SPC Project, NYPA’s ability to implement the incentive adder for RTO participation as described in Section 14.2.3.2.10.B, the incentive adder for risk and challenges as described in Section 14.2.3.2.10.B, and any risk sharing “ROE Adder” as described in Section 14.2.3.2.10.C is bounded by the upper end of the zone of reasonableness of its base ROE.

### **14.3 Attachment H-1 - List of Member Systems' Pre-OATT Grandfathered Agreements Shown on Attachment L and Revenues which are Treated as Revenue Credits in Developing the R Component of each Company TSC Rate**

#### **14.3.1 LIPA**

LIPA made an adjustment in the form of a revenue credit to reduce its revenue requirement by 4,282,350 reflecting the projected revenues it expects to receive in 1999 from grandfathered non-OATT transmission services provided to the New York Power Authority on behalf of its three Long Island municipal utilities and its Economic Development Power Customers, and LIPA's two Municipal Distribution Agencies Customers on Long Island.

Contract No. in Attachment L	Customer
65	Munis on Long Island
74	MDA on LI
75	EDP on LI
76	Brookhaven
77	Grumman

### 14.3.2 Orange and Rockland

Rate Schedule 50	Contract No. In Attachment L 108	Service to NYPA on behalf of Out- of-State Munis NJ	Revenues \$121,475
---------------------	--	--	-----------------------



### **14.3.3 RG&E**

RG&E has no revenue from pre-OATT grandfathered agreements treated as revenue credits in the development of RG&E's RR component.

#### 14.3.4 NYSEG

Customer	Treatment	FERC Rate Schedule	Contract No. in Attachment L	Annual Revenue
Delaware Coop	Coop	67, 70, 80	88, 154	390,435
Marathon	In-State Muni	67,70,80	87, 153	153,492
Oneida-Madison Coop	Coop	67, 70, 80	88, 154	89,274
Otsego Coop	Coop	67, 70, 80	88, 154	396,234
Penn Yan	In-State Muni	67, 70, 80	87, 153	566,549
Steuben Coop	Coop	67, 70, 80	87, 153	514,367
Watkins Glen	In-State Muni	67, 70, 80	87, 153	343,221
Gilboa	MWA	54	48	\$432,000
Mohansic-Wheeling	Facilities Agreement	87	5	\$659,443

Revenues from the above grandfathered agreements are treated as credits to the Revenue Requirement in the development of NYSEG's TSC.

### 14.3.5 Central Hudson

<u>Rate Schedule</u>	<u>Contract No. In Attachment L</u>	<u>Tariff Sheet No</u>
22	20g	524
49	20h	524
26	21	524
51	31b	525
32	41	525
65	55a	526
73 (Should be 68)	73	527
73 (Should be 69)	108b	532
73 (Should be 69)	150b	533

Revenues for the above grandfathered agreements (total \$568,499) are based on the 1995 test year.

### 14.3.6 Con Edison

Pre-OATT Grandfathered Agreements in Attachment L that are included in Con Edison's RR component and are not considered at risk by the Company at this time

<u>Contract No. in</u> <u>Attachment L</u>	<u>FERC Rate Schedule No.</u>	<u>Delivery For</u>	<u>Revenues<sup>1</sup></u> <u>(\$x1000)</u>
76	60	NYPA - Brookhaven	609
12	117	LIPA - Fitzpatrick	1,665
16	117	LIPA - Nine Mile	2,643
17	94	LIPA - Gilboa	1,465
		St./Brewster	

<sup>1</sup> Revenues based on 1995 Test Year Data

### 14.3.7 Niagara Mohawk Power Corporation

#### Attachment L Table 1A Contract No.

Rate Schedule No.	Customer
82, 84, 86, 151, 152, 155-158/204	NYPA IS Munis
98/136	NFTA
66/134	Festival of Lights
109, 110, 112, 113/138	NYPA OOS Munis -
57/180	NYPA C-V-J
Attachment L Table 2 No.	RG&E Clyde
19/58	
49/176	RG&E Agreement
1/141	CH 9M2
2/128	CH Gilboa
Attachment L Table 2 No.	CH N. Catskill
4/55	
12/142	LILCO B Fitz
16/142	LILCO - 9M2
19, 20/165	NYSEG
Contract No. yet to be designated/174	Watertown
105/172	Lockport
104/171	Selkirk
102/178	Sithe
103/175	Indeck

Niagara Mohawk made an adjustment in the form of a revenue credit to reduce its revenue requirement by \$69,016.475

## **15      Attachment I - Index of Network Integration Transmission Service Customers**

## **16      Attachment J**

**16.1 See Attachment B to the Services Tariff for provisions related to the LBMP Calculation**



## **16.2 Accounting for Transmission Losses**

### **16.2.1 Charges**

Subject to Attachment K of this Tariff, the ISO shall charge all Transmission Customers for transmission system losses based on the marginal cost of losses on either a bus or zonal basis, described below.

#### **16.2.1.1 Loss Matrix**

The ISO's RTD software will use a power flow model and penalty factors to estimate losses incurred in performing generation dispatch and billing functions for losses.

#### **16.2.1.2 Residual Loss Payment**

The ISO will determine the difference between the payments by Transmission Customers for losses and the payments to Suppliers for losses associated with all Transactions (LBMP Market or Transmission Service under Sections 3, 4, and 5 of this Tariff) for both the Day-Ahead and Real-Time Markets. The accounting for losses at the margin may result in the collection of more revenue than is required to compensate the Generators for the Energy they produced to supply the actual losses in the system. This over collection is termed residual loss payments. The ISO shall calculate residual loss payments revenue on an hourly basis and will credit them against the ISO's Residual Adjustment (See Rate Schedule 1 of the ISO OATT).

### **16.2.2 Computation of Residual Loss Payments**

#### **16.2.2.1 Marginal Losses Component LBMP**

The ISO shall utilize the Marginal Losses Component of the LBMP on an Internal bus, an External bus, or a zone basis for computing the marginal contribution of each Transaction to the system losses. The computation of these quantities is described in this Attachment.

#### **16.2.2.2 Marginal Losses Component Day-Ahead**

The ISO shall utilize the Marginal Losses Component computed by computing the marginal contributions of each Transaction in the Day-Ahead Market.

#### **16.2.2.3 Marginal Losses Component Real-Time**

The ISO shall utilize the Marginal Losses Component calculated by the (i) RTD programs in most cases; or (ii) during intervals when the conditions specified in Part 17.1 of Attachment B of the Services Tariff exist at Proxy Generator Buses, the RTC program, for computing the Marginal Losses Component associated with each Transaction scheduled in the Real-Time Market (or deviations from Transactions scheduled in the Day-Ahead Market). The computations will be performed on an RTD-interval basis and aggregated to an hourly total.

#### **16.2.2.4 Charges**

Charges to reflect the impact of Energy consumed by each Load, or transmitted by each Transmission Customer on Marginal Losses Component shall be determined as follows. Each of these charges may be negative.

#### **16.2.2.5 Day-Ahead Charges**

As part of the LBMP charged to all LSEs scheduled Day-Ahead to purchase Energy from the LBMP Market, the ISO shall charge each such LSE the product of: (a) the withdrawal scheduled Day-Ahead in each Load Zone by that LSE in each hour, in MWh; and (b) the Marginal Losses Component of the Day-Ahead LBMP in that Load Zone, in \$/MWh.

As part of the TUC charged to all Transmission Customers whose transmission service has been scheduled Day-Ahead, the ISO shall charge each such Transmission Customer the product of (a) the amount of Energy scheduled Day-Ahead to be withdrawn by that Transmission

Customer in each hour, in MWh; and (b) the Marginal Losses Component of the Day-Ahead LBMP at the Point of Delivery (*i.e.*, Load Zone in which Energy is scheduled to be withdrawn or the bus where Energy is scheduled to be withdrawn under if Energy is scheduled to be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the Day-Ahead LBMP at the Point of Receipt, in \$/MWh.

#### **16.2.2.6 Real-Time Charges**

As part of the LBMP charged to all Customers or Transmission Customers that purchase Energy from the Real-Time LBMP Market, the ISO shall charge each such Customer or Transmission Customer the product of (a) the Actual Energy Withdrawals by that Customer or Transmission Customer in each Load Zone or at each Proxy Generator Bus in each hour, minus the Energy withdrawal scheduled Day-Ahead in that Load Zone or at that Proxy Generator Bus by that Customer or Transmission Customer for that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP in that Load Zone, in \$/MWh.

As part of the TUC charged to all Transmission Customers whose transmission service was scheduled after the determination of the Day-Ahead schedule, or who schedule additional transmission service after the determination of the Day-Ahead schedule, the ISO shall charge each such Transmission Customer the product of (a) Actual Energy Withdrawals by RTD in each hour, minus the amount of Energy scheduled Day-Ahead to be withdrawn by that Transmission Customer in that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP at the Point of Delivery (*i.e.*, the Load Zone in which Energy is scheduled to be withdrawn or the external bus where Energy is scheduled to be withdrawn if Energy is scheduled to be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the Real-Time LBMP at the Point of Receipt, in \$/MWh.

## **16.3 Transmission Service, Schedules and Curtailment**

### **16.3.1 Requests for Bilateral Transaction Schedules**

Firm Point-to-Point Transmission Service shall be available for internal Bilateral Transactions, CTS Interface Bids for Bilateral Transactions, Import and Export Bilateral Transactions, and Wheel-Through Transactions. Except as specified in Services Tariff section 4.4.1.2.2, External Transaction Bids may not vary over the course of an hour. Each such Bid must offer to import, export or wheel the same amount of Energy at the same price at each point in time within that hour. At Variably Scheduled Proxy Generator Buses that are not CTS Enabled Proxy Generator Buses, the ISO may vary External Transaction Schedules if the party submitting the Bid for such a Transaction indicates that the ISO may vary schedules associated with those Bids within the hour. The ISO will subject all CTS Interface Bids to variable scheduling in accordance with Services Tariff section 4.4.4. Transmission Customers may modify Bilateral Transactions that were scheduled Day-Ahead or propose new Bilateral Transactions, including External Bilateral Transactions, for economic evaluation within the Real-Time Market, provided however, that Bilateral Transactions with Trading Hubs as their POWs that were previously scheduled Day-Ahead may not be modified.

Transmission Customers scheduling Transmission Service to support a Bilateral Transaction with Energy supplied by an External Generator or Internal Generator shall submit the following information to the ISO:

- (1) Point of Injection location. For Transactions with Internal sources, the Point of Injection is the Generator's bus; for Transactions with Trading Hubs as their sources, the Point of Injection is the Trading Hub Generator bus; for Transactions

with External sources, the Point of Injection is the Proxy Generator Bus designated for Imports.

- (2) Point of Withdrawal location. For Transactions to serve Internal Load, the Point of Withdrawal is the Load bus; for Transactions to serve External load, the Point of Withdrawal is the Proxy Generator Bus designated for Exports; for Transactions with Trading Hubs as their sinks, the Point of Withdrawal is the Trading Hub Load bus;
- (3) Desired hourly MW schedules;
- (4) NERC Tag data;
- (5) A Sink Price Cap Bid for Export Transactions up to the MW level of the desired schedule, a Decremental Bid for Import and Wheel Through Transactions up to the MW level of the desired schedule; or a CTS Interface Bid for Transactions other than Wheels Through at CTS Enabled Proxy Generator Buses;
- (6) A direction for the desired flow for CTS Interface Bids submitted at the CTS Enabled Proxy Generator Buses; and
- (7) Other data required by the ISO.

### **16.3.2 ISO's General Responsibilities**

The ISO shall evaluate requests for Bilateral Transactions, and associated Transmission Service, submitted in the Day-Ahead scheduling process using Security Constrained Unit Commitment ("SCUC"), and will subsequently establish a Day-Ahead schedule. During the Dispatch Day, the ISO shall use the Real-Time Market to establish schedules for each hour of dispatch in that day.

The ISO shall use the information provided by Real-Time Market when making Curtailment decisions pursuant to the Curtailment rules described in Section 16.3.4 of this Attachment J.

### **16.3.3 Scheduling of Bilateral Transactions in the Day-Ahead Market and Real-Time Market**

#### **16.3.3.1 ISO Responsibilities**

The ISO shall model Bids for Import Bilateral Transactions and Bids for Export Bilateral Transactions as Bids to buy or sell a block of MW at a single price at their respective buses.

The ISO shall compute all NYCA Interface Transfer Capabilities and interface Ramp and NYCA Ramp capabilities prior to scheduling Transmission Service Day-Ahead and in real-time. The ISO shall evaluate (i) Decremental Bids from entities engaged in Bilateral Import Transactions and Wheels Through, (ii) Bids from entities engaged in Imports to the LBMP Market,; (iii) CTS Interface Bids from entities engaged in Imports and Exports at CTS Enabled Proxy Generator Buses; (iv) Energy Bids from internal Generators; (v) Sink Price Cap Bids from entities engaged in Bilateral Export Transactions; and (vi) Bids from entities engaged in Exports from the LBMP Market simultaneously when committing internal Generators and scheduling Import, Export and Wheel Through Transactions and Imports and Exports to and from the LBMP Market in the Day Ahead and Real-Time Markets, provided however, the ISO shall also evaluate Price Capped Load Bids simultaneously with (i) through (vi) in the Day Ahead Market.

#### **16.3.3.2 Scheduling Internal Bilateral Transactions**

The ISO shall schedule Firm Transmission Service between the Point of Injection at the Generator bus to the Point of Withdrawal at the Load bus equal to the request for Transmission Service in both the Day-Ahead and Real-Time Markets. The ISO shall use Energy Bids to

determine commitment and dispatch schedules for internal Generators including those providing Energy for an Internal Bilateral Transaction.

#### **16.3.3.3 Scheduling Export Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them**

The ISO shall use Bids supplied by Transmission Customers proposing Export Bilateral Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be exported under those Transactions in the Day-Ahead and Real-Time Markets respectively. The ISO shall not schedule Energy to be exported in amounts that exceed the Transfer Capability of the Interface.

The ISO shall schedule in the Day-Ahead and Real-Time Markets Firm Transmission Service for Export Bilateral Transactions between the Point of Receipt at the internal Generator bus and the Point of Delivery at the Proxy Generator Bus in an amount equal to the amount of Energy scheduled to be exported under those Transactions Day-Ahead and in real-time respectively.

The ISO shall use Energy Bids supplied by internal Generators designated as supporting Export Bilateral Transactions scheduled with Firm Transmission Service in the Day Ahead and Real-Time Markets to determine the Generator's commitment and dispatch schedule.

#### **16.3.3.4 Scheduling Import Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them**

The ISO shall use Bids from Transmission Customers proposing Import Bilateral Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be imported under those Transactions in the Day-Ahead and Real-Time Markets respectively. The ISO shall not schedule Energy to be imported in amounts that exceed the Transfer Capability of the Interface. The ISO shall schedule Firm Transmission Service in the

Day-Ahead and Real-Time Markets for Import Bilateral Transactions between the Point of Receipt at the Proxy Generator Bus and the Point of Delivery at the Load bus equal to the amount of Transmission Service requested to support those Transactions Day-Ahead and in real-time respectively.

#### **16.3.3.5 Scheduling Wheel Through Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them**

The ISO shall use Decremental Bids supplied by Transmission Customers proposing Wheel-Through Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be wheeled under those Transactions Day-Ahead and in real-time respectively. The ISO shall schedule Firm Transmission Service in the Day-Ahead and Real-Time Markets between the Point of Receipt at a Proxy Generator Bus designated for Imports and the Point of Delivery at a Proxy Generator Bus designated for Exports equal to the amount of Energy scheduled to be imported and Wheeled Through under those Transactions Day-Ahead and in real-time respectively.

#### **16.3.3.6 Scheduling Non Firm Transmission Service**

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

#### **16.3.3.7 Scheduling External Transactions at the Proxy Generator Buses Associated with Scheduled Lines**

Scheduling External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line shall also be governed by Section 29, Attachment N to the ISO Services Tariff.



### **16.3.3.8 Prohibited Transmission Paths**

The ISO shall not permit Market Participants to schedule External Transactions over the following prohibited scheduling paths:

1. External Transactions that are scheduled to exit the NYCA at the Proxy Generator Bus that represents its Interface with the Control Area operated by the Independent Electricity System Operator of Ontario (“IESO”), and to sink in the Control Area operated by PJM Interconnection, LLC (“PJM”);
2. External Transactions that are scheduled to exit the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to sink in the Control Area operated by IESO;
3. External Transactions that are scheduled to enter the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to source from the Control Area operated by IESO;
4. External Transactions that are scheduled to enter the NYCA at the Proxy Generator Bus that represents the NYCA’s Interface with the Control Area operated by IESO, and to source from the Control Area operated by PJM;
5. Wheels Through the NYCA that are scheduled to enter the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to sink in the Control Area operated by the Midwest Independent Transmission System Operator, Inc. (“MISO”);
6. Wheels Through the NYCA that are scheduled to exit the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to source from the Control Area operated by the MISO;

7. Wheels Through the NYCA that are scheduled to enter the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to sink in the Control Area operated by the MISO; and
8. Wheels Through the NYCA that are scheduled to exit the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to source from the Control Area operated by the MISO.

The ISO may add additional prohibited scheduling paths to the above list when the ISO, acting in consultation with its Market Monitoring Unit, determines that one or more scheduling paths are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow. The ISO shall inform its Market Participants of the additional prohibited scheduling path or paths by providing notice at least one week in advance of the implementation of any such prohibition. At the time the NYISO provides notice to its Market Participants the ISO shall submit a compliance filing in FERC Docket No. ER13-780 requesting authority to update the above list to reflect the additional prohibited scheduling path or paths. Any such compliance filing will include: (1) an explanation of the scheduling behavior the ISO has identified and why that behavior presents a concern to the ISO and its Market Monitoring Unit; and (2) an explanation of why the ISO believes that the problem it has identified can be remedied or mitigated by adding one or more new prohibited scheduling paths. The compliance filing will also include, or be accompanied by, a discussion of the Market Monitoring Unit's position regarding the ISO's proposal to add a new prohibited scheduling path or new prohibited scheduling paths. Unless FERC acts on the ISO's compliance filing, the ISO shall implement the new scheduling path prohibition(s) on the date proposed in its compliance filing.

The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 30.4.6.8.1 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

#### **16.3.4 Bilateral Transaction Adjustments, Curtailments and Settlements**

The DNI between the NYCA and adjoining Control Areas will be adjusted as necessary to reflect the effects of any Curtailments of Import or Export Transactions.

To the extent possible, Curtailments of External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line (as appropriate).

If a Transmission Customer's Firm Point-to-Point Transmission Service or Network Integration Transmission Service is supporting an Internal Bilateral Transaction, or an Import Bilateral Transaction, the ISO shall not reduce the Transmission Service. If a Transmission Customer's Firm Point-to-Point Transmission Service or Network Integration Transmission Service is supporting an Export Bilateral Transaction or a Wheel Through, the ISO shall reduce Transmission Service to the extent the amount of Energy scheduled to be exported or wheeled is reduced.

##### **16.3.4.1 Import Bilateral Transactions**

If the amount of Energy scheduled to be imported in an Import Bilateral Transaction in the Day-Ahead Market is less than the amount of Transmission Service requested and scheduled Day-Ahead in association with that Import Bilateral Transaction, the Transmission Customer shall pay the Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT. The

Transmission Customer shall continue to pay the Day-Ahead TUC for the amount of Transmission Service scheduled.

If the Import Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Import Bilateral Transaction was revised following the Day-Ahead Market, and the amount of Energy scheduled to be imported in real-time (modified for within-hour changes in DNI, if any) is less than the amount of Transmission Service requested in real-time in association with that Transaction, then the Transmission Customer shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT. If the Import Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Import Bilateral Transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service requested in real-time in association with that Transaction minus the amount of Transmission Service requested Day-Ahead in association with that Transaction.

#### **16.3.4.2 Export Bilateral Transactions, Internal Bilateral Transactions and Wheel Through Transactions**

If the internal Generator designated to supply the Export Bilateral Transaction or internal Bilateral Transaction has been scheduled Day-Ahead to produce Energy in an amount that is less than the amount of Transmission Service scheduled Day-Ahead in association with that internal or Export Bilateral Transaction, the internal Generator shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT.

If the internal Generator designated to supply the Export Bilateral Transaction or internal Bilateral Transaction has been dispatched in real-time to produce Energy in an amount that is less than the amount of Transmission Service scheduled in real-time in association with that

internal or Export Bilateral Transaction, the internal Generator shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT.

If the Export Bilateral Transaction or internal Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Export Bilateral Transaction or internal Transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service scheduled in real time in association with that Transaction minus the amount of Transmission Service scheduled Day-Ahead in association with that Transaction.

If a Wheel-Through Transaction was scheduled following the Day-Ahead Market, or the schedule for the Wheel-Through transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service scheduled in real time in association with that Transaction minus the amount of Transmission Service scheduled Day-Ahead in association with that Transaction.

#### **16.3.4.2.1 Generators**

Notwithstanding the foregoing, the amount of Transmission Service scheduled in real-time for internal Bilateral Transactions supplied by one of the following Generators shall retroactively be set equal to that Generator's actual output in each RTD interval:

16.3.4.2.1.1 Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule;

16.3.4.2.1.2 Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam

system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 533 MW of such units; and

16.3.4.2.3 Intermittent Power Resources that depend on landfill gas or solar for their fuel, existing Intermittent Power Resources that depend on wind as their fuel, other than those for which the NYISO has imposed a Wind Output Limit, and Limited Control Run of River Hydro Resources in operation on or before November 18, 1999 within the NYCA, plus up to an additional 3300 MW of such Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

#### **16.3.4.3 Non-Firm Transmission**

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

#### **16.3.4.4 Procedure for Relieving Security Violations**

If a security violation occurs or is anticipated to occur, the ISO shall attempt to relieve the violation using the following procedures:

16.3.4.4.1 Dispatch Internal Generators, based on Incremental Energy Bids , including committing additional resources, if necessary;

- 16.3.4.4.2      Adjust the DNI associated with External Transactions: Curtail External Firm Transactions until the Constraint is relieved by (1) Curtailing based on , CTS Interface Bids, Decremental Bids and Sink Price Cap Bids; and (2) except for External Transactions with minimum run times, prorating Curtailment of equal cost transactions;
- 16.3.4.4.3      Request Internal Generators to voluntarily operate in manual mode below minimum or above maximum dispatchable levels. When operating in manual mode, Generators will not be required to adhere to minimum ramp rates, nor will they be required to be respond to RTD Base Point Signals;
- 16.3.4.4.4      In over generation conditions, decommit Internal Generators based on Minimum Generation Bid rate in descending order; and
- 16.3.4.4.5      Invoke other emergency procedures including involuntary load Curtailment, if necessary.

**17      Attachment K – Reservation of Certain Transmission Capacity and LBMP  
Transition Period**



## **17.1 General Description of Existing Transmission Capacity Reservations**

This Attachment describes (i) the treatment of Existing Transmission Agreements (“ETA”), including Transmission Wheeling Agreements (“TWA”), Third Party Transmission Wheeling Agreements (“Third Party TWA”), and Transmission Facility Agreements (“TFA”), (ii) the treatment of Grandfathered Rights and Grandfathered TCCs arising out of such Existing Transmission Agreements, and (iii) the creation of Existing Transmission Capacity for Native Load.

Nothing in this Attachment K shall impact the rights of parties to make Section 205 filings pursuant to the FPA to amend, terminate, or otherwise modify ETAs or, for agreements not subject to FERC jurisdiction, the rights of parties to amend, terminate, or otherwise modify ETAs.

## **17.2 TWA, Third Party TWA, and TFA Treatment; ETCNL Creation**

### **17.2.1 TWAs between Transmission Owners Associated with Generators or Power Supply Contracts (Modified Wheeling Agreements)**

**17.2.1.1** Each TWA between Transmission Owners associated with a Generator or a power supply contract was converted into a Modified Wheeling Agreement (“MWA”) on or around the start-up of the ISO. Such TWAs converted to MWAs are listed in Attachment L, Table 1A, where the “Treatment” column is denoted as “MWA.” The terms and conditions of each of these TWAs shall remain unchanged by the conversion except as follows:

- (i) the MWA customer had the option of retaining Grandfathered Rights or converting those Grandfathered Rights to Grandfathered TCCs pursuant to Section 17.2.5;
- (ii) the rights and obligations under the MWA shall be assignable, in whole or in part, with the transfer of a Generator or rights under a power supply contract to an assignee that satisfies reasonable creditworthiness standards;
- (iii) the MWA customer or the assignee will continue to pay the embedded cost-based rate for Transmission Service in accordance with Section 17.4.
- (iv) the MWA customer shall have to pay for losses under this ISO OATT in accordance with Section 17.5, and the Transmission Owner shall not charge the MWA customer or the assignee of the MWA for losses to the extent they are provided under this ISO OATT;
- (v) the payments under MWAs related to Grandfathered Rights and Grandfathered TCCs do not include the costs of Ancillary Services as provided in Section 17.6,

and customers under these agreements will be responsible for Ancillary Services consistent with the provisions of Section 17.6; and

- (vi) the corresponding MWA will be terminated to the extent the MWA is to transmit Energy from a Generator, upon the retirement of the associated Generator, the termination of the associated power supply contract, or such other date specified in the MWA by mutual agreement of the parties to the MWA.

**17.2.1.2** As long as each MWA customer retains Grandfathered Rights or Grandfathered TCCs, it must maintain all MWAs from each associated Point of Injection of the Generator or the NYCA Interconnection with another Control Area to the corresponding Point of Withdrawal of the Load served by the MWA or at the NYCA Interconnection with another Control Area. The Point of Injection may be designated as the “Point of Receipt,” or similar, under the MWA. The Point of Withdrawal may be designated as the “Point of Delivery,” or similar, under the MWA.

## **17.2.2 Third Party TWAs**

**17.2.2.1** Each existing Third Party TWA, each of which is listed in Attachment L, Table 1A, where the “Treatment” column is denoted as “Third Party TWA” will remain in effect in accordance with its terms and conditions, including provisions governing modification or termination, except that the Third Party TWA customer had the option of:

- (i) retaining Grandfathered Rights; or
- (ii) converting the Grandfathered Rights to Grandfathered TCCs pursuant to Section 17.2.5; or

- (iii) terminating the existing agreement (if the terms and conditions allowed for termination) and obtaining Transmission Service subject to the rates, terms, and conditions of this ISO OATT.

**17.2.2.2** As long as each Third Party TWA customer retains Grandfathered Rights or Grandfathered TCCs, it must maintain all Third Party TWAs from each associated Point of Injection of the Generator or the NYCA Interconnection with another Control Area to the corresponding Point of Withdrawal of the Load served by the Third Party TWA or at the NYCA Interconnection with another Control Area.

**17.2.2.3** Each Third Party TWA customer, whether it elects Grandfathered TCCs or Grandfathered Rights, shall have the right to inject Energy at the specified Point of Receipt and withdraw it at the specified Point of Delivery in designated amounts without application of a TSC.

### **17.2.3 Other TWAs Between Transmission Owners**

On or around ISO start-up, certain TWAs between the Transmission Owners were terminated. These TWAs are listed in Attachment L, Table 1A, where the “Treatment” column is denoted as “Terminated,” and no rights or obligations shall be associated with such terminated TWAs pursuant to this ISO OATT.

### **17.2.4 Transmission Facilities Agreements**

Existing TFAs containing no provisions for transmission service require no modifications. These agreements are listed in Attachment L, Table 2.

TFAs are listed in Attachment L, Table 1A, where the “Treatment” column is denoted as “Facility Agmt - MWA.” These TFAs will remain in effect in accordance with their terms and conditions, including any provision governing modification or termination.

#### **17.2.5 Grandfathered Rights and Grandfathered TCCs Created from MWAs, Third Party TWAs, and TFAs**

**17.2.5.1** Each MWA customer, Third Party TWA customer, and TFA customer (such customers being listed as the “requestor” in Attachment L, Table 1A):

- (i) was initially deemed to hold a Grandfathered Right with the Point of Injection, Point of Withdrawal, termination date, and other terms of the ETA which Grandfathered Right shall (unless converted to a Grandfathered TCC) continue in effect pursuant to the terms of the ETA, subject to Section 17.9; and
- (ii) was permitted to convert such Grandfathered Right into a Grandfathered TCC until the date that was the earlier of two weeks prior to the first Centralized TCC Auction or six weeks prior to the start-up of the ISO, which Grandfathered TCC shall continue in effect consistent with the terms of the ETA, subject to Section 17.9.

**17.2.5.2** Grandfathered Rights may no longer be converted to Grandfathered TCCs. Grandfathered TCCs may not be converted to Grandfathered Rights.

**17.2.5.3** For the Third Party TWAs listed in Attachment L, Table 1A, contract numbers 55-62, 65-66, 73-82, 84-92, 98-114, 150-190, each specific individual municipal or cooperative electrical system listed in each such ETA shall be deemed to be the Third Party TWA customer for purposes of holding

Grandfathered Rights or Grandfathered TCCs in specified amounts between specified Points of Injection and Points of Withdrawal. Those Grandfathered Rights or Grandfathered TCCs are the Grandfathered Rights or Grandfathered TCCs of the municipal or cooperative. Whether Grandfathered Rights or Grandfathered TCCs are held by the municipal or cooperative, it thereby waives all rights under the Federal Power Act associated with NYPA's obligation to secure transmission wheeling arrangements on its behalf associated with the Third Party TWA rights elections.

#### **17.2.6 Existing Transmission Capacity for Native Load**

Certain transmission capacity associated with the use of a Transmission Owner's own system to serve its own load was designated as Existing Transmission Capacity for Native Load ("ETCNL") as shown on Table 3 of Attachment L.

Such ETCNL shall not be increased above the megawatt (MW) amounts noted in Attachment L, Table 3. The requirements and procedures relating to ETCNL reduction are set forth in Attachment M of the ISO OATT.

### **17.3 Congestion Terms Applicable to Grandfathered Rights and Grandfathered TCCs Under MWAs, TFAs, and Third Party TWAs**

#### **17.3.1 Congestion Charge Relief Associated with Grandfathered Rights**

Each holder of Grandfathered Rights has the right to inject power at one specified bus and take power at another specified bus up to amounts reflected in Attachment L, Table 1A, without having to pay the Congestion Component of the TUC, but only to the extent it schedules (in accordance with applicable ISO Procedures) the injection and withdrawal Day-Ahead and is on schedule. If the holder of the Grandfathered Right does not schedule Energy Day-Ahead or inject or withdraw Energy, it will not receive (or pay) any Congestion Rents associated with the Transaction. If the holder of a Grandfathered Right schedules Day-Ahead and/or transacts for a portion of the Grandfathered Rights that are retained, it will not receive any compensation for the unused transmission capacity. If the holder of a Grandfathered Right transmits Energy without scheduling it Day-Ahead (in accordance with applicable ISO Procedures) or exceeds the amounts specified in Attachment L, Table 1A, the customer will pay the real-time TUC for all Energy transmitted under the Transaction exceeding the Day-Ahead schedule or the number of MW of Grandfathered Rights. This TUC will include real-time Congestion Rents.

#### **17.3.2 Congestion Rents Collectible for Grandfathered TCCs**

Each holder of Grandfathered TCCs shall receive (or pay, when negative congestion occurs) the Day-Ahead Congestion Rent associated with its Grandfathered TCCs pursuant to Attachment N, but will be subject to the service provisions of the ISO Tariff, including the duty to pay for (i) Congestion Rent, and (ii) Marginal Losses for use of the transmission system in accordance with the provisions of the ISO OATT.

**17.4. Obligation to Pay Contractually Agreed Transmission Rates; Relief from TSC**

**17.4.1 MWA Customers and TFA Customers to Continue to Pay Contractually Agreed Transmission Rates**

Each MWA or TFA customer shall continue to pay the Transmission Owner rates set forth in the MWA or TFA. Rates under each MWA or TFA shall be based on embedded cost, and these embedded cost rates may be updated, if allowed for in the terms and conditions of each MWA or TFA. The MWA customer or TFA customer or its assignee shall pay the Transmission Owner directly.

**17.4.2 Third Party TWA Customers to Continue to Pay Contractually Agreed Transmission Rates**

Subject to Section 17.6, each Third Party TWA customer will pay the Transmission Owner transmission charges in accordance with the terms and conditions of the Third Party TWA, including any provisions governing modification or termination. The Third Party TWA customer or its assignee shall pay the Transmission Owner directly.

**17.4.3 Transmission Service Charge Relief**

Each MWA, Third Party TWA, or TFA customer, whether it elected Grandfathered TCCs or Grandfathered Rights pursuant to Section 17.2.5, shall have the right to inject Energy at the specified Point of Injection and withdraw it at the specified Point of Withdrawal in designated amounts without application of a TSC, provided that the MWA, Third Party TWA, or TFA customer schedules it pursuant to applicable ISO Procedures.



## **17. 5. Responsibility For Losses**

### **17.5.1 MWA Customers and TFA Customers to Pay Losses**

**17.5.1.1** Each MWA customer or TFA customer, irrespective of whether it chose Grandfathered Rights or Grandfathered TCCs under Section 17.2.5, shall pay the ISO for losses under this ISO OATT. The Transmission Owner shall not charge for losses under the MWA or TFA to the extent the losses are provided under this ISO OATT. The MWA customer or TFA customer will pay or receive payment for losses between the Point of Injection and the Point of Withdrawal under the MWA or TFA listed in Attachment L, Table 1A, as calculated in accordance with this ISO OATT.

**17.5.1.2** To the extent losses on the Transmission Owner's system are not provided under this ISO OATT, the Transmission Owner may charge for losses unless prohibited from doing so under the MWA or TFA.

### **17.5.2 Third Party TWA Customers to Pay Losses**

**17.5.2.1** Each Third Party TWA customer, irrespective of whether it chose Grandfathered Rights or Grandfathered TCCs under Section 17.2.5, shall pay the ISO for losses under the ISO OATT. The Transmission Owner shall not charge for losses under the Third Party TWA to the extent the losses are provided under this ISO OATT. The Third Party TWA customer will pay or receive payment for losses between the Points of Injection and Points of Withdrawal under the Third Party TWA listed in Attachment L, Table 1A, as calculated in accordance with this ISO OATT.

**17.5.2.2** To the extent losses on the Transmission Owner's system are not provided under this OATT, the Transmission Owner may charge for losses, unless prohibited from doing so under the Third Party TWA.

## **17.6 Responsibility for Ancillary Services**

Irrespective of whether an ETA is a MWA, Third Party TWA or a TFA, or whether a customer thereunder elected Grandfathered Rights or Grandfathered TCCs, the customer shall be responsible for payment for any applicable Ancillary Services that shall be provided pursuant to this ISO OATT.

## **17.7 LBMP Transition Period and Payment**

At the present time, the Member Systems do not have sufficient data to calculate the LTPP term of the TSC formula. This provision shall only become effective upon the filing of such data and the determination of the LTPP payments with the Commission. Prior to such filing, the LTPP will be set to zero.

A “LBMP Transition Period” shall be established under which the Investor-Owned Transmission Owners shall be subject to a schedule of fixed monthly transmission payments (“LBMP Transition Period Payments” or “LTPP”). These payments will occur for the period commencing with the start of the first Centralized TCC Auction and continuing for a period of five (5) years following implementation of both the Day-Ahead and Real-Time Markets. The formula for calculating the LTPP is shown below. The LTPP calculation is based upon the differences between each Investor-Owned Transmission Owner’s net transmission revenues and expenses under the current NYPP system and the proposed restructured NYPP system utilizing LBMP. The specific factors include: (1) the amount of transmission revenues/expenses eliminated through the termination of some TWAs including existing net Transmission Fund (“T-Fund”) distributions in effect under the current NYPP pricing mechanism; (2) estimated Congestion Rents to be paid under LBMP; (3) revenues received from the distribution of Net Congestion Rents and the sale of TCCs; and (4) transmission revenues received from off-system sales. The LTPP to be paid or received by the Investor-Owned Transmission Owners during the LBMP Transition Period are designed to offset the net effect of these revenues and expenses.

The LTPP will be calculated once for the entire LBMP Transition Period within thirty (30) days after the initial Centralized TCC Auction. The sum of all LTPPs for the Investor-Owned Transmission Owners shall be zero.

The formula for the calculation of the LTPP for each Investor-Owned Transmission

Owner is as follows:

$$\text{LTPP} = \text{RTA} + \text{CR} - \text{SR}_1 - \text{SR}_2 - \text{CRR} - \text{ROS}$$

Where:

**RTA** = Net reduction in revenue resulting from the termination of existing transmission wheeling agreements, effective upon LBMP implementation;

**CR** = Estimated Congestion Rents to be incurred under LBMP;

**SR<sub>1</sub>** = Revenues from the Direct Sale of Original Residual TCCs and Grandfathered TCCs by Transmission Owners prior to the first Centralized TCC Auction, which are valued at the Market Clearing Prices from the first Centralized TCC Auction;

**SR<sub>2</sub>** = Actual revenues from the allocation of TCC sales revenues from the first Centralized TCC Auction;<sup>14</sup>

---

<sup>14</sup> For the purposes of calculating the LTPP, each Original Residual TCC shall be valued at a weighted average of the prices determined in Stage 1 of the Centralized TCC Auction. The weighted average shall be computed by multiplying the fraction of total transmission capability offered for sale in Stage 1 of the Auction that will be offered for sale in that round, as determined by the Transmission Providers, and the Market Clearing Price of that TCC in that round, summed over all Stage 1 rounds. The price at which Transmission Providers sell Original Residual TCCs through sales prior to the Centralized TCC Auction shall not affect the calculation of the LTPP. NYPA's NTAC (See Attachment H) shall be calculated by valuing their Original Residual TCCs at the greater of the market value of a TCC, as determined by this weighted average of the Market Clearing Prices of that TCC in Stage 1 of the Centralized TCC Auction, or the price at which NYPA sells the Original Residual TCCs through sales prior to the Centralized TCC Auction, if it chooses to do so.

**CRR =** Estimated revenues received from the ownership of TCCs, based on the results from the first Centralized TCC Auction and Imputed Revenues from Grandfathered Rights; and

**ROS =** Transmission revenues received from off-system sales, as reported in FERC Form 1.

All estimates or forecasts used to determine each LTPP are subject to unanimous agreement among the Investor-Owned Transmission Owners; absent unanimous agreement, they may unanimously agree to submit to mediation or arbitration; absent this latter agreement, then each such Transmission Owner reserves its rights under the FPA to justify or protest LTPP estimates or forecasts.

The LTPP will be based on the latest available FERC Form 1 data for transmission revenues and expenses.

## **17.8 Sale or Other Transfer of Grandfathered Rights and Grandfathered TCCs**

### **17.8.1 Transfers of Grandfathered Rights**

An ETA customer will not be permitted to resell or transfer Grandfathered Rights unless permitted in the existing agreements, except as noted in Section 17.2.1.1(ii).

### **17.8.2 Transfers of Grandfathered TCCs**

**17.8.2.1** Grandfathered TCCs may be transferred (whether through sale or otherwise) in the same manner in which other types of TCCs may be transferred pursuant to Attachment M; provided, however, if a Transmission Owner sells Grandfathered TCCs, the Transmission Owner shall do so either through Direct Sales or through Centralized TCC Auctions or Reconfiguration Auctions, as provided in Attachment M of the ISO OATT.

**17.8.2.2** To the extent a Grandfathered TCC is transferred (other than in connection with the assignment of the underlying ETA), the relief from the Transmission Service Charge (as provided in Section 17.4.3) and the obligation to pay the transmission charges set forth in an ETA (as provided in Section 17.4.1 and Section 17.4.2) shall continue to apply to the ETA customer, and such rights and obligations shall not transfer with the transfer of the Grandfathered TCC.

### **17.8.3 Appointment of Settlement Agent is Not a Transfer**

A holder of a Grandfathered Right or Grandfathered TCC may appoint the party indicated in Attachment L, Table 1A, in the column labeled “Requestor” to hold the Grandfathered Right or Grandfathered TCC for the ultimate benefit of the ETA customer, and such parties shall be

deemed to be the holder of the Grandfathered Right or Grandfathered TCC. The holding by such party shall not be deemed a transfer.



## **17.9 Basis for Settlements; Procedures for Revising Information Necessary for Grandfathered Right and Grandfathered TCC Settlements**

### **17.9.1 ISO to Make GFR/GFTCC Settlements Based on Information Made Available Through Established Procedures**

**17.9.1.1** The ISO shall maintain on its website a list of all Accepted Revisions, including the date each such Accepted Revision took effect. The ISO shall also maintain on its website a copy of Attachment L, Table 1A that will be updated from time to time to reflect Accepted Revisions.

**17.9.1.2** Notwithstanding other provisions of the ISO Tariffs, but subject to Sections 17.9.1.3, 17.9.1.4, 17.9.1.5 the ISO shall base Settlements pertaining to Grandfathered Rights and Grandfathered TCCs (and conduct Centralized TCC Auctions and administer other processes pertaining to Grandfathered Rights and Grandfathered TCCs) on information listed in Attachment L, Table 1A, and on Accepted Revisions then in effect; provided, however:

- (i) the ISO shall administer Reconfiguration Auctions and Centralized TCC Auctions on the basis of information listed in Table 1A and Accepted Revisions in effect thirty (30) or more days prior to the first round of the relevant auction and the ISO shall not include more recent changes; provided, however, see provisions in 17.9.1.3; and
- (ii) the ISO shall perform Net Congestion Rent calculations under Attachment N of the ISO OATT on the basis of Table 1A and Accepted Revisions in effect thirty (30) or more days prior to the initial ISO calculation of the related allocation factors and the ISO shall not include more recent changes; and

- (iii) the ISO shall process requests for Historic Fixed Price TCCs pursuant to Attachment M, on the basis of information listed in Table 1A and Accepted Revisions in effect thirty (30) or more days prior to the deadline for submitting the documentation necessary to request an Historic Fixed Price TCC; provided, however, for requests for Historic Fixed Price TCCs based on Accepted Revisions in effect fewer than 30 days prior to the deadline or following the deadline for submitting the documentation necessary to request an Historic Fixed Price TCC, see 17.9.1.3.

**17.9.1.3** If an Accepted Revision, pursuant to which the ISO may offer an entity an Historic Fixed Price TCC, is in effect fewer than 30 days prior to the deadline or following the deadline for submitting the documentation necessary to request an Historic Fixed Price TCC, the ISO shall:

- (i) As provided for in the ISO Transmission Congestion Contracts Manual, use the specified period of time (“reasonable period”) to expeditiously determine eligibility of the entity and, if eligible, offer the entity an Historic Fixed Price TCC pursuant to Attachment M and process its request for, or decline of, an Historic Fixed Price TCC;
- (ii) Base settlements pertaining to Grandfathered Rights and Grandfathered TCCs pursuant to the terms of the Accepted Revision. Settlements pertaining to Grandfathered TCC or Grandfathered Right will reflect the termination of, or other change in, the Grandfathered TCC or Grandfathered Right provided by the Accepted Revision, except as otherwise provided in 17.9 and Attachment M;

- (iii) Hold the Transmission Capacity made available by the Accepted Revision out of Centralized TCC Auctions and Reconfiguration Auctions until it is determined that the party is not eligible for an Historic Fixed Price TCC or declines the Historic Fixed Price TCC, or elects an effective date for the Historic Fixed Price TCC of the first day of the following Capability Period. As appropriate, the transmission capacity made available by the Accepted Revision will be released into the first Reconfiguration Auction or Centralized TCC Auction that occurs 30 days or more after the terms of the Accepted Revision make it available. If the entity elects some or all its Historic Fixed Price TCC, the ISO shall not release Transmission Capacity made available by the Accepted Revision into a Reconfiguration Auction or Centralized TCC Auction to the extent it supports the Historic Fixed Price TCC.

**17.9.1.4** If a signatory to the ETA provides notification and documentation pursuant to Section 17.9.3 that supports a change in an ETA or a change in Attachment L information, or entitlement to an Historic Fixed Price TCC, that was effective prior to a Settlement, the ISO shall make adjustments to the Settlement, in accordance with and to the extent permitted by the billing and payment provisions of the ISO OATT.

**17.9.1.5** A termination of an ETA based on the occurrence of an event, which event is described in the cells of Attachment L, Table 1A, and a change to information in the cells of Attachment L, Table 1A, which change is related to a footnote to Table 1A that informs, supplements or modifies information in the cells of Table 1A, shall be in effect as an Accepted Revision after the ISO receives written

notification of the occurrence of the event or the change to information in the cells of Attachment L, Table 1A from a signatory to the ETA in accordance with the provisions of Section 17.9.3.

### **17.9.2 Responsibility for Providing Revised Information**

The signatories to an ETA shall notify the ISO of any revisions to Table 1A information that may impact Settlements (and TCC related processes), including the termination of an ETA based on the occurrence of an event, in accordance with the provisions of Section 17.9.3. The signatories to an ETA shall also notify the ISO of any revisions to information in the cells of Attachment L, Table 1A, which revision may impact Settlements (and TCC related processes) and which is related to a footnote to Table 1A that informs, supplements, or modifies information in the cells of Table 1A.

### **17.9.3 Process for Making Accepted Revisions Other than Accepted Revisions Pursuant to Section 17.9.1.4**

**17.9.3.1**      *Non-NYPA/LIPA ETAs (Accepted Revision Due to ETA Amendment).* For an ETA in which neither NYPA nor LIPA is the provider of service, a proposed revision to Attachment L, Table 1A pursuant to an amendment of the underlying ETA will be in effect as an Accepted Revision as of the start of the second day following the day that (i) the ISO has received a written notification of a change in the ETA from a signatory to the ETA in accordance with ISO Procedures, and (ii) the ISO has received a FERC order approving the change; *provided, however*, settlements and the administration of other processes pertaining to Grandfathered Rights and Grandfathered TCCs will be made in accordance with the provisions of Section 17.9.1.

**17.9.3.2**      *Non-NYPA/LIPA ETAs (Accepted Revision Not Due to ETA Amendment).*

For ETAs in which neither NYPA nor LIPA is the provider of service, a proposed revision to Attachment L, Table 1A to make it consistent with the existing terms of an ETA will be in effect as an Accepted Revision as of the start of the second day following the day that: (i) the ISO has received a written notification of a change in the Table 1A information from a signatory to the ETA in accordance with ISO Procedures and confirmation that a copy of the notification has been provided to all other signatories to the ETA, and a copy thereof, and (ii) the ISO has received FERC orders, copies of the relevant agreement(s) (including amendments thereto), or other information relevant to the change; *provided, however*, settlements and the administration of other processes pertaining to Grandfathered Rights and Grandfathered TCCs will be made in accordance with the provisions of Section 17.9.1. If the ISO receives notification from any signatory to the ETA that it objects to the requested change in the information in Table 1A, the ISO will immediately notify the party requesting the change and the ISO will not implement the requested change until the disagreement between the signatories has been resolved pursuant to the dispute resolution provisions of the ETA or by an appropriate legal authority.

**17.9.3.3**      *NYPA/LIPA ETAs.* For ETAs in which NYPA or LIPA is the provider of service, a proposed revision to Attachment L, Table 1A pursuant to an amendment of a transmission agreement or to make Table 1A consistent with the existing terms of a transmission agreement will be in effect as an Accepted Revision as of the start of the second day following the day that (i) the ISO has

received a written notification of a change in the ETA or change in Attachment L information from a signatory to the ETA in accordance with ISO Procedures and confirmation that a copy of the notification has been provided to all other signatories to the ETA, and a copy thereof, and (ii) the ISO has received copies of the relevant agreement(s) (including amendments thereto) or other information relevant to the change; *provided, however*, settlements and the administration of other processes pertaining to Grandfathered Rights and Grandfathered TCCs will be in accordance with the provisions of Section 17.9.1. If the ISO receives notification from any signatory to the ETA that it objects to the requested change in the information in Table 1A, the ISO will immediately notify the party requesting the change and the ISO will not implement the requested change until the disagreement between the signatories has been resolved pursuant to the dispute resolution provisions of the ETA or by an appropriate legal authority.

**17.9.3.4**      *ISO to Notify Market.* The ISO shall provide reasonable notice to all Customers when it receives written notification of a change to Table 1A information pursuant to Section 17.9.1.4 or Sections 17.9.3.1(i), 17.9.3.2(i), or 17.9.3.3(i).

**17.9.3.5**      *ISO Responsibility for Review.* In receiving written notification of a proposed revision to Attachment L, Table 1A and copies of information related to such change, the ISO will process the Accepted Revision strictly on the basis of the receipt of such information and the representations it receives from the parties to the ETA.

#### **17.9.4 Accepted Revisions to be Incorporated into Attachment L**

The ISO shall annually present revisions to Attachment L, Table 1A to stakeholders for filing with the Commission to reflect Accepted Revisions posted on the ISO website; *provided, however,* that the ISO shall have no obligation to propose revisions to Table 1A if no Accepted Revisions have been posted on the ISO website.

**18 ATTACHMENT L – TRANSMISSION AGREEMENTS & EXISTING TRANSMISSION CAPACITY FOR NATIVE LOAD TABLES**



## 18.1 Transmission Wheeling Agreements

### 18.1.1 Table 1 A - Long Term Transmission Wheeling Agreements

Table 1A Administrative Rules:

- Accepted Revisions to Attachment L Table 1A are posted on the ISO website.
- ISO shall model contract #5 as follows: Bowline 1 to Zone H for 5 MW and Bowline 2 to Zone H for 5 MW.
- Contracts #49.1 and #49.2 have declining allocations of MWs, as follows:

Contract #49.1		Contract #49.2	
11/18/99 - 11/17/00 = 77 MW	11/18/04 - 11/17/05 = 54 MW	11/18/99 - 11/17/00 = 43 MW	11/18/04 - 11/17/05 = 23 MW
11/18/00 - 11/17/01 = 72 MW	11/18/05 - 11/17/06 = 50 MW	11/18/00 - 11/17/01 = 39 MW	11/18/05 - 11/17/06 = 19 MW
11/18/01 - 11/17/02 = 68 MW	11/18/06 - 11/17/07 = 45 MW	11/18/01 - 11/17/02 = 35 MW	11/18/06 - 11/17/07 = 15 MW
11/18/02 - 11/17/03 = 63 MW	11/18/07 - 11/17/08 = 40 MW	11/18/02 - 11/17/03 = 31 MW	11/18/07 - 6/30/35 = 11 MW
11/18/03 - 11/17/04 = 59 MW		11/18/03 - 11/17/04 = 27 MW	

- One proxy bus in each of the neighboring Control Areas has been designated for any agreement that identifies a POI or POW in that neighboring Control Area. Such Proxy Generator Bus shall be deemed to be the POI or POW for purposes of Settlements. In addition, POIs and POWs referencing a Transmission District (or similar service area designations) shall reference a transmission zone. In addition corrections to certain named POIs and POWs are made. These changes are as follows:

POI/POW Designation Listed in Table 1A	POI/POW Modeled in Auctions by ISO
CHG&E	Hudson Valley
Con Ed - North	Millwood
NYSEG - East	Mohawk Valley
NMPC - East	Capital
Mohansic - CE No	Millwood
Con Ed - Mid Hud	Hudson Valley
Con Ed - Cent.	Dunwoodie
Con Edison	New York City
LIPA	Long Island
NYSEG - Cent.	Central
NYSEG - Mech.	Capital
NYSEG - Hudson	Hudson Valley
NYSEG - Brewster	Millwood
NYSEG - North	North
NMPC Cent. Ea.	Mohawk Valley

POI/POW Designation Listed in Table 1A	POI/POW Modeled in Auctions by ISO
O&R	Hudson Valley
RG&E	Genessee or Ginna as listed
NYPA H	Millwood
NMPC - West	West
NYPA C	Central
NMPC - Genessee	Genessee
NMPC - Cent.	Central
NYPA - North	North
NYPA - E	Mohawk Valley
NYSEG - West	West
NYPA West	West
Adirondack	North
Moses 17 18	St. Lawrence
Pleasant Valley 345	Pleasant Valley

- The ISO does not calculate LBMP at Watertown HYD or at Watertown Muni PI; accordingly the ISO models contract #215 from MHK VL to MHK VL.
- Unless otherwise specified herein, all dates provided in the "Cont./Exp./Termination Date" column shall be deemed to run through and include the end of the last hour of the contract expiration/termination date. All contracts set to expire/terminate upon notice or upon the occurrence of a contingency (e.g., the retirement of a Generator) shall be deemed to have expired/terminated at the end of the last hour of the date provided for in the notice or the date such contingency occurs, provided that the ISO has received evidence satisfactory to the ISO of the delivery of such notice or of the occurrence of such contingency in accordance with Attachment K of the OATT and ISO Procedures.
- Ordinarily, the party with rights to request transmission under an ETA is the Primary Holder of the related Grandfathered TCC or the holder of the related Grandfathered Right. However, where a party has been appointed to act on behalf of another party holding transmission rights under an ETA, the appointed party is indicated in parentheses. Similarly, when a Grandfathered TCC has been transferred but the parties to the ETA have not changed, the holder of the Grandfathered TCC is indicated in parentheses.
- POWs listed in parentheses in the "POW" column indicate that the underlying agreement to which such cell relates provides for redirect rights to such POWs.
- The capacity figures designated under the columns "Sum Cap. Per. MW (ISO)" and "Win Cap. Per. MW (ISO)" denote maximum amounts that are designated for grandfathering treatment but do not constitute rights to use or schedule capacity independent of the provisions of the underlying contracts.

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
1	141	CHG&E	NMPC	Nine Mile Pt #2	101	NMP2	CHG&E	2/14/75	Ret. of Nine Mile Pt. #2	MWA-NMP2	101	101			101		101	101					
2	128	CHG&E	NMPC	Gilboa	100	Gilboa #1	CHG&E	5/10/73	6/30/2002	MWA-Gilboa Contract	100	100					100						
3	N/A	CHG&E	NYPA	Marcy South Facility	300	CHG&E	Con Ed - North	12/7/83	Ret. of Roseton	Facility Agmt. - MWA	300	300							300				
4	26	CHG&E	NYSEG	West Woodbourne	25	NYSEG - East	NMPC - East	6/24/64	Ret. of Nine Mile Pt. #2	Facility Agmt. - MWA	25	25					25						
5	87	Con Edison	NYSEG	Mohansic – Wheeling	10	Bowline	Mohansic - CE No	8/23/83	Ret. of Bowline	Facility Agmt-MWA-Bowline	10	10							10				
8	N/A	Con Edison	NYPA	Gilboa	125	Gilboa #1	Con Ed - Mid Hud	4/1/89	6/30/2004	MWA-Gilboa Contract	125	125					125						
9	N/A	Con Edison	LIPA	Y50 Cable(1)	291	Con Ed - Cent.	Con Edison	4/4/75	Life of the facility	Facility Agmt - MWA	291	291									291		
12.1	142	LIPA	NMPC	Fitzpatrick Delivery - Firm	160/124	Fitzpatrick	Con Ed - Mid Hud	2/14/75	Upon 1 year notice from LIPA to NMPC	MWA-Fitzpatrick Contract	160	124			160		160	160					
12.2	117	LIPA	Con Edison	Fitzpatrick Delivery - Firm	103/100	Con Ed - Mid Hud	LIPA	7/15/75	Upon mutual agreement between LIPA and Con Edison	MWA-Fitzpatrick Contract	103	100							103	103	103	103	
14.1	N/A	LIPA	NYPA	Y49 Cable	307/300	Con Ed - Cent.	LIPA	8/26/87	Later of ret. of Bonds or upon mutual agreement	Facility Agmt - MWA	307	300									307	307	
14.2	N/A	LIPA	NYPA; Con Edison	Remainder of Interface Agreements (2)	166	Con Ed - Cent.	LIPA		Later of ret. of Bonds or upon mutual agreement	Facility Agmt - MWA	202	202									202	202	
16.1	142	LIPA	NMPC	Nine Mile Pt.#2 Delivery	206	NMP2	Con Ed - Mid Hud	2/14/75	Ret. of Nine Mile Pt. #2	MWA-NMP2	206	206			206		206	206					
16.2	117	LIPA	Con Edison	Nine Mile Pt.#2 Delivery	206	Con Ed - Mid Hud	LIPA	4/4/75	Ret. of Nine Mile Pt. #2	MWA-NMP2	206	206							206	206	206	206	
17.1	N/A	LIPA	NYPA	Gilboa Delivery	50	Gilboa #1	Con Ed - North	3/31/89	4/30/2015	MWA-Gilboa Contract	50	50						50	50				
17.2	94	LIPA	Con Edison	Gilboa Delivery	50	Con Ed - North	LIPA	3/31/89	4/30/2015	MWA-Gilboa Contract	50	50								50	50	50	
19	165	AES Creative Resources	NMPC	Settlement Agreement	298(17)	Kintigh	NYSEG - Cent. (Capital, Hudson Valley, NE Proxy Generator Bus)		10/31/2004	Third Party TWA	298	298	298	298									
20.1	165	NYSEG	NMPC	Remote Load Agmt.	277	Kintigh	NYSEG - Cent.	12/1/52	Ret. of Kintigh (9)	MWA-Kintigh	277	277	277	277									
20.2	165	NYSEG	NMPC	Remote Load Agmt.	277	NYSEG - Cent.	NYSEG - Mech.	12/1/52	Ret. of Kintigh (9)	MWA-Kintigh	277	277			277		277						

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
20.3	165	NYSEG	NMPC	Remote Load Agmt.	205	NYSEG - Mech.	NYSEG - Hudson	12/1/52	Ret. of Kintigh (9)	MWA-NMP2/Kintigh	205	205					205						
20.4	112	NYSEG	Con Edison	Wood Street	205	NYSEG - Hudson	NYSEG - Brewster	3/1/88	4/1/2005	MWA-NMP2/Kintigh	205	205						205					
20.5	165	NYSEG	NMPC	Remote Load Agmt.	187	NMP2	NYSEG - Mech.	12/1/52	Ret. of Nine Mile Pt. #2 (9)	MWA-NMP2	187	187			187		187						
20.6	165	NYSEG	NMPC	Remote Load Agmt.	122	NYSEG - Mech.	CHG&E	12/1/52	Ret. of Nine Mile Pt. #2 (9)	MWA-NMP2/Kintigh	122	122						122					
20.7	22	NYSEG	CHG&E	Fishkill/Sylvan Lake	122	CHG&E	NYSEG - Brewster	7/19/62	Ret. of Nine Mile Pt. #2	MWA-NMP2/Kintigh	122	122							122				
20.8	49	NYSEG	CHG&E	Walden	15	NYSEG - East	NYSEG Hudson	8/1/73	Ret. of Nine Mile Pt. #2	MWA-NMP2/Kintigh	15	15					15	15					
21	26	NYSEG	CHG&E	West Woodbourne	25	NYSEG - East	NMPC - East	6/24/64	Ret. of Nine Mile Pt. #2	Facility Agmt. - MWA	25	25					25						
22	N/A	NYSEG	NYPA	Plattsburgh Export	235/225	NYSEG - North	NYSEG - East	5/27/94	6/21/2009	MWA-NUG Contracts	235	225				235							
23	N/A	AES	NYPA	Niagara-Edic (Kintigh)	100	Kintigh	NYSEG - East	12/12/83	8/31/2007	Terminated	100	100											
25	N/A	NYSEG	NYPA	St. Lawrence to Niagara	93	St. Lawrence	NYSEG - East	12/31/61	8/31/2007	MWA-Hydro Contract	93	93				93							
26	115	NMPC	NYSEG	Remote Load Agmt				12/31/52		Terminated													
28	N/A	NMPC	NYPA	Niagara-Edic	126	Niagara	NMPC - Cent. Ea.	11/1/84	6/17/2000	MWA-Hydro Contract	126	126	126	126	126								
29	N/A	NMPC	NYPA	Niagara-Edic	397			11/1/84		Terminated													
30	N/A	NMPC	NYPA	St. Lawrence	104	St. Lawrence	NMPC - Cent. Ea.	2/10/61	8/31/2007	MWA-Hydro Contract	104	104				104							
31.1	N/A	O&R	NYPA	Gilboa	25	Gilboa #1	CHG&E	4/1/89	6/30/2004	MWA-Gilboa Contract	25	25						25					
31.2	51	O&R	CHG&E	Gilboa	25	CHG&E	O&R	4/1/89	8/31/2004	MWA-Gilboa Contract	25	25											
41	32	O&R	CHG&E	E. Delaware Hydro	18	E. Delaware Hydro	O&R	12/31/62	9/27/2006	MWA-Grahmsville	18	18											
45	N/A	RG&E	NYPA	St. Lawrence	55	St. Lawrence	NYPA - E	12/31/61	8/31/2007	MWA-Hydro Contract	55	55				55							
46	N/A	RG&E	NYPA	Niagara - Edic: R&D	65	Niagara	RG&E	11/1/84	8/31/2007	MWA-Hydro Contract	65	65	65										
47	N/A	RG&E	NYPA	Niagara - Edic: Own Load	59	Niagara	RG&E	11/1/84	8/31/2007	MWA-Hydro Contract	59	59	59										
48.1	54	RG&E	NYSEG	Gilboa	30	Ginna	NYSEG - East	5/10/73	6/30/2002	MWA-Gilboa Contract	30	30		30	30								
48.2	54	RG&E	NYPA	Gilboa	30	NYSEG - East	NMPC - East	5/10/73	6/30/2002	MWA-Gilboa Contract	30	30						30					
49.1	176	RG&E	NMPC	Exit Agreement (3)	77 to 40	Ginna	NMPC - East	4/12/73	6/30/2043	MWA	77-40	77-40		77-40	77-40		77-40						

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
49.2	N/A	NMPC	NMPC	Assignment, Assumption, Release, and Termination Agreement	43 to 11	Ginna	Gilboa	10/22/99	6/30/2035	Third Party TWA	43-11	43-11		43-11	43-11		43-11						
55.1	65	NYPA - for SENY	CHG&E	Ashokan	4	Ashokan	E. Fishkill	10/30/81	Upon 5 years' notice by either party	Third Party TWA	4	4						4					
55.2	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	4	E. Fishkill	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	4	4								4	4		
55.3	N/A	NYPA - for SENY	Con Edison	Con Ed Delivery Service Agreement	2	Kensico	E. Fishkill	3/10/89	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	2	2											
55.4	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	2	E. Fishkill	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	2	2								2	2		
56.1	180	NYPA - for SENY	NMPC	Jarvis	4	Jarvis	E. Fishkill	10/29/92	1/10/2013	Third Party TWA	4	4					4	4	4				
56.2	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	4	E. Fishkill	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	4	4								4	4		
57.1	180	NYPA - for SENY	NMPC	Crescent-Vischers	10	Vischers	E. Fishkill	10/29/92	1/10/2013	Third Party TWA	10	10						10	10				
57.2	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	10	E. Fishkill	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	10	10								10	10		
57.3	180	NYPA - for SENY	NMPC	Crescent-Vischers	10	Crescent	E. Fishkill	10/29/92	1/10/2013	Third Party TWA	10	10						10	10				
57.4	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	10	E. Fishkill	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	10	10								10	10		

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period									
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
58	96	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement (11)	912	Indian Pt 3	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	912	912								912	912	
59.1	N/A	NYPA - for SENY	NYPA	Gilboa	250	Gilboa #1	E. Fishkill	11/24/86	12/31/2018	Third Party TWA	250	250						250	250			
59.2	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	250	E. Fishkill	Con Edison	3/10/89; 5/11/00	Upon mutual agreement between NYPA and Con Ed	Third Party TWA	250	250								250	250	
60	N/A	SENY	NYPA	Fitzpatrick	100	Fitzpatrick	NYPA - H	12/31/94	Beyond 12/31/2004	Terminated												
	N/A	SENY	Con Edison	Fitzpatrick	100	Con Ed - North	Con Edison	3/10/89	Beyond 12/31/2004	Terminated												
61.1	N/A	NYPA - for SENY	NYPA	MTA/SENY	10	St. Lawrence	E. Fishkill	5/7/81	7/31/2000	Third Party TWA	10	10				10	10	10	10			
61.2	N/A	NYPA - for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	10	E. Fishkill	Con Edison	3/10/89; 5/11/00	7/31/2000	Third Party TWA	10	10								10	10	
62.1	N/A	NYPA - for SENY	NYPA	MDA/EDP for CE	139	Fitzpatrick	E. Fishkill	12/31/91	12/31/2013	Third Party TWA	139	139			139		139	139	139			
62.2	N/A	NYPA- for SENY (Con Edison)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	139	E. Fishkill	Con Ed - North	3/10/89; 5/11/00	12/31/2013	Third Party TWA	139	139										
62.3	97, 98	NYPA - for SENY (Con Edison)	Con Edison	MDA/EDP for CE	114	Con Ed - North	Con Edison	12/31/91	12/31/2013	Third Party TWA	114	114								114	114	
65.1	32	Greenport (NYPA)	NYPA	Munis/Coops on Long Island	5	Niagara	Con Ed - North	6/18/76	10/31/2013	Third Party TWA	5	5	5	5	5		5	5	5			
65.2	32	Freeport	NYPA	Munis/Coops on Long Island	38	Niagara	Con Ed - North	6/18/76	10/31/2013	Third Party TWA	38	38	38	38	38		38	38	38			
65.3	32	Rockville Centre	NYPA	Munis/Coops on Long Island	29	Niagara	Con Ed - North	6/18/76	10/31/2013	Third Party TWA	29	29	29	29	29		29	29	29			
65.4	Con Edison OATT	Greenport (NYPA)	Con Edison	Munis on LI (4)	6	Con Ed - North	LIPA	7/30/94	10/31/2013	Third Party TWA	6	6								6	6	6
65.5	Con Edison OATT	Freeport	Con Edison	Munis on LI (4)	37	Con Ed - North	LIPA	7/30/94	10/31/2013	Third Party TWA	37	37								37	37	37
65.6	Con Edison OATT	Rockville Centre	Con Edison	Munis on LI (4)	29	Con Ed - North	LIPA	7/30/94	10/31/2013	Third Party TWA	29	29								29	29	29

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
65.7	N/A	Greenport (NYPA)	LIPA	Munis/Coops on LI	5	LIPA	LIPA	4/10/81	10/31/2013	Third Party TWA	5	5											
65.8	N/A	Freeport	LIPA	Munis/Coops on LI	38	LIPA	LIPA	4/10/81	10/31/2013	Third Party TWA	38	38											
65.9	N/A	Rockville Centre	LIPA	Munis/Coops on LI (12)	29	LIPA	LIPA	4/10/81	10/31/2013	Third Party TWA	29	29											
66	134	Festival of Lights	NMPC	Festival of Lights	0.1	Niagara	NMPC - West	Not Available	Not Available	Third Party TWA	0	0											
73	68	NYPA (EDP in O&R)	CHG&E	EDP in O&R	0.3	CHG&E	O&R	12/31/91	Not Available	Third Party TWA	0	0											
74.1	N/A	MDAs on LI (NYPA)	NYPA	MDAs on LI	10	Fitzpatrick	Con Ed - North	12/31/91	6/30/2012	Third Party TWA	10	10			10		10	10	10				
74.2	78	MDAs on LI (NYPA)	Con Edison	MDAs on LI	10	Con Ed - North	Con Ed - Cent.	7/1/85	6/30/2012	Third Party TWA	10	10								10			
74.3	N/A	MDAs on LI (NYPA)	NYPA	MDAs on LI	10	Con Ed - Cent.	LIPA	12/31/91	6/30/2012	Third Party TWA	10	10									10	10	
74.4	N/A	Nassau County (NYPA)	LIPA	MDAs on LI	5	LIPA	LIPA	11/14/85	6/30/2012	Third Party TWA	5	5											
74.5	N/A	Suffolk County (NYPA)	LIPA	MDAs on LI	5	LIPA	LIPA	7/21/99 (13)	6/30/2012 (14)	Third Party TWA	5	5											
75.1	N/A	EDP for LI (NYPA)	NYPA	EDP for LI	26	Fitzpatrick	Con Ed - North	8/1/91	6/30/2012	Third Party TWA	26	26			26		26	26	26				
75.2	102	EDP for LI (NYPA)	Con Edison	EDP for LI	26	Con Ed - North	Con Ed - Cent.	8/1/91	6/30/2012	Third Party TWA	26	26								26			
75.3	N/A	EDP for LI (NYPA)	NYPA	EDP for LI	26	Con Ed - Cent.	LIPA	8/1/91	6/30/2012	Third Party TWA	26	26									26	26	
75.4	N/A	EDP for LI (NYPA)	LIPA	EDP for LI	19/18	LIPA	LIPA	8/1/91	6/30/2012	Third Party TWA	19	18											
76.1	N/A	Brookhaven (NYPA)	NYPA	Brookhaven	60/68	Fitzpatrick	Con Ed - North	12/31/91	Upon 2 years' notice by either party	Third Party TWA	60	68			60		60	60	60				
76.2	60	Brookhaven (NYPA)	Con Edison	Brookhaven	60/68	Con Ed - North	Con Ed - Cent.	10/1/81	Upon 2 years' notice by either party	Third Party TWA	60	68								60			
76.3	N/A	Brookhaven (NYPA)	NYPA	Brookhaven	60/68	Con Ed - Cent.	LIPA	12/31/91	Upon 2 years' notice by either party	Third Party TWA	60	68									60	60	
76.4	N/A	Brookhaven (NYPA)	LIPA	Brookhaven	60/68	LIPA	LIPA	10/1/81	Upon 2 years' notice by either party	Third Party TWA	60	68											
77.1	N/A	Grumman	NYPA	Grumman	0	Fitzpatrick	Con Ed - North	12/31/91	12/31/2001	Third Party TWA	0	0			0		0	0	0				
77.2	66	Grumman	Con Edison	Grumman	0	Con Ed - North	Con Ed - Cent	2/20/85	12/31/2001	Third Party TWA	0	0								0			
77.3	N/A	Grumman	NYPA	Grumman	0	Con Ed - Cent	LIPA	12/31/91	12/31/2001	Third Party TWA	0	0									0	0	
77.4	N/A	Grumman	LIPA	Grumman	0	LIPA	LIPA	10/1/81	2 years' notice	Third Party TWA	0	0											

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
78	N/A	MDA/EDP to O&R (NYPA)	NYPA	MDA/EDP for O&R	1	Fitzpatrick	O&R	12/31/91	12/31/2003	Third Party TWA	1	1			1		1	1					
79.1	N/A	MDA/EDP to NYSEG (NYSEG)	NYPA	MDA/EDP for NYSEG	38	Fitzpatrick	NYSEG - Cent.	12/31/91	12/31/2009	Third Party TWA	38	38											
79.2	179	MDA/EDP to NYSEG (NYSEG)	NYSEG	MDA/EDP for NYSEG (16)	38	NYSEG - Cent.	NYSEG - Cent.	5/27/94	12/31/2009	Third Party TWA	38	38											
80	249	MDA/EDP to NMPC (NYPA)	NYPA	MDA/EDP for NMPC	46	Fitzpatrick	NMPC-Cent. Ea.	12/31/91	7/27/2013	Third Party TWA	46	46			46								
81	N/A	Industrials to NMPC (NYPA)	NYPA	Industrials to NMPC	68	Fitzpatrick	NYPA - C	12/31/91	Ret. of Fitzpatrick	Third Party TWA	68	68											
82	N/A			Munis/Coops in NMPC	99	Niagara	NMPC-Cent. Ea.				99	99	99	99	99								
82.1	NMPC OATT	Boonville (NYMPA)	NMPC	Munis/Coops in NYS	13	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	12/31/2000	Third Party TWA	13	13											
82.2	NMPC OATT	Frankfort (NYMPA)	NMPC	Munis/Coops in NYS	4	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	12/31/2000	Third Party TWA	4	4											
82.3	NMPC OATT	Ilion (NYMPA)	NMPC	Munis/Coops in NYS	13	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	12/31/2000	Third Party TWA	13	13											
82.4	204	Lake Placid (NYPA)	NMPC	Munis/Coops in NYS	29	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	4/30/2005	Third Party TWA	29	29											
82.5	NMPC OATT	Mohawk (NYMPA)	NMPC	Munis/Coops in NYS	4	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	12/31/2000	Third Party TWA	4	4											
82.6	204	Oneida-Madison (NYPA)	NMPC	Munis/Coops in NYS	1	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	11/01/2003	Third Party TWA	1	1											
82.7	NMPC OATT	Philadelphia (NYMPA)	NMPC	Munis/Coops in NYS	2	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	12/31/2000	Third Party TWA	2	2											
82.8	204	Sherrill (NYPA)	NMPC	Munis/Coops in NYS	12	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	8/31/2007	Third Party TWA	12	12											
82.9	NMPC OATT	Theresa (NYMPA)	NMPC	Munis/Coops in NYS	2	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	12/31/2000	Third Party TWA	2	2											
82.10	204	Tupper Lake (NYPA)	NMPC	Munis/Coops in NYS	19	NMPC - Cent. Ea.	NMPC - Cent. Ea.	2/10/61	4/30/2005	Third Party TWA	19	19											
84	N/A			Munis/Coops in NMPC	18	Niagara	NMPC-Genessee				18	18	18										
84.1	NMPC OATT	Akron (NYMPA)	NMPC	Munis/Coops in NYS	8	NMPC-Genessee	NMPC-Genessee	2/10/61	12/31/2000	Third Party TWA	8	8											
84.2	204	Bergen (NMPC)	NMPC	Munis/Coops in NYS	2	NMPC-Genessee	NMPC-Genessee	2/10/61	2/29/2004	Third Party TWA	2	2											
84.3	NMPC OATT	Churchville (NYMPA)	NMPC	Munis/Coops in NYS	4	NMPC-Genessee	NMPC-Genessee	2/10/61	12/31/2000	Third Party TWA	4	4											
84.4	NMPC OATT	Holley (NYMPA)	NMPC	Munis/Coops in NYS	4	NMPC-Genessee	NMPC-Genessee	2/10/61	12/31/2000	Third Party TWA	4	4											
85	N/A			Munis/Coops in NMPC	6	Niagara	NMPC - Cent.				6	6	6	6	6								

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
85.1	NMPC OATT	Green Island (NYMPA)	NMPC	Munis/Coops in NMPC	3	NMPC - Cent.	NMPC - East	12/31/61	10/31/2013	Third Party TWA	3	3				3							
85.2	NMPC OATT	Richmondville (NYMPA)	NMPC	Munis/Coops in NMPC	3	NMPC - Cent.	NMPC - East	12/31/61	10/31/2013	Third Party TWA	3	3				3							
86	N/A			Munis/Coops in NMPC	135	Niagara	NMPC - Cent.				135	135	135	135									
86.1	204	Fairport (NYPA)	NMPC	Munis/Coops in NMPC	77	NMPC - Cent.	NMPC - Cent.	2/10/61	8/31/2007	Third Party TWA	77	77											
86.2	NMPC OATT	Skaneateles (NYMPA)	NMPC	Munis/Coops in NYS	5	NMPC - Cent.	NMPC - Cent.	2/10/61	12/31/2000	Third Party TWA	5	5											
86.3	204	Solvay (NYPA)	NMPC	Munis/Coops in NYS	53	NMPC - Cent.	NMPC - Cent.	2/10/61	8/31/2007	Third Party TWA	53	53											
87	N/A			Munis/Coops in NYSEG	72	Niagara	NYSEG - Cent.				72	72	72	72									
87.1	NYSEG OATT	Bath (NYMPA)	NYSEG	In-State Munis/Coops	13	NYSEG - Cent.	NYSEG - Cent.	2/3/82	2/28/2001	Third Party TWA	13	13											
87.2	NYSEG OATT	Endicott (NYMPA)	NYSEG	In-State Munis/Coops	9	NYSEG - Cent.	NYSEG - Cent.	2/3/82	2/28/2001	Third Party TWA	9	9											
87.3	NYSEG OATT	Greene (NYMPA)	NYSEG	In-State Munis/Coops	7	NYSEG - Cent.	NYSEG - Cent.	2/3/82	2/28/2001	Third Party TWA	7	7											
87.4	NYSEG OATT	Groton (NYMPA)	NYSEG	In-State Munis/Coops	4	NYSEG - Cent.	NYSEG - Cent.	2/3/82	2/28/2001	Third Party TWA	4	4											
87.5	67, 70, 80	Marathon (NYPA)	NYSEG	In-State Munis/Coops	4	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/31/2007	Third Party TWA	4	4											
87.6	67, 70, 80	Penn Yan (NYPA)	NYSEG	In-State Munis/Coops	13	NYSEG - Cent.	NYSEG - Cent.	2/3/82	10/31/2003	Third Party TWA	13	13											
87.7	NYSEG OATT	Silver Springs (NYMPA)	NYSEG	In-State Munis/Coops	1	NYSEG - Cent.	NYSEG - Cent.	2/3/82	2/28/2001	Third Party TWA	1	1											
87.8	67, 70, 80	Steuben (NYPA)	NYSEG	In-State Munis/Coops	13	NYSEG - Cent.	NYSEG - Cent.	2/3/82	10/31/2003	Third Party TWA	13	13											
87.9	67, 70, 80	Watkins Glen (NYPA)	NYSEG	In-State Munis/Coops	6	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/31/2007	Third Party TWA	6	6											
87.10	NYSEG OATT	Castile (NYMPA)	NYSEG	In-State Munis/Coops	2	NYSEG - Cent.	NYSEG - Cent.	2/3/82	2/28/2001	Third Party TWA	2	2											
88	N/A			Munis/Coops in NYSEG	46	Niagara	NYSEG - East				46	46	46	46	46								
88.1	67, 70, 80	Delaware (NYPA)	NYSEG	In-State Munis/Coops	10	NYSEG - East	NYSEG - East	2/3/82	10/31/2003	Third Party TWA	10	10											
88.2	NYSEG OATT	Hamilton (NYMPA)	NYSEG	In-State Munis/Coops	11	NYSEG - East	NYSEG - East	2/3/82	6/30/2003	Third Party TWA	11	11											
88.3	67, 70, 80	Oneida-Madison (NYPA)	NYSEG	In-State Munis/Coops	4	NYSEG - East	NYSEG - East	2/3/82	10/31/2003	Third Party TWA	4	4											
88.4	67, 70, 80	Otsego (NYPA)	NYSEG	In-State Munis/Coops	8	NYSEG - East	NYSEG - East	2/3/82	10/31/2003	Third Party TWA	8	8											
88.5	NYSEG OATT	Sherburne (NYMPA)	NYSEG	In-State Munis/Coops	13	NYSEG - East	NYSEG - East	2/3/82	6/30/2003	Third Party TWA	13	13											



**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
88.6	N/A	Rouses Point (NYMPA)	NYPA	In-State Munis/Coops	14	Niagara	NYSEG - North	12/31/61	2/28/2001	Third Party TWA	14	14	14	14	14	-14							
88.7	NYSEG OATT	Rouses Point (NYMPA)	NYSEG	In-State Munis/Coops	14	NYSEG - North	NYSEG - North	2/3/82	6/30/2003	Third Party TWA	14	14											
89	N/A	Plattsburgh (NYMPA)	NYPA	Niagara Hydro	103	Niagara	NYPA - North	12/31/61	2/28/2001	Third Party TWA	103	103	103	103	103	-103							
90	N/A	Massena (NYMPA)	NYPA	Niagara Hydro	23	Niagara	NYPA - North	12/31/61	6/30/2003	Third Party TWA	23	23	23	23	23	-23							
91	N/A	NYSEG	NYPA	NYSEG Energy Delivery	30	NYSEG - West	NYPA - North	7/1/92	10/31/2002	Third Party TWA	30	30	30	30	30	-30							
92	N/A	Reynolds (NYPA)	NYPA	Fitzpatrick	17	Fitzpatrick	NYPA - North	7/28/75	Indefinite	Third Party TWA	17	17			17	-17							
98	136	NFTA (NYPA)	NMPC	NFTA	1	St. Lawrence	NYPA - West	7/30/85	7/31/2014	Third Party TWA	1	1	-1	-1	-1	1							
99	159	Expansion Industrials (NYPA)	NMPC	Expansion Industrials	210	Niagara	NMPC - West	2/10/61	6/30/2013	Third Party TWA	210	210											
100	19	Replacement Industrials (NYPA)	NMPC	Replacement Industrials	445	Niagara	NMPC - West	2/10/61	1/1/2013	Third Party TWA	445	445											
101	N/A			Munis/Coops in RG&E	14	Niagara	RG&E				14	14	14										
101.1	RG&E OATT	Angelica (NYMPA)	RG&E	Munis & Coops	2	RG&E	RG&E	12/31/61	2/28/2001	Third Party TWA	2	2											
101.2	RG&E OATT	Spencerport (NYMPA)	RG&E	Munis & Coops	12	RG&E	RG&E	12/31/61	2/28/2001	Third Party TWA	12	12											
102	178	Exelon Generation	NMPC	Sithe Delivery	853	Sithe Independence	Pleasant Vly	11/5/91	11/14/2014	Third Party TWA	853	853			853		853	853					
103	175	Indeck-Corinth	NMPC	Corinth Delivery	134	Indeck - Corinth	Pleasant Vly	6/26/91	7/1/2015	Third Party TWA	134	134					134						
104	171	Selkirk Cogen Partners	NMPC	Selkirk Delivery	270	Selkirk II	Pleasant Vly	12/13/90	8/31/2014	Third Party TWA	270	270					270						
105	172	Lockport Energy LEA (NYSEG)	NMPC	LEA Delivery	100	NEG West LEA Lockport	Gardnville	4/11/91	10/8/2007	Third Party TWA	100	100											
106	199	Cornwall Elec	NMPC	Rankin	30	Gardenville F/C	NYPA - E	11/1/89	Ret. of Rankine	Terminated													
107	N/A	NYSEG	NYPA	Out-of-State Wheeling	7	NYSEG - North	NE Proxy Generator Bus	2/4/86	12/31/2009	Third Party TWA	7	7					7						
108.1	N/A	Out-of-State Munis/Coops - NJ (NYPA)	NYPA	Niagara Deliveries	14	Niagara	CHG&E	2/10/61	10/31/2003	Third Party TWA	14	14	14	14	14		14	14					
108.2	68	Out-of-State Munis/Coops - NJ (NYPA)	CHG&E	Out-of-State Munis/Coops	14	CHG&E	O&R	2/28/90	10/31/2003	Third Party TWA	14	14											
108.3	50	Out-of-State Munis/Coops - NJ (NYPA)	O&R	Out-of-State Munis/Coops	14	O&R	PJM Proxy Generator Bus	6/28/85	10/31/2003	Third Party TWA	14	14											

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement			Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI						POW	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
109.1	N/A	Out-of-State Munis/Coops - NE (NYPA)	NYPA	Niagara Deliveries	89	Niagara	NMPC - Cent. Ea.	2/10/61	10/31/2003	Third Party TWA	89	89	89									
109.2	138	Out-of-State Munis/Coops - NE (NYPA)	NMPC	Niagara Deliveries	89	NMPC - Cent. Ea.	NE Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	89	89			89							
110.1	138	Allegheny Electric Coop. (NYPA)	NMPC	Out-of-State Munis/Coops - PA	28	Niagara	PJM Proxy Generator Bus	7/1/85	10/31/2003	Third Party TWA	28	28										
110.2	NMPC OATT	Allegheny Electric Coop. (NYPA)	NMPC	Out-of-State Munis/Coops - PA	20	Niagara	PJM Proxy Generator Bus	6/30/98	10/31/2003	Third Party TWA	20	20										
110.3	138	Am. Mun. Power- Ohio (NYPA)	NMPC	Out of State Munis/Coops - Ohio	36	Niagara	PJM Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	36	36										
110.4	NMPC OATT	Am. Mun. Power- Ohio (NYPA)	NMPC	Out-of- State Munis/Coops - Ohio	28	Niagara	PJM Proxy Generator Bus	12/1/98	12/31/2001	Third Party TWA	28	28										
111.1	N/A	Out-of-State Munis/Coops - VT (NYPA)	NYPA	Niagara Deliveries	14	Niagara	NYPA - E	2/10/61	10/31/2003	Third Party TWA	14	14	14	14	14							
111.2	N/A	Out-of-State Munis/Coops - VT (NYPA)	NYPA	Niagara Deliveries	14	NYPA - E	NE Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	14	14				14						
112.1	N/A	Out-of-State Munis/Coops - NE (NYPA)	NYPA	St. Lawrence Deliveries	17	St. Lawrence	NMPC - Cent. Ea.	2/10/61	10/31/2003	Third Party TWA	17	17			17							
112.2	138	Out-of-State Munis/Coops - NE (NYPA)	NMPC	St. Lawrence Deliveries	17	NMPC - Cent. Ea.	NE Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	17	17				17						
113.1	N/A	Allegheny Electric Coop. (NYPA)	NYPA	St. Law. Deliveries - PA	20	St. Lawrence	NMPC - West	2/10/61	10/31/2003	Third Party TWA	20	20	-20	-20	-20	20						
113.2	NMPC OATT	Allegheny Electric Coop. (NYPA)	NMPC	St. Law. Deliveries - PA	9	NMPC - West	PJM Proxy Generator Bus	6/30/98	10/31/2003	Third Party TWA	9	9										
113.3	138	Allegheny Electric Coop. (NYPA)	NMPC	St. Law. Deliveries - PA	11	NMPC - West	PJM Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	11	11										
113.4	N/A	Am. Mun. Power- Ohio (NYPA)	NYPA	St. Law. Deliveries - Ohio	18	St. Lawrence	NMPC - West	2/10/61	10/31/2003	Third Party TWA	18	18	-18	-18	-18	18						
113.5	NMPC OATT	Am. Mun. Power- Ohio (NYPA)	NMPC	St. Law. Deliveries - Ohio	8	NMPC - West	PJM Proxy Generator Bus	12/1/98	12/31/2001	Third Party TWA	8	8										
113.6	138	Am. Mun. Power- Ohio (NYPA)	NMPC	St. Law. Deliveries - Ohio	10	NMPC - West	PJM Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	10	10										

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
114	N/A	Out-of-State Munis/Coops - VT (NYPA)	NYPA	St. Lawrence Deliveries	1	St. Lawrence	NE Proxy Generator Bus	2/10/61	10/31/2003	Third Party TWA	1	1				1	1						
150.1	N/A	Out-of-State Munis/Coops - NJ (NYPA)	NYPA	St. Lawrence Deliveries	12	St. Lawrence	CHG&E	2/10/61	10/31/2003	Third Party TWA	12	12				12	12	12					
150.2	68	Out-of-State Munis/Coops - NJ (NYPA)	CHG&E	Out-of-State Munis/Coops	12	CHG&E	O&R	2/28/90	10/31/2003	Third Party TWA	12	12											
150.3	50	Out-of-State Munis- NJ (NYPA)	O&R	Out-of-State Munis/Coops	12	O&R	PJM Proxy Generator Bus	6/28/85	10/31/2003	Third Party TWA	12	12											
151	N/A			Munis/Coops in NMPC	83	Niagara	NMPC - West				83	83											
151.1	NMPC OATT	Andover (NYMPA)	NMPC	Munis/Coops in NMPC	1	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	1	1											
151.2	NMPC OATT	Arcade (NYMPA)	NMPC	Munis/Coops in NMPC	25	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	25	25											
151.3	NMPC OATT	Brocton (NYMPA)	NMPC	Munis/Coops in NMPC	3	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	3	3											
151.4	NMPC OATT	Little Valley (NYMPA)	NMPC	Munis/Coops in NMPC	4	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	4	4											
151.5	204	Mayville (NYPA)	NMPC	Munis/Coops in NMPC	4	NMPC - West	NMPC - West	2/10/61	8/31/2007	Third Party TWA	4	4											
151.6	NMPC OATT	Salamanca (NYMPA)	NMPC	Munis/Coops in NMPC	14	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	14	14											
151.7	NMPC OATT	Springville (NYMPA)	NMPC	Munis/Coops in NMPC	9	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	9	9											
151.8	NMPC OATT	Wellsville (NYMPA)	NMPC	Munis/Coops in NMPC	10	NMPC - West	NMPC - West	2/10/61	12/31/2000	Third Party TWA	10	10											
151.9	204	Westfield (NYPA)	NMPC	Munis/Coops in NMPC	13	NMPC - West	NMPC - West	2/10/61	8/31/2007	Third Party TWA	13	13											
152.1	N/A	Jamestown	NYPA	Jamestown	75	Niagara	NMPC - West	12/31/71	8/31/2001	Third Party TWA	75	75											
152.2	204	Jamestown	NMPC	Jamestown	100	NMPC - West	NMPC - West	2/10/61	8/31/2001	Third Party TWA	100	100											
153	N/A			Fitzpatrick Firm Incremental	2/3	Fitzpatrick	NYSEG - Cent.				2	3											
153.1	67, 70, 80	Penn Yan (NYMPA)	NYSEG	Fitzpatrick Firm Incremental	1/1	NYSEG - Cent.	NYSEG - Cent.	2/3/82	10/31/2003	Third Party TWA	1	1											
153.2	67, 70, 80	Steuben	NYSEG	Fitzpatrick Firm Incremental	0/0	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/21/2007	Third Party TWA	0	0											
153.3	67, 70, 80	Watkins Glen (NYPA)	NYSEG	Fitzpatrick Firm Incremental	1/2	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/31/2007	Third Party TWA	1	2											
153.4	67, 70, 80	Marathon	NYSEG	Fitzpatrick Firm Incremental	0/0	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/21/2007	Third Party TWA	0	0											
154	N/A			Fitzpatrick Firm Incremental	1/6	Fitzpatrick	NYSEG - East				1	6			1								
154.1	67, 70, 80	Delaware (NYPA)	NYSEG	Fitzpatrick Firm Incremental	0/1	NYSEG - East	NYSEG - East	2/3/82	10/31/2003	Third Party TWA	0	1											

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period									
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
154.2	67, 70, 80	Oneida-Madison (NYPA)	NYSEG	Fitzpatrick Firm Incremental	0/1	NYSEG - East	NYSEG - East	2/3/82	10/31/2003	Third Party TWA	0	1										
154.3	NYSEG OATT	Sherburne (NYMPA)	NYSEG	Incremental EDP	1	NYSEG - East	NYSEG - East	2/3/82	6/31/2003	Third Party TWA	1	1										
154.4	67, 70, 80	Otsego (NYPA)	NYSEG	Fitzpatrick Firm Incremental	0/3	NYSEG - East	NYSEG - East	2/3/82	10/31/2003	Third Party TWA	0	3										
155	N/A			Fitzpatrick Firm Incremental	2/4	Fitzpatrick	NMPC - West				2	4	-2	-2								
155.1	204	Mayville (NYPA)	NMPC	Fitzpatrick Firm Incremental	0/1	NMPC - West	NMPC - West	4/26/94	8/31/2007	Third Party TWA	0	1										
155.2	204	Westfield (NYPA)	NMPC	Fitzpatrick Firm Incremental	0/1	NMPC - West	NMPC - West	4/26/94	8/31/2007	Third Party TWA	0	1										
155.3	NMPC OATT	Arcade (NYMPA)	NMPC	Firm Incremental	1	NMPC - West	NMPC - West	4/26/94	12/31/2000	Third Party TWA	1	1										
155.4	NMPC OATT	Salamanca (NYMPA)	NMPC	Firm Incremental	1	NMPC - West	NMPC - West	4/26/94	12/31/2000	Third Party TWA	1	1										
156	N/A			Fitzpatrick Firm Incremental	0/20	Fitzpatrick	NMPC Central				0	20										
156.1	204	Fairport (NYPA)	NMPC	Fitzpatrick Firm Incremental	0/20	NMPC Central	NMPC - Cent.	4/26/94	8/31/2007	Third Party TWA	0	20										
157	N/A			Fitzpatrick Firm Incremental	2/19	Fitzpatrick	NMPC-Cent. Ea.				2	19			2							
157.1	204	Lake Placid (NYPA)	NMPC	Fitzpatrick Firm Incremental	0/11	NMPC-Cent. Ea	NMPC - Cent. Ea.	4/26/94	4/30/2005	Third Party TWA	0	11										
157.2	204	Sherrill (NYPA)	NMPC	Fitzpatrick Firm Incremental	2/3	NMPC-Cent. Ea	NMPC - Cent. Ea.	4/26/94	8/31/2007	Third Party TWA	2	3										
157.3	204	Tupper Lake (NYPA)	NMPC	Fitzpatrick Firm Incremental	0/5	NMPC-Cent. Ea	NMPC - Cent. Ea.	4/26/94	4/30/2005	Third Party TWA	0	5										
158	N/A	In-State Munis/Coops	NYPA	Fitzpatrick Firm Incremental	0/0	Fitzpatrick	NMPC - Cent.	Not Available	10/31/2013	Third Party TWA	0	0										
158.1	204	Solvay	NMPC	Fitzpatrick Firm Incremental	0/0	NMPC - Cent.	NMPC - Cent.	Not Available	10/31/2013	Third Party TWA	0	0										
160	N/A	In-State Munis/Coops	NYPA	Fitzpatrick Firm Incremental	1/1	Fitzpatrick	NYPA - H		10/31/2013	Third Party TWA	1	1			1		1	1	1			
160.1	N/A	Greenport (NYPA)	LIPA	NYPA Firm Incremental	0/1	LIPA	LIPA		10/31/2013	Third Party TWA	0	1										
161		Munis in NMPC																				
161.1	NMPC OATT	Boonville (NYMPA)	NMPC	Supplemental	1/6	OH Proxy Generator Bus	NMPC - Cent. Ea.	6/1/1998	12/31/2000	Third Party TWA	1	6	1	1	1							
161.2	NMPC OATT	Frankfort (NYMPA)	NMPC	Supplemental	1/2	OH Proxy Generator Bus	NMPC - Cent. Ea.	6/1/1998	12/31/2000	Third Party TWA	1	2	1	1	1							
161.3	NMPC OATT	Ilion (NYMPA)	NMPC	Supplemental	0/2	OH Proxy Generator Bus	NMPC - Cent. Ea.	6/1/1998	12/31/2000	Third Party TWA	0	2	0	0	0							
161.4	NMPC OATT	Mohawk (NYMPA)	NMPC	Supplemental	0/1	OH Proxy Generator Bus	NMPC - Cent. Ea.	6/1/1998	12/31/2000	Third Party TWA	0	1	0	0	0							
161.5	NMPC OATT	Philadelphia (NYMPA)	NMPC	Supplemental	0/1	OH Proxy Generator Bus	NMPC - Cent. Ea.	6/1/1998	12/31/2000	Third Party TWA	0	1	0	0	0							

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period											
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI		
161a	NMPC OATT	Theresa	NMPC	Supplemental	0/0	OH Proxy Bus	NMPC-Cent. Ea	6/1/1998	10/31/2013	Third Party TWA	0	0	0	0	0									
162		Munis in NMPC																						
162.1	NMPC OATT	Akron (NYMPA)	NMPC	Supplemental	1/4	OH Proxy Generator Bus	NMPC - Genessee	6/1/1998	12/31/2000	Third Party TWA	1	4	1											
162.2	NMPC OATT	Churchville (NYMPA)	NMPC	Supplemental	0/1	OH Proxy Generator Bus	NMPC - Genessee	6/1/1998	12/31/2000	Third Party TWA	0	1	0											
162.3	NMPC OATT	Holley (NYMPA)	NMPC	Supplemental	0/2	OH Proxy Generator Bus	NMPC - Genessee	6/1/1998	12/31/2000	Third Party TWA	0	2	0											
163		Munis in NMPC																						
163	NMPC OATT	Richmondville (NYMPA)	NMPC	Supplemental	0/1	OH Proxy Generator Bus	NMPC - East	6/1/1998	10/31/2013	Third Party TWA	0	1	0	0	0		0							
164		Munis in NMPC																						
164	NMPC OATT	Skaneateles (NYMPA)	NMPC	Supplemental	0/2	OH Proxy Generator Bus	NMPC - Cent.	6/1/1998	12/31/2000	Third Party TWA	0	2	0	0										
165		Munis in NYSEG																						
165.1	NYSEG OATT	Bath (NYMPA)	NYSEG	Supplemental	0/7	PJM Proxy Generator Bus	NYSEG - Cent.	6/1/1998	6/30/2003	Third Party TWA	0	7	0	0										
165.2	NYSEG OATT	Endicott (NYMPA)	NYSEG	Supplemental	0/4	PJM Proxy Generator Bus	NYSEG - Cent.	6/1/1998	6/30/2003	Third Party TWA	0	4	0	0										
165.3	NYSEG OATT	Greene (NYMPA)	NYSEG	Supplemental	0/3	PJM Proxy Generator Bus	NYSEG - Cent.	6/1/1998	6/30/2003	Third Party TWA	0	3	0	0										
165.4	NYSEG OATT	Groton (NYMPA)	NYSEG	Supplemental	0/3	PJM Proxy Generator Bus	NYSEG - Cent.	6/1/1998	6/30/2003	Third Party TWA	0	3	0	0										
166a	NYSEG OATT	Castile	NYSEG	Supplemental	0/0	PJM Proxy Generator Bus	NYSEG - Cent.	6/1/1998	6/30/2013	Third Party TWA	0	0	0	0										
166		Munis in NYSEG																						
166.1	NYSEG OATT	Hamilton (NYMPA)	NYSEG	Supplemental	0/3	PJM Proxy Generator Bus	NYSEG - East	6/1/1998	6/30/2003	Third Party TWA	0	3	0	0	0									
166.2	NYSEG OATT	Sherburne (NYMPA)	NYSEG	Supplemental	1/4	PJM Proxy Generator Bus	NYSEG - East	6/1/1998	6/30/2003	Third Party TWA	1	4	1	1	1									
166.3	NYSEG OATT	Rouses Point (NYMPA) (8)	NYSEG	Supplemental	1/5	NYSEG - North	NYSEG - North	6/1/1998	6/30/2003	Third Party TWA	1	5												
167		Munis in RG&E																						
167	RG&E OATT	Spencerport (NYMPA)	RG&E	Supplemental	0/2	RG&E	RG&E	6/1/1998	11/30/2000	Third Party TWA	0	2												
168		Munis in NMPC																						
168.1	NMPC OATT	Arcade (NYMPA)	NMPC	Supplemental	1/13	OH Proxy Generator Bus	NMPC - West	6/1/1998	12/31/2000	Third Party TWA	1	13												
168.2	NMPC OATT	Brocton (NYMPA)	NMPC	Supplemental	1	OH Proxy Generator Bus	NMPC - West	6/1/1998	12/31/2000	Third Party TWA	1	1												

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period										
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
168.3	NMPC OATT	Salamanca (NYMPA)	NMPC	Supplemental	1/5	OH Proxy Generator Bus	NMPC - West	6/1/1998	12/31/2000	Third Party TWA	1	5											
168.4	NMPC OATT	Springville (NYMPA)	NMPC	Supplemental	1/4	OH Proxy Generator Bus	NMPC - West	6/1/1998	12/31/2000	Third Party TWA	1	4											
168.5	NMPC OATT	Wellsville (NYMPA)	NMPC	Supplemental	0/3	OH Proxy Generator Bus	NMPC - West	6/1/1998	12/31/2000	Third Party TWA	0	3											
169	NMPC OATT	PG&E Energy Trading	NMPC	PG&E Energy Trading	40	NE Proxy Generator Bus	PJM Proxy Generator Bus	6/1/99	5/31/2000	Third Party TWA	40	40	-40	-40	-40		-40						
172	NMPC OATT	Select Energy NY	NMPC	Select Energy NY	52	Indeck - Illion	PJM Proxy Generator Bus	3/1/99	2/29/2000	Third Party TWA	52	52	-52	-52	-52								
173	NMPC OATT	Select Energy NY	NMPC	Select Energy NY	52	Indeck - Olean	PJM Proxy Generator Bus	3/1/99	2/29/2000	Third Party TWA	52	52											
174	NMPC OATT	NYPA	NMPC	BOC Gases	2.55	Fitzpatrick	NMPC - West	5/23/97	1/1/2010	Third Party TWA	3	3	-3	-3									
175	NMPC OATT	NYPA	NMPC	BOC Gases	14	Fitzpatrick	NMPC - East	5/23/97	1/1/2010	Third Party TWA	14	14			14		14						
176	NMPC OATT	NYPA	NMPC	BOC Gases	0.5	Fitzpatrick	NMPC - East	11/1/97	30 days notice	Third Party TWA	1	1					1						
177	NMPC OATT	NYPA	NMPC	Air Products	13	Fitzpatrick	NMPC - East	5/23/97	1/1/2010	Third Party TWA	13	13			13		13						
179	NMPC OATT	NYPA	NMPC	Norampac Industries	9.1	Fitzpatrick	NMPC - West	3/1/97	1/1/2010	Third Party TWA	9	9	-9	-9									
180	NMPC OATT	NYPA	NMPC	Encore Paper	7.5	Fitzpatrick	NMPC - East	5/23/97	1/1/2010	Third Party TWA	8	8			8		8						
181	NMPC OATT	NYPA	NMPC	Encore Paper	1	Fitzpatrick	NMPC - East	2/15/98	1/1/2010	Third Party TWA	1	1			1		1						
182	N/A	NYPA	NMPC	Norampac Industries	0.2	Fitzpatrick	NMPC - West	6/1/98	1/1/2010	OATT	0	0	0	0									
183	NMPC OATT	NYPA	NMPC	Encore Paper	2	Fitzpatrick	NMPC - East	4/1/99	1/1/2010	Third Party TWA	2	2			2		2						
184	110	Expansion Industrials (NYPA)	NYSEG	Expansion Industrials (16)	38	Niagara	NYSEG - West	12/13/88	6/30/2013	Third Party TWA	38	38											
185	N/A	Alcoa (NYPA)	NYPA	St. Lawrence	239	St. Lawrence	NYPA - North	8/24/81	6/30/2013	Third Party TWA	239	239											
186	N/A	Reynolds (NYPA)	NYPA	St. Lawrence	239	St. Lawrence	NYPA - North	8/24/81	6/30/2013	Third Party TWA	239	239											
187	N/A	General Motors (NYPA)	NYPA	St. Lawrence	12	St. Lawrence	NYPA - North	6/23/92	6/30/2013	Third Party TWA	12	12											
189.1	N/A	NYPA - for SENY	NYPA	Niagara OATT Reservation	422	Niagara	E. Fishkill	7/1/99	12/31/2027	Third Party TWA (6) (7)	422	422	422	422	422		422	422	422				
189.2	N/A	NYPA - for SENY (Con Edison) (5)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	422	E. Fishkill	Con Edison	3/10/89; 5/11/00	12/31/2017	Third Party TWA (7)	422	422									422	422	

**Table 1 A - Long Term Transmission Wheeling Agreements**

Cont. #	FERC Rate Sch. Designat'n #	Transmission		Agreement				Cont. Est. Date	Cont. Exp./ Termination Date	Treatment (Refer to Attachment K)	Sum Cap. Per. MW (ISO)	Win Cap. Per. MW (ISO)	Interface Allocations - Summer Period									
		Requestor and Primary Holder	Provider	Name	MW (Agmt)	POI	POW						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
190.1	N/A	NYPA - for SENY	NYPA	St. Lawrence OATT Reservation	178	St. Lawrence	E. Fishkill	7/1/99	12/31/2027	Third Party TWA (6) (7)	178	178				178	178	178	178			
190.2	N/A	NYPA - for SENY (Con Edison) (5)	Con Edison	Con Ed Delivery Service Agreement; Fishkill Agreement	178	E. Fishkill	Con Edison	3/10/89; 5/11/00	12/31/2017	Third Party TWA (7)	178	178								178	178	
191	CHG&E OATT	NYPA	CHG&E	Power For Jobs	1	CHG&E	CHG&E	7/1/99	12/31/2003	Third Party TWA	1	1										
194	NMPC OATT	NYPA (NMPC)	NMPC	Power For Jobs	97	Fitzpatrick	NMPC - Cent. East	8/1/99	12/31/2003	Third Party TWA	97	97			97							
195	NMPC OATT	NYPA (NMPC)	NMPC	Power For Jobs	20	Adirondack	NMPC - Cent. East	8/1/99	12/31/2003	Third Party TWA	20	20										
196	NMPC OATT	NYPA (NMPC)	NMPC	Power For Jobs	31	CHG&E	NMPC - East	8/1/99	12/31/2003	Third Party TWA	31	31						-31				
197.1	N/A	NYPA	NYPA	Power For Jobs	1	Fitzpatrick	RG&E	7/1/99	12/31/2003	Third Party TWA	1	1		-1								
197.2	RG&E OATT	NYPA	RG&E	Power For Jobs	1	RG&E	RG&E	7/1/99	12/31/2003	Third Party TWA	1	1										
215	174	Watertown (NMPC)	NMPC	Watertown	1.2	Watertown__HYD (Mohawk Valley)	Watertown Muni Pl (Mowhawk Valley)	3/19/91	12/31/2040	Third Party TWA	1	1										
216	18	NYPA	NMPC	Adirondack/Marcy	0.5	Adirondack	Marcy	8/26/62	Indefinite	Third Party TWA	0	0										
217	N/A	NYPA - for SENY (15)	Con Edison	Con Ed Delivery Service Agreement	829/865	Poletti	Con Edison	3/10/89	1/31/2010	Third Party TWA	829	865										
218	N/A	NYPA - for SENY (15)	Con Edison	NYPA Load NYC - KIAC	105	KIAC JFK GT2	Con Edison	3/23/93	1/31/2020	Third Party TWA	105	104										

Legend: MWA - Modified Wheeling Agreement  
TWA - Transmission Wheeling Agreement  
Cont. Est. Date - Contract Establishment Date

Interface Designations:

DE - Dysinger East  
WC - West Central  
VE - Volney East  
MoS - Moses South  
TE - Total East

US - UPNY/SENY  
UC - UPNY/Con Ed  
MS - Millwood South  
DS - Dunwoodie South  
CE-LI - Con Ed/LIPA

Footnotes:

- (1) - Con Edison has Grandfathered TCCs for 363 MW from Dunwoodie to LIPA via Y-50 and back to Con Edison at the Jamaica Bus consistent with the allocation of transmission capacity under the "Agreement Between Consolidated Edison Company of New York, Inc. and LIPA for Electric Transmission Service." Con Edison provides 72 MW of transmission service to LIPA Munis from Dunwoodie to LIPA. The portion of Grandfathered TCCs actually allocated to Con Edison shall be consistent with the terms of the "Agreement Between Consolidated Edison Company of New York, Inc. and LIPA for Electric Transmission Service."
- (2) - Amount of Grandfathered TCCs is equivalent to the balance of the interface rating.
- (3) - Previously existing agreements between RG&E and NMPC were replaced by a separate Exit Agreement.
- (4) - As amended.
- (5) - NYPA's Grandfathered TCCs, allocated to its SENY Governmental load customers, across UPNY/Con Ed, Millwood South and Dunwoodie South will be up to 600 MW, or amounts otherwise available to

- (6) - Subject to NYPA's obtaining non-discriminatory long term firm reservation through 2027 under its OATT.
- (7) - For Contract # 189.1 and 190.1, NYPA's TCCs allocated to its SENY Governmental Load Customers will terminate on the earlier of December 31, 2027 or when NYPA no longer has an obligation to serve any of the SENY Governmental Load Customers; provided, however, that the term may be extended beyond December 31, 2027 if NYPA continues to have an obligation to serve any of the SENY Governmental Load Customers. For Contract # 189.2 and 190.2, NYPA's TCCs allocated to its SENY Governmental Load Customers will terminate on the earlier of December 31, 2017 or when NYPA no longer has an obligation to serve any of the SENY Loads or the retirement or sale of both IP#3 and Poletti.
- (8) - Rouses Point must have firm transmission contracts over NYPA's and NMPC's transmission system from OH to NYSEG and pay NYSEG's charges and NYPA's or NMPC's charges for this service.
- (9) - Subject to amount and applicable term under Niagara Mohawk's Rate Schedule No. 165.1 accepted in FERC Docket No. ER99-3537.
- (11) - Con Edison terminated its purchase of Indian Point3 effective January 1, 2000. At that time, the Con Edison's GFTCCs increased from 800 MW to 912 MW.
- (13) - The MDA on LI allotment for service over LIPA's transmission facilities is covered by separate agreements between LIPA and the Suffolk County Electric Agency ("SCEA") and LIPA and the Nassau County Public Utility Agency ("NCPUA"). On July 21, 1999, LIPA and SCEA executed a revised agreement covering SCEA's 5 MW portion of the MDA on LI allotment. NCPUA continues to be governed by the terms of the 11/14/85 agreement.
- (14) - LIPA's agreement with NCPUA for its portion of the MDA on LI allotment is effective through the term of NCPUA's NYPA contract, which expires on 10/31/2011. LIPA's agreement with SCEA for its portion of the MDA on LI allotment, by the agreement's terms, expires on 6/30/2012.
- (15) - NYPA's Grandfathered Rights were allocated to SENY Governmental Load Customers pursuant to the Grandfathered Rights applicable under the Planning & Supply and Delivery Service Agreement between NYPA and Con Edison dated March 1989. Con Edison has terminated its purchase of Poletti effective January 1, 2000. At that time, the residual amount of available Capacity increased from 765 MW to 865 MW for the Winter Capability Period and from 733 MW to 829 MW for the Summer Capability Period.
- (16) - Subject to the settlement or outcome of the Third Party TWA proceeding (FERC Docket Nos. ER97-1523-011, OA97-470-010, and ER97-4234-008) without prejudice to NYSEG's rights in the future.
- (17) - Subject to the terms of the Remote Load Wheeling Agreement.

[illegible]



<b>TABLE 2 – Existing Transmission Facility Agreements</b>				
23	58	NMPC	RG&E	Station 80
24	36	CHG&E	RG&E	Station 80 Capacitors
25	36	Con Edison	RG&E	Station 80 Capacitors
26	36	LIPA	RG&E	Station 80 Capacitors
27	36	NYSEG	RG&E	Station 80 Capacitors
28	36	NMPC	RG&E	Station 80 Capacitors

<b>TABLE 2– Existing Transmission Facility Agreements</b>				
	FERC Rate Sch. Designation #	Requestor	Provider	Transmission Facility Agreement Name
29	36	O&R	RG&E	Station 80 Capacitors
30	36	RG&E	RG&E	Station 80 Capacitors
31	36	NYPA	RG&E	Station 80 Capacitors
32	128	CHG&E	Con Edison	Ramapo Phase Angle Regulators ("PARs")
33	128	Con Edison	Con Edison	Ramapo PARs
34	128	LIPA	Con Edison	Ramapo PARs
35	128	NYSEG	Con Edison	Ramapo PARs
36	128	NMPC	Con Edison	Ramapo PARs
37	128	O&R	Con Edison	Ramapo PARs
38	128	RG&E	Con Edison	Ramapo PARs
39	128	NYPA	Con Edison	Ramapo PARs

**TABLE 3 - Existing Transmission Capacity for Native Load**

	Transmission		Name	POI	POW	Est.	Code	Sum	Win	Interface Allocations - Summer Period									
	Requestor	Provider				Date		MW	MW	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
1	Con Edison	Con Edison	Native Load-Bowline	Bowline (3)	Con Edison	N/A	1	801	801							801	768	584	
2	Con Edison	Con Edison	Native Load-HQ Cap. Purchase	Pleasant Vly	Con Edison	N/A	1	400	208							400	384	292	
3	Con Edison	Con Edison	Native Load-Gilboa	Pleasant Vly	Con Edison	N/A	1	125	125							125	120	91	
4	Con Edison	Con Edison	Native Load-Roseton	Roseton-GN1 (4)	Con Edison	N/A	1	480	480							480	461	351	
5	Con Edison	Con Edison	Native Load-Corinth	Pleasant Vly	Con Edison	N/A	1	134	134							134	129	98	
6	Con Edison	Con Edison	Native Load-Sithe	Pleasant Vly	Con Edison	N/A	1	837	837							837	803	611	
7	Con Edison	Con Edison	Native Load-Selkirk	Pleasant Vly	Con Edison	N/A	1	265	265							265	254	193	
8	Con Edison	Con Edison	Native Load-IP2	Indian Pt 2	Con Edison	N/A	1	893	893								893	679	
9	Con Edison	Con Edison	Native Load-IP3	Indian Pt 3	Con Edison	N/A	1	108	108								108	82	
10	Con Edison	Con Edison	Native Load-IP Gas Turbine	IP GT-Buchanan	Con Edison	N/A	1	48	48								48	36	
11	NMPC	NMPC	Native Load -NMP1	NMP1	NMPC - East	N/A	1	610	610			610		610					
12	NMPC	NMPC	Native Load -NMP2	NMP2	NMPC - East	N/A	1	460	460			460		460					
13	NMPC	NMPC	Native Load -Hydro North	Colton	NMPC - East	N/A	1	110	110					110					
14	NYSEG	NYSEG	Native Load-Homer City	PJM Proxy Generator Bus	NYSEG - Cent.	N/A	1	863	863	863	863								
15	NYSEG	NYSEG	Native Load-Homer City	PJM Proxy Generator Bus	NYSEG - West	N/A	1	100	100										
16	NYSEG	NYSEG	Native Load-Allegheny 8&9	PJM Proxy Generator Bus	NYSEG - Cent.	N/A	2	37	37	37	37								
17	NYSEG	NYSEG	Native Load-BCLP	PJM Proxy Generator Bus	NYSEG - Cent.	N/A	2	80	80	80	80								
18	NYSEG	NYSEG	Native Load-LEA (Lockport)	Grdnvllle	NYSEG - Cent.	N/A	2	100	100	100	100								
19	NYSEG	NYSEG	Native Load-Gilboa	Gilboa	NYSEG - Mech	N/A	1	99	99										

Codes: Transmission capacity required:

(1) - to deliver the output of generation resources located out of or across a Member Systems' Transmission District.

(2) - to deliver power purchased under Third Party TWAs (i.e. - NUGs).

Notes:

1. Interface Designations:

DE - Dysinger East

MoS - Moses South

UC - UPNY/Con Ed

CE-LI - Con Ed/LIPA

WC - West Central

TE - Total East

MS - Millwood South

VE - Volney East

US - UPNY/SENY

DS - Dunwoodie South

2. POIs and POWs referencing a service area shall be as follows:

<b>POI/POW Designation Listed in Table 3</b>	<b>POI/POW Modeled in Auctions by ISO</b>
NMPC - East	Capital
Con Ed - Mid Hud	Hudson Valley
Con Edison	New York City
NYSEG - Cent	Central
NYSEG - Mech.	Capital
NYSEG - West	West

3. The ISO shall model ETCNL # 1 as set forth in Attachment M Table 2 of this ISO OATT.  
4. The ISO shall model ETCNL # 4 as set forth in Attachment M Table 2 of this ISO OATT.

## **19      Attachment M - Sale and Award of Transmission Congestion Contracts ("TCCs")**

## **19.1 Overview of the Sales of TCCs**

TCCs will be made available through: (i) the Centralized TCC Auction and Reconfiguration Auction, which will be conducted by the ISO; (ii) Direct Sales by the Transmission Owners, which will be non-discriminatory, auditable sales conducted solely on the OASIS in compliance with the applicable requirements and restrictions set forth in Order No. 889 et seq.; (iii) the conversion of transmission Capacity associated with certain Existing Transmission Agreements (“ETAs”) to Historic Fixed Price TCCs pursuant to Section 19.2.1 of this Attachment M (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of this Attachment M); (iv) the award of Non-Historic Fixed Price TCCs pursuant to Section 19.2.2 of this Attachment M; (v) the award of Incremental TCCs pursuant to Section 19.2.4 of this Attachment M; (vi) the conversion of ETCNL into ETCNL TCCs; and (vii) the conversion of RCRRs into RCRR TCCs. TCCs may also be available through resale on the Secondary Markets. Prior to the first Centralized TCC Auction, the NYISO distributed to Transmission Owners Original Residual TCCs, the NYISO designated certain transmission Capacity as ETCNL, and some Transmission Owners converted their Grandfathered Rights into Grandfathered TCCs.

### **19.1.1 Preservation of Tax-Exempt Financing**

Notwithstanding any other provision of this Attachment M, neither the ISO nor the Transmission Owners shall be required to grant, or allow the use of, transmission rights that would jeopardize the tax-exempt status of any Local Furnishing Bond(s), Government Bonds, LIPA Tax-Exempt Bonds or any other tax-exempt debt obligations, or impair the ability of a Transmission Owner to issue future tax-exempt obligations. Transmission Owners advising the ISO that the granting or use of transmission rights would jeopardize the tax-exempt status of any

Local Furnishing Bond(s), Government Bonds, LIPA Tax-Exempt Bonds or any other tax-exempt debt obligations, or impair the ability of a Transmission Owner to issue future tax-exempt obligations, shall advise the ISO of the duration of transmission rights that are unavailable pursuant to this section 19.1.1. and shall indicate whether transmission rights with a duration of one month are available or not available pursuant to this section 19.1.1.

## **19.2 Award of TCCs Other Than Through TCC Auctions: Fixed Price TCCs and Incremental TCCs**

### **19.2.1 Converting Transmission Capacity Associated with Expired, Terminated, or Expiring ETAs Into Historic Fixed Price TCCs**

As each ETA in effect on November 19, 1999 that was listed in Table 1A of Attachment L to this OATT (as it may be amended), and that conferred transmission rights on an LSE, expires or terminates, the transmission Capacity associated with it may be used to create Historic Fixed Price TCCs, pursuant to Section 19.2.1 of this Attachment M (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of this Attachment M). When any other ETA terminates, the Grandfathered Rights or Grandfathered TCCs associated with it shall be converted into Residual Transmission Capacity. The revenues associated with the sale or conversion of TCCs created from capacity associated with expired or terminated ETAs (including revenues from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of this Attachment M) shall be allocated among the Transmission Owners as described in Attachment N. All references to “ETAs listed in Table 1A of Attachment L” in this Attachment M shall encompass both those agreements that were previously converted into Grandfathered TCCs and those that were not.

The ISO shall follow the procedures set forth in this Section 19.2.1 prior to the implementation of the End-State Auction process. For purposes of this Section 19.2.1, references to “expired” ETAs shall include ETAs that have been terminated. When determining the Points of Injection, Points of Withdrawal, and MW quantities associated with ETAs listed in Table 1A in effect on November 19, 1999, the ISO shall look to Attachment L of this OATT, as it may be amended, at the time of the conversion.

### **19.2.1.1 Conversion Rules**

Any LSE that had transmission rights under an ETA in effect on November 19, 1999 that was listed in Table 1A of Attachment L to this OATT (as it may be amended), but has since expired, shall have a right to obtain Historic Fixed Price TCCs with the same Point of Injection and Point of Withdrawal associated with that ETA.

Any LSE that currently has transmission rights under an ETA in effect on November 19, 1999 that was listed on Table 1A of Attachment L of the OATT (as it may be amended) but has not yet expired, shall likewise have a right to obtain Historic Fixed Price TCCs with the same Point of Injection and Point of Withdrawal as that ETA after its expiration.

LSEs that are eligible to obtain Historic Fixed Price TCCs shall be able to obtain them for a total duration of up to ten years, except as provided in the following paragraph; provided, however that LSEs that obtain Historic Fixed Price TCCs may be eligible to purchase extensions of their Historic Fixed Price TCCs pursuant to Section 19.2.1.4 of this Attachment M. The ISO shall offer eligible LSEs Historic Fixed Price TCCs with the same Points of Injection and Points of Withdrawal as shown on Table 1A of Attachment L, as it may be amended, associated with their expired or expiring ETAs and a duration of five or ten years (at the LSE's option) at a price to be determined in accordance with Section 19.2.1.2 below. Prior to the expiration of Historic Fixed Price TCCs with a duration of five years that are created pursuant to the preceding sentence, the ISO shall offer those LSEs that hold such Historic Fixed Price TCCs an option to obtain new Historic Fixed Price TCCs with the same Points of Injection and Points of Withdrawal for one additional five-year term, effective upon the expiration of the original Historic Fixed Price TCCs' five year term, at a new price calculated in accordance with Section 19.2.1.2 below.



LSEs that certify to the ISO that they purchase Energy from the New York Power Authority (“NYPA”) under agreements that will expire in 2025 and that have ETAs listed on Table 1A to Attachment L, as it may be amended, that will expire in 2013, which they will use to hedge the congestion costs associated with deliveries under their NYPA agreements, shall have the right to obtain Historic Fixed Price TCCs with the same Points of Injection and Points of Withdrawal as shown on Table 1A of Attachment L to the OATT, as it may be amended, associated with the expiring ETA for a total duration of twelve years. The ISO shall offer Historic Fixed Price TCCs with a duration of five years to LSEs that make the required certification (provided for in this paragraph) at a price to be determined in accordance with Section 19.2.1.2 below. Prior to, but effective upon, the expiration of those Historic Fixed Price TCCs, the ISO shall offer the LSE an option to obtain new Historic Fixed Price TCCs with the same Points of Injection and Points of Withdrawal for one additional seven-year term, effective upon the expiration of the original Historic Fixed Price TCCs, at a new price calculated in accordance with Section 19.2.1.2 below.

To exercise this conversion right, an LSE must notify the ISO, and the Transmission Owner that was (or is) a party to the ETA, in writing, of its decision to obtain Historic Fixed Price TCCs under this provision. That notice must also specify the ETA’s expiration or termination date. The LSE must provide this notice prior to a deadline to be established by the ISO. In the case of an ETA that has already expired or been terminated as of the effective date of this Section 19.2.1, or that will expire or be terminated prior to the end of the Winter 2008 Capability Period, the ISO shall set the deadline on a date prior to the beginning of the Autumn 2008 Centralized TCC Auction. In the case of an ETA that will expire or terminate after the end of the 2008 Winter Capability Period, the ISO shall set the deadline on a date prior to the

beginning of the Centralized TCC Auction for the Capability Period in which the ETA expires or terminates. The specific deadlines shall be set forth in the ISO Procedures.

When an LSE elects to convert an ETA that: (i) has expired; (ii) is scheduled to expire, prior to November 1, 2008; or (iii) is scheduled to expire later but that is terminated before November 1, 2008, the term of the Historic Fixed Price TCCs that LSE obtains shall begin on November 1, 2008. When an LSE elects to convert any other ETA it may choose to have the term of the Historic Fixed Price TCCs that it obtains begin either on the day after the ETA's expiration or termination, or at the start of the Capability Period following its expiration or termination. If the LSE chooses the latter option, the ISO shall make the transmission Capacity associated with the expired ETA available to support the sale of TCCs in any Reconfiguration Auction(s) held for TCCs valid between the ETA's expiration and the start of the next Capability Period. Nothing in this Section 19.2.1 shall be construed as authorizing the early termination of ETAs before their scheduled expiration dates or as excusing the parties to ETAs of their obligations thereunder.

An LSE that exercises its conversion rights under this Section 19.2.1 may elect to receive a number of Historic Fixed Price TCCs up to one hundred percent of the MW quantity specified for the ETA in Table 1A of Attachment L as it may be amended. In the case of ETAs for which more than one MW quantity is listed in Attachment L, the LSE may elect to receive the higher quantity.

The LSE must submit a written certification to the ISO stating that it expects to: (i) be legally obligated to serve the Load that it historically served under the ETA (or a portion of that Load at least equal to the number of Historic Fixed Price TCCs that it plans to obtain under this Section 19.2.1); and (ii) need the transmission Capacity between the Point of Injection and Point

of Withdrawal specified in the ETA to serve that Load. The LSE will not be allowed to obtain Historic Fixed Price TCCs under this Section to the extent that it cannot satisfy either or both of these requirements. That is, the LSE's conversion rights may be wholly or partially terminated to the extent that it anticipates losing all or part of the historic Load, or no longer needing all or part of the transmission Capacity associated with the expired ETA to serve it. Additional information regarding the ISO's certification process shall be set forth in the ISO Procedures.

In addition, if the ISO concludes that an LSE's requested conversion would make existing and valid TCCs infeasible, it will reduce the number of Historic Fixed Price TCCs that the LSE may obtain to the extent necessary to avoid the infeasibility. The reduction procedure will use the same optimization model as the Centralized TCC Auctions, except that the expired or expiring transmission rights subject to conversion will not be represented as fixed injections and withdrawals but will be represented by a bid curve. Additional details shall be specified in the ISO Procedures.

**19.2.1.1.1 Special Rules Applicable to LSEs That Were Eligible to Obtain Historic Fixed Price TCCs with a Duration Commencing on November 1, 2008**

LSEs that obtained Historic Fixed Price TCCs with a duration of five years commencing on November 1, 2008 shall have a one-time opportunity to elect to replace those Historic Fixed Price TCCs, at no additional cost, with Historic Fixed Price TCCs with a duration of ten years. The ten year duration shall be deemed to have commenced on November 1, 2008. LSEs that elect to replace Historic Fixed Price TCCs under this paragraph shall not be eligible to obtain additional Historic Fixed Price TCCs for an additional five year term at the time that their replacement Historic Fixed Price TCCs expire.

LSEs that were eligible to obtain Historic Fixed Price TCCs with a duration of five years commencing on November 1, 2008, but that opted not to obtain them, shall have a one-time opportunity to obtain Historic Fixed Price TCCs with a duration of ten years. If an LSE makes this election the duration of the Historic Fixed Price TCCs that it obtains will commence at the beginning of a subsequent Capability Period, as specified in the ISO Procedures. An LSE that elects to obtain Historic Fixed Price TCCs under this paragraph shall pay the same price that the ISO originally offered for the same Historic Fixed Price TCCs with a duration of five years, *i.e.*, the price that the ISO calculated under Section 19.2.1.2 for Historic Fixed Price TCCs commencing on November 1, 2008 (including the original historic inflation adjustment) for the LSE in advance of the Autumn 2008 Centralized TCC Auction.

All elections under this Section 19.2.1.1.1 shall be made during an election period specified in the ISO Procedures and shall be subject to all of the notification, certification, feasibility and other requirements established under Section 19.2.1 and the ISO Procedures.

#### **19.2.1.2 Calculating Prices for Historic Fixed Price TCCs**

Except as is specifically noted in Section 19.2.1.2 (iii) and Section 19.2.1.4, if an LSE chooses to obtain Historic Fixed Price TCCs pursuant to this Section 19.2.1 it shall pay a base price per MW/year equal to the average of:

- (i) the average of the inflation-adjusted market-clearing prices calculated for TCCs with the POI and POW associated with the Historic Fixed Price TCC in the one-year Sub-Auction rounds of each of the four previous Centralized TCC Auctions. The average adjusted market-clearing price will be determined by first calculating the average market-clearing price in the one-year Sub-Auction rounds for each Centralized TCC Auction. Notwithstanding anything to the contrary herein, if a

Centralized TCC Auction includes a single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, the market-clearing prices from such single round one-year Sub-Auction shall not be considered for purposes of this Section 19.2.1.2. One-year Sub-Auction-round market-clearing prices from Centralized TCC Auctions conducted before May 1, 2010 are those from the Stage 1 one-year rounds of the Centralized TCC Auctions. The average market-clearing price for the first, second, and third of the four previous Centralized TCC Auctions will then be adjusted for inflation between: (a) the date that TCCs sold in them went into effect, and (b) the start of the Capability Period during which the TCCs sold in the fourth Centralized Auction went into effect; and

- (ii) the inflation-adjusted average annual difference between the Day-Ahead Market Congestion Component at the POW and the POI associated with the TCCs, summed over the hours of the four most recently concluded Capability Periods. The inflation-adjusted average annual difference for a given Historic Fixed Price TCC would be calculated by summing the Day-Ahead Market Congestion Component for the POW associated with that Historic Fixed Price TCC minus the Day-Ahead Market Congestion Component for the POI associated with that Historic Fixed Price TCC over the hours of each month of the four most recently concluded Capability Periods; adjusting each monthly total for inflation between the end of the month in question and the start of the most recently concluded

Capability Period; summing those inflation-adjusted monthly totals over those four Capability Periods; and dividing by two.

All inflation calculations referenced in this Section 19.2.1.2 shall be made using the most recently published inflation rates specified in the Personal Consumption Expenditures Implicit Price Deflator published by the Bureau of Economic Analysis of the United States Department of Commerce. A Historic Fixed Price TCC shall not have a price of less than zero. To the extent that the formula in this Section 19.2.1.2 produces a price for a Historic Fixed Price TCC of less than zero, the price shall be zero.

- (iii) If an LSE chooses to obtain a Historic Fixed Price TCC with a POW at or inside of Load Zone K (Long Island) pursuant to this Section 19.2.1 and bidding to or from Load Zone K was not permitted in any of the one-year Sub-Auctions of the four previous Centralized TCC Auctions at the time of the price calculation, it shall pay a base price per MW/year equal to the value calculated pursuant to Section 19.2.1.2 (ii).

### **19.2.1.3 Payment**

An LSE that obtains Historic Fixed Price TCCs pursuant to Section 19.2.1 shall be required to pay the ISO the total amount specified in equal annual payments for each year of the Historic Fixed Price TCC's duration. Each annual payment shall entitle the LSE to extend the term of the Historic Fixed Price TCC for an additional year, subject to the provisions of Section 19.2.1.1. Billing for Historic Fixed Price TCCs shall be in accordance with ISO Procedures. To challenge settlement information contained in an invoice, a purchaser of Historic Fixed Price TCCs shall first make payment in full, including any amounts in dispute.

An LSE that fails to make any required annual payment for its Historic Fixed Price TCCs shall permanently surrender those Historic Fixed Price TCCs for that year and for all subsequent years (and shall not have a right to renew for additional term(s) or be eligible to purchase extensions of its Historic Fixed Price TCCs pursuant to Section 19.2.1.4 of this Attachment M), provided however that the ISO shall provide a one week cure period to an LSE that has failed to make the required annual payment for its Historic Fixed Price TCCs before the LSE has its Historic Fixed Price TCCs permanently surrendered, pursuant to ISO Procedures.

Notwithstanding anything to the contrary herein, this Section 19.2.1.3 shall not apply to extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of this Attachment M. The applicable billing and payment requirements for extensions of Historic Fixed Price TCCs are set forth in Section 19.2.1.4 of this Attachment M.

#### **19.2.1.4 Extensions of Historic Fixed Price TCCs**

LSEs that converted expired or terminated ETAs to Historic Fixed Price TCCs pursuant to Section 19.2.1 of this Attachment M and continued to purchase Historic Fixed Price TCCs throughout the entire full term for which the LSE initially had the right to purchase and renew Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) shall be eligible to purchase extensions of their Historic Fixed Price TCCs for one year at a time in accordance with the requirements of this Section 19.2.1.4. A qualifying LSE shall not be eligible to purchase extensions of Historic Fixed Price TCCs until the entire full term for which the LSE initially had the right to purchase and renew its Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) has expired. For a qualifying LSE that was awarded: (1) sets of Historic Fixed Price TCCs associated with more than one expired or terminated ETA; or (2) as a result of the requirements of Section 19.2.1.1.1 of this Attachment

M, two sets of Historic Fixed Price TCCs related to the same expired or terminated ETA with different initial start dates following the termination or expiration of such ETA, the LSE's eligibility to purchase extensions of Historic Fixed Price TCCs shall be determined, and the requirements related to purchasing extensions hereunder shall be applied, separately for each set of Historic Fixed Price TCCs held by the qualifying LSE. Notwithstanding the foregoing, LSEs that: (i) converted expired or terminated ETAs to Historic Fixed Price TCCs pursuant to Section 19.2.1 of this Attachment M and purchased Historic Fixed Price TCCs for a portion of the entire full term for which the LSE initially had the right to purchase and renew Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M); and (ii) elected to terminate their Historic Fixed Price TCCs early and such early termination occurred prior to June 1, 2018, shall be eligible to purchase extensions of their prior Historic Fixed Price TCCs for one year at a time in accordance with the requirements of this Section 19.2.1.4; provided, however, that such LSEs shall not be eligible to purchase extensions of Historic Fixed Price TCCs until the entire full term for which the LSE initially had the right to purchase and renew its prior Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) has expired.

For purposes of each one-year extension period, a qualifying LSE shall be eligible to purchase an extension of its Historic Fixed Price TCCs for any number of Historic Fixed Price TCCs equal to or lesser than the highest MW quantity specified in Table 1A of Attachment L of the ISO OATT for the expired or terminated ETA associated with the Historic Fixed Price TCCs that the LSE seeks to extend, subject to the requirements of this Section 19.2.1.4; provided, however, that for a qualifying LSE that, as a result of the requirements of Section 19.2.1.1.1 of this Attachment M, has two sets of Historic Fixed Price TCCs related to the same expired or



terminated ETA eligible for extension: (i) the total number of Historic Fixed Price TCCs the LSE may seek to extend for the set of Historic Fixed Price TCCs that first becomes eligible for the purchase of extensions pursuant to this Section 19.2.1.4 shall not exceed the highest number of Historic Fixed Price TCCs that the LSE purchased for such set of Historic Fixed Price TCCs during the entire full term for which the LSE initially had the right to purchase and renew such Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M); and (ii) the total aggregate number of Historic Fixed Price TCCs the qualifying LSE may seek to extend for all such eligible sets of Historic Fixed Price TCCs shall not exceed the highest MW quantity specified in Table 1A of Attachment L of the ISO OATT for the applicable expired or terminated ETA. Notwithstanding the foregoing, if the ISO concludes that the number of Historic Fixed Price TCCs a qualifying LSE seeks to extend for a given one-year extension period would make existing and valid TCCs infeasible, it will reduce the number of Historic Fixed Price TCCs that the LSE may extend for that one-year extension period to the extent necessary to avoid the infeasibility. The reduction procedure will be conducted in a manner consistent with the procedure described in Section 19.8.2 of this Attachment M, except that the Historic Fixed Price TCCs that the qualifying LSE seeks to extend will not be represented as fixed injections and withdrawals but will, instead, be represented by a bid curve. If the LSE declines to purchase an extension of its Historic Fixed Price TCCs for any given one-year period, it shall remain eligible to purchase extensions of its Historic Fixed Price TCCs for subsequent years, subject to the requirements of this Section 19.2.1.4.

The ISO shall offer each qualifying LSE the option to purchase an extension of its Historic Fixed Price TCCs only once per year at a price determined in accordance with this Section 19.2.1.4 for the applicable one-year extension period. Such offers by the ISO shall be

provided to each qualifying LSE during the Capability Period immediately prior to: (i) in the case of initial eligibility to purchase an extension of its Historic Fixed Price TCCs, the last Capability Period of the entire full term for which the LSE initially had the right to purchase and renew its Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) in which the LSE's Historic Fixed Price TCCs are (or, absent early termination by the qualifying LSE, would have been) valid; or (ii) in the case of all subsequent years for which the LSE is eligible to purchase an extension of its Historic Fixed Price TCCs, the last Capability Period in which the prior Historic Fixed Price TCC extension right is valid (regardless of whether the LSE purchased an extension of its Historic Fixed Price TCCs for such one-year period). A qualifying LSE must provide notice to the ISO, in accordance with ISO Procedures, of its decision to purchase or decline to purchase an extension of its Historic Fixed Price TCCs for the one-year period at issue by the deadline established by the ISO, as set forth in ISO Procedures. The deadline for qualifying LSEs to provide notice of such decision to the ISO shall be a date prior to the commencement of the Centralized TCC Auction in which the six-month Sub-Auction will make transmission capacity available to support the sale of TCCs for the first Capability Period in which the applicable Historic Fixed Price TCC extension would be valid. Notice by a qualifying LSE of a decision to purchase an extension of its Historic Fixed Price TCCs for a given one-year period shall also: (1) specify the number of Historic Fixed Price TCCs that the LSE seeks to extend; and (2) include the certification required by this Section 19.2.1.4. Notwithstanding anything to the contrary in this Section 19.2.1.4, if an otherwise qualifying LSE does not provide notice of a decision to purchase or decline to purchase an extension of its Historic Fixed Price TCCs for a given one-year period by the applicable deadline to provide notice of such decision to the ISO, the LSE shall become ineligible to purchase any

future extensions of its Historic Fixed Price TCCs and the ISO shall cease providing Historic Fixed Price TCC extension offers to such LSE.

The one-year term of each Historic Fixed Price TCC extension shall commence: (i) in the case of initial eligibility of a qualifying LSE to purchase an extension of its Historic Fixed Price TCCs, on the first day of the Capability Period following the last Capability Period of the entire full term for which the LSE initially had the right to purchase and renew its Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) in which the LSE's Historic Fixed Price TCCs are (or, absent early termination by the qualifying LSE, would have been) valid; or (ii) in the case of all subsequent years for which a qualifying LSE is eligible to purchase an extension of its Historic Fixed Price TCCs, on the first day of the Capability Period following the last Capability Period in which the prior Historic Fixed Price TCC extension right is valid (regardless of whether the LSE purchased an extension of its Historic Fixed Price TCCs for such one-year period). The term of each Historic Fixed Price TCC extension shall expire after the last day of the Capability Period immediately following the Capability Period in which the Historic Fixed Price TCC extension becomes effective. If the entire full term for which a qualifying LSE initially had the right to purchase and renew its Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) expires on a date other than following the last day of a Capability Period and the LSE elects to purchase an extension of its Historic Fixed Price TCCs for the first available one-year period, the ISO shall make the transmission capacity associated with the prior Historic Fixed Price TCCs available to support the sale of TCCs in any Reconfiguration Auction(s) held for TCCs valid between the expiration of the prior Historic Fixed Price TCCs and the start date of the extension of the Historic Fixed Price TCCs.

To purchase an extension of its Historic Fixed Price TCCs, a qualifying LSE must certify to the ISO that for the one-year term of the Historic Fixed Price TCC extension, the LSE expects to: (i) be legally obligated to serve the Load it historically served under the ETA associated with the Historic Fixed Price TCCs that the LSE seeks to extend (or a portion of that Load at least equal to the number of Historic Fixed Price TCCs that the LSE seeks to extend for the applicable one-year period); and (ii) need transmission capacity between the Point of Injection and Point of Withdrawal specified in such ETA to serve that Load. The ISO may request that a qualifying LSE submit additional information to verify the accuracy of any such certification its provides to the ISO, and the qualifying LSE shall provide any such additional information requested by the ISO. A qualifying LSE shall not be eligible to purchase an extension of its Historic Fixed Price TCCs for a given one-year period for any MW quantity that exceeds its ability to make these required certifications.

The purchase price (in \$/MW-year) for each one-year period of a Historic Fixed Price TCC extension shall be equal to the weighted average of the market-clearing prices from the most recently completed one-year Sub-Auction rounds of a Centralized TCC Auction at the time the Historic Fixed Price TCC extension offer is made by the ISO, for a TCC with the same Point of Injection and Point of Withdrawal as the Historic Fixed Price TCCs that the qualifying LSE seeks to extend. Notwithstanding anything to the contrary herein, if a Centralized TCC Auction includes a single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, such single round one-year Sub-Auction shall not be considered for purposes of this Section 19.2.1.4. The weighting assigned to the market-clearing prices from each applicable round shall be determined based on the ratio of (i) the percentage of transmission

capacity made available in the applicable round to support the sale of one-year TCCs; to (ii) the total percentage of transmission capacity made available to support the sale of one-year TCCs with the same start date as TCCs for the applicable round in the relevant Centralized TCC Auction. In no event shall the purchase price for an extension of Historic Fixed Price TCCs be less than zero. If the calculation described above produces a value less than zero for a particular extension of Historic Fixed Price TCCs, the purchase price for such Historic Fixed Price TCC extension shall be set to zero.

A qualifying LSE that seeks to purchase extensions of its Historic Fixed Price TCCs shall be required to pay the ISO the total amount specified for each one-year Historic Fixed Price TCC extension the LSE seeks to purchase. Billing for extensions of Historic Fixed Price TCCs shall be in accordance with ISO Procedures. To challenge settlement information contained in an invoice, the qualifying LSE shall first make payment in full, including any amounts in dispute. If a qualifying LSE fails to make any required payment for an extension of its Historic Fixed Price TCCs, the LSE shall surrender those Historic Fixed Price TCCs for the one-year period at issue; provided, however, that the ISO shall provide a one week cure period for the LSE to make the required payment before its Historic Fixed Price TCCs are surrendered for the one-year period at issue.

Notwithstanding the foregoing, with respect to qualifying LSEs with Historic Fixed Price TCCs for which the last Capability Period of the entire full term for which the LSE initially had the right to purchase and renew its Historic Fixed Price TCCs (*i.e.*, 10 or 12 years as set forth in Section 19.2.1.1 of this Attachment M) in which the LSE's Historic Fixed Price TCCs are (or, absent early termination by the qualifying LSE, would have been) valid is the 2018 Summer Capability Period: (i) the ISO shall offer each such LSE the right to purchase an extension of its

Historic Fixed Price TCCs promptly after the effective date of this Section 19.2.1.4; and (ii) each such LSE shall provide the required notice of its decision to purchase or decline to purchase an extension of its Historic Fixed Price TCCs for the one-year period commencing November 1, 2018 by a deadline to be established by the ISO. The purchase price for the initial one-year extension of such Historic Fixed Price TCCs shall be calculated in the manner described above, using the market-clearing prices from the one-year Sub-Auction rounds of the Centralized TCC Auction conducted prior to the 2018 Summer Capability Period (*i.e.*, the 2018 spring Centralized TCC Auction). If a qualifying LSE elects to purchase an extension of such Historic Fixed Price TCCs for the initial one-year period, the start date of such a Historic Fixed Price TCC extension shall be November 1, 2018.

## **19.2.2 Awards of Non-Historic Fixed Price TCCs**

### **19.2.2.1 Initial Purchase of Non-Historic Fixed Price TCCs**

LSEs may be eligible to purchase Non-Historic Fixed Price TCCs, at prices established pursuant to Section 19.2.2.3.1 below if, pursuant to ISO Procedures, they submit a completed Notice of Intent to Purchase specifying the quantity of Non-Historic Fixed Price TCCs they intend to obtain under this Section 19.2.2.1 by Load Zone Point of Withdrawal. The LSE shall also indicate for each Load Zone potential Points of Injection for their Non-Historic Fixed Price TCCs. The LSE must provide its completed Notice of Intent to Purchase prior to the deadline established by the ISO. The LSE's completed Notice of Intent to Purchase shall also include a written certification. The written certification shall state that the LSE: (i) expects to be legally obligated to serve Load in each identified Load Zone in an amount and for a term that equals or exceeds the sum of the number of Non-Historic Fixed Price TCCs that it intends to obtain under this Section 19.2.2.1 with a Point of Withdrawal in that Load Zone and the number of

Grandfathered TCCs, Grandfathered Rights and Historic Fixed Price TCCs, in effect for the same term, that are held by or on behalf of the LSE with Points of Withdrawal in that Load Zone; and (ii) has served Load in the identified Load Zone in the most recently concluded Capability Period. The LSE will not be allowed to obtain Non-Historic Fixed Price TCCs under this Section to the extent that it does not satisfy either or both of these requirements prior to the deadline established by the ISO for this submittal. Additional information regarding the Notice of Intent to Purchase, including the written certification included therein, shall be set forth in the ISO Procedures.

The NYISO shall notify each LSE requesting a Notice of Intent to Purchase of the number of Non-Historic Fixed Price TCCs which the LSE is eligible to purchase by Load Zone Point of Withdrawal.

#### **19.2.2.1.1 Availability**

A percentage of the transmission Capacity that is available, pursuant to Section 19.8.3 of this Attachment M, to support the purchase of TCCs in any Centralized TCC Auction during which Non-Historic Fixed Price TCCs may be obtained shall be available to support the purchase of Non-Historic Fixed Price TCCs. The final decision concerning the percentage of the transmission Capacity that will be available to support the purchase of Non-Historic Fixed Price TCCs will be made by the ISO and shall not exceed five percent. The scaling factor for the allocation of Non-Historic Fixed Price TCCs during the period of any Centralized TCC Auction shall equal the percentage of available transmission Capacity that has not yet been made available to support the sale of TCCs in previous rounds of that Centralized TCC Auction, divided by the percentage of available transmission Capacity that will be made available to

support Non-Historic Fixed Price TCCs that may be purchased during the period of the Centralized TCC Auction.

#### **19.2.2.1.2 Limits on Availability**

The ISO may limit the availability of Non-Historic Fixed Price TCCs for initial purchase, by Load Zone, based on each LSE's average hourly load in that Load Zone and number of Grandfathered Rights and TCCs, Historic Fixed Price TCCs and other Non-Historic Fixed Price TCCs with POWs in that Load Zone held by or on behalf of the LSE.

In no event shall an LSE be eligible to purchase new Non-Historic Fixed Price TCCs with a Point of Withdrawal in a Load Zone for which the number of Grandfathered TCCs, Grandfathered Rights, Non-Historic and Historic Fixed Price TCCs held by or on behalf of the LSE with a Point of Withdrawal in that Load Zone equals or exceeds the average hourly load of the LSE in that Load Zone. Additional details shall be specified in the ISO Procedures.

Non-Historic Fixed Price TCCs may be offered by the ISO periodically, but no less frequently than every other year. They will be offered, if at all, with an initial term of two years. Renewal terms for Non-Historic Fixed Price TCCs shall be one year.

#### **19.2.2.2 Renewal**

LSEs may be eligible to renew Non-Historic Fixed Price TCCs at a new price calculated in accordance with Section 19.2.2.3.1 below if, pursuant to ISO Procedures, they submit a completed Notice of Intent to Renew specifying the Non-Historic Fixed Price TCC they intend to renew (by Point of Injection, Point of Withdrawal and quantity). The LSE must provide this notice prior to a deadline to be established by the ISO. The LSE's Notice of Intent to Renew shall also include a written certification stating that the LSE: (i) expects to be legally obligated to serve Load in each identified Load Zone in an amount and for a term that equals or exceeds the



number of Non-Historic Fixed Price TCCs that it intends to renew under this Section 19.2.2.2 with a Point of Withdrawal in that Load Zone given the number of Grandfathered TCCs, Grandfathered Rights and Historic Fixed Price TCCs, in effect for the same term, that are held by or on behalf of the LSE with Points of Withdrawal in that Load Zone; and (ii) needs the transmission Capacity between the Point of Injection and Point of Withdrawal specified in the Non-Historic Fixed Price TCC to serve its Load. In no event shall an LSE be eligible to renew Non-Historic Fixed Price TCCs with a Point of Withdrawal in a Load Zone if the number of these Non-Historic Fixed Price TCCs when added to the number of Grandfathered TCCs, Grandfathered Rights, Historic Fixed Price TCCs and Non-Historic Fixed Price TCCs held by or on behalf of the LSE with a Point of Withdrawal in that Load Zone equals or exceeds the average hourly load of the LSE in that Load Zone.

In no event shall the ISO offer renewals that would extend a Non-Historic Fixed Price TCC for a total term of more than ten years.

### **19.2.2.3 Provisions affecting the Initial Purchase and the Renewal of Non-Historic Fixed Price TCCs**

#### **19.2.2.3.1 Pricing**

Non-Historic Fixed Price TCCs intended to be purchased or renewed shall be priced for the initial or renewal term based on the market-clearing price calculated in the first round of the Sub-Auction of the Centralized TCC Auction conducted immediately subsequent to receipt of the completed Notice of Intent to Purchase or Notice of Intent to Renew in which TCCs with the same term as the Non-Historic Fixed Price TCCs being purchased or renewed were offered for sale, as established in ISO procedures. Such market-clearing prices shall have been calculated for a TCC with the same purchase or renewal term respectively (in years), and POI and POW, that is associated with the Non-Historic Fixed Price TCC. A Non-Historic Fixed Price TCC shall

not have a purchase or renewal price of less than zero. To the extent that the formula in this Section 19.2.2.3.1 produces a purchase or renewal price for a Non-Historic Fixed Price TCC of less than zero, the price shall be zero.

#### **19.2.2.3.2 Purchase or Renewal**

The ISO shall provide to each LSE, that submitted a completed Notice of Intent to Purchase or a Notice of Intent to Renew, the purchase or renewal price of the Non-Historic Fixed Price TCCs identified in the LSE's completed Notice of Intent or Purchase or completed Notice of Intent to Renew, as appropriate. Within a period to be established by the ISO, following this notification, the purchasing or renewing LSE shall nominate the Non-Historic Fixed Price TCCs by Point of Injection and Point of Withdrawal that it has chosen to purchase or renew, provided that the availability of Non-Historic Fixed Price TCCs with a Point of Withdrawal in a Load Zone shall be limited by the lesser of the number of Non-Historic Fixed Price TCCs indicated as available by the ISO for that LSE with a Point of Withdrawal in that Load Zone or the number of Non-Historic Fixed Price TCCs identified in the LSE's completed Notice of Intent to Purchase or Notice of Intent to Renew with a Point of Withdrawal in that Load Zone. The ISO may establish a deadline by which the ISO must receive the LSE's nominations of which Non-Historic Fixed Price TCCs it wishes to purchase or renew. An LSE that chooses not to renew its Non-Historic Fixed Price TCCs forfeits its entitlement to further renewals of that Non-Historic Fixed Price TCC.

If the ISO concludes that awarding the Non-Historic Fixed Price TCCs nominated by LSEs for purchase would make existing and valid TCCs infeasible, it will reduce the number of Non-Historic Fixed Price TCCs that an LSE can purchase to the extent necessary to avoid infeasibility. Such reduction shall use the same optimization model as the Centralized TCC

Auctions, except that the nominated TCCs will not be represented as fixed injections and withdrawals but will be represented by a bid curve, pursuant to ISO Procedures.

Non-Historic Fixed Price TCCs shall become effective with the first day of the Capability Period immediately following their purchase or renewal.

#### **19.2.2.3.3 Payment**

An LSE that obtains Non-Historic Fixed Price TCCs pursuant to Section 19.2.2 shall be required to pay the ISO the total amount specified in annual payments for each year of the initial term of the Non-Historic Fixed Price TCC's and for each year of the renewal term of the Non-Historic Fixed Price TCC. Billing for Non-Historic Fixed Price TCCs shall be in accordance with ISO Procedures. To challenge settlement information contained in an invoice, a purchaser of Non-Historic Fixed Price TCCs shall first make payment in full, including any amounts in dispute.

An LSE that fails to make the required annual payment for the initial or any renewal term of its Non-Historic Fixed Price TCC shall, notwithstanding any provision in this OATT to the contrary, permanently surrender its right to future renewals of those Non-Historic Fixed Price TCCs and shall not have a right to renew for additional term(s), pursuant to ISO Procedures.

#### **19.2.3 Miscellaneous Provisions Affecting Historic and Non-Historic Fixed Price TCCs**

The ISO shall post the following information promptly after awarding Fixed Price TCCs: (i) the quantity of TCCs awarded (in MW); (ii) the Point of Injection and Point of Withdrawal for each Fixed Price TCC awarded; and (iii) the price paid for each Fixed Price TCC.

If an LSE acquires Load from another LSE that holds Fixed Price TCCs, it may request that the Fixed Price TCCs be reassigned to follow the transferred Load. In such case, the

quantity of the Fixed Price TCCs that transfers to the assignee shall be equal to: (i) the amount of transferred Load divided by total Load associated with those Fixed Price TCCs, (ii) multiplied by the quantity of the Fixed Price TCCs held by the LSE losing Load between the same Point of Injection and Point of Withdrawal; provided however, that no Fixed Price TCC will transfer under this paragraph if the calculation above indicates that less than one Fixed Price TCC will transfer. If at least one Fixed Price TCC would transfer pursuant to this paragraph, the quantity of reassigned Fixed Price TCCs shall be rounded down to the nearest whole number of Fixed Price TCCs. An LSE that is reassigned Fixed Price TCCs under this paragraph shall hold such Fixed Price TCCs for the remainder of their term, and have rights of renewal as provided in Section 19.2.1 (including Section 19.2.1.4) and Section 19.2.2, provided it makes all required payments.

An LSE that has met all required payment and collateral obligations for its Fixed Price TCC, including LSEs that have transferred Load to a new LSE, may reassign, reconfigure, or sell its Fixed Price TCCs for any period of time for which its Fixed Price TCC is valid. Such assignment, reconfiguration, or sale shall not include renewal rights otherwise associated with the Fixed Price TCC, which renewal rights will remain with the LSE to which the Fixed Price TCCs were originally awarded, provided however that renewal rights associated with Fixed Price TCCs that are reassigned to follow the transferred Load shall be reassigned to follow the transferred Load. To the extent that Fixed Price TCCs are created pursuant to Section 19.2.1 (including Section 19.2.1.4) or Section 19.2.2, the transmission Capacity that supports them shall not be available for sale in the Centralized TCC Auctions until those Fixed Price TCCs expire.

All rights and obligations that apply to an LSE in connection with obtaining and holding Fixed Price TCCs as provided for in Section 19.2.1 (including Section 19.2.1.4), Section 19.2.2

and Section 19.2.3, shall also be applicable to an ETA Agent, except as the context otherwise requires (for example, an ETA Agent cannot obtain Fixed Price TCCs on its own behalf).

The ISO shall establish a dispute period following the conclusion of the Centralized TCC Auction during the conduct of which Fixed Price TCCs are awarded, challenges to awards of Fixed Price TCCs may be made and mistakes in the calculation of Fixed Price TCC prices may be corrected. Notice of the dispute period established by the ISO and of procedures to be employed in bringing a dispute or correcting a Fixed Price TCC price shall be provided by the ISO on its OASIS.

Following the resolution of challenges, if any, to the award of Fixed Price TCCs, or mistakes in the calculation of Fixed Price TCC prices, raised during the dispute period, charges and payments for Fixed Price TCCs awarded shall be final as provided in the award notices provided by the ISO and shall not be subject to revision.

#### **19.2.3.1 Responsibilities of LSEs that Obtain Fixed Price TCCs**

To obtain a Fixed Price TCC under Section 19.2.1 (including Section 19.2.1.4) or Section 19.2.2 of this Attachment M an LSE must submit such information to the ISO regarding its creditworthiness as the ISO may require. Each such LSE must also: (i) comply with the applicable deadlines established by the ISO under Sections 19.2.1, 19.2.2 and 19.2.3; (ii) satisfy all ISO credit requirements; and (iii) pay the price determined pursuant to Section 19.2.1.2, Section 19.2.1.4 or Section 19.2.2.3.1, as appropriate.

### **19.2.4 Awards of Incremental TCCs**

#### **19.2.4.1 Overview**

The ISO shall follow the procedures set forth in this Section 19.2.4 to determine awards of Incremental TCCs to any person or entity that requests them in connection with the funding or

construction of new transmission facilities or transmission facility improvements that increase the Transfer Capability of the New York State Transmission System.

These procedures shall only apply to requests for awards that are submitted on or after November 1, 2008 and not to: (i) requests for awards that are pending as of that date; (ii) or to Incremental TCC award determinations that were made by the ISO on or prior to that date; neither shall these procedures interfere with the completion of requests for awards that are pending as of that date or require that award determinations made by the ISO prior to that date be reopened. Award determinations that were made prior to November 1, 2008 or that were pending as of that date shall remain effective as described in the ISO's Automated Market System.

Throughout this Section 19.2.4: (i) any change to, reconfiguration of, and/or construction of new transmission facilities or other transmission facility improvements that are potentially eligible for an award of Incremental TCCs shall be referred to as an "Expansion;" and (ii) a person or entity that is pursuing an Expansion and requesting Incremental TCCs shall be referred to as an "Expander."

The ISO shall not award Incremental TCCs: (i) when the ISO cannot calculate the effect on Transfer Capability associated with an Expansion in the Day-Ahead Market with reasonable certainty; (ii) for Expansions that involve controllable transmission facilities that are under the operational control of a Control Area operator other than the ISO; or (iii) to the extent that an Expansion's impact on Transfer Capability is solely dependent on a Generator's operating state. Additional information concerning eligibility for Incremental TCC awards shall be set forth in the ISO Procedures. The ISO shall not award Incremental TCCs before the provisions of Section 19.2.4.5.2 have all been fulfilled.

The ISO shall also follow the procedures in this Section 19.2.4 to determine whether “Partial Outage Incremental TCCs” should be created in connection with final awards of Incremental TCCs.

#### **19.2.4.2 Requests for Incremental TCC Awards**

An Expander pursuing an Expansion and seeking an Incremental TCC award shall submit a request for an award to the ISO. A request for an Incremental TCC award must be submitted prior to the associated Expansion’s expected commercial operation date. A request for an Incremental TCC award shall not be deemed to be complete, and shall not be considered by the ISO, unless it includes all of the information and satisfies all of the technical requirements required by this Section 19.2.4 and by the ISO Procedures. Prior to submitting its request for a non-binding estimate, an Expander must have: (i) completed all of the engineering studies that are required under the ISO OATT, including Attachments X, S, Z or HH; and (ii) obtained all permits and regulatory approvals necessary to commence construction. If an Expansion is subject to the Class Year Study or Cluster Study requirements under Attachment S or Attachment HH of the ISO OATT, then the Expander must have accepted its cost allocation and posted the security required in the Class Year Study or Cluster Study under Attachment S or Attachment HH to the ISO OATT.

As part of its request for an award, an Expander shall request that the ISO prepare one or more non-binding estimates of an Expansion’s impact on Transfer Capability between one or more POI/POW combinations. The ISO shall be required to prepare up to three non-binding estimates with respect to an Expansion. Additional rules governing requests for non-binding estimates shall be set forth in the ISO Procedures.

An Expander that is not subject to Section 20.2.5 of Attachment N to the ISO OATT that requests an Incremental TCC award associated with an Expansion that will consist of multiple transmission facilities that might separately be taken out of service or derated in connection with the outage of an External transmission facility must provide additional information regarding partial outage states, as specified in the ISO Procedures, as part of its request. The ISO will use this information to analyze the creation of Partial Outage Incremental TCCs.

#### **19.2.4.3 Non-Binding Estimates**

The ISO shall provide non-binding estimates of Incremental TCCs that might be awarded between different POI/POW combinations that are identified in a complete request for a non-binding estimate. The ISO shall only prepare non-binding estimates if the associated Expansion is expected to enter commercial operation within the current or next like Capability Period.

The ISO shall estimate whether, and to what extent, Incremental TCCs may be created by analyzing whether an Expansion will actually increase Transfer Capability with respect to the entire set of POI/POW combinations included in a request for a non-binding estimate.

Incremental TCCs shall not be created for Transfer Capability that the ISO determines would exist on the system even in the absence of an Expansion. The ISO shall make these determinations using an Optimal Power Flow model that is updated and modified as necessary to represent the state of the New York State Transmission system both with and without the Expansion associated with the request for a non-binding estimate. If an Expansion is intended to increase voltage or transient stability limits the ISO shall conduct transfer limit studies as necessary to confirm the Expansion's impact on interface limits as specified in the ISO Procedures. Additional detail concerning the Optimal Power Flow model to be used by the ISO shall be set forth in the ISO Procedures. The ISO shall not be bound by the findings of previous



engineering studies, conducted under the ISO OATT or otherwise, regarding the impact of an Expansion on Transfer Capability when preparing non-binding estimates (or when determining awards under Section 19.2.4.5).

If the ISO estimates that Incremental TCCs would be created by an Expansion it shall separately estimate the quantity of Incremental TCCs that would be created for both the Summer and Winter Capability Periods.

#### **19.2.4.4 Partial Outage Incremental TCCs**

The ISO shall use the additional information submitted by certain Expanders regarding partial outage states pursuant to Section 19.2.4 to determine whether Partial Outage Incremental TCCs shall be created. Partial Outage Incremental TCCs shall not be awarded. They shall only be used to determine day-ahead outage charges, implemented through settlements for Day-Ahead Market Congestion Rents associated with Expansions that are partially out of service, or that are derated due to the outage of an External transmission facility, in connection with the calculation of outage charges under Section 19.2.4.9.

Partial Outage Incremental TCCs shall be created to the extent that the ISO finds, as part of its determination of final Incremental TCC awards pursuant to Section 19.2.4.5, that a revised set of Incremental TCCs would exist between a given POI/POW combination regardless of whether a portion of the associated Expansion is out of service or derated as a result of the outage of an External transmission facility. Partial Outage Incremental TCCs may be created between POI/POW combinations that differ from those for which the ISO may determine that Incremental TCCs would be available in a non-binding estimate or in any award of Incremental TCCs.

If the ISO determines that Partial Outage Incremental TCCs may be created as the result of an Expansion it shall separately calculate the number that would be created for the Summer and Winter Capability Periods.

#### **19.2.4.5 Incremental TCC Awards**

The ISO shall respond to complete requests for Incremental TCC awards by determining:

(i) whether, and to what extent, Incremental TCCs should be awarded for the POI/POW combinations selected by the Expander; and (ii) whether, and to what extent, Partial Outage Incremental TCCs should be created. An Expander may select all of the POI/POW combinations that were analyzed in any one of the non-binding estimates prepared by the ISO under Section 19.2.4.3 to be included in the award determination. It may not select the POI/POW combinations from more than one non-binding estimate or select fewer than all of the POI/POW combinations that were analyzed in any one non-binding estimate.

The ISO shall determine both temporary and final awards using an Optimal Power Flow model that is updated and modified as necessary to represent the state of the New York State Transmission system both with and without the Expansion, and to represent any of the Expansion's partial outage states, at the time that an award is determined. The ISO shall determine whether, and to what extent, Incremental TCCs shall be awarded by analyzing whether an Expansion will actually increase Transfer Capability with respect to the entire set of POI/POW combinations included in a request for an award. Incremental TCCs shall not be awarded for Transfer Capability that the ISO determines would exist on the system even in the absence of an Expansion. If an Expansion is intended to increase voltage or transient stability limits the ISO shall conduct transfer limit studies as necessary to confirm the Expansion's impact

on interface limits as specified in the ISO Procedures. The ISO shall make separate determinations for temporary and final awards of Incremental TCCs.

The ISO shall only determine or make an Incremental TCC award if the associated Expansion is expected to enter commercial operation within the current or next like Capability Period.

The ISO shall only determine, award, or create Incremental TCCs (including, for purposes of this paragraph, Partial Outage Incremental TCCs) in whole number MW quantities. If the ISO determines that an Expansion will create one or more non-whole number quantity Incremental TCCs, the ISO shall round each non-whole number Incremental TCC to a whole number in a manner that minimizes the risk of infeasibility caused by rounding with respect to the entire Incremental TCC award.

If the ISO determines that Incremental TCCs should be awarded, it shall make separate awards for the Summer and Winter Capability Periods.

#### **19.2.4.5.1 Temporary Awards**

If the ISO determines that Incremental TCCs should be awarded in connection with an Expansion and the Expansion goes into commercial operation during a Capability Period, the ISO shall make a temporary award of Incremental TCCs as soon as reasonably possible after notice that the Expansion has entered commercial operation has been provided in writing to the ISO pursuant to the ISO Procedures. Temporary awards of Incremental TCCs shall terminate at the end of the last day before a final award of Incremental TCCs becomes effective. In the case of an Expansion that enters commercial operation less than 90 days before the beginning of a Capability Period, the temporary award that is effective during the Summer Capability Period (or any portion thereof) may differ from the temporary award that is effective during the Winter

Capability Period (or any portion thereof). The quantity of Incremental TCCs included in a temporary award may differ from the quantity included in any of the non-binding estimate(s) associated with the Expansion and/or in the final award.

#### **19.2.4.5.2 Final Awards**

Awards of Incremental TCCs shall be final on the date by which the following are fulfilled: (i) an Expansion has actually entered commercial operation; (ii) written notice has been provided to the ISO pursuant to the ISO Procedures; and (iii) the ISO has determined the final award using an Optimal Power Flow analysis that reflects the results of the most recently completed Centralized TCC Auction. The quantity of Incremental TCCs included in a final award may differ from the quantity included in the temporary award, or in the non-binding estimate(s), associated with the Expansion.

Incremental TCCs included in final awards shall become effective on the first day of the first Capability Period following the date that the award became final. If, however: (i) the associated Expansion enters commercial operation fewer than ninety days before the end of a Capability Period then the Incremental TCCs included in a final award shall become effective on the first day of the next like Capability Period after the associated Expansion enters commercial operation; or (ii) the associated Expansion results in an increase to a limit that must be approved by the Operating Committee, and the Operating Committee's approval is granted fewer than ninety days before the end of a Capability Period, then the final award shall become effective on the first day of the next like Capability Period following the Operating Committee's approval.

If more than one Expansion enters commercial operation in the same Capability Period, the ISO shall make its final award determinations, and shall make final Incremental TCC awards, in the same order as the Expansions actually enter commercial operation.

#### **19.2.4.6 Acceptance of Incremental TCC Awards**

An Expander may elect to accept or reject a temporary or final award of Incremental TCCs in its entirety. Partial acceptances shall not be permitted. Deadlines for confirming the acceptance or rejection of an award shall be specified in the ISO Procedures.

An Expander that elects to accept a final award of Incremental TCCs shall inform the ISO, no later than the time that it accepts its final award, of the awarded Incremental TCCs' duration. Incremental TCCs shall have a duration of no less than twenty and no more than fifty years, starting on the date that the final award becomes effective, provided that their duration may not exceed the expected operating life of the associated Expansion. The ISO shall record the existence and duration of the Incremental TCCs in the Automated Market System.

If an Expander fails to accept a final award of Incremental TCCs and to specify the award's duration by the deadline established in the ISO Procedures it will forfeit its right to collect Day-Ahead Market Congestion Rent payments in connection with the Incremental TCCs until it confirms its acceptance in the manner specified in the ISO Procedures.

#### **19.2.4.7 Attributes of Incremental TCCs**

Incremental TCCs, but not partial outage Incremental TCCs, shall have the same attributes as other TCCs and shall be subject to the same rules under the ISO Tariffs, except as specifically provided in this Section 19.2.4.

#### **19.2.4.8 Restrictions on Transfers of Incremental TCCs**

##### **19.2.4.8.1 Secondary Market transfers of fewer than all of the Incremental TCCs**

associated with a given Expansion that were included in a final award shall not be allowed with the exception of allowable Secondary Market transfers as provided in Section 19.2.4.8.2; an Expander may only make Secondary Market transfers of

all of the Incremental TCCs for all of the POI/POW combinations that were included in a final award for a given Expansion. This restriction shall not prohibit the sale of fewer than all of the Incremental TCCs included in a final award through a Centralized TCC Auction or a Reconfiguration Auction. Secondary Market transfers of Incremental TCCs shall be made pursuant to the provisions of OATT Section 19.6.2. Transferees of Incremental TCCs that choose to become Primary Holders shall be subject to all existing ISO credit requirements and may be subject to any future credit requirements that may be applied to TCCs with a duration longer than one year.

19.2.4.8.2 An Expander may make a Secondary Market transfer pursuant to OATT Section 19.6.2 of fewer TCCs than all of the Incremental TCCs finally awarded for a given Expansion for which it is the Primary Holder provided that the Expander received a single final award of Incremental TCCs for the Expansion which award specified the same POI and the same POW combination. To comply with the requirement of a single final award with the same POI and POW, POIs or POWs that represent individual units of a Generator comprised of a group of generating units shall be deemed the same POI or POW.

A Secondary Market transfer by an Expander of all or a portion of its Incremental TCCs awarded for a given Expansion, pursuant to Sections 19.2.4.8.2 and 19.6.2, that is an assignment of the Incremental TCCs shall also operate as an assignment of the annual option to terminate the assigned Incremental TCCs, available pursuant to Section 19.2.4.9.

Incremental TCCs that are awarded pursuant to a temporary award may not be sold or transferred through a Secondary Market transfer, through a Centralized TCC Auction, through a Reconfiguration Auction, or otherwise.

#### **19.2.4.9 Early Termination of Incremental TCCs**

An Expander or its assignee shall have an annual option to terminate Incremental TCCs for which it is the Primary Holder and which were finally awarded to the Expander for a given Expansion. This annual option extends only to the entire portfolio of Incremental TCCs held by the Expander or its assignee for a given Expansion; early termination of a partial award of Incremental TCCs for a given Expansion held by a Expander or its assignee shall not be permitted. The annual option to terminate Incremental TCCs shall expire: i) with the early termination of those Incremental TCCs pursuant to this paragraph; ii) with the Expander's assignment of those Incremental TCCs; or iii) with a Secondary Market transfer of all or a portion of those Incremental TCCs, which expiration would apply only to the transferred portion of the Incremental TCCs and only for the duration of the Secondary market transfer.

To terminate its Incremental TCCs, the Expander, or the Expander's assignee, shall provide a notice of early termination and a proposed expiration date by Certified, Return-Receipt U.S. Mail, or by a reputable commercial courier service employing a parcel tracking system to the ISO at least one year in advance of the proposed early termination date which notice shall be irrevocable. The termination date for Incremental TCCs that were subject to a notice of early termination shall be the last day of a Capability Period which date occurs no earlier than one year after the notice of proposed early termination has been received by the ISO.

19.2.4.9.1 Upon receiving the notice of an early termination, the ISO shall promptly notice the market of the effective date of the early termination. To ensure that

Centralized TCC Auctions following a notice of early termination start with a simultaneously feasible security constrained Power Flow, the ISO may: i) update its ISO Procedures to include prohibited bid points or combinations of prohibited bid points at which TCCs with durations of longer than one year may not be available in a future Centralized TCC Auction or Reconfiguration Auction, as a result of the notice of early termination; and / or ii) rather than effectuate the termination date, require that the Incremental TCC award proposed for early termination be apportioned such that the Incremental TCCs terminate in portions over as many as 12 months, beginning with the initial termination date. To terminate Incremental TCCs in portions over as many as 12 months, the ISO shall establish up to two additional termination dates following the initial termination date, and assign Incremental TCCs to each termination date, which additional termination dates shall fall at the end of the Capability Period(s) that follow the initial termination date.

Any prohibition on bid points resulting from a notice of early termination of Incremental TCCs in order to avoid infeasibility shall expire as of the first Capability Period following the last termination date of the Incremental TCCs.

#### **19.2.4.10 Outage Charges**

Any person or entity that is not subject to Section 20.2.5 of Attachment N to the ISO OATT and that owns an Expansion (or a portion of an Expansion) associated with a temporary or final award of Incremental TCCs, or has been assigned Incremental TCCs by an Expander, shall pay an outage charge to the ISO for any hour in the Day-Ahead Market during which the Expansion associated with the Incremental TCCs is modeled to be wholly or partially out of



service. All outage charges shall be implemented through the billing of Day-Ahead Market Congestion Rents to the person or entity responsible for paying the outage charge and, as such, will be credits to Day-Ahead Market Congestion Rents in the ISO settlement system.

Outage charges shall be determined as follows:

- If the entire Expansion is modeled as out of service in the Day-Ahead Market; the outage charge shall be equal to the Day-Ahead Market Congestion Rent payment for all of the Incremental TCCs associated with the entire Expansion.
- If one or more portions of an Expansion are modeled as out of service in the Day-Ahead Market, or derated by the outage of an External Transmission facility, and Partial Outage Incremental TCCs have not been created, the outage charge shall be equal to the Day-Ahead Market Congestion Rent payment for all of the Incremental TCCs associated with the entire Expansion.
- If one or more portions of an Expansion are modeled as out of service in the Day-Ahead Market or are caused to be out of service or derated by the outage of an External transmission facility, and Partial Outage Incremental TCCs have been created for such an out-of-service state or derating, the outage charge shall be calculated as follows:

$$\text{Outage charge} = A - B$$

where:

- “A” is the sum, over all different POI and POW combinations associated with the Incremental TCCs for an Expansion, of the product of (i) the Congestion Component at the POW minus the Congestion Component at the POI; and (ii) the number of Incremental TCCs between that POI and POW associated with the Expansion, and

- “B” is the sum, over all different POI and POW combinations associated with the Partial Outage Incremental TCCs for that out-of-service state or derating of the Expansion, of the product of: (i) the Congestion Component at the POW minus the Congestion Component at the POI; and (ii) the number of Partial Outage Incremental TCCs between that POI and POW associated with that out-of-service state or derating of the Expansion.

#### **19.2.4.11 Incremental TCCs for System Deliverability Upgrades**

In accordance with, as applicable, Section 25.7.2 of Attachment S or Section 40.13.2 of Attachment HH to the ISO OATT, the Transmission Owner(s) responsible for constructing a System Deliverability Upgrade shall be the entity(ies) to submit requests for awards of Incremental TCCs pursuant to this Section 19.2.4 for each System Deliverability Upgrade, which will constitute the Expansion for purposes of each such request. The ISO shall evaluate each such request in accordance with the requirements of this Section 19.2.4 to determine any applicable temporary and/or final Incremental TCC awards for each System Deliverability Upgrade, including any Partial Outage Incremental TCCs relating thereto. Unless otherwise specified herein, Incremental TCCs resulting from System Deliverability Upgrades will be subject to the same requirements as Incremental TCCs awarded to any other Expansion pursuant to this Section 19.2.4, including the payment of any outage charges pursuant to Section 19.2.4.10 of this Attachment M.

If the ISO determines that a System Deliverability Upgrade is eligible to receive an award of Incremental TCCs, including any Partial Outage Incremental TCCs relating thereto, the ISO will allocate the determined award among the applicable Developers or Interconnection Customers eligible to receive Incremental TCCs related to the System Deliverability Upgrade and/or the Transmission Owner(s) responsible for constructing the System Deliverability

Upgrade in accordance with the requirements of, as applicable, Section 25.7.2 of Attachment S or Section 40.13.2 of Attachment HH to the ISO OATT. Each Developer or Interconnection Customer eligible to receive Incremental TCCs related to the System Deliverability Upgrade shall be provided the right to elect to receive its respective portion of such Incremental TCCs pursuant to Section 19.2.4.6 of this Attachment M. To the extent necessary to facilitate the potential for transfers to subsequent Developers or Interconnection Customers that pay for the use of Headroom pursuant to, as applicable, Attachment S or HH of the ISO OATT on a System Deliverability Upgrade that has been awarded Incremental TCCs, Incremental TCCs that are declined by a Developer or an Interconnection Customer will be deemed reserved. Incremental TCCs that are declined by a Developer or an Interconnection Customer and not otherwise deemed reserved will be deemed permanently terminated.

If subsequent Developer or Interconnection Customers pay for the use of Headroom pursuant to Attachment HH of the ISO OATT on a System Deliverability Upgrade that has been awarded Incremental TCCs, such subsequent Developers or Interconnection Customers will be provided a right to elect to receive any applicable Incremental TCCs to which they may be eligible to receive in accordance with, as applicable, Sections 25.7.2 and 25.7.12 of Attachment S or Sections 40.13.2 and 40.13.12 of Attachment HH to the ISO OATT. Incremental TCCs to be made available to subsequent Developers or Interconnection Customers will, as applicable, be obtained by the ISO by reducing the Incremental TCCs related to the System Deliverability Upgrade that were previously: (i) awarded to the Developers or Interconnection Customers that initially paid for the System Deliverability Upgrade; (ii) awarded to the Transmission Owner(s) responsible for constructing the System Deliverability Upgrade; and/or (iii) deemed reserved as a result of prior declination and/or termination, in accordance with the requirements of, as

applicable, Section 25.7.2 of Attachment S or Section 40.13.2 of Attachment HH to the ISO OATT. Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Developer or Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Developer or Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs. Incremental TCCs that are declined by a subsequent Developer or Interconnection Customer will be deemed permanently terminated.

Any Developer or Interconnection Customer that elects to receive Incremental TCCs related to a System Deliverability Upgrade shall have the right to terminate its Incremental TCCs in accordance with Section 19.2.4.9 of this Attachment M. Incremental TCCs terminated by a Developer or an Interconnection Customer that initially paid for a System Deliverability Upgrade will, to the extent necessary to facilitate the potential for transfers to subsequent Developers or Interconnection Customers that pay for the use of Headroom pursuant to Attachment S or HH of the ISO OATT on a System Deliverability Upgrade that has been awarded Incremental TCCs, be deemed reserved. Incremental TCCs that are terminated by a Developer or an Interconnection Customer that initially paid for a System Deliverability Upgrade and not otherwise deemed reserved will be deemed permanently terminated. Incremental TCCs terminated by a subsequent Developer or Interconnection Customer that paid for the use of Headroom on a System Deliverability Upgrade will be deemed permanently terminated.

Notwithstanding anything to the contrary in this Section 19.2.4, Incremental TCCs awarded as a result of System Deliverability Upgrades may not be sold or transferred through a Centralized TCC Auction, Reconfiguration Auction or the Secondary Market. Incremental

TCCs related to a System Deliverability Upgrade that are deemed reserved as a result of prior declination or termination will not be considered as active or valid for the period during which they remain deemed reserved. 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, as applicable, Section 25.8.7.4 of Attachment S or Section 40.17.1.4 of Attachment HH to the ISO OATT.

### **19.3 Allocation of Residual Transmission Capacity As Original Residual TCCs**

Before the first Centralized TCC Auction, the ISO calculated the Residual Transmission Capacity across each transmission Interface in both the Summer and Winter Capability Periods from the Operating Study Power Flow dispatch and allocated the Residual Transmission Capacity across Interfaces to individual Transmission Owners in the form of Original Residual TCCs in accordance with the Interface MW-Mile Methodology. The Original Residual TCCs allocated to individual Transmission Owners are shown in Table 3.

The ISO's allocation of Original Residual TCCs to Transmission Owners shall remain the same for at least the duration of the LBMP Transition Period. At the conclusion of the LBMP Transition Period, the Transmission Owners will review this methodology and shall have the sole discretion to modify by unanimous vote, the procedure to be used to allocate Residual Transmission Capacity across Interfaces in the form of Original Residual TCCs, and to determine the duration of all such Original Residual TCCs allocated.

Original Residual TCCs for each Interface will constitute point-to-point TCCs, each from a Point of Injection in one Load Zone to a Point of Withdrawal in another Load Zone.

Transmission Owners will be required to sell Original Residual TCCs, not previously sold in a Direct Sale, through a Centralized TCC Auction. Primary Holders of Original Residual TCCs shall inform the ISO of all Direct Sales of those TCCs, including the identity of the buyer.

## **19.4 Reservation of Transmission Capacity in a Centralized TCC Auction through ETCNL TCCs**

**19.4.1** Subject to the limitations set forth in Section 19.4.2 of this Attachment M, a Transmission Owner with a set of ETCNL designated from a Point of Injection to a Point of Withdrawal, as detailed in Table 2 of this Attachment M, shall have a right prior to each Centralized TCC Auction to convert into an ETCNL TCC each megawatt of transmission Capacity of that set of ETCNL not used to support the sale of existing TCCs that are valid for any part of the first Capability Period in which TCCs to be sold in the Centralized TCC Auction would be valid and that remains after any reduction pursuant to Section 19.8.2 of this Attachment M.

Each ETCNL TCC will have a duration of 6 months and will have the same POI and POW as the original set of ETCNL converted into ETCNL TCCs.

If a Transmission Owner fails to exercise its right to convert a megawatt of ETCNL into an ETCNL TCC in the manner and by the date specified in this Section 19.4, the Transmission Owner shall forfeit its right to convert ETCNL into ETCNL TCCs for the Centralized TCC Auction. Any ETCNL not converted to ETCNL TCCs shall remain valid as ETCNL, and shall be released for the Centralized TCC Auction pursuant to the provisions of this Attachment M.

**19.4.2** Notwithstanding any other provisions of this Section 19.4, a Transmission Owner shall not convert into ETCNL TCCs an amount greater than the Capacity Reservation Cap of the transmission Capacity of each set of the Transmission Owner's ETCNL; *provided, however*, that if (i) a Transmission Owner has a set of ETCNL from one POI and one or more sets of ETCNL from another POI, each of which are in the same Load Zone, and (ii) each of these sets of ETCNL has the same POW, then there shall be no maximum amount of transmission Capacity from a single set of ETCNL that a Transmission Owner shall have a right to convert into ETCNL TCCs, but a Transmission Owner shall not convert into ETCNL TCCs an amount greater than

the Capacity Reservation Cap of the total transmission Capacity of all of the Transmission Owner's sets of ETCNL with that POW.

ETCNL may be converted only into whole ETCNL TCCs. If the Capacity Reservation Cap multiplied by the transmission Capacity of a set of ETCNL or by the total transmission Capacity of multiple sets of ETCNL, as the case may be pursuant to this Section 19.4.2, does not yield a whole number, then the number of ETCNL TCCs that a Transmission Owner may convert from ETCNL will be reduced to the nearest integer and the number of megawatts of ETCNL that a Transmission Owner may not convert to ETCNL TCCs will be increased to the nearest integer.

**19.4.3** The ISO shall determine the Capacity Reservation Cap prior to each Centralized TCC Auction, and shall post the Capacity Reservation Cap on its website. The Capacity Reservation Cap shall be any amount less than or equal to five percent (5%).

**19.4.4** Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of megawatts of transmission Capacity from each of the Transmission Owner's sets of ETCNL that the Transmission Owner shall have a right to convert into ETCNL TCCs. The ISO shall notify each Transmission Owner of the ISO's determination with regard to its ETCNL in a written notice to be received by the Transmission Owner on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time.

**19.4.5** A Transmission Owner may exercise its right to convert its ETCNL into ETCNL TCCs by notifying the ISO of the number of megawatts of transmission Capacity from each of the Transmission Owner's sets of ETCNL that the Transmission Owner elects to convert to ETCNL TCCs. The Transmission Owner shall make the notification in a written notice to be



received by the ISO on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time.

After receipt by the ISO, the Transmission Owner's notification shall not be modified or revoked, except by permission of the ISO.

## **19.5        Reservation of Transmission Capacity in a Centralized TCC Auction through RCRR TCCs**

**19.5.1** Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of RCRRs between each of the following contiguous pairs of Load Zones within the NYCA that the ISO shall allocate to each Member System: West – Genesee; Genesee – Central; North – Mohawk Valley; Central - Mohawk Valley; Mohawk Valley – Capital; Capital - Hudson Valley; Hudson Valley – Millwood; Millwood – Dunwoodie; Dunwoodie - New York City; Dunwoodie - Long Island.

The ISO shall determine the number of RCRRs that the ISO shall allocate for each of these Load Zone pairs by maximizing the number of RCRRs between each Load Zone pair that are simultaneously feasible with all TCCs and Grandfathered Rights listed in Section 19.8.2 (i), and Table 1 ETCNL/TCCs that remains after reduction pursuant to Section 19.8.2 of this Attachment M.

To do so, the ISO will use the same optimization model that is used in determining the award of TCCs in a Centralized TCC Auction, and will represent each TCC and Grandfathered Right listed in Section 19.8.2 (i), Table 1 ETCNL/TCCs remaining after reduction pursuant to Section 19.8.2, and a large number of RCRRs in the model as fixed injections and withdrawals. The Centralized TCC Auction software will determine the maximum number of RCRRs for each Load Zone pair by maximizing the area under the bid curve Bids<sub>j</sub> as expressed by the following formula, subject to the constraint that the injections and withdrawals corresponding to the TCCs, Grandfathered Rights listed in Section 19.8.2 (i) and Table 1 ETCNL/TCCs remaining after reduction pursuant to Section 19.8.2, and potential RCRRs must correspond to a simultaneously feasible Power Flow:

$$\sum_{j \in N} \int_0^{A_j} Bids_j$$

Where,

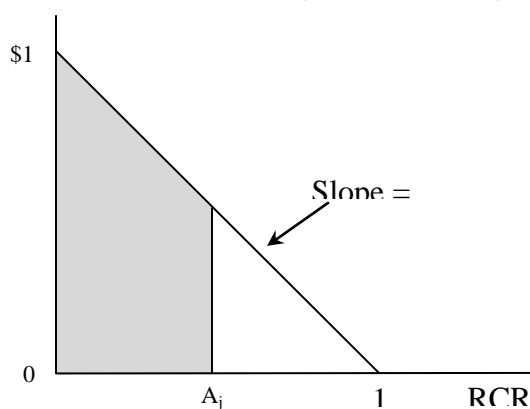
$j$  = A Load Zone pair

$N$  = The set of all Load Zone pairs for which the ISO shall calculate RCRRs

$A_j$  = The number of RCRRs defined between Load Zone pair  $j$

$Bids_j$  = The line that intersects the y-axis at \$1/TCC and which intersects the x-axis at 1 MW, as illustrated in the bid curve illustrated below.

Bid Curve  $Bids_j$  for RCRR $_j$



The ISO shall determine the POI and POW of each RCRR by assigning the POI and POW that the ISO expects, based on the ISO's review of historical and other information available to the ISO, to produce positive Congestion payments to a Member System that converts the RCRR into an RCRR TCC for the majority of the Capability Period that commences immediately following the completion of the relevant Centralized TCC Auction.

**19.5.2** The ISO shall allocate RCRRs between each Load Zone pair to each Member System in an amount equal to the product of (i) the number of RCRRs between the Load Zone pair for the Centralized TCC Auction as calculated pursuant to Section 19.5.1 of this Attachment M, and (ii) the Member System's allocation factor for that Load Zone pair, which shall be calculated pursuant to the following formula:

$$\text{Allocation Factor}_{t,j} = \frac{\sum_{a \in A} (\text{Interface Revenue}_{t,j,a})}{\sum_{t \in T} \sum_{a \in A} (\text{Interface Revenue}_{t,j,a})}$$

Where,

- Allocation Factor<sub>t,j</sub> = The allocation factor used by the ISO to allocate a share of RCRRs between Load Zone pair *j* to Member System *t* for a Centralized TCC Auction
- Interface Revenue<sub>t,j,a</sub> = The revenue from the sale of TCCs (excluding those TCCs for which revenue is allocated to a Member System pursuant to Sections 20.3.3 through 20.3.5 of Attachment N) associated with the Interface between Load Zone pair *j* in Centralized TCC Auction *a* assigned to Member System *t*
- t* = A Member System
- T* = The set of all Member Systems
- a* = A Centralized TCC Auction
- A* = The set of Centralized TCC Auctions beginning with the Centralized TCC Auction held for the 2000 Summer Capability Period and ending with the Centralized TCC Auction held for the 2003-2004 Winter Capability Period
- j* = A Load Zone pair.

**19.5.3** Subject to the limitations set forth in Section 19.5.4 of this Attachment M, a Member System allocated an RCRR pursuant to Section 19.5.2 of this Attachment M shall have a right prior to each Centralized TCC Auction to convert each RCRR into an RCRR TCC. Each RCRR TCC will have a duration of 6 months and will have the same POW and POI as the RCRR from which it was converted. If a Member System fails to exercise its right to convert an RCRR into an RCRR TCC in the manner and by the date specified in this Section 19.5.0, the Member System shall forfeit the RCRR. Each RCRR shall be valid only for the Centralized TCC Auction for which it was allocated.

**19.5.4** Notwithstanding any other provisions of this Section 19.5.0, a Member System shall not convert an amount greater than the Capacity Reservation Cap of the Member System's RCRRs into RCRR TCCs.

RCRRs may be converted only into whole RCRR TCCs. If the Capacity Reservation Cap multiplied by the number of RCRR does not yield a whole number, then the number of RCRR TCCs that a Member System shall have a right to convert from RCRRs will be reduced to the nearest integer and the number of RCRRs that a Member System shall not have a right to convert to RCRR TCCs will be increased to the nearest integer.

**19.5.5** Before each Centralized TCC Auction, the ISO shall, subsequent to performing the reduction process pursuant to Section 19.8.2 of this Attachment M, determine the number of RCRRs that each Member System shall have a right to convert to RCRR TCCs. The ISO shall notify each Member System of the ISO's determination with regard to its RCRRs in a written notice to be received by the Member System on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time.

**19.5.6** A Member System may exercise its right to convert its RCRRs into RCRR TCCs by notifying the ISO of the number of the Member System's RCRRs that the Member System elects to convert to RCRR TCCs. The Member System shall make the notification in a written notice, in accordance with ISO Procedures, to be received by the ISO on or before the date specified in the timeline for the relevant Centralized TCC Auction posted on the ISO's website, as that timeline may be revised from time to time. After receipt by the ISO, the Member System's notification shall not be modified or revoked, except by permission of the ISO.

**19.5.7** A Member System shall not transfer (by sale or otherwise) its RCRR TCCs except through a Centralized TCC Auction or Reconfiguration Auction, and shall not sell its RCRR TCCs through Direct Sales or through Secondary Markets.

## **19.6 Direct Sale of TCCs by Transmission Owners directly over the OASIS (“Direct Sale”)**

### **19.6.1 Direct Sales**

Transmission Owners may sell their Original Residual TCCs, ETCNL, and Grandfathered TCCs directly to buyers through a Direct Sale. Sellers and potential buyers shall communicate all offers to sell and buy TCCs, through a Direct Sale, solely over the ISO’s OASIS. Buyers and Sellers of TCCs by Direct Sale will have the responsibility to report their TCC transactions to the ISO, whereupon the ISO will post them on the OASIS. Provisions governing Primary Holder status and responsibilities otherwise applicable to TCCs shall be applicable to TCCs acquired through a Direct Sale.

During the Direct Sale process, the Transmission Owner electing to use Direct Sale shall have the sole discretion to accept or reject an offer to purchase TCCs. Each Transmission Owner shall develop and apply a non-discriminatory method for choosing the winning offers consistent with FERC Order No. 889, et seq., and may establish eligibility requirements that shall be no more stringent than those set forth in Section 2.14 of this Tariff. The Transmission Owner shall post information regarding the results of the Direct Sale on the ISO’s OASIS promptly after the Direct Sale is completed. The information shall include: (i) the amount of TCCs sold (in MW); (ii) the Point of Injection and Point of Withdrawal for each TCC sold; and (iii) the price paid for each TCC.

Each Transmission Owner may retain its Grandfathered TCCs. If it sells Grandfathered TCCs, a Transmission Owner shall do so through Direct Sales or through Centralized TCC Auctions or Reconfiguration Auctions for periods not extending beyond the termination date of

those TCCs. Payment for TCCs purchased in a Direct Sale shall be in accordance with the terms and conditions of the agreement between the buyer and seller.

#### **19.6.2 Secondary Market for TCCs**

After the conclusion of each auction, all Primary Holders may sell their TCCs in the Secondary Markets, unless otherwise provided in this Attachment M. However, the ISO shall make all Settlements with Primary Holders. Buyers in a Secondary Market that elect to become Primary Holders must meet the eligibility criteria in Section 19.7 of this Attachment M. Buyers and Sellers of TCCs in the Secondary Market will have the responsibility to report their TCC transactions to the ISO, whereupon the ISO will post them on the OASIS.

## **19.7 Primary Holders**

Parties that purchase TCCs at the close of the Centralized TCC Auction or Reconfiguration Auction, that convert their ETAs to Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of this Attachment M), buyers of Non-Historic Fixed Price TCCs, buyers in the Secondary Market that meet the eligibility criteria listed herein, and Expanders (as defined in Section 19.2.4.1) accepting a Temporary or Final Award of Incremental TCCs become Primary Holders of those TCCs. The ISO shall make all TCC settlements with Primary Holders. When selling TCCs, Transmission Owners are considered Primary Holders of those TCCs. A Primary Holder of a TCC which sells that TCC through a Direct Sale continues to be the Primary Holder of that TCC unless the buyer elects to become the Primary Holder of that TCC.

Primary Holders must meet the following eligibility criteria: (i) register as Transmission Customers and otherwise comply with all applicable registration requirements established in ISO Procedures; (ii) comply with all applicable credit requirements as set forth in Attachment K of the ISO Services tariff; and (iii) submit a statement signed by the buyer, representing that the buyer is financially able and willing to pay for the TCCs it proposes to purchase as well as all other obligations associated with the purchase of such TCCs, including without limitation, Congestion Rent due pursuant to this Tariff.

Where a buyer electing to become a Primary Holder fails to meet the eligibility criteria or the above financial criteria (as determined by the ISO), or fails to provide information required by the ISO, the seller of the TCCs in a Direct Sale shall be the Primary Holder with respect to those TCCs.



## **19.8 Auctions for TCCs**

### **19.8.1 Overview**

The ISO will conduct Centralized TCC Auctions before each Capability Period. Winning bidders in each such auction will purchase TCCs that will be valid for one or more Capability Periods, beginning with the first Capability Period that begins after the conclusion of the auction. The ISO will also conduct Reconfiguration Auctions each month. Winning bidders in each such auction will purchase TCCs valid for one or more calendar months within the same Capability Period, beginning with the calendar month that begins after the conclusion of the auction.

### **19.8.2 Description of the Reduction Process For Reducible ETCNL/GFTCCs**

Before each Centralized TCC Auction, the ISO shall ensure that all of the following correspond to a simultaneously feasible security constrained Power Flow: (i) existing TCCs and Grandfathered Rights that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction, including but not limited to Fixed Price TCCs that were created pursuant to Section 19.2.1 (including Section 19.2.1.4) or Section 19.2.2. of this Attachment M and Incremental TCCs awarded pursuant to Section 19.2.4 of this Attachment M; Grandfathered TCCs not subject to reduction and Original Residual TCCs to the extent not previously used to support the purchase of TCCs that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction (henceforth “TCCs and Grandfathered Rights listed in Section 19.8.2 (i)”); and (ii) ETCNL (to the extent not previously used to support the purchase of TCCs that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction) and Grandfathered TCCs subject to reduction as listed in Table 1 of this Attachment M (henceforth “Table 1 ETCNL/TCCs”). In some cases, the total set of all the TCCs, Grandfathered Rights, and Table 1 ETCNL/TCCs listed in (i) through (ii) above may not

correspond to a simultaneously feasible Power Flow in some period of time. In such cases, Table 1 ETCNL/TCCs, will be reduced for that period in order to make the total set of TCCs and Grandfathered Rights listed in Section 19.8.2 (i), and Table 1 ETCNL/TCCs remaining after reduction correspond to a simultaneously feasible Power Flow.

This reduction procedure will use the same optimization model that will be used in the Centralized TCC Auction to determine the amount by which Table 1 ETCNL/TCCs will be reduced. Each of the TCCs and Grandfathered Rights listed in Section 19.8.2 (i) above will be represented in the Centralized TCC Auction model by a fixed injection of 1 MW at its Point of Injection, and a fixed withdrawal of 1 MW at its Point of Withdrawal. In addition, Table 1 ETCNL/TCCs will be represented in the model, but they will be represented in such a way as to allow their reduction. To do so, bids for each Table 1 ETCNL/TCC will consist of a line which intersects the y-axis at \$1/TCC (or any other value selected by the ISO, so long as that value is constant for each bid curve for all of these Table 1 ETCNL/TCCs) and which intersects the x-axis at 1 MW. An example of the bid curve  $B_j$  for a representative Table 1 ETCNL/TCC is illustrated in the diagram below.

The TCC auction software will determine the amount of each Table 1 ETCNL/TCC that will remain after reduction, which is designated as  $A_j$  in the diagram. The objective function that the TCC auction software will use to determine these coefficients  $A_j$  will be to maximize:

$$\sum_{j \in N} \int_0^{A_j} B_j$$

Where:

$N$  = The set of Table 1 ETCNL/TCCs

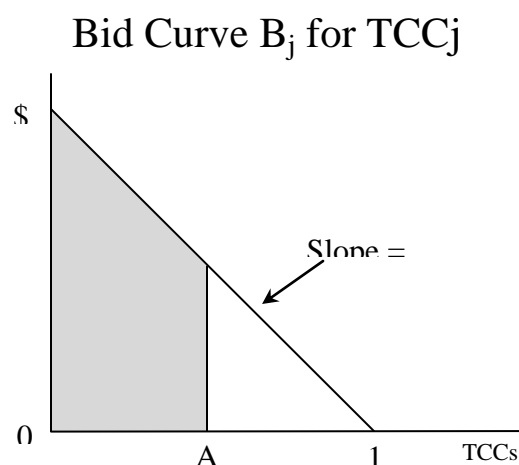
$j$  = Any individual Table 1 ETCNL/TCC

$A_j$  = Any amount of each Table 1 ETCNL/TCC( $j$ ) remaining

$B_j$  = As defined by the diagram

subject to the constraint that injections and withdrawals corresponding to the TCCs and Grandfathered Rights listed in Section 19.8.2(i) and Table 1 ETCNL/TCCs remaining after reduction must be simultaneously feasible in a Power Flow.

As a result, the objective function will maximize the area under the bid curve for each Table 1 ETCNL/TCC that remains after reduction, summed over all Table 1 ETCNL/TCCs, subject to the simultaneous feasibility constraint. This area for one Table 1 ETCNL/TCC is illustrated in the following diagram:



The ISO shall apply this methodology as follows:

19.8.2.1 first, on the Table 1 ETCNL/TCCs (prior to the conversion of any ETCNL to ETCNL TCCs), and

19.8.2.2 second, on the Table 1 ETCNL/TCCs remaining after conversion into ETCNL TCCs of ETCNL included in such Table 1 ETCNL/TCCs.

For purpose of the second reduction, a holder of ETCNL may elect to disaggregate the ETCNL in accordance with ISO Procedures prior to conducting the reduction process. If a

Transmission Owner elects to have its ETCNL disaggregated, the number of MW of ETCNL allocated to that Transmission Owner specifying each Load Zone as its POW shall be replaced by the same number of MW of ETCNL, specifying the same POI as the original ETCNL, but specifying various buses within that Load Zone as the POWs, as determined in accordance with ISO Procedures.

To the extent more than one model is used in a given Centralized TCC Auction (*e.g.*, to reflect different summer / winter ratings), the ISO shall retest the Table 1 ETCNL/TCCs remaining after reduction so as to avoid reducing the Table 1 ETCNL/TCCs more than is necessary to prevent infeasibility in a given Sub-Auction. However, any Table 1 ETCNL/TCC that is deemed infeasible in one Centralized TCC Auction may be deemed reduced and not eligible for retesting in a subsequent Centralized TCC Auction.

### **19.8.3 Transmission Capacity Sold in Centralized Auctions for TCCs**

Transmission Owners with ETCNL will release that transmission Capacity to support the sale of TCCs in each Centralized TCC Auction, unless the Transmission Owner has converted the ETCNL into ETCNL TCCs pursuant to Section 19.4 of this Attachment M. Transmission Owners which have not sold their Original Residual TCCs through a Direct Sale on the OASIS prior to the Centralized TCC Auction, shall sell them through the Centralized TCC Auction. Transmission Owners may retain their Grandfathered TCCs. If it sells Grandfathered TCCs, a Transmission Owner shall do so either through Direct Sales or through Centralized TCC Auctions or Reconfiguration Auctions.

Capacity associated with the termination of ETAs in effect on November 19, 1999, listed in Table 1A of Attachment L to this OATT (as it may be amended), that conferred transmission rights on an LSE and is not used to create Historic Fixed Price TCCs, pursuant to Section 19.2.1

of this Attachment M (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of this Attachment M) shall be converted into Residual Transmission Capacity.

In each Centralized TCC Auction, the following transmission Capacity not required to support already-outstanding TCCs or Grandfathered Rights and not withheld pursuant to Section 19.1.1 of this Attachment M shall be available to support TCCs that can be purchased in that Centralized TCC Auction:

- 19.8.3.1 following any reduction pursuant to Section 19.8.2 of this Attachment M, all of the transmission Capacity associated with ETCNL (a) that the Transmission Owners do not sell through a Direct Sale in advance of the Centralized TCC Auction, (b) that the Transmission Owners do not convert to ETCNL TCCs, and (c) that has not been used to support the sale of existing TCCs that are valid for any part of the duration of any TCCs sold in the Centralized TCC Auction;
- 19.8.3.2 all of the transmission Capacity associated with Original Residual TCCs, that the Transmission Owners do not sell through a Direct Sale in advance of the Centralized TCC Auction and that has not been used to support the sale of existing TCCs that are valid for any part of the duration of any TCCs sold in the Centralized TCC Auction;
- 19.8.3.3 all of the transmission Capacity associated with TCCs offered for sale by TCC Primary Holders; and
- 19.8.3.4 any Residual Transmission Capacity.

#### **19.8.4 Centralized TCC Auctions**

TCCs with durations of 6 months and 1 year shall be available in each Centralized TCC Auction. TCCs with durations of 2 years, 3 years, 4 years, or 5 years may also be available in the Centralized TCC Auction, at the ISO's discretion.

The final decision concerning the percentage of the transmission Capacity that will be available in the Centralized TCC Auction to support TCCs of different durations will be made by the ISO. The ISO will conduct a polling process to assess the market demand for TCCs with different durations, which it will take into consideration when making this determination. The ISO may elect not to sell any TCCs with one or more of the above durations. However, all transmission Capacity not associated with ETAs or outstanding TCCs or not reserved through conversion of ETCNL to ETCNL TCCs or RCRRs to RCRR TCCs must be available to support TCCs of some duration sold in the Centralized TCC Auction that have a start date of the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction.

The Centralized TCC Auction will consist of a series of Sub-Auctions. For TCCs with the same start date, such Sub-Auctions will be conducted consecutively. In each Sub-Auction, TCCs of a single duration will be available (*e.g.*, only TCCs with a five-year duration might be available in one Sub-Auction). Sub-Auctions for TCCs with the same start date will be conducted in decreasing order of the length of the period for which TCCs sold in the Sub-Auction are valid. Therefore, if the ISO were to determine that five years would be the maximum length of TCCs available in the Centralized TCC Auction for TCCs with a particular start date, then the Sub-Auction for TCCs with a duration of five years would be held first. All TCCs sold in the 5-year TCC Sub-Auction (other than those offered for sale in the next Sub-Auction, as described in Section 19.9.1) would then be modeled as fixed injections and withdrawals in the next Sub-

Auction, in which TCCs with the same start date of the next longest duration, as determined by the ISO (*e.g.*, four years), would be available for purchase. Following that Sub-Auction, TCCs with the same start date sold in either of the first two Sub-Auction (other than those offered for sale in the next Sub-Auction) would then be modeled as fixed injections and withdrawals in the third Sub-Auction for TCCs with the same start date (*e.g.*, a Sub-Auction for three-year TCCs with the same start date), etc.

Each Sub-Auction shall normally consist of at least four rounds unless the Transmission Owners that are subject to Attachment N of this Tariff unanimously consent to fewer rounds. The ISO shall have the authority to determine the percentage of the available transmission Capacity that will be available to support TCCs sold in each round of each Sub-Auction such that all of the transmission Capacity offered for sale in that Sub-Auction shall be offered by the last round of that Sub-Auction. The ISO shall announce these percentages before the Sub-Auctions. The “scaling factor” for each round shall equal the percentage of available transmission Capacity that has not yet been made available to support the sale of TCCs in previous rounds, divided by the percentage of available transmission Capacity that will be made available to support the sale of TCCs in that round.

The ISO shall also determine the maximum duration of TCCs sold in the Centralized TCC Auction, and whether the TCCs sold in the Centralized TCC Auction shall be separately available for purchase as on-peak and off-peak TCCs. (For purposes of this Attachment, the on-peak period will include the hours from 7 a.m. to 11 p.m. Prevailing Eastern Time Monday through Friday. The remaining hours in each week will be included in the off-peak period.)

Notwithstanding anything to the contrary herein, for the Centralized TCC Auction that immediately follows a Centralized TCC Auction in which the ISO has sold two-year TCCs, the

ISO may conduct a single round one-year Sub-Auction for TCCs with a start date that is the same as the second year of the previously sold two-year TCCs; provided, however, that the amount of transmission Capacity made available to support the sale of one-year TCCs in such single round one-year Sub-Auction shall not exceed the lesser of: (a) five percent of the transmission Capacity not otherwise required to support already-outstanding Grandfathered Rights, Grandfathered TCCs, Fixed Price TCCs, Incremental TCCs, ETCNL TCCs, and RCRR TCCs; and (b) the amount of transmission Capacity that the ISO made available to support the sale of two-year TCCs in the prior Centralized TCC Auction. The remaining transmission Capacity to be made available by the ISO to support the sale of one-year TCCs with a start date that is the same as the one-year TCCs offered for sale during such single round one-year Sub-Auction shall be made available to support the sale of one-year TCCs in the next Centralized TCC Auction conducted after the Centralized TCC Auction including such single round one-year Sub-Auction.

#### **19.8.5 Reconfiguration Auctions**

A Reconfiguration Auction is an auction in which TCCs with a duration of one or more months within the same Capability Period may be offered and purchased. This will allow Market Participants to purchase and sell short-term TCCs. Reconfiguration Auctions will also capture short-term changes in transmission Capacity. The ISO will conduct Reconfiguration Auctions monthly and TCCs purchased in Reconfiguration Auctions will be valid for the applicable month or months following the Reconfiguration Auction. A Reconfiguration Auction will consist of a single round. Any Primary Holder of a TCC that is valid for a month in which TCCs are being sold in the Reconfiguration Auction, including a purchaser of a TCC in a Centralized TCC Auction that has not sold that TCC and a Transmission Owner that is the



Primary Holder of an ETCNL TCC or a Member System that is the Primary Holder of a RCRR TCC, may offer that TCC for sale in a Reconfiguration Auction; provided however that the sale of TCCs in a Reconfiguration Auction shall be subject to the limitations and prohibitions set forth in this ISO OATT including the limitation on the sale or transfer of Fixed Price TCCs and the limitation on the sale or other transfer of Incremental TCCs. The transmission Capacity used to support these TCCs, as well as any other transmission Capacity not required to support already-outstanding TCCs or Grandfathered Rights, will be available to support TCCs purchased in the Reconfiguration Auction.

Transmission Capacity made available for transmission rights in durations of no more than one month pursuant to Section 19.1.1 shall be released in Reconfiguration Auctions.

## **19.9 Procedures for Sales of TCCs in Each Auction**

### **19.9.1 Auction Structure**

TCCs may be offered for sale in each Sub-Auction round of the Centralized TCC Auction.

TCCs purchased in any round of any Sub-Auction may be resold in a subsequent round of that Centralized TCC Auction for TCCs with the same start date. For example, the purchaser of a 5-year TCC purchased in the 5 year Sub-Auction may release a 4-year TCC with the same Point of Injection and Point of Withdrawal for sale in the 4-year Sub-Auction for TCCs with the same start date. Similarly, that purchaser could instead release a corresponding 3-year TCC for sale in the 3-year Sub-Auction for TCCs with the same start date.

The following holders of TCCs may offer to sell TCCs in any round of a Sub-Auction appropriate to their duration: (i) Primary Holders who did not sell those TCCs in a Direct Sale or in a previous round of the Centralized TCC Auction; (ii) purchasers of TCCs in previous rounds of that Centralized TCC Auction or in previous auctions who have not subsequently sold those TCCs through an auction; and (iii) purchasers of TCCs through a Direct Sale who qualify to become Primary Holders and have not already sold those TCCs through an auction or through a Direct Sale, provided however that the sale of TCCs shall be subject to the limitations and prohibitions set forth in this ISO OATT including the limitation on the sale or transfer of Fixed Price TCCs and the limitation on the sale or other transfer of Incremental TCCs.

#### **19.9.1.1 Bid Requirements**

Bidders shall submit Bids into the Centralized TCC Auction in accordance with this Attachment M and ISO Procedures. Bidders shall submit Bids such that the sum of the value of its Bids shall not exceed that bidder's ability to pay for TCCs, as determined by ISO Procedures.

### **19.9.1.2 Bidding Rounds**

Bidders shall be awarded TCCs in each round of the Centralized TCC Auction and shall be charged the market-clearing price for that round, as determined by the ISO in accordance with Section 19.9.5 of this Attachment M, for all TCCs they purchase.

### **19.9.1.3 Reconfiguration Auctions**

All rules stated in this Section 19.9 for the auction rounds of a Centralized TCC Auction shall also apply to Reconfiguration Auctions unless otherwise stated or the context otherwise requires it. The scaling factor for the single round of a Reconfiguration Auction shall be one.

## **19.9.2 Responsibilities of the ISO**

The ISO shall establish the auction rules and procedures consistent with this Tariff. The ISO shall conduct the Optimal Power Flows in each round of the Centralized TCC Auction. The ISO will verify that the Optimal Power Flows calculated in each round of the Centralized TCC Auction corresponds to a simultaneously feasible Power Flow as described in Section 19.9.7 of this Attachment M. The ISO shall notify the Transmission Owners if: (1) the Optimal Power Flow results calculated are inaccurate; or (2) the Optimal Power Flow is not calculated in accordance with the correct procedure.

Additionally, the ISO will determine the information pertaining to the auction to be made available to Centralized TCC Auction participants over the OASIS and publish information on its OASIS accordingly. The ISO may develop a list of POIs and POWs between which TCCs may not be purchased and shall post such list on its OASIS. The ISO will identify the details to be included in development of the auction software and arrange for development of the software.

The ISO will apply the credit requirements established in this ISO OATT and Attachment K of the NYISO Services Tariff to Primary Holders of TCCs and to bidders in the Centralized TCC Auctions and Reconfiguration Auctions.

The ISO shall not reveal the Bid Prices submitted by any bidder in the Centralized TCC Auction until three months after the Bids were submitted. When these Bid Prices are posted, the names of the bidders shall not be publicly revealed, but the data shall be posted in a way that permits third parties to track each individual bidder's Bids over time.

The ISO will settle all Centralized TCC Auctions and Reconfiguration Auctions, and will settle all Congestion settlements related to the Day-Ahead Market, pursuant to Attachment N.

### **19.9.3 Additional Responsibilities of the ISO**

The ISO shall be capable of completing the Centralized TCC Auction within the time frame specified in this Attachment M.

The ISO will establish an auditable information system to facilitate analysis and acceptance or rejection of Bids, and to provide a record of all Bids and the award of Fixed Price TCCs. The ISO shall also provide all necessary assistance in the resolution of disputes that arise from questions regarding the acceptance, rejection, award and recording of Bids, or the award of Fixed Price TCCs, pursuant to Section 19.2.1 (including Section 19.2.1.4) or Section 19.2.2.above. The ISO will establish a system to communicate auction-related information to all auction participants between rounds of the Centralized TCC Auction. (This last requirement will not apply to single-round auctions.)

The ISO will receive Bids to buy TCCs from any entity that meets the eligibility criteria established in this ISO OATT and will implement the auction bidding rules previously established by the ISO. In accordance with ISO Procedures, the ISO shall unbundle TCCs in

accordance with a request made by a Transmission Customer awarded a TCC. Unbundling TCCs shall consist of replacing that TCC with an equivalent set of TCCs. In all cases, the amount payable to (or by) the Primary Holder of such a set of TCCs will be equal to the amount payable to (or by) the Primary Holder of the original TCC.

The ISO will be required to solve Optimum Power Flows for the NYS Transmission System; properly utilize an Optimum Power Flow program to determine the set of winning Bids for each round of the Centralized TCC Auction; and calculate the market-clearing price of all TCCs at the conclusion of each round of the Centralized TCC Auction, in the manner described in this Attachment M.

#### **19.9.4 Responsibilities of each Bidder**

To qualify to submit Bids and offers in a Centralized TCC Auction, a party shall register as a Customer or Transmission Customer and shall otherwise comply with all applicable registration requirements established in ISO Procedures. All Customers and Transmission Customers seeking to submit Bids and offers in a Centralized TCC Auction shall comply with all applicable credit requirements as set forth in Attachment K of the NYISO Services Tariff.

Each bidder shall submit Bids to purchase and sell TCCs into the Centralized TCC Auction in accordance with this Attachment M and ISO Procedures. Each bidder shall submit the following information with its Bids to purchase TCCs: (i) the number of TCCs for which an offer to purchase is made, (ii) the Bid Price (in \$/TCC) which represents the maximum amount the bidder is willing to pay for the TCC (Bid Prices may be negative, indicating that a bidder would have to be paid in order to accept a TCC); (iii) the location of the Point of Injection and the Point of Withdrawal for the TCC to which the Bid applies (these locations may be any locations for which the ISO calculates an LBMP and which is otherwise available as a TCC POI

or POW); and (iv) if the auction is a Balance-of-Period, the month(s) for which the bidder is bidding. Additionally, if the ISO offers TCCs for sale that are valid in sub-periods (e.g., on-peak or off-peak TCCs), this information must also be provided by the Bidder.

Each bidder must submit such information to the ISO regarding the bidder's or LSE's creditworthiness as the ISO may require, along with a statement signed by the bidder, or LSE representing that the bidder or LSE is financially able and willing to pay for the TCCs for which it is bidding. The aggregate value of the Bids submitted by any bidder into the Centralized TCC Auction shall not exceed that bidder's ability to pay or the maximum value of Bids that bidder is permitted to place, as determined by the ISO (based on an analysis of that bidder's creditworthiness).

#### **19.9.5 Selection of Winning Bids and Determination of the Market-Clearing Price**

The ISO shall determine the winning set of Bids in each round of the Centralized TCC Auction as follows: (i) the ISO shall use an Optimal Power Flow program with the initial assumptions identified by the ISO; (ii) the Optimal Power Flow shall use the same Reference Bus and system security constraints assumptions as used by the ISO subject to ISO Procedures; (iii) the ISO shall select the set of Bids that maximizes the value of the TCCs awarded to the winning bidders; (iv) the aggregate market value of the TCCs awarded to each bidder shall not exceed that bidder's ability to pay, since each bidder is not allowed to Bid more than its ability to pay as determined by the ISO; and (v) the selected set of Bids must be simultaneously feasible as described in this Attachment M.

In the Centralized TCC Auction, if the ISO elects to perform separate auctions for on-peak and off-peak TCCs, the procedure used to select winning Bids in an on-peak auction will not depend on winning Bids selected in an off-peak auction; nor shall the procedure used to

select winning Bids in an off-peak auction depend on winning Bids selected in an on-peak auction.

The market-clearing price for each TCC in each round of a Centralized TCC Auction shall be determined using a similar algorithm to that used to determine LBMPs (refer to Attachment J and ISO Procedures). For a Balance-of-Period Auction, if an awarded TCC has a duration of more than one month, the market-clearing price for such multi-month TCC will equal the sum of the market-clearing prices for one-month TCCs with the same Point of Injection and Point of Withdrawal, which in aggregate cover the same period for which the multi-month TCC is valid.

#### **19.9.6 Settlements, Billing, Payment, and Disputes**

Each bidder must pay the market-clearing price for each TCC it is awarded in the Centralized TCC Auction.

Charges for TCCs awarded in an auction, shall be billed upon completion of the Centralized TCC Auction or Reconfiguration Auction process through the delivery of an award notice by the ISO. The ISO shall establish a dispute period which follows the conclusion of the Centralized TCC Auction or Reconfiguration Auction during which challenges to awards may be made and mistakes in the calculation of market-clearing prices may be corrected. Notice of the dispute period established by the ISO and of procedures to be employed in bringing a dispute or correcting a market-clearing price shall be provided by the ISO on its OASIS.

Following the resolution of challenges, if any, to Centralized TCC Auction or Reconfiguration Auction awards, or mistakes in the calculation of market-clearing prices, raised during the dispute period, charges and payments for TCCs awarded or sold in the Centralized

TCC Auction and Reconfiguration Auction shall be final as provided in the award notices provided by the ISO and shall not be subject to revision.

### **19.9.7 Simultaneous Feasibility**

The set of winning Bids selected in each round of a Sub-Auction shall correspond to a simultaneously feasible Power Flow.

The Power Flow must be able to accommodate in each round injections and withdrawals corresponding to each of the following TCCs and Grandfathered Rights: (i) TCCs not offered for sale in that round, including Grandfathered TCCs, Original Residual TCCs, or any other existing TCCs whether purchased in a previous auction, an earlier round of the current Centralized TCC Auction or otherwise acquired that are valid for any part of the duration of any TCCs to be sold in that round (or in the case of a Balance-of-Period Auction are valid for the relevant month at issue), as well as TCCs offered for sale in that round but not awarded that are valid for any part of the duration of any TCCs to be sold in that round (or in the case of a Balance-of-Period Auction are valid for the relevant month at issue); (ii) Grandfathered Rights; and (iii) TCCs awarded in the current round. Each injection and withdrawal associated with Bids for TCCs will be multiplied by a scaling factor which apportions the transmission Capacity available among each of the rounds.

A set of injections and withdrawals shall be judged simultaneously feasible if it would not cause any thermal, voltage, or stability violations within the NYCA for base case conditions or any monitored contingencies.

When performing Power Flows for the purpose of determining simultaneous feasibility, injections for TCCs that specify a Load Zone as the Point of Injection will be modeled as a set of injections at each Load bus in the Load Zone containing the Point of Injection equal to the



product of the number of TCCs and the ratio of Load served at each bus to Load served in the Load Zone, based on the bus Loads used in calculating zonal LBMPs.

When performing the above Power Flows, withdrawals for TCCs that specify a Load Zone as the Point of Withdrawal will be modeled as a set of withdrawals at each Load bus in the Load Zone containing the Point of Withdrawal equal to the product of the number of TCCs and the ratio of the Load served at each bus to the total Load served in the Load Zone based on the ISO's estimate of the bus Loads used in calculating the Zonal LBMPs.

The Power Flow simulations shall take into consideration the effects of parallel flows on the transmission Capacity of the NYS Transmission System when determining which sets of injections and withdrawals are simultaneously feasible.

#### **19.9.8 Information to be Made Available to Bidders**

The ISO shall provide over the ISO's OASIS the expected non-simultaneous Total Transfer Capability for each Interface (as displayed on the OASIS).

The ISO shall make the following information available before each Centralized TCC Auction or Reconfiguration Auction:

19.9.8.1 for each Generator bus, external bus and Load Zone for the previous ten (10) Capability Periods, if available, (a) the monthly average Congestion Component of the Day-Ahead LBMP, relative to the Reference Bus, and (b) the monthly average Marginal Losses Component of the Day-Ahead LBMP, relative to the Reference Bus;

19.9.8.2 for the previous two Capability Periods, data from which the following can be determined: (a) the flow for each of the closed Interfaces in the Day-Ahead

Market, and (b) the number of hours that the most limiting facilities were physically constrained in the Day-Ahead;

19.9.8.3 subject to a Transmission Customer's completion of a non-disclosure agreement in the form required by ISO procedures: (a) Power Flow data to be used as the starting point for the Centralized TCC Auction or Reconfiguration Auction, including all assumptions, (b) all limits associated with transmission facilities, contingencies, thermal, voltage and stability to be monitored as constraints in the Optimum Power Flow determination;

19.9.8.4 (a) assumptions made by the ISO relating to transmission maintenance outage schedules, and (b) the ISO summer and winter operating study results (non-simultaneous Interface Transfer Capabilities); and

19.9.8.5 on its website no fewer than five (5) business days prior to the date on which a Centralized TCC Auction will begin, the number of megawatts of each set of ETCNL that each Transmission Owner has elected to convert to ETCNL TCCs for the Centralized TCC Auction and the RCRRs that each Member System has elected to convert to RCRR TCCs for the Centralized TCC Auction.

The ISO shall make the following information available with respect to each Centralized TCC Auction or Reconfiguration Auction:

19.9.8.6 between each round of bidding during the Centralized TCC Auction, for all bidders bidding in subsequent rounds, the market-clearing price, stated relative to the Reference Bus for each Generator bus, External bus and Load Zone; and

19.9.8.7 for each TCC awarded in each round: (a) the number of TCCs awarded, (b) the Point of Injection and Point of Withdrawal for that TCC, (c) the market-

clearing price for the TCC, (d) the auction participant awarded the TCC, and (e) if the auction is a Balance-of-Period Auction, the month(s) for which the awarded TCCs are valid.

Items 19.9.8.1, 19.9.8.2, 19.9.8.3, 19.9.8.4(b), and 19.9.8.6 above shall be made available separately for on-peak and off-peak periods, if on-peak and off-peak TCCs will be separately available for purchase in the upcoming auction.

If the auction is a Balance-of-Period Auction, items 19.9.8.4(a) and 19.9.8.6 above shall be made available separately for each month covered by the auction.

The ISO will make available information about Secondary Market transactions, and all sales of TCCs by Direct Sale, to the extent received by the ISO.

## **19.10 End-State Auctions for TCCs**

Upon the completion of more sophisticated auction software, the ISO will perform an End-State Centralized TCC Auction, which will permit the Bids submitted by auction participants to determine the lengths of the TCCs sold in the End-State Centralized TCC Auction. The End-State Centralized TCC Auction will be held annually. The date for the first End-State Centralized TCC Auction shall be determined by the ISO. The period during which each TCC sold in an End-State Centralized TCC Auction is valid shall begin on the beginning date of a Capability Period, and shall conclude on the ending date of a Capability Period.

The ISO will determine the maximum duration and minimum duration of the TCCs available in the End-State Centralized TCC Auctions. The ISO shall have the authority to determine the percentage of the available transmission Capacity that will be sold in each round of the End-State Centralized TCC Auction. The ISO shall announce these percentages before the End-State Centralized TCC Auction. The ISO shall also determine the periods for which TCCs will be sold in End-State Centralized TCC Auctions (*e.g.*, TCCs valid during on-peak and off-peak periods, or TCCs valid during Winter and Summer Capability Periods). The ISO may elect to vary the duration or the periods for which TCCs will be available from one End-State Centralized TCC Auction to the next End-State Centralized TCC Auction.

The End-State Centralized TCC Auction will not include separate Sub-Auctions for TCCs of different durations. Instead, TCCs of each permitted duration will be allocated as the result of the operation of a single auction. If, for example, a Market Participant wishes to purchase a TCC beginning in the Summer Capability Period of 2003, and ending in the Winter Capability Period of 2004-2005, it would submit a single Bid for this TCC. If that Bid is a winning Bid, the bidder would be awarded a TCC valid for the entire two year-long period; if the

Bid is a losing Bid, the bidder would not receive the TCC for any portion of this period. The ISO will not specify in advance the portion of system transmission Capacity that will be used to create TCCs of differing durations. Rather, the durations of TCCs awarded will be determined as part of the objective of the End-State Centralized TCC Auction, and will depend on the Bids submitted by participants in the End-State Centralized TCC Auction.

In a given round of the End-State Centralized TCC Auction, the market-clearing price determined for a TCC that is valid for multiple Capability Periods will equal the sum of the market-clearing prices for shorter-term TCCs with the same Point of Injection and Point of Withdrawal, which in aggregate cover the same period for which the longer-term TCC is valid. (For example, the price of a TCC that is valid from May 2001 through April 2003 would equal the sum of the prices in that round for (1) TCCs valid from May 2001 through April 2002 and (2) TCCs valid from May 2002 through April 2003.)

The End-State Centralized TCC Auction will include multiple rounds of bidding, as described elsewhere in this Attachment M.

Transmission Capacity that can be used to support TCCs sold in End-State Centralized TCC Auctions shall include all transmission Capacity except that necessary to support the following: Original Residual TCCs that the Transmission Owners sell directly in advance of the End-State Centralized TCC Auction; any TCCs previously allocated (either in an auction or through other means) that have not been offered for sale in the End-State Centralized TCC Auction; and transmission Capacity needed to support Grandfathered Rights.

The End-State Centralized TCC Auction will allow reconfiguration of the TCCs sold in the previous auctions. An entity holding a five-year TCC, for example, may release a TCC for some or all of the period for which that TCC is valid for sale in the End-State Centralized TCC

## Auction.

If necessary, the ISO may elect to conduct a semi-annual auction to sell six-month TCCs between annual End-State Centralized TCC Auctions. The transmission Capacity that can be used to support TCCs purchased in this semi-annual auction shall include the portion of the transmission Capacity sold in the previous End-State Centralized TCC Auction as six-month TCCs, as well as any other outstanding TCC whose Primary Holder elects to release it for sale in this semi-annual auction.

**Table 1 - TCC Reservations Subject to MW Reduction**

					Sum	Win	Interface Allocations _ Summer Period									
	Reservation Holder	Name	From	To	MW	MW	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE_LI
1	Con Edison	Bowline	Bowline	Con Edison	801	801							801	768	584	
2	Con Edison	ST4 HQ	-Pleasant Valley	Con Edison	400	208							400	384	292	
3	Con Edison	Gilboa	Pleasant Valley	Con Edison	125	125							125	120	91	
4	Con Edison	Roseton	Roseton_GN1	Con Edison	480	480							480	461	351	
5	Con Edison	Corinth	-Pleasant Valley	Con Edison	134	134							134	129	98	
6	Con Edison	Sithe	-Pleasant Valley	Con Edison	837	837							837	803	611	
7	Con Edison	Selkirk	Pleasant Valley	Con Edison	265	265							265	254	193	
8	Con Edison	IP2	Indian Pt 2	Con Edison	893	893								893	679	
9	Con Edison	IP3	Indian Pt 3	Con Edison	108	108								108	82	
10	Con Edison	IP Gas Turbine	IP GT_Buchanan	Con Edison	48	48								48	36	
11	NMPC	NMP1	NMP1	NMPC _ East	610	610			610		610					
12	NMPC	NMP2	NMP2	NMPC _ East	460	460			460		460					
13	NMPC	Hydro North	Colton	NMPC _ East	110	110					110					
14	NYSEG	Homer City	PJM Proxy Generator Bus	NYSEG _ Cent.	863	863	863	863								
15	NYSEG	Homer City	PJM Proxy Generator Bus	NYSEG _ West	100	100										
16	NYSEG	Allegheny 8&9	PJM Proxy Generator Bus	NYSEG _ Cent.	37	37	37	37								
17	NYSEG	BCLP	PJM Proxy Generator Bus	NYSEG _ Cent.	80	80	80	80								
18	NYSEG	LEA (Lockport)	Gardenville	NYSEG _ Cent.	100	100	100	100								
19	NYSEG	Gilboa	Gilboa	NYSEG _ Mech	99	99										
20	SENY (2) (4)	Niagara OATT Reservation	Niagara	Con Edison	422	422	422 (3)	422 (3)	422 (3)		422 (3)	422 (3)	422 (3)	422 (3)	422 (3)	
21	SENY (2) (4)	St. Lawrence OATT Reserv.	St. Lawrence	Con Edison	178	178				178 (3)	178 (3)	178 (3)	178 (3)	178 (3)	178 (3)	

Notes: 1. Interface Designations:  
MoS - Moses South  
UC - UPNY/Con Ed  
CE-LI - Con Ed/LILCO  
DE - Dysinger East  
TE - Total East  
MS - Millwood South  
WC - West Central  
US - UPNY/SENY  
DS - Dunwoodie South  
VE - Volney East

- Subject to NYPA's obtaining non-discriminatory long term firm reservation through 2017 under their OATT.
- NYPA's TCCs allocated to their SENY Governmental Load Customers, across UPNY/Con Ed, Millwood South and Dunwoodie South will be up to 600 MW, or amounts otherwise available to NYPA pursuant to the grandfathered rights applicable under the Planning & Supply and Delivery Services Agreement between NYPA and Con Edison dated March 1989.
- NYPA's TCCs allocated to their SENY Governmental Load Customers will terminate on the earlier of December 31, 2017 or when NYPA no longer has an obligation to serve any SENY Loads or the retirement or sale of both IP#3 and Poletti.

<b>TABLE 2- ETCNL Data for Converting ETCNL to ETCNL TCCs</b>					
	<b>Holder of ETCNL</b>	<b>Name of Set of ETCNL</b>	<b>Point of Injection</b>	<b>Point of Withdrawal</b>	<b>Transmission Capacity (MW)</b>
1.	Con Edison	Native Load-Bowline	Bowline #1/Bowline #2	Millwood Zone	16 (Bowline #1)/17 (Bowline #2)
2.	Con Edison	Native Load-Bowline	Bowline #1/Bowline #2	Dunwoodie Zone	92(Bowline #1)/92 (Bowline #2)
3.	Con Edison	Native Load-Bowline	Bowline #1/Bowline #2	NYC Zone	292(Bowline #1)/292 (Bowline #2)
4.	Con Edison	Native Load- HQ Capacity Purchase	Pleasant Valley	Millwood Zone	16 (summer)/8 (winter)
5.	Con Edison	Native Load- HQ Capacity Purchase	Pleasant Valley	Dunwoodie Zone	92 (summer)/48 (winter)
6.	Con Edison	Native Load- HQ Capacity Purchase	Pleasant Valley	NYCZone	292 (summer)/152 (winter)
7.	Con Edison	Native Load - Gilboa	Pleasant Valley	Millwood Zone	5
8.	Con Edison	Native Load - Gilboa	Pleasant Valley	Dunwoodie Zone	29
9.	Con Edison	Native Load - Gilboa	Pleasant Valley	NYC Zone	91
10.	Con Edison	Native Load - Roseton	Roseton #1/Roseton #2	Millwood Zone	9 (Roseton #1)/10 (Roseton #2)
11.	Con Edison	Native Load - Roseton	Roseton #1/Roseton #2	Dunwoodie Zone	55 (Roseton #1)/55 (Roseton #2)
12.	Con Edison	Native Load - Roseton	Roseton #1/Roseton #2	NYC Zone	175 (Roseton #1)/176 (Roseton #2)
13.	Con Edison	Native Load - Corinth	Pleasant Valley	Millwood Zone	5
14.	Con Edison	Native Load - Corinth	Pleasant Valley	Dunwoodie Zone	31
15.	Con Edison	Native Load - Corinth	Pleasant Valley	NYC Zone	98
16.	Con Edison	Native Load - Sithe	Pleasant Valley	Millwood Zone	34
17.	Con Edison	Native Load - Sithe	Pleasant Valley	Dunwoodie Zone	192
18.	Con Edison	Native Load - Sithe	Pleasant Valley	NYC Zone	611
19.	Con Edison	Native Load - Selkirk	Pleasant Valley	Millwood Zone	11
20.	Con Edison	Native Load - Selkirk	Pleasant Valley	Dunwoodie Zone	61
21.	Con Edison	Native Load - Selkirk	Pleasant Valley	NYC Zone	193
22.	Con Edison	Native Load - IP2	Indian Pt 2	Dunwoodie Zone	214
23.	Con Edison	Native Load - IP2	Indian Pt 2	NYC Zone	679
24.	Con Edison	Native Load - IP3	Indian Pt 3	Dunwoodie Zone	26
25.	Con Edison	Native Load - IP3	Indian Pt 3	NYC Zone	82
26.	Con Edison	Native Load - IP Gas Turbine	Indian Pt.-GT Buchanan	Dunwoodie Zone	12
27.	Con Edison	Native Load - IP Gas Turbine	Indian Pt.-GT Buchanan	NYC Zone	36
28.	NMPC	Native Load - NMP1	Nine Mile Pt. #1	Capital Zone	610
29.	NMPC	Native Load - NMP2	Nine Mile Pt. #2	Capital Zone	460
30.	NMPC	Native Load - Hydro North	Colton Hydro	Capital Zone	110
31.	NYSEG	Native Load - Homer City	PJM Proxy Bus	Central Zone	863
32.	NYSEG	Native Load - Homer City	PJM Proxy Bus	West Zone	100
33.	NYSEG	Native Load - Allegheny 8&9	PJM Proxy Bus	Central Zone	37
34.	NYSEG	Native Load - BCLP	PJM Proxy Bus	Central Zone	80
35.	NYSEG	Native Load - LEA (Lockport)	Gardenville	Central Zone	100
36.	NYSEG	Native Load - Gilboa	Gilboa	Capital Zone	99



<b>TABLE 3- LIST OF ORIGINAL RESIDUAL TCCS</b>			
<b>Primary Holder of Original Residual TCCs</b>	<b>Point of Injection</b>	<b>Point of Withdrawal</b>	<b>Number of Original Residual TCCs</b>
NYSEG	West	Genesee	16
NMPC	West	Genesee	23
NYP&A	West	Genesee	28
RG&E	West	Genesee	3

**20      Attachment N – Congestion Settlements Related to the Day-Ahead Market and TCC  
Auction Settlements**

## **20.1 Overview and Definitions**

### **20.1.1 Overview**

This Attachment N describes the Congestion settlements related to the Day-Ahead Market and the settlements related to Centralized TCC Auctions and Reconfiguration Auctions. Congestion Rent settlements for Real-Time Market Energy Transactions or Bilateral Transactions scheduled in the Real-Time Market are not addressed in this Attachment N.

Section 20.2 addresses the Congestion settlements related to each hour of the Day-Ahead Market. These settlements include, as applicable pursuant to this Attachment N, charges or payments for Congestion Rents for Energy Transactions in the Day-Ahead Market and for Bilateral Transactions scheduled in the Day-Ahead Market, and settlements with Primary Holders of TCCs. In addition, these settlements include, as applicable pursuant to this Attachment N, O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments. The ISO shall allocate to Transmission Owners the net of all of these settlements as Net Congestion Rents as described in this Attachment N.

Section 20.3 addresses the settlements in each round of each Centralized TCC Auction and in each Reconfiguration Auction. These settlements include, as applicable pursuant to this Attachment N, charges or payments to purchasers of TCCs, charges or payments to Primary Holders selling TCCs, payments to Transmission Owners in a Centralized TCC Auction for ETCNL released into the Centralized TCC Auction, and payments to Transmission Owners for Original Residual TCCs that are released into the Centralized TCC Auction. In addition, these settlements include, as applicable pursuant to this Attachment N, O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments. The ISO shall allocate to Transmission

Owners the net of all of these settlements as Net Auction Revenue as described in this Attachment N.

Section 20.4 addresses the allocation of revenue from the initial award and annual renewals of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT). The ISO shall allocate such revenues to Transmission Owners as described in this Attachment N.

Section 20.5 addresses the allocation of revenue from initial awards and renewals of Non-Historic Fixed Price TCCs. The ISO shall allocate such revenues to Transmission Owners as described in this Attachment N.

Provisions of this Attachment N applicable to a transmission facility outage or return-to-service shall not apply to a transmission facility derating or uprating. Charges and payments under this Attachment N shall be made to a Transmission Owner for a transmission facility derating or uprating only as specified in Sections 20.2.4.3 and 20.3.6.3.

This Attachment N shall not apply to the obligation to pay an outage charge which obligation attaches to persons or entities not otherwise subject to Section 20.2.5 of this Attachment N that own an Expansion (or a portion of an Expansion) associated with a temporary or final award of Incremental TCCs or which has been assigned Incremental TCCs related to an Expansion which Expansion is modeled as wholly or partially out of service for any hour in the Day-Ahead Market which obligation to pay to the ISO an outage charge shall be determined pursuant to Attachment M to the ISO OATT.

Unless expressly provided for otherwise in the ISO Tariffs, such as in a rate schedule, this Attachment N shall apply to the Member Systems. This Attachment N shall only apply to Transmission Owners other than the Member Systems to the extent that the ISO Tariffs, such as

in a rate schedule, do not provide otherwise.

## **20.1.2 Defined Terms Used in Attachment N**

Capitalized terms used in this Attachment N shall have the meaning specified below in this Section 20.1.2, and capitalized terms used in this Attachment N but not defined below shall have the meaning given to them in Section 1 of the ISO OATT:

**Actual Qualifying Auction Derating:** As defined in Section 20.3.6.3.1.

**Actual Qualifying Auction Outage:** As defined in Section 20.3.6.2.1.

**Actual Qualifying Auction Return-to-Service:** As defined in Section 20.3.6.2.1.

**Actual Qualifying Auction Upgrading:** As defined in Section 20.3.6.3.1.

**Actual Qualifying DAM Derating:** As defined in Section 20.2.4.3.1.

**Actual Qualifying DAM Outage:** As defined in Section 20.2.4.2.1.

**Actual Qualifying DAM Return-to-Service:** As defined in Section 20.2.4.2.1.

**Actual Qualifying DAM Upgrading:** As defined in Section 20.2.4.3.1.

**Auction Constraint Residual:** The dollar value associated with a Constraint that is binding for a round of a 6-month Sub-Auction of a Centralized TCC Auction or a given month covered by a Reconfiguration Auction, which is calculated pursuant to Section 20.3.6.1.

**Auction Status Change:** Any of the following: Qualifying Auction Outage, Qualifying Auction Derating, Qualifying Auction Return-to-Service, or Qualifying Auction Upgrading.

**Centralized TCC Auction Interface Uprate/Derate Table:** The interface derate table posted on the ISO website prior to a given Centralized TCC Auction specifying the impact on transfer limits of Qualifying DAM Outages and Qualifying DAM Returns-to-Service for a Sub-Auction of a Centralized TCC Auction.

**DAM Constraint Residual:** The dollar value associated with a Constraint that is binding for an hour of the Day-Ahead Market, which is calculated pursuant to Section 20.2.4.1.

**DAM Status Change:** Any of the following: Qualifying DAM Outage, Qualifying DAM Derating, Qualifying DAM Return-to-Service, or Qualifying DAM Upgrading.

**DCR Allocation Threshold:** Five thousand dollars (\$5,000), except that this amount shall be reduced for any given month to the extent necessary so that the sum of all DAM Constraint Residuals for the month (for all binding constraints and for all hours of the month) that are less

than the DCR Allocation Threshold is not greater than either two hundred and fifty thousand dollars (\$250,000) or five percent (5%) of the sum of all DAM Constraint Residuals for the month (for all binding constraints and for all hours of the month) that would have been calculated if the DCR Allocation Threshold were set equal to zero.

**Deemed Qualifying Auction Derating:** As defined in Section 20.3.6.3.1.

**Deemed Qualifying Auction Outage:** As defined in Section 20.3.6.2.1.

**Deemed Qualifying Auction Return-to-Service:** As defined in Section 20.3.6.2.1.

**Deemed Qualifying Auction Upgrading:** As defined in Section 20.3.6.3.1.

**Deemed ISO-Directed Auction Status Change:** Any of the following: (1) an Actual Qualifying Auction Return-to-Service for a given month covered by a Reconfiguration Auction that occurs for a transmission facility that, in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), was a Qualifying Auction Outage that qualified as an ISO-Directed Auction Status Change; (2) an Actual Qualifying Auction Upgrading for a given month covered by a Reconfiguration Auction that occurs as a result of an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service of a transmission facility that, in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), qualified as a Qualifying Auction Outage or Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change; or (3) an Actual Qualifying Auction Derating for a given month covered by a Reconfiguration Auction that occurs as a result of an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service of a transmission facility that, in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change.

**Deemed ISO-Directed DAM Status Change:** Any of the following: (1) an Actual Qualifying DAM Return-to-Service for an hour of the Day-Ahead Market that occurs for a transmission facility that, for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid during the relevant hour, then the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour), was an Actual Qualifying Auction Outage that qualified as an ISO-Directed Auction Status Change; (2) an Actual Qualifying DAM Upgrading for an hour of the Day-Ahead Market that occurs for a transmission facility that, for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid during the relevant hour, then the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour), qualified as an Actual Qualifying Auction Outage or an Actual Qualifying

Auction Return-to-Service that was an ISO-Directed Auction Status Change; or (3) an Actual Qualifying DAM Derating for an hour of the Day-Ahead Market that occurs for a transmission facility that, for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid during the relevant hour, then the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour), qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change. (The terms "Actual Qualifying Auction Outage" and "ISO-Directed Auction Status Change" shall, if not defined in this Section 20.1.2, have the meaning given in the ISO's March 17, 2006, filing.)

**Deemed Qualifying DAM Derating:** As defined in Section 20.2.4.3.1.

**Deemed Qualifying DAM Outage:** As defined in Section 20.2.4.2.1.

**Deemed Qualifying DAM Return-to-Service:** As defined in Section 20.2.4.2.1.

**Deemed Qualifying DAM Upgrading:** As defined in Section 20.2.4.3.1.

**ISO-Directed Auction Status Change:** Either of the following: (1) an Actual Qualifying Auction Outage for a given month covered by a Reconfiguration Auction or a round of a Centralized TCC Auction that is directed by the ISO or results from an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service directed by the ISO; or (2) an Actual Qualifying Auction Derating or an Actual Qualifying Auction Upgrading for a given month covered by a Reconfiguration Auction or a round of a Centralized TCC Auction that results from an Actual Qualifying Auction Outage directed by the ISO.

**ISO-Directed DAM Status Change:** Either of the following: (1) an Actual Qualifying DAM Outage for an hour of the Day-Ahead Market that is directed by the ISO or results from an Actual Qualifying DAM Outage or an Actual Qualifying DAM Return-to-Service directed by the ISO; or (2) an Actual Qualifying DAM Derating or an Actual Qualifying DAM Upgrading for an hour of the Day-Ahead Market that results from an Actual Qualifying DAM Outage directed by the ISO.

**Normally Out-of-Service Equipment:** Transmission facilities that are normally operated as out-of-service by mutual agreement of the transmission facility owner and the ISO and that appear on the list of such equipment posted on the ISO website.

**Outage/Return-to-Service Auction Constraint Residual ("O/R-t-S Auction Constraint Residual"):** The portion of an Auction Constraint Residual that is deemed to be attributable to Qualifying Auction Outages or Qualifying Auction Returns-to-Service, which O/R-t-S Auction Constraint Residual shall be calculated pursuant to Section 20.3.6.1.

**Outage/Return-to-Service Auction Revenue Shortfall Charge ("O/R-t-S Auction Revenue Shortfall Charge"):** A charge to a Transmission Owner that is created as a result of the allocation of an O/R-t-S Auction Constraint Residual pursuant to Section 20.3.6.2.

**Outage/Return-to-Service Auction Revenue Surplus Payment (“O/R-t-S Auction Revenue Surplus Payment”):** A payment to a Transmission Owner that is created as a result of the allocation of an O/R-t-S Auction Constraint Residual pursuant to Section 20.3.6.2.

**Outage/Return-to-Service Congestion Rent Shortfall Charge (“O/R-t-S Congestion Rent Shortfall Charge”):** A charge to a Transmission Owner that is created as a result of the allocation of an O/R-t-S DAM Constraint Residual pursuant to Section 20.2.4.2.

**Outage/Return-to-Service Congestion Rent Surplus Payment (“O/R-t-S Congestion Rent Surplus Payment”):** A payment to a Transmission Owner that is created as a result of the allocation of an O/R-t-S DAM Constraint Residual pursuant to Section 20.2.4.2.

**Outage/Return-to-Service DAM Constraint Residual (“O/R-t-S DAM Constraint Residual”):** The portion of a DAM Constraint Residual that is deemed to be attributable to Qualifying DAM Outages or Qualifying DAM Returns-to-Service, which O/R-t-S DAM Constraint Residual shall be calculated pursuant to Section 20.2.4.1.

**Qualifying Auction Derating:** As defined in Section 20.3.6.3.1.

**Qualifying Auction Outage:** As defined in Section 20.3.6.2.1.

**Qualifying Auction Return-to-Service:** As defined in Section 20.3.6.2.1.

**Qualifying Auction Up-rating:** As defined in Section 20.3.6.3.1.

**Qualifying DAM Derating:** As defined in Section 20.2.4.3.1.

**Qualifying DAM Outage:** As defined in Section 20.2.4.2.1.

**Qualifying DAM Return-to-Service:** As defined in Section 20.2.4.2.1.

**Qualifying DAM Up-rating:** As defined in Section 20.2.4.3.1.

**Reconfiguration Auction Interface Uprate/Derate Table:** The interface derate table posted on the ISO website prior to a Reconfiguration Auction specifying the impact on transfer limits of Qualifying DAM Outages and Qualifying DAM Returns-to-Service for the month(s) covered by the Reconfiguration Auction.

**Uprate/Derate Auction Constraint Residual (“U/D Auction Constraint Residual”):** The portion of an Auction Constraint Residual that is deemed to be attributable to Qualifying Auction Deratings or Qualifying Auction Up-ratings, which U/D Auction Constraint Residual shall be calculated pursuant to Section 20.3.6.1.

**Uprate/Derate Auction Revenue Shortfall Charge (“U/D Auction Revenue Shortfall Charge”):** A charge to a Transmission Owner that is created as a result of the allocation of a U/D Auction Constraint Residual pursuant to Section 20.3.6.3.



**Uprate/Derate Auction Revenue Surplus Payment (“U/D Auction Revenue Surplus Payment”):** A payment to a Transmission Owner that is created as a result of the allocation of a U/D Auction Constraint Residual pursuant to Section 20.3.6.3.

**Uprate/Derate Congestion Rent Shortfall Charge (“U/D Congestion Rent Shortfall Charge”):** A charge to a Transmission Owner that is created as a result of the allocation of a U/D DAM Constraint Residual pursuant to Section 20.2.4.3.

**Uprate/Derate Congestion Rent Surplus Payment (“U/D Congestion Rent Surplus Payment”):** A payment to a Transmission Owner that is created as a result of the allocation of a U/D DAM Constraint Residual pursuant to Section 20.2.4.3.

**Uprate/Derate DAM Constraint Residual (“U/D DAM Constraint Residual”):** The portion of a DAM Constraint Residual that is deemed to be attributable to a Qualifying DAM Derating or a Qualifying DAM Upgrading, which U/D DAM Constraint Residual shall be calculated pursuant to Section 20.2.4.1.

For purposes of this Attachment N, the term “transmission facility” shall mean any transmission line, phase angle regulator, transformer, series reactor, circuit breaker, or other type of transmission equipment.

For the purposes of this Attachment N, a “constraint” shall refer to a monitored transmission facility and a transmission facility that is out of service in the contingency being evaluated (including the base case).

For purposes of this Attachment N: (i) a set of injections and withdrawals corresponds to a set of TCCs and Grandfathered Rights if the quantity of Energy injected at each location matches the number of TCCs and Grandfathered Rights specifying that location as a POI, and the quantity of Energy withdrawn at each location matches the number of TCCs and Grandfathered Rights specifying that location as a POW; and (ii) a TCC corresponds to ETCNL if it has the same POI and POW as the ETCNL.

All references in this Attachment N to sections shall be construed to be references to a section of this Attachment N.

## 20.2 Congestion Settlements Related to the Day-Ahead Market

### 20.2.1 Overview of Congestion Settlements Related to the Day-Ahead Market; Calculation of Net Congestion Rents

*Overview of DAM Related Congestion Settlements.* For each hour  $h$  of the Day-Ahead Market, the ISO shall settle all Congestion settlements related to the Day-Ahead Market. These Congestion settlements include, as applicable pursuant to the provisions of this Attachment N: (i) Congestion Rent charges or payments for Energy Transactions in the Day-Ahead Market and Bilateral Transactions scheduled in the Day-Ahead Market; (ii) Congestion payments or charges to Primary Holders of TCCs; (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges; and (iv) O/R-t-S Congestion Rent Surplus Payments and U/D Congestion Rent Surplus Payments. Each of these settlements is represented by a variable in Formula N-1.

*Calculation of Net Congestion Rents for an Hour.* In each hour  $h$  of the Day-Ahead Market, the ISO shall calculate Net Congestion Rents pursuant to Formula N-1.

#### Formula N-1

$$NetCongestionRents_h = (CongestionRents_h - TCCPayments_h - O/R-t-S\&U/D\ CRSC\&CRSP_h)$$

Where,

NetCongestionRents <sub>h</sub>	= The total Net Congestion Rents for hour $h$ of the Day-Ahead Market
$h$	= An hour of the Day-Ahead Market
Congestion Rents <sub>h</sub>	= The sum of Congestion Rents for (i) Energy Transactions scheduled in hour $h$ of the Day-Ahead Market, and (ii) Bilateral Transactions scheduled in hour $h$ of the Day-Ahead Market, each as calculated pursuant to Section 20.2.2
TCC Payments <sub>h</sub>	= The sum for all TCCs of all payments and charges made pursuant to Section 20.2.3 to Primary Holders of TCCs in hour $h$

$$\begin{aligned} \text{O/R-t-S\&U/D} \\ \text{CRSC\&CRSP}_h \end{aligned} = \text{The sum of all O/R-t-S Congestion Rent Shortfall Charges (O/R-t-S CRSC}_{a,t,h}), \text{ U/D Congestion Rent Shortfall Charges (U/D CRSC}_{a,t,h}), \text{ O/R-t-S Congestion Rent Surplus Payments (O/R-t-S CRSP}_{a,t,h}), \text{ and U/D Congestion Rent Surplus Payments (U/D CRSP}_{a,t,h}) \text{ for all Transmission Owners } t \text{ (which sum is calculated for each Transmission Owner as NetDAMAllocations}_{t,h} \text{ pursuant to Formula N-14), reduced by any zeroing out of such charges or payments pursuant to Section 20.2.4.5}$$

The ISO shall allocate the Net Congestion Rents calculated in each hour to Transmission Owners pursuant to Section 20.2.5.

## 20.2.2 Congestion Rents Charged in the Day-Ahead Market

In each hour of the Day-Ahead Market, the ISO shall collect or pay Congestion Rents through Energy Transactions in the Day-Ahead Market and through Bilateral Transactions scheduled in the Day-Ahead Market.

*Day-Ahead Market Energy Transactions.* The ISO shall charge or pay Congestion Rents as part of the Congestion Component of the LBMP applicable to Energy injections and withdrawals scheduled in the Day-Ahead Market, as described in Attachment J of this Tariff. The total Congestion Rents for all Energy Transactions scheduled in the Day-Ahead Market in hour  $h$  are calculated pursuant to Formula N-2.

### Formula N-2

$$\sum_W MWh_{W,h} * CCPOW_{W,h} - \sum_I MWh_{I,h} * CCPOI_{I,h}$$

Where,

$$\begin{aligned} MWh_{W,h} &= \text{Energy, in MWh, scheduled to be withdrawn in hour } h \\ &\text{pursuant to Day-Ahead Market schedule } W \\ CCPOW_{W,h} &= \text{Congestion Component, in \$/MWh, at the Point of} \\ &\text{Withdrawal for Energy withdrawn in hour } h \text{ pursuant to} \\ &\text{schedule } W \\ MWh_{I,h} &= \text{Energy, in MWh, scheduled to be injected in hour } h \text{ pursuant} \\ &\text{to Day-Ahead Market schedule } I \end{aligned}$$

$CCPOI_{I,h}$  = Congestion Component, in \$/MWh, at the Point of Injection for Energy injected in hour  $h$  pursuant to schedule  $I$ .

*Bilateral Transactions.* The ISO shall charge or pay Congestion Rents as part of the Transmission Usage Charge applied to Bilateral Transaction  $B$  scheduled in the Day-Ahead Market, as described in Section 2.7.2.2 of this Tariff. Total Congestion Rents for all Bilateral Transactions scheduled in the Day-Ahead Market in hour  $h$  are calculated pursuant to Formula N-3.

### Formula N-3

$$\sum_B MWh_{B,h} * CCTUC_{B,h}$$

Where,

$MWh_{B,h}$  = Energy, in MWh, of Bilateral Transaction  $B$  scheduled in the Day-Ahead Market in hour  $h$

$CCTUC_{B,h}$  = Congestion Component of the TUC, in \$/MWh, for scheduled Bilateral Transaction  $B$ , in hour  $h$ , which is equal to  $CCPOW_{B,h} - CCPOI_{B,h}$ .

$CCPOW_{B,h}$  = Congestion Component, in \$/MWh, at the Point of Withdrawal for Energy withdrawn in hour  $h$  pursuant to Bilateral Transaction  $B$

$CCPOI_{B,h}$  = Congestion Component, in \$/MWh, at the Point of Injection for Energy injected in hour  $h$  pursuant to Bilateral Transaction  $B$ .

### 20.2.3 Congestion Payments Made To Primary Holders

For each hour  $h$  of the Day-Ahead Market, the ISO shall charge or pay Congestion payments to the Primary Holders, as follows:

### Formula N-4

$$\text{Congestion Payment (\$/hr)} = (CCPOW - CCPOI) * TCCMW$$

Where,

$CCPOW$  = Congestion Component (\$/MWh) at the Point of Withdrawal (POW)

$CCPOI$  = Congestion Component (\$/MWh) at the Point of Injection (POI)

$TCCMW$  = The number of TCCs in MW from POI to POW.

(See Attachment J for the calculation of the Congestion Component of the LBMP price at either the POI or the POW.)

The ISO shall pay Primary Holders for the Congestion payments from revenues collected from: (i) Congestion Rents, (ii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iii) Net Congestion Rents in accordance with Section 20.2.5.

#### **20.2.4 Charges and Payments to Transmission Owners for DAM Outages and Returns-to-Service**

The ISO shall charge O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges and pay O/R-t-S Congestion Rent Surplus Payments and U/D Congestion Rent Surplus Payments pursuant to this Section 20.2.4. To do so, the ISO shall calculate the DAM Constraint Residual for each binding constraint for each hour of the Day-Ahead Market and then determine the amount of each DAM Constraint Residual that is O/R-t-S DAM Constraint Residual and the amount that is U/D DAM Constraint Residual, as specified in Section 20.2.4.1. The ISO shall use the O/R-t-S DAM Constraint Residual to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments to Transmission Owners pursuant to Sections 20.2.4.2 and 20.2.4.4, each of which shall be subject to being reduced to zero pursuant to Section 20.2.4.5. The ISO shall use the U/D DAM Constraint Residual to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments to Transmission Owners pursuant to Sections 20.2.4.3 and 20.2.4.4, each of which shall be subject to being reduced to zero pursuant to Section 20.2.4.5.

#### 20.2.4.1 Measuring the Impact of DAM Outages and Returns-to-Service: Calculation of DAM Constraint Residuals and Division of DAM Constraint Residuals into O/R-t-S DAM Constraint Residuals and U/D DAM Constraint Residuals

For each hour  $h$  of the Day-Ahead Market, the ISO shall identify all constraints that are binding in the Power Flow solution for the final schedules for hour  $h$  of the Day-Ahead Market. For each binding constraint  $a$  identified for each hour  $h$ , the ISO shall calculate the DAM Constraint Residual,  $DCR_{a,h}$ , using Formula N-5; *provided, however*, where  $DCR_{a,h}$  calculated using Formula N-5 is not greater than the DCR Allocation Threshold or less than the negative of the DCR Allocation Threshold, then  $DCR_{a,h}$  shall be set equal to zero.

##### Formula N-5

$$DCR_{a,h} = ShadowPrice_{a,h} * \left[ \begin{array}{l} (FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) \\ + (UprateDerate_{a,h} * SCUCSignChange_{a,h}) \\ + (UnsoldCapacity_{a,h,RA} * SCUCSignChange_{a,h}) \end{array} \right]$$

Where,

- $DCR_{a,h}$  = The DAM Constraint Residual, in dollars, for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market
- $ShadowPrice_{a,h}$  = The Shadow Price, in dollars/MWh, of binding constraint  $a$  in hour  $h$  of the Day-Ahead Market, which Shadow Price is calculated in a manner so that if relaxation of constraint  $a$  would permit a reduction in the associated Bid Production Cost,  $ShadowPrice_{a,h}$  is negative
- $FLOW_{a,h,DAM}$  = The Energy flow, in MWh, on binding constraint  $a$  for hour  $h$  for a set of injections and withdrawals that corresponds (as described in Section 20.1.2 of this Attachment N) to the set of TCCs and Grandfathered Rights represented for the month that contains hour  $h$  in the solution to the most recent auction in which TCCs valid in hour  $h$  were sold (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), which Energy flow will be determined using Shift Factors produced in scheduling hour  $h$  of the Day-Ahead Market applied to these injections and withdrawals and the phase angle regulator schedules fixed for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$
- $FLOW_{a,h,TCC Auction}$  = The Energy flow, in MWh, on binding constraint  $a$  for hour  $h$  determined as described in the definition of  $FLOW_{a,h,DAM}$  above, except that the Shift Factors applied will be those produced in a simulated run of SCUC (run

using the Transmission System model for the month that contains hour  $h$  used in the most recent auction in which TCCs valid in hour  $h$  were sold);

*provided, however*, special rules (1) through (3) below shall instead be used to calculate  $FLOW_{a,h,TCC \text{ Auction}}$  if they apply, and rule (4) below shall be used to calculate  $FLOW_{a,h,TCC \text{ Auction}}$  if  $FLOW_{a,h,TCC \text{ Auction}}$  cannot be calculated using any other rule set forth in this definition of  $FLOW_{a,h,TCC \text{ Auction}}$  because a simulated run of SCUC does not produce Shift Factors to calculate  $FLOW_{a,h,TCC \text{ Auction}}$ :

- (1) in the event that a maintenance contingency is binding in the Day-Ahead Market but was not applied for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold,  $FLOW_{a,h,TCC \text{ Auction}}$  shall be equal to the Energy flow in MWh on the monitored transmission facility of binding constraint  $a$  for the contingency resulting in the highest flows on constraint  $a$  for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold, which Energy flow shall be calculated using the set of injections and withdrawals that corresponds (as described in Section 20.1.2 of this Attachment N) to the set of TCCs and Grandfathered Rights represented for the month that contains hour  $h$  in the solution to that auction (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction) and using Shift Factors from a simulated run of SCUC as first set forth in this definition of  $FLOW_{a,h,TCC \text{ Auction}}$
- (2) in the event that the monitored transmission facility for constraint  $a$  was modeled as out-of-service for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold and that transmission facility returns to service for hour  $h$  of the Day-Ahead Market,  $FLOW_{a,h,TCC \text{ Auction}}$  shall be equal to:
  - (i) the rating limit, in MWh, for the monitored transmission facility of binding constraint  $a$  applicable in hour  $h$  of the Day-Ahead Market, multiplied by

- (ii) negative  $SCUCSignChange_{a,h}$
- (3) in the event that the transmission facility that is the contingency element for constraint  $a$  was modeled as out-of-service for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold and that transmission facility returns to service for hour  $h$  of the Day-Ahead Market,  $FLOW_{a,h,TCC\ Auction}$  shall be equal to the Energy flow, in MWh, on the monitored transmission facility of binding constraint  $a$  for the contingency resulting in the highest flows on the monitored transmission facility of constraint  $a$  for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold, which Energy flow shall be calculated using the set of injections and withdrawals that corresponds (as described in Section 20.1.2 of this Attachment N) to the set of TCCs and Grandfathered Rights represented for the month that contains hour  $h$  in the solution to that auction (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction) and using Shift Factors from a simulated run of SCUC as first set forth in this definition of  $FLOW_{a,h,TCC\ Auction}$
- (4) in the event that a simulated run of SCUC does not produce Shift Factors to calculate  $FLOW_{a,h,TCC\ Auction}$ ,  $FLOW_{a,h,TCC\ Auction}$  shall be equal to:
  - (i) the Energy flow on constraint  $a$  as determined for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold, multiplied by
  - (ii)  $OPF/SCUCAdjust_a$

$UprateDerate_{a,h}$  = Zero, except that in the event of a Qualifying DAM Up-rating or Qualifying DAM Derating for constraint  $a$  in hour  $h$  that is included for the month that contains hour  $h$  in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in



which TCCs valid in hour  $h$  were sold (or if no Reconfiguration Auction was held for TCCs valid in hour  $h$ , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour  $h$ ),  $UprateDerate_{a,h}$  shall equal the interface uprating or derating impact reflected in such table. Notwithstanding the definition above,  $UprateDerate_{a,h}$  shall always equal zero in the event that the monitored transmission facility for binding constraint  $a$  in the Day-Ahead Market was modeled as out-of-service for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold and that transmission facility returns to service for hour  $h$ .

$UnsoldCapacity_{a,h,RA} = \text{Zero}$ , except that if  $ShadowPrice_{a,h} * [(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})]$  is less than zero, then  $UnsoldCapacity_{a,h,RA}$  shall be equal to the lesser of (1) the amount of transmission Capacity for constraint  $a$  that was available for sale for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold but which transmission Capacity was not sold; or (2) the absolute value of  $(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})$ .

$SCUCSignChange_{a,h} = 1$  if  $ShadowPrice_{a,h}$  is greater than zero; otherwise,  $-1$ .

$OPF/SCUCAdjust_a = 1$  if the directional orientation of constraint  $a$  used by the ISO in SCUC is the same as that used by the ISO in the Optimal Power Flow program used to select winning Bids for the month that contains hour  $h$  in the most recent auction in which TCCs valid in hour  $h$  were sold; otherwise,  $-1$ .

Following calculation of the DAM Constraint Residual for each constraint  $a$  for each hour  $h$ , the ISO shall calculate the amount of each O/R-t-S DAM Constraint Residual and the amount of each U/D DAM Constraint Residual for each constraint  $a$  for each hour  $h$ . The amount of each O/R-t-S DAM Constraint Residual for hour  $h$  and for constraint  $a$  shall be determined by applying Formula N-6. The amount of each U/D DAM Constraint Residual for hour  $h$  and for constraint  $a$  shall be determined by applying Formula N-7.

#### Formula N-6

$$O/R-t-S DCR_{a,h} = DCR_{a,h} * \left[ \frac{(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction})}{(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})} \right]$$

Where,

$O/R-t-S DCR_{a,h}$  = The amount of the O/R-t-S DAM Constraint Residual, in dollars, for hour  $h$  and for constraint  $a$

and each of the other variables are as defined in Formula N-5.

### Formula N-7

$$U/D \ DCR_{a,h} = DCR_{a,h} * \left[ \frac{(UprateDerate_{a,h} * SCUCSignChange_{a,h})}{(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})} \right]$$

Where,

$U/D \ DCR_{a,h}$  = The amount of the U/D DAM Constraint Residual for hour  $h$  for constraint  $a$

and each of the other variables are as defined in Formula N-5.

#### 20.2.4.2 Charges and Payments for the Direct Impact of DAM Outages and Returns-to-Service

The ISO shall use O/R-t-S DAM Constraint Residuals to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.2.4.2. Each O/R-t-S Congestion Rent Shortfall Charge and each O/R-t-S Congestion Rent Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.2.4.2 is subject to being set equal to zero pursuant to Section 20.2.4.5.

##### 20.2.4.2.1 Identification of Outages and Returns-to-Service Qualifying for Charges and Payments

For each hour of the Day-Ahead Market, the ISO shall identify each Qualifying DAM Outage and each Qualifying DAM Return-to-Service, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.2.4.4, for a Qualifying DAM Outage or Qualifying DAM Return-to-Service shall be allocated an O/R-t-S Congestion Rent Shortfall Charge or an O/R-t-S Congestion Rent Surplus Payment pursuant to Sections 20.2.4.2.2 or 20.2.4.2.3.

#### **20.2.4.2.1.1 Definition of Qualifying DAM Outage**

A “**Qualifying DAM Outage**” shall be defined to mean either an Actual Qualifying DAM Outage or a Deemed Qualifying DAM Outage. For purposes of this Attachment N, “*o*” shall refer to a single Qualifying DAM Outage.

An “**Actual Qualifying DAM Outage**” shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility exists but is not modeled as in-service for the Day-Ahead Market for hour *h*;
- (ii) the facility existed and was modeled as in-service for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*; and
- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour *h* at the time of the last auction held for TCCs valid for hour *h*.

A “**Deemed Qualifying DAM Outage**” shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;
- (ii) the facility existed but was not modeled as in-service in the Day-Ahead Market in hour *h* as a result of a DAM Status Change or external event described in Section 20.2.4.4.3 for which responsibility was assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.2.4.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;

- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour  $h$  at the time of the last auction held for TCCs valid for hour  $h$ .

A transmission facility shall not qualify as an Actual Qualifying DAM Outage if the facility is modeled as in-service for hour  $h$  of the Day-Ahead Market as a result of a Transmission Owner's use of spare or alternative transmission equipment to bring the facility back in-service so long as the Transmission Owner has notified the ISO in advance of or contemporaneously with the use of such spare or alternative equipment and the estimated duration of its use.

#### **20.2.4.2.1.2 Definition of Qualifying DAM Return-to-Service**

A "**Qualifying DAM Return-to-Service**" shall be defined to mean either an Actual Qualifying DAM Return-to-Service or a Deemed Qualifying DAM Return-to-Service. For purposes of this Attachment N, " $o$ " shall refer to a single Qualifying DAM Return-to-Service.

An "**Actual Qualifying DAM Return-to-Service**" shall be defined as a transmission facility that, for a given hour  $h$  of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility exists and is modeled as in-service in the Day-Ahead Market for hour  $h$ ;
- (ii) the facility existed but was not modeled as in-service for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ ; and
- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour  $h$  at the time of the last auction held for TCCs valid for hour  $h$ .

A “**Deemed Qualifying DAM Return-to-Service**” shall be defined as a transmission facility that, for a given hour  $h$  of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ ;
- (ii) the facility existed but was not modeled as in-service in the Day-Ahead Market for hour  $h$  as a result of a DAM Status Change or external event described in Section 20.2.4.4.3 for which responsibility is assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.2.4.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ ; and
- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour  $h$  at the time of the last auction held for TCCs valid for hour  $h$ .

**20.2.4.2.2 Allocation of an O/R-t-S DAM Constraint Residual When Only One Transmission Owner is Responsible for All of the Relevant Outages and Returns-to-Service**

This Section 20.2.4.2.2 describes the allocation of an O/R-t-S DAM Constraint Residual for a given hour and a given constraint when only one Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for all of the Qualifying DAM Outages and all of the Qualifying DAM Returns-to-Service for that hour that contribute to that constraint.

If the same Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for all of the Qualifying DAM Outages  $o$  and Qualifying DAM Returns-to-Service  $o$  for

hour  $h$  that contribute to constraint  $a$ , then the ISO shall allocate the O/R-t-S DAM Constraint Residual for that hour and that constraint,  $O/R-t-S DCR_{a,h}$ , to that Transmission Owner in the form of either: (i) an O/R-t-S Congestion Rent Shortfall Charge in the amount of  $O/R-t-S DCR_{a,h}$  if  $O/R-t-S DCR_{a,h}$  is negative, or (ii) an O/R-t-S Congestion Rent Surplus Payment in the amount of  $O/R-t-S DCR_{a,h}$  if  $O/R-t-S DCR_{a,h}$  is positive.

**20.2.4.2.3 Allocation of an O/R-t-S DAM Constraint Residual When More Than One Transmission Owner is Responsible for the Relevant Outages and Returns-to-Service**

This Section 20.2.4.2.3 describes the allocation of an O/R-t-S DAM Constraint Residual for a given hour and a given constraint when more than one Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM Outages and the Qualifying DAM Returns-to-Service for that hour that contribute to that constraint.

If more than one Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM Outages and the Qualifying DAM Returns-to-Service for hour  $h$  that contribute to constraint  $a$ , the ISO shall allocate the O/R-t-S DAM Constraint Residual for constraint  $a$  for hour  $h$ ,  $O/R-t-S DCR_{a,h}$ , in the form of an O/R-t-S Congestion Rent Shortfall Charge or O/R-t-S Congestion Rent Surplus Payment to the Transmission Owners responsible for the Qualifying DAM Outages  $o$  and Qualifying DAM Returns-to-Service  $o$  for hour  $h$  by first determining the net total impact on the constraint for hour  $h$  of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour  $h$  with an impact on the Energy flow across that constraint of 1 MWh or more by applying Formula N-8, and then applying either Formula N-9 or Formula N-10, as specified herein, to assess O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments.

### Formula N-8

$$O/R-t-S \text{ NetDAMImpact}_{a,h} = \left( \sum_{\text{for all } o \in O_h} \text{FlowImpact}_{a,h,o} * \text{ShadowPrice}_{a,h} \right) * \text{OPF/SCUCAdjust}_a$$

Where,

$O/R-t-S \text{ NetDAMImpact}_{a,h}$  = The net impact, in dollars, on constraint  $a$  in hour  $h$  of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour  $h$  having an impact of more than 1 MWh on Energy flow across constraint  $a$ ; *provided, however*,  $O/R-t-S \text{ NetDAMImpact}_{a,h}$  shall be subject to recalculation as specified in the paragraph immediately following this Formula N-8

$\text{FlowImpact}_{a,h,o}$  = The Energy flow impact of a Qualifying DAM Outage  $o$  or Qualifying DAM Return-to-Service  $o$ , in MWh, on binding constraint  $a$  determined for hour  $h$ , which shall either:

- (a) if Qualifying DAM Outage  $o$  is a Deemed Qualifying DAM Outage, be equal to the negative of  $\text{FlowImpact}_{a,h,o}$  calculated for the corresponding Deemed Qualifying DAM Return-to-Service as described in part (b) of this definition of  $\text{FlowImpact}_{a,h,o}$ ; or
- (b) if Qualifying DAM Outage  $o$  or Qualifying DAM Return-to-Service  $o$  is an Actual Qualifying DAM Outage, an Actual Qualifying DAM Return-to-Service, or a Deemed Qualifying DAM Return-to-Service, be calculated pursuant to the following formula:

$$\text{FlowImpact}_{a,h,o} = \text{One-OffFlow}_{a,h,o} - \text{BaseCaseFlow}_{a,h}$$

Where,

$\text{BaseCaseFlow}_{a,h}$  = The Energy flow on binding constraint  $a$  resulting from a Power Flow or similar analysis using (1) the set of injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the TCCs and Grandfathered Rights represented for the month that contains hour  $h$  in the solution to the most recent auction in which TCCs valid in hour  $h$  were sold (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction); (2)

the phase angle regulator schedules determined in the Optimal Power Flow solution for the month that contains hour  $h$  for the final round of the last auction held for TCCs valid in hour  $h$ ; and (3) the Transmission System model for the month that contains hour  $h$  in the last auction held for TCCs valid in hour  $h$ ;

One-OffFlow<sub>a,h,o</sub> = Either

- (1) if Qualifying DAM Outage  $o$  or Qualifying DAM Return-to-Service  $o$  is an Actual Qualifying DAM Outage or an Actual Qualifying DAM Return-to-Service, the Energy flow on binding constraint  $a$  resulting from a Power Flow or similar analysis using each element of the base case data set used in the calculation of BaseCaseFlow<sub>a,h</sub> above (*provided, however*, if a transmission facility was modeled as free-flowing in hour  $h$  of the Day-Ahead Market because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing), but in each case with the Transmission System model modified so as to, as the case may be, either (i) model as out-of-service Actual Qualifying DAM Outage  $o$ , or (ii) model as in-service Actual Qualifying DAM Return-to-Service  $o$ ; or
- (2) if Qualifying DAM Return-to-Service  $o$  is a Deemed Qualifying DAM Return-to-Service, the Energy flow on binding constraint  $a$  resulting from a Power Flow or similar analysis using each element of the base case data set used in the calculation of BaseCaseFlow<sub>a,h</sub> above (*provided, however*, if a transmission facility was modeled as free-flowing in hour  $h$  of the Day-Ahead Market because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing), but with the Transmission System model modified so as



to model as in-service the transmission facility that is Deemed Qualifying DAM

Return-to-Service  $o$

*provided, however*, where the absolute value of  $\text{FlowImpact}_{a,h,o}$  calculated using the procedures set forth above is less than 1 MWh, then  $\text{FlowImpact}_{a,h,o}$  shall be set equal to zero;

*provided further*,  $\text{FlowImpact}_{a,h,o}$  shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula N-8

$O_h =$  The set of all Qualifying DAM Outages  $o$  and Qualifying DAM Returns-to-Service  $o$  in hour  $h$

and the variables  $\text{ShadowPrice}_{a,h}$  and  $\text{OPF/SCUCAdjust}_a$  are defined as set forth in Formula N-5.

After calculating O/R-t-S  $\text{NetDAMImpact}_{a,h}$  pursuant to Formula N-8, the ISO shall determine whether O/R-t-S  $\text{NetDAMImpact}_{a,h}$  for constraint  $a$  in hour  $h$  has a different sign than O/R-t-S  $\text{DCR}_{a,h}$  for constraint  $a$  in hour  $h$ . If the sign is different, the ISO shall (i) recalculate O/R-t-S  $\text{NetDAMImpact}_{a,h}$  pursuant to Formula N-8 after setting equal to zero each  $\text{FlowImpact}_{a,h,o}$  for which  $\text{FlowImpact}_{a,h,o} * \text{ShadowPrice}_{a,h} * \text{OPF/SCUCAdjust}_a$  has a different sign than O/R-t-S  $\text{DCR}_{a,h}$ , and then (ii) use this recalculated O/R-t-S  $\text{NetDAMImpact}_{a,h}$  and reset value of  $\text{FlowImpact}_{a,h,o}$  to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments pursuant to Formula N-9 or Formula N-10, as specified below.

If the absolute value of the net impact (O/R-t-S  $\text{NetDAMImpact}_{a,h}$ ) on constraint  $a$  of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour  $h$  as calculated using Formula N-8 (or recalculated pursuant to Formula N-8 using a reset value of  $\text{FlowImpact}_{a,h,o}$  as described in the prior paragraph) is greater than the absolute value of the O/R-t-S DAM Constraint Residual (O/R-t-S  $\text{DCR}_{a,h}$ ), in dollars, for constraint  $a$  in hour  $h$ , then the ISO shall allocate the O/R-t-S DAM Constraint Residual in the form of an O/R-t-S Congestion

Rent Shortfall Charge, O/R-t-S CRSC<sub>a,t,h</sub>, or O/R-t-S Congestion Rent Surplus Payment, O/R-t-S CRSP<sub>a,t,h</sub>, by using Formula N-9. If the absolute value of the net impact (O/R-t-S NetDAMImpact<sub>a,h</sub>) on constraint  $a$  of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour  $h$  as calculated using Formula N-8 (or recalculated pursuant to Formula N-8 using a reset value of FlowImpact<sub>a,h,o</sub> as described in the prior paragraph) is less than or equal to the absolute value of the O/R-t-S DAM Constraint Residual (O/R-t-S DCR<sub>a,h</sub>), in dollars, for constraint  $a$  in hour  $h$ , then the ISO shall allocate the O/R-t-S DAM Constraint Residual in the form of an O/R-t-S Congestion Rent Shortfall Charge or O/R-t-S Congestion Rent Surplus Payment by using Formula N-10.

**Formula N-9**

$$O/R-t-S Allocation_{a,t,h} = \left( \frac{\sum_{\substack{o \in O_h \\ \text{and } q=t}} (FlowImpact_{a,h,o} * Responsibility_{h,q,o})}{\sum_{\text{for all } o \in O_h} FlowImpact_{a,h,o}} \right) * O/R-t-S DCR_{a,h}$$

Where,

O/R-t-S Allocation<sub>a,t,h</sub> = Either an O/R-t-S Congestion Rent Shortfall Charge or an O/R-t-S Congestion Rent Surplus Payment, as specified in (a) and (b) below:

- (a) If O/R-t-S Allocation<sub>a,t,h</sub> is negative, then O/R-t-S Allocation<sub>a,t,h</sub> shall be an O/R-t-S Congestion Rent Shortfall Charge, O/R-t-S CRSC<sub>a,t,h</sub>, charged to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market; or
- (b) If O/R-t-S Allocation<sub>a,t,h</sub> is positive, then O/R-t-S Allocation<sub>a,t,h</sub> shall be an O/R-t-S Congestion Rent Surplus Payment, O/R-t-S CRSP<sub>a,t,h</sub>, paid to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market

Responsibility<sub>h,q,o</sub> = The amount, as a percentage, of responsibility borne by Transmission Owner  $q$  (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4) for Qualifying DAM Outage  $o$  or Qualifying DAM Return-to-Service  $o$  in hour  $h$ , as determined pursuant to Section 20.2.4.4

and the variable O/R-t-S DCRA<sub>a,h</sub> is defined as set forth in Formula N-6 and the variables  
FlowImpact<sub>a,h,o</sub> and O<sub>h</sub> are defined as set forth in Formula N-8.

#### Formula N-10

$$O/R-t-S Allocation_{a,t,h} = \left( \sum_{\substack{o \in O_h \\ \text{and } q=t}} FlowImpact_{a,h,o} * ShadowPrice_{a,h} * Responsibility_{h,q,o} \right) * OPF/SCUCAdjust_a$$

Where,

the variables ShadowPrice<sub>a,h</sub> and OPF/SCUCAdjust<sub>a</sub> are defined as set forth in Formula  
N-5, the variables O/R-t-S Allocation<sub>a,t,h</sub> and Responsibility<sub>h,q,o</sub> are defined as set forth in  
Formula N-9, and the variables FlowImpact<sub>a,h,o</sub> and O<sub>h</sub> are defined as set forth in Formula N-8.

#### 20.2.4.3 Charges and Payments for the Secondary Impact of DAM Outages and Returns-to-Service

The ISO shall use U/D DAM Constraint Residuals to allocate U/D Congestion Rent  
Shortfall Charges and U/D Congestion Rent Surplus Payments, as the case may be, among  
Transmission Owners pursuant to this Section 20.2.4.3. Each U/D Congestion Rent Shortfall  
Charge and each U/D Congestion Rent Surplus Payment allocated to a Transmission Owner  
pursuant to this Section 20.2.4.3 is subject to being set equal to zero pursuant to Section 20.2.4.5.

##### 20.2.4.3.1 Identification of Upratings and Deratings Qualifying for Charges and Payments

For each hour of the Day-Ahead Market and for each constraint, the ISO shall identify  
each Qualifying DAM Derating and each Qualifying DAM Uprating, as described below. The  
Transmission Owner responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying  
DAM Derating shall be allocated a U/D Congestion Rent Shortfall Charge and the Transmission  
Owner responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM

Uprating shall be allocated a U/D Congestion Rent Surplus Payment pursuant to Section 20.2.4.3.2.

#### **20.2.4.3.1.1 Definition of Qualifying DAM Derating**

A “**Qualifying DAM Derating**” shall be defined to mean either an Actual Qualifying DAM Derating or a Deemed Qualifying DAM Derating. For purposes of this Attachment N, “*r*” shall refer to a single Qualifying DAM Derating.

An “**Actual Qualifying DAM Derating**” shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a lower rating in hour *h* than it would have if all transmission facilities were modeled as in-service in hour *h*;
- (ii) this lower rating is in whole or in part the result of an Actual Qualifying DAM Outage *o* or an Actual Qualifying DAM Return-to-Service *o* for hour *h*;
- (iii) this lower rating resulting from Actual Qualifying DAM Outage *o* or Actual Qualifying DAM Return-to-Service *o* for hour *h* was not modeled for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;
- (iv) this lower rating is included for the month that contains hour *h* in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and
- (v) the constraint is binding in the Day-Ahead Market for hour *h*.

A “**Deemed Qualifying DAM Derating**” shall be defined as a change in the rating of a constraint that, for a given constraint  $a$  and hour  $h$  of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a lower rating in hour  $h$  than it would have if all transmission facilities were modeled as in-service in hour  $h$ ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying DAM Outage  $o$  or Deemed Qualifying DAM Return-to-Service  $o$  for hour  $h$ ;
- (iii) the lower rating resulting from Deemed Qualifying DAM Outage  $o$  or Deemed Qualifying DAM Return-to-Service  $o$  for hour  $h$  was modeled for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ , but responsibility for Qualifying DAM Outage  $o$  or Qualifying DAM Return-to-Service  $o$  resulting in the lower rating for hour  $h$  is assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.2.4.4) other than the Transmission Owner responsible for the lower rating for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ ;
- (iv) this lower rating is included for the month that contains hour  $h$  in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour  $h$  were sold (or if no Reconfiguration Auction was held for TCCs valid in hour  $h$ , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour  $h$ ); and
- (v) the constraint is binding in the Day-Ahead Market for hour  $h$ .

#### **20.2.4.3.1.2 Definition of Qualifying DAM Uprating**

A “**Qualifying DAM Uprating**” shall be defined to mean either an Actual Qualifying DAM Uprating or a Deemed Qualifying DAM Uprating. For purposes of this Attachment N, “*r*” shall refer to a single Qualifying DAM Uprating.

An “**Actual Qualifying DAM Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint *a* in hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a higher rating for hour *h* than it would have absent an Actual Qualifying DAM Outage *o* or Actual Qualifying DAM Return-to-Service *o* for hour *h*;
- (ii) this higher rating resulting from Actual Qualifying DAM Outage *o* or Actual Qualifying Return-to-Service *o* for hour *h* was not modeled for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;
- (iii) this higher rating is included for the month that contains hour *h* in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and
- (iv) the constraint is binding in the Day-Ahead Market for hour *h*.

A “**Deemed Qualifying DAM Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a lower rating in hour  $h$  than it would have if all transmission facilities were modeled as in-service in hour  $h$ ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying DAM Outage  $o$  or Deemed Qualifying DAM Return-to-Service  $o$  for hour  $h$ ;
- (iii) this lower rating resulting from Deemed Qualifying DAM Outage  $o$  or Deemed Qualifying DAM Return-to-Service  $o$  for hour  $h$  was modeled for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ , but responsibility for Qualifying DAM Outage  $o$  or Qualifying DAM Return-to-Service  $o$  resulting in the lower rating for hour  $h$  is assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner for the purpose of applying Section 20.2.4.4) other than the Transmission Owner responsible for the lower rating for the month that contains hour  $h$  in the last auction held for TCCs valid for hour  $h$ ;
- (iv) this lower rating for hour  $h$  is included for the month that contains hour  $h$  in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour  $h$  were sold (or if no Reconfiguration Auction was held for TCCs valid in hour  $h$ , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour  $h$ ); and
- (v) the constraint is binding in the Day-Ahead Market for hour  $h$ .

#### **20.2.4.3.2 Allocation of U/D DAM Constraint Residuals**

This Section 20.2.4.3.2 describes the allocation of U/D DAM Constraint Residuals to Qualifying DAM Deratings and Qualifying DAM Upratings.

When there are Qualifying DAM Deratings or Qualifying DAM Upratings for constraint  $a$  in hour  $h$ , the ISO shall allocate a U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, U/D CRSC<sub>a,t,h</sub>, or U/D Congestion Rent Surplus Payment, U/D CRSP<sub>a,t,h</sub>, by first determining the net total impact on the constraint for hour  $h$  of all Qualifying DAM Upratings  $r$  and Qualifying DAM Deratings  $r$  for constraint  $a$  in hour  $h$  pursuant to Formula N-11 and then applying either Formula N-12 or Formula N-13, as specified herein, to assess U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments.

### Formula N-11

$$U/D \text{ NetDAMImpact}_{a,h} = \left( \sum_{\text{for all } r \in R_{a,h}} \text{RatingChange}_{a,h,r} * \text{ShadowPrice}_{a,h} \right) * \text{SCUCSignChange}_{a,h}$$

Where,

U/D NetDAMImpact<sub>a,h</sub> = The net impact, in dollars, on constraint  $a$  of all Qualifying DAM Upratings and Qualifying DAM Deratings for constraint  $a$  in hour  $h$ ; *provided, however*, U/D NetDAMImpact<sub>a,h</sub> shall be subject to recalculation as specified in the paragraph immediately following this Formula N-11

RatingChange<sub>a,h,r</sub> = Either

- (a) If Qualifying DAM Derating  $r$  or Qualifying DAM Uprating  $r$  is a Deemed Qualifying DAM Derating or a Deemed Qualifying DAM Uprating, RatingChange<sub>a,h,r</sub> shall be equal to the amount, in MWh, of the decrease or increase in the rating of binding constraint  $a$  in hour  $h$  resulting from a Deemed Qualifying DAM Return-to-Service or Deemed Qualifying DAM Outage for constraint  $a$  in hour  $h$ , as shown for the month that contains hour  $h$  in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour  $h$  were sold (or if no



Reconfiguration Auction was held for TCCs valid in hour  $h$ , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour  $h$ ); or

- (b) If Qualifying DAM Derating  $r$  or Qualifying DAM Uprating  $r$  is an Actual Qualifying DAM Derating or an Actual Qualifying DAM Uprating,  $\text{RatingChange}_{a,h,r}$  shall be equal to the amount, in MWh, of the decrease or increase in the rating of binding constraint  $a$  in hour  $h$  resulting from an Actual Qualifying DAM Return-to-Service or an Actual Qualifying DAM Outage for constraint  $a$  in hour  $h$ , as shown for the month that contains hour  $h$  in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour  $h$  were sold (or if no Reconfiguration Auction was held for TCCs valid in hour  $h$ , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour  $h$ ); *provided, however*,  $\text{RatingChange}_{a,h,r}$  shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula N-11

$R_{a,h}$  = The set of all Qualifying DAM Deratings  $r$  or Qualifying DAM Upratings  $r$  for binding constraint  $a$  in hour  $h$

and the variables  $\text{SCUCSignChange}_{a,h}$  and  $\text{ShadowPrice}_{a,h}$  are defined as set forth in

Formula N-5.

After calculating  $\text{U/D NetDAMImpact}_{a,h}$  pursuant to Formula N-11, the ISO shall determine whether  $\text{U/D NetDAMImpact}_{a,h}$  for constraint  $a$  in hour  $h$  has a different sign than  $\text{U/D DCR}_{a,h}$  for constraint  $a$  in hour  $h$ . If the sign is different, the ISO shall (i) recalculate  $\text{U/D NetDAMImpact}_{a,h}$  pursuant to Formula N-11 after setting equal to zero each  $\text{RatingChange}_{a,h,r}$

for which  $\text{RatingChange}_{a,h,r} * \text{ShadowPrice}_{a,h} * \text{SCUCSignChange}_{a,h}$  has a different sign than  $\text{U/D DCR}_{a,h}$ , and then (ii) use this recalculated  $\text{U/D NetDAMImpact}_{a,h}$  and reset value of  $\text{RatingChange}_{a,h,r}$  to allocate  $\text{U/D Congestion Rent Shortfall Charges}$  and  $\text{U/D Congestion Rent Surplus Payments}$  pursuant to Formula N-12 or Formula N-13, as specified below.

If the absolute value of the net impact ( $\text{U/D NetDAMImpact}_{a,h}$ ) on constraint  $a$  of all Qualifying DAM Deratings and Qualifying DAM Upratings for constraint  $a$  in hour  $h$  as calculated using Formula N-11 (or recalculated pursuant to Formula N-11 using a reset value of  $\text{RatingChange}_{a,h,r}$  as described in the prior paragraph) is greater than the absolute value of the  $\text{U/D DAM Constraint Residual (U/D DCR}_{a,h})$  for constraint  $a$  in hour  $h$ , then the ISO shall allocate the  $\text{U/D DAM Constraint Residual}$  in the form of a  $\text{U/D Congestion Rent Shortfall Charge}$ ,  $\text{U/D CRSC}_{a,t,h}$ , or  $\text{U/D Congestion Rent Surplus Payment}$ ,  $\text{U/D CRSP}_{a,t,h}$ , by using Formula N-12. If the absolute value of the net impact ( $\text{U/D NetDAMImpact}_{a,h}$ ) on constraint  $a$  of all Qualifying DAM Deratings and Qualifying DAM Upratings for constraint  $a$  in hour  $h$  as calculated using Formula N-11 (or recalculated pursuant to Formula N-11 using a reset value of  $\text{RatingChange}_{a,h,r}$  as described in the prior paragraph) is less than or equal to the absolute value of the  $\text{U/D DAM Constraint Residual (U/D DCR}_{a,h})$  for constraint  $a$  in hour  $h$ , then the ISO shall allocate the  $\text{U/D DAM Constraint Residual}$  in the form of a  $\text{U/D Congestion Rent Shortfall Charge}$ ,  $\text{U/D CRSC}_{a,t,h}$ , or  $\text{U/D Congestion Rent Surplus Payment}$ ,  $\text{U/D CRSP}_{a,t,h}$ , by using Formula N-13.

#### Formula N-12

$$\text{U/D Allocation}_{a,t,h} = \left( \frac{\sum_{\substack{r \in R_{a,h} \\ \text{and } q=t}} (\text{RatingChange}_{a,h,r} * \text{Responsibility}_{h,q,r})}{\sum_{\substack{\text{for all } r \in R_{a,h}}} \text{RatingChange}_{a,h,r}} \right) * \text{U/D DCR}_{a,h}$$

Where,

$U/D Allocation_{a,t,h}$  = Either a U/D Congestion Rent Shortfall Charge or a U/D Congestion Rent Surplus Payment, as specified in (a) and (b) below:

(a) If  $U/D Allocation_{a,t,h}$  is negative, then  $U/D Allocation_{a,t,h}$  shall be a U/D Congestion Rent Shortfall Charge,  $U/D CRSC_{a,t,h}$ , charged to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market; or

(b) If  $U/D Allocation_{a,t,h}$  is positive, then  $U/D Allocation_{a,t,h}$  shall be a U/D Congestion Rent Surplus Payment,  $U/D CRSP_{a,t,h}$ , paid to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market

$Responsibility_{h,q,r}$  = The amount, as a percentage, of responsibility borne by Transmission Owner  $q$  (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4) for Qualifying DAM Derating  $r$  or Qualifying DAM Upgrading  $r$  in hour  $h$ , as determined pursuant to Section 20.2.4.4

and the variable  $U/D DCR_{a,h}$  is defined as set forth in Formula N-7 and the variables

$RatingChange_{a,h,r}$  and  $R_{a,h}$  are defined as set forth in Formula N-11.

### Formula N-13

$$U/D Allocation_{a,t,h} = \left( \sum_{\substack{r \in R_{a,h} \\ \text{and } q=t}} RatingChange_{a,h,r} * ShadowPrice_{a,h} * Responsibility_{h,q,r} \right) * SCUCSignChange_{a,h}$$

Where,

the variables  $ShadowPrice_{a,h}$  and  $SCUCSignChange_{a,h}$  are defined as set forth in Formula N-5,

the variables  $U/D Allocation_{a,t,h}$  and  $Responsibility_{h,q,r}$  are defined as set forth in Formula N-12,

and the variables  $RatingChange_{a,h,r}$  and  $R_{a,h}$  are defined as set forth in Formula N-11.

## 20.2.4.4 Assigning Responsibility for Outages, Returns-to-Service, Deratings, and Upgradings

### 20.2.4.4.1 General Rule for Assigning Responsibility; Presumption of Causation

Unless the special rules set forth in Sections 20.2.4.4.2 through 20.2.4.4.4 apply, a Transmission Owner shall for purposes of this Section 20.2.4 be deemed responsible for a DAM Status Change to the extent that the Transmission Owner has caused the DAM Status Change by

changing the in-service or out-of-service status of its transmission facility; *provided, however*, that where a DAM Status Change results from a change to the in-service or out-of-service status of a transmission facility owned by more than one Transmission Owner, responsibility for such DAM Status Change shall be assigned to each owning Transmission Owner based on the percentage of the transmission facility that is owned by the Transmission Owner (as determined in accordance with Section 20.2.4.6.1) during the hour for which the DAM Status Change occurred. For the sake of clarity, a Transmission Owner may, by changing the in-service or out-of-service status of its transmission facility, cause a DAM Status Change of another transmission facility if the Transmission Owner's change in the in-service or out-of-service status of its transmission facility causes (directly or as a result of Good Utility Practice) a change in the in-service or out-of-service status of the other transmission facility.

The Transmission Owner that owns a transmission facility that qualifies as a DAM Status Change shall be deemed to have caused the DAM Status Change of that transmission facility unless (i) the Transmission Owner that owns the facility informs the ISO that another Transmission Owner caused the DAM Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4, and no party disputes such claim; (ii) in case of a dispute over the assignment of responsibility, the ISO determines a Transmission Owner other than the owner of the transmission facility caused the DAM Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4; or (iii) FERC orders otherwise.

**20.2.4.4.2 Shared Responsibility For Outages, Returns-to-Service, and Ratings Changes Directed by the ISO or Caused by Facility Status Changes Directed by the ISO**

A Transmission Owner shall not be responsible for any DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change. Instead, the ISO shall allocate any revenue impacts resulting from a DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change as part of Net Congestion Rents for hour  $h$ . To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 20.2.4.2 and Section 20.2.4.3, and any DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change shall be attributed to the ISO when performing the calculations described in Section 20.2.4.2 and Section 20.2.4.3; *provided, however, any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 20.2.4.4.2 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 20.2.5.*

Responsibility for a Qualifying DAM Return-to-Service or Qualifying DAM Upgrading that is directed by the ISO but does not qualify as a Deemed ISO-Directed DAM Status Change shall be assigned to the Transmission Owner that was responsible for the Qualifying Auction Outage or Qualifying Auction Derating for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid in the relevant hour, the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour).

#### **20.2.4.4.3 Shared Responsibility for External Events**

A Transmission Owner shall not be responsible for a DAM Status Change occurring inside the NYCA that is caused by a change in the in-service or out-of-service status or rating of a transmission facility located outside the NYCA. Instead, the ISO shall allocate any revenue impacts resulting from a DAM Status Change caused by such an event outside the NYCA as part of Net Congestion Rents for hour  $h$ . To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 20.2.4.2 and Section 20.2.4.3 and any DAM Status Change caused by such an event outside the NYCA shall be attributed to the ISO when performing the calculations described in Section 20.2.4.2 and Section 20.2.4.3; *provided, however*, any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 20.2.4.4.3 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 20.2.5.

#### **20.2.4.5 Exceptions: Setting Charges and Payments to Zero**

##### **20.2.4.5.1 Zeroing Out of Charges and Payments When Outages and Deratings Lead to Net Payments or Returns-to-Service and Upratings Lead to Net Charges**

The ISO shall use Formula N-14 to calculate the total O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments,  $\text{NetDAMAllocations}_{t,h}$ , for Transmission Owner  $t$  in hour  $h$ . Based on this calculation, the ISO shall set equal to zero all O/R-t-S  $\text{CRSC}_{a,t,h}$ , U/D  $\text{CRSC}_{a,t,h}$ , O/R-t-S  $\text{CRSP}_{a,t,h}$ , and U/D  $\text{CRSP}_{a,t,h}$  (each as defined in Formula N-14) for Transmission Owner  $t$  for all constraints for hour  $h$  if (i)  $\text{NetDAMAllocations}_{t,h}$  is positive and Transmission Owner  $t$  is not responsible (as determined pursuant to Section 20.2.4.4) for any

Qualifying DAM Returns-to-Service or Qualifying DAM Upratings during hour  $h$ , or (ii)

$NetDAMAllocations_{t,h}$  is negative and Transmission Owner  $t$  is not responsible (as determined pursuant to Section 20.2.4.4) for any Qualifying DAM Outages or Qualifying DAM Deratings during hour  $h$ ; *provided, however*, the ISO shall not set equal to zero pursuant to this Section 20.2.4.5.1 any O/R-t-S  $CRSC_{a,t,h}$ , U/D  $CRSC_{a,t,h}$ , O/R-t-S  $CRSP_{a,t,h}$ , or U/D  $CRSP_{a,t,h}$  arising from an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change described in Section 20.2.4.4.2, an external event described in Section 20.2.4.4.3, or an event occurring during a transitional period as described in Section 20.2.4.4.4.

#### Formula N-14

$$NetDAMAllocations_{t,h} = \sum_{\text{for all } a} (O/R-t-S CRSC_{a,t,h} + U/D CRSC_{a,t,h} + O/R-t-S CRSP_{a,t,h} + U/D CRSP_{a,t,h})$$

Where,

- $NetDAMAllocations_{t,h}$  = The total of the O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments allocated to Transmission Owner  $t$  in hour  $h$
- O/R-t-S  $CRSC_{a,t,h}$  = An O/R-t-S Congestion Rent Shortfall Charge allocated to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market, calculated pursuant to Section 20.2.4.2
- U/D  $CRSC_{a,t,h}$  = A U/D Congestion Rent Shortfall Charge allocated to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market, calculated pursuant to Section 20.2.4.3
- O/R-t-S  $CRSP_{a,t,h}$  = An O/R-t-S Congestion Rent Surplus Payment allocated to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market, calculated pursuant to Section 20.2.4.2
- U/D  $CRSP_{a,t,h}$  = A U/D Congestion Rent Surplus Payment allocated to Transmission Owner  $t$  for binding constraint  $a$  in hour  $h$  of the Day-Ahead Market, calculated pursuant to Section 20.2.4.3.

#### 20.2.4.5.2 Zeroing Out of Charges and Payments Resulting from Formula Failure

Notwithstanding any other provision of this Attachment N, the ISO shall set equal to zero any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S

Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocated to a Transmission Owner for an hour of the Day-Ahead Market if either:

- (i) data necessary to compute such a charge or payment, as specified in the formulas set forth in Section 20.2.4, is not known by the ISO and cannot be computed by the ISO (in interpreting this clause, equipment failure shall not preclude computation by the ISO unless necessary data is irretrievably lost); or
- (ii) both (a) the charge or payment is clearly and materially inconsistent with cost causation principles; and (b) this inconsistency is the result of factors not taken into account in the formulas used to calculate the charge or payment;

*provided, however*, if the amount of charges or payments set equal to zero as a result of the unknown data or inaccurate formula is greater than twenty five thousand dollars (\$25,000) in any given month or greater than one hundred thousand dollars (\$100,000) over multiple months, the ISO will inform the Transmission Owners of the identified problem and will work with the Transmission Owners to determine if an alternative allocation method is needed and whether it will apply to all months for which the intended formula does not work. Alternate methods would be subject to market participant review and subsequent filing with FERC, as appropriate.

For the sake of clarity, the ISO shall not pursuant to this Section 20.2.4.5.2 set equal to zero any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment that fails to meet these conditions, even if another O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment is set equal to zero pursuant to this Section 20.2.4.5.2 in the same hour of the Day-Ahead Market.



#### **20.2.4.6 Information Requirements**

##### **20.2.4.6.1 Information Regarding Facility Ownership**

A Transmission Owner shall be responsible for informing the ISO of any change in the ownership of a transmission facility. The ISO shall allocate responsibility for DAM Status Changes based on the transmission facility ownership information available to it at the time of initial settlement.

##### **20.2.4.6.2 Calculation of Settlements Without DCR Allocation Threshold**

Upon request from any Transmission Owner subject to Net Congestion Rent settlements pursuant to this Attachment N, but no more frequently than once every twelve months, the ISO shall, for informational purposes only, calculate the DAM Constraint Residuals for each constraint for each hour without applying the DCR Allocation Threshold and shall calculate all O/R-t-S Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Shortfall Charges, and U/D Congestion Rent Surplus Payments. The calculation shall be performed using a month selected from among the most recent twelve months for which a Close-Out Settlement has been issued. Before choosing the month for which it will perform these calculations, the ISO will consult with the Transmission Owners.

#### **20.2.5 Allocation of Net Congestion Rents to Transmission Owners**

The Net Congestion Rents for each hour of month  $m$  shall be summed over the month, so that positive and negative values net to a monthly total,  $NCR_m$ . The ISO shall allocate  $NCR_m$  each month to the Transmission Owners by allocating to each Transmission Owner  $t$  an amount equal to the product of (i)  $NCR_m$ , and (ii) the allocation factor for Transmission Owner  $t$  for month  $m$ , as calculated pursuant to Formula N-15.

### Formula N-15

$$AllocationFactor_{t,m} = \frac{\left( OriginalResidual_{t,m} + ETCNL_{t,m} + NARs_{t,m} \right)}{\sum_{q \in T} \left( OriginalResidual_{q,m} + ETCNL_{q,m} + NARs_{q,m} \right)} + \frac{GFR\&GFTCC_{t,m} + HFPTCC_{t,m} + NHFPTCC_{t,m}}{\sum_{q \in T} \left( GFR\&GFTCC_{q,m} + HFPTCC_{q,m} + NHFPTCC_{q,m} \right)}$$

Where,

- Allocation Factor<sub>t,m</sub> = The allocation factor used by the ISO to allocate a share of the Net Congestion Rents to Transmission Owner *t* for month *m*
- Original Residual<sub>q,m</sub> = The sum of the one-month portion of the revenue imputed to the Direct Sale and the sale in any Centralized TCC Auction Sub-Auction of Original Residual TCCs held by Transmission Owner *q* that are valid in month *m*. The one-month portion of the revenue imputed to the Direct Sale of these Original Residual TCCs shall be the market-clearing price of the TCCs valid in month *m* in the last Reconfiguration Auction held for TCCs valid in month *m* (or one-sixth of the average market-clearing price in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for TCCs valid in month *m*). The one-month portion of the revenue imputed to the sale in any Centralized TCC Auction Sub-Auction of these Original Residual TCCs shall be calculated by dividing the revenue received from the sale of these Original Residual TCCs in the Centralized TCC Auction Sub-Auction by the duration in months of the TCCs sold in that Centralized TCC Auction Sub-Auction.
- ETCNL<sub>q,m</sub> = The sum of the one-month portion of the revenue imputed to the Direct Sale of Transmission Owner *q*'s ETCNL or for its ETCNL released in the Centralized TCC Auction Sub-Auction held for TCCs valid for month *m*. The one-month portion of the revenue imputed for ETCNL released in any Centralized TCC Auction shall be calculated by dividing the revenue received in a Centralized TCC Auction Sub-Auction from the sale of the ETCNL by the duration in months of the TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to the ETCNL sold in the Centralized TCC Auction Sub-Auction. The one-month portion of the revenue imputed to the Direct Sale of ETCNL shall be the market-clearing price of the TCCs valid in month *m* corresponding (as described in Section 20.1.2 of this Attachment N) to that ETCNL in the last Reconfiguration Auction held for TCCs valid in month *m* (or one-sixth of the average market-clearing price of such TCCs in the rounds of the 6-month Sub-Auction of the last

Centralized TCC Auction if no Reconfiguration Auction was held for TCCs valid in month  $m$ ).

$NAR_{s,q,m}$

= The one-month portion of the Net Auction Revenues Transmission Owner  $q$  has received in Centralized TCC Auction Sub-Auctions and all Reconfiguration Auctions held for TCCs valid for month  $m$  (which shall not include any revenue from the sale of Original Residual TCCs). The one-month portion of the revenues shall be calculated by summing (i) the revenue Transmission Owner  $q$  received from the allocation of Net Auction Revenue pursuant to Section 20.3.7 in each Centralized TCC Auction Sub-Auction for TCCs valid in month  $m$ , divided in each case by the duration in months of the TCCs sold in the Centralized TCC Auction Sub-Auction and the sum of the revenue Transmission Owner  $q$  received from the allocation of that portion of Net Auction Revenue pursuant to Section 20.3.7 related to month  $m$  for all Reconfiguration Auctions held for TCCs valid in month  $m$  (or, to the extent TCC auction revenues were allocated pursuant to a different methodology, the amount of such revenues allocated to Transmission Owner  $q$ ), minus (ii) the sum of  $NetAuctionAllocations_{t,n}$  as calculated pursuant to Formula N-27 (as adjusted for any charges or payments that are zeroed out) for Transmission Owner  $q$  for all 6-month Sub-Auction rounds  $n$  of all Centralized TCC Auctions held for TCCs valid in month  $m$ , divided in each case by the duration in months of the TCCs sold in each Centralized TCC Auction Sub-Auction (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner  $q$ ), minus (iii) the sum of the portion of  $NetAuctionAllocations_{t,n}$  as calculated pursuant to Formula N-27 and as adjusted for any charges or payments that are zeroed out for Transmission Owner  $q$  for month  $m$  for all Reconfiguration Auctions held for TCCs valid in month  $m$  (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner  $q$ ).

$GFR\&GFTCC_{q,m}$

= The one-month portion of the imputed value of Grandfathered TCCs and Grandfathered Rights held by Transmission Owner  $q$ , valued at their market-clearing prices for month  $m$  in the last Reconfiguration Auction for TCCs valid in month  $m$  (or one-sixth of the average market clearing price for rounds in the 6-month Sub-Auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for TCCs valid in month  $m$ ), provided that Transmission Owner  $q$  is the selling party and the Existing Transmission Agreement related to each Grandfathered TCC and

Grandfathered Right remains valid in *month m*.

$HFPTCC_{q,m}$  = The one-month portion of the Historic Fixed Price TCC revenues (including revenues from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that Transmission Owner  $q$  has received for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid for month  $m$ , valued at the sum of the share of revenues received by Transmission Owner  $q$  pursuant to Section 20.4 of this Attachment N for all Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid for month  $m$ , divided by twelve; provided, however that the value shall be zero for all Historic Fixed Price TCCs that took effect on or before November 1, 2016.

$NHFPTCC_{q,m}$  = The one-month portion of the Non-Historic Fixed Price TCC revenues that Transmission Owner  $q$  has received for Non-Historic Fixed Price TCCs valid for month  $m$ , valued at the sum of the share of revenues received by Transmission Owner  $q$  pursuant to Section 20.5 of this Attachment N for all Non-Historic Fixed Price TCCs valid for month  $m$ , divided by: (i) twenty-four in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner  $q$  related to initial awards of Non-Historic Fixed Price TCCs valid for month  $m$ ; or (ii) twelve in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner  $q$  related to renewals of Non-Historic Fixed Price TCCs valid for month  $m$ ; provided, however that the value shall be zero for all Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017.

$t$  = Transmission Owner  $t$

$T$  = The set of all Transmission Owners  $q$ .

For purposes of Formula N-15, variables subscripted by  $t$  shall be calculated for Transmission Owner  $t$  in the same manner as variables subscripted by  $q$  are calculated for Transmission Owner  $q$ .

Each Transmission Owner's share of Net Congestion Rents allocated pursuant to this Section 20.2.5 shall be incorporated into, or otherwise accounted for as part of, its TSC, NTAC, or other applicable rate mechanism under the ISO Tariffs used to assess charges for

Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

## 20.3 Settlement of TCC Auctions

### 20.3.1 Overview of TCC Auction Settlements; Calculation of Net Auction Revenue

*Overview of TCC Auction Settlements.* For each round  $n$  of a Centralized TCC Auction and for each Reconfiguration Auction  $n$ , the ISO shall settle all settlements for round  $n$  or for Reconfiguration Auction  $n$ . These settlements include, as applicable pursuant to the provisions of this Attachment N: (i) the market-clearing price charged or paid to purchasers of TCCs; (ii) payments to Transmission Owners that released ETCNL; (iii) payments or charges to Primary Holders selling TCCs; (iv) payments to Transmission Owners that released Original Residual TCCs; (v) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges; and (vi) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments. Each of these settlements is represented by a variable in Formula N-16.

*Calculation of Net Auction Revenues for a Round or a Reconfiguration Auction.* In each Centralized TCC Auction round  $n$  and in each Reconfiguration Auction  $n$ , the ISO shall calculate Net Auction Revenue pursuant to Formula N-16.

#### Formula N-16

$$Net\ Auction\ Revenue_n = \left[ \begin{array}{l} TCC\ Auction\ Revenue_n \\ -ETCNL_n \\ -Primary\ Holder\ TCCs\ Sold_n \\ -Original\ Residual\ TCCs_n \\ -O/R-t-S\&U/D\ ARSC\&ARSP_n \end{array} \right]$$

Where,

- $n$  = A round of a Centralized TCC Auction (which may be either a round of a 6-month Sub-Auction or a round of a Sub-Auction in which TCCs with a duration greater than 6 months are sold) or a Reconfiguration Auction, as the case may be
- Net Auction Revenue <sub>$n$</sub>  = Net Auction Revenue for the round  $n$  of a Centralized TCC Auction or for Reconfiguration Auction  $n$ , as the case may be

TCC Auction Revenue <sub>n</sub>	= The gross amount of revenue that the ISO collects from the award of TCCs to purchasers in round <i>n</i> or in Reconfiguration Auction <i>n</i> , which results from the charges and payments allocated pursuant to Section 20.3.2
ETCNL <sub>n</sub>	= Either (i) if round <i>n</i> is a round of a Centralized TCC Auction, the total of all payments that the ISO makes to Transmission Owners releasing ETCNL into the round pursuant to Section 20.3.3; or (ii) for Reconfiguration Auction <i>n</i> , 0
Primary Holder TCCs Sold <sub>n</sub>	= The net of the total payments and charges the ISO allocates to Primary Holders selling TCCs in round <i>n</i> or in Reconfiguration Auction <i>n</i> pursuant to Section 20.3.4
Original Residual TCCs <sub>n</sub>	= Either (i) if round <i>n</i> is a round of a Centralized TCC Auction, the total payments the ISO makes in round <i>n</i> pursuant to Section 20.3.5 to Transmission Owners that release into round <i>n</i> Original Residual TCCs; or (ii) for Reconfiguration Auction <i>n</i> , 0
O/R-t-S&U/D ARSC&ARSP <sub>n</sub>	= Either (i) if round <i>n</i> is a round of a Centralized TCC Auction in which 6-month TCCs are sold, the sum of the total O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments (calculated as NetAuctionAllocations <sub>t,n</sub> pursuant to Formula N-27) for all Transmission Owners <i>t</i> , reduced by any zeroing out of such charges or payments pursuant to Section 20.3.6.5; (ii) if round <i>n</i> is a round of a Centralized TCC Auction Sub-Auction in which TCCs with durations longer than 6 months are sold, 0; or (iii) for Reconfiguration Auction <i>n</i> , the sum of the total O/R-t-S Auction Revenue Shortfall Charges (O/R-t-S ARSC <sub>a,t,n</sub> ), U/D Auction Revenue Shortfall Charges (U/D ARSC <sub>a,t,n</sub> ), O/R-t-S Auction Revenue Surplus Payments (O/R-t-S ARSP <sub>a,t,n</sub> ), and U/D Auction Revenue Surplus Payments (U/D ARSP <sub>a,t,n</sub> ) for all Transmission Owners <i>t</i> (which sum is calculated for each Transmission Owner as NetAuctionAllocations <sub>t,n</sub> pursuant to Formula N-27), reduced by any zeroing out of such charges or payments pursuant to Section 20.3.6.5

The ISO shall allocate the Net Auction Revenue calculated in each round of a Centralized TCC Auction Sub-Auction and in each Reconfiguration Auction to Transmission Owners pursuant to Section 20.3.7.

### 20.3.2 Charges for TCCs Purchased

All bidders awarded TCCs in round *n* of a Centralized TCC Auction or in

Reconfiguration Auction  $n$  shall pay or be paid the market clearing price in round  $n$  or in Reconfiguration Auction  $n$ , as determined pursuant to Attachment M of this Tariff, for the TCCs purchased. For a Balance-of-Period Auction, if an awarded TCC has a duration of more than one month, the market-clearing price for such multi-month TCC will equal the sum of the market-clearing prices for one-month TCCs with the same Point of Injection and Point of Withdrawal, which in aggregate cover the same period for which the multi-month TCC is valid.

### **20.3.3 Payments for ETCNL**

The ISO shall, in each round of a Centralized TCC Auction in which ETCNL is released, pay the market clearing price determined in that round for TCCs that correspond (as described in Section 20.1.2 of this Attachment N) to that ETCNL to the Transmission Owner that releases the ETCNL.

If a Transmission Owner releases ETCNL for sale in a round of the Centralized TCC Auction, and the market-clearing price for those TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to that ETCNL in that round is negative, the value of those TCCs will not be included in the determination of payments to the Transmission Owners for ETCNL released into the Centralized TCC Auction. If the market-clearing price is negative for TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to any ETCNL, the value will be set to zero for purposes of allocating auction revenues from the sale of ETCNL. If the total value of the auction revenues available for payment to the Transmission Owners for ETCNL and Original Residual TCCs released into the Centralized TCC Auction is insufficient to fund payments at market-clearing prices, the total payments to each Transmission Owner for ETCNL and Original Residual TCCs will be reduced proportionately. Notwithstanding any other provision in this Tariff, ETCNL that is offered in any Centralized TCC Auction and that is



assigned a negative market-clearing price or value shall not give rise to a payment obligation by the Transmission Owner that released it.

**20.3.4 Payments to Primary Holders Selling TCCs; Distribution of Revenues from Sale of Certain Grandfathered TCCs (excluding ETCNL) in a Centralized TCC Auction**

The ISO shall distribute to or collect from each Primary Holder of a TCC selling that TCC in the Centralized TCC Auction or Reconfiguration Auction the market-clearing price of that TCC in the round of the Centralized TCC Auction or in the Reconfiguration Auction in which that TCC was sold. For a Balance-of-Period Auction, if a TCC sold has a duration of more than one month, the market-clearing price for such multi-month TCC will equal the sum of the market-clearing prices for one-month TCCs with the same Point of Injection and Point of Withdrawal, which in aggregate cover the same period for which the multi-month TCC was sold.

In the event a Grandfathered TCC is terminated by mutual agreement of the parties to the grandfathered ETA (or, in the case of Grandfathered TCCs, if any, associated with those rate schedules to which footnote 9 of Attachment L pertains, terminated by mutual agreement or otherwise) prior to the conditions specified within Attachments K and L, then the ISO shall distribute the revenues from the sale of the TCCs that correspond to the terminated Grandfathered TCCs in a round of a Centralized TCC Auction directly back to the Transmission Owner identified in Attachment L, until such time as the conditions specified within Attachments K and L are met. Upon such time that the conditions within Attachments K and L are met, the ISO shall allocate the revenues from the sale of the TCCs that correspond to terminated Grandfathered TCCs in the Centralized TCC Auction as Net Auction Revenues in accordance with Section 20.3.7 of this Attachment.

### **20.3.5 Allocation of Revenues from the Sale of Original Residual TCCs**

If a Transmission Owner releases an Original Residual TCC for sale in a round of the Centralized TCC Auction, and the market-clearing price for those TCCs in that round is negative, the value of those TCCs will not be included in the determination of payments to the Transmission Owners for Original Residual TCCs released into the Centralized TCC Auction. If the market-clearing price is negative for any Original Residual TCC, the value will be set to zero for purposes of allocating auction revenues from the sale of Original Residual TCCs. If the total value of the auction revenues available for payment to the Transmission Owners for Original Residual TCCs and ETCNL released into the Centralized TCC Auction is insufficient to fund payments at market-clearing prices, the total payments to each Transmission Owner for Original Residual TCCs and ETCNL will be reduced proportionately. This proportionate reduction would include a reduction in payments reflecting a proportionate reduction in the auction value of Original Residual TCCs sold in a Direct Sale. Notwithstanding any other provision in this Tariff, Original Residual TCCs that are offered in any Centralized TCC Auction and that are assigned a negative market-clearing price or value shall not give rise to a payment obligation by the Transmission Owner that released them.

### **20.3.6 Charges and Payments to Transmission Owners for Auction Outages and Returns-to-Service**

The ISO shall charge O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges and pay O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments pursuant to this Section 20.3.6. To do so, the ISO shall calculate the Auction Constraint Residual for each constraint for each round  $n$  of a Centralized TCC Auction 6-month Sub-Auction or for each month covered by Reconfiguration Auction  $n$ , as

the case may be, pursuant to Section 20.3.6.1 and then determine the amount of each Auction Constraint Residual that is O/R-t-S Auction Constraint Residual and the amount that is U/D Auction Constraint Residual, as specified in Section 20.3.6.1. The ISO shall use the O/R-t-S Auction Constraint Residual to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments to Transmission Owners pursuant to Sections 20.3.6.2 and 20.3.6.4, each of which shall be subject to being reduced to zero pursuant to Section 20.3.6.5. The ISO shall use the U/D Auction Constraint Residual to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments to Transmission Owners pursuant to Sections 20.3.6.3 and 20.3.6.4, each of which shall be subject to being reduced to zero pursuant to Section 20.3.6.5.

The ISO shall not calculate an Auction Constraint Residual, O/R-t-S Auction Constraint Residual, or U/D Auction Constraint Residual for any rounds of a Centralized TCC Auction except for rounds of the 6-month Sub-Auction.

**20.3.6.1 Measuring the Impact of Auction Outages and Returns-to-Service:  
Calculation of Auction Constraint Residuals and Division of Auction  
Constraint Residuals into O/R-t-S Auction Constraint Residuals and U/D  
Auction Constraint Residuals**

The ISO shall identify all constraints that are binding in the final Optimal Power Flow solution for round  $n$  of a 6-month Sub-Auction of a Centralized TCC Auction or for each month covered by Reconfiguration Auction  $n$ , as the case may be. For each binding constraint  $a$  and for each round  $n$  of a 6-month Sub-Auction of a Centralized TCC Auction or month covered by Reconfiguration Auction  $n$ , the ISO shall calculate the Auction Constraint Residual,  $ACR_{a,n}$ , using Formula N-17; *provided, however*, the ISO shall recalculate  $ACR_{a,n}$  using Formula N-18 if (i)  $ACR_{a,n}$  is positive based on the calculation using Formula N-17, and (ii) constraint  $a$  was not binding in the Power Flow used to determine the Energy flow on constraint  $a$  in calculating the

variable  $FLOW_{a,n,basecase}$  in Formula N-17.

### Formula N-17

$$ACR_{a,n} = ShadowPrice_{a,n} * \left[ \frac{(FLOW_{a,n,actual} - FLOW_{a,n,basecase})}{+(ISORatingChange_{a,n} * OPFSignChange_{a,n})} \right] * \%Sold_n$$

Where,

$ACR_{a,n}$  = The Auction Constraint Residual, in dollars, for binding constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in Reconfiguration Auction  $n$

$ShadowPrice_{a,n}$  = The Shadow Price, in dollars/MW- $p$ , of binding constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , where  $p$  is a one-month period for the relevant month covered by Reconfiguration Auction  $n$  and  $p$  is a six-month period for round  $n$  of a 6-month Sub-Auction, which Shadow Price is calculated in a manner so that if relaxation of constraint  $a$  would permit an increase in the objective function used for round  $n$  of a 6-month Sub-Auction or Reconfiguration Auction  $n$  as described in Attachment M of this Tariff, then  $ShadowPrice_{a,n}$  is positive

$FLOW_{a,n,actual}$  = The Energy flow, in MW- $p$ , on binding constraint  $a$  resulting from a Power Flow using, as the case may be:

- (a) For a given month covered by Reconfiguration Auction  $n$ , (i) the Transmission System model for the relevant month for Reconfiguration Auction  $n$ , (ii) the set of TCCs and Grandfathered Rights represented in the solution to Reconfiguration Auction  $n$  for the relevant month (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedules determined in the Optimal Power Flow solution for the relevant month covered by for Reconfiguration Auction  $n$ ; or
- (b) For round  $n$  of a 6-month Sub-Auction, (i) the Transmission System model for round  $n$ , (ii) the set of TCCs (scaled appropriately) and Grandfathered Rights represented in the solution to round  $n$  (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that

auction), and (iii) the phase angle regulator schedules produced in the Optimal Power Flow solution for round  $n$

$FLOW_{a,n,basecase} =$  The Energy flow, in MW- $p$ , on binding constraint  $a$  produced in, as the case may be:

- (a) For a given month covered by Reconfiguration Auction  $n$ , a Power Flow using the following base case data set: (i) the Transmission System model for the relevant month for Reconfiguration Auction  $n$ , (ii) the set of TCCs and Grandfathered Rights for the relevant month represented in the solution to the last Reconfiguration Auction held for TCCs valid during the relevant month, or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the final round of the last 6-month Sub-Auction held for TCCs valid during the relevant month, (including those pre-existing TCCs and Grandfathered Rights for the relevant month represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedules determined in the Optimal Power Flow solution for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the final round of the last 6-month Sub-Auction held for TCCs valid during the relevant month); or (b) For round  $n$  of a 6-month Sub-Auction, a Power Flow run using the following base case data set: (i) the Transmission System model for the actual 6-month Sub-Auction, and (ii) the base case set of TCCs (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in the simulated auction) and the phase angle regulator schedules produced in a single simulated TCC auction administered for all rounds of the 6-month Sub-Auction using the

Transmission System model for the actual 6-month Sub-Auction modified so as to model as in-service all transmission facilities that were out-of-service in the Transmission System model used for the Sub-Auction and model as fully rated all transmission facilities that were derated in the Transmission System model used for the Sub-Auction, the pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in the Sub-Auction, and all bids to purchase and offers to sell made into all rounds of the Sub-Auction that includes round  $n$

$ISORatingChange_{a,n}$  = The total change in the rating of constraint  $a$  for round  $n$  or for a given month covered by Reconfiguration Auction  $n$  resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for round  $n$  or the relevant month covered by Reconfiguration Auction  $n$ , which shall be calculated as follows:

- (a) For a given month covered by Reconfiguration Auction  $n$ , zero, except that in the event of a change in the rating of constraint  $a$  resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for the relevant month covered by Reconfiguration Auction  $n$ ,  $ISORatingChange_{a,n}$  shall be equal to: (1) the rating limit, in MW- $p$ , of constraint  $a$  as shown in the Reconfiguration Auction Interface Uprate/Derate Table for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the rating limit, in MW- $p$ , of constraint  $a$  as shown in the Centralized TCC Auction Interface

Uprate/Derate Table for last Centralized TCC Auction held for TCCs valid during the relevant month), minus (2) the rating limit, in MW- $p$ , of constraint  $a$  resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for the relevant month covered by Reconfiguration Auction  $n$  as shown in the Reconfiguration Auction Interface Uprate/Derate Table applicable for the relevant month in Reconfiguration Auction  $n$

- (b) For round  $n$  of a 6-month Sub-Auction, zero, except that in the event of a change in the rating of a transmission facility resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for round  $n$ ,  $ISORatingChange_{a,n}$  shall be equal to: (1) the rating limit, in MW- $p$ , of constraint  $a$  in a case where all transmission facilities are in-service and fully rated as shown in the Centralized TCC Auction Interface Uprate/Derate Table applicable for round  $n$ , minus (2) the rating limit, in MW- $p$ , of constraint  $a$  resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for round  $n$  as shown in the Centralized TCC Auction Interface

Uprate/Derate Table applicable for round  $n$

$OPFSignChange_{a,n} = 1$  if  $ShadowPrice_{a,n}$  is greater than zero; otherwise,  $-1$

$\%Sold_n$  = Either (i) for round  $n$  of a 6-month Sub-Auction, the percentage of transmission Capacity sold in round  $n$ , divided by the percentage of transmission Capacity sold in all rounds of the Sub-Auction of which round  $n$  is a part; or (ii) for a given month covered by Reconfiguration Auction  $n$ , 1.

**Formula N-18**

$$ACR_{a,n} = ShadowPrice_{a,n} * \left[ \frac{(FLOW_{a,n,actual} - FLOW_{a,n,basecase}) + (ISORatingChange_{a,n} * OPFSignChange_{a,n})}{-(UnsoldCapacity_{a,n,PriorAuction} * OPFSignChange_{a,n})} \right] * \%Sold_n$$

Where,

$UnsoldCapacity_{a,n,PriorAuction}$  = Either:

- (a) For a given month covered by Reconfiguration Auction  $n$ , the rating limit for binding constraint  $a$  for the relevant month applied in the model used in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last Centralized TCC Auction held for TCCs valid during the relevant month), minus the Energy flow, in MW- $p$ , on binding constraint  $a$  for the relevant month produced in the Optimal Power Flow in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last round of that the last Centralized TCC Auction held for TCCs valid during the relevant month); or
- (b) For round  $n$  of a 6-month Sub-Auction, the rating limit for binding constraint  $a$  applied in the model used in the simulated auction run to determine  $FLOW_{a,n,basecase}$  in Formula N-17, minus the Energy flow, in MW- $p$ , on binding



constraint  $a$  produced in the Optimal Power Flow in the simulated auction run to  
determine  $FLOW_{a,n,basecase}$  in Formula N-17

and each of the other variables is as set forth in Formula N-17; *provided, however*, if  $ACR_{a,n}$  is  
less than zero when calculated using this Formula N-18,  $ACR_{a,n}$  shall be set equal to zero.

Following calculation of the Auction Constraint Residual for each constraint  $a$  for each  
round  $n$  of a 6-month Sub-Auction or each month covered by Reconfiguration Auction  $n$ , the  
ISO shall calculate the amount of each O/R-t-S Auction Constraint Residual and the amount of  
each U/D Auction Constraint Residual for each constraint  $a$  for each round  $n$  of a 6-month Sub-  
Auction or each month covered by Reconfiguration Auction  $n$ , as the case may be. The amount  
of each O/R-t-S Auction Constraint Residual for round  $n$  of a 6-month Sub-Auction or a given  
month covered by Reconfiguration Auction  $n$ , as the case may be, for constraint  $a$  shall be  
determined by applying Formula N-19. The amount of each U/D Auction Constraint Residual  
for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ ,  
as the case may be, for constraint  $a$  shall be determined by applying Formula N-20.

#### Formula N-19

$$O/R-t-S\ ACR_{a,n} = ACR_{a,n} * \left[ \frac{(FLOW_{a,n,actual} - FLOW_{a,n,basecase}) + (TotalRatingChange_{a,n} * OPFSignChange_{a,n})}{(FLOW_{a,n,actual} - FLOW_{a,n,basecase}) + (ISORatingChange_{a,n} * OPFSignChange_{a,n})} \right]$$

Where:

O/R-t-S  $ACR_{a,n}$  = The amount of the O/R-t-S Auction Constraint Residual for round  $n$  of a 6-  
month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ ,  
as the case may be, for constraint  $a$

TotalRatingChange $_{a,n}$  = The total change in the rating of constraint  $a$ , which shall be calculated  
as follows:

- (a) For a given month covered by Reconfiguration Auction  $n$ , TotalRatingChange $_{a,n}$   
shall be equal to (1) the rating limit, in MW- $p$ , of constraint  $a$  for the relevant  
month in the last Reconfiguration Auction held for TCCs valid during the relevant

month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last Centralized TCC Auction held for TCCs valid during the relevant month), minus (2) the rating limit, in MW- $p$ , of constraint  $a$  applicable for the relevant month in Reconfiguration Auction  $n$

- (b) For round  $n$  of a 6-month Sub-Auction,  $TotalRatingChange_{a,n}$  shall be equal to (1) the rating limit, in MW- $p$ , of constraint  $a$  in a case where all transmission facilities are in-service and fully rated, minus (2) the rating limit, in MW- $p$ , of constraint  $a$  in round  $n$

and the variable  $ACR_{a,n}$  is as calculated pursuant to Formula N-17 or, if required, pursuant to Formula N-18, and each of the other variables are as defined in Formula N-17.

#### Formula N-20

$$U/D\ ACR_{a,n} = ACR_{a,n} * \left[ \frac{-(TotalRatingChange_{a,n} - ISORatingChange_{a,n}) * OPFSignChange_{a,n}}{(FLOW_{a,n,actual} - FLOW_{a,n,baseload}) + (ISORatingChange_{a,n} * OPFSignChange_{a,n})} \right]$$

Where,

$U/D\ ACR_{a,n}$  = The amount of the U/D Auction Constraint Residual for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be, for constraint  $a$

and the variable  $ACR_{a,n}$  is as calculated pursuant to Formula N-17 or, if required, pursuant to Formula N-18, the variable  $TotalRatingChange_{a,n}$  is defined as set forth in Formula N-19 and each of the other variables are defined as set forth in Formula N-17.

#### 20.3.6.2 Charges and Payments for the Direct Impact of Auction Outages and Returns-to-Service

The ISO shall use O/R-t-S Auction Constraint Residuals to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.3.6.2. Each O/R-t-S Auction Revenue

Shortfall Charge and each O/R-t-S Auction Revenue Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.3.6.2 is subject to being set equal to zero pursuant to Section 20.3.6.5.

#### **20.3.6.2.1 Identification of Outages and Returns-to-Service Qualifying for Charges and Payments**

For each round of a 6-month Sub-Auction or each month covered by a Reconfiguration Auction, as the case may be, the ISO shall identify each Qualifying Auction Outage and each Qualifying Auction Return-to-Service, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.3.6.4, for the Qualifying Auction Outage or Qualifying Auction Return-to-Service shall be allocated an O/R-t-S Auction Revenue Shortfall Charge or an O/R-t-S Auction Revenue Surplus Payment pursuant to Sections 20.3.6.2.2 or 20.3.6.2.3.

##### **20.3.6.2.1.1 Definition of Qualifying Auction Outage**

A “**Qualifying Auction Outage**” (which term shall apply to round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be) shall be defined to mean either an Actual Qualifying Auction Outage or a Deemed Qualifying Auction Outage. For purposes of this Attachment N, “ $o$ ” shall refer to a single Qualifying Auction Outage.

An “**Actual Qualifying Auction Outage**” (which term shall apply to round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be) shall be defined as a transmission facility that, for a given round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be:

- (a) For a given month covered by Reconfiguration Auction  $n$ , meets each of the

following requirements:

- (i) the facility existed and was modeled as in-service for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); and
  - (ii) the facility exists but is not modeled as in-service in the relevant month for Reconfiguration Auction  $n$ ;
  - (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); or
- (b) For round  $n$  of a 6-month Sub-Auction, meets each of the following requirements:
- (i) the facility exists but is not modeled as in-service for round  $n$  of a 6-month Sub-Auction; and
  - (ii) the facility was not Normally Out-of-Service Equipment at the time of stage 1 round  $n$  of that 6-month Sub-Auction.

A “**Deemed Qualifying Auction Outage**” (which term shall apply only to a given month covered by Reconfiguration Auction  $n$ ) shall be defined as a transmission facility that, for the relevant month covered by Reconfiguration Auction  $n$ , meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service for the relevant month in the

- last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (ii) the facility existed but was not modeled as in-service for the relevant month in Reconfiguration Auction  $n$  as a result of an Auction Status Change or external event described in Section 20.3.6.4.3 in the relevant month covered by Reconfiguration Auction  $n$  for which responsibility was assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

#### **20.3.6.2.1.2 Definition of Qualifying Auction Return-to-Service**

A “Qualifying Auction Return-to-Service” shall be defined to mean either an Actual Qualifying Auction Return-to-Service or a Deemed Qualifying Auction Return-to-Service. For

purposes of this Attachment N, “o” shall refer to a single Qualifying Auction Return-to-Service.

An “**Actual Qualifying Auction Return-to-Service**” shall be defined as a transmission facility that, for a given month covered by Reconfiguration Auction  $n$ , meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service in the relevant month for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); and
- (ii) the facility exists and is modeled as in-service for the relevant month in Reconfiguration Auction  $n$ ;
- (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

Notwithstanding any other provision of this Attachment N, a transmission facility returning to service for round  $n$  of a 6-month Sub-Auction shall not be an Actual Qualifying Auction Return-to-Service for that round  $n$  and shall not qualify a Transmission Owner for an O/R-t-S Auction Revenue Shortfall Charge or O/R-t-S Auction Revenue Surplus Payment for that round  $n$ .

A “**Deemed Qualifying Auction Return-to-Service**” shall be defined as a transmission facility that, for a given month covered by Reconfiguration Auction  $n$ , meets each of the

following requirements:

- (i) the facility existed but was not modeled as in-service for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (ii) the facility existed but was not modeled as in-service for the relevant month in Reconfiguration Auction *n* as a result of an Auction Status Change or external event described in Section 20.3.6.4.3 in the relevant month covered by Reconfiguration Auction *n* for which responsibility was assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service in the relevant month for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); and
- (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

**20.3.6.2.2 Allocation of an O/R-t-S Auction Constraint Residual When Only One Transmission Owner is Responsible for All of the Relevant Outages and**

### **Returns-to-Service**

This Section 20.3.6.2.2 describes the allocation of an O/R-t-S Auction Constraint Residual for a given round of a 6-month Sub-Auction or a given month covered by a Reconfiguration Auction, as the case may be, and a given constraint when only one Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for all of the Qualifying Auction Outages and all of the Qualifying Auction Returns-to-Service for that round of a 6-month Sub-Auction or the relevant month covered by that Reconfiguration Auction that contribute to that constraint.

If the same Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for all of the Qualifying Auction Outages  $o$  and Qualifying Auction Returns-to-Service  $o$  for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$  that contribute to constraint  $a$ , then the ISO shall allocate the O/R-t-S Auction Constraint Residual for that round  $n$  of a 6-month Sub-Auction or that month covered by Reconfiguration Auction  $n$  and that constraint, O/R-t-S  $ACR_{a,n}$ , to that Transmission Owner in the form of either (i) an O/R-t-S Auction Revenue Shortfall Charge in the amount of O/R-t-S  $ACR_{a,n}$  if O/R-t-S  $ACR_{a,n}$  is negative, or (ii) an O/R-t-S Auction Revenue Surplus Payment in the amount of O/R-t-S  $ACR_{a,n}$  if O/R-t-S  $ACR_{a,n}$  is positive.

#### **20.3.6.2.3 Allocation of an O/R-t-S Auction Constraint Residual When More Than One Transmission Owner is Responsible for the Relevant Outages and Returns-to-Service**

This Section 20.3.6.2.3 describes the allocation of an O/R-t-S Auction Constraint Residual for a given round of a 6-month Sub-Auction or a given month covered by a Reconfiguration Auction, as the case may be, and a given constraint when more than one Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for the



Qualifying Auction Outages and the Qualifying Auction Returns-to-Service for the round of a 6-month Sub-Auction or the relevant month covered by the Reconfiguration Auction that contribute to the constraint.

If more than one Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for the Qualifying Auction Outages and the Qualifying Auction Returns-to-Service for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$  that contribute to constraint  $a$ , the ISO shall allocate the O/R-t-S Auction Constraint Residual for constraint  $a$  for round  $n$  of a 6-month Sub-Auction or for the relevant month covered by Reconfiguration Auction  $n$ , O/R-t-S  $ACR_{a,n}$ , in the form of an O/R-t-S Auction Revenue Shortfall Charge or O/R-t-S Auction Revenue Surplus Payment to the Transmission Owners responsible for the Qualifying Auction Outages  $o$  and Qualifying Auction Returns-to-Service  $o$  for round  $n$  of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction  $n$  by first determining the net total impact on the constraint of all Qualifying Auction Outages and Qualifying Auction Returns-to Service for round  $n$  of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction  $n$  with an impact on the Energy flow across that constraint of 1 MW- $p$  or more by applying Formula N-21, and then applying either Formula N-22 or Formula N-23, as specified herein, to assess O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments.

#### Formula N-21

$$O/R-t-SNetAuctionImpact_{a,n} = \sum_{for\ all\ o \in O_n} FlowImpact_{a,n,o} * ShadowPrice_{a,n}$$

Where,

$O/R-t-SNetAuctionImpact_{a,n}$  = The net impact, in dollars, for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be, on

constraint  $a$  of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round  $n$  of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction  $n$  having an impact of more than 1 MW- $p$  on Energy flow across constraint  $a$ ; *provided, however*,  $O/R-t-SNetAuctionImpact_{a,n}$  shall be subject to recalculation as specified in the paragraph immediately following this Formula N-21

$FlowImpact_{a,n,o}$  = The Energy flow impact, in MW- $p$ , of a Qualifying Auction Outage  $o$  or Qualifying Auction Return-to-Service  $o$  on binding constraint  $a$  determined for a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction, which shall either:

- (a) if Qualifying Auction Outage  $o$  is a Deemed Qualifying Auction Outage, be equal to the negative of  $FlowImpact_{a,n,o}$  calculated for the corresponding Deemed Qualifying Auction Return-to-Service as described in part (b) of this definition of  $FlowImpact_{a,n,o}$ , or
- (b) if Qualifying Auction Outage  $o$  or Qualifying Auction Return-to-Service  $o$  is an Actual Qualifying Auction Outage, an Actual Qualifying Auction Return-to-Service, or a Deemed Qualifying Auction Return-to-Service, be calculated pursuant to the following formula:

$$FlowImpact_{a,n,o} = BaseCaseFlow_{a,n} - One-OffFlow_{a,n,o}$$

Where,

$BaseCaseFlow_{a,n}$  = Either, as the case may be:

- (i) for a given month covered by Reconfiguration Auction  $n$ , the Energy flow on constraint  $a$  resulting from a Power Flow using (1) the set of injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the actual TCCs and Grandfathered Rights for the relevant month represented in the solution to the last Reconfiguration Auction held for TCCs valid during the relevant month, or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during

- the relevant month, (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction); (2) the phase angle regulator schedules determined in the Optimal Power Flow solution for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the final round of the last 6-month Sub-Auction held for TCCs valid during the relevant month); and (3) the Transmission System model for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); or
- (ii) for any round of a 6-month Sub-Auction, the Energy flow on constraint  $a$  resulting from a Power Flow run using the following base case data set: (1) the Transmission System model for the actual 6-month Sub-Auction, modified so as to model as in-service all transmission facilities that were out-of-service for the actual 6-month Sub-Auction, and (2) the set of injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the base case set of TCCs (including those pre-existing TCCs and Grandfathered Rights that are represented as fixed injections and withdrawals in the 6-month Sub-Auction) and the phase angle regulator schedules produced in the Optimal Power Flow used to calculate the Energy flow on constraint  $a$  for round  $n$  of a 6-month Sub-Auction, as described in the definition of  $FLOW_{a,n,basecase}$  in Formula N-17

One-OffFlow<sub>a,n,o</sub> = Either

- (i) if Qualifying Auction Outage  $o$  or Qualifying Auction Return-to-Service  $o$  is an

- Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service, the Energy flow on constraint  $a$  resulting from a Power Flow using each element of the base case data set used in the calculation of  $\text{BaseCaseFlow}_{a,n}$  above (*provided, however, if a transmission facility was modeled as free-flowing in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , as the case may be, because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing), but in each case with the Transmission System model modified so as to, as the case may be, either (i) model as out-of-service Actual Qualifying Auction Outage  $o$ , or (ii) model as in-service Actual Qualifying Auction Return-to-Service  $o$ ; or*
- (ii) if Qualifying Auction Return-to-Service  $o$  is a Deemed Qualifying Auction Return-to-Service, the Energy flow on constraint  $a$  resulting from a Power Flow using each element of the base case data set used in the calculation of  $\text{BaseCaseFlow}_{a,n}$  above (*provided, however, if a transmission facility was modeled as free-flowing in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , as the case may be, because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing), but with the Transmission System model modified so as to model as in-service the facility that is Deemed Qualifying Auction Return-to-Service  $o$ ;*
- provided, however, where the absolute value of  $\text{FlowImpact}_{a,n,o}$  calculated using the procedures set forth above is less than 1 MW- $p$ , then  $\text{FlowImpact}_{a,n,o}$*

shall be set equal to zero *provided further*,  $\text{FlowImpact}_{a,n,o}$  shall be subject to

being set equal to zero as specified in the paragraph immediately following this

Formula N-21

$O_n$  = The set of all Qualifying Auction Outages  $o$  and Qualifying Auction Returns-to-Service  $o$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$

$p$  = A one-month period for a given month covered by Reconfiguration Auction  $n$ , or a six-month period for round  $n$  of a 6-month Sub-Auction

and the variable  $\text{ShadowPrice}_{a,n}$  is defined as set forth in Formula N-17.

After calculating O/R-t-S  $\text{NetAuctionImpact}_{a,n}$  pursuant to Formula N-21, the ISO shall determine whether O/R-t-S  $\text{NetAuctionImpact}_{a,n}$  for constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$  has a different sign than O/R-t-S  $\text{ACR}_{a,n}$  for constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction  $n$ . If the sign is different, the ISO shall (i) recalculate O/R-t-S  $\text{NetAuctionImpact}_{a,n}$  pursuant to Formula N-21 after setting equal to zero each  $\text{FlowImpact}_{a,n,o}$  for which  $\text{FlowImpact}_{a,n,o} * \text{ShadowPrice}_{a,n}$  has a different sign than O/R-t-S  $\text{ACR}_{a,n}$ , and then (ii) use this recalculated O/R-t-S  $\text{NetAuctionImpact}_{a,n}$  and reset value of  $\text{FlowImpact}_{a,n,o}$  to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments pursuant to Formula N-22 or Formula N-23, as specified below.

If the absolute value of the net impact (O/R-t-S  $\text{NetAuctionImpact}_{a,n}$ ) on constraint  $a$  of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$  as calculated using Formula N-21 (or recalculated pursuant to Formula N-21 using a reset value of  $\text{FlowImpact}_{a,n,o}$  as described in the prior paragraph) is greater than the absolute value of the O/R-t-S Auction Constraint Residual (O/R-t-S  $\text{ACR}_{a,n}$ ) for constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction  $n$ , as the case may be, then the ISO shall

allocate the O/R-t-S Auction Constraint Residual in the form of an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S ARSC<sub>a,t,n</sub>, or O/R-t-S Auction Revenue Surplus Payment, O/R-t-S ARSP<sub>a,t,n</sub>, by using Formula N-22. If the absolute value of the net impact (O/R-t-S NetAuctionImpact<sub>a,n</sub>) on constraint *a* of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round *n* of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction *n* as calculated using Formula N-21 (or recalculated pursuant to Formula N-21 using a reset value of FlowImpact<sub>a,n,o</sub> as described in the prior paragraph) is less than or equal to the absolute value of the O/R-t-S Auction Constraint Residual (O/R-t-S ACR<sub>a,n</sub>) for constraint *a* in round *n* of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction *n*, as the case may be, then the ISO shall allocate the O/R-t-S Auction Constraint Residual in the form of an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S ARSC<sub>a,t,n</sub>, or O/R-t-S Auction Revenue Surplus Payment, O/R-t-S ARSP<sub>a,t,n</sub>, by using Formula N-23.

**Formula N-22**

$$O/R-t-S Allocation_{a,t,n} = \left( \frac{\sum_{\substack{o \in O_n \\ \text{and } q=t}} (FlowImpact_{a,n,o} * Responsibility_{n,q,o})}{\sum_{\substack{\text{for all } o \in O_n}} FlowImpact_{a,n,o}} \right) * O/R-t-S ACR_{a,n}$$

Where,

- O/R-t-S Allocation<sub>a,t,n</sub> = Either an O/R-t-S Auction Revenue Shortfall Charge or an O/R-t-S Auction Revenue Surplus Payment, as specified in (a) and (b) below:
- (a) If O/R-t-S Allocation<sub>a,t,n</sub> is negative, then O/R-t-S Allocation<sub>a,t,n</sub> shall be an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S ARSC<sub>a,t,n</sub>, charged to Transmission Owner *t* for binding constraint *a* in a given month covered by Reconfiguration Auction *n* or round *n* of a 6-month Sub-Auction; or
  - (b) If O/R-t-S Allocation<sub>a,t,n</sub> is positive, then O/R-t-S Allocation<sub>a,t,n</sub> shall be an O/R-t-S Auction Revenue Surplus Payment, O/R-t-S

ARSP<sub>a,t,n</sub>, paid to Transmission Owner *t* for binding constraint *a* in a given month covered by Reconfiguration Auction *n* or round *n* of a 6-month Sub-Auction

Responsibility<sub>n,q,o</sub> = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.3.6.4.2 or 20.3.6.4.3) for Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* in a given month covered by Reconfiguration Auction *n* or round *n* of a 6-month Sub-Auction, as determined pursuant to Section 20.3.6.4

and the variable O/R-t-S ACR<sub>a,n</sub> is defined as set forth in Formula N-19 and the variables

FlowImpact<sub>a,n,o</sub> and O<sub>n</sub> are defined as set forth in Formula N-21.

### Formula N-23

$$O/R-t-S Allocation_{a,t,n} = \sum_{\substack{o \in O_n \\ \text{and } q=t}} FlowImpact_{a,n,o} * ShadowPrice_{a,n} * Responsibility_{n,q,o}$$

Where,

the variable ShadowPrice<sub>a,n</sub> is defined as set forth in Formula N-17, the variables O/R-t-S

Allocation<sub>a,t,n</sub> and Responsibility<sub>n,q,o</sub> are defined as set forth in Formula N-22, and the variables

FlowImpact<sub>a,n,o</sub> and O<sub>n</sub> are defined as set forth in Formula N-21.

### 20.3.6.3 Charges and Payments for the Secondary Impact of Auction Outages and Returns-to-Service

The ISO shall use U/D Auction Constraint Residuals to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.3.6.3. Each U/D Auction Revenue Shortfall Charge and each U/D Auction Revenue Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.3.6.3 is subject to being set equal to zero pursuant to Section 20.3.6.5.

#### 20.3.6.3.1 Identification of Upratings and Deratings Qualifying for Charges and

## **Payments**

For each constraint for each round of a 6-month Sub-Auction or each month covered by a Reconfiguration Auction, the ISO shall identify each Qualifying Auction Derating and each Qualifying Auction Up-rating, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.3.6.4, for a Qualifying Auction Derating or Qualifying Auction Up-rating shall be allocated a U/D Auction Revenue Shortfall Charge or a U/D Auction Revenue Surplus Payment, as the case may be, pursuant to Section 20.3.6.3.2.

### **20.3.6.3.1.1 Definition of Qualifying Auction Derating**

A “**Qualifying Auction Derating**” (which term shall apply to round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be) shall be defined to mean an Actual Qualifying Auction Derating or a Deemed Qualifying Auction Derating. For purposes of this Attachment N, “ $r$ ” shall refer to a single Qualifying Auction Derating.

An “**Actual Qualifying Auction Derating**” (which term shall apply to round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ , as the case may be) shall be defined as a change in the rating of a constraint that, for a given constraint  $a$  and a given round  $n$  or a given month covered by Reconfiguration Auction  $n$  meets each of the following requirements:

For a given month covered by Reconfiguration Auction  $n$ :

- (i) the constraint has a lower rating in the relevant month covered by Reconfiguration Auction  $n$  than it would have if all transmission facilities were modeled as in-service for the relevant month in Reconfiguration Auction  $n$ ;
- (ii) this lower rating is in whole or in part the result of an Actual Qualifying Auction



- Outage  $o$  or an Actual Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$ ;
- (iii) the lower rating resulting from Actual Qualifying Auction Outage  $o$  or Actual Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$  was not modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
  - (iv) this lower rating for the relevant month is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction  $n$ ; and
  - (v) the constraint was binding in the relevant month covered by Reconfiguration Auction  $n$ .

For round  $n$  of a 6-month Sub-Auction:

- (i) the constraint has a lower rating in round  $n$  of the 6-month Sub-Auction than that constraint would have in a case where all transmission facilities are in-service and fully rated;
- (ii) this lower rating is the result of an Actual Qualifying Auction Outage  $o$  or Actual Qualifying Auction Return-to-Service  $o$  for round  $n$  of the 6-month Sub-Auction;
- (iii) this lower rating is included in the Centralized TCC Auction Interface Uprate/Derate Table in effect for round  $n$  of the 6-month Sub-Auction; and
- (iv) the constraint is binding in round  $n$  of the 6-month Sub-Auction.

A “**Deemed Qualifying Auction Derating**” (which term shall apply to a given month

covered by Reconfiguration Auction  $n$ ) shall be defined as a change in the rating of a constraint that, for a given constraint  $a$  and a given month covered by Reconfiguration Auction  $n$  meets each of the following requirements:

- (i) the constraint has a lower rating in the relevant month covered by Reconfiguration Auction  $n$  than it would have if all transmission facilities were modeled as in-service for the relevant month in Reconfiguration Auction  $n$ ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying Auction Outage  $o$  or Deemed Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$ ;
- (iii) this lower rating resulting from Deemed Qualifying Auction Outage  $o$  or Deemed Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$  was modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), but responsibility for Qualifying Auction Outage  $o$  or Qualifying Auction Return-to-Service  $o$  resulting in the lower rating for the relevant month covered by Reconfiguration Auction  $n$  is assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner responsible for the lower rating in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);

- (iv) this lower rating is included for the relevant month in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction  $n$ ; and
- (v) the constraint is binding in the relevant month covered by Reconfiguration Auction  $n$ .

#### **20.3.6.3.1.2 Definition of Qualifying Auction Uprating**

A “**Qualifying Auction Uprating**” shall be defined to mean either an Actual Qualifying Auction Uprating or a Deemed Qualifying Auction Uprating. For purposes of this Attachment N, “ $r$ ” shall refer to a single Qualifying Auction Uprating.

An “**Actual Qualifying Auction Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint  $a$  and a given month covered by Reconfiguration Auction  $n$ , as the case may be, meets each of the following requirements:

- (i) the constraint has a higher rating for the relevant month covered by Reconfiguration Auction  $n$  than it would have absent an Actual Qualifying Auction Outage  $o$  or Actual Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$ ;
- (ii) this higher rating resulting from Actual Qualifying Auction Outage  $o$  or Actual Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$  was not modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (iii) this higher rating in the relevant month covered by Reconfiguration Auction  $n$  is

included in the Reconfiguration Auction Interface Uprate/Derate Table in effect  
for Reconfiguration Auction  $n$ ; and

- (iv) the constraint is binding in the relevant month covered by Reconfiguration Auction  $n$ .

Notwithstanding any other provision of this Attachment N, a transmission facility uprating for a round of a 6-month Sub-Auction shall not be a Qualifying Auction Uprating and shall not qualify a Transmission Owner for a U/D Auction Revenue Shortfall Charge or U/D Auction Revenue Surplus Payment.

A “**Deemed Qualifying Auction Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint  $a$  and a given month covered by Reconfiguration Auction  $n$ , as the case may be, meets each of the following requirements:

- (i) the constraint has a lower rating in the relevant month covered by Reconfiguration Auction  $n$  than it would have if all transmission facilities were modeled as in-service for the relevant month in Reconfiguration Auction  $n$ ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying Auction Outage  $o$  or Deemed Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$ ;
- (iii) this lower rating resulting from Deemed Qualifying Auction Outage  $o$  or Deemed Qualifying Auction Return-to-Service  $o$  for the relevant month covered by Reconfiguration Auction  $n$  was modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), but responsibility for Qualifying

- Auction Outage  $o$  or Qualifying Auction Return-to-Service  $o$  resulting in the lower rating for the relevant month covered by Reconfiguration Auction  $n$  is assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner responsible for the lower rating in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (iv) this lower rating in the relevant month covered by Reconfiguration Auction  $n$  is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction  $n$ ; and
  - (v) the constraint is binding in the relevant month covered by Reconfiguration Auction  $n$ .

#### **20.3.6.3.2 Allocation of U/D Auction Constraint Residuals**

This Section 20.3.6.3.2 describes the allocation of U/D Auction Constraint Residuals to Qualifying Auction Deratings and Qualifying Auction Upratings.

When there are Qualifying Auction Deratings or Qualifying Auction Upratings in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction for constraint  $a$ , the ISO shall allocate a U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge,  $U/D\ ARSC_{a,t,n}$ , or U/D Auction Revenue Surplus Payment,  $U/D\ ARSP_{a,t,n}$ , by first determining the net total impact on the constraint for the round  $n$  of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction  $n$  of all Qualifying Auction Deratings  $r$  and Qualifying Auction Upratings  $r$  for constraint  $a$  in the relevant month

covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction pursuant to Formula N-24 and then applying either Formula N-25 or Formula N-26, as specified herein, to assess U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments.

#### Formula N-24

$$U/D \text{ NetAuctionImpact}_{a,n} = \left( \sum_{r \in R_{a,n}} \text{RatingChange}_{a,n,r} * \text{ShadowPrice}_{a,n} \right) * \text{OPFSignChange}_{a,n}$$

Where,

$U/D \text{ NetAuctionImpact}_{a,n}$  = The net impact, in dollars, on constraint  $a$  in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint  $a$  in the relevant month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction; *provided, however*,  $U/D \text{ NetAuctionImpact}_{a,n}$  shall be subject to recalculation as specified in the paragraph immediately following this Formula N-24

$\text{RatingChange}_{a,n,r}$  = Either:

- (a) If Qualifying Auction Derating  $r$  or Qualifying Auction Uprating  $r$  is a Deemed Qualifying Auction Derating or a Deemed Qualifying Auction Uprating,  $\text{RatingChange}_{a,n,r}$  shall be equal to the amount, in MW- $p$ , of the decrease or increase in the rating of binding constraint  $a$  in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction resulting from a Deemed Qualifying Auction Outage or Deemed Qualifying Auction Return-to-Service for constraint  $a$  in the relevant month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction, which in the case of the relevant month covered by Reconfiguration Auction  $n$  shall be as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction  $n$ , and which in the case of round  $n$  of a 6-month Sub-

Auction shall be as shown in the Centralized TCC Auction Interface

Uprate/Derate Table in effect for round  $n$  of a 6-month Sub-Auction; or

(b) If Qualifying Auction Derating  $r$  or Qualifying Auction Uprating  $r$  is an Actual

Qualifying Auction Derating or an Actual Qualifying Auction Uprating,

RatingChange<sub>a,n,r</sub> shall be equal to the amount, in MW- $p$ , of the decrease or

increase in the rating of binding constraint  $a$  in a given month covered by

Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction resulting from

an Actual Qualifying Auction Outage or Actual Qualifying Auction Return-to-

Service for constraint  $a$  in the relevant month covered by Reconfiguration

Auction  $n$  or round  $n$  of a 6-month Sub-Auction, which in the case of the relevant

month covered by Reconfiguration Auction  $n$  shall be as shown in the

Reconfiguration Auction Interface Uprate/Derate Table in effect for

Reconfiguration Auction  $n$ , and which in the case of round  $n$  of a 6-month Sub-

Auction shall be as shown in the Centralized TCC Auction Interface

Uprate/Derate Table in effect for round  $n$  of a 6-month Sub-Auction;

*provided, however*, RatingChange<sub>a,n,r</sub> shall be subject to being set equal to zero as

specified in the paragraph immediately following this Formula N-24

$R_{a,n}$  = The set of all Qualifying Auction Deratings  $r$  or Qualifying Auction Upratings  $r$  for binding constraint  $a$  in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction

and the variables ShadowPrice<sub>a,n</sub> and OPFSignChange<sub>a,n</sub> are defined as set forth in

Formula N-17.

After calculating U/D NetAuctionImpact<sub>a,n</sub> pursuant to Formula N-24, the ISO shall determine whether U/D NetAuctionImpact<sub>a,n</sub> for constraint  $a$  in round  $n$  of a 6-month Sub-

Auction or in a given month covered by Reconfiguration Auction  $n$  has a different sign than U/D

$ACR_{a,n}$  for constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction  $n$ . If the sign is different, the ISO shall (i) recalculate  $U/D$   $NetAuctionImpact_{a,n}$  pursuant to Formula N-24 after setting equal to zero each  $RatingChange_{a,n,r}$  for which  $RatingChange_{a,n,r} * ShadowPrice_{a,n} * OPFSignChange_{a,n}$  has a different sign than  $U/D$   $ACR_{a,n}$ , and then (ii) use this recalculated  $U/D$   $NetAuctionImpact_{a,n}$  and reset value of  $RatingChange_{a,n,r}$  to allocate  $U/D$  Auction Revenue Shortfall Charges and  $U/D$  Auction Revenue Surplus Payments pursuant to Formula N-25 or Formula N-26, as specified below.

If the absolute value of the net impact ( $U/D$   $NetAuctionImpact_{a,n}$ ) on constraint  $a$  for a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint  $a$  in the relevant month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction as calculated using Formula N-24 (or recalculated pursuant to Formula N-24 using a reset value of  $RatingChange_{a,n,r}$  as described in the prior paragraph) is greater than the absolute value of the  $U/D$  Auction Constraint Residual ( $U/D$   $ACR_{a,n}$ ) for constraint  $a$  in the relevant month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction, as the case may be, then the ISO shall allocate the  $U/D$  Auction Constraint Residual in the form of a  $U/D$  Auction Revenue Shortfall Charge,  $U/D$   $ARSC_{a,t,n}$ , or  $U/D$  Auction Revenue Surplus Payment,  $U/D$   $ARSP_{a,t,n}$ , by using Formula N-25. If the absolute value of the net impact ( $U/D$   $NetAuctionImpact_{a,n}$ ) on constraint  $a$  for a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint  $a$  in the relevant month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction as calculated using Formula N-24 (or recalculated pursuant to Formula N-24 using a reset value of  $RatingChange_{a,n,r}$  as described in the prior paragraph) is less than or equal to the



absolute value of the U/D Auction Constraint Residual (U/D  $ACR_{a,n}$ ) for constraint  $a$  in the relevant month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction, as the case may be, then the ISO shall allocate the U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D  $ARSC_{a,t,n}$ , or U/D Auction Revenue Surplus Payment, U/D  $ARSP_{a,t,n}$ , by using Formula N-26.

**Formula N-25**

$$U/D Allocation_{a,t,n} = \left( \frac{\sum_{\substack{r \in R_{a,n} \\ \text{and } q=t}} (RatingChange_{a,n,r} * Responsibility_{n,q,r})}{\sum_{\substack{\text{for all } r \in R_{a,n}}} RatingChange_{a,n,r}} \right) * U/D ACR_{a,n}$$

Where,

$U/D Allocation_{a,t,n}$  = Either a U/D Auction Revenue Shortfall Charge or a U/D Auction Revenue Surplus Payment, as specified in (a) and (b) below:

- (a) If  $U/D Allocation_{a,t,n}$  is negative, then  $U/D Allocation_{a,t,n}$  shall be a U/D Auction Revenue Shortfall Charge, U/D  $ARSC_{a,t,n}$ , charged to Transmission Owner  $t$  for binding constraint  $a$  in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction; or
- (b) If  $U/D Allocation_{a,t,n}$  is positive, then  $U/D Allocation_{a,t,n}$  shall be a U/D Auction Revenue Surplus Payment, U/D  $ARSP_{a,t,n}$ , paid to Transmission Owner  $t$  for binding constraint  $a$  in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction

$Responsibility_{n,q,r}$  = The amount, as a percentage, of responsibility borne by Transmission Owner  $q$  (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.3.6.4.2 or 20.3.6.4.3) for Qualifying Auction Derating  $r$  or Qualifying Auction Up-rating  $r$  in a given month covered by Reconfiguration Auction  $n$  or round  $n$  of a 6-month Sub-Auction, as determined pursuant to Section 20.3.6.4

and the variable  $U/D ACR_{a,n}$  is defined as set forth in Formula N-20 and the variables

$RatingChange_{a,n,r}$  and  $R_{a,n}$  are defined as set forth in Formula N-24.

### Formula N-26

$$U/D Allocation_{a,t,n} = \sum_{\substack{r \in R_{a,n} \\ \text{and } q=t}} RatingChange_{a,n,r} * ShadowPrice_{a,n} * Responsibility_{n,q,r}$$

Where,

the variables  $U/D Allocation_{a,t,n}$  and  $Responsibility_{n,q,r}$  are defined as set forth in Formula N-25, the variable  $ShadowPrice_{a,n}$  is defined as set forth in Formula N-17, and the variables  $RatingChange_{a,n,r}$  and  $R_{a,n}$  are defined as set forth in Formula N-24.

#### 20.3.6.4 Assigning Responsibility for Outages, Returns-to-Service, Deratings, and Upratings

##### 20.3.6.4.1 General Rule for Assigning Responsibility; Presumption of Causation

Unless the special rules set forth in Sections 20.3.6.4.2 or 20.3.6.4.3 apply, a Transmission Owner shall for purposes of this Section 20.3.6 be deemed responsible for an Auction Status Change to the extent that the Transmission Owner has caused the Auction Status Change by changing the in-service or out-of-service status of its transmission facility; *provided, however*, that where an Auction Status Change results from a change to the in-service or out-of-service status of a transmission facility owned by more than one Transmission Owner, responsibility for such Auction Status Change shall be assigned to each owning Transmission Owner based on the percentage of the transmission facility that is owned by the Transmission Owner (as determined in accordance with Section 20.3.6.6.3). For the sake of clarity, a Transmission Owner may, by changing the in-service or out-of-service status of its transmission facility, cause an Auction Status Change of another transmission facility if the Transmission Owner's change in the in-service or out-of-service status of its transmission facility causes (directly or as a result of Good Utility Practice) a change in the in-service or out-of-service status of the other transmission facility.

The Transmission Owner that owns a transmission facility that qualifies as an Auction

Status Change shall be deemed to have caused the Auction Status Change of that transmission facility unless (i) the Transmission Owner that owns the facility informs the ISO that another Transmission Owner caused the Auction Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 20.3.6.4.2 or 20.3.6.4.3, and no party disputes such claim; (ii) in case of a dispute over the assignment of responsibility, the ISO determines a Transmission Owner other than the owner of the transmission facility caused the Auction Status Change or that responsibility is to be shared among Transmission Owners in accordance with Section 20.3.6.4.2 or Section 20.3.6.4.3; or (iii) FERC orders otherwise.

**20.3.6.4.2 Shared Responsibility For Outages, Returns-to-Service, and Ratings Changes Directed by the ISO or Caused by Facility Status Changes Directed by the ISO**

A Transmission Owner shall not be responsible for any Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change. Instead, the ISO shall allocate any revenue impacts resulting from an Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change as part of Net Auction Revenues for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ . To do so, the ISO shall be treated as a Transmission Owner when allocating Auction Constraint Residuals pursuant to Section 20.3.6.2 and Section 20.3.6.3, and any Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change shall be attributed to the ISO when performing the calculations described in Section 20.3.6.2 and Section 20.3.6.3; *provided, however*, any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocable to the ISO pursuant to this Section 20.3.6.4.2 shall ultimately be allocated to the

Transmission Owners as Net Auction Revenues pursuant to Section 20.3.7.

**Responsibility for a Qualifying Auction Return-to-Service or Qualifying Auction**

Upgrading that is directed by the ISO but does not qualify as a Deemed ISO-Directed Auction Status Change shall be assigned to the Transmission Owner that was responsible for the Qualifying Auction Outage or Qualifying Auction Derating in the last Reconfiguration Auction held for TCCs valid during the a given month covered by Reconfiguration Auction  $n$  (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

The ISO shall not direct that a transmission facility be modeled as in-service or out-of-service for purposes of a given month covered by a Reconfiguration Auction without the unanimous consent of the Transmission Owner(s), if any, that will be allocated a resulting O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment in accordance with this Section 20.3.6.4.2.

**20.3.6.4.3 Shared Responsibility for External Events**

A Transmission Owner shall not be responsible for an Auction Status Change occurring inside the NYCA that is caused by a change in the in-service or out-of-service status or rating of a transmission facility located outside the NYCA. Instead, the ISO shall allocate any revenue impacts resulting from an Auction Status Change caused by such an event outside the NYCA as part of Net Auction Revenues for round  $n$  of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction  $n$ . To do so, the ISO shall be treated as a Transmission Owner when allocating Auction Constraint Residuals pursuant to Section 20.3.6.2 and Section 20.3.6.3 and any Auction Status Change caused by such an event outside the NYCA shall be attributed to the

ISO; *provided, however*, any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocable to the ISO pursuant to this Section 20.3.6.4.3 shall ultimately be allocated to the Transmission Owners as Net Auction Revenues pursuant to Section 20.3.7.

### **20.3.6.5 Exceptions: Setting Charges and Payments to Zero**

#### **20.3.6.5.1 Zeroing Out of Charges and Payments When Outages and Deratings Lead to Net Payments or Returns-to-Service and Upratings Lead to Net Charges**

The ISO shall use Formula N-27 to calculate the total O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments,  $\text{NetAuctionAllocations}_{t,n}$ , for Transmission Owner  $t$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , as the case may be. Based on this calculation, the ISO shall set equal to zero all O/R-t-S  $\text{ARSC}_{a,t,n}$ , U/D  $\text{ARSC}_{a,t,n}$ , O/R-t-S  $\text{ARSP}_{a,t,n}$ , and U/D  $\text{ARSP}_{a,t,n}$  (each as defined in Formula N-27) for Transmission Owner  $t$  for all constraints for round  $n$  of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction  $n$ , as the case may be, if (i)  $\text{NetAuctionAllocations}_{t,n}$  is positive and Transmission Owner  $t$  is not responsible (as determined pursuant to Section 20.3.6.4) for any Qualifying Auction Returns-to-Service or Qualifying Auction Upratings in round  $n$  of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction  $n$ , as the case may be, or (ii)  $\text{NetAuctionAllocations}_{t,n}$  is negative and Transmission Owner  $t$  is not responsible (as determined pursuant to Section 20.3.6.4) for any Qualifying Auction Outages or Qualifying Auction Deratings in round  $n$  of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction  $n$ , as the case may be; *provided, however*, the ISO shall not set equal to zero pursuant to this Section 20.3.6.5.1 any

O/R-t-S  $ARSC_{a,t,n}$ , U/D  $ARSC_{a,t,n}$ , O/R-t-S  $ARSP_{a,t,n}$ , or U/D  $ARSP_{a,t,n}$  arising from an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change described in Section 20.3.6.4.2 or external events described in Section 20.3.6.4.3.

### Formula N-27

$$NetAuctionAllocations_{t,n} = \sum_{\text{for all } a} (O/R-t-S ARSC_{a,t,n} + U/D ARSC_{a,t,n} + O/R-t-S ARSP_{a,t,n} + U/D ARSP_{a,t,n})$$

Where,

$NetAuctionAllocations_{t,n}$  = The total of the O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments allocated to Transmission Owner  $t$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$

O/R-t-S  $ARSC_{a,t,n}$  = An O/R-t-S Auction Revenue Shortfall Charge allocated to Transmission Owner  $t$  for binding constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , calculated pursuant to Section 20.3.6.2

U/D  $ARSC_{a,t,n}$  = A U/D Auction Revenue Shortfall Charge allocated to Transmission Owner  $t$  for binding constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , calculated pursuant to Section 20.3.6.3

O/R-t-S  $ARSP_{a,t,n}$  = An O/R-t-S Auction Revenue Surplus Payment allocated to Transmission Owner  $t$  for binding constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , calculated pursuant to Section 20.3.6.2

U/D  $ARSP_{a,t,n}$  = A U/D Auction Revenue Surplus Payment allocated to Transmission Owner  $t$  for binding constraint  $a$  in round  $n$  of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction  $n$ , calculated pursuant to Section 20.3.6.3.

### 20.3.6.5.2 Zeroing Out of Charges and Payments Resulting from Formula Failure

Notwithstanding any other provision of this Attachment N, the ISO shall set equal to zero any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocated to a Transmission Owner for a given month covered by a Reconfiguration Auction or a round of a Centralized TCC Auction if either:

- (i) data necessary to compute such a charge or payment, as specified in the formulas set forth in Section 20.3.6, is not known by the ISO and cannot be computed by the ISO (in interpreting this clause, equipment failure shall not preclude computation by the ISO unless necessary data is irretrievably lost); or
- (ii) both (a) the charge or payment is clearly and materially inconsistent with cost causation principles; and (b) this inconsistency is the result of factors not taken into account in the formulas used to calculate the charge or payment;

*provided, however*, if the amount of charges or payments set equal to zero as a result of the unknown data or inaccurate formula is greater than twenty five thousand dollars (\$25,000) in any given month or greater than one hundred thousand dollars (\$100,000) over multiple months, the ISO will inform the Transmission Owners of the identified problem and will work with the Transmission Owners to determine if an alternative allocation method is needed and whether it will apply to all months for which the intended formula does not work. Alternate methods would be subject to market participant review and subsequent filing with FERC, as appropriate.

For the sake of clarity, the ISO shall not pursuant to this Section 20.3.6.5.2 set equal to zero any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment that fails to meet these conditions, even if another O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment is set equal to zero pursuant to this Section 20.3.6.5.2 in the same round of a Centralized TCC Auction or the same month covered by a Reconfiguration Auction, as the case may be.

#### **20.3.6.6 Information Requirements**

##### **20.3.6.6.1 Posting of Uprate/Derate Tables**

Prior to each Reconfiguration Auction, the ISO shall post on its website the Reconfiguration Auction Interface Uprate/Derate Table, which table shall specify the expected impact (at the time of the Reconfiguration Auction based on all information available to the ISO) of all transmission facility outages and returns-to-service on interface transfer limits for the month(s) for which TCCs are to be sold in the Reconfiguration Auction.

Prior to each Centralized TCC Auction, the ISO shall post on its website the Centralized TCC Auction Interface Uprate/Derate Table, which table shall specify the expected impact (at the time of the Centralized TCC Auction based on all information available to the ISO) of all transmission facility outages and returns-to-service on interface transfer limits for the period for which TCCs are to be sold in each Sub-Auction of the Centralized TCC Auction.

##### **20.3.6.6.2 Posting of List of Normally Out-of-Service Equipment**

The ISO shall maintain on its website a list of Normally Out-of-Service Equipment and update such list prior to each Reconfiguration Auction and each Centralized TCC Auction.

##### **20.3.6.6.3 Information Regarding Facility Ownership**

A Transmission Owner shall be responsible for informing the ISO of any change in the ownership of a transmission facility. The ISO shall allocate responsibility for Auction Status Changes based on the transmission facility ownership information available to it at the time of initial settlement.

#### **20.3.7 Allocation of Net Auction Revenue to Transmission Owners**

In Centralized TCC Auction round  $n$  or in a given month covered by Reconfiguration Auction  $n$ , as the case may be, the ISO shall use the Facility Flow-Based Methodology to



allocate Net Auction Revenue to each Transmission Owner  $t$  in an amount equal to the product of (i) the Facility Flow-Based Methodology coefficient,  $FFB_{t,n}$ , and (ii) the Net Auction Revenue for the round or for the relevant month covered by the Reconfiguration Auction; *provided, however*, where the Net Auction Revenue is negative for a given month covered by a Reconfiguration Auction, the ISO shall allocate Net Auction Revenue to each Transmission Owner  $t$  in an amount equal to the product of (i) the negative Net Auction Revenue coefficient,  $NNAR_{t,n}$ , and (ii) the negative Net Auction Revenue for the relevant month covered by Reconfiguration Auction.

*Calculation of Facility Flow-Based Methodology Coefficient.* The Facility Flow-Based Methodology coefficient for Transmission Owner  $t$  for Centralized TCC Auction round  $n$  or a given month covered by Reconfiguration Auction  $n$  is calculated pursuant to Formula N-28.

#### Formula N-28

$$FFB_{t,n} = \frac{\sum_{l \in L_{t,n}} |(FLOW_{l,n} - FLOW_{l,IC}) * (Price_{y,l} - Price_{x,l}) * Share_{n,t,l}|}{\sum_{l \in L_n} |(FLOW_{l,n} - FLOW_{l,IC}) * (Price_{y,l} - Price_{x,l})|}$$

Where,

- $FFB_{t,n}$  = The Facility Flow-Based Methodology coefficient for Transmission Owner  $t$  for Centralized TCC Auction round  $n$  or a given month covered by Reconfiguration Auction  $n$ , as the case may be
- $L_n$  = The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round  $n$  or for a given month covered by Reconfiguration Auction  $n$ , as the case may be
- $L_{t,n}$  = The set of all transmission facilities owned by Transmission Owner  $t$  that are modeled in the Transmission System model applied in round  $n$  or in a given month covered by Reconfiguration Auction  $n$ , as the case may be
- $l$  = A transmission facility from bus  $x$  to bus  $y$
- $FLOW_{l,n}$  = The Energy flow, in MW-p, on transmission facility  $l$  from the set of TCCs (as scaled appropriately) and Grandfathered Rights represented in the

solution to round  $n$  or to a given month covered by Reconfiguration Auction  $n$ , as the case may be (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction).

$FLOW_{l,IC}$  = The Energy flow, in MW- $p$ , on transmission facility  $l$  from (i) the set of pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in administering the TCC auction held for round  $n$  or a given month covered by Reconfiguration Auction  $n$ , as the case may be, (ii) ETCNL not sold in prior Centralized TCC Auctions, prior rounds of the Centralized TCC Auction that includes round  $n$  or through a Direct Sale, and (iii) Original Residual TCCs not sold in prior Centralized TCC Auctions, prior rounds of the Centralized TCC Auction that includes round  $n$  or through a Direct Sale

$Price_{y,l}$  = The market-clearing price at bus  $y$  on transmission facility  $l$  in the Optimal Power Flow solution to round  $n$  or a given month covered by Reconfiguration Auction  $n$ , as the case may be

$Price_{x,l}$  = The market-clearing price at bus  $x$  on transmission facility  $l$  in the Optimal Power Flow solution to round  $n$  or a given month covered by Reconfiguration Auction  $n$ , as the case may be

$Share_{n,t,l}$  = The percentage of transmission facility  $l$  owned by Transmission Owner  $t$  on the effective date of the TCCs sold in round  $n$  or in a given month covered by Reconfiguration Auction  $n$

$p$  = A one-month period for a given month covered by a Reconfiguration Auction  $n$ , or the effective period of TCCs sold in round  $n$ .

*Calculation of Negative Net Auction Revenue Coefficient.* The negative Net Auction Revenue coefficient for Transmission Owner  $t$  for a given month covered by Reconfiguration Auction  $n$  is calculated pursuant to Formula N-29.

### Formula N-29

$$NNAR_{t,n} = \frac{\left( \text{OriginalResidual}_{t,n} + ETCNL_{t,n} + NARs_{t,n} \right) + GFR\&GFTCC_{t,n} + HFPTCC_{t,n} + NHFPTCC_{t,n}}{\sum_{q \in T} \left( \text{OriginalResidual}_{q,n} + ETCNL_{q,n} + NARs_{q,n} \right) + GFR\&GFTCC_{q,n} + HFPTCC_{q,n} + NHFPTCC_{q,n}}$$

Where,

$NNAR_{t,n}$  = The negative Net Auction Revenue coefficient for Transmission Owner  $t$  for a given month covered by Reconfiguration Auction  $n$

$\text{Original Residual}_{q,n}$  = The sum of the one-month portion of the revenue imputed to the Direct Sale and the sale in any Centralized TCC Auction Sub-Auction of Original Residual TCCs held by Transmission Owner  $q$  that are valid during a given month covered by Reconfiguration Auction  $n$ . The one-month portion of the revenue imputed to the Direct Sale of these Original Residual TCCs shall be one-sixth of the average market-clearing price in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction held for TCCs valid during the relevant month covered by Reconfiguration Auction  $n$ . The one-month portion of the revenue imputed to the sale in any Centralized TCC Auction Sub-Auction of these Original Residual TCCs shall be calculated by dividing the revenue received from the sale of these Original Residual TCCs in the Centralized TCC Auction Sub-Auction by the duration in months of the TCCs sold in that Centralized TCC Auction Sub-Auction

$\text{ETCNL}_{q,n}$  = The sum of the one-month portion of the revenue imputed to the Direct Sale of Transmission Owner  $q$ 's ETCNL or for its ETCNL released in the Centralized TCC Auction Sub-Auction held for TCCs valid for a given month covered by Reconfiguration Auction  $n$ . The one-month portion of the revenue imputed for ETCNL released in any Centralized TCC Auction Sub-Auction shall be calculated by dividing the revenue received in a Centralized TCC Auction Sub-Auction from the sale of the ETCNL by the duration in months of the TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to the ETCNL sold in the Centralized TCC Auction Sub-Auction. The one-month portion of the revenue imputed to the Direct Sale of ETCNL shall be one-sixth of the average market-clearing price of the TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to that ETCNL in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction held for TCCs valid during the relevant month covered by Reconfiguration Auction  $n$ .

$\text{NARS}_{q,n}$  = The one-month portion of the Net Auction Revenues Transmission Owner  $q$  has received in Centralized TCC Auction Sub-Auctions and all Reconfiguration Auctions held for TCCs valid for a given month covered by Reconfiguration Auction  $n$  (which shall not include any revenue from the sale of Original Residual TCCs). The one-month portion of the revenues shall be calculated by summing (i) the revenue Transmission Owner  $q$  received in each Centralized TCC Auction Sub-Auction from the allocation of Net Auction Revenue pursuant to Section 20.3.7, divided by the duration in months of the TCCs sold in the Centralized TCC Auction Sub-Auction and the sum of the revenue Transmission Owner  $q$  received from the allocation of that portion of Net Auction Revenue pursuant to Section 20.3.7 related to month  $m$  for all Reconfiguration Auctions held for TCCs valid in month  $m$  (or, to the extent TCC auction revenues were allocated pursuant to a different methodology, the amount of such revenues allocated to Transmission Owner  $q$ ), minus (ii) the sum of  $\text{NetAuctionAllocations}_{t,n}$  as calculated

pursuant to Formula N-27 (as adjusted for any charges or payments that are zeroed out) for Transmission Owner  $q$  for all rounds  $n$  of a 6-month Sub-Auction for all Centralized TCC Auctions held for TCCs valid in the relevant month covered by Reconfiguration Auction  $n$ , divided in each case by the duration in months of the TCCs sold in each Centralized TCC Auction Sub-Auction (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner  $q$ ), minus (iii) the sum of the portion of  $\text{NetAuctionAllocations}_{t,n}$  as calculated pursuant to Formula N-27 and as adjusted for any charges or payments that are zeroed out for Transmission Owner  $q$  for the relevant month covered by Reconfiguration Auction  $n$  for all Reconfiguration Auctions held for TCCs valid in month  $m$  (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner  $q$ ).

$\text{GFR\&GFTCC}_{q,n}$  = The one-month portion of the imputed value of Grandfathered TCCs and Grandfathered Rights held by Transmission Owner  $q$ , valued at one-sixth of the market-clearing price in the last Centralized TCC Auction held for TCCs valid during a given month covered by Reconfiguration Auction  $n$ , provided that Transmission Owner  $q$  is the selling party and the Existing Transmission Agreement related to each Grandfathered TCC and Grandfathered Right remains valid in the relevant month covered by Reconfiguration Auction  $n$ .

$\text{HFPTCC}_{q,n}$  = The one-month portion of the Historic Fixed Price TCC revenues (including revenues from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that Transmission Owner  $q$  has received for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid during a given month covered by Reconfiguration Auction  $n$ , valued at the sum of the share of revenues received by Transmission Owner  $q$  pursuant to Section 20.4 of this Attachment N for all Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid in the relevant month covered by Reconfiguration Auction  $n$ , divided by twelve; provided, however that the value shall be zero for all Historic Fixed Price TCCs that took effect on or before November 1, 2016.

$\text{NHFPTCC}_{q,n}$  = The one-month portion of the Non-Historic Fixed Price TCC revenues that Transmission Owner  $q$  has received for Non-Historic Fixed Price TCCs valid during a given month covered by Reconfiguration Auction  $n$ , valued at the sum of the share of revenues received by Transmission Owner  $q$  pursuant to Section 20.5 of this Attachment N for all Non-Historic Fixed Price TCCs valid in the relevant month covered by

Reconfiguration Auction  $n$ , divided by: (i) twenty-four in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner  $q$  related to initial awards of Non-Historic Fixed Price TCCs valid in the relevant month covered by Reconfiguration Auction  $n$ ; or (ii) twelve in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner  $q$  related to renewals of Non-Historic Fixed Price TCCs valid in the relevant month covered by Reconfiguration Auction  $n$ ; provided, however that the value shall be zero for all Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017.

$t$  = Transmission Owner  $t$

$T$  = The set of all Transmission Owners  $q$ .

For purposes of Formula N-29, variables subscripted by  $t$  shall be calculated for Transmission Owner  $t$  in the same manner as variables subscripted by  $q$  are calculated for Transmission Owner  $q$ .

For a Balance-of-Period Auction, the ISO shall sum the share of Net Auction Revenues allocated to each Transmission Owner across the month(s) covered by the auction to determine each Transmission Owner's aggregate share of Net Auction Revenues for such auction. The ISO shall also provide each Transmission Owner information regarding their respective share of Net Auction Revenues for each month covered by the Balance-of-Period Auction.

Each Transmission Owner's share of Net Auction Revenues allocated pursuant to this Section 20.3.7 shall be incorporated into, or otherwise accounted for as part of, its TSC, NTAC, or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

## **20.4 Allocation of Historic Fixed Price TCC Revenues**

### **20.4.1 Defined Terms and Overview**

#### **20.4.1.1 Defined Terms**

1. **Set of Historic Fixed Price TCCs (HFPTCCs):** Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that have the same POI and POW and which take, or took, effect in the same Capability Period.

For purposes of this Section 20.4, references to when a particular Historic Fixed Price TCC takes (or took) effect shall be meant to refer to, as appropriate, the initial start date of a particular Historic Fixed Price TCC following the expiration or termination of the associated ETA, the start date of an annual renewal of a particular Historic Fixed Price TCC, or the start date of a one-year extension of a particular Historic Fixed Price TCC.

#### **20.4.1.2 Overview**

The ISO shall allocate the revenues from the initial award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) as follows:

1. following the effective date of this Section 20.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs that took effect on or before November 1, 2016 by using the methodology described in this Section 20.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC took effect; and
2. following the completion of each Centralized TCC Auction after the effective date of

this Section 20.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that take effect in the Capability Period immediately following such Centralized TCC Auction using the methodology described in this Section 20.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) takes effect.

To do so, for each Set of HFPTCCs, the ISO shall:

1. determine the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.4.2 of this Attachment N;
2. determine the applicable Historic Fixed Price TCC facility flow-based methodology coefficient for each Transmission Owner for each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.4.3 of this Attachment N; and
3. allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with each round of the applicable one-year Sub-Auction of the relevant Centralized TCC

Auction in accordance with Section 20.4.4 of this Attachment N.

Notwithstanding anything to the contrary herein, if a relevant Centralized TCC Auction includes a single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, such single round one-year Sub-Auction shall not be considered for purposes of this Section 20.4.

#### **20.4.2 Calculation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction**

For each Set of HFPTCCs, the ISO shall calculate the revenue deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction in accordance with Formula N-30.

#### **Formula N-30**

$$HFPTCCRevenue_{s,n} = \left[ \sum_{k \in s} HFPTCCPmt_{k,s} \right] * RoundPct_n$$

Where,

$HFPTCCRevenue_{s,n}$	= For Set of HFPTCCs $s$ , the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that is deemed to be associated with round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction
$s$	= A Set of HFPTCCs
$HFPTCCPmt_{k,s}$	= The revenue received for each Historic Fixed Price TCC (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) $k$ that is part of Set of HFPTCCs $s$ , as payable by an LSE in accordance with Section 19.2.1.3 of Attachment M of this Tariff
$RoundPct_n$	= The percentage of transmission capacity made available for round $n$ of the relevant Centralized TCC Auction to support the sale of one-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of one-year TCCs in round $n$ of the relevant Centralized TCC Auction; to (ii) the percentage of



transmission capacity made available to support the sale of one-year TCCs with the same start date as one-year TCCs in round  $n$  in the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction.

### 20.4.3 Calculation of Historic Fixed Price TCC Facility Flow-Based Methodology Coefficient

For each Set of HFPTCCs, the ISO shall use the Historic Fixed Price TCC facility flow-based methodology coefficient to allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction. The applicable coefficient for each Set of HFPTCCs and each round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-31.

#### Formula N-31

$$HFPTCCFFB_{t,s,n} = \frac{\sum_{L \in L_n} |(1YrFlow_{L,n} - Mod1YrFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n}) * Share_{n,t,L}|}{\sum_{L \in L_n} |(1YrFlow_{L,n} - Mod1YrFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n})|}$$

Where,

$HFPTCCFFB_{t,s,n}$  = For Set of HFPTCCs  $s$ , the Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner  $t$  for round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$s$  = As defined in Formula N-30

$L_n$  = The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$L_{t,n}$  = The set of all transmission facilities owned by Transmission Owner  $t$  that are modeled in the Transmission System model for round  $n$  of the

	applicable one-year Sub-Auction of the relevant Centralized TCC Auction
$L$	= A transmission facility from bus $x$ to bus $y$
$1YrFlow_{L,n}$	= The Energy flow on transmission facility $L$ in the Optimal Power Flow solution to round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow
$Mod1YrFlow_{L,n,s}$	= The Energy flow on transmission facility $L$ in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of HFPTCCs $s$ . For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility $L$ that violates any limit applicable to the amount of Energy that may flow on transmission facility $L$ for round $n$ of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility $L$ , as determined by the Power Flow, to avoid consideration of such incremental flows above the applicable limit for transmission facility $L$ and use such adjusted Energy flow value for purposes of calculating HFPTCCFFB $_{t,s,n}$
$Price_{y,L,n}$	= The market-clearing price at bus $y$ on transmission facility $L$ in the Optimal Power Flow solution to round $n$ of the applicable one-year

Sub-Auction of the relevant Centralized TCC Auction.

Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus  $y$  on transmission facility  $L$  shall be the sum of (i) the market-clearing prices at bus  $y$  on transmission facility  $L$  determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus  $y$  on transmission facility  $L$  determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Price_{x,L,n}$

= The market-clearing price at bus  $x$  on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction.

Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus  $x$  on transmission facility  $L$  shall be the sum of (i) the market-clearing prices at bus  $x$  on transmission facility  $L$  determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus  $x$  on transmission facility  $L$  determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Share_{n,t,L}$

= The percentage of transmission facility  $L$  owned by Transmission Owner  $t$  on the effective date of the TCCs sold in round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

#### **20.4.4 Allocation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction**

For each Set of HFPTCCs, each Transmission Owner's share of the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction shall be

calculated in accordance with Formula N-32.

### Formula N-32

$$HFPTCCRevAlloc_{t,s,n} = HFPTCCRevenue_{s,n} * HFPTCCFFB_{t,s,n}$$

Where,

- $HFPTCCRevAlloc_{t,s,n}$  = For Set of HFPTCCs  $s$ , the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner  $t$
- $s$  = As defined in Formula N-30
- $HFPTCCRevenue_{s,n}$  = As defined in Formula N-30
- $HFPTCCFFB_{t,s,n}$  = As defined in Formula N-31.

Each Transmission Owner's share of Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) allocated pursuant to this Section 20.4 shall be incorporated into, or otherwise accounted for as part of, its TSC, or NTAC or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

## **20.5 Allocation of Non-Historic Fixed Price TCC Revenues**

### **20.5.1 Defined Terms and Overview**

#### **20.5.1.1 Defined Terms**

**Set of Non-Historic Fixed Price TCCs (“NHFPTCCs”):** Non-Historic Fixed Price TCCs that have the same POI and POW, same duration and which take, or took, effect in the same Capability Period.

#### **20.5.1.2 Overview**

The ISO shall allocate the revenues from the initial award and renewal of Non-Historic Fixed Price TCCs as follows:

1. following the effective date of this Section 20.5, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017 by using the methodology described in this Section 20.5 and by using the applicable data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Non-Historic Fixed Price TCC took effect; and
2. following the completion of each Centralized TCC Auction after the effective date of this Section 20.5, the ISO shall allocate to the Transmission Owners any revenue paid by LSEs for Non-Historic Fixed Price TCCs that take effect in the Capability Period immediately following such Centralized TCC Auction using the methodology described in this Section 20.5 and by using the applicable data and results of such Centralized TCC Auction.

To do so, for each Set of NHFPTCCs, the ISO shall:

1. determine the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) the applicable rounds of the two-year Sub-Auction of the relevant

- Centralized TCC Auction pursuant to Section 20.5.2 of this Attachment N in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.2 of this Attachment N in the case of revenue related to renewals of Non-Historic Fixed Price TCCs;
2. determine the applicable Non-Historic Fixed Price TCC facility flow-based methodology coefficient for each Transmission Owner for: (i) the applicable rounds of the two-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.3 of this Attachment N in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.3 of this Attachment N in the case of revenue related to renewals of Non-Historic Fixed Price TCCs; and
  3. allocate, among the Transmission Owners, the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) the applicable rounds of the two-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.4 of this Attachment N in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction in accordance with Section 20.5.4 of this Attachment N in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

Notwithstanding anything to the contrary herein, in the case of revenue related to renewals of Non-Historic Fixed Price TCCs, if a relevant Centralized TCC Auction includes a

single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, such single round one-year Sub-Auction shall not be considered for purposes of this Section 20.5.

## 20.5.2 Calculation of Non-Historic Fixed Price TCC Revenue Deemed to be Associated with Sub-Auction Rounds

For each Set of NHFPTCCs, the ISO shall calculate the revenue deemed to be associated with: (i) an applicable round of the two-year Sub-Auction of the relevant Centralized TCC Auction in accordance with Formula N-33 in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction in accordance with Formula N-33 in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

### Formula N-33

$$NHFPTCCRevenue_{s,n} = \left[ \sum_{k \in s} NHFPTCCPmt_{k,s} \right] * RoundPct_n$$

Where,

$NHFPTCCRevenue_{s,n}$  = (a) For Initial Awards: For Set of NHFPTCCs  $s$ , the Non-Historic Fixed Price TCC revenue that is deemed to be associated with round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that no such revenue shall be deemed to be associated with the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: For Set of NHFPTCCs  $s$ , the Non-Historic Fixed Price TCC revenue that is deemed to be associated with round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$s$  = A Set of NHFPTCCs

$NHFPTCCPmt_{k,s}$  = The revenue received for each Non-Historic Fixed Price TCC  $k$  that is part of Set of NHFPTCCs  $s$ , as payable by an LSE in accordance

with Section 19.2.2.3.3 of Attachment M of this Tariff

RoundPct<sub>*n*</sub>

= (a) For Initial Awards: The percentage of transmission capacity made available for round *n* of the relevant Centralized TCC Auction to support the sale of two-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of two-year TCCs in round *n* of the relevant Centralized TCC Auction; to (ii) the total percentage of transmission capacity made available to support the sale of two-year TCCs in all rounds other than the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, the NYISO shall not include the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction or the percentage of transmission capacity made available to support the sale of two-year TCCs in such round in conducting the calculations described above

(b) For Renewals: The percentage of transmission capacity made available for round *n* of the relevant Centralized TCC Auction to support the sale of one-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of one-year TCCs in round *n* of the relevant Centralized TCC Auction; to (ii) the total percentage of transmission capacity made available to support the sale of one-year TCCs with the same start date as one-year TCCs in round *n* in the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction

### **20.5.3 Calculation of Non-Historic Fixed Price TCC Facility Flow-Based Methodology Coefficient**

For each Set of NHFPTCCs, the ISO shall use the Non-Historic Fixed Price TCC facility flow-based methodology coefficient to allocate, among the Transmission Owners, the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) an applicable round of the two-year Sub-Auction of the relevant Centralized TCC Auction (*i.e.*, round *n*) in accordance with Formula N-34 in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction (*i.e.*, round *n*) in accordance with Formula N-34 in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.



### Formula N-34

$$NHFPTCCFFB_{t,s,n} = \frac{\sum_{L \in L_{t,n}} |(AuctionFlow_{L,n} - ModAuctionFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n}) * Share_{n,t,L}|}{\sum_{L \in L_n} |(AuctionFlow_{L,n} - ModAuctionFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n})|}$$

Where,

$NHFPTCCFFB_{t,s,n}$  = (a) For Initial Awards: For Set of NHFPTCCs  $s$ , the Non-Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner  $t$  for round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not determine coefficient values for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: For Set of NHFPTCCs  $s$ , the Non-Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner  $t$  for round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$s$  = As defined in Formula N-33

$L_n$  = (a) For Initial Awards: The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$L_{t,n}$  = (a) For Initial Awards: The set of all transmission facilities owned by Transmission Owner  $t$  that are modeled in the Transmission System model for round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The set of all transmission facilities owned by Transmission Owner  $t$  that are modeled in the Transmission System model for round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$L$  = A transmission facility from bus  $x$  to bus  $y$

$AuctionFlow_{L,n}$  = (a) For Initial Awards: The Energy flow on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The Energy flow on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow

$ModAuctionFlow_{L,n,s}$  = (a) For Initial Awards: The Energy flow on transmission facility  $L$  in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of NHFPTCCs  $s$ ; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction. For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility  $L$  that violates any limit applicable to the amount of Energy that may flow on transmission facility  $L$  for round  $n$  of the two-year

Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility  $L$ , as determined by the Power Flow, to avoid consideration of flows that would otherwise violate the applicable limit for transmission facility  $L$  and use such adjusted Energy flow value for purposes of calculating  $NHFPTCCFFB_{t,s,n}$

(b) For Renewals: The Energy flow on transmission facility  $L$  in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of  $NHFPTCCs$   $s$ . For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility  $L$  that violates any limit applicable to the amount of Energy that may flow on transmission facility  $L$  for round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility  $L$ , as determined by the Power Flow, to avoid consideration of flows that would otherwise violate the applicable limit for transmission facility  $L$  and use such adjusted Energy flow value for purposes of calculating  $NHFPTCCFFB_{t,s,n}$

Price<sub>y,L,n</sub>

= (a) For Initial Awards: The market-clearing price at bus  $y$  on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the

relevant Centralized TCC Auction

(b) For Renewals: The market-clearing price at bus  $y$  on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$Price_{x,L,n}$

= (a) For Initial Awards: The market-clearing price at bus  $x$  on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The market-clearing price at bus  $x$  on transmission facility  $L$  in the Optimal Power Flow solution to round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$Share_{n,t,L}$

= (a) For Initial Awards: The percentage of transmission facility  $L$  owned by Transmission Owner  $t$  on the effective date of the TCCs sold in round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The percentage of transmission facility  $L$  owned by Transmission Owner  $t$  on the effective date of the TCCs sold in round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

## 20.5.4 Allocation of Non-Historic Fixed Price TCC Revenue

For each Set of NHFPTCCs, each Transmission Owner's share of the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) an applicable round of the two-year Sub-Auction of the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-35 in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-35 in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

### Formula N-35

$$NHFPTCCRevAlloc_{t,s,n} = NHFPTCCRevenue_{s,n} * NHFPTCCFFB_{t,s,n}$$

Where,

$NHFPTCCRevAlloc_{t,s,n}$  = (a) For Initial Awards: For Set of NHFPTCCs  $s$ , the Non-Historic Fixed Price TCC revenue deemed to be associated with round  $n$  of the two-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner  $t$ ; provided, however, that no such revenue shall be deemed to be associated with the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: For Set of NHFPTCCs  $s$ , the Non-Historic Fixed Price TCC revenue deemed to be associated with round  $n$  of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner  $t$

$s$  = As defined in Formula N-33

$NHFPTCCRevenue_{s,n}$  = As defined in Formula N-33

$NHFPTCCFFB_{t,s,n}$  = As defined in Formula N-34.

Each Transmission Owner's share of Non-Historic Fixed Price TCC revenue allocated pursuant to this Section 20.5 shall be incorporated into, or otherwise accounted for as part of, its TSC, or NTAC or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

## **21 Attachment O - Service Agreement for Network Integration Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, 20\_\_, is entered into, by and between the New York System Operator ("ISO") and \_\_\_\_\_ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the ISO to have a valid request for Network Transmission Service under the Tariff and to have satisfied the conditions for service imposed by this Tariff.
- 3.0 Service under this Agreement shall commence on the later of: (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The ISO agrees to provide and the Transmission Customer agrees to pay for Network Transmission Service in accordance with the provisions of this Tariff, including the Network Operating Agreement (which is incorporated herein by reference), and this Service Agreement as they may be amended from time to time.
- 5.0 Any notice or request to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

### Transmission Provider:

New York Independent System Operator  
3890 Carman Road  
Guilderland, New York 12303

### Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 6.0 This Tariff for Network Integration Transmission Service is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

New York Independent System Operator

By: \_\_\_\_\_  
Name Title Date

Transmission Customer

By: \_\_\_\_\_  
Name Title Date

### CERTIFICATION

I, \_\_\_\_\_, certify that I am a duly authorized officer of  
\_\_\_\_\_ (Transmission Customer) and that  
\_\_\_\_\_ (Transmission Customer) will not request service  
under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of  
this Open Access Transmission Tariff.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

Subscribed and sworn before me

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Notary Public)

My Commission expires: \_\_\_\_/\_\_\_\_/\_\_\_\_

### SPECIFICATION FOR NETWORK

## INTEGRATION TRANSMISSION SERVICE

- 1 Term of Transaction: \_\_\_\_\_  
Start Date: \_\_\_\_\_  
Termination Date: \_\_\_\_\_
- 2 Description of Capacity and/or Energy to be transmitted within the NYCA (including electric control area in which the transaction originates).
- 3 Network Resources: \_\_\_\_\_
- 4 Network Load: \_\_\_\_\_
- 5 Designation of party subject to reciprocal service obligation: \_\_\_\_\_
- 6 Name(s) of any Intervening Systems providing transmission service: \_\_\_\_\_
- 7 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of this Tariff.)
  - 7.1 Embedded Cost Transmission Charge: \_\_\_\_\_
  - 7.2 Facilities Study Charge: \_\_\_\_\_
  - 7.3 Direct Assignment Facilities Charge: \_\_\_\_\_
  - 7.4 Ancillary Services Charge: \_\_\_\_\_
  - 7.5 Other Supporting Facilities Charge: \_\_\_\_\_





## **22      Attachment P – Transmission Interconnection Procedures**

## 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 40.1 of Attachment HH, 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 Requirements** shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of Attachment HH to the ISO OATT, applied when conducting the Cluster Baseline Assessment and the Cluster Project Assessment; 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 Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**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.

**Designated Network Upgrade Facilities** shall mean the Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a Public Policy Transmission Project selected as the more efficient or cost effective solution to a Public Policy Transmission Need under Attachment Y to the ISO OATT; that meet the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO OATT; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner pursuant to Section 22.9.6 of this Attachment P.

**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 unique number and/or letter designation in the Queue for a valid Interconnection Request, CRIS-Only Request, Study Request, load request or Transmission Interconnection Application that satisfies the applicable requirements for inclusion in the Queue .

**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 Sections 22.9.3 and 22.11 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, (ii) a Cluster Study Transmission Project as defined in Attachment HH to the ISO OATT, or (iii) 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, as applicable, to the interconnection requirements

in Attachments S, X, or HH 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 Requirements, 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). If the ISO selects a Public Policy Transmission Project and designates the project or a portion of the project to a Designated Entity other than the original Developer pursuant to the provisions of Attachment Y of the ISO OATT, the Designated Entity that is not the original Developer of the project may (i) join an ongoing Transmission Interconnection Application that covers the entire Public Policy Transmission Project with the agreement of the original Transmission Developer and be jointly and severally responsible for the study costs, or (ii) submit a separate Transmission Interconnection Application for its Designated Public Policy Project pursuant to the requirements in this Article 22.4. In the event that the Designated Entity submits a separate Transmission Interconnection Application and the Designated Public Policy Project is a project component(s) of a Transmission Project with an existing Transmission Interconnection Application, such component(s) will be removed from the existing Transmission Interconnection Application and such change to the Transmission Project shall not constitute a material modification in accordance with Section 22.5.4.2.

### **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.

If (i) a Transmission Developer that elects pursuant to Section 22.4.1 to submit a new Transmission Interconnection Application for its Designated Public Policy Project that is a component of a Transmission Project that is already subject to a Transmission Interconnection Application; (ii) the Transmission Project subject to the original Transmission Interconnection Application has a completed SIS; and (iii) there have been no material modifications to the Transmission Project, including the Designated Public Policy Project, since the ISO performed the SIS pursuant to the original Transmission Interconnection Application, then the ISO, Transmission Developer(s) of the new Transmission Interconnection Application, and Connecting Transmission Owner can agree to proceed directly to the Facilities Study with the new Transmission Interconnection Application. Such agreement to proceed directly to the Facilities Study shall not be unreasonably withheld.

### **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 and External Affected Systems**

### **22.4.4.1 Coordination with Affected Systems in the New York Control Area**

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.

#### **22.4.4.1 Coordination with External Affected Systems**

If the ISO identifies potential impacts on External Affected Systems during the System Impact Study for a Transmission Interconnection Application, the ISO will notify the External Affected System Operator of the impacts and coordinate with the External Affected System Operator consistent with the requirements in Section 40.8.2 to Attachment HH to the ISO OATT.

#### **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; *provided, however,* that a Transmission Developer may modify a Transmission Project that is selected by the ISO as the more efficient or cost effective solution in the ISO's Public Policy Transmission Planning Process to remove components of the Transmission Project that were designated to a Designated Entity, as defined in Attachment Y to the ISO OATT, other than the Transmission Developer and for which the Designated Entity submits a separate Transmission Interconnection Application pursuant to Section 22.4.1 for the components of the Transmission Project requested to be removed.

**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, as applicable, to Class Year Study or Cluster Study cost allocation but for which Class Year Study or Cluster Study cost allocations have not been accepted or for which cash or Security for the allocated amount has not been provided;

(ii) all planned projects subject, as applicable, to Attachment S or Attachment HH to the ISO OATT that have accepted their cost allocation and paid cash or posted Security for their allocated amount in a prior Class Year Study or Cluster Study 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 40.13.12.2 and 40.13.12.3 of Attachment HH of the ISO OATT will only be included if construction of the System Deliverability Upgrades has been triggered under Section 40.13.12.3 of Attachment HH to the ISO OATT;

(iii) all Affected System Network Upgrades for which the Affected System Interconnection Customer has accepted their cost allocation and paid cash or posted security in accordance with Section 40.8.3.10 of Attachment HH to the ISO OATT;

(iv) all proposed Small Generating Facilities, together with their Interconnection Facilities and System Upgrade Facilities, that have accepted their cost allocation in accordance

with the Small Generator Interconnection Facilities in Attachment Z to the ISO OATT;

(v) all proposed generators that interconnect to the distribution system through studies conducted outside of the ISO'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;

(vi) 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;

(vii) Transmission Projects that are proposed under Attachments Y or FF of the ISO OATT and have met the following milestones prior to the start date of the study conducted under this Attachment: (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, (2) have, if applicable, a completed System Impact Study in accordance with this Attachment P, and (3) are making reasonable progress under the applicable OATT Attachments Y or FF planning process;

(viii) 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 (if applicable);

(ix) transmission projects that are not subject to the Transmission Interconnection Procedures, the Standard Large Facility Interconnection Procedures, or the Standard Interconnection Procedures (*i.e.*, new transmission facilities or upgrades proposed by Transmission Owner in its Local Transmission Owner Plan or NYPA transmission plan) identified as "firm" by the Connecting Transmission Owner before the start date of the study



conducted under this Attachment and either (1) have commenced a Facilities Study in accordance with section 2.7 of the OATT (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 of the start date of the study conducted under this Attachment; and

(x) all other changes to existing facilities – other than changes that are subject to Class Year Study or Cluster Study cost allocation but that have not accepted their Class Year Study or Cluster Study cost allocation or have not paid cash or posted Security for their accepted 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 Requirements 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 Requirements 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 Requirements. 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 System Impact Study 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, and identify any additional Network Upgrade Facilities that are necessary to interconnect the Transmission

Project in accordance with the Transmission Interconnection Standard described in Section 22.8.3 of Attachment P based on, among other things, changes in the Base Case since the completion of the System Impact Study. 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, except that Security for Network Upgrade Facilities that is required under this Attachment P based on the final Facilities Study report and that satisfy the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO OATT, shall not be required unless and until a Connecting Transmission Owner or Affected Transmission Owner issues a timely declination notice pursuant to Section 22.9.6 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**

22.9.4.1 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.

22.9.4.2 If (i) there is an upcoming or ongoing Class Year Interconnection Facilities Study or Cluster Study Process at the time the Transmission Developer, the ISO, and Connecting Transmission Owner execute a Facilities Study Agreement in accordance with Section 22.9.3 of Attachment P or during a pending Facilities Study and (ii) the Transmission Project and/or Network Upgrade Facilities required for the Transmission Project are not included in the Existing System Representation for a Class Year Interconnection Facilities Study, Cluster

Study, or Additional SDU Study, the ISO shall identify, consistent with ISO Procedures, any Class Year Project or Cluster Study Project in the ongoing Class Year Interconnection Facilities Study, Cluster Study, or Additional SDU Study that has potential interactions with the Transmission Project or associated Network Upgrade Facilities or together with a Transmission Project has an impact on the New York State Transmission System or Distribution System that requires further evaluation. The ISO, in the Facilities Study for the Transmission Project, shall perform sensitivities with the identified Class Year Projects or Cluster Study Projects to evaluate the Transmission Project and identify contingent Network Upgrade Facilities, which will be further studied under Section 22.9.4.3 of this Attachment P.

22.9.4.3 Following the conclusion of an ongoing Class Year Interconnection Facilities Study, Cluster Study, or Additional SDU Study where one or more identified Class Year Project or Cluster Study Project in Section 22.9.4.2 of this Attachment P accepts its SUF Project Cost Allocation, CTOAF and SUF Project Cost Allocation, and/or SDU Project Cost Allocation, the ISO shall review the result of the cost allocation decisions, perform any additional analysis to evaluate the interactions between the Transmission Project and those Class Year Projects or Cluster Study Projects, and associated System Upgrade Facilities, Distribution Upgrades, and/or System Deliverability Upgrades, that accepted their cost allocations, and update the Network Upgrades Facilities that were identified for the Transmission Project, accordingly. Any updates to the Transmission Project cost allocation for the Network Upgrade Facilities identified for the Transmission Project shall be allocated to and the cost responsibility of the Transmission Project, except as provided for in Section 22.9.6 of this Attachment P.

## **22.9.5 Study Report Issuance and 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. The ISO shall notify the Transmission Developer whether the Transmission Project is required to be evaluated under Section 22.9.4.3 of this Attachment P to consider the impacts of Class Year Projects or Cluster Study Projects that were being studied in an ongoing Class Year Interconnection Facilities Study, Cluster Study, or Additional SDU Study for which the Transmission Project and/or associated Network Upgrade Facilities, if any, were not included in the Existing System Representation. Upon completion of this review process, the ISO and the Connecting Transmission Owner may meet with Transmission Developer and any Affected Systems to discuss the initial results of the Facilities Study.

If such evaluation under Section 22.9.4.3 is required, the ISO will perform the evaluation following the completion of the ongoing Class Year Interconnection Facilities Study, Cluster Study, and/or Additional SDU Study and issue an updated draft of the Facilities Study report to the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems for review and comment, accordingly. Upon completion of this review process, the ISO will meet with the Transmission Developer, the Connecting Transmission Owner, and any Affected Systems and, as soon as practical thereafter, issue a final Facilities Studies report for the Transmission Project; *provided, however*, that the Facilities Study report shall be subject to further study and updating if the Transmission Project and associated Network Upgrade Facilities do not satisfy the requirements to be included in the Existing System Representation for the subsequent Class Year Interconnection Facilities Study or Cluster Study by the completion of the Cluster Baseline Assessment for such Class Year Interconnection Facilities Study or ten (10) Business Days before the Phase 1 Study Start Date for a Cluster Study and

there are one or more Class Year Projects or Cluster Study Projects that the ISO determines may have potential interactions with the Transmission Project or associated Network Upgrade Facilities or together with a Transmission Project has an impact on the New York State Transmission System or Distribution System that requires further evaluation. Following completion of any additional evaluations under Section 22.9.4 of this Attachment P, the ISO shall issue the updated draft Facilities Study detailing the identified Network Upgrade Facilities, non-binding, good faith estimate of cost responsibility and non-binding, good faith estimated time to construct.

In the event that the Transmission Developer wishes to proceed with the negotiation and execution of a Transmission Project Interconnection Agreement prior to completion of the Facilities Study and issuance of the final Facilities Study report in accordance with Section 22.11.3 of this Attachment P, 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.

#### **22.9.6 Designation of Network Upgrade Facilities for Selected Public Policy Transmission Projects**

For a Transmission Project that is selected by the ISO for inclusion in the regional transmission plan for purposes of cost allocation as the more efficient or cost effective solution to a need identified in the Public Policy Transmission Planning Process under Attachment Y to the ISO OATT, the ISO shall identify the Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO OATT in the Facilities Study report or update any previous identification of such Network Upgrade Facilities if the Facilities Study report is revised. In advance of finalizing the Facilities Study report or any update, the ISO shall consider any comments on such designations from the Transmission Developer and the

Connecting Transmission Owner or Affected Transmission Owner that owns the existing facility(ies) to be upgraded by one or more of the Network Upgrade Facilities. Each relevant Connecting Transmission Owner or Affected Transmission Owner must notify the ISO and the Transmission Developer in writing within 30 Calendar Days of the ISO issuing the final Facilities Study report, or any update to the Facilities Study report, if the Connecting Transmission Owner or Affected Transmission Owner declines the responsibility to build, own, and fund one or more Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO OATT.

In the absence of such declination notice, the Connecting Transmission Owner or the Affected Transmission Owner shall be the designated entity responsible to build, own, and fund such Network Upgrade Facilities (“Designated Network Upgrade Facilities”). The Connecting Transmission Owner or the Affected Transmission Owner shall be eligible to recover the costs of the Designated Network Upgrade Facilities in the manner set forth in Attachment Y and Rate Schedule 10 of the ISO OATT. The Transmission Developer’s and Transmission Owner’s obligations and responsibilities will be documented in a Transmission Project Interconnection Agreement, as applicable, and the Transmission Owner will be required to comply with the requirements as a Designated Entity under Attachment Y to the ISO OATT in building, owning, and recovering the costs of the Designated Network Upgrade Facilities, including, but not limited to, entering into or amending a Public Policy Transmission Planning Process Development Agreement.

If the Connecting Transmission Owner or Affected Transmission Owner provides timely notice declining the responsibility to build, own, and fund one or more Network Upgrade Facilities that meet the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO



OATT or in the event that a Public Policy Transmission Planning Process Development Agreement that covers Designated Network Upgrade Facilities is terminated and such termination is related to a default by the Connecting Transmission Owner or Affected Transmission Owner in the development of Designated Network Upgrade Facilities, then the Transmission Developer shall be responsible for funding and posting Security in accordance with Section 22.11.1 of this Attachment P for such Network Upgrade Facilities, as well as other Network Upgrade Facilities that do not meet the definition of upgrade in Section 31.6.4 of the ISO OATT. The Connecting Transmission Owner or Affected Transmission Owner may mutually agree with the Transmission Developer for the Transmission Developer to build and/or own any of the Network Upgrade Facilities for which the Connecting Transmission Owner or Affected Transmission Owner declined to build, own, and fund. Such rights and obligations will be documented in a Transmission Project Interconnection Agreement. Security for the Network Upgrade Facilities shall be posted in accordance with Section 22.11.1 of this Attachment P. Any disputes concerning the classification of Network Upgrade Facilities as upgrades under Section 31.6.4 of Attachment Y of the ISO OATT shall be subject to dispute resolution under Section 22.13.5 of this Attachment P.

## **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 Security and Interconnection Agreement**

### **22.11.1 Acceptance of Cost Allocation and Posting of Security**

**22.11.1.1 Acceptance of Transmission Project Cost Allocation.** The Facilities Studies report will document, among other things, the Network Upgrade Facilities necessary for the Transmission Project to interconnect to the New York State Transmission System, together with a non-binding, good faith estimate of cost responsibility to build the identified Network Upgrade Facilities. If a Transmission Project includes more than one Designated Public Policy Project as identified in accordance with Attachment Y to the OATT, the ISO may treat each Designated Public Policy Project comprising the Transmission Project as a separate Transmission Project for purposes of this Section 22.11 and identify a non-binding, good faith estimate of cost responsibility to build the identified Network Upgrade Facilities for each Designated Entity, as applicable. For purposes of this Section 22.11, Transmission Developer and Designated Entity are used interchangeably when a Transmission Project includes more than one Designated Public Policy Project.

Following the issuance of the final Facilities Study report in accordance with Section 22.9.5 of this Attachment P and after the expiration of the time period set forth in Section 22.9.6 of this Attachment P (if applicable), the Transmission Developer shall provide notice to the ISO, in writing and via electronic mail, within 30 Calendar Days whether it shall accept its project cost allocation for the Network Upgrade Facilities, if any, as reported in the final Facilities Study report and signify its willingness to pay the Connecting Transmission Owner for the Transmission Developer's cost allocation for the required Network Upgrade Facilities that it accepted. Within five (5) Business Days of the submission of a notice accepting its cost allocation for the Network Upgrade Facilities in accordance with this Section 22.11.1.1, the

Transmission Developer, or each Designated Entity, if applicable, must pay cash or post Security in accordance with these rules for the full amount of the Transmission Project cost allocation; *provided, however*, that (i) if the Transmission Developer and Connecting Transmission Owner are the same entity, the Transmission Developer need not post Security for Network Upgrade Facilities that connect to its own existing facilities, or (ii) if the ISO identifies any Network Upgrade Facilities that satisfy the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO OATT in the Facilities Study, then the Transmission Developer shall not be obligated to post Security for such Network Upgrade Facilities until the expiration of the deadline for the applicable Transmission Owner to issue a timely declination notice in accordance with Section 22.9.6 of this Attachment P.

In the event that a Public Policy Transmission Planning Process Development Agreement that covers Designated Network Upgrade Facilities is terminated and such termination is related to a default by the Connecting Transmission Owner or Affected Transmission Owner in the development of Designated Network Upgrade Facilities, then the Transmission Developer shall pay cash or post Security in accordance with these rules for the remaining amount necessary to design, procure and construct the applicable Designated Network Upgrade Facilities. 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 from the ISO's Queue.

**22.11.1.2 Posting of Security.** If the Transmission Developer elects to post Security, as applicable, the Transmission Developer (i) shall deliver to the Connecting Transmission Owner a signed security agreement, by and between the Transmission Developer and the Connecting Transmission Owner in its sole discretion, securing the performance of the

Transmission Developer's cost allocation for the Network Upgrade Facilities identified in the final Facilities Study report and (ii) shall provide the Connecting Transmission Owner with an irrevocable, transferrable standby letter of credit in the form required by the aforementioned agreement in the amount of the cost estimate for the Network Upgrade Facilities, as documented in the final Facilities Study report, in accordance with Section 22.9.3 of Attachment P to the OATT. The letter of credit must be issued by a financial institution reasonably acceptable to the Connecting Transmission Owner and must specify a reasonable expiration date. Upon successful acceptance by the Connecting Transmission Owner, turnover to the Connecting Transmission Owner shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner for the purpose of performing engineering design, constructing, procuring, and installing of such Network Upgrade Facilities.

**22.11.1.3 Forfeiture of Security.** The Security that the Transmission Developer or Designated Entity provides the Connecting Transmission Owner in accordance with Section 22.11.1 of this Agreement shall be irrevocable and shall be subject to forfeiture if the Transmission Developer subsequently terminates or abandons development of the Transmission Project. Any Security provided by the Transmission Developer to the Connecting Transmission Owner shall be subject to forfeiture to the extent necessary to defray the cost of: (1) Network Upgrade Facilities required for other Transmission Developers for which the Transmission Project interconnection studies included the Transmission Developer's Transmission Project and associated Network Upgrade Facilities in their base cases; (2) System Upgrade Facilities and System Deliverability Upgrade Facilities required for projects for which the Transmission Project and associated Network Upgrade Facilities were included in their Class Year Interconnection Facilities Study, Cluster Study, and/or Additional SDU Study existing system

representations; (3) System Upgrade Facilities required by other Small Generating Facilities for which the Transmission Developer's Transmission Project and associated Network Upgrade Facilities were included in their small generator facilities study base cases; and (4) Network Upgrades required for other Eligible Customers whose Load interconnection studies included the Transmission Developer's Transmission Project and associated Network Upgrade Facilities in their base cases, as applicable. If the Transmission Developer's Security is subject to forfeiture to defray the costs of an affected upgrade pursuant to this Section 22.11.1.3 and the Security is not in a form that can be readily drawn on by the Connecting Transmission Owner to defray the costs of the affected upgrade, Transmission Developer shall negotiate in good faith with the Connecting Transmission Owner to replace the Security with cash or an alternative form of Security that can be readily drawn on by Connecting Transmission Owner up to the amount required to satisfy Transmission Developer's Security obligations under this Agreement, including defraying the costs of the affected upgrade. Connecting Transmission Owner shall only be responsible for using Transmission Developer's Security to defray the costs of an affected upgrade to the extent Transmission Developer has provided cash or Security in a form that the Connecting Transmission Owner can readily draw on to defray such costs.

#### **22.11.2 Tender**

As soon as practicable after the Transmission Developer notifies the ISO that it accepts its Transmission Project's cost allocation for the Network Upgrade Facilities identified in the final Facilities Study report and posts Security in accordance with Section 22.11.1 of Attachment P, the ISO shall tender to the Transmission Developer and Connecting Transmission Owner 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. If a Transmission Project includes more than one Designated Public Policy Project as identified in accordance with Attachment Y to the ISO OATT, the ISO may treat each Designated Public Policy Project comprising the Transmission Project as a separate Transmission Project for purposes of this Section 22.11 and tender separate draft Transmission Project Interconnection Agreements together with draft appendices to each Designated Entity, as applicable. The draft Transmission Project Interconnection Agreement shall be consistent with the NYISO's Commission-approved Standard Interconnection Agreement located in Appendix 15 to Attachment HH of the OATT, modified to address a Transmission Project.

Upon completion of a Facilities Study in which a Transmission Developer accepts its Project Cost Allocation for Network Upgrade Facilities and funds or commits to fund such upgrades as required by Attachment P, the Transmission Developer and Affected System Operator(s) will cooperate with the ISO in development of a construction agreement to provide for the engineering, procurement and construction of the Network Upgrade Facilities on the Affected System. The construction agreement shall be consistent with, as applicable, the NYISO's Commission-approved Standard Upgrade Construction Agreement located in Appendix 16 to Attachment HH to the ISO OATT or Standard Multiparty Upgrade Construction Agreement located in Appendix 17 to Attachment HH to the ISO OATT, as modified to address the engineering, procurement and construction of the Network Upgrade Facilities. The parties shall negotiate the construction agreement consistent with the requirements for negotiating a Transmission Project Interconnection Agreement in this Section 22.11.



### **22.11.3 Negotiation**

Notwithstanding Section 22.11.2 for the purpose of entering into a Transmission Project Interconnection Agreement prior to the completion of an ongoing Facilities Study, at the request of the Transmission Developer, the ISO and Connecting Transmission Owner may 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 or if the Transmission Project is a proposed solution to a Public Policy Transmission Need identified in the Public Policy Transmission Planning Process under Attachment Y to the ISO OATT, after 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. 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 applicable 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. 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 one hundred eighty (180) Calendar Day time limitation specified below in this Section 22.11.3. 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 22.11.2 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 one hundred eighty (180) Calendar Days of tender of draft Transmission Project Interconnection Agreement, it shall be deemed to have withdrawn its Transmission Interconnection Application.

If the potential impact of Transmission Developer's Transmission Project is subject to an Affected System Study by an External Affected System Operator and Transmission Developer has not received its Affected System Study Report from the External Affected System Operator prior to the date that Transmission Developer would be required to execute its Transmission Project Interconnection Agreement (or request that its Transmission Project Interconnection Agreement be filed unexecuted) in accordance with this Section 22.11.3, the deadline for Transmission Developer to execute the Transmission Project Interconnection Agreement (or to request that it be filed unexecuted) shall be eligible to be extended consistent with the requirements in Section 40.21.2.1 of Attachment HH to the ISO OATT.

#### **22.11.4 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.

#### **22.11.5 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.

#### **22.11.6 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 40.24.1 of Attachment HH of this ISO OATT, which requirements are incorporated into this Attachment P by reference. The terms “Standard Interconnection Agreement,” “Interconnection Customer,” and “Standard Interconnection Procedures” as used in Section 40.24.1 of Attachment HH 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 Interconnection Agreement located in Attachment HH 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, Interconnection Studies, or the Cluster Study 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 Interconnection Agreement located in Attachment HH 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 40.24.5 of Attachment HH of this ISO OATT, which requirements are incorporated into this Attachment P by reference. The terms “Standard Interconnection Agreement” (or “IA”), “Standard Interconnection Procedures” (or “IP”), and “Attachment Facilities, Distribution Upgrades or System Upgrades” as used in Section 40.24.5 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.

## **Appendix 1**

### **TRANSMISSION INTERCONNECTION APPLICATION**

1. The undersigned Transmission Developer submits this request to interconnect its proposed transmission project with the New York State Transmission System pursuant to Section 22.4 of the NYISO OATT.

2. This Transmission Interconnection Application is submitted by:

Name of Transmission Developer: \_\_\_\_\_

By (signature): \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

3. Name of project: \_\_\_\_\_

4. Description of proposed project:

a. Description of proposed Point(s) of Interconnection (*i.e.*, name of existing substation or line to which the project proposes to interconnect):

---

---

---

b. General description of the equipment configuration and kV level:

---

---

---

c. Attach a conceptual breaker one-line diagram (*i.e.*, breaker-level details for proposed elements along with high-level depiction of proposed interconnection with existing system)

- d. Technical data/parameters: [to be provided as attachment to initial study agreement]
- e. In-Service Date (Month and Year): \_\_\_\_\_
- f. Name, title, company address, telephone number, and e-mail address of the Transmission Developer's contact person:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **23      Attachment Q – Procedures for Reserving and Correcting Erroneous Energy and Ancillary Services Prices**

The provisions regarding the reservation and correction of Energy and Ancillary Services prices that are posted on OASIS and used in ISO settlements are set forth in Attachment E of the NYISO Services Tariff and are incorporated herein by reference.

## **24 Attachment R - Cost Allocation and Measurement and Verification Methodologies for Demand Reductions by Distributed Energy Resources in a DER Aggregation**

### **24.1 Cost Allocation Methodology for Demand Reductions Recovered Pursuant to Schedule 1**

The “Schedule 1 Program Costs” for verified Actual Demand Reductions by DER Aggregations participating in the Energy and Ancillary Services Markets shall be equal to the Supplier payments for Demand Reductions calculated in accordance with ISO Services Tariff Section 4.5.2.

The “Schedule 1 Program Costs” for verified Demand Reductions by DER Aggregations participating in the Energy and Ancillary Services Markets shall be allocated to Transmission Customers, pursuant to the methodology set forth below, on the basis of their Load Ratio Shares and in proportion to the probability, given historical transmission congestion patterns, that a particular Demand Reduction will benefit them by reducing Energy costs in their Load Zones or “Composite Load Zones” (see below).

More specifically, Schedule 1 Program Costs shall be allocated to Transmission Customers each Billing Period as follows:

- a) Schedule 1 Program Costs shall initially be attributed to the Load Zone where the Transmission Node used to Bid the associated Demand Reduction is located.
- b) In determining whether and how Transmission Customers located in particular Load Zones, or Composite Load Zones, have benefited from the Energy provided by Demand Reduction, and how much they shall be required to pay a share of the associated Schedule 1 Program Costs, the ISO shall account for the effects of congestion at the most frequently constrained NYCA interfaces. When none of these interfaces are constrained Transmission Customers in all Load Zones shall

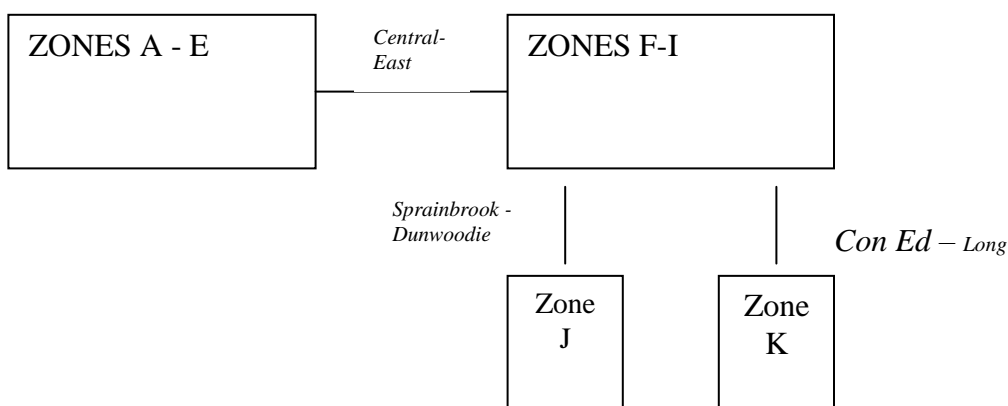
be deemed to have benefited from the Energy provided by Demand Reduction and shall pay a share of the associated Schedule 1 Program Costs. When one or more of the most frequently constrained NYCA interfaces is constrained, then Transmission Customers located in a Load Zone, or Composite Load Zone, that is upstream of the constrained interface, shall be deemed to have benefited from the upstream Energy provided by Demand Reduction and shall be required to pay a share of the associated Schedule 1 Program Costs. Similarly, when one or more of the interfaces is congested, Transmission Customers located in a Load Zone, or Composite Load Zone, that is downstream of a constrained interface, shall be deemed to have benefited from the downstream Energy Provided by Demand Reduction and shall be required to pay a share of the associated Schedule 1 Program Costs. By contrast, Transmission Customers that are “separated” from the Energy provided by Demand Reduction by a constrained interface shall be deemed not to have benefited from it and shall not be required to pay a share of the associated Schedule 1 Program Costs.

- c) The ISO shall determine the extent of congestion at the most frequently constrained interfaces using a series of equations that calculate the static probability that: (i) no constraints existed in the transmission system serving the Load Zone or Composite Load Zone; (ii) the Composite Load Zone was upstream of a constraint and Energy provided by Demand Reduction occurred upstream, and (iii) the Composite Load Zone was downstream of a constraint and Energy provided by Demand Reduction occurred downstream.

Costs shall be allocated to each Transmission Customer that is deemed to have benefited from the verified Demand Reduction on a Load Ratio Share basis, using Real-Time metered hourly Load data.

- d) The three interfaces that will be used for this cost allocation are the “Central-East” interface, which divides western from eastern New York State, the Sprainbrook-Dunwoodie interface, which divides New York City and Long Island from the rest of New York State, and the Consolidated Edison Company (“ConEd”) - Long Island interface (including the Y49/Y50 lines), which divides New York City from Long Island. Given these limiting interfaces, four Composite Load Zones currently exist, *i.e.*, West of Central-East (Load Zones A, B, C, D, E), East Upstate Excluding New York City and Long Island (Load Zones F, G, H, I), New York City (Load Zone J), and Long Island (Load Zone K). The geographic configuration of these Composite Load Zones is depicted in the illustration below.

#### Relationship Between Frequently Constrained Interfaces and Composite Load Zones



Based on these factors, Schedule 1 Program Costs shall be allocated to Transmission Customers as follows:

For Transmission Customer m in Load Zones A-E:



$$\begin{aligned}
 & a_1 * (\text{cost}_A + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_K) + && \text{'no constraints'} \\
 & a_2 * (\text{cost}_A + \dots + \text{cost}_E) * \text{load}_m / (\text{load}_A + \dots + \text{load}_E) + && \text{'Central East const'} \\
 & a_3 * (\text{cost}_A + \dots + \text{cost}_I + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_I + \text{load}_K) + && \text{'NYC constraint'} \\
 & a_4 * (\text{cost}_A + \dots + \text{cost}_J) * \text{load}_m / (\text{load}_A + \dots + \text{load}_J) + && \text{'LI constraint'} \\
 & a_5 * (\text{cost}_A + \dots + \text{cost}_E) * \text{load}_m / (\text{load}_A + \dots + \text{load}_E) + && \text{'Cent East + NYC'} \\
 & a_6 * (\text{cost}_A + \dots + \text{cost}_E) * \text{load}_m / (\text{load}_A + \dots + \text{load}_E) + && \text{'Cent East + LI'} \\
 & a_7 * (\text{cost}_A + \dots + \text{cost}_I) * \text{load}_m / (\text{load}_A + \dots + \text{load}_I) + && \text{'NYC + LI'} \\
 & a_8 * (\text{cost}_A + \dots + \text{cost}_E) * \text{load}_m / (\text{load}_A + \dots + \text{load}_E) && \text{'Cent East + NYC + LI'}
 \end{aligned}$$

For Transmission Customer  $m$  in Load Zones F-I:

$$\begin{aligned}
 & a_1 * (\text{cost}_A + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_K) + && \text{'no constraints'} \\
 & a_2 * (\text{cost}_F + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_F + \dots + \text{load}_K) + && \text{'Central East const'} \\
 & a_3 * (\text{cost}_A + \dots + \text{cost}_I + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_I + \text{load}_K) + && \text{'NYC constraint'} \\
 & a_4 * (\text{cost}_A + \dots + \text{cost}_J) * \text{load}_m / (\text{load}_A + \dots + \text{load}_J) + && \text{'LI constraint'} \\
 & a_5 * (\text{cost}_F + \dots + \text{cost}_I + \text{cost}_K) * \text{load}_m / (\text{load}_F + \dots + \text{load}_I + \text{load}_K) + && \text{'Cent East + NYC'} \\
 & a_6 * (\text{cost}_F + \dots + \text{cost}_J) * \text{load}_m / (\text{load}_F + \dots + \text{load}_J) + && \text{'Cent East + LI'} \\
 & a_7 * (\text{cost}_A + \dots + \text{cost}_I) * \text{load}_m / (\text{load}_A + \dots + \text{load}_I) + && \text{'NYC + LI'} \\
 & a_8 * (\text{cost}_F + \dots + \text{cost}_I) * \text{load}_m / (\text{load}_F + \dots + \text{load}_I) && \text{'Cent East + NYC + LI'}
 \end{aligned}$$

For Transmission Customer  $m$  in Load Zone J:

$$\begin{aligned}
 & a_1 * (\text{cost}_A + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_K) + && \text{'no constraints'} \\
 & a_2 * (\text{cost}_F + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_F + \dots + \text{load}_K) + && \text{'Central East const'} \\
 & a_3 * \text{cost}_J * \text{load}_m / \text{load}_J + && \text{'NYC constraint'} \\
 & a_4 * (\text{cost}_A + \dots + \text{cost}_J) * \text{load}_m / (\text{load}_A + \dots + \text{load}_J) + && \text{'LI constraint'} \\
 & a_5 * \text{cost}_J * \text{load}_m / \text{load}_J + && \text{'Cent East + NYC'} \\
 & a_6 * (\text{cost}_F + \dots + \text{cost}_J) * \text{load}_m / (\text{load}_F + \dots + \text{load}_J) + && \text{'Cent East + LI'} \\
 & a_7 * \text{cost}_J * \text{load}_m / \text{load}_J + && \text{'NYC + LI'} \\
 & a_8 * \text{cost}_J * \text{load}_m / \text{load}_J && \text{'Cent East + NYC + LI'}
 \end{aligned}$$

For Transmission Customer  $m$  in Load Zone K:

$$\begin{aligned}
 & a_1 * (\text{cost}_A + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_K) + && \text{'no constraints'} \\
 & a_2 * (\text{cost}_F + \dots + \text{cost}_K) * \text{load}_m / (\text{load}_F + \dots + \text{load}_K) + && \text{'Central East const'} \\
 & a_3 * (\text{cost}_A + \dots + \text{cost}_I + \text{cost}_K) * \text{load}_m / (\text{load}_A + \dots + \text{load}_I + \text{load}_K) + && \text{'NYC constraint'} \\
 & a_4 * \text{cost}_K * \text{load}_m / \text{load}_K + && \text{'LI constraint'} \\
 & a_5 * (\text{cost}_F + \dots + \text{cost}_I + \text{cost}_K) * \text{load}_m / (\text{load}_F + \dots + \text{load}_I + \text{load}_K) + && \text{'Cent East + NYC'} \\
 & a_6 * \text{cost}_K * \text{load}_m / \text{load}_K + && \text{'Cent East + LI'} \\
 & a_7 * \text{cost}_K * \text{load}_m / \text{load}_K + && \text{'NYC + LI'} \\
 & a_8 * \text{cost}_K * \text{load}_m / \text{load}_K && \text{'Cent East + LI + NYC'}
 \end{aligned}$$

In all cases, the variables are:

- $a_1$  = fraction of time when no constraints exist
- $a_2$  = fraction of time when Central East interface alone is constraining
- $a_3$  = fraction of time when Sprainbrook-Dunwoodie interface alone is constraining
- $a_4$  = fraction of time when Con Ed-Long Island (including the Y49/Y50 lines) interfaces are constraining, but Central East and Sprainbrook-Dunwoodie

- interfaces are not constraining
- $a_5$  = fraction of time when Central East and Sprainbrook-Dunwoodie interfaces are constraining but Con Ed-Long Island (including the Y49 and Y50 lines) interfaces are not constraining
- $a_6$  = fraction of time when Central East, Con Ed-Long Island interfaces (including the Y49/Y50 lines) are constraining but the Sprainbrook-Dunwoodie interface is not constraining
- $a_7$  = fraction of time when Sprainbrook-Dunwoodie, Con Ed-Long Island interfaces (including the Y49/Y50 lines) are constraining but the Central East interface is not constraining
- $a_8$  = fraction of time when Central East, Sprainbrook-Dunwoodie, Con Ed-Long Island interfaces (including the Y49/Y50 lines) are constraining
- $cost_{A...K}$  = revenue deficiencies due to DER Aggregation Demand Reductions in Load Zones A...K, calculated on a hourly basis
- $load_m$  = real-time Load for Transmission Customer m, calculated on an hourly basis
- $load_{A...K}$  = real-time Loads for all Transmission Customers in Load Zones A...K, calculated on an hourly basis

## **24.2 Measurement of Actual Demand Reduction of Individual Distributed Energy Resources within a DER Aggregation**

For the purposes of Demand Reduction calculations described in this Section, the metered load values of Distributed Energy Resources shall be zero or greater. The measured amount of Demand Reduction for each 6-second interval by an individual Distributed Energy Resource within a DER Aggregation which is dispatched for Energy with no Regulation Service shall be the greater of: (i) the Distributed Energy Resource's adjusted Economic Customer Baseline Load ("ECBL") for each five-minute interval, which shall be calculated in accordance with section 24.2.1 and ISO Procedures, minus the telemetered load for each 6-second interval and (ii) zero.

The measured amount of Demand Reduction for each 6-second interval by an individual Distributed Energy Resource within a DER Aggregation which is dispatched for Regulation Service shall be the greater of: (i) the Distributed Energy Resource's Baseline Load for each 6-second interval of Regulation Service, which shall be calculated in accordance with section

24.2.2 and ISO Procedures, minus the Distributed Energy Resource's telemetered load for each 6-second interval and (ii) zero.

The amount of Demand Reduction supplied by a DER Aggregation shall be the sum of Demand Reductions from each individual Distributed Energy Resource within the DER Aggregation. Aggregators shall provide to the ISO DER Aggregation Demand Reductions for (i) each 6-second interval using real-time telemetry in accordance with Services Tariff Section 13 and the ISO Procedures, and (ii) each hour using revenue-quality meter data pursuant to this section 24.2, and in accordance with the ISO Procedures.

**24.2.1 Methodology for the Calculating the Economic Customer Baseline Load for a Distributed Energy Resource within a DER Aggregation during Intervals with no Regulation Service Dispatch**

The ISO shall employ two different calculation methodologies of the Economic Customer Baseline Load ("ECBL") for Demand Reductions, depending on whether the Demand Reduction is on a weekend or a weekday, during the intervals with no Regulation Service dispatch for the DER Aggregation. A Demand Side Resource's six-second telemetry data, normalized into five-minute intervals, shall be used in each ECBL calculation methodology.

**24.2.1.1 Definitions**

**Adjusted Weekday ECBL:** For each five-minute interval, the Adjusted Weekday ECBL shall be equal to the sum of the ECBL and the ECBL In-Day Adjustment Factor.

**ECBL In-Day Adjustment Factor:** The ECBL In-Day Adjustment shall be an adjustment that is applied to the ECBL for each five-minute interval.

- a) Calculate the ECBL In-Day Adjustment by subtracting the average of the ECBL over the three five-minute intervals of the ECBL In-Day Adjustment Period from

the average of the telemetered load for the same three five-minute intervals, provided that (i) the DER Aggregation was not dispatched for Energy and/or Regulation Service during any of three five-minute intervals of the ECBL In-Day Adjustment Period, or (ii) the DER Aggregation was dispatched for Energy and/or Regulation Service during one or more of the three five-minute intervals of the ECBL In-Day Adjustment Period, but the LBMP for each of those intervals was less than the applicable Monthly Net Benefits Threshold.

- b) If the DER Aggregation was dispatched for Energy and/or Regulation Service during one or more of the three five-minute intervals of the ECBL In-Day Adjustment Period and the LBMP for the interval(s) was equal to or exceeded the applicable Monthly Net Benefits Threshold, calculate the ECBL In-Day Adjustment in step (a) above and add the measured Demand Reduction to the metered Load as the Proxy Load value for one or more of the three five-minute intervals of the ECBL In-Day Adjustment Period in which the DER Aggregation was dispatched for Energy and/or Regulation Service.
- c) The ECBL In-Day Adjustment shall be limited to  $\pm 20\%$  of the ECBL value for the five-minute interval it is applied to.

**ECBL In-Day Adjustment Period:** The ECBL Adjustment Period is the time prior to the Demand Reduction period that is used to determine the ECBL In-Day Adjustment. The intervals to be used in the ECBL Adjustment Period shall be the three consecutive five-minute intervals starting 60 minutes prior to the first operating interval of dispatch and ending 45 minutes prior to the operating interval of dispatch. All the subsequent intervals of uninterrupted dispatch following the first interval of dispatch shall use the same ECBL In-Day Adjustment Period. The

ECBL In-Day Adjustment Period shall be recalculated for every interval of dispatch which is preceded by an interval of non-dispatch.

**ECBL Weekday Window:** The ECBL Weekday Window is the time period reviewed in determining the ECBL for any five-minute interval that takes place on a weekday. It shall consist of the like-kind-five-minute intervals from the previous ten weekdays that correspond to each five-minute interval that is being calculated. Treatment of NERC holidays that occur on weekdays shall be equivalent to all intervals that take place on the weekend.

**ECBL Weekend Window:** The ECBL Weekend Window is the time period reviewed in determining the ECBL for any five-minute interval that takes place on a weekend. It shall consist of the like-kind intervals from the previous three weekend days of the same type (Saturday or Sunday) that correspond to each five-minute-interval. Treatment of NERC holidays that occur on weekend days shall be equivalent to all intervals that take place on the weekend.

**Proxy Load:** The Proxy Load for a five-minute interval is the telemetered Load plus measured Demand Reductions.

#### **24.2.1.2 Methodology for the Calculating the Economic Customer Baseline Load for Demand Reductions on a Weekday**

To determine the ECBL for a five-minute interval (a “Target Interval”) that occurs on a weekday:

- a) Select the five-minute intervals that comprise the ECBL Weekday Window for that Target Interval.
- b) Select the telemetered load value for each five-minute interval in the ECBL Weekday Window where the DER Aggregation was not dispatched for Energy and/or Regulation Service.

- c) For each five-minute interval of the ECBL Weekday Window where (i) the DER Aggregation was dispatched for Energy and/or Regulation Service, and (ii) the LBMP for the five-minute interval was greater than or equal to the Monthly Net Benefits Threshold, select the Proxy Load values for that five-minute interval and day in place of the actual metered load for that interval.
- d) Rank in descending order the metered load and Proxy Load values determined in steps b and c.
- e) Calculate the average of the fifth and sixth ranked values. The value as so calculated shall be the ECBL for the Target Interval.
- f) Apply the ECBL In-Day Adjustment to the ECBL to determine the Adjusted Weekday ECBL for the Target Interval.

#### **24.2.1.3 Methodology for the Calculating the Economic Customer Baseline Load for a Resource's Demand Reduction on a Weekend**

To determine the ECBL for a Target Interval that occurs on a weekend:

- a) Select the five-minute intervals that comprise the ECBL Weekend Window for the Target Interval.
- b) Select the metered load value for each interval in the ECBL Weekend Window where the DER Aggregation was not dispatched for Energy and/or Regulation Service.
- c) For each five-minute interval of the ECBL Weekend Window where (i) the DER Aggregation was dispatched for Energy and/or Regulation Service, and (ii) the LBMP for the five-minute interval was greater than or equal to the Monthly Net Benefits Threshold, select the Proxy Load Value for that hour and day in place of the actual metered load for the interval.

- d) Calculate the average of the metered load and ECBL Proxy Load values. The value so calculated is the ECBL for the Target Interval.
- e) Apply the ECBL In-Day Adjustment Factor to the ECBL to calculate the Adjusted Weekend ECBL for the Target Interval.

#### **24.2.2 Methodology for Calculating the Baseline Load for a Distributed Energy Resource within a DER Aggregation during Intervals with Regulation Service Dispatch**

For each 6-second interval during which a DER Aggregation is dispatched to provide Regulation Service, the Aggregator shall calculate the individual Distributed Energy Resource's Baseline Load as the Distributed Energy Resource's 6-second telemetered Load prior to the start of dispatch for Regulation Service. If the Aggregation was dispatched to provide Energy and no Regulation Service in the interval prior to being dispatched for Regulation Service, the Aggregator shall use the Proxy Load value corresponding to the five-minute interval immediately preceding the dispatch instruction as the Distributed Energy Resource's Baseline Load.

#### **24.3 Verification of Actual Demand Reduction from DER Aggregations**

Demand Reduction calculated using the methodology described in Section 24.2 is subject to verification by the ISO. Aggregators shall report the data at the time and in the format required by the ISO pursuant to Section 24.4. If an Aggregator fails to report the required data to the ISO in accordance with Section 24.4, the Aggregator will be subject to penalties associated with a failure to supply the Demand Reductions and may lose its eligibility to participate in a DER Aggregation. All Demand Reduction data are subject to audit by the ISO. If the ISO determines that it has made an erroneous payment to an Aggregator, it shall have the right to recover it either by reducing other payments to that Aggregator or by any other lawful means.

## **24.4 Data Reporting Requirements for Aggregators**

Upon request, the Aggregator must submit to the ISO the information specified in this Section 24.4 for each Distributed Energy Resource in a DER Aggregation. The Aggregator must submit this information for the purpose of enrolling, registering, making settlements, and verifying the participation of each Distributed Energy Resource in the ISO's Energy market. If the Distributed Energy Resource has a Local Generator at its site, it must also have a meter, compliant with ISO standards and procedures, that measures the total output of the Local Generator, regardless of whether at initial enrollment the Local Generator is intended to be used to provide Demand Reduction in the DER Participation Model, provided that if the Local Generator is an Intermittent Power Resource, a meter that measures the total output of the Local Generator is not required..

### **24.4.1 Data Reporting Requirements for Enrollment of Distributed Energy Resources Participating within a DER Aggregation**

The Aggregator shall provide to the ISO the following information for each Distributed Energy Resource that is seeking to enroll, either individually or collectively with other Distributed Energy Resources, as a DER Aggregation participating in the ISO's Energy market, which shall include providing information regarding each of the Distributed Energy Resource's interval meters required under Section 24.4:

- a. Meter test criteria, as described in the Services Tariff Section 13 and the ISO Procedures;
- b. Documentation to validate installation of interval meter equipment;
- c. Interval metering installation individual, company, and professional engineering license information;
- d. Make and model of installed interval metering device(s);



- e. Accuracy of installed interval metering device(s);
- f. Interval meter Current Transformer (CT) and Potential Transformer (PT) type designation, if applicable;
- g. CT Ratio, if applicable;
- h. Use of pulse data recorder as an interval metering device, if applicable;
- i. Pulse data recorder multiplier, if applicable;
- j. Any other type of meter multiplier used in the translation of data collected by the device for measuring demand, kWh, and/or MWh, if applicable;
- k. Its service address;
- l. Its Load Serving Entity;
- m. Its Transmission Owner;
- n. Its meter authority/Meter Services Entity;
- o. Distributed Energy Resource's maximum Winter and Summer reduction MW;
- p. Business classification of the Distributed Energy Resource (based on ISO-defined categories or national standards for business classification); and
- q. A description of any Local Generator at its site, including the Local Generator's system, its primary fuel type, the year in which it was built, the year of any retrofit, its nameplate capacity, and its horsepower, if applicable.

#### **24.4.2 Data Reporting Requirements for Verification of Demand Reductions of Distributed Energy Resources in the ISO's Energy and Ancillary Services Market**

The Aggregator shall retain for purposes of an audit, and provide the ISO with the following required data from each interval meter required under Section 24.4 for each Distributed Energy Resource that is registered, either individually or collectively with other

Distributed Energy Resources, as a DER Aggregation, to verify the calculated Demand

Reduction of a Distributed Energy Resource in the ISO's Energy and Ancillary Services market:

- a) Totalized net interval Demand Reduction data of the Distributed Energy Resource (*i.e.*, the net interval Demand Reduction data totalized across all Distributed Energy Resources that are registered, either individually or collectively with other Distributed Energy Resources, as a DER Aggregation) for the period of the Demand Reduction of the Distributed Energy Resource in the format required for reporting to the ISO's Settlement Data Exchange application;
- b) Five-minute-interval metered Load data for each of the individual Distributed Energy Resources that is registered as part of a single DER Aggregation, for all intervals of Demand Reduction for the period for which it was enrolled; and
- c) Five-minute interval metered Load data for each of the individual Distributed Energy Resources that is registered as part of a single DER Aggregation, for all intervals of the period for which it was enrolled..

The Aggregator shall comply with the following when providing metering data to verify energy reductions of Distributed Energy Resources:

- a) Section 7.4.1 of the ISO Services Tariff;
- b) Section 13 of the ISO Services Tariff; and
- c) The ISO's Meter Data Management Protocols as provided on the ISO's website.

#### **24.4.3 Additional Data Required Upon Request**

To verify the participation of each Distributed Energy Resource that is enrolled, either individually or collectively with other Distributed Energy Resources, as a DER Aggregation in the ISO's Energy market, Aggregators and/or their meter authority/Meter Services Entity shall

provide the ISO upon the ISO's request such additional information that may be required, including, but not limited, to the following:

- a) Any data reporting requirements of Attachments H and O to the ISO Services Tariff;
- b) Any data reporting requirements of Section 3.4 of the ISO Services Tariff;
- c) Historical Load documentation;
- d) Load data history for Pre- and Post-Validation, Edit and Estimation (VEE);
- e) Up to three months of historical Load data when enrolling a Demand Side Resource to participate in the ISO's Energy market;
- f) New and existing metering documentation, including, but not limited to:
  - 1. Calibration records;
  - 2. Time check;
  - 3. Sum check;
  - 4. High/Low check; and
  - 5. Zero value check.

**25      Attachment S – Rules To Allocate Responsibility for the Cost of New  
Interconnection Facilities**

## **25.1 Introduction**

Upon the effective date of the Standard Interconnection Procedures in Attachment HH to the ISO OATT, the requirements in this Attachment S shall no longer apply except as set forth in the transition rules in Section 40.3 of Attachment HH to the ISO OATT.

### **25.1.1 Purpose of the Rules**

The purpose of these rules is (1) to allocate responsibility among Developers and Transmission Owners and Load Serving Entities (“LSEs”), as described herein, for the cost of the new interconnection facilities that are required for the reliable interconnection of Projects to the New York State Transmission System and to the Distribution System in compliance with the requirements of the type of interconnection service elected by the Developer; and (2) allocate responsibility for the cost of interconnection facilities required for Capacity Resource Interconnection service (“CRIS”) and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Section 25.6 of this Attachment S describes the rules to estimate and allocate responsibility for the cost of the interconnection facilities required for Energy Resource Interconnection Service (“ERIS”) and interconnection in compliance with the NYISO Minimum Interconnection Standard. Section 25.7 of this Attachment S describes the rules to estimate and allocate responsibility for the cost of interconnection facilities required for CRIS and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Every Developer is responsible for the cost of the new interconnection 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. In addition, every Developer electing CRIS is also responsible for the cost of the interconnection facilities required

pursuant to the NYISO Deliverability Interconnection Standard, as that responsibility is determined by these rules.

The rules in this Attachment S to the ISO OATT cover (i) Large Facilities greater than 20 MW subject to the Large Facility Interconnection Procedures set out in Attachment X to the ISO OATT (“LFIP”), (ii) Small Generating Facilities no larger than 20 MW subject to the Small Generator Interconnection Procedures set out in Attachment Z to the ISO OATT (“SGIP”) that are required to enter a Class Year Study pursuant to Section 32.3.5.3.2 of the SGIP, and facilities greater than 2 MW that seek to obtain or increase CRIS beyond the levels permitted by this Attachment S, Section 30.3.2.6 of the LFIP and Section 32.4.11.1 of the SGIP, as applicable (each a “Project” and collectively, “Projects” for purposes of this Attachment S).

As described herein, the intent is that each Developer be held responsible for the net impact of the interconnection of its Project on the reliability of the New York State Transmission System. A Developer is held responsible for the cost of the interconnection facilities that are required by its Project, facilities that would not be required but for its Project. However, a Developer is not responsible for the cost of facilities that are, without considering the impact of its Project, required to maintain the reliability of the New York State Transmission System. Transmission Owners are, in accordance with the ISO OATT and FERC precedent, responsible for the cost of the facilities that are, without considering the impact of the Developer’s Project, required to maintain the reliability of the New York State Transmission System.

### **25.1.2 Definitions**

Unless defined here in Section 25.1.2 of this Attachment S, the definition of each defined term used in this Attachment S shall be the same as the definition for that term set forth in

Section 1 of the ISO Open Access Transmission Tariff (“OATT”), Section 30.1 of Attachment X to the ISO OATT, Attachment Z to the ISO OATT, or Section 2 of the ISO Services Tariff.

**Acceptance Notice:** The notice by which a Developer communicates to the ISO its decision to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Additional SDU Study:** A study that a Developer may elect to pursue if the Class Year Deliverability Study identifies the need for a new System Deliverability Upgrade (*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) that requires additional study.

**Affected System:** An electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator:** The entity that operates an Affected System.

**Affected Transmission Owner:** The New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment S or Attachment Z to the OATT.

**Annual Transmission Baseline Assessment (“ATBA”):** An assessment conducted by the ISO staff in cooperation with Market Participants, to identify the System Upgrade Facilities that Transmission Owners are expected to need during the time period covered by the Assessment to comply with Applicable Reliability Requirements, and reliably meet the load growth and changes in load pattern projected for the New York Control Area.

**Annual Transmission Reliability Assessment (“ATRA”):** An assessment, conducted by the ISO staff in cooperation with Market Participants, to determine the System Upgrade Facilities required for each Project included in this Assessment to interconnect to the New York State Transmission System in compliance with Applicable Reliability Requirements and the NYISO Minimum Interconnection Standard.

**Applicable Reliability Requirements:** The NYSRC Reliability Rules and other criteria, standards and procedures, as described in Section 25.6.1.1.1.1 of this Attachment S, applied when conducting the Annual Transmission Baseline Assessment and the Annual Transmission Reliability Assessment to determine the System Upgrade Facilities needed to maintain the reliability of the New York State Transmission System. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Article VII Certificate:** The certificate of environmental compatibility and public need required under Article VII of the New York State Public Service Law for the siting and construction of any new transmission facility of a size and type specified in the statute.

**Article 10 Certificate:** The certificate of environmental compatibility and public need required under Article 10 of the New York State Public Service Law for the siting and construction of electric generating facilities with greater than 25 megawatts of capacity.

**Attachment Facilities:** The Connecting Transmission Owner's Attachment Facilities and the Developer's Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Large Generating Facility or Class Year Transmission Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Large Facility to the New York State Transmission System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades.

**Byway:** All transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

**Capacity Region:** One of four subsets of the Installed Capacity statewide markets comprised of: (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.*, Zone K), except for Class Year Interconnection Facility Studies conducted prior to Class Year 2012, for which "Capacity Region" shall be defined as set forth in Section 25.7.3 of this Attachment S.

**Capacity Resource Interconnection Service ("CRIS"):** The service provided by the ISO to Developers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with this Attachment S; such service being one of the eligibility requirements for participation as an ISO Installed Capacity Supplier.

**Class Year:** The group of Projects included in any particular Class Year Interconnection Facilities Study (Annual Transmission Reliability Assessment and Class Year Deliverability Study), in accordance with the criteria specified in this Attachment S and in Attachment Z for including such Projects.

**Class Year CRIS Project:** A Class Year Project with an executed Class Year Interconnection Facilities Study Agreement entering a Class Year Study for a CRIS evaluation, that thereby becomes one of the group of Class Year Projects included in the Class Year Deliverability Study. A Class Year CRIS Project may be a "CRIS-only" Project that is entering a Class Year Study only for a CRIS evaluation, or it may be a Project seeking both ERIS and CRIS.

**Class Year Deliverability Study:** An assessment, conducted by the ISO staff in cooperation with Market Participants, to determine whether System Deliverability Upgrades are required for Class Year CRIS Projects under the NYISO Deliverability Interconnection Standard.



**Class Year Interconnection Facilities Study (“Class Year Study”)** shall mean a study conducted by the ISO or a third party consultant for the Developer to determine a list of facilities (including Connecting Transmission Owner’s Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility or Class Year Transmission Project with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT.

**Class Year Interconnection Facilities Study Agreement (“Class Year Study Agreement”)** shall mean the form of agreement contained in Appendix 2 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT for conducting the Class Year Interconnection Facilities Study.

**Class Year Project:** An Eligible Class Year Project with an executed Class Year Interconnection Facilities Study Agreement that thereby becomes one of the group of Projects included in any particular Class Year Interconnection Facilities Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in this Attachment S and in Attachment Z for including such Projects.

**Class Year Start Date:** The deadline for Eligible Class Year Projects to enter a Class Year Interconnection Facilities Study, determined in accordance with Section 25.5.9 of this Attachment S.

**Class Year Transmission Project** 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 (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. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Connecting Transmission Owner:** 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, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Large Generator Interconnection Agreement.

**Contingent Facilities** shall mean those Attachment Facilities and System Upgrade Facilities and/or System Deliverability Upgrades associated with Class Year Projects upon which the

Large Facility's Class Year Project Cost Allocations are dependent, and if delayed or not built, could impact the actual costs and timing of the Large Facility's Project Cost Allocation for System Upgrade Facilities or System Deliverability Upgrades.

**Contribution Percentage:** The ratio of a Project's measured impact or pro rata contribution to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment, to the sum of the measured impacts or pro rata contributions of all the Projects in the same Class Year that have at least a *de minimus* impact or contribution to the System Upgrade Facility.

**Developer:** For purposes of this Attachment S, references to Developer(s) include any of the following: (i) Developer(s) of Large Facilities, (ii) Interconnection Customers of Small Generating Facilities subject to the Rules in this Attachment S pursuant to Section 32.1.1.7 and/or Section 32.3.5.3.2 of Attachment Z to the OATT; and (iii) developers of existing facilities (*i.e.*, facilities that have completed the applicable interconnection studies and have an effective interconnection agreement) seeking to obtain or increase CRIS as permitted by this Attachment S.

**Distribution System:** The Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the ISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades:** The modifications or additions to the existing Distribution System at or beyond the Point of Interconnection that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard. Distribution Upgrades do not include Interconnection Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Eligible Class Year Project:** Any Developer or Interconnection Customer that (i) satisfies the criteria for inclusion in the next Class Year Interconnection Facilities Study, as those criteria are specified in Sections 25.5.9 and 25.6.2.3.1 of this Attachment S, Section 32.1.1.7 of Attachment Z to the OATT and/or Section 32.3.5.3.2 of Attachment Z to the OATT; or (ii) that seeks evaluation in a Class Year Study to obtain or increase CRIS as permitted by this Attachment S and satisfies the criteria for inclusion in the next Class Year Interconnection Facilities Study specified in Section 25.5.9 of this Attachment S.

**Energy Resource Interconnection Service ("ERIS"):** The service provided by the ISO to interconnect the Developer's Large Generating Facility, Class Year Transmission Project or Small Generating Facility required to participate in a Class Year Interconnection Facilities Study under Section 32.3.5.3 of Attachment Z to the New York State Transmission System or to the Distribution System, in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Large Generating Facility, Class Year Transmission Project or Small Generating Facility required to participate in a Class Year Interconnection Facilities Study under Section 32.3.5.3 of Attachment Z, pursuant to the terms of the ISO OATT.

**Existing System Representation:** The representation of the New York State Power System developed as specified in Section 25.5.5 of this Attachment S.

**Expedited Deliverability Study:** A study conducted by the ISO or a third party consultant to determine the extent to which an existing or proposed facility satisfies the NYISO Deliverability Interconnection Standard at its requested CRIS level without the need for System Deliverability Upgrades. The schedule and scope of the study is defined in Sections 25.5.9.2.1 and 25.7.1.2 of this Attachment S.

**External CRIS Rights:** A determination of deliverability within the Rest of State Capacity Region (*i.e.*, Load Zones A – F), awarded by the ISO for a term of five (5) years or longer, to a specified number of Megawatts of External Installed Capacity that satisfy the requirements set forth in Section 25.7.11 of this Attachment S to the ISO OATT, and that can be certified in a Bilateral Transaction used for the NYCA and not a Locality, or sold into the NYCA for an Installed Capacity auction and not in an Installed Capacity auction for a Locality.

**External-to-ROS Deliverability Rights:** The meaning set forth in Section 2.5 of the Services Tariff.

**Final Decision Round:** The round of ISO-communicated cost estimates and Developer responses for a Class Year Interconnection Facilities Study, in which all remaining eligible Developers issue an Acceptance Notice and post Security.

**Financial Settlement:** The Settlement Agreement approved by FERC in Docket Nos. EL02-125-000 and EL02-125-001 addressing the financial issues raised in those proceedings.

**Headroom:** The functional or electrical capacity of the System Upgrade Facility or the electrical capacity of the System Deliverability Upgrade that is in excess of the functional or electrical capacity actually used by the Developer's Project.

**Highway:** 115 kV and higher transmission facilities that comprise the following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central East/Total East, and UPNY-ConEd, and their immediately connected, in series, Bulk Power System facilities in New York State. Each interface shall be evaluated to determine additional "in series" facilities, defined as any transmission facility higher than 115 kV that (a) is located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation in zones or systems adjacent to the upstream zone or zones which define the interface is shifted to the aggregate of generation in zones or systems adjacent to the downstream zone or zones which define the interface. In determining "in series" facilities for Dysinger East and West Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in ISO Procedures.

**Initial Decision Period:** The 30 calendar day period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the first Project Cost Allocation issued by the ISO to the Developer.

**Interconnection System Reliability Impact Study (“SRIS”):** An engineering study that evaluates the impact of the proposed Large Generation Facility or Class Year Transmission Project on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Attachment Facilities, Distribution Upgrades and System Upgrade Facilities are needed for the proposed Large Generation Facility or Class Year Transmission Project of the Developer to connect reliably to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard for ERIS. The scope of the SRIS is defined in Section 7.3 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT.

**Large Facility:** A Large Generating Facility or a Class Year Transmission Project.

**NERC Planning Standards:** The transmission system planning standards of the North American Electric Reliability Council.

**Non-Acceptance Notice:** The notice by which a Developer communicates to the ISO its decision not to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Non-Financial Settlement:** The Settlement Agreement approved by FERC in Docket Nos. EL02-125-000 and EL01-125-001 addressing non-financial issues for future cost allocations.

**NPCC Basic Design and Operating Criteria:** The transmission system design and operating criteria of the Northeast Power Coordinating Council.

**NYISO Deliverability Interconnection Standard:** The standard that must be met, unless otherwise provided for by this Attachment S, by (i) any generation facility larger than 2 MW in order for that facility to obtain CRIS (ii) any Class Year Transmission Project; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of this Attachment S. To meet the NYISO Deliverability Interconnection Standard, the Developer must, in accordance with these rules, fund or commit to fund any System Deliverability Upgrades identified for its Project in the Class Year Deliverability Study.

**NYISO Load and Capacity Data Report:** The annual ISO survey of power demand and supply in New York State, published pursuant to Section 6-106 of the Energy Law of New York State.

**NYISO Minimum Interconnection Standard:** The reliability standard described in Section 25.2 of this Attachment S that must be met by any Project that is subject to ISO’s Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the ISO’s Small Generator Interconnection Procedures in Attachment Z to the ISO OATT, that is proposing to connect to the New York State Transmission System or to the Distribution System to obtain ERIS. The Standard is designed to ensure reliable access by the proposed Project to the New York State Transmission System or to the Distribution System, as applicable. The Standard does not impose any deliverability test or deliverability requirement on the proposed Project.

**NYSRC Reliability Rules:** The reliability rules of the New York State Reliability Council.

**Open Class Year:** Class Year open for new members pursuant to the Class Year Start Date deadline specified in Section 25.5.9 of this Attachment S.

**Other Interfaces:** The following Interfaces into Capacity Regions: Lower Hudson Valley [*i.e.*, Rest of State (Load Zones A-F) to Lower Hudson Valley (Load Zones G, H and I)]; New York City [*i.e.*, Lower Hudson Valley (Load Zones G, H and I) to New York City (Load Zone J)]; and Long Island [*i.e.*, Lower Hudson Valley (Load Zones G, H and I) to Long Island (Load Zone K)], and the following Interfaces between the NYCA and adjacent Control Areas: PJM to NYISO, ISO-NE to NYISO, Hydro-Quebec to NYISO, and Norwalk Harbor (Connecticut) to Northport (Long Island) Cable.

**Overage Cost:** The dollar amount by which the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment exceeds the total cost of System Upgrade Facilities considered in the Annual Transmission Baseline Assessment for the same Class Year.

**Overage Cost Percentage:** The ratio of the Overage Cost to the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment.

**Project:** The proposed facility as described in a single Interconnection Request, to the extent permitted by Attachment X or Attachment Z to the ISO OATT, as applicable. For facilities not subject to the ISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT, the Project refers to the facility as described in a single Class Year Study Agreement or Expedited Deliverability Studies Agreement, to the extent permitted by Attachment S to the ISO OATT.

**Project Cost Allocation:** The dollar figure estimate for a Developer's share of the cost of the System Upgrade Facilities required for the reliable interconnection of its Project to the New York State Transmission System or to the Distribution System and/or the share of the cost of the System Deliverability Upgrades required for the Developer's Project to meet the NYISO Deliverability Interconnection Standard.

**Revised Project Cost Allocation:** The revised dollar figure cost estimate and related information provided by the ISO to a Developer following receipt by the ISO of a Non-Acceptance Notice, or upon the occurrence of a Security Posting Default by another member of the respective Class Year.

**Security:** Under the interconnection facilities cost allocation rules set out in this Attachment S, a Developer must signify its willingness to pay the Connecting Transmission Owner and Affected Transmission Owner(s) for the Developer's share of the required System Upgrade Facilities and System Deliverability Upgrades by posting Security for the full amount of the Developer's share within a specified time frame. The Security can be 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 Affected Transmission Owner(s), meeting the requirements of this Attachment S, and meeting the commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s).

**Security Posting Default:** A failure by one or more Developers to post Security as required by this Attachment S.

**Subsequent Decision Period:** A seven calendar day period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the Revised Project Cost Allocation issued by the ISO to the Developer.

**System Deliverability Upgrades:** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

**System Upgrade Facilities:** 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth, and changes in load pattern, to be addressed in accordance with Section 25.4.1 of this Attachment S; and (ii) proposed interconnections. In the case of proposed interconnections, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

## **25.2 Minimum Interconnection Standard**

### **25.2.1 Scope and Purpose of Standard**

Each Large Facility and each Small Generating Facility subject to this Attachment S pursuant to Section 32.3.5.3.2 of Attachment Z must be evaluated under the NYISO Minimum Interconnection Standard in a Class Year Study. A Transmission Owner that has constructed a reliability-based transmission or distribution system upgrade, or an upgrade pursuant to an order issued by a regulatory body requiring such construction, will not be deemed to be a Developer under these rules because of the construction of that upgrade.

25.2.1.1 The NYISO Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System and to the Distribution System. The NYISO Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed project. Application of these rules, including the Annual Transmission Baseline Assessment and the Annual Transmission Reliability Assessment, to allocate responsibility for the cost of new transmission facilities to permit interconnection is not intended to affect the NYISO Minimum Interconnection Standard.

25.2.1.1.1 Consequently, the Minimum Interconnection Standard is not intended to address in any way the allocation of responsibility for the cost of upgrades and other new facilities associated with transmission service and the delivery of power across the Transmission System, the reduction of Congestion, economic transmission system upgrades, or the mitigation of Transmission System overloads associated with the delivery of power.

25.2.1.1.2 It is not anticipated that the installation of any interconnection facilities covered by the Minimum Interconnection Standard will improve the deliverability of power, reduce Congestion, or mitigate overloads associated with the delivery of power. If the installation of any facilities by a Developer does improve deliverability, reduce Congestion and create Incremental Transmission Congestion Contracts, or mitigate overloads, then that situation will be handled in accordance with the relevant provisions of the ISO OATT, including Sections 3.7 and 4.5, and applicable FERC precedent.



## **25.3 Deliverability Interconnection Standard**

### **25.3.1 Scope and Purpose of Standard**

Each proposed or existing facility larger than 2 MW, and each facility with CRIS that requests an increase to its CRIS, must meet the NYISO Deliverability Interconnection Standard before it can receive CRIS or Unforced Capacity Deliverability Rights, unless otherwise provided for in this Attachment S. For purposes of this Section 25.3.1, a facility comprised of multiple Generators is a single “facility.”

Pursuant to Section 32.1.1.7 of Attachment Z to the OATT, a Small Generating Facility 2 MW or smaller may obtain CRIS without being evaluated for deliverability under the NYISO Deliverability Interconnection Standard. The requirement that a facility not subject to the ISO’s Large Facility Interconnection Procedures or Small Generator Interconnection Procedures must meet the NYISO Deliverability Interconnection Standard to become a qualified Installed Capacity Supplier first applies on May 19, 2016, subject to the transition rule specified in Section 25.9.3.4.1 of this Attachment S.

Any facility with an established CRIS value may, at a later date, without submitting a new Interconnection Request, ask the ISO to reevaluate the facility for a higher level of MW of Installed Capacity, not to exceed the permissible levels of CRIS that may be requested pursuant to Section 25.8.1 of this Attachment S, by entering a Class Year Study or Expedited Deliverability Study to identify requested increase in CRIS MW is deliverable. Any facility with an established CRIS value may, without such evaluation and without submitting a new Interconnection Request, increase its existing CRIS value by a total of no more than 2 MW of Installed Capacity during the operating life of the facility; provided however, for Projects comprised of multiple Generators, this CRIS increase up to 2 MW is permitted only at the

facility (*i.e.*, Project) level, not at the individual Generator level. A facility that receives this up to 2 MW CRIS increase, to the extent it later combines with another facility or Project to become a multi-Generator co-located resource (*e.g.*, a Co-located Storage Resource or Distributed Energy Resource), is not eligible for any additional CRIS increase above 2 MW, including the MW of CRIS increase already received pursuant to this Section 25.3.1, without proceeding through a deliverability evaluation in a Class Year Study or Expedited Deliverability Study.

Pursuant to Section 30.3.2.6 of Attachment X to the ISO OATT, an “established CRIS value” for facilities subject to a CRIS set and reset period pursuant to Sections 25.9.3.3, 25.9.3.1.4.1, 25.9.3.1.4.2, or 25.9.3.5 of this Attachment S is the final CRIS value established after the termination of the CRIS set and reset period.

As defined in Section 25.1 of this Attachment S, the term “Large Facility” includes a Class Year Transmission Project. A Class Year Transmission Project, as such term is defined in Section 25.1 of this Attachment S, includes any 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 (1) the Developer is eligible to request and does request CRIS—in the form of Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, as applicable, subject to the eligibility requirements set forth in the ISO Procedures; or (2) the Developer requests only ERIS and the transmission facility for which it requests ERIS 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. Class Year Transmission Projects shall not include Attachment

## Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

25.3.1.1 The NYISO Deliverability Interconnection Standard is designed to ensure that the Project is deliverable throughout the New York Capacity Region(s) where the Project will interconnect or is interconnected. The NYISO Deliverability Interconnection Standard is also designed to ensure that the Developer of the Project restores the transfer capability of any Other Interfaces degraded by its interconnection.

25.3.1.2. Each Project electing CRIS will be allowed to become an Installed Capacity Supplier, or will be allowed to receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, in accordance with the rules of the New York Installed Capacity market, up to the amount of its deliverable capacity, as that amount is determined in accordance with the rules in this Attachment S, once the Developer of the Project has funded or committed to fund any required System Deliverability Upgrades in accordance with the rules in this Attachment S.

## **25.4 Interconnection Facilities Covered by Attachment S**

### **25.4.1 Interconnection Standards**

The interconnection facilities covered by these cost allocation rules are (i) those required for the proposed project to reliably interconnect to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard for ERIS, and (ii) those required for the project to meet the NYISO Deliverability Interconnection Standard for CRIS.

### **25.4.2 Interconnection Facilities**

The interconnection facilities covered by these cost allocation rules are comprised of the following types of facilities: Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades.

## **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 commencing subsequent to Class Year 2017 and before March 20, 2024: (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.



For Class Years commencing on or after March 20, 2024: (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, as applicable, that have accepted their cost allocation in a prior Class Year cost allocation process or in accordance with Section 32.3.5.7 of Attachment Z; 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 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; (iv) 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; (v) 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, (2) have a completed System Impact Study, and (3) are making reasonable progress under the applicable OATT Attachments Y or FF planning process; (vi) 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 (if applicable); (vii) 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 (viii) 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.



## **25.6 Class Year Study Cost Allocation Methodology For ERIS**

### **25.6.1 Cost Allocation Between Developers and Connecting Transmission Owners (ATBA)**

The cost of System Upgrade Facilities is first allocated between Developers and Connecting Transmission Owners, in accordance with the rules that are discussed below in this Section 25.6.1.

25.6.1.1 The cost of System Upgrade Facilities is allocated between Developers and Connecting Transmission Owners based upon the results of an Annual Transmission Baseline Assessment of the five-year need for System Upgrade Facilities. The Annual Transmission Baseline Assessment, as described in these rules, will be conducted by the ISO staff in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Annual Transmission Baseline Assessment. The ISO and its staff will have decisional control over the entire Annual Transmission Baseline Assessment. 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 Annual Transmission Baseline Assessment, then the ISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Baseline Assessment, the ISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Annual Transmission Baseline Assessment will be reviewed and approved by the Operating Committee. Each

Annual Transmission Baseline Assessment is reviewable by the ISO Board of Directors in accordance with provisions of the Commission-approved ISO Agreement.

25.6.1.1.1 The purpose of the Annual Transmission Baseline Assessment is to identify the System Upgrade Facilities that Transmission Owners are expected to need during the five-year period covered by the Assessment to reliably meet the load growth and changes in the load pattern projected for the New York Control Area, with cost estimates for the System Upgrade Facilities.

**25.6.1.1.1.1 Procedure for Annual Transmission Baseline Assessment**

The procedure used to identify the System Upgrade Facilities that will ensure that New York State Transmission System facilities are sufficient to reliably serve existing load and meet load growth and changes in load patterns in compliance with NYSRC Reliability Rules, NPCC Basic Design and Operating Criteria, NERC Planning Standards, ISO rules, practices and procedures, and the Connecting Transmission Owner criteria included in FERC Form No. 715 (collectively “Applicable Reliability Requirements”). In order for the ISO to recognize any revisions to Connecting Transmission Owner criteria as Applicable Reliability Requirements under this Attachment S or Applicable Reliability Standards under Attachments X and Z, the Connecting Transmission Owner shall present proposed revisions to such criteria to the Operating Committee or one of its subcommittees. To the extent such revised criteria are not inconsistent with Order No. 2003 or the ISO’s interconnection procedures set forth in Attachments S, X and Z to the OATT, the ISO will accept such revised criteria. The procedure will use the Applicable Reliability Requirements in effect when the Annual Transmission Baseline Assessment is commenced. The procedure will be:

25.6.1.1.1.1.1 The ISO staff will first develop the Existing System Representation.

25.6.1.1.1.1.2 The ISO staff will then utilize the Existing System Representation to develop existing system improvement plans with each Transmission Owner. These improvement plans will use ISO data from the annual NYISO Load and Capacity Data Report to project system load growth and changes in load patterns, including those that reflect demand side management, and will identify the System Upgrade Facilities needed year-by-year for the existing system to reliably serve projected load in the Transmission Owner's Transmission District for a five-year period. The ISO staff will integrate these existing system improvement plans into the Annual Transmission Baseline Assessment to ensure that the System Upgrade Facilities needed for a five-year period are identified on a New York State Transmission System-wide basis. The Annual Transmission Baseline Assessment will identify each anticipated System Upgrade Facility project, its estimated cost, its anticipated in-service date, and the status of the project (in construction, budget approval received, budget approval pending).

25.6.1.1.1.1.3 The ISO will identify in the Annual Transmission Baseline Assessment the System Upgrade Facilities needed to reliably meet projected load growth and changes in load pattern without the interconnection of any proposed Developer Projects, except for those proposed Projects included in the Existing System Representation pursuant to Section 25.5.5.

25.6.1.1.1.1.4 ISO staff will perform thermal, voltage, and stability analyses, as appropriate, to determine the normal and emergency transfer capabilities of the

statewide existing system. To the extent local thermal, voltage, and stability analyses were performed during a Large Facility's SRIS, such analyses will be relied upon in the Class Year Study, including the identification of System Upgrade Facilities required to mitigate adverse impacts under the NYISO Minimum Interconnection Standard. Estimates for the cost and timing to construct System Upgrade Facilities identified in the SRIS to mitigate local thermal, voltage or stability issues will be refined in the Class Year Study.

25.6.1.1.1.1.5 ISO staff will rely on the most recent resource reliability analysis of the existing system. If no Reliability Needs are required under the study assumptions used in the most recent resource reliability analysis, the existing system will be deemed to meet Applicable Reliability Requirements for purposes of the Class Year Study.

25.6.1.1.1.1.6 If the transmission and generation facilities included in the Existing System Representation, combined with previously approved and accepted System Upgrade Facilities, are insufficient to meet Applicable Reliability Requirements on a year by year basis, then the ISO staff will develop feasible generic solutions that satisfy the Applicable Reliability Requirements, in accordance with Section 25.6.1.2, below.

25.6.1.1.1.1.7 If the existing system meets Applicable Reliability Requirements, the ISO staff will perform short circuit analysis to determine whether there is sufficient interrupting capability in the existing system. If there are any breaker overloads, the ISO staff will determine the System Upgrade Facilities needed to mitigate the short circuit overloads.

25.6.1.1.1.1.8 A reassessment of Sections 25.6.1.1.1.1.4 through 25.6.1.1.1.1.6

shall be reassessed and, to the extent required by Good Utility Practice, repeated if the improvement plan impacts the transmission transfer capability of the system. The results of the short circuit analysis will be treated in the same manner as the results of thermal, voltage and stability analyses for all purposes under these cost allocation rules.

25.6.1.1.1.1.9 Each Annual Transmission Baseline Assessment conducted by ISO

staff will be reviewed and approved by the Operating Committee, and its effectiveness will be subject to the approval of the Operating Committee. In its report to the Operating Committee, the ISO shall explain its reasons for all of its recommendations.

25.6.1.1.1.1.10 Each most recently completed Annual Transmission Baseline

Assessment will be reviewed the following year by the ISO staff and updated, as necessary, following the criteria and procedures described herein.

25.6.1.2 In developing solutions as required by Section 25.6.1.2.6, the ISO will, as it develops its own generic solutions, also utilize the following procedures.

25.6.1.2.1 The ISO will first select as generic solutions proposed Class Year

Developer Projects sufficient to meet Applicable Reliability Requirements on a year by year basis. If a proposed Class Year Developer project is larger than necessary, the ISO shall select that portion or segment of the project that is sufficient to meet but not exceed Applicable Reliability Requirements. If the proposed Developer project is not capable of being segmented or if the Developer

project cannot meet Applicable Reliability Requirements on a year by year basis, the ISO shall not select it.

25.6.1.2.2 If the generation and transmission facilities included in the Existing System Representation, together with any proposed Developer Projects that qualify as solutions pursuant to Section 25.6.1.2.1, above, are not sufficient to meet Applicable Reliability Requirements, the ISO shall complete the development of its own generic solutions, taking into account any generic solutions proposed pursuant to Section 25.6.1.2.3, below, for inclusion in the ATBA.

25.6.1.2.3 Market Participants may also propose generic solutions for inclusion in the ATBA. The Market Participant proposing such solutions shall provide the ISO with all data necessary for the ISO to determine the feasibility of such proposed generic solutions.

25.6.1.2.4 The ISO shall develop and consider alternative sets of proposed generic solutions that fairly represent the range of feasible solutions to Applicable Reliability Requirements.

25.6.1.2.5 The ISO shall determine the feasibility of additional generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, according to the following criteria:

25.6.1.2.5.1 The ISO shall select only solutions that are based on proven technologies that have actually been licensed and financed, are under construction or have already been built in similar locations.

25.6.1.2.5.2 The ISO shall select as additional generic solutions only facilities that can reasonably be placed in service in time to meet Applicable Reliability Requirements on a year by year basis. In making this determination, the ISO shall consider the size and type of facility, access to fuel, access to transmission facilities, transmission upgrade requirements, construction time, and Good Utility Practice.

25.6.1.2.6 The ISO will submit its proposed generic solutions and the alternatives that it considered to Market Participants and to an independent expert for review and will make the results of the expert's review available to Market Participants. The independent expert shall review the feasibility of the proposed generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, and of generic solutions based on the segmentation of any Class Year developer Projects under Section 25.6.1.2.1, according to the criteria set forth in Section 25.6.1.2.5.

25.6.1.2.6.1 If the independent expert concludes that one or more generic is not feasible, the ISO shall eliminate that solution from further review.

25.6.1.2.6.2 If the ISO does not adopt the expert's recommendations, it will state in its report to the Operating Committee its reasons for not adopting those recommendations.

25.6.1.2.7 Subject to Section 25.6.1.2.7, below, in the event that more than one generic solution or set of solutions satisfies the feasibility requirement of Section 25.6.1.2.7, the ISO shall compare the System Upgrade Facilities that would be necessary to interconnect each such generic solution and shall adopt the solution

that is most consistent with Good Utility Practice. For these purposes, in comparing alternative solutions, a generic solution that satisfies sub-load pocket deficiencies shall normally be selected first.

25.6.1.2.7.1 The ISO shall be responsible for determining whether any generic solution or proposed Developer Project meets Applicable Reliability Requirements.

25.6.1.3 With the exception of those upgrades that were previously allocated to, and accepted by Developer Projects as a part of the Annual Transmission Reliability Assessment in the Final Decision Round of previous Class Years, Developers are not responsible for the cost of any System Upgrade Facilities that are identified in the Annual Transmission Baseline Assessment, or any System Upgrade Facilities that resolve in whole or in part a deficiency in the system identified in the Annual Transmission Baseline Assessment.

25.6.1.4 Developers are responsible for 100% of the cost of the System Upgrade Facilities, not already identified in the Annual Transmission Baseline Assessment that are needed as a result of their Projects, and required for their Projects to reliably interconnect to the transmission system in a manner that meets the NYISO Minimum Interconnection Standard. The System Upgrade Facilities necessary to accommodate Developer Projects will be determined by the Interconnection Facilities Studies and the Annual Transmission Reliability Assessment. The criteria and procedures that will be followed to conduct the Annual Transmission Reliability Assessment are discussed below.

25.6.1.4.1 If a Connecting Transmission Owner or Developer elects to construct System Upgrade Facilities that are larger or more extensive than the minimum



facilities required to reliably interconnect the proposed project, and are reasonably related to the interconnection of the proposed project, then the Connecting Transmission Owner or Developer is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Developer Projects. If there is Headroom associated with these larger System Upgrade Facilities and a Developer of any subsequent project interconnects and uses the Headroom within ten years of its creation, such subsequent Developer shall pay the Connecting Transmission Owner or the Developer for this Headroom in accordance with these rules, including Section 25.8.7, below.

25.6.1.5 The System Upgrade Facilities cost for which a Developer is responsible will be determined on a “net” basis; that is, the Developer’s System Upgrade Facilities cost will be determined net of the benefits, or System Upgrade Facility cost reductions, that result from the construction and operation of its project and the related upgrades. The net cost responsibility of a Developer will not be less than zero. Also, the cost responsibility of the Connecting Transmission Owner for System Upgrade Facilities will be no greater than it would have been without the Developer’s project. Specifically, the Connecting Transmission Owner shall not be required to pay (in total) more than 100% of the cost of installing a specific piece of equipment.

25.6.1.5.1 The purpose of this approach is to allocate to the Developer the responsibility for the cost of the net impact of its project on the needs of the transmission system for System Upgrade Facilities. Thus, a Developer is

responsible for the cost of the System Upgrade Facilities that are required by, or caused by, its project. A Developer is not responsible for the cost of System Upgrade Facilities that would be required anyway, without the construction of its project. If a Developer's project reduces the cost of System Upgrade Facilities that would be required anyway, that beneficial cost reducing impact will be recognized.

25.6.1.5.2 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are determined by ISO staff comparing and netting the results of an Annual Transmission Baseline Assessment with the corresponding Annual Transmission Reliability Assessment in accordance with these rules.

25.6.1.5.3 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are comprised of those costs and cost reduction benefits caused by (1) the construction of System Upgrade Facilities not contained in the Annual Transmission Baseline Assessment, and (2) eliminating or reducing the need for the construction of System Upgrade Facilities contained in the Annual Transmission Baseline Assessment, due to the construction of System Upgrade Facilities associated with the proposed project.

25.6.1.5.4 The Developer's net cost responsibility will be determined using constant dollars. That is, when netting the cost of System Upgrade Facilities required for its project, as identified in the Annual Transmission Reliability Assessment, with those identified in the Annual Transmission Baseline Assessment, the cost of System Upgrade Facilities in the out-years of the Annual Transmission Baseline Assessment and the out-years of the Annual Transmission Reliability Assessment

will be discounted to a current year value for netting. The cost of out-year System Upgrade Facilities will be discounted to a current value using the weighted average cost of capital of the Connecting Transmission Owner.

#### **25.6.2 Cost Allocation Among Developers (ATRA)**

The Developers' share of the cost of System Upgrade Facilities is allocated among Developers based upon the ISO Annual Transmission Reliability Assessment. The Annual Transmission Reliability Assessment will be conducted by ISO staff to ensure New York State Transmission System compliance with Applicable Reliability Requirements. The ISO staff will conduct the Annual Transmission Reliability Assessment, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Annual Transmission Reliability Assessment. The ISO and its staff will have decisional control over the entire Annual Transmission Reliability Assessment. 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 Annual Transmission Reliability Assessment, then the ISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Reliability Assessment, the ISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Annual Transmission Reliability Assessment will be reviewed and approved by the Operating Committee. Each Annual Transmission Reliability Assessment is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

25.6.2.1 The Annual Transmission Reliability Assessment for each Class Year will identify the System Upgrade Facilities required for all Class Year Projects, with cost estimates for the System Upgrade Facilities. The System Upgrade Facilities identified through the Annual Transmission Reliability Assessment will only be those System Upgrade Facilities that are not already included in an Annual Transmission Baseline Assessment.

25.6.2.2 For each Annual Transmission Reliability Assessment, the ISO will utilize the Existing System Representation used for the corresponding Annual Transmission Baseline Assessment.

25.6.2.3 Each Annual Transmission Reliability Assessment will update the results of Interconnection System Reliability Impact Studies that have previously been performed for certain proposed Projects.

25.6.2.3.1 Subject to the additional requirements in Sections 25.6.2.3.2 - 25.6.2.3.4, below, a Large Facility is eligible to have its project included in a given Class Year Study (*i.e.*, become a Class Year Project), if on or before the Class Year Start Date (i) the Operating Committee has approved (1) an Interconnection System Reliability Impact Study for the project performed pursuant to Attachment X of the ISO OATT or (2) a System Impact Study for the project performed pursuant to Attachment P to the ISO OATT, and (ii) the regulatory milestone has been satisfied in accordance with Sections 25.6.2.3.1.1, 25.6.2.3.1.2, or 25.6.2.3.1.3; provided, however, in lieu of satisfying a regulatory milestone by the Class Year Start Date, the Large Facility can, on or before the date by which a Developer is required to return a completed Class Year Interconnection Facilities

Study Agreement pursuant to Section 30.8.1 of Attachment X to the OATT,

either:

(1) demonstrate that the Developer has obtained for the Project (a) a New York State Energy Research and Development Authority (“NYSERDA”) Renewable Portfolio Standard agreement, (b) a NYSERDA Renewable Energy Certificate agreement (c) a NYSERDA Market Acceleration Incentive agreement, or (d) a power purchase agreement for the full output of the Large Facility; or

(2) submit a two-part deposit consisting of \$100,000, and \$3,000/MW for the requested ERIS of the Large Facility, or the requested ERIS of one or more Generators in a multi-unit Large Facility, for which the Project has not (1) obtained a NYSERDA or power purchase agreements specified above; or (2) satisfied a regulatory milestone set forth in Section 25.6.2.3.1 (*e.g.*, for a Co-located Storage Resource for which the Developer has only satisfied the regulatory milestone for the Energy Storage Resource but not the Intermittent Power Resource, the Developer may submit \$100,000 and \$3,000/MW for the requested ERIS of the Intermittent Power Resource).

The \$100,000 portion of the deposit submitted pursuant to subsection (ii)(2) of this Section 25.6.2.3.1 will be fully refundable if, within twelve months after the Class Year Start Date or the Operating Committee’s approval of the Class Year Study, whichever occurs first, the Developer satisfies an applicable regulatory milestone and provides the ISO with adequate documentation that the Large Facility has satisfied an applicable regulatory milestone. The \$3,000/MW deposit will be fully refundable upon the earlier of (a) the Large Facility’s

satisfaction of an applicable regulatory milestone; (b) the Large Facility's withdrawal from the Class Year Study, to the extent permitted by this Attachment S and by Attachment X to the ISO OATT; (c) the Large Facility's rejection of its Project Cost Allocation for System Upgrade Facilities in a Class Year Study; (d) the Large Facility's withdrawal from the ISO's interconnection queue; or (e) the Large Facility's acceptance of its Project Cost Allocation and posting of Security for System Upgrade Facilities in a Class Year Study. Upon a Large Facility's withdrawal from the ISO's interconnection queue, the \$3,000/MW deposit will be fully refundable with interest actually earned. For Class Year 2019, the \$3,000/MW deposit will be fully refundable for Projects that satisfy (ii)(1) of this Section 25.6.2.3.1. on or before March 1, 2020. The requirements set forth in this Section 25.6.2.3.1 do not apply to Projects that elect to enter a Class Year Study solely for the purpose of requesting CRIS.

25.6.2.3.1.1 The Developer must obtain or achieve at least one of the regulatory determinations or actions for the Large Facility, including all Generators for a multi-unit Large Facility, described in this Section 25.6.2.3.1.1. To satisfy the regulatory milestone, an applicable regulatory body (*e.g.*, local, state, or federal) must determine that the permitting application submitted to site and construct the Large Facility is complete, as described below:

25.6.2.3.1.1.1 In connection with the Large Facility's air or water permit application, either (i) a notice of determination of completeness mailed to the applicant by the New York State Department of Environmental Conservation ("DEC") pursuant to 6 NYCRR § 621.6(c), as may be amended from time to time,

or public notice of a complete application in the Environmental Notice Bulletin,  
or (ii) in the absence of such notices, a demonstration that the permit application  
is deemed to be complete pursuant to 6 NYCRR § 621.6(h), as may be amended  
from time to time.

25.6.2.3.1.1.2 A negative declaration issued for the Large Facility pursuant to the  
New York State Environmental Quality Review Act (“SEQRA”) by (i) the lead  
agency if the review is conducted in a coordinated manner or (ii) one of the  
involved agencies if the review is conducted in an uncoordinated manner pursuant  
to the implementing regulations for SEQRA in [the](#) New York Codes, Rules and  
Regulations (“NYCRR”) at 6 [NYCRR Part 617.6](#)(b)(4), as amended from time to  
time.

25.6.2.3.1.1.3 Under SEQRA, either (i) a determination by the lead agency,  
documented in minutes or other official records, that the Draft Environmental  
Impact Statement for the Large Facility is adequate for public review, (ii) a notice  
of completion of a Draft Environmental Impact Statement for the project issued  
by the lead agency pursuant to SEQRA, or (iii) public notice of completion in the  
Environmental Notice Bulletin.

25.6.2.3.1.1.4 A determination pursuant to Article VII that the Article VII  
application filed for the Class Year Transmission Project or for a transmission  
portion of the Large Facility is in compliance with Public Service Law §122.

25.6.2.3.1.1.5 A Notice of Availability of a Draft Environmental Impact  
Statement for the Large Facility filed with the U.S. Environmental Protection

Agency pursuant to the National Environmental Policy Act of 1969 (“NEPA”) and its implementing regulations.

25.6.2.3.1.1.6 A final Finding of No Significant Impact for the project issued by the lead agency pursuant to NEPA and its implementing regulations.

25.6.2.3.1.1.7 For a Large Generator that is larger than 25 MW, a determination pursuant to Article 10 of the Public Service Law that the Article 10 application filed for the Large Generator is in compliance with Public Service Law § 164.

25.6.2.3.1.1.8 For a Large Generator, a determination pursuant to Section 94-C(5)(b) of the Executive Law that an application filed for a major renewable energy facility is deemed complete.

25.6.2.3.1.1.9 For a Large Generator that is an offshore wind facility on the outer continental shelf, a construction and operations plan deemed sufficient by the Bureau of Ocean Energy Management for which the Bureau of Ocean Energy Management has issued a Notice of Intent to prepare a Draft Environmental Impact Statement for the Large Facility in accordance with the U.S. Environmental Protection Agency pursuant to the National Environmental Policy Act of 1969 (“NEPA”) and its implementing regulations.

25.6.2.3.1.1.10 For a Large Facility with Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades that require an Article VII application, a determination pursuant to Article VII that the Article VII application is in compliance with Public Service Law §122.

25.6.2.3.1.2 A Large Facility located outside New York State will satisfy the regulatory milestone by achieving Section 25.6.2.3.1.1.5 or 25.6.2.3.1.1.6, above,



or by satisfying a milestone comparable to that specified in Section 25.6.2.3.1.1.1 through 25.6.2.3.1.1.4, above, under applicable permitting laws.

25.6.2.3.1.3 In the event that none of the permitting processes referred to in Section 25.6.2.3.1.1 and 25.6.2.3.1.2 apply to the Large Facility, the Large Facility will be considered to have satisfied the regulatory milestone and will qualify for Class Year entry as of the date the Operating Committee approved the Large Facility's Interconnection System Reliability Impact Study.

25.6.2.3.1.4 After a Large Facility's Interconnection System Reliability Impact Study is approved by the Operating Committee and until the ISO confirms that the Large Facility has satisfied the regulatory milestone, the Developer must inform the ISO upon request, whether or not the Large Facility has satisfied the regulatory milestone described above. A project Developer must inform the ISO within ten (10) Business Days of the ISO's request for such information.

25.6.2.3.2 A project must satisfy the applicable regulatory milestone in Section 25.6.2.3.1.1, above, within six (6) months after the date the ISO tenders to the project Developer the Standard Large Generator Interconnection Agreement for the project pursuant to Section 30.11.1 of Attachment X to the ISO OATT.

25.6.2.3.3 If a project fails to satisfy the regulatory milestone within the time period set forth in Section 25.6.2.3.2 of this Attachment S, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4 Once a project has an Operating Committee-approved SRIS or the ISO has determined the project is required to enter a Class Year Study pursuant to

Attachment Z, then the project may enter up to two, but no more than two, of the next three consecutive Class Year Studies. The first Class Year with a Class Year Start Date after the date the Operating Committee approves a project's Interconnection System Reliability Impact Study will count as the first of the three consecutive Class Year Studies. For purposes of this Section 25.6.2.3.4, a Class Year that a project enters and from which it later withdraws for ERIS evaluation pursuant to Section 25.7.7.1 or 25.6.2.3.3 of this Attachment S or Section 30.8.1.2 of Attachment X, counts as one of the two Class Years a project may enter.

25.6.2.3.4.1 Except as provided in Section 25.6.2.3.4.3, the project must accept its System Upgrade Facilities cost allocation and post required security for Energy Resource Interconnection Service from a Class Year ATRA that is no later than the first to occur of either (i) the second Class Year ATRA the project enters, or (ii) the third consecutive Class Year that starts after the project satisfies the eligibility criteria for inclusion in the Class Year ATRA. If the project fails to accept its System Upgrade Facilities cost allocation and post security by this deadline, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4.2 Except as provided in Section 25.6.2.3.4.3, below, if a project has not accepted its System Upgrade Facilities cost allocation and posted required security for Energy Resource Interconnection Service from either the first or second Class Year that starts after the project satisfies the eligibility criteria for

inclusion in the Class Year ATRA and has not entered both the first and second such Class Year ATRA, then the project must enter the third Class Year ATRA (by satisfying the Class Year entry requirements set forth in Section 25.5.9 of this Attachment S and Section 30.8.1 of Attachment X). If the developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures contained in Attachment X.

25.6.2.3.4.3 A project that was a member of a completed Class Year but did not accept its System Upgrade Facilities cost allocation and post any required security as of January 17, 2010 will be able to enter any one of the three consecutive Class Year ATRAs starting after that date. If the project enters one of these Class Year ATRAs and fails to accept its System Upgrade Facilities cost allocation and post required security, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures. If the project has not entered either the first or second such Class Year, then the project must enter the third Class Year ATRA (by satisfying the Class Year entry requirements set forth in Section 25.5.9 of this Attachment S and Section 30.8.1 of Attachment X). If the Developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures.

25.6.2.4 The Annual Transmission Reliability Assessment will update Interconnection System Reliability Impact Study results in accordance with the Class Year Interconnection Facilities Study procedures in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT.

25.6.2.5 For Projects included in each Annual Transmission Reliability Assessment, the Interconnection System Reliability Impact Study updated results will specify the impact of each project in the Class Year on the reliability of the transmission system, that is, the pro rata contribution of each project in the Class Year to each individual System Upgrade Facilities identified in the updates.

25.6.2.5.1 In the case of a new System Upgrade Facility that has a functional capacity not readily measured in amperes or other discrete electrical units, such as a System Upgrade Facility dedicated to system protection, the pro rata impact of each project in the Class Year on the reliability of the transmission system will be based upon the number of Projects in the Class Year contributing to the need for the new System Upgrade Facility. The pro rata impact of each project in the Class Year needing such a new System Upgrade Facility will be equal. Accordingly, the pro rata contribution of each of the Projects to the need for the new System Upgrade Facility will be equal to  $(1/a)$ , where “a” is the total number of Projects in the Class Year needing the new System Upgrade Facility.

25.6.2.5.2 In the case of a new System Upgrade Facility that has a capacity readily measured in amperes or other discrete electrical units, the impact of each project in the Class Year will be stated in terms of its pro rata contribution to the total electrical impact on each individual System Upgrade Facility in the Class Year of

all Projects that have at least a *de minimus* impact, as described in Section

25.6.2.6.1 of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the transmission problem primarily causing the need for the individual System Upgrade Facility.

25.6.2.5.2.1 Contribution to short circuit current for interrupting duty beyond the rating of equipment.

25.6.2.5.2.2 Contribution to MW loading on the critical element for thermal overloads under the test conditions that cause the need for a System Upgrade Facility. MW contribution will be calculated by multiplying the associated distribution factor by the declared maximum MW of the project. The distribution factor is calculated by pro rata displacement of New York System load by the added generation.

25.6.2.5.2.3 Contribution to voltage drop on the most critical bus for voltage problems. A critical bus will be defined as representative for voltage conditions during a specific contingency. The pro rata impact of each project is measured as the ratio of the voltage drop at the critical bus caused by the project when none of the other Projects are represented, to the voltage drop at the critical bus when all of the Projects in the Class Year are represented.

25.6.2.5.2.4 Contribution to transient stability problems as measured by the fault current calculated for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.6 For each individual electrical impact standard listed in subsections 6.(a)(1) through 6.(a)(4) below, a Developer will not be responsible for the cost associated with a corresponding System Upgrade Facility if its project's contribution is less

than the *de minimus* impacts defined below. The costs of Projects that would otherwise have been allocated to certain Developer's Projects but for the sub-*de minimus* impact exemption, shall be allocated 100 percent to the other Developers in the Class Year according to their pro rata contribution.

25.6.2.6.1 *De minimus* impact is defined in terms of any one of the factors listed below in this subsection. Examples of computations used to determine *de minimus* impact are shown in ISO Procedures.

25.6.2.6.1.1 **Short Circuit Contribution:** Equal to or greater than 100 amperes of the existing rating of the equipment that needs to be replaced.

25.6.2.6.1.2 **Thermal Loadings:** Equal to or greater than 10 MW on the most limiting monitored element under the most critical contingency that is causing the need for transmission improvements.

25.6.2.6.1.3 **Voltage Effects:** Equal to or greater than 2% of the voltage drop occurring with all Class Year Projects at the most critical bus.

25.6.2.6.1.4 **Stability Effects:** Equal to or greater than 100 amperes of the fault current for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.7 The pro rata contribution of each project in the Class Year to each of the System Upgrade Facilities identified in the Annual Transmission Reliability Assessment.

25.6.2.7.1 First, in accordance with Section 25.6.1.5 of these rules, the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment is compared and netted with the total cost of System Upgrade

Facilities identified in the Annual Transmission Baseline Assessment. If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does not exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment, then there is no cost to be allocated among Class Year Developers.

25.6.2.7.2 If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment by some amount, then this amount (“Overage Cost”) is a cost to be allocated among Class Year Developers. Appendix One to this Attachment S sets out an example of an allocation of Overage Cost among Class Year Developers.

25.6.2.7.3 The Overage Cost represents a percentage of the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment (“Overage Cost Percentage”).

25.6.2.7.4 Each System Upgrade Facility identified in the Annual Transmission Reliability Assessment has a cost specified for it in the Annual Transmission Reliability Assessment.

25.6.2.7.5 The pro rata contribution of each project in the Class Year to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment represents a percentage contribution to the need for that System Upgrade Facility (“Contribution Percentage”).

25.6.2.7.6 An individual Developer’s pro rata responsibility for the cost of each System Upgrade Facility identified in the Annual Transmission Reliability

Assessment is the product of (a) the Overage Cost Percentage; (b) the Developer's Contribution Percentage for the particular System Upgrade Facility; and (c) the cost of the particular System Upgrade Facility as specified in the Annual Transmission Reliability Assessment.

25.6.2.7.7 If the least cost solution identified is to install one System Upgrade Facility (*e.g.*, a series reactor) rather than replacing a number of System Upgrade Facilities (*e.g.*, breakers), the ISO staff will determine each Developer's Contribution Percentage by calculating what each Developer's pro rata contribution would have been on the System Upgrade Facilities not replaced (*e.g.*, breakers) and applying that percentage to the System Upgrade Facility that is installed (*e.g.*, series reactor).



## **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 each of the Capacity Regions in which the Project is interconnected or is interconnecting, or, if requesting CRIS for 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 from an external Control Area 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). Starting with Class Year 2023, a proposed Class Year Transmission Project internal to the NYCA that is requesting CRIS for UDRs must be deliverable both throughout the Capacity Region to which it proposes to inject Energy and throughout the Capacity Region from which it proposes to withdraw Energy. For example, a Class Year Transmission Project that proposes to withdraw Energy from the Rest of State Capacity Region (i.e., Load Zones A-F) and inject Energy into New York City (i.e., Load Zone J) must demonstrate deliverability throughout the Rest of State Capacity Region and demonstrate deliverability throughout the New York City Capacity Region.

#### **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 ERIS 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(s) 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, as set forth in this Section 25.7.8.2.1.3. The CRIS 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). The CRIS MW requested by a Class Year Transmission Project seeking UDRs will represent Installed Capacity at the point of injection. 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.

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is calculated for each resource using a UCAP Deration Factor (“UCDF”).

The UCDF used is an average value based on historical performance on a Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF for all generators that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources) or Limited Control Run of River Hydro is the average EFORd. All generators that are not Intermittent Power Resources or Limited Control Run of River Hydro in the same Capacity Region will use the same UCDF. The UCDF for Intermittent Power Resources and Limited Control Run of River Hydro will be calculated based on historical production data by resource type in accordance with ISO Procedures.

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.

The CRIS MW requested by a Class Year Transmission Project or held by an existing facility with UDRs will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 25.7.8.2.1.13.

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 (1) that CRIS will expire no later than 12 months (*i.e.*, 365 Calendar Days) after the Class Year Start Date, except where the facility has provided notice of a proposed CRIS transfer anticipated to be finalized no later than 12 months (*i.e.*, 365 Calendar Days) of the Class Year Start Date; or (2) 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” for Projects that have undergone a prior Class Year Study deliverability evaluation 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 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. For a Class Year Transmission Project seeking UDRs, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled

as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in the Capacity Region.) 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, considering 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, as set forth in this Section 25.7.8.2.2.2. The CRIS 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). The CRIS MW requested by a Class Year Transmission Project seeking UDRs will represent Installed Capacity at the point of injection. 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.

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is calculated for each resource using a UCAP Deration Factor ("UCDF"). The UCDF used is an average value based on historical performance on a Capacity Region basis, as determined in accordance with ISO Procedures. The



UCDF for all generators that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources) or Limited Control Run of River Hydro is the average EFORD. The UCDF for Intermittent Power Resources and Limited Control Run of River Hydro will be calculated based on historical production data by resource type in accordance with ISO Procedures. 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 CRIS MW requested by a Class Year Transmission Project or held by an existing facility with UDRs will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 25.7.8.2.2.13.

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 (i) the CRIS will expire no later than four months (*i.e.*, 120 Calendar Days) after the Expedited Deliverability

Study Start Date, except where the facility has provided notice of a proposed CRIS transfer anticipated to be finalized no later than four months (*i.e.*, 120 Calendar Days) after the Expedited Deliverability Study Start Date; or (ii) 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. For a Class Year Transmission Project seeking UDRs, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in 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.

**25.7.13 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.

## **25.8 Project Cost Allocation Decisions**

### **25.8.1 Maximum Requested CRIS and Project Cost Allocation Figures**

Starting with the Class Year subsequent to Class Year 2012, each Developer entering a Class Year Study or Expedited Deliverability Study whose Project is not yet In-Service will specify an Interconnection Service evaluation election and provide an updated In-Service Date and Commercial Operation Date (subject to the limitations set forth in Sections 30.3.3.1 and 30.4.4.5 of Attachment X) when it completes a Class Year Study Agreement or Expedited Deliverability Study Agreement. For Large Facilities and Small Generating Facilities that are required to enter a Class Year Study pursuant to Section 32.3.5.3.2 of Attachment Z to the ISO OATT, in the Class Year Study Agreement, must elect to be evaluated for ERIS. Any Project entering a Class Year Study may request CRIS. If the Developer elects to be evaluated for CRIS, the maximum requested MW level of CRIS is as follows:

- (i) if the Class Year Project is a BTM:NG Resource, it can elect to be evaluated for ERIS alone, or both ERIS and some MW level of CRIS, not to exceed its Net ICAP;
- (ii) if the Class Year Project is a Resource with Energy Duration Limitations, the requested MW level of CRIS cannot exceed the minimum of the following: (a) its expected maximum injection capability in MW for the Developer-selected duration; (b) the nameplate capacity of the Project (i.e., injection capability of the Project expressed in MW); or (c) the sum of the Project's requested and existing ERIS, as applicable;
- (iii) if the Class Year Project is a request for External-to-ROS Deliverability Rights, it can request a MW level of CRIS, not to exceed the increase in transfer capability

created by its associated Class Year Transmission Project, as demonstrated in the Project's System Reliability Impact Study.

- (iv) if the Class Year Project is a facility comprised of multiple units of the same or different technology type, the requested MW level of CRIS must be requested at the facility level (i.e., corresponding to the Project as described in the Interconnection Request or revised Interconnection Request, as applicable), subject to the limitations below. The MW level of CRIS for a Project comprised of multiple Generators (e.g., Co-located Storage Resource or single technology facility with multiple units, each proposed to be assigned a single PTID) will be determined at the facility (i.e., Project) level 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 MW level of CRIS requested by the Developer cannot exceed the minimum of the following: (a) the expected maximum injection capability in MW for the Project as described in the Interconnection Request, as revised if applicable, including all co-located Generators sharing the same injection limit (e.g., entire Distributed Energy Resource, entire Co-located Storage Resource or entire multi-unit single technology resource); provided however, if the Project includes a Resource with Energy Duration Limitation, its expected maximum injection capability in MW is limited by the Developer-selected duration ); (b) the nameplate capacity of the Project (i.e., collective injection capability of all units within the proposed Project



expressed in MW); or (c) the sum of facility's requested and existing ERIS, as applicable; and

- (v) If the above subsections do not apply to the Class Year Project, the requested MW level of CRIS cannot exceed the nameplate capacity of the Project.

If the Class Year Project is existing and/or already interconnected taking ERIS, the Class Year Project will be evaluated for a MW level of CRIS specified by the Developer, not to exceed the permissible levels of CRIS that may be requested pursuant to this Section 25.8.1. For existing facilities proposing a modification to add a Generator of the same or different technology co-located at the same Point of Interconnection for which the Developer requests CRIS, the collective CRIS of the resources within what will be the modified facility (*e.g.*, the resulting Co-located Storage Resource or Distributed Energy Resource) cannot exceed the injection limit of the co-located units. For a Project that requests CRIS for part of a multi-unit facility, after combining with another existing or proposed co-located facility, the requested MW level of CRIS for cannot exceed the permissible levels of CRIS that may have been requested pursuant to this Section 25.8.1 for the entire co-located facility.

Based on the Class Year Project's Interconnection Service evaluation elections, on the Annual Transmission Reliability Assessment update of Interconnection System Reliability Impact Study results, and on the results of the Class Year Deliverability Study, ISO staff shall, in accordance with these rules, provide the Developer of each Project included in the then-current Class Year with a dollar figure for its share of the cost of the System Upgrade Facilities required for reliable interconnection of the Project to the New York State Transmission System ("SUF Project Cost Allocation"). The ISO shall also provide each Class Year Developer requesting CRIS with (i) a dollar figure for its share of the cost of the System Deliverability Upgrades

required for the megawatt level of CRIS requested for the Class Year Project (“SDU Project Cost Allocation”), and (ii) the number of megawatts of Installed Capacity, if any, that are deliverable from the Class Year Project with no new System Deliverability Upgrades (“Deliverable MW”). The ISO shall also provide a dollar figure for the total cost of the System Upgrade Facilities and System Deliverability Upgrades required for interconnection of the Class Year Project, as well as a description of the required System Upgrade Facilities and System Deliverability Upgrades, their expected in-service date, and a plan for their installation that is sufficient to verify these dollar figures. The ISO shall also provide a dollar figure for the total cost of all System Upgrade Facilities required by Projects in the Class Year and a dollar figure for the total cost of the System Deliverability Upgrades necessary to support the level of CRIS requested by each Class Year Developer. Each Class Year Developer will be given the Project Cost Allocation(s) and, Deliverable MW, if any associated with its Interconnection Service evaluation election, as soon as practicable prior to the submittal of the Annual Transmission Reliability Assessment and Class Year Deliverability Study to the Operating Committee.

#### **25.8.2 Decision Periods for Class Year Study and Additional Deliverability Study**

Within 30 calendar days following (1) approval of the final Annual Transmission Reliability Assessment and Class Year Deliverability Study by the Operating Committee (collectively the “Class Year Study Reports”); or (2) approval of the final SDU Study report by the Operating Committee when such approval is prior to completion of the Annual Transmission Baseline Assessment study cases for the following Class Year Study, (each such 30 calendar day period to be referred to as the “Initial Decision Period” for the respective study), or within 7 calendar days following the ISO’s issuance of a revised Class Year Study report or a revised Additional SDU Study report, as applicable, and accompanying Revised Project Cost Allocation

and revised Deliverable MW report, as defined in and pursuant to Section 25.8.3 (a “Subsequent Decision Period”), if applicable, each Developer shall provide notice to the ISO, in writing and via electronic mail, stating whether it shall accept (an “Acceptance Notice”) or not accept (a “Non-Acceptance Notice”) the Project Cost Allocation(s) and Deliverable MW, if any, reported to it by the ISO for its Class Year Project. A Developer for a Class Year Project that is a multi-unit facility may not submit separate notices for separate portions of the Class Year Project (*e.g.* a Class Year Project that is a Co-located Storage Resource may not submit an Acceptance Notice for one of its resources and a Non-Acceptance Notice for the co-located resource). Failure to notify the ISO by the prescribed deadline as to whether a Developer accepts or rejects its Project Cost Allocation and Deliverable MW, if any, will be deemed a Non-Acceptance Notice. Each Developer may respond with either an Acceptance Notice or a Non-Acceptance Notice to each Project Cost Allocation and Deliverable MW reported to it by the ISO. Starting with Class Year 2012, an Acceptance Notice for Projects not yet In-Service must also include a confirmed In-Service Date and Commercial Operation Date, subject to the limitations set forth in Section 30.4.4.5 of Attachment X. A Developer in its first Class Year Study that requests to be evaluated for CRIS may accept both its SDU Project Cost Allocation and its SUF Project Cost Allocation. Alternatively, that Developer, if it accepts its SUF Project Cost Allocation, may provide a Non-Acceptance Notice for its SDU Project Cost Allocation and at the same time accept, or not accept its Deliverable MW. Or, as another alternative, that same Developer may elect to interconnect taking ERIS by providing an Acceptance Notice only for its SUF Project Cost Allocation. A Developer that accepts an SUF and/or SDU Project Cost Allocation will not be provided with the option to accept a Revised Project Cost Allocation following a Subsequent

Decision Period unless the Revised Project Cost Allocation provides for (1) an increase in the SUF or the SDU Project Cost Allocation; or (2) a decrease in the Developer's Deliverable MW.

A Developer in an Additional SDU Study that has not completed when the Initial Decision Period for the Class Year Study has commenced may, in the Initial Decision Period or Subsequent Decision Period for the Class Year in which the Additional SDU Study was triggered, (1) accept its SUF Project Cost Allocation and proceed with its Additional SDU Study; (2) reject its SUF Project Cost Allocation and be withdrawn from both the Class Year Study and the Additional SDU Study; or (3) wait until the Initial Decision Period that commences pursuant to this Section 25.8.2 upon completion of the Additional SDU Study to provide an Acceptance Notice or Non-Acceptance Notice for its SUF Project Cost Allocation and SDU Project Cost Allocation; provided however, that pursuant to this Section 25.8.2, no Initial Decision Period will be triggered by an Additional SDU Study that is ongoing at the time the ISO completes the Annual Transmission Baseline Assessment study cases for the subsequent Class Year Study. The SUF Project Cost Allocation and any deliverable MW identified in the Class Year Study for a Developer in an Additional SDU Study that elects not to accept its SUF Project Cost Allocation with its Class Year, but that elects to wait until the Initial Decision Period that commences pursuant to this Section 25.8.2 upon completion of the Additional SDU Study, will be revised in light of the final Class Year project cost allocation decisions (i.e., the SUF Cost Allocation and deliverable MW, if any, may change between the Initial Decision Period for the Class Year and the Initial Decision Period for the Additional SDU Study).

As soon as practicable following the end of the Initial Decision Period and any Subsequent Decision Period, as applicable, but not later than two (2) business days following the end of such decision period, the ISO shall report to the Operating Committee, all of the

acceptance Notices and Non-Acceptance Notices that were received during that decision period.

Starting with Class Year 2012, consistent with Section 30.4.4.5 of Attachment X, for any Project that fails to provide a confirmed In-Service Date and Commercial Operation Date in its Acceptance Notice or that provides a proposed In-Service Date or Commercial Operation Date with its Acceptance Notice that is beyond the time period permissible by Section 30.4.4.5 of Attachment X, the ISO's Interconnection queue will reflect the latest possible permissible date, even if that requires the ISO to reject and modify the proposed In-Service Date or Commercial Operation Date provided in the Class Project's Acceptance Notice. Subsequent modifications to a Project's In-Service Date or Commercial Operation Date are governed by Section 30.4.4.5.2 of Attachment X.

25.8.2.1 If, following the Initial Decision Period or any Subsequent Decision Period, each and every Developer that remains eligible at that time provides Acceptance Notice(s), each Developer must signify its willingness to pay the Connecting Transmission Owner and Affected Transmission Owner(s) for its share of the required System Upgrade Facilities and System Deliverability Upgrades that it accepted by (i) satisfying Headroom payment/security posting obligations, if any, as specified in Section 25.8.7.6 and (ii) paying cash or posting Security (as hereinafter defined) in accordance with these rules, for the full amount of its respective Project Cost Allocation within 5 business days after the end of the Initial Decision Period or Subsequent Decision Period, as applicable. "Security" means 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 Affected Transmission

Owner(s), meeting the requirements of these cost allocation rules, and meeting the respective commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s). Security shall be posted to cover the period ending on the date on which full payment is made to the Connecting Transmission Owner for the System Upgrade Facilities, and the date(s) on which full payment is made to the Connecting Transmission Owner or Affected Transmission Owner(s) for the System Deliverability Upgrades; provided, however, that Security may be posted with a term as short as one year, so long as such Security is replaced no later than 15 business days before its stated expiration. In the event Security is not replaced as required in the preceding sentence, the Connecting Transmission Owner, or an Affected Transmission Owner in the case of Security for System Deliverability Upgrades, shall be entitled to draw upon the Security and convert it to cash, which cash shall be held by the Connecting Transmission Owner or Affected Transmission Owner for the account of the Developer. The round in which no remaining eligible Developers issue a Non-Acceptance Notice or commits a Security Posting Default shall be the final round for that Class Year or Additional SDU Study (the “Final Decision Round”).

25.8.2.2 At the end of the Initial Decision Period or any Subsequent Decision Period, if one or more of the Developers in the Class Year provides Non-Acceptance Notice (such event a “Non-Acceptance Event”), then every Developer in the Class Year shall be relieved of its obligation to pay cash or post Security in connection with that version of its Project Cost Allocation for both System

Upgrade Facilities and System Deliverability Upgrades. In addition, following the Initial Decision Period or any Subsequent Decision Period, if all Developers in the Class Year provide Acceptance Notice under the Class Year Deliverability Study, the ATRA or both, but one or more of the Developers fails to pay cash or post the Security required hereunder (such event a “Security Posting Default”), then the beneficiaries of the payments and Security posted by the Developers that did pay or post Security (e.g., the Connecting Transmission Owners and Affected Transmission Owners) shall surrender the cash and posted Security to the respective Developers immediately. The Connecting Transmission Owners or Affected Transmission Owner(s) shall not make any draws or encumbrances on any cash or posted Security unless and until cash has been paid and Security has been posted by all Developers that issued Acceptance Notices in the Final Decision Round.

25.8.2.3 Following the Initial Decision Period, or any Subsequent Decision Period, if a Non-Acceptance Event or a Security Posting Default shall have occurred with respect to the ATRA, the Developer that provided the Non-Acceptance Notice or committed the Security Posting Default with respect to its SUF Project Cost Allocation will be removed by the ISO from the then current Class Year Study. If a Developer provides an Acceptance Notice and posts the required Security for its SUF Project Cost Allocation, or has done so in a prior Class Year, but provides a Non-Acceptance Notice with respect to its SDU Project Cost Allocation, it may provide an Acceptance Notice for its Deliverable MW and interconnect taking CRIS at that level. If the Developer either (i) provides a Non-Acceptance Notice

with respect to both its SDU Project Cost Allocation and its Deliverable MW, or

(ii) commits a Security Posting Default with respect to its SDU Project Cost Allocation, then that Developer shall be removed from the Class Year Deliverability Study or Additional SDU Study, as applicable, but, if in the Class Year Study, it may continue to participate in the ATRA and interconnect taking ERIS if it provides an Acceptance Notice and posts the required Security for its SUF Project Cost Allocation. The Developer electing to interconnect taking ERIS may later request, any number of times, to enter a Class Year Study or Expedited Deliverability Study and be evaluated for CRIS, subject to the Class Year Study and Expedited Deliverability Study entry requirements set forth in Section 25.5.9 of this Attachment S. The Developer will not be re-evaluated for ERIS. Once evaluated for CRIS in a later Class Year or Expedited Deliverability Study, the Developer may elect to accept either its SDU Project Cost Allocation or its Deliverable MW, or the Developer may provide a Non-Acceptance Notice for both its SDU Project Cost Allocation and its Deliverable MW and continue its interconnection taking ERIS. If the Developer does provide a Non-Acceptance Notice for both its SDU Project Cost Allocation and Deliverable MW and continues taking ERIS, the Developer may later request to enter a Class Year Study or Expedited Deliverability Study, subject to the Class Year Study and Expedited Deliverability Study entry requirements set forth in Section 25.5.9 of this Attachment S, and be evaluated again for CRIS. If, however, a Developer provides a Non-Acceptance Notice or commits a Security Posting Default for its SUF Project Cost Allocation, that Class Year Project shall be removed from both



the ATRA and, if applicable, the Class Year Deliverability Study, and that Developer's Interconnection Request will be processed further in accordance with Section 25.6.2.3 above.

25.8.2.4 Whenever Projects are removed from an Annual Transmission Reliability Assessment, Class Year Deliverability Study, Additional SDU Study, or Expedited Deliverability Study, ISO staff will notify the remaining Developers still included in the Annual Transmission Reliability Assessment, Class Year Deliverability Study, Additional SDU Study, or Expedited Deliverability Study, as applicable.

### **25.8.3 Revised Study Results**

Immediately following receipt of Non-Acceptance Notices for any SDU Project Cost Allocations or SUF Project Cost Allocations or Deliverable MW, or upon the occurrence of a Security Posting Default, the ISO shall update the Class Year Study results or Additional SDU study results for those remaining Developers that continue to be included in the then-current Annual Transmission Reliability Assessment, Class Year Deliverability Study, or Additional SDU Study, as applicable, to reflect the impact of Non-Acceptance Notices and any Security posting Default. The updated Class Year Study or Additional SDU Study, as applicable, shall include updated SUF Project Cost Allocations and updated SDU Project Cost Allocations (each a "Revised Project Cost Allocation") together with a revised Deliverable MW report. The updated Class Year Study shall be issued as soon as practicable, but in no event later than 14 calendar days following the occurrence of the Non-Acceptance Event or the Security Posting Default that necessitated development of the Revised Project Cost Allocations and revised Deliverable MW report. The ISO shall also provide the additional dollar figures relating to total cost for

Developers in the Class Year Study or Additional SDU Study, as applicable, and the related information, described in Section 25.8.1, above. Following the issuance of the revised Annual Transmission Reliability Assessment, Class Year Deliverability Study, or Additional SDU Study, as applicable, and the issuance of Revised Project Cost Allocations and the revised Deliverable MW, each remaining Developer shall provide notice to the ISO within 7 calendar days whether it will accept its respective Revised Project Cost Allocation and revised Deliverable MW.

#### **25.8.4 Completion of Class Year Decision Process**

The process set forth in Sections 25.8.2 through 25.8.3 shall be repeated until none of the remaining eligible Developers in the Class Year Study or Additional SDU Study, as applicable, provides a Non-Acceptance Notice or commits a Security Posting Default.

#### **25.8.5 Forfeiture of Security**

With the exception of the requirement that cash and Security shall be surrendered back to the issuing Developer in connection with another Developer's Security Posting Default, once a Developer has accepted the Project Cost Allocation(s) or Revised Project Cost Allocation(s) appropriate for its Interconnection Service election, as the case may be, and paid cash and posted Security or posted Security for that amount, such cash payment and Security shall be irrevocable and shall be subject to forfeiture as provided herein in the event that the Developer that paid cash and posted Security or posted the Security subsequently terminates or abandons development of its Project. Any cash and Security previously posted on a terminated Project will be subject to forfeiture to the extent necessary to defray the cost of the System Upgrade Facilities and System Deliverability Upgrades required for the Projects included in the Annual Transmission Reliability Assessment, Class Year Deliverability Study, or Additional SDU Study, as

applicable, but only as described below. Security for System Upgrade Facilities constructed by the Developer (i.e., for which the Developer elects the option to build), shall be reduced after discrete portions of the System Upgrade Facilities have been completed, such reductions to be based on cost estimates from the Class Year Study, subject to review by the Connecting Transmission Owner or Affected Transmission Owner with which Security is posted, and subject to transfer of ownership to the Connecting Transmission Owner or Affected Transmission Owner, as applicable of all subject property, free and clear of any liens, as well as transfer of title and any transferable equipment warranties reasonably acceptable to the Connecting Transmission Owner or Affected Transmission Owner with which Security is posted. For System Upgrade Facilities constructed by the Connecting Transmission Owner or Affected Transmission Owner, Security shall be reduced after discrete portions of the System Upgrade Facilities have been completed by the Transmission Owner and paid for by the Developer, on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner or Affected Transmission Owner pursuant to an E&P Agreement or Interconnection Agreement, subject to the Connecting Transmission Owner's or Affected Transmission Owner's review and approval.

#### **25.8.6 Developer's Future Cost Responsibility**

Once a Developer has accepted a Project Cost Allocation or Revised Project Cost Allocation, as the case may be, in the Final Decision Round and paid cash and posted Security or posted Security for that amount, then the accepted figure caps the Developer's maximum potential responsibility for the cost of System Upgrade Facilities and System Deliverability Upgrades required for its Project, except as discussed below.

25.8.6.1 If the portion of the Highway System Deliverability Upgrades required to make the Developer's generator or Class Year Transmission Project deliverable is

less than 90% of the total size of the Highway System Deliverability Upgrade identified for the Developer's Project, and the Developer elects to commit to pay for its proportionate share of the Highway System Deliverability Upgrade by posting Security instead of paying cash, then the Developer's allocated cost of the Highway System Deliverability Upgrade will be increased during the period of construction deferral by application of a construction inflation adjustment, as discussed in Section 25.7.12.2 of these rules. When deferred construction of the Highway System Deliverability Upgrade commences, the Developer will be responsible for actual costs in excess of the secured amount only when the excess results from changes to the operating characteristics of the Developer's Project. If the portion of the System Deliverability Upgrades for a Highway System Deliverability Upgrade required to make one or more generators or Class Year Transmission Projects in a Class Year deliverable is ninety percent (90%) or more of the total size (measured in MW) of the System Deliverability Upgrades, construction is not deferred, and those Developers will be responsible for actual costs in excess of the secured amount in accordance with the rules in Sections 25.8.6.2-25.8.6.4 of this Attachment S.

25.8.6.2 If the actual cost of the Developer's share of required System Upgrade Facilities or System Deliverability Upgrades is less than the agreed-to and secured amount, the Developer is responsible only for the actual cost figure.

25.8.6.3 If the actual cost of the Developer's share of required System Upgrade Facilities or System Deliverability Upgrades would be greater than the agreed-to and secured amount because other Projects have been expanded, accelerated,

otherwise modified or terminated, including Transmission Projects evaluated pursuant to Attachment P to the OATT and their required upgrades, as identified pursuant to Attachment P to the OATT, then the Developer is responsible only for the agreed-to and secured amount for its Project. The additional cost is covered by the Developers of the modified Projects, in accordance with these cost allocation rules, or by the drawing on the cash that has been paid and the Security that has been posted for terminated Projects, depending on the factors that caused the additional cost. Forfeitable cash and Security will be drawn on only as needed for this purpose, and only to the extent that the terminated Project associated with that Security has caused additional cost.

25.8.6.4 If the actual cost of the Developer's share of required System Upgrade Facilities or System Deliverability Upgrades is greater than the agreed-to and secured amount because of circumstances that are not within the control of the Connecting Transmission Owner or Affected Transmission Owner(s) (such as, for example: (i) changes to the design or operating characteristics of the Project that impact the scope or cost of related System Upgrade Facilities or System Deliverability Upgrades; (ii) any costs that were not within the scope of the Class Year Study or Additional SDU Study, as applicable, that subsequently become known as part of the final construction design, including costs related to detailed design studies such as electro-magnetic transient analyses and subsynchronous resonance analyses; or (iii) cost escalation of materials or labor, or changes in the commercial availability of physical components required for construction), the cost cap shall be adjusted by any such amount and the Developer or the Load

Serving Entity will pay the additional costs to the Connecting Transmission Owner or Affected Transmission Owner(s) as such costs are incurred by each of them. However, to the extent that some or all of the excess cost is due to factors within the control of the Connecting Transmission Owner or the Affected Transmission Owner(s) (such as, for example, additional construction man-hours due to Connecting Transmission Owner or the Affected Transmission Owner(s) management, or correcting equipment scope deficiencies due to Connecting Transmission Owner or the Affected Transmission Owner(s) oversights), then that portion of the excess cost will be borne by the Connecting Transmission Owner or the Affected Transmission Owner(s). Disputes between the Developer and the Connecting Transmission Owner concerning costs in excess of the agreed-to and secured amount will be resolved by the parties in accordance with the terms and conditions of their interconnection agreement. Disputes between the Developer and an Affected Transmission Owner will be resolved in accordance with Section 30.13.5 of the LFIP, or Section 32.4.2 of Attachment Z, as applicable.

#### **25.8.7 Headroom Accounting**

If, pursuant to these rules, a Developer, Connecting Transmission Owner, Affected Transmission Owner or Load Serving Entity (each an “Entity”) pays for any System Upgrade Facilities or System Deliverability Upgrades, or for any Attachment Facilities or Distribution Upgrades that are later determined to be System Upgrade Facilities or System Deliverability Upgrades, that create “Headroom”, and pays for the Headroom that is created, then that Entity will be paid the depreciated cost of that Headroom by the Developer of any subsequent Project that interconnects and uses the Headroom within the applicable period of time following the

creation of the Headroom, as specified in Section 25.8.7.4.3 herein. The ISO will depreciate Headroom cost in accordance with Section 25.8.7.3 herein.

25.8.7.1 Developers of terminated Projects who have paid for Headroom with forfeited cash or Security instruments, as well as Developers of completed Projects who have paid for Headroom, will be repaid in accordance with these rules.

25.8.7.2 The Developer of the subsequent Project shall pay the prior Entity as soon as the cost responsibilities of the subsequent Developer are determined in accordance with these rules. In the case of Headroom created by Load Serving Entity funding Highway System Deliverability Upgrades pursuant to Schedule 12 of the ISO OATT, the Developer of the subsequent Project shall pay the Connecting Transmission Owner, and any Affected Transmission Owner(s), that are receiving or will receive Load Serving Entity funding for the Highway System Deliverability Upgrades pursuant to Schedule 12 of the ISO OATT. Upon receipt of the Developer Headroom payment, the Connecting Transmission Owner and any Affected Transmission Owner(s), will make the rate adjustment(s) called for by Section 6.12.4.1.3 of Schedule 12 of the ISO OATT.

25.8.7.3 The ISO will determine the depreciated cost of the System Upgrade Facilities and/or System Deliverability Upgrades associated with the Entity - created Headroom using one of the following two methods:

25.8.7.3.1 In all cases except the case of Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will use the FERC-approved depreciation schedule applied to comparable

facilities by the Connecting Transmission Owner or the applicable Affected Transmission Owner. The ISO will depreciate the Headroom cost annually, starting with the year when the Headroom account is first established.

25.8.7.3.2 In the case of Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will use the FERC-approved depreciation schedule applied to the particular Highway System Deliverability Upgrades by the Connecting Transmission Owner or the applicable Affected Transmission Owner pursuant to Schedule 12 of the ISO OATT. The ISO will depreciate the Headroom cost annually, starting with the year the Highway System Deliverability Upgrade is placed in service. If a Class Year Deliverability Study or Additional SDU Study determines that a Developer in such study uses Headroom on such a Highway System Deliverability Upgrade before the Highway System Deliverability Upgrade has been placed in service, the ISO will calculate the Headroom use payment obligation of the Developer using the undepreciated cost of the Headroom.

25.8.7.4 Entity-created Headroom will be measured by the ISO in accordance with these rules. The use that a subsequent Project makes of Entity -created Headroom will also be measured by the ISO in accordance with these rules.

25.8.7.4.1 In the case of Headroom on System Upgrade Facilities that have an excess functional capacity not readily measured in amperes or other discrete electrical units, the use that each subsequent Project makes of the Entity-created Headroom will be measured solely by using the total number of Projects in the current and prior Class Years needing or using the System Upgrade Facility.



25.8.7.4.1.1 The use that each Project in a subsequent Class Year makes of Headroom on such a System Upgrade Facility will be measured as an amount equal to  $(1/b)$ , where “b” is the total number of Projects in all prior and current Class Years using the System Upgrade Facility.

25.8.7.4.1.2 Each Developer in a subsequent Class Year that uses Headroom on such a System Upgrade Facility will make a Headroom payment to all prior Developers that have previously made payments for that System Upgrade Facility, both the prior Developers that have previously made Headroom payments and the Developers in the first Class Year that paid for the original installation of the System Upgrade Facility. The amount of the Headroom payment to each prior Developer that each Developer in a subsequent Class Year must make for its use of Headroom on such a System Upgrade Facility will be an amount equal to  $c/(b) \times (d)$ , where “c” is the depreciated cost of the System Upgrade Facility at the time of the subsequent Class Year Study, “b” is the total number of Projects in all prior and current Class Years using the System Upgrade Facility, and “d” is the total number of Projects in all the prior Class Years that have previously made payments for the System Upgrade Facility, both Headroom payments and payments for original installation.

25.8.7.4.2 In the case of System Upgrade Facilities or System Deliverability Upgrades that have an excess capacity readily measured in amperes or other discrete electrical units, the use the subsequent Project makes of the Entity-created Headroom will be measured in terms of the electrical impact of the

subsequent Project, as that electrical impact is determined by the ISO in accordance with these rules.

25.8.7.4.3 The ISO will publish accounts showing the Headroom for each Developer and other Entities, and will update those accounts to reflect the impact of subsequent Projects. With the exception of Headroom on Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will close the Headroom account of an Entity when the electrical values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.

25.8.7.4.3.1 In the case of Headroom on Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will close the Headroom account of the Load Serving Entity when the MW value in the account is reduced to zero, or at the end of the useful financial life of the Highway System Deliverability Upgrades, whichever occurs first.

25.8.7.4.4 If a subsequent Developer uses up all the Headroom of an earlier Entity, and also triggers the need for a new System Upgrade Facility or System Deliverability Upgrade, then the subsequent Developer will pay the Connecting Transmission Owner or Affected Transmission Owner for the new System Upgrade Facility or System Deliverability Upgrade, but will not pay the earlier Entity for the Headroom used up or the account extinguished. However, the earlier Entity will get a new Headroom account and a pro rata share of the Headroom in the new System Upgrade Facility or System Deliverability Upgrade purchased by the subsequent Developer. The economic value of this pro rata

share will be equal to the economic value of the earlier Entity's Headroom account that was extinguished by the subsequent Developer.

25.8.7.5 For Class Years 2001 and 2002, the ISO shall account for Headroom as provided by the Non-Financial Settlement. Developers in Class Year 2002 shall reimburse Class Year 2001 Developers in accordance with the terms of the Non-Financial Settlement.

25.8.7.6 The Developer of the subsequent Project shall pay the prior Entity within the five (5) business day period specified in Section 25.8.2.1 of this Attachment S. Headroom obligations related to a System Upgrade Facility that has been fully constructed must be satisfied by cash payment. Starting with Class Year 2012, all remaining Headroom obligations may be satisfied by a form of "Headroom Security" – 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 prior Entity, meeting the requirements of these cost allocation rules, and meeting the respective commercially reasonable requirements of the prior Entity. Headroom Security shall be posted to cover the period ending on the date on which full payment is made to the prior Entity for the Headroom obligation; provided, however, that Headroom Security may be posted with a term as short as one year, so long as such Headroom Security is replaced no later than fifteen (15) business days before its stated expiration. In the event Headroom Security is not replaced as required in the preceding sentence, the prior Entity shall be entitled to draw upon the Headroom Security and convert it to cash, which cash shall be held by the prior Entity for the account of the Developer.

### **25.8.8 Headroom Account Adjustments in the ATBA**

In addition to the adjustments made by the ISO in Headroom accounts to reflect the impact of subsequent Projects, the ISO will make other adjustments to Headroom accounts when preparing for each Annual Transmission Baseline Assessment. The ISO will make these adjustments to reflect the impact of changes in the Existing System Representation modeled for the Annual Transmission Baseline Assessment that result from the installation, expansion or retirement of generation and transmission facilities for load growth and changes in load patterns. Such changes in the Existing System Representation can also result from changes in these rules or the criteria, methods or, software used to apply these rules.

25.8.8.1 No compensation will be paid as a result of these changes to the Existing System Representation. However, the ISO will adjust the ratios of dollars to electrical values in each Entity's account to maintain the economic value of the Entity's account that existed before the changes were made in the Existing System Representation.

25.8.8.2 The ISO will make no adjustments to Headroom accounts for the impact of subsequent generic solutions, except in those cases where the generic solution is a Class Year Project and the adjustment is made to reflect the impact of the Class Year Project.

### **25.8.9 Rate Base Facilities**

With the exception of Developer use of Headroom created by Load Serving Entity funding of Highway System Deliverability Upgrades pursuant to Schedule 12 of the ISO OATT, Developers are not charged for their use of any rate base facilities, except to the degree

applicable as customers taking service in accordance with the rates, if any, that apply to those facilities.

## **25.9 Going Forward**

### **25.9.1 ERIS Election and future Evaluation for CRIS**

Whenever a Developer elects to interconnect taking ERIS only, that Developer may, at any later date, ask the ISO to evaluate the Developer's Large Facility or Small Generating Facility for CRIS by including the Developer's Large Facility or Small Generating Facility in (1) the next Open Class Year and the Deliverability Study to be conducted for that Class Year; or (2) the next open Expedited Deliverability Study.

### **25.9.2 No Developer Responsibility for Future Upgrades**

Once a Developer has posted Security for its share of the System Upgrade Facilities required for its project, and paid cash or posted Security for its share of the System Deliverability Upgrades required for its project, then, except as provided in Section 25.8.6 of these rules, that Developer has no further responsibility for the cost of additional Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades that may be required in the future.

25.9.2.1 The Project interconnection agreement executed between a Developer and its Connecting Transmission Owner will reflect the Developer's responsibility for the cost of new Attachment Facilities, Distribution Upgrades and System Upgrade Facilities and System Deliverability Upgrades, as that responsibility has been determined in accordance with these rules.

25.9.2.2 The cost of those additional Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades needed for future interconnection projects will be shared between future Developers and

Transmission Owners, and allocated among future Developers, in accordance with the rules.

### **25.9.3 CRIS Rights**

#### **25.9.3.1 Retaining CRIS Status**

Facilities awarded CRIS pursuant to this Attachment S, as allocated among the facilities' individual units, as applicable, will retain such CRIS to the extent specified in Sections 25.9.3.2 and Section 25.9.3.3 of this Attachment S, regardless of subsequent changes to the transmission system or the transfer of facility ownership. Facilities awarded CRIS pursuant to this Attachment S that are withdrawn from the ISO interconnection queue will not receive any CRIS awarded to the facility through that queue position.

#### **25.9.3.2 Full CRIS Termination**

Subject to the requirements set forth in Sections 25.9.3.2.1 through 25.9.3.2.2 and the subsections therein, CRIS will be terminated in full upon request by the facility owner or due to three continuous years of the facility being CRIS-inactive, except as provided in Sections 5.18.2.3.2, 5.18.3.3.2, and 5.18.5 of the Services Tariff. The effective date of CRIS termination pursuant to this Section 25.9.3.2 will be the date the ISO has completed processing the termination request and provided notice of same to the requesting facility owner.

25.9.3.2.1 Voluntary termination. A Facility that (a) is Retired or in a Mothball Outage or (b) is in an IIFO, and has been assessed in a STAR or a Generator Deactivation Assessment where the ISO, in coordination with the Responsible Transmission Owner(s), determined that a Generator Deactivation Reliability Need will not result from the Facility's deactivation, may elect to relinquish its CRIS, before that CRIS would otherwise expire under this Attachment S, upon notification to the ISO by submitting its request in accordance with ISO

Procedures. Relinquishment of CRIS under this Section 25.9.3.2.2 may only be in full (*i.e.*, the facility may not elect to relinquish only a portion of its CRIS).

25.9.3.2.2 Termination for CRIS-Inactive Facilities. CRIS will terminate in full after three continuous years of being CRIS-inactive, as defined in Section 25.9.3.2.2.1, except as provided in Sections 5.18.2.3.2, 5.18.3.3.2, and 5.18.5 of the Services Tariff. 25.9.3.2.2.1 For the purpose of the rules in this Section 25.9.3.2.2, once a facility with CRIS has synchronized, it becomes CRIS-inactive on the last day of the month for which it fails to (i) offer any capacity into ISO capacity auctions, and/or (ii) certify any capacity as an Installed Capacity Supplier through a Bilateral Transaction(s) or Export of capacity to an External Control Area, except as provided in Sections 25.9.3.2.2.1.1 and 25.9.3.2.2.1.2 below.

25.9.3.2.2.1.1 A facility that has synchronized before February 29, 2020 and was not CRIS-inactive under the previously-effective rules due to its activity as a load modifier, will be considered CRIS-inactive no earlier than February 29, 2020, based on its activity on and after that date.

25.9.3.2.2.1.2 A facility that has synchronized before February 29, 2020 but never offered capacity into ISO capacity auctions or certified capacity through a bilateral prior to February 29, 2020 will be considered CRIS-inactive no earlier than February 29, 2020, based on its activity on and after that date.

25.9.3.2.2.2 In the case of a CRIS-inactive facility, the facility's CRIS terminates three years after the facility becomes CRIS-inactive, except as provided in Sections 5.18.2.3.2, 5.18.3.3.2, and 5.18.5 of the Services Tariff, unless the CRIS-inactive facility takes one of the following actions before the end of the three-year period:



(1) returns to service and participates in an ISO capacity auction or bilateral transactions or (2) transfers CRIS to another facility as permitted by Sections 25.9.4 and 25.9.5 of this Attachment S

### **25.9.3.3 Partial CRIS Termination**

25.9.3.3.1 For a facility other than a facility that has Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights (*i.e.*, generators internal to the NYCA), CRIS utilization is the MW sum for a given month of the Installed Capacity Equivalent of UCAP: (1) offered into ISO capacity auctions; (2) certified through a Bilateral Transaction(s); and (3) exported to an External Control Area. If its CRIS utilization ratio (*i.e.*, ratio of the monthly CRIS utilization to its total applicable seasonal CRIS value) falls at or below 0.9 for every month for three consecutive years, measured on a forward rolling basis from [effective date], the facility's CRIS will be reduced to the MW level of its existing CRIS values multiplied by the sum of (1) its maximum utilization ratio for any month within the prior three-year period and (2) 0.05, rounded to the nearest tenth of a MW. For purposes of calculating CRIS utilization pursuant to this Section 25.9.3.4.1, any months during which a facility is in a Mothball Outage or ICAP Ineligible Forced Outage are excluded and not considered as part of the three-year period for determining CRIS utilization. If a facility returns to service from a Mothball Outage or an ICAP Ineligible Forced Outage, the three (3)-year period for determining CRIS utilization will not restart, but will resume from the point when the facility entered the Mothball Outage or the ICAP Ineligible Forced Outage. For example, if after two consecutive years of a CRIS utilization ratio at or below 0.9, a facility enters an ICAP Ineligible Forced Outage, the three-year period does not continue during the ICAP Ineligible Forced Outage but resumes the first

month the facility is eligible to participate in the ICAP market as determined by Section 5.18.2.2 of the Services Tariff.

25.9.3.3.2 For a facility with CRIS that has Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights (“UDR/EDR transmission facility”), if during the three years from the Initial Synchronization Date of the UDR/EDR transmission facility the facility has not demonstrated, consistent with ISO Procedures, that it is capable of delivering MW of Energy to the NYCA interface equivalent to its MW of CRIS, its CRIS MW will be reduced to the maximum MW of Energy the UDR/EDR transmission facility has demonstrated it is capable of delivering to the NYCA interface pursuant to ISO Procedures of any month during this three-year period. For purposes of this Section 25.9.3.3.2, a UDR/EDR transmission facility is capable of delivering Energy to the NYCA interface if it demonstrates deliverability as required by ISO Procedures to be eligible to sell capacity for a particular month, in accordance with the requirements based on the Control Area where the External Installed Capacity Supplier is electrically located.

#### **25.9.3.4 Term of External CRIS Rights**

25.9.3.4.1 The initial term of External CRIS Rights, whether based on a Contract or Non-Contract Commitment, will be for an Award Period of no less than five (5) years.

25.9.3.4.2 An entity holding External CRIS Rights may renew those rights for one or more subsequent terms, as described below:

25.9.3.4.2.1 An entity holding External CRIS Rights based on a Contract Commitment may renew its External CRIS Rights, provided that the ISO receives from the entity a request to renew on or before the date specified in Section 25.9.3.5.2.3

indicating that the entity has renewed its bilateral contract to supply External Installed Capacity for an additional term of no less than five (5) years. If the entity does so, then that entity's External CRIS Rights will be renewed for the same additional term, without any further evaluation of the deliverability of the External Installed Capacity covered by the renewed bilateral contract.

25.9.3.4.2.2 An entity holding External CRIS Rights based on a Non-Contract Commitment may renew its External CRIS Rights, provided that the ISO receives from the entity a request to renew on or before the date specified in Section 25.9.3.2.2.3. Any Non-Contract Commitment renewal must be for an additional term of no less than five (5) years. If the entity does so, then that entity's External CRIS Rights will be renewed for the same additional term, without any further evaluation of the deliverability of the External Installed Capacity associated with the Non-Contract Commitment.

25.9.3.4.2.3 Requests for renewal of External CRIS Rights must be received by the ISO on or before a date defined by the earlier of: (i) six months prior to the expiration date of the Contract or Non-Contract Commitment, or (ii) one month prior to the Study Start Date of the ATRA that is prior to the start of the last Summer Capability Period within the current Award Period or renewal of an Award Period.

25.9.3.4.3 External CRIS Rights will terminate at the end of the effective Award Period or renewal of an Award Period if those rights have not been renewed for an additional term, pursuant to the process described above.

### **25.9.3.5 CRIS for Facilities Pre-Dating Class Year 2007**

For Large Facilities and Small Generating Facilities pre-dating Class Year 2007, *i.e.*, facilities interconnected or completely studied for interconnection before the projects in Class Year 2007, the facility shall qualify for CRIS service so long as (i) it is not retired (*e.g.*, identified as retired in a NYISO Load and Capacity Data Report prior to October 5, 2008, (ii) its interconnection agreement is not terminated, and (iii) the facility begins commercial operations within three years of the commercial operation date or comparable commencement date specified in its initial interconnection agreement filing. A generator or merchant transmission facility pre-dating Class Year 2007 without an interconnection agreement on October 5, 2008, or one with an initial interconnection agreement filing that does not specify a commercial operation date or any comparable commencement date, shall qualify for CRIS so long as it is not retired (*e.g.*, identified as retired in a NYISO Load and Capacity Data Report) prior to October 5, 2008 and it begins commercial operations within three years of its in-service date specified in the 2008 NYISO Load and Capacity Data Report. For generators pre-dating Class Year 2007, the CRIS capacity level will be set at the maximum DMNC level achieved during the five most recent Summer Capability Periods prior to October 5, 2008, even if that DMNC value exceeds nameplate MW.

For a generator pre-dating Class Year 2007 and not having DMNC levels recorded for five Summer Capability Periods prior to October 5, 2008, its CRIS capacity level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods until it has DMNC levels recorded for five Summer Capability Periods. Prior to the establishment of the generator's first DMNC value for a Summer Capability Period, the generator's CRIS level will be set at nameplate MW. The CRIS capacity level for intermittent resources pre-dating Class Year 2007 will be set at nameplate MW, and the CRIS capacity level

for controllable lines pre-dating Class Year 2007 will be set at the MW of Unforced Capacity Deliverability Rights awarded to them. Existing generators that are eligible for CRIS under this Section 25.9.3.3.3 that wish to obtain CRIS pursuant to this provision must request CRIS within 60 days of May 19, 2016; CRIS cannot be obtained under this Section 25.9.3.3.3 if not requested by such date.

#### **25.9.3.6 CRIS for Facilities Not Subject to ISO Interconnection Procedures**

Starting May 19, 2016, all facilities that wish to become eligible to participate as Installed Capacity Suppliers pursuant to the requirements of Section 5.12 of the ISO Services Tariff, must have CRIS, even if the facility is not or was not, when interconnected, subject to the ISO's interconnection procedures set forth in Attachments X or Z to the OATT.

Facilities not subject to the ISO's interconnection procedures set forth in Attachments X and Z to the OATT may obtain CRIS rights by (i) entering a Class Year Deliverability Study and satisfying the NYISO Deliverability Interconnection Standard or (ii) satisfying the requirements set forth in Section 25.9.3.7.1. For a facility subject to this Section 25.9.3.4 that has obtained CRIS on or before February 29, 2020, its CRIS will terminate four (4) years after February 29, 2020 if the Developer has failed to provide notice to the ISO that the facility has synchronized. For a facility subject to this Section 25.9.3.7 that obtains CRIS after February 29, 2020, its CRIS will terminate four (4) years after the facility obtains CRIS, if the Developer fails to provide notice to the ISO that the facility has synchronized.

25.9.3.6.1 A facility not subject to the ISO's interconnection procedures set forth in Attachments X and Z to the OATT may obtain CRIS without being evaluated in a Class Year Deliverability Study if it meets the following requirements (i) if the facility has not commenced Commercial Operation, it must have completed all

required interconnection studies and have an effective interconnection agreement by May 19, 2016, (ii) if the facility has commenced Commercial Operation by May 19, 2016, it must have an effective interconnection agreement and must not have been out-of-service for more than three (3) consecutive years; (iii) it is not or was not, when first interconnected, subject to the ISO's interconnection procedures set forth in Attachments X and Z to the OATT, and (iv) the facility owner must request CRIS within 60 days of May 19, 2016. The CRIS level for a facility that qualifies for CRIS under this Section 25.9.3.7.1 will be set in accordance with Section 25.9.3.7.1.1 and 25.9.3.7.1.2.

#### **25.9.3.6.1.1 BTM:NG Resource**

A BTM:NG Resource's initial CRIS level will be set at its Net-ICAP level. The CRIS level will be set, and reset if necessary, at the maximum Net-ICAP level achieved during successive Summer Capability Periods until the facility has Net-ICAP levels recorded for five Summer Capability Periods. The five-year CRIS set and reset period begins with the first Summer Capability Period, following receipt of an initial CRIS value, for which the BTM:NG Resource's Net-ICAP calculation incorporates a demonstrated Average Coincident Host Load. The final CRIS level will be the highest Net-ICAP recorded for the Summer Capability Period during the five-year set and reset period, excluding the initial CRIS level.

The five-year CRIS set and reset period will terminate early, before five Net-ICAP values have been recorded if any of the following conditions occurs: (i) the BTM:NG Resource ceases to qualify as a BTM:NG Resource pursuant to Section 5.12.1 of the Services Tariff; (ii) the BTM:NG Resource elects to participate as another type of Installed Capacity Supplier, other than as a BTM:NG Resource; or (iii) the BTM:NG Resource's Net ICAP is equal to or less than zero

for a Capability Period. Upon an early termination of the five-year CRIS set and reset period, the final CRIS value will be determined based on the available data from the CRIS set and reset period up to the point of early termination – *i.e.*, the highest Net-ICAP value recorded during the CRIS set and reset period prior to the point of early termination.

#### **25.9.3.6.1.2. Facilities Other than BTM:NG Resources**

Prior to the establishment of the generator's first DMNC value for a Summer Capability Period, the generator's CRIS level will be set at nameplate MW. The CRIS level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods until the facility has DMNC levels recorded for five Summer Capability Periods.

#### **25.9.3.7 CRIS for BTM:NG Resources Evaluated in a Class Year Deliverability Study**

If meter data is available for both the Load and the generator, the initial CRIS that can be requested is limited to the demonstrated Net-ICAP. If meter data is not available for either the Load or the generator of the BTM:NG Resource, the initial CRIS that can be requested is limited to the Net-ICAP calculation set forth in Section 5.12.1 of the ISO Services Tariff. The initial CRIS level will set at the CRIS MW level evaluated in the Class Year Deliverability Study and either found to be deliverable or for which the Developer accepted its Project Cost Allocation and posted Security for any required System Deliverability Upgrades.

The CRIS level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods, not to exceed the initial CRIS level, until the facility has DMNC levels recorded for five Summer Capability Periods – *i.e.*, the initial CRIS level will act as a cap through the set and reset period and for the final CRIS level. The final

CRIS level will be the highest Net-ICAP recorded for the Summer Capability Period during the five-year set and reset period, excluding the initial CRIS level.

The five-year CRIS set and reset period will terminate early, before five Net-ICAP values have been recorded if any of the following conditions occurs: (i) the BTM:NG Resource ceases to qualify as a BTM:NG Resource pursuant to Section 5.12.1 of the Services Tariff; (ii) the BTM:NG Resource elects to participate as another type of Installed Capacity Supplier, other than as a BTM:NG Resource; or (iii) the BTM:NG Resource's Net ICAP is equal to or less than zero for a Capability Period. Upon an early termination of the five-year CRIS set and reset period, the final CRIS value will be determined based on the available data from the CRIS set and reset period up to the point of early termination – *i.e.*, the highest Net ICAP value recorded during the CRIS set and reset period prior to the point of early termination.

#### **25.9.4 Transfer of Deliverability Rights - Same Location**

A facility with CRIS (“transferor facility”) may, on or after its Initial Synchronization Date, transfer some or all of its CRIS to a facility at the same electrical location (“transferee facility”), provided that (1) the transferee facility must be operational before the CRIS of the transferor facility terminates pursuant to Section 25.9.3 of this Attachment S; and (2) the transferor facility, if it is Retired, in a Mothball Outage or is in an IIFO, has been assessed in a STAR or a Generator Deactivation Assessment where the ISO, in coordination with the Responsible Transmission Owner(s), determined that a Generator Deactivation Reliability Need will not result from the Facility's deactivation. For purposes of this Section 25.9.4, “same electrical location” means that the facilities are interconnecting to the same transmission bus at the same kV level. The transferee facility, if it has not already synchronized (*i.e.*, reached its Initial Synchronization Date), will only acquire the transferred CRIS once transferee facility has



synchronized (*i.e.*, reached its Initial Synchronization Date). CRIS is stated in MW of Installed Capacity. In the case of transfers between the same or different resource types, those MW of Installed Capacity will be adjusted by the derate factor applicable to the transferor facility (based on the asset-class derate factors used in the most recent Class Year Deliverability Study) before the transfer and, following the transfer, will be readjusted to MW of Installed Capacity in accordance with the derate factor applicable to the transferee facility (based on the asset-class derate factors used in the most recent Class Year Deliverability Study). In the case of a Distributed Energy Resource (DER), CRIS rights are requested and awarded at the DER level, not at the individual asset level or at the Aggregation level, and therefore, may only be transferred at the DER level under this Section 25.9.4.

For purposes of calculating the period of time a facility is CRIS inactive pursuant to Section 25.9.3.2.3 of this Attachment S, the period of time the facility is CRIS inactive prior to the transfer does not impart to the transferee facility (*i.e.*, if the transferor facility had been CRIS inactive for two years prior to the transfer, that two years does not transfer with the transferred CRIS. The transferee's CRIS is reset for purposes of Section 25.9.3.2.2).

If the transferor facility remains active (*i.e.*, as ERIS-only or with less than its original MW level of CRIS), it must submit a transfer notification form to the ISO in accordance with ISO Procedures before August 1 for the requested transfer to become effective at the later of the start of the next Capability Year (*i.e.*, May 1) or the Initial Synchronization Date of the transferee facility. If transferee facility does not reach its Initial Synchronization Date before the end of the next Capability Year (*i.e.*, April 30), the transfer will not be effective and the CRIS will remain with the transferor. A transferor facility that does not satisfy the above requirements must deactivate prior to transferring its CRIS.

If the transferor facility is located in a Mitigated Capacity Zone, it may obtain a final physical withholding determination pursuant to Section 23.4.5.6.5 of the MST. If the transferee facility is located in a Mitigated Capacity Zone and is not an Excluded Facility, pursuant to Section 23.2 of the MST, the transferee facility must, pursuant to Section 23.4.5.7 of the MST, obtain a Buyer-Side Mitigation determination for the transfer to become effective as soon as the start of the next capability month after the date upon which the last of the following occurs: the transferee obtains a Buyer-side Mitigation determination, if applicable; the transferor obtains a physical withholding determination, if applicable; and the facility meets all other applicable requirements in this Section 25.9.4; provided however, that if the same-location CRIS transferor elects to remain active (*i.e.*, as ERIS-only or with less than its original MW level of CRIS), such Buyer-Side Mitigation determination must be obtained before August 1 of the current Capability Year for the transfer to become effective at the later of the start of the next Capability Year (*i.e.*, May 1) or the Initial Synchronization Date of the transferee facility.

#### **25.9.5 Transfer of Deliverability Rights - Different Locations**

CRIS may also be transferred on a bilateral basis between an existing facility within the NYCA (“transferor facility”) and a new facility at a different location within the NYCA (“transferee facility”) to the extent that the transferee facility is found to be deliverable after the existing facility transfers its CRIS. The transferee facility may contract with an existing facility with CRIS to transfer some or all of the existing facility’s CRIS. The transferee facility will be allowed to acquire these rights if it meets the requirements set forth below:

- 25.9.5.1 Prior to the Class Year Start Date, the transferor and transferee facilities involved in the transfer transaction must notify the ISO the MW level of capacity rights proposed to be transferred. CRIS will be stated in MW of Installed

Capacity. In the case of transfers between different resource types, those MW of Installed Capacity will be adjusted by the derate factor applicable to the existing facility before the transfer and, following the transfer, will be readjusted to MW of Installed Capacity in accordance with the derate factor applicable to the new project. All derate factors will be based on the asset-class derate factors in the current Class Year Deliverability Study.

25.9.5.1.1 The ISO will evaluate the deliverability of the Class Year projects together, with no transfers, to determine the extent to which transferee facilities in the Class Year are deliverable without the proposed transfers.

25.9.5.1.2 The ISO will then reduce the output of all transferor facilities to see if the new facility counterparties benefit, *i.e.*, their undeliverable capacity is made deliverable, from the proposed transfers; provided, however, the transferor facilities will be reduced only to the extent that their reduction does not adversely impact the deliverability of Class Year projects that are not parties to the proposed transactions.

25.9.5.1.3 If the deliverability test conducted by the ISO shows that the transferee facilities in the Class Year are fully or partially deliverable with these reductions of the established facility counterparties, then the transferee facilities will be given five business days to notify the ISO as to whether transfer transaction is final or not. If any proposed transactions are not finalized, then Sections 25.9.5.1.1 and 25.9.5.1.2 will be repeated until all proposed transactions have been terminated or finalized.

25.9.5.2 For each finalized transaction, the transferor facility will be modeled in the Class Year Study at its reduced output level (current level less CRIS finally transferred adjusted by the applicable derate factors). The Deliverability of Class Year Projects not parties to finalized transactions may benefit, but will not be adversely affected, by those transactions.

25.9.5.3 The transferor facility will be restricted in future capacity sales up to levels consistent with the CRIS rights that were transferred to the new project counterparty.

25.9.5.4 The transferee facility will only acquire the transferred CRIS once the transferee facilities becomes operational at the levels necessary to utilize those rights, provided that (1) the transferee facility must be operational before the CRIS of the transferor facility terminates pursuant to Section 25.9.3 of this Attachment S; and (2) the transferor facility, if it is Retired, in a Mothball Outage or is in an IIFO, has been assessed in a STAR or a Generator Deactivation Assessment where the ISO, in coordination with the Responsible Transmission Owner(s), determined that a Generator Deactivation Reliability Need will not result from the Facility's deactivation.

If the transferor facility is located in a Mitigated Capacity Zone, it may be subject to a final physical withholding determination pursuant to Section 23.4.5.6.1 of the MST. If the transferee facility is located in a Mitigated Capacity Zone and is not an Excluded Facility, pursuant to Section 23.2 of the MST, the transferee facility must, pursuant to Section 23.4.5.7 of the MST, obtain a Buyer-Side Mitigation determination. Transfers may become effective as soon as the

start of the next capability month after the date upon which the last of the following occurs: the transferee obtains a Buyer-side Mitigation determination, if applicable the transfer is found deliverable as described above in Sections 25.9.5.1.1, 25.9.5.1.2 and 25.9.1.3, and the facility meets all other applicable requirements in Sections 25.9.5.1 and 25.9.5.1.3.

For purposes of calculating the period of time a facility is CRIS inactive pursuant to Section 25.9.3.2.3 of this Attachment S, the period of time the facility is CRIS inactive prior to the transfer does not impart to the transferee facility (i.e., if the transferor facility had been CRIS inactive for two years prior to the transfer, that two years does not transfer with the transferred CRIS. The transferee's CRIS is reset for purposes of Section 25.9.3.2.2).

#### **25.9.6 Transfer of External CRIS Rights**

A holder of External CRIS Rights may transfer some or all of the Contract or Non-Contract CRIS MW that it holds to another entity, provided that the following requirements are met:

25.9.6.1 The entity to receive the External CRIS Rights must, prior to the transfer, make either (i) a Contract Commitment of External Installed Capacity satisfying the requirements of Section 25.7.11.1.1 of this Attachment S, or (ii) a Non-Contract Commitment of External Installed Capacity satisfying the requirements of Section 25.7.11.1.2 of this Attachment S; and

25.9.6.2 The External Installed Capacity of the entity to receive the External CRIS Rights must use the same External Interface(s) used by the External Installed Capacity of the entity currently holding the External CRIS Rights; and

25.9.6.3 The transfer must be for the remaining duration of the Award Period or renewal of an Award Period currently effective for the External CRIS Rights to be transferred; and

25.9.6.4 If the holder of External CRIS Rights transfers some, but not all of its CRIS MW, the number of CRIS MW transferred must be such that, following the transfer, both the holder and the entity receiving External CRIS Rights satisfy the applicable requirements of Section 25.7.11.1.1 and 25.7.11.1.2 of this Attachment S; and

25.9.6.5 The transfer must take place on or before the earlier of:

25.9.6.5.1 Six months prior to the expiration date of the Contract or Non-Contract Commitment of the entity currently holding the External CRIS Rights to be transferred; or

25.9.6.5.2 One month prior to the Study Start Date of the ATRA that is prior to the start of the last Summer Capability Period within the current Award Period or renewal of an Award Period.

## **25.10 Miscellaneous Provisions**

### **25.10.1 Non-financial Settlement of 2004**

Notwithstanding any foregoing provisions to the contrary, the following provisions apply to the resumption of the cost allocation process after the approval by FERC of the Non-Financial Settlement.

25.10.1.1 Upon the study start date specified in the Non-Financial Settlement

(“Study Start Date”), the ISO shall resume the cost allocation process set forth herein.

25.10.1.2 Except as provided below, the initial cost allocation shall determine the System Upgrade Facilities required for the reliable interconnection of all Developer projects that have met the milestones identified in Section 25.6.2.3.1 of this Attachment S on or before the Study Start Date. The ISO shall prepare an ATRA with respect to these Developer projects as a single class (the “Catch Up Class Year”). The Catch Up Class Year shall not include (1) Class Year 2001 Developer projects that have accepted their Project Cost Allocation prior to the Study Start Date, or (2) Class Year 2002 Developer Projects that have accepted their Project Cost Allocation pursuant to the terms of the Non-Financial Settlement.

25.10.1.3 The ISO shall use the 2004 Load and Capacity Data Report for the Catch Up Class Year cost allocation studies, unless the Study Start Date is later than January 1, 2005 in which event the ISO shall use the 2005 Load and Capacity Data Report. The Catch Up Class Year cost allocation studies shall identify system needs for the five-year period beginning January 1, 2005. In the event the

Study Start Date is later than January 1, 2005 the Catch Up Class Year cost allocation studies shall identify system needs for the five-year period beginning January 1, 2006. The ISO shall present the results of the Catch Up Class Year cost allocation studies to the Operating Committee for approval as provided in Section 25.10.4 of this Attachment S.

25.10.1.4 The ISO shall represent the NYPA Poletti project in the ATBA and ATRA for the Catch Up Class Year as connected to the Astoria West Substation.

25.10.1.5 Once all Developers in the Catch Up Class Year have either (i) accepted their Project Cost Allocation, or (ii) dropped out of the class, the ISO shall resume annual cost allocations with respect to individual Class Years in accordance with the time frames set out in these rules.

25.10.1.6 All Developer projects in the Catch Up Class Year who do not accept their Project Cost Allocation shall be included in the ATRA in the next Class Year cost allocation process.

25.10.1.7 The ISO shall finalize the results of the Class Year 2002 cost allocation (including headroom issues) in accordance with the provisions of the Non-Financial Settlement.

## **25.10.2 Combined Study of Class Years 2009 and 2010**

Notwithstanding any foregoing provisions to the contrary, the following special provisions apply to the Interconnection Facilities Studies for Class Year 2009 and Class Year 2010. These provisions provide that Class Year 2009 and Class Year 2010 will be performed on a combined basis. However, cost allocation for these two Class Years will be calculated separately, as described herein. All provisions of this Attachment S that are not inconsistent with



the special provisions of this Section 25.10.2 shall apply as they normally do to projects in Class Year 2009 and Class Year 2010.

25.10.2.1 A single ATBA under the Minimum Interconnection Standard for the Class Year 2009 and Class Year 2010 will be developed using the 2010 NYISO Load and Capacity Data Report and will be the same ATBA as would otherwise be developed for the 2010 Class Year Study absent the combination of Class Year 2010 with Class Year 2009. This ATBA will be the starting point for a single deliverability baseline used under the Deliverability Interconnection Standard for Class Year 2009 and Class Year 2010. For purposes of this Section 25.10.2, “ATBA-Deliverability” refers to the deliverability baseline developed for Class Year 2009 and Class Year 2010 pursuant to this Section, and “ATRA-Deliverability” refers to the ATBA-Deliverability with the relevant Class Year projects added, as described below.

25.10.2.2 There will be two ATRAs and two ATRAs-Deliverability in the combined Class Year study: an ATRA and ATRA-Deliverability for Class Year 2009, as well as an ATRA and ATRA-Deliverability for Class Year 2010.

25.10.2.2.1 The ATRA and ATRA-Deliverability for Class Year 2009 will be the ATBA and ATBA-Deliverability, respectively, developed pursuant to Section 25.10.2.1 above, plus the projects that qualified for Class Year 2009 on or before March 1, 2009 and entered Class Year 2009.

25.10.2.2.2 The ATRA and ATRA-Deliverability for Class Year 2010 will be the ATRA and ATRA-Deliverability for Class Year 2009, plus the projects that qualified for Class Year 2010 on or before March 1, 2010 and entered Class Year

2010.

25.10.2.3 Cost Allocation for the Two Class Years

25.10.2.3.1 The cost allocation for Class Year 2009 System Upgrade Facilities and System Deliverability Upgrades will be calculated based on the incremental impact of the Class Year 2009 projects (i.e., the 2009 ATRA and ATRA-Deliverability) over the ATBA and ATBA-Deliverability, respectively, developed pursuant to Section 25.10.2.1 above.

25.10.2.3.2 The cost allocation for Class Year 2010 System Upgrade Facilities and System Deliverability Upgrades will be calculated based on the incremental impact of the Class Year 2010 projects (i.e., the 2010 ATRA and ATRA-Deliverability) over the Class Year 2009 ATRA and ATRA-Deliverability, respectively, as described fully below.

25.10.2.3.3 If Class Year 2010 projects use Headroom on System Upgrade Facilities or System Deliverability Upgrades identified for Class Year 2009 projects, the Class Year Study for Class Year 2010 will identify the Headroom use payments that must be made by Class Year 2010 projects to Class Year 2009 projects.

25.10.2.3.4 In the event that a System Upgrade Facility or System Deliverability Upgrade identified for Class Year 2009 is replaced in the Class Year Study for Class Year 2010 by a more capable System Upgrade Facility or System Deliverability Upgrade required for projects in Class Year 2010, the cost allocation for Class Year 2009 will be based on the System Upgrade Facility or System Deliverability Upgrade identified for Class Year 2009, and the cost allocation to Class Year 2010 will be based on the more capable replacement

System Upgrade Facility or System Deliverability Upgrade.

25.10.2.4 Operating Committee Approval, Project Cost Allocation Decision Process and Class Year Settlement.

25.10.2.4.1 The initial Project Cost Allocation contained in the ATRA and Class Year Deliverability Study for Class Year 2009 will be based upon all projects in Class Year 2009. The initial Project Cost Allocation contained in the ATRA and Class Year Deliverability Study for Class Year 2010 will be based upon all projects in Class Year 2009 and Class Year 2010, except as described below in Section 25.10.2.4.4.3.

25.10.2.4.2 The ISO will undertake to complete the Class Year Study Report for Class Year 2009 and the Class Year Study Report for Class Year 2010 in parallel so that both study reports are ready to be presented at the same Operating Committee meeting. However, if at any time, the ISO determines that the Class Year Study Report for Class Year 2009 is ready for presentation to the Operating Committee (following applicable working group and subcommittee review), the ISO will present that study report to the Operating Committee regardless of the status of the Class Year Study Report for Class Year 2010. The Operating Committee will separately vote to approve the study report for Class Year 2009 and the study report for Class Year 2010, even if both study reports are presented at the same Operating Committee meeting.

25.10.2.4.3 If the Class Year Study Reports for Class Year 2009 and Class Year 2010 are both approved at the same Operating Committee meeting, the Project Cost Allocation decision process will commence at that time and be conducted in

parallel for the projects in both Class Years, as described in Section 25.10.2.4.5 below.

25.10.2.4.4 If the Class Year Study Report for Class Year 2009 is approved at an Operating Committee meeting where either (1) the study report for Class Year 2010 is not presented for approval, or (2) the study report for Class Year 2010 is presented for approval but not approved, the following process will be followed:

25.10.2.4.4.1 The Project Cost Allocation decision process for Class Year 2009 will not commence until the following Operating Committee meeting (“Second Operating Committee Meeting”), held not more than forty-five (45) days after the Operating Committee meeting where the study report for Class Year 2009 was approved.

25.10.2.4.4.2 If the Class Year Study Report for Class Year 2010 is approved at the Second Operating Committee Meeting, the Project Cost Allocation decision process for the projects in both Class Year 2009 and Class Year 2010 will commence at that time and be conducted in parallel for the projects in both Class Years as described in Section 25.10.2.4.5 below.

25.10.2.4.4.3 If the Class Year Study Report for Class Year 2010 is not approved at the Second Operating Committee Meeting, the Project Cost Allocation decision process for the projects in Class Year 2009 will commence immediately upon the Second Operating Committee Meeting and will follow the existing Project Cost Allocation decision process described in Sections 25.8.1-25.8.4 of Attachment S, with initial Acceptance Notices and/or Non-Acceptance Notices due 30 days after the Second Operating Committee Meeting. When the Project Cost Allocation decision process for the projects in Class Year 2009 is completed, and the Class

Year Study Report for Class Year 2010 has been revised to reflect the final settlement of Class Year 2009 and is otherwise complete, the Class Year Study Report for Class Year 2010 will be presented to the Operating Committee meeting for approval. Upon Operating Committee approval of the Class Year Study Report for Class Year 2010, the Project Cost Allocation decision process for the projects in Class Year 2010 will begin.

25.10.2.4.4.4 Only in the event that the Class Year Study Report for Class Year 2010 is not approved at the Second Operating Committee Meeting, as described immediately above in Section 25.10.2.4.4.3, a Developer or Interconnection Customer in Class Year 2009 providing a Non-Acceptance Notice for its System Upgrade Facility Project Cost Allocation may, by the due date for providing such notice, elect to enter Class Year 2010, and its project will be placed in Class Year 2010, provided that (a) the project is otherwise eligible under the Class Year re-entry rules, (b) it submits to the ISO an executed Interconnection Facilities Study Agreement, together with the required deposit and data, within ten (10) days of its receipt of the Interconnection Facilities Study Agreement, and (c) cures any deficiency in its submittal within five (5) Business Days after receiving notice from the ISO about such deficiency. A project in Class Year 2009 committing a Security Posting Default may not enter Class Year 2010. Other than as described in this Section 25.10.2.4.4.4, projects in Class Year 2009 may not enter Class Year 2010.

25.10.2.4.5 If both Class Year Study Reports are approved by the Operating Committee, either at the same meeting or by the Second Operating Committee

Meeting, as described above in Sections 25.10.2.4.2-25.10.2.4.4, the Developers and Interconnection Customers in both Class Year 2009 and Class Year 2010 will have thirty (30) days from the date of Operating Committee approval of the Interconnection Facilities Study Report for Class Year 2010 to provide an Acceptance Notice(s) or Non-Acceptance Notice(s) in accordance with Sections 25.8.1-25.8.4 of Attachment S. If any Developer or Interconnection Customer in either Class Year 2009 or Class Year 2010 provides a Non-Acceptance Notice or commits a Security Posting Default, the ISO will prepare a revised Class Year Study Report by the following process:

25.10.2.4.5.1 If any Developer or Interconnection Customer in Class Year 2009 provides a Non-Acceptance Notice(s) and/or commits a Security Posting Default, the ISO will notify all Developers and Interconnection Customers in both Class Years as required by Section 25.8.2 of Attachment S, and will prepare (1) a revised ATRA and/or Class Year Deliverability Study for Class Year 2009 to reflect impact of the Non-Acceptance Notice(s) and/or Security Posting Default(s) from Class Year 2009 projects, and (2) a revised ATRA and/or Class Year Deliverability Study for Class Year 2010 to reflect the impact of the Non-Acceptance Notice(s) and/or Security Posting Default(s) from Class Year 2009 project and Class Year 2010 projects. The ISO will prepare and publish the required ATRAs and/or Class Year Deliverability Study(ies) for both Class Years within four (4) weeks of its receipt of the last Non-Acceptance Notice or its receipt of notice of the last Security Posting Default, whichever is later.

25.10.2.4.5.2 If any Developer or Interconnection Customer in Class Year 2010

provides a Non-Acceptance Notice(s) and/or commits a Security Posting Default, but no Developer or Interconnection Customer in Class Year 2009 does so, the ISO will notify all Developers and Interconnection Customers in both Class Years as required by Section 25.8.2 of Attachment S, and will prepare and publish a revised ATRA and/or Class Year Deliverability Study for Class Year 2010 within two (2) weeks of its receipt of the last Non-Acceptance Notice or its receipt of notice of the last Security Posting Default, whichever is later. The ISO will not revise the ATRA or the Class Year Deliverability Study for Class Year 2009 as a result of a Non-Acceptance Notice from or a Security Posting Default by a Developer or Interconnection Customer in Class Year 2010.

25.10.2.4.5.3 The process described in the foregoing Sections 25.10.2.4.5.1 and/or 25.10.2.4.5.2 will be repeated until either (1) none of the remaining eligible Class Year Developers or Interconnection Customers provides a Non-Acceptance Notice or commits a Security Posting Default, or (2) all Developers or Interconnection Customers have dropped out of their respective Class Years.

25.10.2.5 Except for projects in Class Year 2009 that elect to enter Class Year 2010 pursuant to the procedures described above in Section 25.10.2.4.4.4, Class Year 2009 and Class Year 2010 will be considered as a single Class Year for purposes of calculating the number of Class Years a project may enter pursuant to Section 25.8.2.3 of Attachment S. A project that was in Class Year 2009 but elects to enter Class Year 2010 under section 25.10.2.4.4.4 that subsequently provides a Non-Acceptance Notice or commits a Security Posting Default related to its System Upgrade Facilities for Class Year 2010 will be deemed to have withdrawn

its Interconnection Request in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures in Attachment X to the OATT, or in accordance with Attachment Z to the OATT, as applicable.

### **25.10.3 ISO Data Requirements**

Developers and Transmission Owners shall provide the ISO with all data necessary to make the determinations contemplated by these rules.

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

Nothing in these rules restricts the rights of any person under the OATT, or the right of any person to file a complaint with the Federal Energy Regulatory Commission under the relevant provisions of the Federal Power Act.

### **25.10.5 Transmission Service Customer Rights**

Nothing in these rules precludes any transmission service customer from receiving transmission service charge credits to the extent the customer is entitled to such credits under FERC policy and precedent.



## **25.11 Appendices**

## APPENDIX 1 TO ATTACHMENT S— Allocation of Overage Cost

An Example of the Allocation of Overage Cost Among Class Year Developers, in

Accordance with Section 25.6.2 of Attachment S:

- There are five Developer projects in Class Year 20XX.
- The Annual Transmission Reliability Assessment (“ATRA”) determines that 10 System Upgrade Facilities (“SUFs”) are needed to reliably interconnect the Class Year 20XX projects, at a total cost of \$30 million.
- The Annual Transmission Baseline Assessment (“ATBA”) determines that 7 SUFs would be needed to meet reliability standards without the Class Year 20XX projects, at a total cost of \$20 million. (Note: The ATBA may have included some generic “projects” identical to or similar to some of the Class Year 20XX projects, but not necessarily. Also, some of the SUFs identified by the ATBA may be the same as those identified in the ATRA, but not necessarily.)

- (1) The total cost of ATRA SUFs allocated to the Transmission Owners (“TOs”) is equal to the total cost of the ATBA SUFs (\$20 million).
- (2) The total cost of ATRA SUFs allocated to the Developers, the Overage Cost, is the net of the total cost of the ATRA vs. ATBA SUFs (\$30 million - \$20 million = \$10 million).
- (3) The ratio of the Overage Cost to the total cost of ATRA SUFs, the Overage Cost Percentage, is used to compute the Developers’ cost allocations for each ATRA SUF. In this example, the Overage Cost Percentage, the ratio, = \$10 million/\$30 million = 1/3 (The Developers pay 1/3 the cost of each ATRA SUF). Assume the cost of one of the ATRA SUFs (SUF#1) is \$3 million. The Developers’ share of the cost of that SUF =  $1/3 \times \$3 \text{ million} = \$1 \text{ million}$ .
- (4) The Developers’ share of the cost of each ATRA SUF is allocated among all the Developers that have at least a *de minimus* impact causing the need for that SUF.

In this example, the ATRA determines that 3 of the 5 Class Year 200X projects have at least a *de minimus* impact causing the need for SUF#1.

- (5) The Developers' cost of an ATRA SUF is allocated to each Developer that has at least a *de minimus* impact in accordance with the Contribution Percentage, or ratio of that Developer's measured impact, its electrical contribution, to the sum of the measured impact of all the Developers that have at least a *de minimus* impact.

In this example, the measured impacts of the three projects are 200, 300, and 500 amps, respectively. Thus the pro rata shares of the projects' cost of SUF#1 are \$200K, \$300K, and \$500K, respectively.

## **APPENDIX 2 TO ATTACHMENT S – Expedited Deliverability Study Agreement**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Developer”), 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”), and \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York (“Connecting Transmission Owner”). Developer, NYISO and Connecting Transmission Owner each may be referred to as a “Party,” or collectively as the “Parties.”

### **RECITALS**

**WHEREAS**, Developer is proposing to develop or owns an existing or facility requesting Capacity Resource Interconnection Service (“CRIS”); and

**WHEREAS**, the NYISO has confirmed that the Developer has satisfied the eligibility requirements for entering an Expedited Deliverability Study; and

**WHEREAS**, Developer has elected to enter an Expedited Deliverability Study in order to obtain or increase CRIS pursuant to Attachments S, X and Z to the NYISO’s Open Access Transmission Tariff (“OATT”), as applicable.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Section 30.1 of Attachment X to the NYISO’s OATT or Section 25.1.2 of Attachment S to the NYISO’s OATT.
- 2.0 Developer elects to be evaluated for CRIS and NYISO shall cause to be performed an Expedited Deliverability Study consistent with Attachments S and X to the ISO OATT. The terms of the above-referenced OATT Attachments, as applicable, are hereby incorporated by reference herein.
- 3.0 The scope of the Expedited Deliverability Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Expedited Deliverability Study report (i) shall identify whether the facility is fully deliverable at its requested level of CRIS; and (ii) if not fully deliverable, shall determine the facility’s deliverable MW.
- 5.0 The Developer shall provide a deposit of \$30,000 for the performance of the Expedited Deliverability Study. The time for completion of the Expedited Deliverability Study is specified in Attachment A.

NYISO shall invoice Developer on a monthly basis for the expenses incurred by

NYISO and the Connecting Transmission Owner on the Expedited Deliverability Study each month, as computed on a time and materials basis in accordance with the rates attached hereto. Developer shall pay invoiced amounts to NYISO within thirty (30) Calendar Days of receipt of invoice. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice.

6.0 Miscellaneous.

- 6.1 Accuracy of Information. Except as Developer or Connecting Transmission Owner may otherwise specify in writing when they provide information to NYISO under this Agreement, Developer and Connecting Transmission Owner each represent and warrant that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Developer and Connecting Transmission Owner shall each promptly provide NYISO with any additional information needed to update information previously provided.
- 6.2 Disclaimer of Warranty. In preparing the Expedited Deliverability Study, the Party preparing such study and any subcontractor consultants employed by it shall have to rely on information provided by the other Parties, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the Party preparing the Expedited Deliverability Study nor any subcontractor consultant employed by that Party 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 Expedited Deliverability Study. Developer 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.
- 6.3 Limitation of Liability. In no event shall any Party or its subcontractor consultants 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 Expedited Deliverability Study or any reliance on the Expedited Deliverability Study by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement.
- 6.4 Third-Party Beneficiaries. Without limitation of Sections 6.2 and 6.3 of this Agreement, Developer and Connecting Transmission Owner further agree that subcontractor consultants employed by NYISO to conduct or

review, or to assist in the conducting or reviewing, an Expedited Deliverability Study shall be deemed third party beneficiaries of these Sections 6.2 and 6.3.

- 6.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 6.5, shall continue in effect until the Expedited Deliverability Study is completed and approved by the NYISO Operating Committee. Developer or NYISO may terminate this Agreement upon the withdrawal of the Developer's project from the NYISO interconnection queue.
- 6.6 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.
- 6.7 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.
- 6.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 6.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 6.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 6.11 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 Developer or Connecting Transmission Owner as a result of this Agreement.
- 6.12 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.
- 6.13 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 WHEREOF**, 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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Developer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment A To Appendix 2 - Expedited Deliverability Study Agreement**

### **SCHEDULE FOR CONDUCTING THE EXPEDITED DELIVERABILITY STUDY**

The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to complete the study and issue an Expedited Deliverability Study report to the Developer within the four months after of receipt of an executed copy of this Expedited Deliverability Study Agreement:

- Study work (other than data provision and study review) that may be requested of the Transmission Owner by the NYISO is currently not specified, but will be specified in a Study Work Agreement to be developed between the NYISO and Transmission Owner.
- Pursuant to Article 5.0 of this Agreement, the rates for the study work are attached as Exhibit 1.



## Attachment B To Appendix 2 - Expedited Deliverability Study Agreement

### DATA FORM TO BE PROVIDED BY DEVELOPER

#### WITH THE EXPEDITED DELIVERABILITY STUDY AGREEMENT

1. Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.
2. Specify the MW level of Capacity Resource Interconnection Service ("CRIS") requested; provided however, that CRIS requests are subject to the limits specified in Section 25.8.1 of Attachment S to the ISO OATT.

Evaluation election (MW of requested CRIS): \_\_\_\_\_

If the Project will consist of multiple units, specify the requested allocation of the above MW level of requested CRIS: \_3. Proposed Schedule:

Begin Construction Date: \_\_\_\_\_

In-Service Date: \_\_\_\_\_

Initial Synchronization Date: \_\_\_\_\_

Generation Testing Date: \_\_\_\_\_

Commercial Operation Date: \_\_\_\_\_

4. Additional Information Required as Part of this Data Form:

All facilities, including BTM:NG Resources, and Class Year Transmission Projects, must also complete Section A, below.

#### A. Additional Information:

Nameplate MW: \_\_\_\_\_

Nameplate MVA: \_\_\_\_\_

Auxiliary Load: \_\_\_\_\_

For temperature sensitive units, provide MW vs. temp curves and indicate maximum summer and winter net capability below:

- Maximum summer net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 90 degrees F: \_\_\_\_\_

- Maximum winter net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 10 degrees F : \_\_\_\_\_

1. One set of metering is required for each generation connection to the new ring bus or existing Connecting Transmission Owner station. Number of generation connections: \_\_\_\_\_
2. On the one-line indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)
3. On the one-line indicate the location of auxiliary power. (Minimum load on CT/PT)  
Amps
4. Will an alternate source of auxiliary power be available during CT/PT maintenance?  
\_\_\_\_\_ Yes \_\_\_\_\_ No
5. Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? \_\_\_\_\_ Yes \_\_\_\_\_ No  
(If yes, indicate on one-line diagram).
6. What type of control system or PLC will be located at the Developer's facility?

- 
7. What protocol does the control system or PLC use?
- 

8. Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.
- 

9. Physical dimensions of the proposed interconnection station:
- 

10. Bus length from generation to interconnection station:
- 

11. Line length from interconnection station to Connecting Transmission Owner's transmission line.
- 

12. Tower number observed in the field. (Painted on tower leg):

---

13. Number of third-party easements required for transmission lines, if known:

14. Describe any injection-limiting equipment if the facility is requesting ERIIS below its full output:

---

---

---

15. In addition to the above information, as applicable, for BTM:NG Resources, please also provide the following information:

Interconnection Customer or Customer-Site Load: \_\_\_\_\_ kW (if none, so state)

Existing load? Yes \_\_\_ No\_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Is the *new or existing load* in the Transmission Owner's service area?

\_\_\_\_\_ Yes \_\_\_\_\_ No Local provider: \_\_\_\_\_

## 26 **Attachment T – Cost Allocation Methodology for Schedule 1 Bid Production Guarantees for Additional Generating Units Committed to Meet Forecast Load**

The Day-Ahead commitment of generating units includes sufficient Resources to provide for the safe and reliable operation of the NYS Power System. In cases in which the sum of all Day-Ahead Bilateral Schedules, and all Day-Ahead purchases of energy to serve Load within the NYCA is less than the ISO’s Day-Ahead forecast of Load, the ISO may commit Resources in addition to the reserves it normally maintains (“Additional Resources”). Payments for Bid Production Cost guarantees (“BPCG”) made to such Additional Resources are to be allocated pursuant to the methodology set forth below and recovered under Rate Schedule 1 of the OATT. Any BPCG payments made to Additional Resources that are not allocated pursuant to this methodology shall be allocated to Transmission Customers according to the provisions of Section 6.1.7.2, of Rate Schedule 1 of the OATT

For purposes of this Attachment T, “Eligible Transmission Customers” are Transmission Customers that are scheduled to sell Energy at a Load bus specified for Virtual Transactions in the Day-Ahead Market and Transmission Customers purchasing Energy to serve load in the real-time market at a Load bus that is not a Load bus specified for Virtual Transactions and not a Proxy Generator Bus. Load Zones and composite Load Zones used in the allocation of Bid Production Cost guarantee payments made to Additional Resources are initially set as: (i) Load Zones A-E, (ii) Load Zones F-I, (iii) Load Zone J, and (iv) Load Zone K and may be adjusted by the ISO to reflect the most frequently constrained transmission interfaces in the NYCA.

BPCG payments made to Additional Resources shall be allocated to each Eligible Transmission Customer as follows:

$$BPCG_c = BPCG_{NYCA} * \sum_{L \in NYCA} (K_L^{fe} * K_L^{loc} * K_{c,l}^{customer})$$

Where:

- $BPCG_c$  = Obligation of Transmission Customer “c” for the Bid Production Cost guarantees for Additional Resources for the day.
- $BPCG_{NYCA}$  = Total Bid Production Cost guarantees paid to Additional Resources in the NYCA for the day.
- c = An Eligible Transmission Customer.
- J = Index for Load Zones or Composite Load Zones in the set NYCA
- D = Index for eligible transmission customers in the NYCA
- E = Set of all eligible transmission customers
- L = Load Zone or Composite Load Zone
- $K_L^{fe}$  = A scale factor calculated for each Load Zone or Composite Load Zone that determines the portion of BPCG to Additional Resources that will be allocated through the procedures described in this attachment.
- $K_L^{loc}$  = A scale factor calculated for each Load Zone or Composite Load Zone “L” that determines the share of BPCG to Additional Resources that shall be allocated to that Load Zone or Composite Load Zone. The scale factor is based on the ratio of Energy purchases in the real-time market by Eligible Transmission Customers in load zone or composite load zone “L” in each hour, summed over the hours of the day in which these purchases are positive, to all Energy purchases in the real-time market by Eligible Transmission Customers in each Load Zone or Composite Load Zone in each hour, summed over the hours of the day in which these purchases in a given Load Zone or Composite Load Zone are positive, and summed over all Load Zones or Composite Load Zones.
- $K_{c,L}^{customer}$  = A scale factor calculated for Eligible Transmission Customer “c” in Load Zone or Composite Load Zone “L” which determines the portion of the BPCG to Additional Resources allocated to that Load Zone or Composite Load Zone that shall be allocated to that Eligible Transmission Customer “c.”
- $RTP_L^{act}$  = Net Energy purchases from the Real-Time market in Load Zone or Composite Load Zone “L” by all Eligible Transmission Customers in each hour, summed over the hours of the day in which these purchases are positive.
- $RTP_{c,L}^{act}$  = Energy purchases from the Real-Time market in Load Zone or Composite Load Zone “L” by an Eligible Transmission Customer “c” in each hour summed over hours of the day in which these purchases are positive.
- $RTP_L^{fcst}$  = The sum of (1) Day-Ahead sales for each hour of the day in the Day-Ahead market at the Load bus specified for Virtual Transactions in Load Zone or

Composite Load Zone “L” by Eligible Transmission Customers; and (2) the ISO’s Day-Ahead forecast Load requirement for Load Zone or Composite Load Zone “L” for that hour of the day less the sum of Energy purchases from the Day-Ahead market at Load buses including Load buses specified for Virtual Transactions but not Proxy Generator Buses and Bilateral Transactions with POWs that are Load Buses other than those specified for Virtual Transactions and other than Proxy Generator Buses for that hour; summed over the hours of the day in which the sum of (1) and (2) is positive.

$K_L^{fe}$  shall be calculated as shown below except that the value one shall be used if the expression yields a number greater than one.

$$K_L^{fe} = \frac{RTP_L^{act}}{RTP_L^{fcst}}$$

$K_L^{loc}$  shall be calculated as shown below.

$$K_L^{loc} = \frac{RTP_L^{act}}{\sum_{j \in NYCA} RTP_j^{act}}$$

$K_{c,L}^{customer}$  shall be calculated as shown below.

$$K_{c,L}^{customer} = \frac{RTP_{c,L}^{act}}{\sum_{d \in E} RTP_{d,L}^{act}}$$

The residual BPCG payments not allocated to such Additional Resources according to the methodology described above shall be allocated to all Transmission Customers using the methods described in Section 6.1.7.2., of Rate Schedule 1 of the OATT. The residual is determined according to:

$$BPCG_{NYCA} - \sum_{c \in E} BPCG_c$$

## **27 Attachment U – Declaration and Recovery of Bad Debt Losses**

The ISO shall recover bad debt losses resulting from non-payment of money owed under this ISO OATT or the ISO Services Tariff by Transmission Customers or Customers (hereinafter, collectively referred to as “Transmission Customers” for purposes of this Attachment U) in accordance with this Attachment U.

### **27.1 Declaration Of A Bad Debt Loss**

At such time that the ISO’s Chief Financial Officer concludes that the ISO does not reasonably expect payment in full from a defaulting Transmission Customer within an acceptable time period, then the ISO’s Chief Financial Officer shall declare that the net unpaid obligation is a bad debt loss that requires recovery by the ISO in accordance with this Attachment U through a Schedule 1 charge, and the ISO shall pursue available remedies for customer defaults under the ISO Tariffs.

### **27.2 Notice To Market Participants**

The ISO shall notify Market Participants of the declaration of a bad debt loss under Section 27.1 of this Attachment U by a posting to the ISO website and to the Market Participant subscriber e-mail lists. Such notification shall identify the defaulting Transmission Customer, the dollar amount of the unpaid balance, the applicable Billing Period(s) for which settlement invoice obligations remain unpaid and are still owing to the ISO, and the future Billing Period(s) in which the ISO will recover the bad debt loss in accordance with this Attachment U through a Schedule 1 charge.

### **27.3 Recovery of Payment Defaults and Bad Debt Losses**

Whenever all or any portions of any settlement invoices remain unpaid to the ISO after the invoice due date, the ISO, at its discretion, may use the Working Capital Fund to maintain the liquidity of the New York wholesale energy markets and pay all Transmission Customers who are owed monies in their settlement invoices under the ISO Tariffs . The ISO shall not use the Working Capital Fund to satisfy WTSC non-payments. In the case of WTSC non-payments, the ISO may draw upon collateral for the benefit of the affected Transmission Owners in accordance with Section 26.11 of the ISO Services Tariff.

The ISO will ordinarily first seek to recover the amount of a payment default by drawing upon the entire amount of collateral provided by the defaulting Transmission Customer. If the ISO were unable to promptly recover the full amount of the debt in this way, the ISO would ordinarily seek to recover the amount of the payment default by drawing upon the defaulting Transmission Customer's contributions to the Working Capital Fund that is described in Attachment V to this ISO OATT. If the ISO were unable to promptly recover the full amount of the debt through this measure, it would then ordinarily make claims against any available loss protection insurance in accordance with the insurance's terms. The ISO may deviate from the sequence of steps above, or pursue alternative cost-recovery measures, if it determines that doing so would be more likely to minimize the size of, or avoid, a bad debt loss. After the ISO's Chief Financial Officer has declared a bad debt loss , and notified Market Participants in accordance with this Attachment U, the amount of the bad debt loss shall be allocated *pro rata* to all Transmission Customers pursuant to the following formula:

$$\text{Percentage of Loss to Be Paid by Transmission Customer} = \frac{\text{CAR} + \text{CAP}}{\text{NYAR} + \text{NYAP}}$$



**Where:**

- CAR = Transmission Customer's gross accounts receivable, including WTSC in the month in which the payment obligation that resulted in the loss occurred and the two previous months.
- CAP = Absolute value of Transmission Customer's gross accounts payable, including WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.
- NYAR = ISO's gross accounts receivable plus the Transmission Owners' accounts receivable from WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.
- NYAP = Absolute value of ISO's gross accounts payable plus the absolute value of the Transmission Owners' accounts payable from WTSC, in the month in which the payment obligation that resulted in the loss occurred and the two previous months.

Notwithstanding any recovery of unpaid WTSC in accordance with this Attachment U through a Schedule 1 charge, a Transmission Owner shall be required to pursue reasonable debt collection efforts and remit to the ISO any such WTSC ultimately collected.

The ISO shall recover the bad debt loss through a Schedule 1 charge in a subsequent Billing Period after the Billing Period in which the bad debt loss is declared; provided, however, that the ISO may recover bad debt losses over several Billing Periods if, in its discretion, the ISO determines such method of recovery to be a prudent course of action.

Transmission Customers that are subject to a Schedule 1 charge for a bad debt loss will be assessed the outstanding balance owing to the ISO, as originally reflected in the defaulting Transmission Customer's invoice, including any accrued interest through the date of such invoice, but exclusive of any additional interest on the unpaid balance that accrued subsequent to the original due date. The ISO shall have the option to adjust Transmission Customers' shares of bad debt loss recovery costs, on a ratable basis, if necessary to fully recover a loss. The ISO shall not be required to determine the outcome of any insurance claim before allocating bad debt loss recovery costs to Transmission Customers. Any bad debt losses that are later recovered

through insurance proceeds or from a defaulting Transmission Customer, or otherwise, shall be allocated to all Transmission Customers previously charged for the loss according to the same allocation method originally used to collect the loss.

#### **27.4 Re-Entry of Defaulting Transmission Customer**

In addition to the provisions for curing a Transmission Customer default contained elsewhere in the ISO Tariffs, a Transmission Customer whose previous default resulted in a Schedule 1 bad debt loss charge to other Transmission Customers must (i) cure such default by payment to the ISO of all outstanding and unpaid obligations and (ii) meet all ISO minimum participation criteria, registration requirements, and creditworthiness requirements, including posting of required collateral, prior to being re-admitted by the ISO to participate in the ISO markets. To prevent the purpose of this provision being circumvented by the use of separate entities, the ISO will evaluate relevant factors to determine if an entity seeking to participate in the ISO markets should be treated as the same Transmission Customer that experienced the previous default under this provision. Such factors may include, but are not limited to, the interconnectedness of the business relationships, overlap in relevant personnel, similarity of business activities, overlap of customer base, if any, and the business engaged in prior to the attempted re-entry.

## **28 Attachment V – ISO Working Capital Fund**

The ISO's Working Capital Fund shall be maintained according to the provisions of this Attachment V to the ISO OATT.

## **28.1 Purpose of the ISO Working Capital Fund**

The ISO has accumulated and will maintain a Working Capital Fund through charges, as the ISO deems necessary, under Rate Schedule 1, Section 6.1.5 of the ISO OATT. The Working Capital Fund will be used, among other items, to offset temporary imbalances in ISO cash flow and to ensure the liquidity and stability of the markets administered by the ISO under the ISO Services Tariff. Pursuant to its authority under the ISO Agreement, the ISO Board will determine the ISO's working capital requirements. The ISO shall repay any draws from the Working Capital Fund as soon as reasonably practicable.

## **28.2 Monitoring and Reporting of Working Capital Fund**

The ISO will monitor the activity of the Working Capital Fund, both in the aggregate and according to each Customer's pro rata share of the Working Capital Fund. With respect to each Customer's pro rata share of the Working Capital Fund, the ISO will make available to each Customer electronically, each month, a summary of the Customer's (i) opening balance, (ii) current month contributions, (iii) current month accrued interest, (iv) any other adjustments, and (v) ending balance. When practicable, the ISO will also provide a separate detailed working capital transaction history page for each Customer, in a format that can be downloaded for the Customer's use. The detailed working capital transaction history page will provide a complete history of all transactions relating to the Customer's contributions to the Working Capital Fund.

### 28.3 Customer Contributions to Increases of the Working Capital Fund

The ISO shall determine each Customer's pro rata share of any increase of the amount of the Working Capital Fund using the following formula:

$$\text{Customer's Percentage of Total Collection} = \frac{\text{CAR} + \text{CAP}}{\text{NYAR} + \text{NYAP}}$$

Where:

CAR = Customer's accounts receivable, including WTSC, for the service month prior to the month in which the billing invoice is issued.

CAP = Absolute value of Customer's accounts payable, including WTSC, for the service month prior to the month in which the billing invoice is issued.

NYAR = ISO's gross accounts receivable plus the Transmission Owners' accounts receivable from WTSC for the service month prior to the month in which the billing invoice is issued.

NYAP = Absolute value of ISO's gross accounts payable plus the absolute value of the Transmission Owners' accounts payable from WTSC for the service month prior to the month in which the billing invoice is issued.

## **28.4 Decrease in the Amount of the Working Capital Fund**

At the sole discretion of the ISO Board, the ISO periodically may decrease the amount of the Working Capital Fund and distribute to each Customer, on a pro rata basis, a portion of its cumulative principal contribution to the Working Capital Fund. Any such distribution will be made through adjustments to Customer billing invoices.

## **28.5 Interest Accrued on Working Capital Fund**

Interest earned on the Working Capital Fund shall, on a monthly basis, be attributed to, and recorded for, each Customer based on the Customer's percentage share of the balance in the Working Capital Fund.

At the sole discretion of the ISO Board, the ISO periodically may distribute to Customers all or a portion of their pro rata shares of the accrued interest earned on the Working Capital Fund. Any such distribution of interest will be made through adjustments to Customer billing invoices and, if required by applicable federal tax law, the ISO shall issue to those Customers the appropriate federal tax form (e.g., an Internal Revenue Service Form 1099-INT) for the amount of interest distributed.



## **28.6 Other Adjustments to the Working Capital Fund**

Other adjustments to the Working Capital Fund include, but are not limited to, the adjustments described in this Section.

### **28.6.1 Distributions to Customers Exiting the ISO Markets**

The ISO will refund to a Customer terminating its ISO Service Agreements and exiting the ISO markets its cumulative principal contribution to the Working Capital Fund, along with any earned interest that has been accrued but not previously distributed, through the semi-annual contribution adjustment process in Section 28.8 of this Attachment V; *provided, however*, that the ISO shall retain these amounts as security for any unsatisfied financial obligations to the ISO. Customers shall be responsible for providing the ISO with the wire transfer information necessary for the ISO to complete any refund of the Customer's Working Capital Fund contribution.

### **28.6.2 Customer Nonpayment and Default**

In the event that part or all of a payment owed by a Customer remains unpaid after the payment is due, the ISO may use the Working Capital Fund as necessary to meet its cash flow requirements. If the ISO draws from the Working Capital Fund to meet its cash flow requirements in the event of a Customer nonpayment and then later declares the nonpayment to be a bad debt loss, the ISO shall recover the bad debt loss through the provisions of Rate Schedule 1 in accordance with Attachment U to the ISO OATT and shall replenish the Working Capital Fund through Rate Schedule 1.

The ISO shall pursue available remedies for Customer defaults under the ISO tariffs. After applying a nonpaying Customer's available collateral, if any, the ISO shall apply the

Customer's share of the Working Capital Fund to satisfy remaining amounts owed to the ISO, including amounts owed as a result of settlement corrections. Upon termination of service to the Customer and reconciliation by the ISO of final settlement corrections affecting the Customer, the ISO shall return the Customer's remaining share of the Working Capital Fund, if any, in accordance with the provisions of Section 28.6.1 of this Attachment V.

### **28.6.3 Differences between ISO Actual and Forecasted Loads**

The ISO funds its operating costs by charging Customers according to Section 6.1.2 of Rate Schedule 1. In the event that differences between actual and forecasted ISO loads result in an insufficient recovery of its operating costs, the ISO may offset any shortfall in operating costs by (i) temporarily drawing from the Working Capital Fund or (ii) increasing the Rate Schedule 1 charge. Whenever practicable, the ISO shall provide notice to Market Participants of the potential need to offset a shortfall in operating costs in accordance with this Section 28.6.3.

## **28.7 Contributions to Working Capital Fund from New Customers**

Customers that execute ISO Service Agreements and become approved ISO Customers after the effective date of this Attachment V will not be required to make an initial contribution to the Working Capital Fund, but will be required to (i) contribute, through a Rate Schedule 1 charge, their pro rata share of any subsequent increases of the Working Capital Fund as described in Section 28.3 of this Attachment V and (ii) make a contributions to the Working Capital Fund in connection with the next semi-annual adjustment as described in Section 28.8 of this Attachment V.

## **28.8 Semi-Annual Adjustment of Working Capital Fund Contributions**

During the months of January and July of each calendar year, the ISO shall determine and adjust, if necessary, the contributions to the Working Capital Fund required from each Customer during the immediately preceding six calendar months using the following formula, except as provided in Section 28.6.1 of this Attachment V.

$$\text{Customer's Annual Adjusted Percentage of Total Collection} = \frac{\text{CAR} + \text{CAP}}{\text{NYAR} + \text{NYAP}}$$

Where:

CAR = Customer's accounts receivable, including WTSC, during the immediately preceding six calendar months

CAP = Absolute value of Customer's accounts payable, including WTSC, during the immediately preceding six calendar months.

NYAR = ISO's gross accounts receivable plus the Transmission Owners' accounts receivable from WTSC during the immediately preceding six calendar months.

NYAP = Absolute value of ISO's gross accounts payable plus the absolute value of the Transmission Owners' accounts payable from WTSC during the immediately preceding six calendar months.

In February and August of each calendar year, the ISO shall either refund or charge, as applicable, each Customer for the difference between the Customer's principal share of the Working Capital Fund at the conclusion of the immediately preceding six calendar months and the Customer's adjusted principal share of the Working Capital Fund as calculated in accordance with this Section 28.8. The ISO shall have the discretion to amortize such refunds or charges over one or more months beyond February or August, based upon the magnitude of the semi-annual adjustments.

## **28.9 Working Capital Fund Contributions Not Considered As Collateral**

A Customer's contributions to, and its pro rata share of, the Working Capital Fund shall not be considered as, or counted towards, any collateral that may be required from the Customer.

## **29      Attachment W – Creditworthiness Requirements for Transmission Customers**

All Transmission Customers and all applicants seeking to become Transmission Customers are subject to the creditworthiness requirements contained in Attachment K to the ISO Services Tariff. “Customer,” as used in Attachment K to the ISO Services Tariff, shall also mean “Transmission Customer” and an applicant seeking to become a Transmission Customer.

**30      Attachment X – Standard Large Facility Interconnection Procedures (Applicable to Generating Facilities that exceed 20 MWs and to Class Year Transmission Facilities)**

### 30.1 Definitions

Whenever used in these Large Facility Interconnection Procedures with initial capitalization, the following terms shall have the meanings specified in this Section 30.1. Terms used in these procedures with initial capitalization that are not defined in this Section 30.1 shall have the meanings specified in Section 1 of the ISO OATT, Section 25.1.2 of Attachment S of the ISO OATT, or in Article 2 of the ISO Services Tariff.

**Additional SDU Study** shall mean a study that a Developer may elect to pursue if the Class Year Deliverability Study identifies the need for a new System Deliverability Upgrade (*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) that requires additional study.

**Affected System** shall mean an electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** shall mean the entity that operates an Affected System.

**Affected Transmission Owner** shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment Z, or Attachment S to the ISO OATT.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Councils** shall mean the NERC, the NPCC and the NYSRC.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District, to which the Developer's Large Facility 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 Large Facility Interconnection Procedures.



**Attachment Facilities** shall mean the Connecting Transmission Owner's Attachment Facilities and the Developer's Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Large Generating Facility or Class Year Transmission Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Large Facility to the New York State Transmission System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades.

**Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the ISO, Connecting Transmission Owner or Developer; described in Section 30.2.3 of the Large Facility Interconnection Procedures.

**Breach** shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

**Breaching Party** shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

**Business Day** shall mean Monday through Friday, excluding federal holidays.

**Byway** shall mean all transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

**Calendar Day** shall mean any day including Saturday, Sunday or a federal holiday.

**Capacity Region** shall mean one of four subsets of the Installed Capacity statewide markets comprised of: (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), except for Class Year Studies conducted prior to Class Year 2012, for which "Capacity Region" shall be defined as set forth in Section 25.7.3 of Attachment S to the ISO OATT.

**Capacity Resource Interconnection Service ("CRIS")** shall mean the service provided by the ISO to Developers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT; such service being one of the eligibility requirements for participation as an ISO Installed Capacity Supplier.

**Class Year** shall mean the group of Projects included in any particular Class Year Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in Attachment S and in Attachment Z for including such Projects.

**Class Year CRIS Project:** A Class Year Project with an executed Class Year Interconnection Facilities Study Agreement entering a Class Year Study for a CRIS evaluation, that thereby becomes one of the group of Class Year Projects included in the Class Year Deliverability Study.

A Class Year CRIS Project may be a “CRIS-only” Project that is entering a Class Year Study only for a CRIS evaluation, or it may be a Project seeking both ERIS and CRIS.

**Class Year Deliverability Study** shall mean an assessment, conducted by the ISO staff in cooperation with Market Participants, to determine whether System Deliverability Upgrades are required for Class Year CRIS Projects under the NYISO Deliverability Interconnection Standard.

**Class Year Interconnection Facilities Study (“Class Year Study”)** shall mean a study conducted by the ISO or a third party consultant for the Developer to determine a list of facilities (including Connecting Transmission Owner’s Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility or Class Year Transmission Project with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the Standard Large Facility Interconnection Procedures in this Attachment X.

**Class Year Interconnection Facilities Study Agreement (“Class Year Study Agreement”)** shall mean the form of agreement contained in Appendix 2 of the Large Facility Interconnection Procedures in this Attachment X for conducting the Class Year Study.

**Class Year Project** shall mean an Eligible Class Year Project with an executed Class Year Study Agreement that thereby becomes one of the group of Projects included in any particular Class Year Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in this Attachment S and in Attachment Z for including such Projects.

**Class Year Start Date** shall mean the deadline for Eligible Class Year Projects to enter a Class Year Study, determined in accordance with Section 25.5.9 of Attachment S.

**Class Year Transmission Project** 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 (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. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Clustering** shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Reliability Impact Study.

**Commercial Operation** shall mean the status of a Large Facility that has commenced generating or transmitting electricity for sale, excluding electricity generated or transmitted during Trial Operation.

**Commercial Operation Date** of a Large Facility shall mean the date on which the Large Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

**Confidential Information** shall mean any information that is defined as confidential by Section 30.13.1 of the Large Facility 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, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Large Generator Interconnection Agreement.

**Connecting Transmission Owner's Attachment Facilities** shall mean all facilities and equipment owned, controlled or operated by the Connecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Connecting Transmission Owner's Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities or System Upgrade Facilities.

**Contingent Facilities** shall mean those Attachment Facilities and System Upgrade Facilities and/or System Deliverability Upgrades associated with Class Year Projects upon which the Large Facility's Class Year Project Cost Allocations are dependent, and if delayed or not built, could impact the actual costs and timing of the Large Facility's Project Cost Allocation for System Upgrade Facilities or System Deliverability Upgrades.

**Default** shall mean the failure of a Party in Breach of the Standard Large Generator Interconnection Agreement to cure such Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

**Developer's Attachment Facilities** shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Large Generating Facility or Class Year Transmission Project and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Large Generating Facility or Class Year Transmission Project to the New York State Transmission System. Developer's Attachment Facilities are sole use facilities.

**Dispute Resolution** shall mean the procedure described in Section 30.13.5 of the Large Facility Interconnection Procedures for resolution of a dispute between the Parties.

**Distribution System** shall mean the Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the ISO's Large Facility Interconnection Procedures in this Attachment X or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** shall mean the modifications or additions to the existing Distribution System at or beyond the Point of Interconnection that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Effective Date** shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

**Eligible Class Year Project:** Any Developer or Interconnection Customer that (1) satisfies the criteria for inclusion in the next Class Year Study, as those criteria are specified in Sections 25.5.9 and 25.6.2.3.1 of Attachment S to the OATT, Section 32.1.1.7 of Attachment Z to the OATT and/or Section 32.3.5.3.2 of Attachment Z to the OATT; or (2) that seeks evaluation in a Class Year Study to obtain or increase CRIS as permitted by Attachment S to the ISO OATT and satisfies the criteria for inclusion in the next Class Year Study specified in Section 25.5.9 of Attachment S to the OATT.

**Energy Resource Interconnection Service ("ERIS")** shall mean the service provided by the ISO to interconnect the Developer's Large Generating Facility or Class Year Transmission Project to the New York State Transmission System or to the Distribution System, in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Large Generating Facility or Class Year Transmission Project, pursuant to the terms of the ISO OATT.

**Engineering & Procurement (E&P) Agreement** shall mean an agreement that authorizes Connecting Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

**Environmental Law** shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

**External CRIS Rights:** A determination of deliverability within the Rest of State Capacity Region (*i.e.*, Load Zones A-F), awarded by the ISO for a term of five (5) years or longer, to a specified number of Megawatts of External Installed Capacity that satisfy the requirements set forth in Section 25.7.11 of Attachment S to the ISO OATT, and that can be certified in a Bilateral Transaction used for the NYCA and not a Locality, or sold into the NYCA for an Installed Capacity auction and not in an Installed Capacity auction for a Locality.

**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.

**Generating Facility** shall mean Developer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Developer's Attachment Facilities or Distribution Upgrades.

**Generating Facility Capacity** shall mean the net seasonal capacity of the Generating Facility and the aggregate net seasonal capacity of the Generating Facility where it includes multiple energy production devices.

**Governmental Authority** shall mean any federal, state, local or other governmental regulatory or administrative agency, 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 Developer, the ISO, Affected Transmission Owner, Connecting Transmission Owner, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**Highway** shall mean 115 kV and higher transmission facilities that comprise the following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central East/Total East, and UPNY-ConEd, and their immediately connected, in series, Bulk Power System facilities in New York State. Each interface shall be evaluated to determine additional "in series" facilities, defined as any transmission facility higher than 115 kV that (a) is located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation in zones or systems adjacent to the upstream zone or zones which define the interface is shifted to the aggregate of generation in zones or systems adjacent to the downstream zone or zones which define the interface. In determining "in series" facilities for Dysinger East and West Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in ISO Procedures.

**Initial Synchronization Date** shall mean the date upon which the Large Generating Facility or Class Year Transmission Project is initially synchronized and upon which Trial Operation begins.

**In-Service Date** shall mean the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Attachment Facilities to obtain back feed power.

**Interconnection Request** shall mean Developer's request, in the form of Appendix 1 to the Standard Large Facility Interconnection Procedures, in accordance with the Tariff, to interconnect a new Large Generating Facility or Class Year Transmission Project to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Large Generating Facility or Class Year Transmission Project that is interconnected with the New York State Transmission System or with the Distribution System. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Interconnection may be considered a single Large Generating Facility, provided the Interconnection Request identifies a single Developer.

**Interconnection Study** shall mean any of the following studies: the Optional Interconnection Feasibility Study, the Interconnection System Reliability Impact Study, and the Class Year Study described in the Standard Large Facility Interconnection Procedures.

**Interconnection System Reliability Impact Study ("SRIS")** shall mean an engineering study that evaluates the impact of the proposed Large Generation Facility or Class Year Transmission Project on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Attachment Facilities, Distribution Upgrades and System Upgrade Facilities are needed for the proposed Large Generation Facility or Class Year Transmission Project of the Developer to connect reliably to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard. The scope of the SRIS is defined in Section 30.7.3 of the Large Facility Interconnection Procedures in this Attachment X.

**IRS** shall mean the Internal Revenue Service.

**Large Facility** shall mean either a Large Generating Facility or a Class Year Transmission Project.

**Large Generating Facility** shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW for the production and/or storage for later injection of electricity identified in the Interconnection Request if proposing to interconnect to the New York State Transmission System or Distribution System, but shall not include (i) facilities proposing to simply receive power from the New York State Transmission System or the Distribution System; (ii) facilities proposing to interconnect to the New York State Transmission System or the Distribution System made solely for the purpose of generation with no wholesale sale for resale nor to net metering; (iii) facilities proposing to the New York State Transmission System or the Distribution System made solely for the purpose of net metering; (iv) facilities proposing to interconnect to LIPA's distribution facilities; and (v) the Interconnection Customer's Interconnection Facilities. A facility comprised of multiple Generators will be treated as a single Large Generating Facility if the facility proposed in the Interconnection Request is comprised of

multiple Generators behind a single Point of Interconnection, even if such Generators are different technology types.

**Local System Upgrade Facilities** shall mean the System Upgrade Facilities necessary to physically interconnect a proposed Project to the Connecting Transmission Owner's transmission system, consistent with applicable interconnection and system protection design standards. Local System Upgrade Facilities include any electrical facilities required to make the physical connection (e.g., a new ring bus for a line connection or facilities required to create a new bay for a substation connection). Local System Upgrade Facilities also include any system protection or communication facilities that may be required for protection of the Connecting Transmission Owner's transmission facility (line or substation) involved in the interconnection. Local System Upgrade Facilities do not include System Upgrade Facilities required to mitigate any adverse reliability impact(s) of the Project(s) identified through analysis such as power flow, short circuit, or stability (e.g., replacement of a circuit breaker at a nearby substation that becomes overdutied as a result of the Project(s)).

**Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

**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.

**Metering Equipment** shall mean all metering equipment installed or to be installed at the Large Generating or Class Year Transmission Project pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

**Notice of Dispute** shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Facility Interconnection Procedures, or the Standard Large Generator Interconnection Agreement or its performance.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYISO** shall mean the New York Independent System Operator, Inc.

**NYISO Deliverability Interconnection Standard** – The standard that must be met, unless otherwise provided for by Attachment S to the ISO OATT, by (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Class Year Transmission Project; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with

the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its Project in the Class Year Deliverability Study.

**NYISO Minimum Interconnection Standard** – The reliability standard that must be met by any generation facility or Class Year Transmission Project that is subject to ISO’s Large Facility Interconnection Procedures in this Attachment X to the ISO OATT or the ISO’s Small Generator Interconnection Procedures in Attachment Z, that is proposing to connect to the New York State Transmission System or Distribution System, to obtain ERIS. The Standard is designed to ensure reliable access by the proposed Project to the New York State Transmission System or to the Distribution System. The Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**Open Class Year** shall mean the Class Year open for new members pursuant to the Class Start Date deadline specified in Section 25.5.9 of Attachment S.

**Optional Interconnection Feasibility Study** shall mean a preliminary evaluation of the system impact and cost of interconnecting the Large Generating Facility or Class Year Transmission Project to the New York State Transmission System or to the Distribution System, the scope of which is described in Section 30.6 of the Standard Large Facility Interconnection Procedures.

**Optional Interconnection System Reliability Impact Study** shall mean a sensitivity analysis based on assumptions specified by the Developer in the Optional Interconnection System Reliability Impact Study scope.

**Other Interfaces** shall mean the following interfaces into Capacity Regions: Lower Hudson Valley [*i.e.*, Rest of State (Load Zones A-F) to Lower Hudson Valley (Load Zones G, H and I)]; New York City [*i.e.*, Lower Hudson Valley (Load Zones G, H and I) to New York City (Load Zone J)]; and Long Island [*i.e.*, Lower Hudson Valley (Load Zones G, H and I) to Long Island (Load Zone K)], and the following Interfaces between the NYCA and adjacent Control Areas: PJM to NYISO, ISO-NE to NYISO, Hydro-Quebec to NYISO, and Norwalk Harbor (Connecticut) to Northport (Long Island) Cable.

**Party or Parties** shall mean NYISO, Connecting Transmission Owner, or Developer or any combination of the above.

**Permissible Technological Advancement** shall mean advancements to turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Interconnection Request, provided that such advancements result in electrical performance that is equal or better than the electrical performance prior to the technological change and do not (i) increase the capability of the Large Facility by more than two (2) megawatts, (ii) change the generation technology or fuel type of the Large Facility, (iii) have a material adverse impact on the New York State Transmission System or Distribution System, and (iv) degrade the electrical characteristics of the generating equipment proposed in the Interconnection Request (*e.g.*, the ratings, impedances, efficiencies, capabilities, and performance of the equipment under steady state and dynamic conditions).



**Point of Change of Ownership** shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Developer's Attachment Facilities connect to the Connecting Transmission Owner's Attachment Facilities.

**Point of Interconnection** shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Attachment Facilities connect to the New York State Transmission System or to the Distribution System.

**Project:** The proposed facility as described in a single Interconnection Request, to the extent permitted by Attachments X or Z to the ISO OATT, as applicable. For facilities not subject to the ISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT, the Project refers to the facility as described in a single Class Year Study Agreement or Expedited Deliverability Studies Agreement, to the extent permitted by Attachment S to the ISO OATT.

**Provisional Interconnection Service** shall mean interconnection service provided by the ISO associated with interconnecting the Developer's Large Facility to the New York State Transmission System (or Distribution System as applicable) and enabling the transmission system to receive electric energy from the Large Facility at the Point of Interconnection, pursuant to the terms of the Provisional Large Facility Interconnection Agreement and, if applicable, the ISO OATT.

**Provisional Large Facility Interconnection Agreement** shall mean the interconnection agreement for Provisional Interconnection Service established between the ISO, Connecting Transmission Owner(s) and the Developer. This agreement shall take the form of the Large Generator Interconnection Agreement, modified for provisional purposes and type of facility.

**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 the ISO, 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 Standard Large Facility Interconnection Procedures or Standard Large Generator Interconnection Agreement, 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 between representatives of the Developer, the ISO and Connecting Transmission Owner conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

**Services Tariff** shall mean the NYISO Market Administration and Control Area Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**Site Control** shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Large Generating Facility or Class Year Transmission Project; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Developer and the entity having the right to sell, lease or grant Developer the right to possess or occupy a site for such purpose.

**Stand Alone System Upgrade Facilities** shall mean System Upgrade Facilities that are not part of an Affected System that a Developer may construct without affecting day-to-day operations of the New York State Transmission System during their construction. The ISO, the Connecting Transmission Owner and the Developer must agree as to what constitutes Stand Alone System Upgrade Facilities and identify them in Appendix A to the Standard Large Generator Interconnection Agreement. If the ISO, the Connecting Transmission Owner and the Developer disagree about whether a particular System Upgrade Facility is a Stand Alone System Upgrade Facility, the ISO and the Connecting Transmission Owner must provide the Developer a written technical explanation outlining why the ISO and the Connecting Transmission Owner does not consider the System Upgrade Facility to be a Stand Alone System Upgrade Facility within fifteen (15) days of its determination.

**Standard Large Facility Interconnection Procedures (“Large Facility Interconnection Procedures” or “LFIP”)** shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility or Class Year Transmission Project that are included in this Attachment X of the ISO OATT.

**Standard Large Generator Interconnection Agreement (“LGIA”)** shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Attachment X of the ISO OATT.

**System Deliverability Upgrades** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Protection Facilities** shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission System from faults or other electrical disturbances occurring at the Large Generating Facility or Class Year Transmission Project and (2) protect the Large Generating Facility or Class Year Transmission Project from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

**System 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 to the existing transmission

system that are required to maintain system reliability due to: (i) changes in the system including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnections, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** shall mean the NYISO Open Access Transmission Tariff (“OATT”), as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

**Trial Operation** shall mean the period during which Developer is engaged in on-site test operations and commissioning of the Large Generating Facility or Class Year Transmission Project prior to Commercial Operation.

## **30.2 Scope and Application**

Upon the effective date of the Standard Interconnection Procedures in Attachment HH to the ISO OATT, the requirements in this Attachment X shall no longer apply except as set forth in the transition rules in Section 40.3 of Attachment HH to the ISO OATT.

### **30.2.1 Application of Standard Large Facility Interconnection Procedures**

Sections 30.2 through 30.13 apply to processing an Interconnection Request pertaining to (i) a Large Generating Facility or Class Year Transmission Project proposing to interconnect to the New York State Transmission System or to the Distribution System or (ii) an existing Large Generating Facility or Class Year Transmission Project proposing a material increase or modification requiring a new Interconnection Request pursuant to these Procedures.

### **30.2.2 Comparability**

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

### **30.2.3 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 Developer upon request. In addition, the ISO shall maintain network models and underlying assumptions within its possession on its secure portion of the NYISO website, which shall be accessible through a link from the OASIS. Such network models and underlying assumptions should reasonably represent those used during the most recent Class Year Interconnection Facilities Study and be representative of current system conditions used in the interconnection studies. All Parties shall treat Confidential Information in accordance with Section 30.13.1 of these Large Facility Interconnection Procedures. The ISO and Connecting Transmission Owner are permitted to require that Developers and password-protected website users sign a non-disclosure agreement before the release of Confidential Information or Critical Energy Infrastructure Information in the Base Case Data. The power flow, short circuit and stability data bases and underlying assumptions, hereinafter referred to as Base Cases, provided shall be those that the ISO is using in the Annual Transmission Baseline Assessment then in progress, or if such data bases are not available, the data bases from the last completed Annual Transmission Reliability Assessment conducted pursuant to Attachment S of the ISO OATT prior to the request or posting to the secure portion of the NYISO website. In the case of a request from a Developer considering or requesting CRIS, the power flow data bases provided shall include the Annual Transmission Reliability Assessment case from the most recently completed Class Year Deliverability Study.

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

Nothing in these Large Facility Interconnection Procedures shall constitute a request for Transmission Service or confer upon a Developer any right to receive Transmission Service. Nothing in these Large Facility Interconnection Procedures shall constitute a request for, nor

agreement to provide, any energy, Ancillary Services or Installed Capacity under the ISO Services Tariff, except to the extent that a Developer's election of Capacity Resource Interconnection Service and satisfaction of the NYISO Deliverability Interconnection Standard are prerequisites for the Large Generating Facility to become a qualified Installed Capacity Supplier and for the Class Year Transmission Project to receive Unforced Capacity Deliverability Rights.

### **30.2.5 Inclusion of Black Start Capability at Large Generating Facility**

A Developer proposing, pursuant to this Attachment X, to interconnect a new Large Generating Facility to Zone J or to modify – i.e., materially increase (as defined in Section 30.3.1 of this Attachment X) the capacity of or make a material modification to the operating characteristics of – an existing Large Generating Facility already interconnected to Zone J that will commence Commercial Operation after November 1, 2012, shall include black start capability at the Large Generating Facility; provided, however, the Large Generating Facility shall not be required to include black start capability if:

- (A) the ISO determines that: (i) the inclusion of black start capability at the Large Generating Facility would not provide a material benefit to system restoration in Zone J, or (ii) the Developer has shown good cause for not including black start capability at the Large Generating Facility, or
- (B) as of November 1, 2012, the Large Generating Facility has: (i) received one or more draft or final air permits from the appropriate regulatory agency, or (ii) has completed a draft environmental impact statement and submitted it to the appropriate governmental agency for issuance for public comment.

The inclusion of black start capability at a given Large Generating Facility would provide

a material benefit to system restoration in Zone J if, among other things, such action would improve the speed, adequacy, or flexibility of Consolidated Edison Company of New York, Inc.'s ("Consolidated Edison's") black start and system restoration plan for restoring electric service in Zone J in a safe, orderly, and prompt manner following a major system disturbance that would require Consolidated Edison to undertake system restoration efforts.

To facilitate the ISO's determination regarding material benefit, Consolidated Edison shall at its expense perform contemporaneously with the Interconnection System Reliability Impact Study a separate study to examine whether a new or modified Large Generating Facility would provide a material benefit to system restoration as a black start resource. If requested by the Developer, Consolidated Edison shall perform this separate study contemporaneously with the earlier Optional Interconnection Feasibility Study. If changes to the project made subsequent to this study are deemed by the ISO to be significant, Consolidated Edison shall perform a new study at the Developer's expense. The study will indicate the black start performance measures under Consolidated Edison's black start and system restoration plan and the impact on relevant factors of the Large Generating Facility having black start capability. Consolidated Edison will provide its study to the ISO and to the Developer(s) of the Generating Facility(ies) that were considered in the study, subject to appropriate confidentiality protections. Consolidated Edison may provide the study to other parties that have a direct interest in this matter as well, subject to appropriate confidentiality protections.

If a Developer asserts that good cause exists for not including black start capability at a new or modified Large Generating Facility, it shall provide documentation demonstrating the technical, financial, spatial, and/or other reasons that justify its assertion. Factors that may constitute reasonable justification include, but are not limited to: (i) physical site limitations

would unreasonably impair the planned use of the site or prevent the inclusion of black start equipment in addition to the equipment required to properly operate and maintain the proposed Large Generating Facility; (ii) the cost of adding black start capability would increase the overall cost of the project to a level that would impair the ability of the Developer to secure financing at commercially competitive terms; or (iii) the inclusion of black start capability would prevent the Developer from obtaining the permits and approvals needed for the project, or result in the imposition of significantly more burdensome permit conditions than would be imposed absent the installation of black start capability. The Developer will provide a study to the ISO and Consolidated Edison that supports its claim under this section, subject to appropriate confidentiality protections. The Developer may provide the study to other parties that have a direct interest in this matter as well, subject to appropriate confidentiality protections.

Any decision by the ISO regarding a new or modified Large Generating Facility's installation of black start capability pursuant to these provisions shall not be considered precedential or binding on the New York State Board on Electric Generation Siting and the Environment. In the event the New York State Board on Electric Generation Siting and the Environment makes a determination regarding the installation of black start equipment in the course of its siting process under Public Service Law Article 10, the ISO will accept that determination and not make a separate determination hereunder.



### **30.3 Interconnection Requests**

#### **30.3.1 General**

A Developer proposing to interconnect a new Large Facility to the New York State Transmission System or to the Distribution System, or proposing to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Large Facility that is interconnected to the New York State Transmission System or to the Distribution System shall submit to the ISO an Interconnection Request in the form of Appendix 1 to these Large Facility Interconnection Procedures. The requirement to submit an Interconnection Request applies to all Large Facilities seeking evaluation under this Attachment X to the ISO OATT, including (1) material modifications; (2) increases in capacity that results in total output in excess of 20 MW; and (3) Transmission Projects initially evaluated pursuant to Attachment P to the ISO OATT that have submitted a Transmission Interconnection Application and application fee in accordance with Attachment P to the ISO OATT and that elect to transition to the Large Facility Interconnection Procedures in order to request CRIS. An increase in the capacity of an existing Large Facility is a material increase for purposes of this Section 30.3.1 unless the increase (a) is not associated with any equipment changes or is associated with equipment changes determined by the ISO to be non-material; and (b) is an increase in the Large Facility's baseline ERIS level that is equal to or less than ten (10) megawatts or five (5) percent, whichever is greater. For purposes of this Section 30.3.1, the baseline ERIS level of an existing Large Facility is (a) the greater of (i) the existing Large Facility's CRIS level determined as a facility pre-dating Class Year 2007 pursuant to Section 25.9.3.1 of Attachment S of the ISO OATT, if applicable; or (ii) the final maximum summer megawatt electrical output studied for the total facility (including all Generators in a facility comprised of multiple Generators) for

ERIS in the ISO's interconnection process for the existing Large Facility; or (b) if neither (a)(i) nor (a)(ii) are applicable, the baseline ERIS level is the value reflected in the Large Facility's interconnection agreement or other applicable documentation governing the Large Facility's interconnection; however, if the Large Facility has requested a modification to its facility to decrease its size, and such modification has been deemed nonmaterial by the ISO, the decreased MW level will be a cap on its baseline ERIS. If the existing Large Facility is a BTM:NG Resource, the increase in existing capacity will be measured based on the increase from the existing gross capability of the generator to the proposed gross capability of the generator, as modified. Notwithstanding the above, if the existing Large Facility is a temperature sensitive unit, the maximum capacity of which varies based on ambient temperature, the increase in existing capacity will be measured based on the largest increase from the existing capacity to the proposed capacity at the same temperature, i.e., at the same temperature along the maximum megawatt electrical output versus temperature curves.

The Interconnection Request in the form of Appendix 1 to these Large Facility Interconnection Procedures must be accompanied by a non-refundable application fee of \$10,000, unless the Large Facility is a Merchant Transmission Facility that was initially evaluated pursuant to Attachment P to the OATT, submitted a Transmission Interconnection Application and application fee in accordance with Attachment P to the OATT, and elects to transition to the Large Facility Interconnection Procedures in order to request CRIS to the extent permitted by Section 22.3.2 of Attachment P to the ISO OATT. The application fee shall be divided equally between the ISO and Connecting Transmission Owner(s). The Developer shall submit a separate Interconnection Request for each site unless the Large Facility is a proposed Large Facility comprised of multiple Generators behind a single Point of Injection, in which case

the Developer may submit separate Interconnection Requests or a single Interconnection Request; provided however, a multi-unit Large Facility can only be evaluated under a single Interconnection Request if (1) the Large Facility is proposed by a single Developer; (2) the individual Generators comprising the Large Facility are co-located behind the same Point of Interconnection; and (3) units in the Large Facility propose to interconnect at the same voltage levels (unless, as it proposes to interconnect, the Large Facility includes either (a) a 3-winding transformer with the potential to connect to two different voltage level lines simultaneously; or (b) a combined cycle with a generator turbine and steam turbine connected at two different voltage levels). A Developer may submit multiple Interconnection Requests for a single site.

The Developer must submit an application fee and study deposit with each Interconnection Request even when more than one request is submitted for a single site. A proposed Large Generating Facility requesting to evaluate one site at two different voltage levels shall require two Interconnection Requests unless the Large Generating Facility, as it proposes to interconnect, includes either (1) a 3-winding transformer with the potential to connect to two different voltage level lines simultaneously; or (2) a combined cycle with a generator turbine and steam turbine connected at two different voltage levels.

At Developer's option, the ISO, Connecting Transmission Owner and Developer will provide input regarding alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. During the Optional Interconnection Feasibility Study, System Reliability Impact Study, or Class Year Study, as applicable, the Connecting Transmission Owner and Affected Transmission Owner(s), identified pursuant to Section 30.3.5 of this Attachment X, shall provide input regarding proposed Point(s) of Interconnection and

configurations. Developer will select the definitive Point of Interconnection to be studied no later than the commencement of the Interconnection System Reliability Impact Study.

A Developer seeking to return a Large Generating Facility to Commercial Operations after it is Retired must submit a new Interconnection Request as a new facility. A Developer returning a Large Generating Facility to service prior to the expiration or termination of its Mothball Outage or ICAP Ineligible Forced Outage need not submit a new Interconnection Request unless the Large Generating Facility is making modifications or is increasing its capacity such as would otherwise trigger a new Interconnection Request for an existing Large Generating Facility.

### **30.3.2 Types of Interconnection Service**

#### **30.3.2.1 Two Types of Service**

The ISO offers Energy Resource Interconnection Service under the Large Facility Interconnection Procedures for interconnection in compliance with the NYISO Minimum Interconnection Standard. The ISO also offers CRIS under the Large Facility Interconnection Procedures for interconnection in compliance with the NYISO Deliverability Interconnection Standard.

#### **30.3.2.2 Service Elections, Generally**

All Large Facilities must interconnect in compliance with the NYISO Minimum Interconnection Standard. In addition, Large Facilities must also comply with the NYISO Deliverability Interconnection Standard before Large Generating Facilities can become qualified Installed Capacity Suppliers and before Class Year Transmission Projects can receive Unforced Capacity Deliverability Rights. A Developer initially states its election to be evaluated in its Interconnection Studies for ERIS alone, or for both ERIS and CRIS, as a part of its

Interconnection Request. For Projects comprised of multiple Generators, a Developer must request ERIS for the Large Facility, such ERIS to be allocated among the multiple Generators comprising the Large Facility as requested by Developer in its Interconnection Request; provided however, the requested allocation for ERIS for the Intermittent Power Resource in a Co-located Storage Resource cannot exceed the Point of Injection limit plus the full withdrawal capability of the Energy Storage Resource. An existing Large Generating Facility requesting only CRIS must request CRIS in an Open Class Year Study or an Expedited Deliverability Study unless it is requesting CRIS pursuant to Section 30.3.2.6 of this Attachment X. The ISO evaluates an Interconnection Request for compliance with the Minimum Interconnection Standard throughout the Interconnection Study process. The ISO evaluates an Interconnection Request for compliance with the Deliverability Interconnection Standard formally during the Class Year Deliverability Study. At other times during the Interconnection Study process, during the Optional Interconnection Feasibility Study and the Interconnection System Reliability Study, the ISO will assist any Developer requesting CRIS to assess potential system deliverability issues by providing the Developer, upon its request, with the Annual Transmission Reliability Assessment case from the most recently completed Class Year Deliverability Study. The Developer may modify its interconnection service evaluation election (whether the Large Facility requests ERIS or ERIS and CRIS) and, for Large Facilities comprised of multiple Generators, the requested allocation of ERIS and or CRIS among its multiple units, to the extent the modification is not a Material Modification, when it executes the Class Year Study Agreement for its project in accordance with Section 30.8.1 of these Large Facility Interconnection Procedures. At that time, the Developer may reduce the number of MW it initially requested to be evaluated for CRIS, and such a reduction shall not constitute a Material Modification. .

### **30.3.2.3 ERIS Elections**

A Large Facility that elects ERIS, and not CRIS, will not be able to become an eligible Installed Capacity Supplier or to receive Unforced Capacity Deliverability Rights. Such a Large Facility will be eligible to participate only in the energy and applicable ancillary service markets. When a Developer elects ERIS its project will be evaluated in the Interconnection Studies at full output, unless the Developer requests ERIS below the full generating capacity of a Large Generating Facility or full facility capacity for a Class Year Transmission Project. If the Developer requests ERIS below the full capacity of the Large Facility, the ISO shall study the Large Facility at the requested ERIS for purposes of Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and associated costs. However, if the maximum capacity that the Large Facility is capable of injecting into the New York State Transmission System (or Distribution System as applicable) is limited (i.e., through the use of control system, power relay(s), or other similar device settings or adjustments), then the Developer must obtain the ISO's and Connecting Transmission Owner's agreement, with such agreement not to be unreasonably withheld, that the manner in which the Developer proposes to implement such a limit will not adversely affect the safety and reliability of the New York State Transmission System (or Distribution System as applicable). If the ISO and Connecting Transmission Owner do not agree with the proposed manner to limit output, then the Developer can either withdraw its Interconnection Request or modify its Interconnection Request to specify the maximum capacity that the Large Facility is capable of injecting into the New York State Transmission System (or Distribution System as applicable) without such limitations. The ISO and Connecting Transmission Owner, based on Good Utility Practice and related engineering considerations and after accounting for any control technology proposed by the Developer, may require further studies of the Large Facility at its full output to ensure the safety and reliability of

the New York State Transmission System (or Distribution System as applicable), with the additional study costs borne by the Developer. The ISO and Connecting Transmission Owner shall provide the Developer with an explanation of its determination to perform studies at the Large Facility's full capacity before beginning such studies. If the ISO and Connecting Transmission Owner determine that additional System Upgrade Facilities are necessary after the additional studies are complete, the ISO and Connecting Transmission Owner must: (1) specify which additional System Upgrade Facilities costs are based on which studies; and (2) provide a detailed explanation of why the additional System Upgrade Facilities are necessary. The Developer may be responsible for additional System Upgrade Facilities and/or additional control technologies, as well as testing and validation of those technologies consistent with Article 6 of its Interconnection Agreement. The necessary control technologies and protection systems, as well as any potential penalties for exceeding the level of ERIS established in the executed, or requested to be filed unexecuted, Standard Large Generator Interconnection Agreement, shall be set forth in Appendix C of the executed, or requested to be filed unexecuted, Standard Large Generator Interconnection Agreement.

When a Developer elects ERIS and interconnects under ERIS, the Developer may at a later date ask the ISO to reevaluate the Large Facility for CRIS by including the Large Facility in a Class Year Study or Expedited Deliverability Study.

#### **30.3.2.4 CRIS Elections**

The amount of CRIS requested by a Developer shall be stated in MW of Installed Capacity ("ICAP"), and cannot exceed the permissible levels set forth in Section 25.8.1 of Attachment S to the ISO OATT. When a Developer elects CRIS, the ISO will evaluate the deliverability of the Large Facility by applying the test methodology described in Section 25.7 of

Attachment S to the ISO OATT. The ISO will apply this test methodology to identify the System Deliverability Upgrades, if any, needed to make the Large Facility deliverable at its requested CRIS MW level and will also identify the MW of Installed Capacity, if any, that are deliverable from the Large Facility with no System Deliverability Upgrades. A Large Facility electing CRIS will be able to become a qualified Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights to the extent of its deliverable capacity, once it has funded or committed to fund any required System Deliverability Upgrades in accordance with the relevant provisions of Attachment S to the ISO OATT. A Developer qualifying for CRIS will have two CRIS values: one for the summer capability period and one for the winter capability period. The CRIS value, in MW of Installed Capacity, for the summer capability period will be set using the deliverability test methodology and procedures described in Section 25.7 of Attachment S to the ISO OATT. The CRIS value for the winter capability period, also in MW of Installed Capacity, will be set in accordance with Section 25.7.6 of Attachment S to the ISO OATT.

#### **30.3.2.5 Partial CRIS Service**

A Developer may elect partial CRIS, measured in whole MW of Installed Capacity, for its Large Facility.

#### **30.3.2.6 Increases In Established CRIS Values**

Any facility with an established CRIS value may at a later date, without submitting a new Interconnection Request, ask the ISO to reevaluate the Large Facility for a higher level of MW of Installed Capacity, not to exceed the levels permitted by Section 25.8.1 of Attachment S, by including the Project in a Class Year Study or Expedited Deliverability Study to identify whether the Project is deliverable at the higher level of MW. Any facility with an established CRIS value may, without such evaluation and without submitting a new Interconnection Request, increase



that CRIS value by a total of no more than 2 MW of Installed Capacity during the operating life of the facility, to the extent such increase in CRIS does not exceed the levels permitted by Section 30.3.2.4 of this Attachment X; provided however, for facilities comprised of multiple Generators, this CRIS increase is permitted only at the facility (i.e., Project) level, not at the individual Generator level. A Project that receives a CRIS increase pursuant to this Section 30.3.2.6, to the extent it later combines with another facility or Project to become a co-located resource (e.g., Co-located Storage Resources or a Distributed Energy Resource), is not eligible for any additional CRIS increase above a single increase up to 2 MW, without proceeding through a deliverability evaluation in a Class Year Study or Expedited Deliverability Study. For purposes of this Section 30.3.2.6, an “established CRIS value” for facilities subject to a CRIS set and reset period pursuant to Section 25.9.3.3, Section 25.9.3.1.4.1, Section 25.9.3.1.4.2, or Section 25.9.3.5 of Attachment S to the ISO OATT is the final CRIS value established after the termination of the CRIS set and reset period.

#### **30.3.2.7 The Interconnection Studies**

The Interconnection Studies conducted under the Large Facility Interconnection Procedures consist of short circuit/fault duty, steady state (thermal and voltage) and stability analyses designed to identify the Attachment Facilities, Distribution Upgrades and System Upgrade Facilities required for the reliable interconnection of Large Facilities to the New York State Transmission System or to the Distribution System in compliance with the NYISO Minimum Interconnection Standard, as well as the deliverability analysis described in Attachment S to the OATT designed to identify the System Deliverability Upgrades required for reliable interconnection in compliance with the NYISO Deliverability Interconnection Standard, where applicable.

### **30.3.3 Valid Interconnection Request**

#### **30.3.3.1 Initiating an Interconnection Request**

To initiate an Interconnection Request, Developer must submit all of the following: (i) a \$10,000 non-refundable application fee; (ii) a completed application in the form of Appendix 1; and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. If Developer provides Site Control that the ISO deems deficient, but subsequently demonstrates Site Control accepted by the ISO within the cure period specified in Section 30.3.3.3, the deposit in lieu of Site Control shall be refundable; otherwise, such deposit becomes non-refundable.

The expected Commercial Operation Date of the new Large Facility or proposed increase in capacity of the existing Large Facility provided at the time of the submission of the Interconnection Request shall be no more than ten (10) years from the date the Interconnection Request is received by the ISO. Extensions of Commercial Operation Dates are governed by Section 30.4.4.5.

#### **30.3.3.2 Acknowledgment and Notification of Interconnection Request**

The ISO shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement it returns to the Developer. At the same time, the ISO shall forward a copy of the Interconnection Request and its acknowledgement to the Connecting Transmission Owner with whom the Developer is proposing to connect; provided, however, that any Interconnection Request 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 shall not be forwarded to the Connecting Transmission Owner(s) until the close of the applicable solicitation window.

### **30.3.3.3 Deficiencies in Interconnection Request**

An Interconnection Request will not be considered to be a valid request until all items in Section 30.3.3.1 have been received by the ISO and the applicable solicitation window has closed for any Interconnection Request 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. If an Interconnection Request fails to meet the requirements set forth in Section 30.3.3.1, the ISO shall notify the Developer and Connecting Transmission Owner within ten (10) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. However, for any Interconnection Request 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 and that fails to meet the requirements set forth in Section 22.4.2.1, the ISO shall notify the Developer and the Connecting Transmission Owner(s) no later than ten (10) Business Days following the close of the applicable solicitation window. The Developer shall provide the ISO the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. The ISO shall promptly forward such information to the Connecting Transmission Owner; provided, however, for any Interconnection Request 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, such information will not be forwarded to the Connecting Transmission Owner(s) until the close of the applicable solicitation window. Failure by Developer to comply with this Section 30.3.3.3 shall be treated in accordance with Section 30.3.6.

#### **30.3.3.4 Scoping Meeting**

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

The purpose of the Scoping Meeting shall be to reinforce the roles and responsibilities of all parties in the interconnection process, 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, and to determine if Developer wishes to proceed with an Optional Interconnection Feasibility Study. The ISO, Connecting Transmission Owner and 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, and (vii) general deliverability issues as may be reasonably required to accomplish the purpose of the meeting. The Connecting Transmission Owner and Affected Transmission Owner(s), identified pursuant to Section 30.3.5 of this Attachment X, shall provide input regarding proposed Point(s) of Interconnection and configurations. The ISO, Connecting Transmission Owner, Affected Transmission Owner(s), and 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. On the basis of the meeting, Developer shall designate its Point of Interconnection, pursuant to Section 30.6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose. Within five (5) Business Days after the Scoping Meeting, Developer shall advise the ISO

whether it elects to proceed with an Optional Interconnection Feasibility Study; *provided*, *however*, that such requirement is subject to the interim transition timeframe and procedures for electing to proceed to an Optional Interconnection Feasibility Study set forth in Section 30.5.3.

### **30.3.4 OASIS Posting**

30.3.4.1 The ISO will maintain on its OASIS or a publicly accessible portion of its website a list of all valid Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (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, Initial Synchronization Date and Commercial Operation Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the identity of the Developer; and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Large Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests 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. Interconnection Study reports and Optional Interconnection System Reliability Impact Study reports shall be posted to the ISO password-protected website subsequent to the meeting between the Developer, The ISO and Connecting Transmission Owner to discuss the applicable study results. The ISO shall also post any known deviations in date proposed by the Large Facility in Section 30.3.4(iv), above.

#### **30.3.4.2 Requirement to Post Interconnection Study Metrics**

The ISO will maintain on the its OASIS or a publicly accessible portion of its website summary statistics related to processing of Interconnection Studies pursuant to Interconnection Requests, which will be updated on a quarterly calendar basis. For purposes of this section, an Interconnection Study is deemed complete on the date upon which the study itself is completed and an initial study report is circulated to the Developer and the Connecting Transmission Owner(s). Further, the statistics related to processing of Interconnection Studies will exclude days within which, in the event of a withdrawal notice issued by the ISO pursuant to Section 30.3.6 of this Attachment X, the Developer is permitted to cure the deficiencies that prompted the withdrawal notice. For each calendar quarter, the ISO must calculate and post the information detailed in Sections 30.3.4.2.1 through 30.3.4.2.4 below.

**30.3.4.2.1 Optional Interconnection Feasibility Studies processing time.**

(A) Number of Interconnection Requests that opted for an Optional Interconnection Feasibility Study completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter;

(B) Number of Interconnections Requests that had an Optional Interconnection Feasibility Study completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter that were completed more than 45 Calendar Days or 90 Calendar Days (if the Developer elected the more detailed scope per Section 30.6.2 of this Attachment X) after the start of the study, which is the date that the ISO notifies the parties that the study commenced following the latter of: (i) confirmation of receipt of the required study deposit; (ii) confirmation of receipt of

the required technical data; or (iii) acceptance by the Connecting Transmission Owner(s) of the study scope for the Optional Interconnection Feasibility Study;

(C) At the end of the reporting quarter, the number of active valid Interconnection Requests with ongoing incomplete Optional Interconnection Feasibility Studies where the ISO started the study (i.e., the date that the ISO notifies the parties that the study commenced following the latter of: (i) confirmation of receipt of the required study deposit; (ii) confirmation of receipt of the required technical data; or (iii) acceptance by the Connecting Transmission Owner(s) of the study scope for the Optional Interconnection Feasibility Study) more than 45 Calendar Days or 90 Calendar Days (if the Developer elected the more detailed scope per Section 30.6.2 of this Attachment X) before the end of the reporting quarter;

(D) Mean time (in days), Optional Interconnection Feasibility Studies completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter, from the date that the ISO notifies the parties that the study commenced following the latter of the following dates: (i) confirmation of receipt of the required study deposit; (ii) confirmation of receipt of the required technical data; or (iii) acceptance by the Connecting Transmission Owner(s) of the study scope for the Optional Interconnection Feasibility Study to the date when the ISO completed the Optional Interconnection Feasibility Study;

(E) Percentages of Optional Interconnection Feasibility Studies exceeding 45 Calendar Days and 90 Calendar Days (if the Developer elected the more detailed scope per Section 30.6.2 of this Attachment X) to complete in the reporting quarter, calculated as the sum of Sections 30.3.4.2.1(B) and 30.3.4.2.1(C) divided by the sum of Sections 30.3.4.2.1(A) and 30.3.4.2.1(C).

#### **30.3.4.2.2 Interconnection System Reliability Impact Studies processing**

**time.**

(A) Number of Interconnection Requests that had an Interconnection System Reliability Impact Study completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter;

(B) Number of Interconnections Requests that had an Interconnection System Reliability Impact Study completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter that were completed more than 90 Calendar Days after the start of the study, which is the date that the ISO notifies the parties that the study commenced following the latter of: (i) confirmation of receipt of the required study deposit; (ii) confirmation of receipt of the required technical data; (iii) confirmation of Site Control; or (iv) approval of the study scope for the Interconnection System Reliability Study by the ISO Operating Committee;

(C) At the end of the reporting quarter, the number of active valid Interconnection Requests with ongoing incomplete Interconnection System Reliability Impact Studies where the ISO started the study (i.e., the date that the ISO notifies the parties that the study commenced following the latter of: (i) confirmation of receipt of the required study deposit; (ii) confirmation of receipt of the required technical data; (iii) confirmation of Site Control; or (iv) approval of the study scope for the Interconnection System Reliability Study by the NYISO Operating Committee) more than 90 Calendar Days before the reporting quarter end;

(D) Mean time (in days), Interconnection System Reliability Impact Studies completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter, from the date that the



ISO notifies the parties that the study commenced following the latter of the following dates: (i) confirmation of receipt of the required study deposit; (ii) confirmation of receipt of the required technical data; (iii) confirmation of Site Control; or (iv) approval of the study scope for the Interconnection System Reliability Study by the ISO Operating Committee to the date when the ISO completed the Interconnection System Reliability Impact Study;

(E) Percentage of Interconnection System Reliability Impact Studies exceeding 90 Calendar Days to complete the reporting quarter, calculated as the sum of Sections 30.3.4.2.2(B) and 30.3.4.2.2(C) divided by the sum of Sections 30.3.4.2.2(A) and 30.3.4.2.2(C).

**30.3.4.2.3 Class Year Interconnection Facilities Studies processing time.**

(A) Number of Interconnection Requests that had a Class Year Interconnection Facilities Study completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter;

(B) Number of Interconnections Requests that had an Class Year Interconnection Facilities Study completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter that were completed beyond the schedule set forth in Section 25.5.9 of Attachment S to the ISO OATT following the Class Year Study Start Date;

(C) At the end of the reporting quarter, the number of active valid Interconnection Requests with ongoing incomplete Class Year Interconnection Facility Studies, where such Interconnection Requests are included in a commenced Class Year Interconnection Facility Study, that exceed the schedule set forth in Section 25.5.9 of Attachment S to the ISO OATT following the Class Year Study Start Date but before the reporting quarter end;

(D) Mean time (in days), Class Year Interconnection Facility Studies completed by the ISO for a Large Facility seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) during the reporting quarter, from the Class Year Study Start Date to the date when the ISO completed the Class Year Interconnection Facilities Study;

(E) Percentage of Class Year Interconnection Facilities Studies exceeding the schedule set forth in Section 25.5.9 of Attachment S to the ISO OATT to complete the reporting quarter, calculated as the sum of Sections 30.3.4.2.3(B) and 30.3.4.2.3(C) divided by the sum of Sections 30.3.4.2.3(A) and 30.3.4.2.3(C).

#### **30.3.4.2.4 Interconnection Requests Withdrawn from Interconnection**

##### **Queue.**

(A) Number of Interconnection Requests under the Large Facility Interconnection Procedures withdrawn from the ISO's interconnection queue during the reporting quarter;

(B) Number of Interconnection Requests under the Large Facility Interconnection Procedures withdrawn from the ISO's interconnection queue during the reporting quarter before completion of any Interconnection Studies or the ISO's confirmation of the required study deposits or required technical data for any Interconnection Studies;

(C) Number of Interconnection Requests under the Large Facility Interconnection Procedures withdrawn from the ISO's interconnection queue during the reporting quarter before completion of an Interconnection System Reliability Impact Study;

(D) Number of Interconnection Requests under the Large Facility Interconnection Procedures withdrawn from the ISO's interconnection queue during the reporting quarter before completion of a Class Year Interconnection Facilities Study;

(E) Number of Interconnection Requests withdrawn from the ISO's interconnection queue after execution of a Large Generator Interconnection Agreement or the filing of an unexecuted, new Large Generator Interconnection Agreement at the Developer's request;

(F) Mean time (in days), for all withdrawn Interconnection Requests under the Large Facility Interconnection Procedures from the date when the Interconnection Request was determined to be valid to the date when the ISO received the request to withdraw the Interconnection Request from the queue.

**30.3.4.3** The ISO is required to post on the ISO's OASIS or on a publicly accessible portion of its website the measures in Section 30.3.4.2.1(A) through Section 30.3.4.2.3(F) for each calendar quarter within 30 Calendar Days of the end of the calendar quarter. The ISO will keep the quarterly measures posted on OASIS or on a publicly accessible portion of its website for three (3) calendar years with the first required report to be in the first quarter of 2020. If the ISO retains this information on a publicly accessible portion of its website, the ISO shall have a link to the information on its OASIS.

**30.3.4.4** In the event that any of the values calculated in Sections 30.3.4.2.1(F), 30.3.4.2.2(F), or 30.3.4.2.3(E) exceeds 25 percent for two (2) consecutive calendar quarters, the ISO will have to comply with the measures below for the next four (4) consecutive calendar quarters and must continue reporting this information until the ISO reports four (4) consecutive calendar quarters without the values calculated in Sections 30.3.4.2.1(E), 30.3.4.2.2(E), or 30.3.4.2.3(E) exceeding 25 percent for two (2) consecutive calendar quarters:

(i) The ISO must file a report with the Commission describing the reason for each study or group of clustered studies pursuant to an Interconnection Request that exceeded its deadline for completion (excluding any allowance for Reasonable Efforts). The ISO must

describe the reasons for each study delay and any steps taken to remedy these specific issues and, if applicable, prevent such delays in the future. The report must be filed at the Commission within 45 Calendar Days of the end of the calendar quarter.

(ii) The ISO shall aggregate the total number of employee hours and third-party consultant hours expended by the ISO and the applicable Connecting Transmission Owner(s) towards Interconnection Studies for Interconnection Requests seeking to interconnect to the New York State Transmission System (or Distribution System as applicable) that quarter and post on the ISO's OASIS or a publicly accessible portion of its website. This information is to be posted within 30 Calendar Days of the end of the calendar quarter.

### **30.3.5 Coordination with Affected Systems**

The ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, as soon as they are identified – either by their own accord, by the Connecting Transmission Owner, by the ISO or by members of the ISO's Operating Committee or Transmission Planning Advisory Subcommittee of the ISO's Operating Committee. The ISO will include those results on Affected Transmission Owner systems in its applicable Interconnection Study within the time frame specified in these Large Facility 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 Developer as required by these Large Facility Interconnection Procedures. The 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 with whom interconnection has been requested in all matters related to the type and/or conduct of studies and

the determination of modifications to Affected Systems. The ISO shall include in the appropriate interconnection study proposed studies requested by an identified Affected Transmission Owner to the extent such studies are reasonably justified in accordance with Good Utility Practice.

Upon completion of a Class Year Study in which a Developer accepts its Project Cost Allocation for System Upgrade Facilities and/or System Deliverability Upgrades and funds or commits to fund such upgrades as required by Attachment S, the Developer and Affected System Operator(s) will cooperate with the ISO in development of an Engineering, Procurement and Construction to provide for the engineering, procurement and construction of the System Upgrade Facilities and/or 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 Upgrade Facilities and/or 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.

For identified Affected Transmission Owner(s) of facilities electrically adjacent to the Point of Interconnection and that have design criteria, operational criteria or other local planning criteria applicable to either (1) the substation to which the Developer proposes to interconnect; or (2) the substation that will be required to be built to accommodate the interconnection, the ISO shall provide such Affected Transmission Owner(s) with the opportunity to review and provide comments on all study scopes, study reports and drafts thereof for the project, and will be

included on communications regarding the project and meetings discussing the project or any of its studies, where such communications or meetings involve the ISO, Developer and Connecting Transmission Owner. The ISO shall include in the appropriate interconnection study proposed studies requested by such an identified Affected Transmission Owner to the extent such studies are reasonably justified in accordance with Good Utility Practice.

### **30.3.6 Withdrawal**

The Developer may withdraw its Interconnection Request at any time by written notice of such withdrawal to the ISO. In addition, if the Developer fails to adhere to all requirements of these Large Facility Interconnection Procedures, except as provided in Section 30.13.5 (Disputes), the ISO shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Developer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the 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; except that such cure period does not extend specific deadlines set forth in Sections 25.6.2.3.2 and 25.8.2 of Attachment S and the deadlines for study agreement execution and submittal of all required deposits set forth in Section 30.8.1 of this Attachment X (i.e., Developer cannot obtain an additional fifteen (15) business days by virtue of the cure period to comply with the requirements of the above-referenced tariff provisions, but could use the cure period to provide evidence that Developer did in fact provide the required information by the tariff-required date).

Withdrawal shall result in the loss of the Developer's Queue Position. If a Developer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Developer's Interconnection Request is eliminated from the queue until such time that the

outcome of Dispute Resolution would restore its Queue Position. A Developer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to the ISO and Connecting Transmission Owner all costs that the ISO and Connecting Transmission Owner prudently incur with respect to that Interconnection Request prior to the receipt of notice described above. The Developer must pay all monies due to the ISO and Connecting Transmission Owner before it is allowed to obtain any Interconnection Study data or results.

The ISO shall (i) update the OASIS Queue Position posting and (ii) after all outstanding invoices for study work for the project have been received by the ISO, refund to the Developer any portion of the Developer's deposit or study payments that exceeds the costs that the ISO has incurred and any interest actually earned on the deposited amount. In the event of such withdrawal, the ISO and Connecting Transmission Owner, subject to the confidentiality provisions of Section 30.13.1, shall provide, at Developer's request, all information that the ISO and Connecting Transmission Owner developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

### **30.3.7 Identification of Contingent Facilities**

The ISO shall identify Contingent Facilities through the Class Year Interconnection Facilities Study under Attachment S to the ISO OATT, and specify such Contingent Facilities in the Interconnection Agreement. The method for identifying Contingent Facilities shall be sufficiently transparent as to why the ISO identifies Contingent Facilities and how they relate to the Class Year Project. Consistent with the analyses performed in the Class Year Study under Section 25.6 of Attachment S, the ISO shall evaluate the impact on short circuit, thermal, voltage, or stability of unbuilt Attachment Facilities and System Upgrade Facilities and/or System Deliverability Upgrades associated with Class Year Projects. The ISO shall identify

those unbuilt facilities in the Annual Transmission Baseline Assessment and the Annual Transmission Reliability Assessment against which the Class Year Project is evaluated as Contingent Facilities if the impact on short circuit, thermal, voltage, or stability of the unbuilt facilities exceeds the de minimis standards set forth in Sections 25.6.2.6.1.1 through 25.6.2.6.1.4 of Attachment S to the ISO OATT. A Developer may also request the ISO to provide the estimated costs and estimated in-service completion time of each identified Contingent Facility when this information is readily available and not commercially sensitive.



## **30.4 Queue Position**

### **30.4.1 General**

The ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and the Developer provides such information in accordance with Section 30.3.3.3, then the ISO shall assign the Developer a Queue Position based on the date the application form was originally filed. The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies. A higher queued Interconnection Request is one that has been placed “earlier” in the queue in relation to another Interconnection Request that is lower queued.

### **30.4.2 Clustering**

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

Clustering shall be implemented on the basis of Queue Position. If the ISO elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the “Queue Cluster Window” shall be studied together. Deadlines for completing all Interconnection System Reliability Impact Studies for all Interconnection Requests assigned to the same Queue Cluster Window shall be in accordance with Section 30.7.4. The ISO may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Facility.

Clustering Interconnection System Reliability Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission

expansion plan in light of the New York State Transmission System capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on the ISO's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

### **30.4.3 Transferability of Queue Position**

A Developer may transfer its Queue Position to another entity only if such entity acquires the specific Large Facility identified in the Interconnection Request, the Point of Interconnection does not change and the acquiring Developer demonstrates Site Control for its Project. As a result of such a transfer, the acquiring entity shall become the Developer of the specific Large Facility identified in the Interconnection Request.

Notwithstanding the foregoing, for a Project in the Interconnection Queue prior to [insert effective date], the Developer may, prior to the return of the executed Interconnection Facility Study Agreement to the ISO, modify the Project by combining it with another Project in the Interconnection Queue pursuant to Section 30.4.4.2 of this Attachment X.

### **30.4.4 Modifications**

The Developer shall submit to the ISO, in writing, a Large Facility Modification Request in the form of Appendix 3 to these Large Facility Interconnection Procedures for modifications to any information provided in the Interconnection Request. The Developer shall retain its Queue Position if the modifications are permitted in accordance with Sections 30.4.4.1, 30.4.4.2,

30.4.4.5, 30.4.4.6, or 30.4.4.7 or are determined not to be Material Modifications pursuant to Section 30.4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either the Developer or the ISO or Connecting Transmission Owner may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the New York State Transmission System to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the ISO, Connecting Transmission Owner and Developer, such acceptance not to be unreasonably withheld, the ISO shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 30.6.4, Section 30.7.6 and Section 30.8.5 as applicable and Developer shall retain its Queue Position.

**30.4.4.1** Prior to the commencement of the Interconnection System Reliability Impact Study as posted on the ISO's interconnection queue, modifications permitted under this section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project, through either (1) a decrease in plant size or (2) a decrease in interconnection service level (consistent with the process described in Section 30.3.2.3) accomplished by applying injection-limiting equipment that is agreed to by the ISO and the Connecting Transmission Owner; (b) modifying the technical parameters associated with the Large Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases other than increases resulting from a Permissible

Technological Advancement, the incremental increase in plant output will go to the end of the queue for the purposes of study analysis.

**30.4.4.2** Prior to the return of the executed Interconnection Facility Study

Agreement to the ISO, the modifications permitted under this section shall include specifically: (a) additional 15 percent decrease of electrical output (MW) of the proposed project through either (1) a decrease in the plant size or (2) a decrease in the interconnection service level (consistent with the process described in Section 30.3.2.3) accomplished by applying injection-limiting equipment that is agreed to by the ISO and the Connecting Transmission Owner; (b) Large Facility technical parameters associated with modifications to Large Facility technology and transformer impedances; (c) a Permissible Technological Advancement for the Large Facility after the submission of the Interconnection Request; and (d) a reduction in the number of MW the Developer requests to be evaluated for CRIS; provided, however, the incremental Interconnection Study costs associated with those modifications are the responsibility of the requesting Developer. For a technological change, Section 30.4.4.7 specifies a separate Technological Change Procedure, which the ISO, in consultation with the Connecting Transmission Owner to the extent practicable, will follow to assess whether a Developer's requested change constitutes a Permissible Technological Advancement, as defined in Section 30.1 of this Attachment X.

For a Project in the Interconnection Queue prior to [insert effective date], the Developer may, prior to the return of the executed Interconnection Facility Study Agreement to the ISO, modify the Project by combining it with another Project in the Interconnection Queue, even if the Projects are different technologies; provided however, the Projects must (i) be co-located behind the the same Point of Interconnection; (ii) submit a revised Interconnection Request reflecting the modification to become a Project comprised of multiple Generators as well as identifying the Developer of record for purposes of the interconnection process; and (iii) demonstrate the manner in which such Developer of record retains Site Control for the combined Project. For a Project requesting a modification under this Section 30.4.4.2, upon ISO approval of such modification, the combined Project shall proceed as a single Project for purposes of the next interconnection study required for the Project more advanced in the interconnection study process (*i.e.*, a Project with a completed SRIS may combine with a Project without a completed SRIS; provided however, the combined Project will be evaluated as a single Project in the Class Year Study).

**30.4.4.3** Prior to making any modification other than those specifically permitted by Sections 30.4.4.1, 30.4.4.2, 30.4.4.5, 30.4.4.6, and 30.4.4.7, Developer may first request that the ISO evaluate whether such modification is a Material Modification. In response to Developer's request, the ISO shall evaluate the proposed modifications prior to making them and inform the Developer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection except those deemed acceptable under

Section 30.4.4.1, 30.6.1, 30.7.2 or so allowed elsewhere shall constitute a Material Modification. Unless requested prior the commencement of the System Reliability Impact Study, any increase in requested CRIS from the requested CRIS set forth in the Interconnection Request or any request for CRIS not included in the Interconnection Request (*i.e.*, if the Interconnection Request included only a request for ERIS) shall constitute a Material Modification. Any modification to a Class Year Project during a Class Year Study for which it is a member shall constitute a Material Modification. For proposed modifications deemed to be Material Modifications, the Developer may withdraw the proposed modification request or proceed with a new Interconnection Request for such modification.

**30.4.4.4** Upon receipt of Developer's request for modification permitted under this Section 30.4.4, 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 Developer's request. Any additional studies resulting from such modification shall be done at Developer's cost.

**30.4.4.5** Extensions of the proposed Commercial Operation Date will not be Material Modifications if:

**30.4.4.5.1** The proposed Commercial Operation Date is within four (4) years from the following date:

**30.4.4.5.1.1** For all Large Facilities and for Small Generating Facilities subject to Attachment S, the date the Developer and all other Developers remaining in the

Class Year post security as part of a Class Year Interconnection Facilities Study  
(*i.e.*, completion of the Class Year).

**30.4.4.5.1.2** For Small Generating Facilities not subject to Attachment S, the date the  
ISO tenders the SGIA to the Interconnection Customer.

**30.4.4.5.2** Developer may request an extension of its Commercial Operation Date  
beyond the limit specified in Section 30.4.4.5.1. Such request will not be a  
Material Modification only if the following conditions have been met:

**30.4.4.5.2.1** Developer must have an executed Interconnection Agreement for the  
project or have an unexecuted Interconnection Agreement jointly filed at FERC  
by the ISO and Connecting Transmission Owner; and

**30.4.4.5.2.2** Developer must demonstrate (via an Officer certification) that it has made  
reasonable progress against milestones set forth in the Interconnection Agreement  
(*e.g.*, completion of engineering design, major equipment orders, commencement  
and continuation of construction of the Large Facility and associated System  
Upgrade Facilities, as applicable). If Developer has requested an unexecuted  
Interconnection Agreement be filed with FERC, Developer must meet this  
requirement within sixty (60) days of a FERC Order on the unexecuted  
Interconnection Agreement.

**30.4.4.5.3** For projects in the ISO interconnection queue that as of February 18, 2013  
have accepted Project Cost Allocations and posted Security for System Upgrade  
Facilities from the final round of a Class Year Interconnection Facilities Study,  
the following criteria must be satisfied with respect to the proposed Commercial  
Operation Date:

**30.4.4.5.3.1** The project's proposed Commercial Operation Date posted on the ISO interconnection queue as of February 18, 2013 must be within the limit specified in Section 30.4.4.5.1; or

**30.4.4.5.3.2** The project's proposed Commercial Operation Date posted on the ISO interconnection queue as of February 18, 2013 must have been reviewed by the ISO and determined not to be a Material Modification prior to February 18, 2013; or

**30.4.4.5.3.3** If the project's proposed Commercial Operation Date posted on the ISO interconnection queue as of February 18, 2013 is beyond the limit specified in Section 30.4.4.5.1 and the project has not satisfied Section 30.4.4.5.3.2, the following conditions must be satisfied or the project will be withdrawn from the ISO interconnection queue:

**30.4.4.5.3.3.1** Within sixty (60) days of February 18, 2013, Developer must either (1) have an executed Interconnection Agreement for the project; or (2) have an unexecuted Interconnection Agreement jointly filed at FERC by the ISO and Connecting Transmission Owner; and

**30.4.4.5.3.3.2** Within sixty (60) days of execution of an Interconnection Agreement or a FERC Order on an unexecuted Interconnection Agreement, as applicable, Developer must demonstrate (via an Officer certification) that it has made reasonable progress against milestones set forth in the Interconnection Agreement (*e.g.*, completion of engineering design, major equipment orders, commencement and continuation of construction of the Large Facility and associated System Upgrade Facilities, as applicable).



**30.4.4.5.3.4** For a project that is subject to Section 30.4.4.5.3, subsequent requests for an extension of the project's Commercial Operation Date (*i.e.*, requests submitted to the ISO after February 18, 2013) will not be a Material Modification only if Developer satisfies the requirements set forth in Section 30.4.4.5.2.

**30.4.4.5.4** Prior to the expiration of the proposed In-Service Date posted on the ISO interconnection queue, as applicable, Developer is obligated to provide the ISO with notice of any proposed extensions of proposed In-Service Date, proposed Initial Synchronization Date or proposed Commercial Operation Date, as applicable, as soon as it becomes apparent to Developer that the most recent proposed In-Service Date posted on the ISO's interconnection queue is infeasible.

**30.4.4.6** Any increase by the Developer, after it executes the Class Year Interconnection Facilities Study Agreement, in the number of MW of Installed Capacity that it previously requested to be evaluated for CRIS shall constitute a Material Modification. Any decrease in the number of MWs the Developer requests, pursuant to Section 25.7.7.1 of Attachment S to the ISO OATT, to be evaluated for CRIS after it executes the Class Year Interconnection Facilities Study Agreement, shall not constitute a Material Modification.

**30.4.4.7 Technological Change Procedure.** Following delivery of the initial draft of the System Reliability Impact Study report to the Developer and Connecting Transmission Owner(s) but prior to the return of an executed Interconnection Facilities Study Agreement to the ISO, a technological change that satisfies the definition of a Permissible Technology Advancement or that the ISO determines is not a Material Modification under this Technological Change

Procedure is a permissible modification that will not result in a Developer losing its Queue Position if it elects to proceed with the requested modification.

**30.4.4.7.1** A Developer seeking to modify its proposed Large Facility based upon a change to the turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Developer's Interconnection Request shall submit a Large Facility Modification Request in the form of Appendix 3 to these Large Facility Interconnection Procedures, which shall be accompanied by a study deposit in the amount of \$10,000 and any support relied on by the Developer to show that the change is a Permissible Technological Advancement or not a Material Modification. Upon receipt of a Large Facility Modification Request that identifies a request for a technological change, the ISO, in consultation with the Connecting Transmission Owner(s) to the extent practicable, shall first conduct a review of the technological change and supporting information to determine whether such change constitutes a Permissible Technological Advancement. If the Large Facility Modification Request demonstrates that the proposed technological change satisfies the definition of Permissible Technological Advancement and does not result in a change to the electrical characteristics that is (i) greater than two (2) percent voltage drop at the Point of Interconnection or (ii) greater than 100 amperes short circuit contribution, then no additional study is required and the technological change shall constitute a Permissible Technological Advancement.

**30.4.4.7.2** If the ISO identifies that additional studies are required to determine whether the technological change constitutes a Permissible Technological

Advancement, the ISO shall commence and perform any necessary studies to determine whether the electrical performance is equal or better than the electrical performance prior to the technological change and it does not result in adverse reliability concerns. Such additional studies shall be identified and performed based on the ISO's engineering judgment and at the Developer's expense. If the Developer fails to provide information or data that is required by the ISO to conduct the additional studies, the ISO shall reject the requested technological change; however, the Developer may resubmit a Large Facility Modification Request for the same technological change with the required information.

**30.4.4.7.3** If the ISO concludes that the requested technological change does not constitute a Permissible Technological Advancement after completing the additional studies, the ISO shall review whether the technological change would constitute a Material Modification consistent with Section 30.4.4.3 of this Attachment X.

**30.4.4.7.4** The ISO will complete its review and any additional studies required under this Technological Change Procedure within thirty (30) Calendar Days of receiving a Large Facility Modification Request and the required study deposit. Following completion of the ISO's review and any additional studies, the ISO shall describe the studies that were conducted, if any, and invoice the Developer for any costs incurred and either refund any remaining amount of the study deposit in excess of the costs without interest for amounts owed. The Developer shall pay the invoice within thirty (30) Calendar Days from receipt of the invoice or commence a dispute under Section 30.13.5 of this Attachment X.

## **30.5 Transition Procedures Regarding Standard Large Facility Interconnection Procedures**

### **30.5.1 Transition Procedures for Interconnection Requests Submitted Prior to Initial Effective Date of Standard Large Facility Interconnection Procedures**

**30.5.1.1** Any Developer assigned a Queue Position prior to the effective date of these Large Facility Interconnection Procedures shall retain that Queue Position.

**30.5.1.1.1** If an Interconnection Study Agreement has not been executed as of the effective date of these Large Facility Interconnection Procedures, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with these Large Facility Interconnection Procedures.

**30.5.1.1.2** If an Interconnection Study Agreement has been executed prior to the effective date of this these Large Facility Interconnection Procedures, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which a Developer has not signed an Interconnection Study Agreement prior to the effective date of these Large Facility Interconnection Procedures, the ISO must offer the Developer the option of either continuing under the ISO's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with these Large Facility Interconnection Procedures.

**30.5.1.1.3** If a Standard Large Generator Interconnection Agreement has been submitted to the Commission for approval before the effective date of these Standard Large Facility Interconnection Procedures, then the Standard Large Generator Interconnection Agreement would be grandfathered.

### **30.5.1.2 Transition Period**

To the extent necessary, the ISO and Developers with an outstanding request (i.e., an Interconnection Request for which an interconnection agreement has not been submitted to the Commission for approval as of the effective date of these Large Facility 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, on the effective date of these Large Facility 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 Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Developer with an outstanding request as of the effective date of these Large Facility Interconnection Procedures may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the ISO to the extent consistent with the intent and process provided for under these Large Facility Interconnection Procedures. This paragraph shall not apply to a Large Facility’s obligation to obtain CRIS in order to qualify as an Installed Capacity Supplier or obtain Unforced Capacity Delivery Rights under the ISO Services Tariff.

### **30.5.2 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 an Interconnection Request 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 Large Facility Interconnection Procedures shall be paid by or refunded to the Developer, as appropriate. The ISO shall coordinate with the successor transmission provider to complete any Interconnection Request (including Interconnection Studies), as appropriate, that the ISO has begun but has not completed. If the ISO has tendered a draft Standard Large Generator Interconnection Agreement to the Developer but the Developer has not either executed that interconnection agreement or requested the filing of an unexecuted Standard Large Generator Interconnection Agreement with FERC, unless otherwise provided, the Developer must complete negotiations with the successor transmission provider.

**30.5.3 Interim Transition Procedures for Optional Interconnection Feasibility Studies, Interconnection System Reliability Impact Studies, and Optional Interconnection System Reliability Impact Studies Pending Adoption of the ISO's Revised Interconnection Procedures in Compliance with Order No. 2023**

**30.5.3.1 Interim Transition Procedures for Large Facilities Eligible for Optional Interconnection Feasibility Studies**

30.5.3.1.1 If, prior to December 1, 2023: (A) the ISO has commenced a detailed or a limited Optional Interconnection Feasibility Study for Developer's Large Facility or (B) the ISO has provided Developer and Connecting Transmission Owner with the final scope of a detailed or a limited Optional Interconnection Feasibility Study for Developer's Large Facility and Connecting Transmission Owner has indicated its agreement with the scope by signing and returning it to the ISO pursuant to Section 30.6.2, then the Developer of the Large Facility shall elect: (i) for the ISO to commence or complete the Optional Interconnection Feasibility Study at the detailed or limited analysis level, as applicable, for the Large Facility, (ii) not to commence or to terminate the Optional Interconnection Feasibility Study for the Large Facility and for the

Large Facility to remain in the ISO's interconnection queue pending the adoption of the ISO's revised interconnection procedures in compliance with Order No. 2023, or (iii) not to commence or to terminate the Optional Interconnection Feasibility Study for the Large Facility and to withdraw the Interconnection Request for the Large Facility.

30.5.3.1.2 The Developer of the Large Facility shall inform the ISO of its election on or before December 8, 2023. If the ISO does not receive an election by this date, Developer shall be designated as electing option (ii) of Section 30.5.3.1.1.

**30.5.3.2 Interim Transition Procedures for Large Facilities Eligible for Interconnection System Reliability Impact Studies or Optional Interconnection System Reliability Impact Studies**

30.5.3.2.1 If, prior to December 1, 2023: (A) the ISO has commenced an SRIS or an Optional Interconnection System Reliability Impact Study ("Optional SRIS") for Developer's Large Facility or (B) the ISO Operating Committee has approved the study scope for an SRIS for a Large Facility pursuant to Section 30.7.3.1 or an Optional SRIS pursuant to Section 30.10.1, then the Developer of the Large Facility shall elect: (i) for the ISO to commence or complete the SRIS or Optional SRIS, as applicable, for the Large Facility, (ii) not to commence or to terminate the SRIS or Optional SRIS, as applicable, for the Large Facility and for the Large Facility to remain in the ISO's interconnection queue pending the adoption of the ISO's revised interconnection procedures in compliance with Order No. 2023, or (iii) not to commence or to terminate the SRIS or Optional SRIS, as applicable, for the Large Facility and to withdraw the Interconnection Request for the Large Facility.

30.5.3.2.2 The Developer of the Large Facility shall inform the ISO of its election on or before December 8, 2023. If the ISO does not receive an election by this date, Developer shall be designated as electing option (ii) of Section 30.5.3.2.1.

**30.5.3.3 Interim Transition Procedures for Large Facilities that Have Elected to**

**Proceed with Optional Interconnection Feasibility Study or SRIS But Have Not Satisfied Scope Requirements Prior to December 1, 2023**

**30.5.3.3.1** If, by December 1, 2023: (A) the Scoping Meeting or an Optional Interconnection Feasibility Study has been completed for Developer's Large Facility, and Developer has made a timely election for its Large Facility to proceed to, as applicable, an Optional Interconnection Feasibility Study or SRIS pursuant to Section 30.6.1 or 30.7.1, but (B) has not met the requirements of Section 30.5.3.1 or 30.5.3.2 above, then the Developer shall elect: (i) for the ISO to perform an Optional Interconnection Feasibility Study for the Large Facility at a limited analysis level pursuant to Section 30.6.2 if such study has not yet been performed, (ii) for the ISO not to perform an Optional Interconnection Feasibility Study for the Large Facility and for its Large Facility to remain in the ISO's interconnection queue pending the adoption of the revised interconnection procedures in compliance with Order No. 2023, or (iii) for the ISO not to perform an Optional Interconnection Feasibility Study for the Large Facility and to withdraw the Interconnection Request for the Large Facility.

**30.5.3.3.2** The Developer of the Large Facility shall inform the ISO of its election on or before December 8, 2023. If the ISO does not receive an election by this date, Developer shall be designated as electing option (ii) of Section 30.5.3.3.1.

**30.5.3.4 Interim Transition Procedures for Large Facilities that Are Not Subject to the Above Transition Requirements**

**30.5.3.4.1** A Developer with a validated Interconnection Request for its Large Facility that is not subject to the requirements in Sections 30.5.3.1, 30.5.3.2, or 30.5.3.3 shall elect within five Business Days of the completion of the Scoping Meeting or the completion of an Optional Interconnection Feasibility Study for the Large Facility: (i) for the ISO to perform an Optional Interconnection Feasibility Study for the Large Facility at a limited analysis level pursuant to Section 30.6.2 if such study has not yet been performed, (ii) for its Large Facility to



remain in the ISO's interconnection queue pending the adoption of the revised interconnection procedures in compliance with Order No. 2023, or (iii) to withdraw the Interconnection Request for the Large Facility. If the ISO does not receive an election by the Developer prior to the completion of the five Business Day period, Developer shall be designated as electing option (ii) of this Section 30.5.3.4.1.

### **30.5.3.5 Payment and Refund Requirements for Terminated Studies**

30.5.3.5.1 If Developer has provided the ISO with a study deposit for the Optional Interconnection Feasibility Study, SRIS, or Optional SRIS for its Large Facility and elects to terminate the study pursuant to Sections 30.5.3.1, 30.5.3.2, or 30.5.3.3, the ISO shall invoice Developer if the actual costs incurred for any study work performed prior to the termination of the study exceed the deposit amount. Developer shall pay the ISO any excess amount within 30 Calendar Days of receipt of an ISO invoice. The ISO shall refund to the Developer any portion of its deposit or study payments that exceed the costs incurred for any study work and any interest actually earned on the deposited amount.

30.5.3.6 Notwithstanding a Developer's election pursuant to this Section 30.5.3 that the ISO complete an Optional Interconnection Feasibility Study, SRIS, or Optional SRIS for a Large Facility and/or that the Large Facility remain in the ISO's interconnection queue, the Large Facility will be subject to the new requirements of the revised interconnection procedures, including any additional transition rules, accepted by the Commission in compliance with Order No. 2023 and will have to satisfy such requirements to proceed under the revised interconnection procedures.

### **30.6 Optional Interconnection Feasibility Study**

The requirements for the Optional Interconnection Feasibility Study set forth in this Section 30.6 shall be subject to the interim transition procedures in Section 30.5.3 of this Attachment X and shall be superseded by the requirements in Section 30.5.3 in the event of conflicting requirements.

#### **30.6.1 Commencing an Optional Interconnection Feasibility Study**

If, within five (5) Business Days after the Scoping Meeting, Developer advises the ISO that it elects to proceed with an Optional Interconnection Feasibility Study, the ISO shall provide to Developer and Connecting Transmission Owner a good faith estimate of the cost and timeframe for completing the Optional Interconnection Feasibility Study. The Developer is responsible for the actual cost of the Optional Interconnection Feasibility Study. Developer shall specify the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. The Developer must provide a \$10,000 or \$60,000 study deposit, depending on the scope of analyses requested pursuant to Section 30.6.2 of this Attachment X. The Developer shall deliver to the ISO the required deposit of \$10,000 or \$60,000, depending upon the scope of the study work elected pursuant to Section 30.6.2 of this Attachment X and the technical data requested by the ISO no later than fifteen (15) Business Days after Developer's receipt of the ISO's good faith estimate of the study costs. If the Developer does not provide the required study deposit within fifteen (15) Business Days after the ISO's notice to Developer and the Connecting Transmission Owner of the good faith estimate of the cost and timeframe for completing the SRIS, the Interconnection Request will be subject to withdrawal. If the Developer does not provide all required technical data, the ISO shall notify the Developer of the deficiency and the Developer shall cure the deficiency within ten (10) Business Days of receipt

of the notice, provided, however, such ability to cure technical deficiencies does not apply to failure to submit the required deposit. The ISO shall notify the Developer and the Connecting Transmission Owner that the Optional Interconnection Feasibility Study has commenced following receipt of the required deposit and once the ISO deems the required technical data sufficient.

If the Optional Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by either Developer or Connecting Transmission Owner and the ISO, and acceptable to the other Parties, such acceptance not to be unreasonably withheld, may be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 30.6.4 as applicable. For the purpose of this Section 30.6.1, if the ISO, Connecting Transmission Owner and Developer cannot agree on the substituted Point of Interconnection, then Developer may direct that an alternative, as specified pursuant to Section 30.3.3.4, shall be the substitute.

If the Developer opts to forego the Optional Interconnection Feasibility Study, the ISO will initiate an Interconnection System Reliability Impact Study under Section 30.7 of these Large Facility Interconnection Procedures.

### **30.6.2 Scope of Optional Interconnection Feasibility Study**

The Optional Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the New York State Transmission System in accordance with the scope that the Developer elects pursuant to this Section 30.6.2. The scope of the Optional Interconnection Feasibility Study will be provided to the Developer and Connecting Transmission Owner for review and comment. After the Optional Feasibility Study scope is

finalized, the ISO will provide the final scope to the Developer and Connecting Transmission Owner. The Connecting Transmission Owner shall indicate its agreement to the Optional Feasibility Study scope by signing it and promptly returning it to the ISO, such agreement not to be unreasonably withheld.

The Optional Interconnection Feasibility Study shall be conducted in accordance with Applicable Reliability Standards.

The Optional Interconnection Feasibility Study will consider the Base Case and, if not already included in the Base Case, all generators and Class Year Transmission Projects (and with respect to (iii), any identified System Upgrade Facilities and, if security or cash has been posted in accordance with Attachment S, System Deliverability Upgrades, except for Highway facility upgrades that have not yet been triggered under Section 25.7.12.3.1 of Attachment S) that, on the date the Optional Interconnection Feasibility Study commences: (i) are directly interconnected to the New York State Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have accepted their cost allocation for System Upgrade Facilities and posted security for such System Upgrade Facilities in accordance with Attachment S; and (iv) have no Queue Position but have executed a Standard Large Generator Interconnection Agreement or requested that an unexecuted Standard Large Generator Interconnection Agreement be filed with FERC.

The Optional Interconnection Feasibility Study may consist of the any of the following levels of analysis, at Developer's election:

For a \$10,000 Optional Interconnection Feasibility Study Deposit, Developer may request the following limited analyses:

- (1) Development of conceptual breaker-level one-line diagram of existing NYS Transmission System or Distribution System where the Large Facility proposes to interconnect (i.e., how to integrate the Large Facility into the existing system); and/or
- (2) Review of feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation or identification of cable routing concerns inside existing substation).

For a \$60,000 Optional Interconnection Feasibility Study Deposit, Developer may request the following detailed analyses:

- (1) Development of conceptual breaker-level one-line diagram of existing NYS Transmission System or Distribution System where the Large Facility proposes to interconnect (i.e., how to integrate the Large Facility into the existing system);
- (2) Review of feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation or identification of cable routing concerns inside existing substation);
- (3) Preliminary review of local protection, communication, and grounding issues associated with the proposed interconnection;
- (4) Power flow, short circuit, and/or bus flow analyses; and/or
- (5) Identification of Connecting Transmission Owner Attachment Facilities and Local System Upgrade Facilities with a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

### **30.6.3 Optional Interconnection Feasibility Study Procedures**

ISO may request additional information from Developer and Connecting Transmission Owner as may reasonably become necessary consistent with Good Utility Practice during the course of the Optional Interconnection Feasibility Study. Upon request from the ISO for additional information required for or related to the Optional Interconnection Feasibility Study, Developer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

The ISO shall utilize existing studies to the extent practicable when it performs the study. If Developer elects the more limited study scope described in Section 30.6.2, the ISO shall use Reasonable Efforts to complete the Optional Interconnection Feasibility Study no later than forty-five (45) Calendar Days after the ISO confirms receipt of the required study deposit and required technical data. If Developer elects the more detailed study scope described in Section 30.6.2, the ISO shall use Reasonable Efforts to complete the Optional Interconnection Feasibility Study no later than ninety (90) Calendar Days after the ISO confirms receipt of the required study deposit and required technical data. At the request of the Developer or at any time the ISO determines that it will not meet the required time frame for completing the Optional Interconnection Feasibility Study, ISO shall notify the Developer as to the schedule status of the Optional Interconnection Feasibility Study. If the ISO is unable to complete the Optional Interconnection Feasibility Study within that time period, it shall notify the Developer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the ISO shall provide the Developer supporting documentation, workpapers and relevant power flow, and short circuit databases for the Optional Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 30.13.1.

The ISO and Connecting Transmission Owner shall study the Interconnection Request at the level of ERIS requested by the Developer, unless otherwise required to study the full output due to safety or reliability concerns based on the ISO's and Connecting Transmission Owner's determination using Good Utility Practice and related engineering considerations and after accounting for any control technology proposed by the Developer.

#### **30.6.3.1 Study Report Meeting**

Connecting Transmission Owner and any Affecting Transmission Owners, together with Developer, will be provided with drafts of the Optional Interconnection Feasibility Study report for review. Review and comments shall be provided to the ISO within fifteen (15) Business Days of receipt. Within ten (10) Business Days of providing a final draft of the Optional Interconnection Feasibility Study report to Developer, the ISO and Connecting Transmission Owner shall meet with Developer to discuss the results of the Optional Interconnection Feasibility Study.

#### **30.6.4 Re-Study**

If the ISO determines that re-study of the Optional Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 30.4.4, or re-designation of the Point of Interconnection pursuant to Section 30.6.1 the ISO shall notify Developer in writing. Such re-study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of re-study shall be borne by the Developer being re-studied.

### **30.7 Interconnection System Reliability Impact Study**

The requirements for the System Reliability Impact Study set forth in this Section 30.7 shall be subject to the interim transition procedures in Section 30.5.3 of this Attachment X and shall be superseded by the requirements in Section 30.5.3 in the event of conflicting requirements.

#### **30.7.1 Commencing an Interconnection System Reliability Impact Study**

Developer shall advise the ISO that it elects to proceed with an Interconnection System Reliability Impact Study within five (5) Business Days after either the delivery of the final Optional Interconnection Feasibility Study report to the Developer, or, the Scoping Meeting, if the Developer opts to forego the Optional Interconnection Feasibility Study. As soon as practicable after receipt of such election from the Developer, the ISO shall provide to the Developer and Connecting Transmission Owner a good faith estimate of the cost and timeframe for completing the Interconnection System Reliability Impact Study ("SRIS"). The Developer shall compensate the ISO and Connecting Transmission Owner for the actual cost of the SRIS.

#### **30.7.2 Study Deposit and Site Control Requirements for an Interconnection System Reliability Impact Study**

The Developer shall submit to the ISO no later than fifteen (15) Business Days after the ISO's notice to Developer and the Connecting Transmission Owner of the good faith estimate of the cost and timeframe for completing the SRIS the following: (1) demonstration of Site Control (if Site Control was not provided with the Interconnection Request); (2) the required SRIS deposit pursuant to Section 30.7.2.1 of this Attachment X; and (3) the technical data requested by the ISO. The ISO shall notify the Developer and the Connecting Transmission Owner that the Interconnection System Reliability Impact Study has commenced following receipt of the



required SRIS deposit and once the ISO deems the required technical data and site control sufficient.

#### **30.7.2.1 Applicable Study Deposit**

If the ISO is responsible for performing the entire study, the required deposit is \$120,000. If the Developer is hiring a third-party consultant to perform the analytical portion of the study, the required deposit is \$40,000. If the Developer does not provide the required study deposit within fifteen (15) Business Days after the ISO's notice to the Developer and the Connecting Transmission Owner of the good faith estimate of the cost and timeframe for completing the SRIS, the Interconnection Request will be subject to withdrawal.

#### **30.7.2.2 Required Technical Data for the SRIS**

If the Developer does not provide all required technical data, the ISO shall notify the Developer of the deficiency and the Developer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such ability to cure technical deficiencies does not apply to failure to demonstrate site control or submit the required deposit in lieu of demonstrating site control.

#### **30.7.2.3 Substitute Point of Interconnection**

If the SRIS uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Optional Interconnection Feasibility Study, a substitute Point of Interconnection identified by either Developer or Connecting Transmission Owner and the ISO, and acceptable to the other Parties, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 30.7.6 as applicable. For the purpose of this

Section 30.7.2.3, if the ISO, Connecting Transmission Owner and Developer cannot agree on the substituted Point of Interconnection, then Developer may direct that one of the alternatives as specified in the Optional Interconnection Feasibility Study Agreement, as specified pursuant to Section 30.3.3.4, shall be the substitute.

### **30.7.3 Scope of Interconnection System Reliability Impact Study**

The SRIS shall consist of an evaluation under the Minimum Interconnection Standard and, as applicable pursuant to Section 30.7.3.2 of this Attachment X, a deliverability evaluation under the Deliverability Interconnection Standard.

The SRIS will consider the Base Case, and if not already included in the Base Case, all generators and Class Year Transmission Projects (and with respect to (iii) below, any identified System Upgrade Facilities associated with such higher queued interconnection and, if security or cash has been posted in accordance with Attachment S, System Deliverability Upgrades, except for Highway facility upgrades that have not yet been triggered under Section 25.7.12.3.1 of Attachment S) that, on the date the SRIS scope is approved by the Operating Committee: (i) are directly interconnected to the New York State Transmission System or to the Distribution System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have accepted their cost allocation for System Upgrade Facilities and posted security for such System Upgrade Facilities in accordance with Attachment S; and (iv) have no Queue Position but have executed a Standard Large Generator Interconnection Agreement or requested that an unexecuted Standard Large Generator Interconnection Agreement be filed with FERC.

The ISO may request additional information from Developer and Connecting Transmission Owner as may reasonably become necessary consistent with Good Utility Practice

during the course of the SRIS. Upon request from the ISO for additional information required for or related to the SRIS, the Developer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

#### **30.7.3.1 Evaluation under the Minimum Interconnection Standard**

The SRIS will consist of short circuit analyses, local steady state analyses, and local stability analyses; however, additional analysis may be required if that analysis could reasonably be expected to identify reliability violations requiring SUFs. For a Developer proposing an incremental increase in output to an existing Large Facility, the SRIS scope may be narrowed upon mutual agreement among the ISO, Connecting Transmission Owner and the Developer. The SRIS will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing ERIS, 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. For purposes of determining necessary Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities, the SRIS shall consider the level of ERIS requested by the Developer, unless otherwise required to the study the full output due to safety or reliability concerns based on the ISO's and Connecting Transmission Owner's determination using Good Utility Practice and related engineering considerations and after accounting for any control technology proposed by the Developer. The ISO, in consultation with the Connecting Transmission Owner, shall also specify which studies will be performed at which facility capacity level. The SRIS will provide a list of facilities that are required as a result of the Interconnection Request, including additional System Upgrade Facilities related to the Large Facility operating at less than full output, and a nonbinding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

The scope of the SRIS will be provided to the Developer and Connecting Transmission Owner for review and comment. After the SRIS scope is finalized, the ISO will provide the final scope to the Connecting Transmission Owner. The Connecting Transmission Owner shall indicate its agreement to the scope of the SRIS by signing it and promptly returning it to the ISO, such agreement not to be unreasonably withheld.

The ISO Operating Committee shall approve the specific study scope proposed for each SRIS.

The SRIS shall evaluate the impact of the proposed interconnection on the reliability of the New York State Transmission System. If an Optional Interconnection Feasibility Study is not performed for the project, the SRIS will also evaluate the feasibility of the proposed interconnection.

The SRIS shall be conducted in accordance with Applicable Reliability Standards and shall indicate the Developer's requested ERIS and CRIS and whether the SRIS will include a deliverability evaluation pursuant to Section 30.7.3.2 of this Attachment X.

#### **30.7.3.2 Evaluation under the Deliverability Interconnection Standard**

If the Large Facility requests CRIS, the ISO will determine whether the requested CRIS is likely to require System Deliverability Upgrades by performing a preliminary, non-binding evaluation of the deliverability of the Large Facility's requested CRIS under the NYISO Deliverability Interconnection Standard. If the ISO determines that a preliminary deliverability evaluation is required in the SRIS, such requirement will be documented in the SRIS Scope.

A Large Facility for which the ISO does not require a deliverability evaluation in the SRIS may, at Developer's option, elect to include in the SRIS scope a preliminary evaluation of the Large Facility under the Deliverability Interconnection Standard.

The preliminary deliverability evaluation will state the assumptions upon which it is based; state the results of the preliminary analyses; and, as applicable, identify and provide preliminary, non-binding cost estimates for potential System Deliverability Upgrades at a high level. The preliminary deliverability evaluation will be performed in accordance with the Class Year Study deliverability procedures set forth in Sections 25.7.3, 25.7.5, 25.7.8 and 25.7.9 of Attachment S to the OATT; provided, however, that the Large Facility will be evaluated individually and not on an aggregate basis with other projects. If the SRIS deliverability evaluation determines that a Large Facility is not deliverable for its full amount of requested CRIS, the ISO will (1) identify, at a high level, potential System Deliverability Upgrades to make the facility fully deliverable for the full amount of requested CRIS; and (2) provide preliminary non-binding cost estimates for such potential System Deliverability Upgrades. The identification and cost estimates of potential System Deliverability Upgrades in this preliminary deliverability evaluation may be based on generic information.

If the Large Facility for which the SRIS includes a deliverability evaluation pursuant to this Section 30.7.3.2 and such evaluation identifies potential System Deliverability Upgrades, the evaluation of such upgrades will be refined in the Class Year Study prior to the Class Year Deliverability Study and subsequently revised, as necessary, in light of Class Year Deliverability Study results that may alleviate the need for or require alternative System Deliverability Upgrades. To the extent the ISO identifies alternative potential System Deliverability Upgrades, the Developer may elect which System Deliverability Upgrades to be evaluated in the Class Year Study.

To the extent a Large Facility for which the SRIS includes a deliverability evaluation pursuant to this Section 30.7.3.2 subsequently elects to proceed to a Class Year Interconnection

Facilities Study, the portion of the Class Year Interconnection Facilities Study costs attributable to the Class Year Deliverability Study would not be offset by any expenses paid by the Developer for a preliminary deliverability evaluation in its SRIS.

#### **30.7.4 Interconnection System Reliability Impact Study Procedures**

The ISO shall coordinate the SRIS with any Affected System that is affected by the Interconnection Request pursuant to Section 30.3.5 above. The ISO shall utilize existing studies to the extent practicable when it performs the study. The ISO shall use Reasonable Efforts to complete the SRIS within ninety (90) Calendar Days after the ISO confirms receipt of the required study deposit, required technical data, and Site Control (if Site Control was not provided with the Interconnection Request); provided, however, if the SRIS requires a deliverability evaluation pursuant to Section 30.7.3.2 of this Attachment X, the ISO shall use Reasonable Efforts to complete the SRIS within 120 Calendar Days after the ISO confirms receipt of the required study deposit, required technical data, and Site Control (if Site Control was not provided with the Interconnection Request). If ISO uses Clustering, the ISO shall use Reasonable Efforts to deliver a completed SRIS within ninety (90) Calendar Days after the close of the Queue Cluster Window. The ISO Operating Committee shall approve each final SRIS.

At the request of the Developer or at any time the ISO determines that it will not meet the required timeframe for completing the SRIS, the ISO shall notify the Developer as to the schedule status of the SRIS. If the ISO is unable to complete the SRIS within the time period, it shall notify the Developer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the ISO shall provide the Developer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-

Interconnection Request power flow, short circuit and stability databases for the SRIS, subject to confidentiality arrangements consistent with Section 30.13.1.

### **30.7.5 Study Report Meeting**

Connecting Transmission Owner and any Affecting Transmission Owners, together with Developer, will be provided with drafts of the SRIS report for review. Review and comments shall be provided to the ISO within fifteen (15) Business Days of receipt. Within ten (10) Business Days of providing a final draft SRIS report to Developer, the ISO and Connecting Transmission Owner shall meet with Developer to discuss the results of the SRIS.

Upon the ISO's issuance of a final draft SRIS report, the Developer must proceed with its study report to the Transmission Planning Advisory Subcommittee ("TPAS") of the ISO Operating Committee within three (3) months and to the next ISO Operating Committee meeting following the TPAS review; provided, however, if the TPAS recommends revisions or supplements to the study report, the revised report must proceed to the next TPAS meeting following completion of such revisions, and to the next ISO Operating Committee following the TPAS review of the revised study report. Failure to proceed with its study report to the TPAS and ISO Operating Committee within these timeframes will result in withdrawal of the Interconnection Request.

The ISO Operating Committee shall approve each final SRIS report after review of the final SRIS report by the TPAS.

### **30.7.6 Re-Study**

If the ISO determines that re-study of the SRIS is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to Section 30.4.4, or re-designation of the Point of Interconnection pursuant to Section 30.7.2, the ISO shall notify

Developer in writing. Such re-study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of re-study shall be borne by the Developer being re-studied.



## **30.8 Class Year Interconnection Facilities Study**

### **30.8.1 Class Year Interconnection Facilities Study Agreement**

As soon as practicable after a Class Year Start Date is established pursuant to Section 25.5.9 of Attachment S to the OATT, the ISO shall provide a Class Year Interconnection Facilities Study Agreement for the Class Year Study in the form of Appendix 2 to these Large Facility Interconnection Procedures to each Developer and Interconnection Customer that elected to enter the Class Year within the time period set forth in Section 25.5.9 of Attachment S and has not previously received an agreement for the Class Year Study, contingent upon confirmation by the ISO that the Developer is an Eligible Class Year Project. The ISO shall tender a Class Year Interconnection Facilities Study Agreement at an earlier point to any Developer or Interconnection Customer that so requests entry into the Class Year and that the ISO confirmed to be an Eligible Class Year Project. When the ISO provides a Class Year Interconnection Facilities Study Agreement to an Eligible Class Year Project, the ISO shall, at the same time, also provide one to that Eligible Class Year Project's Connecting Transmission Owner. When a Developer or Interconnection Customer requests entry into the Class Year Study, it shall provide with its request for entry either (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 Attachment S to the OATT or a two-part deposit consisting of \$100,000 plus \$3,000/MW deposit as required by Section 25.6.2.3.1. The Class Year Interconnection Facilities Study Agreement shall provide that the Class Year Project shall compensate the ISO and Connecting Transmission Owner for the actual cost of the Class Year Interconnection Facilities Study. When the ISO provides the Class Year Interconnection Facilities Study Agreement to the Eligible Class Year Project, the ISO shall

provide to the Eligible Class Year Project a non-binding good faith estimate of the cost and timeframe for completing the Class Year Interconnection Facilities Study. The Eligible Class Year Project shall complete the Class Year Interconnection Facilities Study Agreement and deliver the completed Class Year Interconnection Facilities Study Agreement to the ISO within ten (10) Calendar Days after the Developer's receipt of the Class Year Interconnection Facilities Study Agreement. Starting with the Class Year subsequent to Class Year 2019, with the completed Class Year Interconnection Facilities Study Agreement, to be submitted no later than the deadline for the Class Year Interconnection Facilities Study Agreement, the Class Year Project shall deliver to the ISO (1) the required technical data (including data required by the Connecting Transmission Owner, to the extent such data is requested by the ISO when it provides notice of a Class Year Start Date or tenders the Class Year Interconnection Facilities Study Agreement); (2) the Class Year Project's interconnection service evaluation election; (3) for Large Facilities not yet In-Service, an updated proposed In-Service Date, an updated proposed Initial Synchronization Date and an updated proposed Commercial Operation Date (subject to the ten (10) year limitation set forth in Section 30.3.1); (4) a study deposit of \$100,000 (if the Class Year Project seeks evaluation for ERIS or ERIS and CRIS), or \$50,000 (if the Class Year Project seeks only CRIS); and (5) if the Developer has not satisfied the applicable regulatory milestone described in Section 25.6.2.3.1.1 of Attachment S to the ISO OATT, either a demonstration of a qualifying contract pursuant to Section 25.6.2.3.1(ii)(1) of Attachment S to the OATT or a two-part deposit consisting of \$100,000 plus \$3,000/MW deposit as required by Section 25.6.2.3.1(ii)(2). At the same time the Class Year Project provides the above items to the ISO, the Class Year Project shall deliver the completed Class Year Interconnection Facilities Study Agreement, together with the required technical data (as applicable), to the Connecting

Transmission Owner. If the technical data provided is deficient, the ISO shall notify the Developer of the reasons for such deficiency. Developer shall provide the ISO the additional requested information needed to cure the deficiencies within ten (10) Business Days after receipt of such notice. Failure to cure the deficiencies shall result in withdrawal from the interconnection queue pursuant to Section 30.3.6 of this Attachment X. The Developer, ISO and Connecting Transmission Owner shall execute the Class Year Interconnection Facilities Study Agreement no later than ten (10) Calendar Days after the ISO confirms receipt of the completed Class Year Interconnection Facilities Study Agreement, the required technical data and required deposits from the Developer. The ISO shall provide a copy of the fully executed Class Year Interconnection Facilities Study Agreement to the Developer and Connecting Transmission Owner.

A Developer that retracts its election to enter a Class Year Study 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 Attachment S to the OATT.

30.8.1.1 The ISO shall invoice the Class Year Project on a monthly basis for the work conducted on the Class Year Interconnection Facilities Study each month. Any Class Year Project having elected only ERIS shall not be invoiced for any part of the cost of the Class Year Deliverability Study. Any Class Year Project that elects to reduce the MW of CRIS it requests to be evaluated in the Class Year Deliverability Study and thereby opts out of any additional detailed studies, if required, for System Deliverability Upgrades, shall not be invoiced for any

additional detailed studies required for System Deliverability Upgrades. The Class Year Project 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.

30.8.1.2 A Class Year project may withdraw from the Class Year Study pursuant to Section 25.5.9 of Attachment S prior to completion of the Annual Transmission Baseline Assessment study cases. Upon such withdrawal, the deposits paid in lieu of satisfaction of the regulatory milestone pursuant to Section 25.6.2.3.1 of Attachment S will be fully refunded.

### **30.8.2 Scope of Class Year Interconnection Facilities Study**

The Class Year Interconnection Facilities Study shall be performed concurrently as a combined Class Year Interconnection Facilities Study for a Class Year, as determined in accordance with Attachment S of the ISO OATT, to fulfill the requirements of this Section 30.8, and the requirements of the Annual Transmission Reliability Assessment and Class Year Deliverability Study called for by Attachment S.

The combined Class Year Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering and design work, permitting, site acquisition, procurement and construction work and commissioning needed for the Class Year in accordance with Good Utility Practice and, for each of these cost categories, shall specify 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 in the Class Year to the Transmission System. The Class Year Interconnection Facilities Study will also identify any potential control equipment for requests for ERIS that are lower than the full output of the facility. The combined Class Year Interconnection Facilities

Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Connecting Transmission Owners' Attachment Facilities, any Distribution Upgrades, any System Upgrade Facilities and, for Class Year Projects seeking CRIS, any System Deliverability Upgrades necessary to accomplish the interconnection of each Class Year Project; and shall include a schedule showing the estimated time required to complete the engineering and design, permitting, site acquisition, procurement, construction, installation and commissioning phases of the Class Year Projects. If the System Reliability Interconnection System for the Large Facility includes a deliverability evaluation pursuant to Section 30.7.3.2 of this Attachment X, and such evaluation identifies potential System Deliverability Upgrades, the evaluation of such upgrades will be refined in the Class Year Study, which may include revisions to or alleviation of the need for the identified potential System Deliverability Upgrades or alternative System Deliverability Upgrades based on the Class Year Deliverability Study results. To the extent the ISO identifies alternative potential System Deliverability Upgrades in the System Reliability Impact Study, the Developer may elect which System Deliverability Upgrades to be evaluated in the Class Year Study.

The Class Year Study schedule shall contain major milestones to facilitate the tracking of the progress of each Class Year Project.

**30.8.2.1** With the completed Class Year Interconnection Facilities Study

Agreement, Developer shall submit to the ISO an updated proposed In-Service Date, an updated proposed Initial Synchronization Date and an updated proposed Commercial Operation Date every ninety (90) Calendar Days.

**30.8.2.2** Following commencement of the activities described in Section 30.8.2 of this Attachment X, for each Class Year Project not yet In-Service, the Class Year Project, that Class Year Project's Connecting Transmission Owner and each Affected Transmission Owner(s) shall report every other month on the progress of their respective activities to the ISO and to each other. Such reports shall be in a format consistent with, and include the content required by, applicable ISO Procedures. In these bimonthly reports, each Class Year Project and Connecting Transmission Owner and Affected Transmission Owner(s) shall report any material variance from earlier schedule estimates for their respective activities, and the reasons for such variance. In addition, the Connecting Transmission Owner and Affected Transmission Owner(s) shall report any material variance from earlier cost estimates for its activities, and the reasons for such variance.

### **30.8.3 Class Year Interconnection Facilities Study Procedures**

The ISO shall coordinate the Class Year Interconnection Facilities Study with the Connecting Transmission Owner and Affected Transmission Owners, and with any other Affected System pursuant to Section 30.3.5 above. The ISO shall utilize existing studies to the extent practicable in performing the Class Year Interconnection Facilities Study, including any deliverability analyses from the System Reliability Impact Study, as applicable.

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 Class Year Interconnection Facilities Study. Upon request from the ISO for additional information required for or related to the Class Year Interconnection Facilities

Study, the Developer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

The ISO shall follow the procedures set forth in Attachment S of the ISO OATT and shall use Reasonable Efforts to complete the study and issue a Class Year Interconnection Facilities Study report to the Class Year Projects within the timeframe called for in Attachment S.

At the request of any Class Year Project, or at any time the ISO determines that it will not meet the required time frame for completing the Class Year Interconnection Facilities Study, the ISO shall notify the Class Year Projects as to the schedule status of the Class Year Interconnection Facilities Study. If the ISO is unable to complete the Class Year Interconnection Facilities Study and issue a cost allocation report within the time required, it shall notify the Class Year Projects and provide an estimated completion date and an explanation of the reasons why additional time is required.

Upon request, the ISO shall provide each Class Year Project supporting documentation, workpapers, and databases or data developed in the preparation of the Class Year Interconnection Facilities Study, subject to non-disclosure arrangements consistent with Section 30.13.1.

#### **30.8.4 Study Report Meeting**

Within ten (10) Business Days of providing a draft Class Year Interconnection Facilities Study report to Class Year Projects, the ISO and Connecting Transmission Owner and Affected Transmission Owners shall meet with the Developers (and Interconnection Customers, as applicable) for Class Year Projects to discuss the results of the Class Year Interconnection Facilities Study.

### **30.8.5 Re-Study**

If re-study of the Class Year Interconnection Facilities Study and cost allocation report is required pursuant to Section 25.8.2 and Section 25.8.3 of Attachment S, the ISO shall so notify Class Year Projects and conduct such re-study in accordance with the requirements of Attachment S. Any cost of re-study shall be borne by the Class Year Projects being re-studied.



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

Prior to executing a Standard Large Generator Interconnection Agreement, a Developer may, in order to advance the implementation of its interconnection, request and Connecting Transmission Owner shall offer the 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 Developer is in Dispute Resolution as a result of an allegation that the Developer has failed to meet any milestones or comply with any prerequisites specified in other parts of these Large Facility Interconnection Procedures. The E&P Agreement is an optional procedure and it will not alter the Developer’s Queue Position or In-Service Date. The E&P Agreement shall provide for the Developer to pay the cost of all activities authorized by the Developer and to make advance payments or provide other satisfactory security for such costs. The Developer shall, in accordance with Attachment S to the ISO OATT, 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 Developer withdraws its application for interconnection or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, the 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 Developer any amounts paid by the 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 Developer, in which event the

Developer shall pay any unpaid balance and cost of delivery of such equipment.

### **30.10 Optional Interconnection System Reliability Impact Study**

The requirements for the Optional Interconnection System Reliability Impact Study set forth in this Section 30.10 shall be subject to the interim transition procedures in Section 30.5.3 of this Attachment X and shall be superseded by the requirements in Section 30.5.3 in the event of conflicting requirements.

#### **30.10.1 Commencing an Optional Interconnection System Reliability Impact**

Upon the initiation of a Developer's SRIS, the Developer may request, and the ISO shall perform concurrently with that SRIS a reasonable number of Optional Interconnection System Reliability Impact Studies. The request shall describe the assumptions that the Developer wishes the ISO to study within the scope described in Section 30.10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection System Reliability Impact Study, the ISO shall provide to the Developer a good faith estimate of the cost and timeframe for completing such study.

The Optional Interconnection System Reliability Impact Study scope shall: (i) specify the technical data that the Developer must provide for each phase of the Optional Interconnection System Reliability Impact Study, (ii) specify Developer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection System Reliability Impact Study case, and (iii) the ISO's estimate of the cost of the Optional Interconnection System Reliability Impact Study. To the extent known by the ISO, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection System Reliability Impact Study. Notwithstanding the above, the ISO shall not be required as a result of an Optional

Interconnection System Reliability Impact Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Developer shall submit the requested technical data and a \$10,000 deposit to the ISO within fifteen (15) Business Days after the ISO's notice to the Developer and Connecting Transmission Owner of the good faith estimate of the cost and timeframe for completing such study.

### **30.10.2 Scope of Optional Interconnection System Reliability Impact Study**

The Optional Interconnection System Reliability Impact Study will consist of a sensitivity analysis based on the assumptions specified by the Developer in the Optional Interconnection System Reliability Impact Study scope. The Optional Interconnection System Reliability Impact Study will also identify the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities, and the estimated cost thereof, that may be required to provide Energy Resource Interconnection Service based upon the results of the Optional Interconnection System Reliability Impact Study. The scope of the Optional Interconnection System Reliability Impact Study will be provided to the Developer and Connecting Transmission Owner for review and comment. After the Optional Interconnection System Reliability Impact Study scope is finalized, the ISO will provide the final scope to the Connecting Transmission Owner and the Developer. The Connecting Transmission Owner shall indicate its agreement to the Optional Interconnection System Reliability Impact Study scope by signing it and promptly returning it to the ISO, such agreement not to be unreasonably withheld. The Optional Interconnection System Reliability Impact Study shall be performed solely for informational purposes. The ISO shall use Reasonable Efforts to coordinate the study with any Affected System that may be affected by the types of options that are being studied. The ISO shall utilize

existing studies to the extent practicable in conducting the Optional Interconnection System Reliability Impact Study.

### **30.10.3 Optional Interconnection System Reliability Impact Study Procedures**

The required study deposit and technical data called for in the Optional Interconnection System Reliability Impact Scope must be provided to the ISO within fifteen (15) Business Days of Developer receipt of the good faith estimate of the cost and time frame for completing the Optional Interconnection System Reliability Impact Study from the ISO. The ISO shall notify the Developer and the Connecting Transmission Owner that the Optional Interconnection System Reliability Impact Study has commenced following receipt of the required study deposit and once the ISO deems the required technical data sufficient. The ISO shall use Reasonable Efforts to complete the Optional Interconnection System Reliability Impact Study within a mutually agreed upon time period specified within the Optional Interconnection System Reliability Impact Study scope. If the ISO is unable to complete the Optional Interconnection System Reliability Impact Study within such time period, it shall notify the Developer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to the ISO or refunded to the Developer, as appropriate. Upon request, the ISO shall provide the Developer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection System Reliability Impact Study, subject to confidentiality arrangements consistent with Section 30.13.1.

### **30.11 Standard Large Generator Interconnection Agreement (LGIA)**

#### **30.11.1 Tender**

As soon as practicable upon completion of the Developer decision process and satisfaction of Security posting requirements described in Section 25.8 of Attachment S, acceptance by the Developer of its Attachment S cost allocation, the ISO shall tender to the Developer and Connecting Transmission Owner a draft LGIA together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of the ISO's Commission-approved LGIA, which is in Appendix 4 to this Attachment X. Within six (6) months after the date the ISO tenders the draft LGIA, the Developer must have satisfied the applicable regulatory milestone described in Section 25.6.2.3.1 of Attachment S. If the Developer has not done so, the ISO will withdraw the Interconnection Request pursuant to Sections 25.6.2.3 of Attachment S to the OATT and pursuant to Section 30.3.6 of this Attachment X.

#### **30.11.2 Negotiation**

Notwithstanding Section 30.11.1, at the request of the Developer the ISO and Connecting Transmission Owner shall begin negotiations with the Developer concerning the LGIA and its appendices at any time after the Developer executes the Class Year Interconnection Facilities Study Agreement. The ISO, Connecting Transmission Owner and the Developer shall finalize the appendices and negotiate concerning any disputed provisions of the draft LGIA and its appendices subject to the six (6) month time limitation specified below in this Section 30.11.2. If the Developer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 30.11.1 and request submission of the unexecuted LGIA to FERC or initiate Dispute Resolution procedures pursuant

to Section 30.13.5. If the Developer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Developer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 30.13.5 within six (6) months of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request.

### **30.11.3 Execution and Filing**

Within fifteen (15) Business Days after receipt of the executed LGIA, the Developer shall provide the ISO and Connecting Transmission Owner (A) reasonable evidence of continued Site Control or (B) posting of \$250,000, non-refundable additional security with the Connecting Transmission Owner, which shall be applied toward future construction costs. At the same time, the Developer also shall provide the ISO and Connecting Transmission Owner reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Developer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

The Developer shall either: (i) execute three (3) originals of the tendered LGIA and return them to the ISO and Connecting Transmission Owner; or (ii) request in writing that the ISO and Connecting Transmission Owner file with FERC an LGIA in unexecuted form. As soon

as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the ISO and Connecting Transmission Owner shall file the LGIA with FERC. The ISO will draft the portions of the LGIA and appendices that are in dispute and assume the burden of justifying any departure from the pro forma LGIA and appendices. 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 Developer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the ISO for the Interconnection Request. The Connecting Transmission Owner will provide in the 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 facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

#### **30.11.4 Interconnection Agreement Pre-Dating Completion of the Large Facility's Class Year Study**

At the request of the Developer, the ISO and Connecting Transmission Owner shall begin negotiations with the Developer concerning the LGIA and its appendices at any time after the Developer executes the Class Year Interconnection Facilities Study Agreement; however, certain analysis required by the Facilities Study must be completed before the LGIA can be completed – specifically, identification of all required Connecting Transmission Owner Attachment Facilities and Local System Upgrade Facilities. If the LGIA is executed prior to the completion of the Class Year Study, the Developer must agree, in the LGIA, that in the Class Year decision process, it will accept the Project Cost Allocation and post Security for any System Upgrade



Facilities that are identified and cost allocated in the Class Year Study even if such Project Cost Allocations exceed the estimates included in the LGIA and include equipment not identified in the LGIA.

The Developer executing an LGIA prior to the completion of a Class Year Study cannot participate as an Installed Capacity Supplier until after the Class Year Study is completed and (1) the project is deemed deliverable and accepts its deliverable megawatts; or (2) the Developer accepts its Project Cost Allocation and posts Security for any required System Deliverability Upgrades.

To the extent that upgrades or cost estimates in the Class Year Study differ from the amounts or descriptions in the LGIA, the Developer shall work with the ISO and Connecting Transmission Owner to promptly amend the LGIA as needed.

For purposes of this Section 30.11.4, an LGIA includes a provisional LGIA and its appendices requested pursuant to Section 30.12.3 of this Attachment X.

#### **30.11.5 Commencement of Interconnection Activities**

If the Developer executes the final LGIA, the ISO, Connecting Transmission Owner and the Developer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA in accordance with Section 30.11.3, the Parties shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

#### **30.11.6 Termination of the Standard Large Generator Interconnection Agreement**

The classification of a Large Generating Facility as Retired will be grounds for the termination of its Standard Large Facility Interconnection Agreement (LGIA). The ISO will file with the Federal Energy Regulatory Commission a notice of termination of the LGIA as soon as

practicable after the Large Generating Facility is Retired. The termination of a non-conforming *pro forma* LGIA will be effective only upon acceptance by the Federal Energy Regulatory Commission of the notice of termination and proposed effective date. Upon the effective date of the termination of the LGIA access to the Point of Interconnection of the Large Generating Facility will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures.

## **30.12 Construction of Connecting Transmission Owner's Attachment Facilities and System Facilities**

### **30.12.1 Schedule**

The Connecting Transmission Owner and the Developer shall negotiate in good faith concerning a schedule for the construction of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities and the System Deliverability Upgrades. If the System Upgrade Facilities or System Deliverability Upgrades involve Affected Transmission Owners, the Developer must 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 such upgrades.

### **30.12.2 Construction Sequencing**

#### **30.12.2.1 General**

In general, the In-Service Dates of the Developers in each Class Year seeking interconnection to the New York State Transmission System will determine the sequence of construction of System Upgrade Facilities and System Deliverability Upgrades.

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

A Developer with a Standard Large Generator 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 System Upgrade Facilities, and System Deliverability Upgrades that: (i) were assumed in the Interconnection Studies for such 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 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 System Upgrade Facilities and System Deliverability Upgrades to accommodate such request; provided that the Developer commits in writing to pay Connecting Transmission Owner any associated expediting costs.

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

A Developer with a Standard Large Generator 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 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 System Upgrade Facilities and System Deliverability Upgrades to accommodate such request; provided that the Developer commits in writing to pay Connecting Transmission Owner any associated expediting costs.

**30.12.2.4 Amended Interconnection System Reliability Impact Study**

An Interconnection System Reliability Impact Study will be amended to determine the facilities necessary to support the requested In-Service Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested In-Service Date.

### **30.12.3 Provisional Interconnection Service**

Subject to the requirements of Section 30.11.4 of this Attachment X, prior to the completion of the Large Facility Interconnection Procedures and prior to completion of requisite Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Distribution Upgrades, or System Protection Facilities, the Developer may request an evaluation for Provisional Interconnection Service. The ISO, in conjunction with the Connecting Transmission Owner(s), shall determine, through available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if the Developer interconnects without modifications to the Large Facility or the New York State Transmission System (or Distribution System as applicable). The ISO, in conjunction with the Connecting Transmission Owner, shall determine whether any Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities, which are necessary to meet Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, are in place prior to the commencement of interconnection service from the Large Facility. Where available studies indicate that the Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities are required for the interconnection of a new, modified and/or expanded Large Facility but such facilities are not currently in place, the ISO, in conjunction with the Connecting Transmission Owner, will perform a study, at the Developer's expense, to confirm the facilities that are required for Provisional Interconnection Service. The maximum permissible output of the Large Facility in the Provisional Large Facility Interconnection Agreement shall be studied, at the Developer's expense, and updated annually. The NYISO shall issue the study's findings in writing to the Developer and Connecting Transmission Owner(s). Following a determination by the ISO, in conjunction with the Connecting Transmission Owner, that the Developer may

reliably provide Provisional Interconnection Service, the ISO shall tender to the Developer and Connecting Transmission Owner, a Provisional Large Facility Interconnection Agreement. The ISO, Developer, and Connecting Transmission Owner may execute the Provisional Large Facility Interconnection Agreement, or the Developer may request the filing of an unexecuted Provisional Large Facility Interconnection Agreement with the Commission. The Developer shall assume all risk and liabilities with respect to changes between the Provisional Large Facility Interconnection Agreement and the Large Generator Interconnection Agreement, including changes in output limits and the cost responsibilities for the Attachment Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or System Protection Facilities.

### **30.13 Miscellaneous**

#### **30.13.1 Confidentiality**

Certain information exchanged by the Parties during the administration of these Large Facility Interconnection Procedures shall constitute confidential information (“Confidential Information”) and shall be subject to this Section 30.13.1.

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the ISO Code of Conduct contained in Attachment F to the ISO OATT.

If requested by either Party receiving information, the Party supplying information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

##### **30.13.1.1 Scope**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential

Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the Standard Large Generator Interconnection Agreement; or (6) is required, in accordance with Section 30.13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the Standard Large Generator Interconnection Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

#### **30.13.1.2 Release of Confidential Information**

No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Developer, or to potential purchasers or assignees of Developer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 30.13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 30.13.1.

#### **30.13.1.3 Rights**

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to another Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.



#### **30.13.1.4 No Warranties**

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

#### **30.13.1.5 Standard of Care**

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under these procedures or its regulatory requirements, including the ISO OATT and NYISO Services Tariff. The ISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the ISO OATT.

#### **30.13.1.6 Order of Disclosure**

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of the Standard Large Generator Interconnection Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to

disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

#### **30.13.1.7 Remedies**

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Section 30.13.1. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 30.13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 30.13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 30.13.1.

#### **30.13.1.8 Disclosure to FERC, its Staff, or a State**

Notwithstanding anything in this Section 30.13.1 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these Large Facility Interconnection Procedures or the ISO OATT, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential

and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Parties to the LGIA when its is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner consistent with applicable state rules or regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

**30.13.1.9** Subject to the exception in Section 30.13.1.8, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the supplying Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under these Large Facility Interconnection Procedures, the ISO OATT or NYISO Services Tariff. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Parties in writing and agrees to assert confidentiality and cooperate with the

other Parties in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

**30.13.1.10** This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

**30.13.1.11** The ISO and Connecting Transmission Owner shall, at Developer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

### **30.13.2 Delegation of Responsibility**

The ISO may use the services of subcontractors as it deems appropriate to perform its obligations under these Large Facility Interconnection Procedures. The ISO shall remain primarily liable to the Developer for the performance of such subcontractors and compliance with its obligations under these Large Facility 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.

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

**30.13.3.1** The ISO shall charge and Developer shall pay the actual costs of the Interconnection Studies incurred by the ISO and Transmission Owner. If a number of Interconnection Studies are conducted concurrently as a combined study, except for a Class Year Interconnection Facilities Study, each Developer shall pay an equal share of the actual cost of the combined study. However, no Developer electing to be evaluated only for ERIS shall be responsible for any cost of any CRIS evaluation in the combined study and any Class Year Project that

that elects, pursuant to Section 25.7.7.1 of Attachment S, to withdraw from the Class Year Interconnection Facilities Study, withdraw its CRIS request or elect to have no System Deliverability Upgrade identified to make the project deliverable at its level of requested CRIS, shall not be responsible for any additional detailed studies required for System Deliverability Upgrades. Beginning with the Class Year subsequent to Class Year 2012, Class Year Projects shall be responsible for Class Year Interconnection Facilities Study costs in the following manner: (1) each Class Year Project shall pay the actual cost of studying the Attachment Facilities, Interconnection Facilities and Distribution Upgrades for its own facility; (2) each Class Year Project shall pay the actual cost of studying Local System Upgrade Facilities for its own facility; and (3) each Class Year Project in a Class Year shall pay an equal share of all other Class Interconnection Facilities Study costs (*i.e.*, those not related to Attachment Facilities, Interconnection Facilities, Distribution Upgrades or Local System Upgrade Facilities). With respect to the costs of studying the Attachment Facilities, Interconnection Facilities and Distribution Upgrades referenced above, if more than one Class Year Project contributes to the need for particular Attachment Facilities, Interconnection Facilities or Distribution Upgrades, those Class Year Projects shall share equally in the cost to study those Attachment Facilities, Interconnection Facilities or Distribution Upgrades. With respect to the costs of studying the Local System Upgrade Facilities referenced above, if more than one Class Year Project contributes to the need for particular Local System Upgrade Facilities, those Class Year Projects shall share equally in the cost to study those

Local System Upgrade Facilities. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to the Class Year Project or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies must be submitted to the ISO within sixty (60) days of completion of the subject Interconnection Study and shall include a detailed and itemized accounting of the cost of each Interconnection Study. Developers and Interconnection Customers 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 Developer (or Interconnection Customer, as applicable) has paid all undisputed amounts in compliance herewith.

#### **30.13.4 Third Parties Conducting Studies**

If (i) at the time that ISO provides a good faith estimate of the time to complete or at the time of the signing of an Interconnection Facilities Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Developer receives notice pursuant to Sections 30.6.3, 30.7.4 or 30.8.3 that the ISO will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Developer receives neither the Interconnection Study nor a notice under Sections 30.6.3, 30.7.4 or 30.8.3 within the applicable timeframe for such Interconnection Study, then the Developer may request the ISO to utilize a consultant or other third party reasonably acceptable to the Developer and the

ISO to perform such 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 Interconnection Study, either in response to a general request of the Developer, or on its own volition. In all cases, use of a third party shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the ISO determines that doing so will help maintain or accelerate the study process for the Developer's pending Interconnection Request and not interfere with the ISO's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Developer requests to use a third party to perform such Interconnection Study, the Developer, the 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 Interconnection Request as soon as practicable upon the Developer's request subject to the confidentiality provision in Section 30.13.1. In any case, such third-party study contract may be entered into with either the Developer or the ISO at the ISO's discretion. If a Developer enters into a third-party study contract, the Developer shall provide the study to the ISO and the Connecting Transmission Owner for review, and such third-party study contract shall provide for reimbursement by the Developer of the 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 30.13.4, the 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 Large Facility Interconnection Procedures, Article 26 of the LGIA (Subcontractors), and the relevant ISO OATT procedures and protocols as would apply if the ISO were to conduct the

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 Developer to complete and issue the Interconnection Study in the shortest reasonable time.

### **30.13.5 Disputes**

#### **30.13.5.1 Submission**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, these Standard Large Facility Interconnection Procedures, or their performance (a “Dispute”), such Party shall provide the other Parties with written notice of the Dispute (“Notice of Dispute”). Such Dispute shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Parties’ receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the Standard Large Generator Interconnection Agreement.

#### **30.13.5.2 External Arbitration Procedures**

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one



arbitrator who shall sit on a three-member arbitration panel. The arbitrators so chosen shall within twenty (20) Calendar Days select one of them to chair the arbitration panel. In each case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 30.13, the terms of this Section 30.13 shall prevail.

#### **30.13.5.3 Arbitration Decisions**

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LFIP and shall have no power to modify or change any provision of the LGIA and LFIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Attachment Facilities, Distribution Upgrades or System Upgrade Facilities.

#### **30.13.5.4 Costs**

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties.

#### **30.13.5.5 Non-Binding Dispute Resolution Procedures**

If a Party has submitted a Notice of Dispute pursuant to Section 30.13.5.1 and the Parties are unable to resolve the claim or dispute through unassisted or assisted negotiations within the thirty (30) Calendar Days provided in that section, and the Parties cannot reach mutual agreement to pursue the Section 30.13.5 arbitration process, a Party may request that the ISO engage in Non-binding Dispute Resolution pursuant to this section by providing written notice to the ISO (“Request for Non-Binding Dispute Resolution”). Such Request for Non-Binding Disputes Resolution shall contain: (i) the name of the Party making the request, (ii) an indication of the Developer, Connecting Transmission Owner, Affected Transmission Owner, and/or other potentially affected parties, to the extent known, (iii) a description of the dispute with sufficient detail to apprise the ISO, Developer, Connecting Transmission Owner, Affected Transmission Owner, and/or other potentially affected parties the nature of the claim, (vi) copies of any materials that the Developer has relied on to support its initial Notice of Dispute pursuant to Section 30.13.5.1, if applicable, and (v) citations to the ISO Tariffs and other relevant materials upon which the Party’s dispute relies. Conversely, any Party may file a Request for Non-Binding Dispute Resolution pursuant to this section without first seeking mutual agreement to pursue the Section 30.13.5 arbitration process. The process in Section 30.13.5.5 shall serve as an alternative to, and not a replacement of, the Section 30.13.5 arbitration process. Pursuant to this process, the ISO must within thirty (30) Calendar Days of receipt of the Request for Non-

Binding Dispute Resolution appoint a neutral decision-maker that is an independent subcontractor that shall not have any current or past substantial business or financial relationships with either Party. Any individual appointed as a neutral decision-maker shall make known to the disputing parties any such disqualifying relationship or interest and a new neutral decision-maker shall be appointed, unless express written consent is provided by each Party to the dispute.

Unless otherwise agreed by the Parties, the neutral decision-maker shall render a decision within sixty (60) Calendar Days of appointment and shall notify the Parties in writing of such decision and reasons therefore. This neutral decision-maker shall be authorized only to interpret and apply the provisions of the Standard Large Facility Interconnection Procedures and Standard Large Generator Interconnection Agreement and shall have no power to modify or change any provision of the Standard Large Facility Interconnection Procedures and Large Generator Interconnection Agreement in any manner. The result reached in this process is not binding, but, unless otherwise agreed, the Parties may cite the record and decision in the non-binding dispute resolution process in future dispute resolution processes, including in a Section 30.13.5 arbitration, or in a Federal Power Act section 206 complaint. Each Party shall be responsible for its own costs incurred during the process and the cost of the neutral decision-maker shall be divided equally among each Party to the dispute.

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

#### **30.13.6.1 Connecting Transmission Owners and Affected Transmission Owner(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 Transmission Owner(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 this LGIA and LFIP, neither the ISO nor Connecting Transmission Owner shall be required to provide interconnection service to Developer, nor shall any Connecting Transmission Owner or Affected Transmission Owner be required to construct System Upgrade Facilities or System Deliverability Upgrades, pursuant to this LGIA and LFIP, if the provision of such interconnection service or such construction would jeopardize the tax-exempt status of any Tax-Exempt Bonds or impair the ability of Connecting Transmission Owner or Affected Transmission Owner(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.

#### **30.13.6.2 Alternate Procedures for Requesting Interconnection Service**

If a Connecting Transmission Owner or Affected Transmission Owner(s) determines that the provision of interconnection service requested by a Developer would jeopardize the tax-exempt status of any Tax-Exempt Bond(s) used to finance its facilities that would be used in providing such interconnection service, or impair its ability to issue future tax-exempt obligations, Connecting Transmission Owner or Affected Transmission Owner(s) shall advise the Developer and the ISO within thirty (30) Calendar days of receipt of the Interconnection Request.

The Developer thereafter may renew its request for interconnection using the process specified in Section 30.3 of the ISO OATT.

## **30.14 Appendices**

## APPENDIX 1 TO LFIP - INTERCONNECTION REQUEST

1. The undersigned Developer submits this request to interconnect its Large Generating Facility or Class Year Transmission Project with the New York State Transmission System or Distribution System pursuant to the Standard Large Facility Interconnection Procedures in the ISO OATT ("LFIP").
2. This Interconnection Request is for [insert project name]: \_\_\_\_\_  
\_\_\_\_\_, which

is (check one of the following):

- \_\_\_\_\_ A proposed new Large Generating Facility
- \_\_\_\_\_ A proposed multi-unit Large Generating Facility
- \_\_\_\_\_ A proposed new BTM:NG Resource
- \_\_\_\_\_ A proposed new Class Year Transmission Project
- \_\_\_\_\_ A material modification to a proposed or existing facility (e.g., an increase in the capacity of an existing facility beyond the permissible de minimis increases permitted under Section 30.3.1 of Attachment X to the ISO OATT)

3. Legal Name of the Developer (or, if an individual, individual's name) (must be a single individual or entity):

Name of Developer: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Address or location of the proposed new Large Facility site (to the extent known) or, in the case of an existing Generating Facility or Class Year Transmission Project, the name and specific location of that existing facility: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Approximate location, and, if available, address, coordinates, of the proposed Point(s) of Interconnection: \_\_\_\_\_  
\_\_\_\_\_

5. MW nameplate rating: \_\_\_\_\_

6. Requested Interconnection Service:

MW of requested ERIS: \_\_\_\_\_

(NOTE: A Developer may request ERIS below the Generating Facility Capability for Large Generating Facilities and the full facility capacity for Class Year Transmission Projects subject to the requirements and limitations set forth in Section 30.3.2.3 of Attachment X to the ISO OATT).

- If requesting ERIS for a multi-unit facility, specify the allocation of requested ERIS among such units
- Maximum summer net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 90 degrees F: \_\_\_\_\_  
Maximum winter net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 10 degrees F : \_\_\_\_\_
- MW of requested increase in ERIS of an existing facility, as calculated from the baseline ERIS (as defined in Section 30.3.1 of Attachment X – for temperature-sensitive machines, provide the summer and winter MW vs. temperature curves for both gross MW and net MW corresponding to the requested net MW values provided above): \_\_\_\_\_

MW of requested CRIS: \_\_\_\_\_

- f requesting CRIS for a multi-unit facility, specify the allocation of requested CRIS among such units: I

7. If a Class Year Transmission Project, which of the following forms of CRIS does the Developer intend to request:

Unforced Capacity Deliverability Rights  
External-to-Rest of State Deliverability Rights

8. General description of the proposed Project (e.g.: describe type/size/number/general configuration of the proposed generator units, transmission, transformers, feeders, lines leading to the proposed point of interconnection(s), breakers, etc):
9. Attach a conceptual breaker one-line diagram and a project location geo map.;
10. Proposed In-Service Date (Month/Year): \_\_\_\_\_

Proposed Initial Synchronization Date (Month/Year): \_\_\_\_\_

Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_

11. Project power flow, short circuit, transient stability modeling data and supporting documentation (as set forth in Attachment A) (optional). Modeling data will be required during the scoping and applicable study agreement process, as coordinated by the ISO.
12. \$10,000 non-refundable application fee must be submitted with this Interconnection Request form.
13. Evidence of Site Control as specified in the LFIP (check one):  
  
\_\_\_\_\_ Is attached to this Interconnection Request and provides site control for the following number of acres: \_\_\_\_\_; or  
  
\_\_\_\_\_ Will be provided at a later date in accordance with the LFIP, in which case a non-refundable \$10,000 deposit in lieu of site control must be provided with this Interconnection Request form
14. This Interconnection Request shall be submitted to the ISO through the interconnection portal on the NYISO website.
15. This Interconnection Request is submitted by:

Signature: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_



## **LARGE GENERATING FACILITY PRELIMINARY DATA**

**(Additional data will be required at subsequent stages of the interconnection study process)**

1. Describe the composition of assets (including MW level) within the Large Generating Facility, including load reduction assets (e.g., 50 MW wind facility, 20 MW Energy Storage Resource and a load reduction resource with a maximum of 1 MW of load reduction):
2. Maximum Injection Capability of entire Large Generating Facility over 1 hour:
3. If the facility includes a Resource with Energy Duration Limitations , indicate the maximum injection capability for the entire Large Generating Facility over the selected duration (e.g., 100 MW over 4 hours):
4. Provide the following information for each unit within the Large Generating Facility:

Energy Source: \_\_\_Solar \_\_\_Wind \_\_\_Hydro \_\_\_Hydro Type (e.g. Run-of-River):\_\_\_\_\_  
Diesel \_\_\_Natural Gas \_\_\_Fuel Oil \_\_\_ Other (state type)\_\_\_\_\_

Generator Nameplate Rating: \_\_\_\_\_MW (Typical)

MVA \_\_\_\_\_ °F \_\_\_\_\_ Voltage (kV)\_\_\_\_\_

Maximum Reactive Power at Rated Power Leading and

Lagging (MVAR): \_\_\_\_

Connection (e.g. Wye, Delta or Wye-grounded) \_\_\_\_\_

Reactance data per unit, Subtransient – unsaturated ( $X''_{di}$ ): \_\_\_\_\_

Customer-Site Load:\_\_\_\_\_MW

Existing load? Yes \_\_\_ No\_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load, together with supporting documentation for such estimated value:  
\_\_\_\_\_

Typical Reactive Load (if known):

Generator (or solar collector) manufacturer, model name & number:

Inverter manufacturer, model name, number, and version:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models, must be supplied at a later stage of the interconnection study process.

Nameplate Output Power Rating in MW: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Nameplate Output Power Rating in MVA: (Summer) \_\_\_\_\_

(Winter) \_\_\_\_\_

**If wind**, total number of generators in wind farm to be interconnected pursuant to this

Interconnection Request: \_\_\_\_\_

Generator Height: Single phase \_\_\_\_\_ Three Phase \_\_\_\_\_

**If an Energy Storage Resource:**

Inverter manufacturer, model name, number, and version:

Energy storage capability (MWh):

Minimum Duration for full discharge (i.e., injection) (Hours):

Minimum Duration for full charge (i.e., withdrawal) (Hours):

Maximum withdrawal from the system (i.e., when charging) (MW):

Maximum sustained four-hour injection in MW hours:

Primary frequency response operating range for electric storage resource: \_\_\_\_\_

Minimum State of Charge: \_\_\_\_\_ (%) Maximum State of Charge: \_\_\_\_\_ (%)

**If a Resource with Energy Duration Limitations**

Energy storage capability (MWh): \_\_\_\_\_

Minimum Duration for full discharge (i.e., injection) (Hours): \_\_\_\_\_

Minimum Duration for full charge (i.e., withdrawal) (Hours): \_\_\_\_\_

Maximum withdrawal from the system (i.e., when charging) (MW): \_\_\_\_\_

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Primary frequency response operating range for electric storage resource:

Minimum State of Charge: \_\_\_\_\_ (%) Maximum State of Charge: \_\_\_\_\_  
(%)

### **GENERATOR STEP-UP TRANSFORMER DATA**

#### **RATINGS**

Capacity Self-cooled/Maximum Nameplate  
\_\_\_\_\_/\_\_\_\_\_MVA

Voltage Ratio (Generator Side/System Side/Tertiary)  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_kV

Winding Connections (Generator Side/System Side/Tertiary (Delta or Wye))  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Fixed Taps Available \_\_\_\_\_

Present Tap Setting \_\_\_\_\_

#### **IMPEDANCE**

Positive Z1 (on self-cooled MVA rating) \_\_\_\_\_ % \_\_\_\_\_ X/R

Zero Z0 (on self-cooled MVA rating) \_\_\_\_\_ % \_\_\_\_\_ X/R

### **ADDITIONAL INFORMATION REQUESTED FOR CLASS YEAR TRANSMISSION PROJECTS**

Description of proposed project:

- a. General description of the equipment configuration and kV level:
- b. Transmission technology and manufacturer (e.g., HVDC VSC):

**ADDITIONAL INFORMATION REQUESTED FOR FACILITIES  
SEEKING ERIS BELOW FULL OUTPUT**

Describe any injection-limiting equipment if the facility is requesting ERIS below its full output:

---

---

## **ATTACHMENT A TO APPENDIX 1 – LFIP INTERCONNECTION REQUEST Terms and Conditions of Interconnection Study(ies)**

These terms and conditions for the study of a Large Generating Facility or Class Year Transmission Project, or a material modification to an existing Large Generating Facility or Class Year Transmission Project proposed in the Interconnection Request dated \_\_\_\_\_ (“the Project”) and submitted by \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Developer”) sets forth the respective obligations between 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”) (hereinafter the “Terms and Conditions”). By signing below, Developer confirms its understanding and acceptance of the Terms and Conditions.

### **RECITALS**

**WHEREAS**, Developer is proposing to develop the Project; and

**WHEREAS**, the Project is already interconnected to the New York State Transmission System (or Distribution System, as applicable) or desires to interconnect the Large Facility with the New York State Transmission System (or Distribution System, as applicable); and

**WHEREAS**, Developer has requested NYISO to perform one or more of the following studies: Optional Interconnection Feasibility Study, Interconnection System Reliability Impact Study, or Optional Interconnection System Reliability Impact Study to assess the impact of the Project on the New York State Transmission System (or Distribution System, as applicable).and any Affected Systems.

**Now, THEREFORE**, in consideration of and subject to the terms and conditions contained herein, Developer and NYISO agree as follows:

- 1.0 When used in these Terms and Conditions, with initial capitalization, the terms specified shall have the meanings indicated in the NYISO’s Commission-approved Standard Large Facility Interconnection Procedures (“LFIP”).
- 2.0 Developer shall elect and NYISO shall cause to be performed, in accordance with the NYISO Open Access Transmission Tariff (“OATT”), one or more of the following: an Optional Interconnection Feasibility Study consistent with Section 30.6 of the LFIP, an Interconnection System Reliability Impact Study consistent with Section 30.7 of the LFIP, and an Optional Interconnection System Reliability Impact Study consistent with Section 30.10 of the LFIP, collectively referred to as the “Studies.” The terms of Sections 30.6, 30.7, 30.10, 30.13.1, and 30.13.3 of the LFIP, as applicable, are incorporated by reference herein.
- 3.0 The scopes for the Studies that Developer elects or is required to perform under its Interconnection Request and these Terms and Conditions shall be subject to the

assumptions developed by Developer, NYISO, and the Connecting Transmission Owner(s) at the respective scoping meetings for each Study and approved by NYISO Operating Committee.

- 4.0 The Studies shall be based on the technical information provided by Developer in the Interconnection Request, as may be modified as the result of the Scoping Meeting and completed study results, if performed and available. NYISO reserves the right to request additional information from Developer as may reasonably become necessary consistent with Good Utility Practice during the course of the Studies (including dynamic modeling data) and as designated in accordance with Section 30.3.3.4 of the LFIP and such additional information shall be provided in a prompt manner. If, after the designation of the Point of Interconnection pursuant to Section 30.3.3.4 of the LFIP, Developer modifies its Interconnection Request pursuant to Section 30.4.4, the time to complete the Studies may be extended.
- 5.0 Optional Interconnection Feasibility Study. If Developer elects to perform an Optional Interconnection Feasibility Study, the study report shall provide the following:
- If Developer elects to perform an Optional Interconnection Feasibility Study with a limited analysis (i.e., \$10,000 study deposit), the study report shall provide, to the extent selected by Developer:
    - development of a conceptual breaker-level one-line diagram of existing NYS Transmission System or Distribution System where the Large Facility proposes to interconnect; and/or
    - a review of the feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation or identification of cable routing concerns inside existing substation).
  - If Developer elects to perform an Optional Interconnection Feasibility Study with detailed analyses (i.e., \$60,000 study deposit), the study report shall provide, to the extent selected by Developer:
    - development of conceptual breaker-level one-line diagram of existing NYS Transmission System or Distribution System where the Large Facility proposes to interconnect (i.e., how to integrate the Large Facility into the existing system);
    - a review of the feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation or identification of cable routing concerns inside existing substation);
    - preliminary review of local protection, communication, and grounding issues associated with the proposed interconnection;

- power flow, short circuit, and/or bus flow analyses; and/or
- preliminary identification of Connecting Transmission Owner Attachment Facilities and Local System Upgrade Facilities with a non-binding good faith cost estimate of Developer's cost responsibility and a non-binding good faith estimated time to construct.

6.0 Interconnection System Reliability Impact Study. The Interconnection System Reliability Impact Study report shall provide the following information:

- Identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload or voltage limit violations resulting from the interconnection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Facility to the New York State Transmission System (or Distribution System, as applicable) and to address the identified short circuit, instability, and power flow issues; and
- if Developer opts to skip the Optional Interconnection Feasibility Study NYISO will supplement the information set forth above.
- if Developer is required to or elects to include a preliminary non-binding deliverability evaluation under the Deliverability Interconnection Standard pursuant to Section 30.7.3.2 of Attachment X to the OATT, the System Reliability Impact Study report shall also (1) identify, at a high level, potential System Deliverability Upgrades to make the facility fully deliverable for the full amount of requested CRIS; and (2) provide preliminary non-binding cost estimates for such potential System Deliverability Upgrades.

7.0 Optional Interconnection System Reliability Impact Study. If Developer elects to perform an Optional Interconnection System Reliability Impact Study, the study report shall provide a sensitivity analysis based on the assumptions specified by Developer in the scope for the Optional Interconnection System Reliability Impact Study developed in accordance with Section 3.0 of these Terms and Conditions. The Optional Interconnection System Reliability Impact Study will identify the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities, and the estimated cost thereof, that may be required to provide Energy Resource Interconnection Service based upon the assumptions specified by Developer in the scope for the Optional Interconnection System Reliability Impact Study developed in accordance with Section 3.0 of these Terms and Conditions.

8.0 Developer shall provide a deposit in accordance with the LFIP for the performance of

each study that Developer elected to be performed in connection with its Interconnection Request and under these Terms and Conditions. NYISO shall provide a good faith estimate for the time of completion for each of the studies elected or required to be performed in accordance with the LFIP.

8.1 Upon Developer's receipt of the final report for each study performed, NYISO shall charge and Developer shall pay to NYISO the actual costs of each respective study incurred by NYISO, as computed on a time and materials basis in accordance with the rates provided to the Developer at the time that NYISO provides the good faith estimate of the cost for each study elected or required to be performed in connection with the Interconnection Request and under these Terms and Conditions.

8.2 Any difference between the deposit for and the actual cost of any study performed under these Terms and Conditions shall be paid by or refunded to Developer, as appropriate.

## 9.0 Miscellaneous.

9.1 Accuracy of Information. Except as Developer may otherwise specify in writing when it provides information to NYISO under these Terms and Conditions, Developer represents and warrants that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Developer shall promptly provide NYISO with any additional information needed to update information previously provided.

9.2 Disclaimer of Warranty. In preparing the Studies, NYISO and any subcontractor consultants hired by it shall have to rely on information provided by Developer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither NYISO nor any subcontractor consultant hired by NYISO 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 Studies performed under these Terms and Conditions. Developer 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 NYISO or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with these Terms and Conditions or the Studies performed or any reliance on the Studies by Developer or third parties, even if NYISO or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any NYISO or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under these Terms and



Conditions.

- 9.4 Third-Party Beneficiaries. Without limitation of Sections 8.2 and 8.3 under these Terms and Conditions, Developer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, one or more of the Studies requested under the Interconnection Request shall be deemed third-party beneficiaries of these Sections 8.2 and 8.3 under these Terms and Conditions.
- 9.5 Term and Termination. The obligations to conduct the Studies and under these Terms and Conditions shall be effective from the date hereof and, unless earlier terminated under these Terms and Conditions, shall continue in effect until the Studies are completed (i.e., approved by the NYISO Operating Committee, as applicable). Developer or NYISO may terminate their obligations under these Terms and Conditions upon the withdrawal of Developer's Interconnection Request under Section 30.3.6 of the LFIP.
- 9.6 Governing Law. These Terms and Conditions and any study performed thereunder 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 these Terms and Conditions are deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from these Terms and Conditions and the obligations under these Terms and Conditions shall continue in full force and effect as if each part was not contained herein.
- 9.8 Amendment. No amendment, modification, or waiver of any term or condition hereof shall be effective unless set forth in writing and signed by Developer and NYISO hereto.
- 9.9 Survival. All warranties, limitations of liability, and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 9.10 Independent Contractor. Developer agrees that 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 Developer as a result of performing any work under these Terms and Conditions.
- 9.11 No Implied Waivers. The failure of Developer or NYISO to insist upon or enforce strict performance of any of the provisions of these Terms and Conditions 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.
- 9.12 Successors and Assigns. The obligations under these Terms and Conditions, and each and every term and condition hereof, shall be binding upon and inure to the benefit of Developer and NYISO and their respective successors and assigns.

**IN WITNESS THEREOF**, Developer has agreed to accept and be bound by the Terms and Conditions by its duly authorized officers or agents execution on the day and year first below written.

\_\_\_\_\_  
**[Insert name of Developer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Date:** \_\_\_\_\_

## APPENDIX 1-A TO LFIP – EXTERNAL CRIS RIGHTS REQUEST

1. The undersigned Entity (the “Requestor”) submits this request to obtain External CRIS Rights for the number of Megawatts (“MW”) of External ICAP specified below, pursuant to Section 25.7.11 of Attachment S to the ISO OATT and ISO Procedures.

2. The Requestor provides the following information:

2.1 \_\_\_\_\_ Years - The term of the requested Award Period (minimum five (5) years).

2.2 \_\_\_\_\_ MW of External CRIS requested for each month of Summer Capability Period. The same number of MW must be supplied for all months of each Summer Capability Period throughout the Award Period.

2.3 \_\_\_\_\_ MW of External CRIS requested each month of Winter Capability Period (cannot exceed MW committed for Summer Capability Period). None required, but if Requestor does commit MW to any month of Winter Capability Period, Requestor must specify months requested below.

\_\_\_\_November ☐  
\_\_\_\_December ☐  
\_\_\_\_January ☐  
\_\_\_\_February ☐  
\_\_\_\_March ☐  
\_\_\_\_April ☐

2.4 The External Interface(s) to be used for the External ICAP:

\_\_\_\_\_

3. A Requestor may request external CRIS rights by making either a contract commitment or a non-contract commitment for the award period. A requestor must indicate the type of its commitment, as follows:

- 3.1 \_\_\_\_\_ Contract commitment; or
- 3.2 \_\_\_\_\_ Non-contract commitment.
4. This External Rights Request shall be submitted to the ISO through the interconnection portal on the NYISO website.
5. Representative of the Requestor to contact, including phone number and e-mail address:
- Name (type or print): \_\_\_\_\_
- Title: \_\_\_\_\_
- Company: \_\_\_\_\_
- Address: \_\_\_\_\_
- Email: \_\_\_\_\_
6. This External CRIS Rights Request is submitted by:

By (signature): \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX 2 to LFIP - CLASS YEAR STUDY AGREEMENT

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Developer”), 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”), and \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York (“Connecting Transmission Owner”). Developer, NYISO and Connecting Transmission Owner each may be referred to as a “Party,” or collectively as the “Parties.”

### RECITALS

**WHEREAS**, Developer is [proposing to develop a Large Generating Facility or Class Year Transmission Project/proposing a capacity addition to an existing Generating Facility or Class Year Transmission Project consistent with the Interconnection Request submitted by the Developer dated \_\_\_\_\_, including any project modifications reviewed and approved by the NYISO /owns an existing or proposed facility requesting only Capacity Resource Interconnection Service (“CRIS”)/requesting an increase in Capacity Resource Interconnection Service (“CRIS”)]; and

**WHEREAS**, the NYISO has confirmed that the Developer has satisfied the eligibility requirements for entering a Class Year Interconnection Facilities Study (“Class Year Study”); and

**WHEREAS**, Developer has elected to enter an Interconnection Facilities Study in order to obtain [Energy Resource Interconnection Service (“ERIS”)/ERIS and Capacity Resource Interconnection Service (“CRIS”)/only Capacity Resource Interconnection Service (“CRIS”)/an increase in Capacity Resource Interconnection Service (“CRIS”)] pursuant to Attachments S, X and Z to the NYISO’s Open Access Transmission Tariff (“OATT”), as applicable.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Section 30.1 of Attachment X to the NYISO’s OATT or Section 25.1.2 of Attachment S to the NYISO’s OATT.
- 2.0 Developer elects to be evaluated for [ERIS/ERIS and CRIS/CRIS only/an increase in CRIS] and NYISO shall cause to be performed an Interconnection Facilities Study consistent with Attachments S and X to the ISO OATT. The terms of the above-referenced OATT Attachments, as applicable, are hereby incorporated by reference herein.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

- 4.0 For Developers seeking ERIS, the Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the facility to the New York State Transmission System (or Distribution System, as applicable) and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Reliability Impact Study. For Developers seeking CRIS, the Interconnection Facilities Study report (i) shall identify whether System Deliverability Upgrades are required for the facility to be fully deliverable at its requested level of CRIS; and (ii) shall provide a description and estimated cost of any required System Deliverability Upgrades, to the extent required, based on the Developer's election under Section 25.7.7.1 of Attachment S to the ISO OATT. For Developers seeking both ERIS and CRIS, the Interconnection Facilities Study report shall provide all of the information described in this Section 4.0.
- 5.0 The Developer shall provide a deposit of [\$100,000 if requesting evaluation for ERIS or ERIS and CRIS/\$50,000 if requesting only CRIS] for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

NYISO shall invoice Developer on a monthly basis for the expenses incurred by NYISO and the Connecting Transmission Owner on the Interconnection Facilities Study each month, as computed on a time and materials basis in accordance with the rates attached hereto. Developer shall pay invoiced amounts to NYISO within thirty (30) Calendar Days of receipt of invoice. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice.

6.0 Miscellaneous.

- 6.1 Accuracy of Information. Except as Developer or Connecting Transmission Owner may otherwise specify in writing when they provide information to NYISO under this Agreement, Developer and Connecting Transmission Owner each represent and warrant that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Developer and Connecting Transmission Owner shall each promptly provide NYISO with any additional information needed to update information previously provided.
- 6.2 Disclaimer of Warranty. In preparing the Interconnection Facilities Study, the Party preparing such study and any subcontractor consultants employed by it shall have to rely on information provided by the other Parties, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the Party preparing the Interconnection Facilities Study nor any subcontractor consultant employed by that Party 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 Interconnection Facilities Study. Developer 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.

- 6.3 **Limitation of Liability.** In no event shall any Party or its subcontractor consultants 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 Interconnection Facilities Study or any reliance on the Interconnection Facilities Study by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement.
- 6.4 **Third-Party Beneficiaries.** Without limitation of Sections 6.2 and 6.3 of this Agreement, Developer and Connecting Transmission Owner further agree that subcontractor consultants employed by NYISO to conduct or review, or to assist in the conducting or reviewing, an Interconnection Facilities Study shall be deemed third party beneficiaries of these Sections 6.2 and 6.3.
- 6.5 **Term and Termination.** This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 6.5, shall continue in effect until the later of (1) the Interconnection Facilities Study for Developer's facility is completed and approved by the NYISO Operating Committee; or (2) the Additional SDU Study, as applicable, is completed and approved by the NYISO Operating Committee. Developer or NYISO may terminate this Agreement upon the withdrawal of the Developer's project from the Interconnection Facilities Study pursuant to Section 25.7.7.1 of Attachment S.
- 6.6 **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.
- 6.7 **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.
- 6.8 **Counterparts.** This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 6.9 **Amendment.** No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 6.10 **Survival.** All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 6.11 **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 Developer or Connecting

Transmission Owner as a result of this Agreement.

6.12 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.

6.13 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 WHEREOF**, 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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Developer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## Attachment A To Appendix 2 - Class Year Study Agreement

### SCHEDULE FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to complete the study and issue an Interconnection Facilities Study report to the Developer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- estimated completion date (i.e., Operating Committee approval of the Class Interconnection Facilities Study) for Class Year 20\_\_ Interconnection Facility Study for the Annual Transmission Reliability Assessment required by Attachment S to the ISO OATT: \_\_\_\_/\_\_\_\_/\_\_\_\_\_, if no additional System Deliverability Upgrade studies are required.
- Study work (other than data provision and study review) that may be requested of the Transmission Owner by the NYISO is currently not specified, but will be specified in a Study Work Agreement to be developed between the NYISO and Transmission Owner.
- Pursuant to Article 5.0 of this Agreement, the rates for the study work are attached as Exhibit 1.

If Developer elects to proceed with an Additional SDU Study required for any identified SDUs for the project, the NYISO and Connecting Transmission Owner shall use Reasonable Efforts to complete the Additional SDU Study and issue an Additional SDU Study report to the Developer within the following number of days after Developers notice to the NYISO pursuant to Section 25.5.10 of Attachment S that it elects to proceed with an Additional SDU Study:

- estimated completion date (i.e., Operating Committee approval of the Additional SDU Study): \_\_\_\_/\_\_\_\_/\_\_\_\_.
- Additional SDU Study work (other than data provision and study review) that may be requested of the Connecting Transmission Owner by the NYISO is currently not specified, but will be specified in a Study Work Agreement to be developed between the NYISO and Connecting Transmission Owner.
- Pursuant to Article 5.0 of this Agreement, the rates for the study work for the Additional SDU Study are attached as Exhibit 1.

## Attachment B To Appendix 2 - Interconnection Facilities Study Agreement

### DATA FORM TO BE PROVIDED BY DEVELOPER

#### WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

1. Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.
2. Finalize and specify your Interconnection Service evaluation election for the Class Year Study. Developer should specify either Energy Resource Interconnection Service ("ERIS") alone, both ERIS and some MW level of Capacity Resource Interconnection Service ("CRIS") or CRIS only (e.g., if your facility is already interconnected taking only ERIS, you may elect to be evaluated for CRIS only); provided however, that CRIS requests are subject to the limits specified in Section 25.8.1 of Attachment S to the ISO OATT. Evaluation election:

ERIS: \_\_\_\_\_

If requesting ERIS for a multi-unit Large Generating Facility, specify the allocation of requested ERIS among such units

CRIS: \_\_\_\_\_

If requesting CRIS for a multi-unit Large Generating Facility, specify the allocation of requested CRIS among such units:

---

For a Resource with Energy Duration Limitations that is requesting CRIS, indicate the maximum injection capability over the selected duration (e.g., 10 MWh over 4 hours

3. Proposed Schedule:

Begin Construction Date: \_\_\_\_\_

In-Service Date: \_\_\_\_\_

Initial Synchronization Date: \_\_\_\_\_

Generation Testing Date: \_\_\_\_\_

Commercial Operation Date: \_\_\_\_\_

4. Additional Information Required as Part of this Data Form:

**Additional Information:**

Nameplate MW: \_\_\_\_\_

Nameplate MVA: \_\_\_\_\_

Auxiliary Load MW: \_\_\_\_\_

Auxiliary Load MVAR: \_\_\_\_\_

For temperature sensitive units, provide MW vs. temp curves and indicate maximum summer and winter net capability below:

- Maximum summer net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 90 degrees F: \_\_\_\_\_
- Maximum winter net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 10 degrees F : \_\_\_\_\_

1. One set of metering is required for each generation connection to the new ring bus or existing Connecting Transmission Owner station. Number of generation connections: \_\_\_\_\_
2. On the one-line indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)
3. On the one-line indicate the location of auxiliary power. (Minimum load on CT/PT)  
Amps
4. Will an alternate source of auxiliary power be available during CT/PT maintenance?  
\_\_\_\_\_ Yes      \_\_\_\_\_ No
5. Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? \_\_\_\_\_ Yes      \_\_\_\_\_ No  
  
(If yes, indicate on one-line diagram).
6. What type of control system or PLC will be located at the Developer's facility?

7. What protocol does the control system or PLC use?

---

8. Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

---

9. Physical dimensions of the proposed interconnection station:

---

10. Bus length from generation to interconnection station:

---

11. Line length from interconnection station to Connecting Transmission Owner's transmission line.

---

12. Tower number observed in the field. (Painted on tower leg):

---

13. Number of third-party easements required for transmission lines, if known:

---

14. Describe any injection-limiting equipment if the facility is requesting ERIIS below its full output:

---

### **BTM:NG Resources**

15. In addition to the above information, as applicable, for BTM:NG Resources, please also provide the following information:

Developer or Customer-Site Load: \_\_\_\_\_ kW (if none, so state)

Existing load? Yes \_\_\_ No\_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Is the new or existing load in the Transmission Owner's service area?

\_\_\_\_\_ Yes \_\_\_\_\_ No Local provider: \_\_\_\_\_

### Resources with Energy Duration Limitations

In addition to the above information, as applicable, for Resources with Energy Duration Limitations, please also provide the following information:

Energy storage capability (MWh): \_\_\_\_\_

Minimum Duration for full discharge (i.e., injection) (Hours): \_\_\_\_\_

Minimum Duration for full charge (i.e., withdrawal) (Hours): \_\_\_\_\_

Maximum withdrawal from the system (i.e., when charging) (MW): \_\_\_\_\_

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Maximum sustained injection (in MW) over the Developer-selected duration;

Primary frequency response operating range for electric storage resource:

Minimum State of Charge: \_\_\_\_\_ (%) Maximum State of Charge: \_\_\_\_\_ (%)

If requesting CRIS, indicate the maximum injection capability over the selected duration (e.g., 2.5 MW over 4 hours for a total of 10 MWh):

### APPENDIX 2-A TO LFIP – FACILITIES STUDY AGREEMENT FOR EXTERNAL CRIS RIGHTS

**THIS 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"), 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"), and \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York ("Connecting Transmission Owner"). Requestor, NYISO and Connecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

### RECITALS

**WHEREAS**, Requestor has, pursuant to Section 25.7.11 of Attachment S to the ISO

OATT, requested External CRIS Rights for a specified number of MW of External CRIS; and

**WHEREAS**, NYISO has determined that Requestor has submitted a complete External CRIS Rights Request, in accordance with the applicable requirements of the NYISO Tariffs and ISO Procedures; and

**WHEREAS**, Requestor has requested NYISO and Connecting Transmission Owner to evaluate the specified number of MW of External ICAP in the currently Open Class Year Deliverability Study to specify the Deliverable MW for its External ICAP, and also to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the System Deliverability Upgrades required for External CRIS Rights.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meaning indicated herein, or in Attachment S or Attachment X to the ISO OATT, or in Article Z of the NYISO Services Tariff.
- 2.0 Requestor requests that NYISO and Connecting Transmission Owner evaluate the deliverability of Requestor's External CRIS Rights in accordance with Section 25.7.11 of Attachment S to the ISO OATT. Requestor's External CRIS Rights are not subject to, and shall not be evaluated by applying, the NYISO Minimum Interconnection Standard.
- 3.0 Requestor shall provide a deposit of \$50,000 for the performance of the Class Year Study for its External CRIS Rights. The time for completion of the Class Year Deliverability Study is specified in Attachment A to this Agreement.

NYISO shall invoice Requestor on a monthly basis for the expenses incurred by NYISO and Connecting Transmission Owner on the Class Year Deliverability Study for Requestor each month, as computed on a time and materials basis in accordance with the rates attached hereto. Requestor shall pay invoiced amount to NYISO within thirty (30) Calendar Days of receipt of invoice. NYISO shall continue to hold Requestor's deposit until settlement of the final invoice.

#### 4.0 Miscellaneous

- 4.1 Accuracy of Information. Except as Requestor or Connecting Transmission Owner may otherwise specify in writing when they provide information to NYISO under this Agreement, Requestor and Connecting Transmission Owner each represent and warrant that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Requestor and Connecting Transmission Owner shall each promptly provide NYISO with any additional information needed to update information previously provided.
- 4.2 Disclaimer of Warranty. In preparing the Class Year Deliverability Study, the Party preparing such study and any subcontractor consultants employed by it shall

have to rely on information provided by the other Parties, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the Party preparing such study nor any subcontractor consultant employed by that Party 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 Class Year Deliverability Study for External ICAP. 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.

- 4.3 **Limitation of Liability.** In no event shall any Party or its subcontractor consultants 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 Class Year Deliverability Study for External ICAP, or any reliance on the Class Year Deliverability Study by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement.
- 4.4 **Third-Party Beneficiaries.** Without limitation of Sections 4.2 and 4.3 of this Agreement, Requestor and Connecting Transmission Owner further agree that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, a Class Year Deliverability Study shall be deemed third party beneficiaries of these Sections 4.2 and 4.3.
- 4.5 **Terms and Termination.** This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 30.4.5, shall continue in effect until the Class Year Deliverability Study for Requestor's External CRIS Rights is completed and approved by the NYISO Operating Committee. Requestor or NYISO may terminate this Agreement upon the withdrawal of Requestor's External CRIS Rights Request under Section 25.7.11 of Attachment S to the ISO OATT or upon Developer's withdrawal from the Class Year Study pursuant to Section 25.7.7.1 of Attachment S.
- 4.6 **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.
- 4.7 **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.

- 4.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 4.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 4.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 4.11 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.
- 4.12 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 wavier 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.
- 4.13 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 WHEREOF**, 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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**[Insert name of Requestor]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment A To Facilities Study Agreement for External CRIS Rights**

### **SCHEDULE FOR CONDUCTING THE FACILITIES STUDY FOR EXTERNAL CRIS Rights**

NYISO and Connecting Transmission Owner shall use Reasonable Efforts to complete the study and issue a Class Year Deliverability Study report to Requestor within the following number of days after or receipt of an executed copy of this Agreement:

Estimated completion date for Class Year 20\_\_ Deliverability Study required by Section 25.7.11 Attachment S to the ISO OATT: \_\_\_\_/\_\_\_\_/\_\_\_\_\_, assuming no additional detailed studies are required to evaluate System Deliverability Upgrades.

**DATA FORM TO BE PROVIDED BY REQUESTOR  
WITH THE FACILITIES STUDY AGREEMENT FOR EXTERNAL ICAP**

- a. \_\_\_\_\_MW of External ICAP certified to be supplied for each month of Summer Capability Period. The same number of MW must be supplied for all months of each Summer Capability Period throughout the Award Period
- b. \_\_\_\_\_MW of External ICAP certified to be supplied for each month of Winter Capability Period (cannot exceed MW committed for Summer Capability Period). None required, but if Requestor does commit MW to any month of Winter Capability Period, Requestor must specify months covered by commitment.
- c. The External Interface(s) proposed to be used for the External ICAP.

---

**OTHER ASSUMPTIONS**

---

---

## Appendix 3 to LFIP – LARGE FACILITY MODIFICATION REQUEST

### Large Facility Modification Request

1. The undersigned Developer submits this request to modify an Interconnection Request for a Large Generating Facility or Class Year Transmission Project currently in the NYISO's Interconnection Queue.

2. Queue No. (if applicable): \_\_\_\_\_ Project Name:

3. Nature of proposed modification (check all that apply):

\_\_\_\_ Change in Electric Output (MW) of the Large Facility

\_\_\_\_ Modification of Technical Parameters of Large Facility's Technology and Transformer Impedances

\_\_\_\_ Modification to Interconnection Configuration

\_\_\_\_ Technological Change or Advancement

\_\_\_\_ Extension of Commercial Operation Date

\_\_\_\_ Other Modification Not Listed Above

4. Description of proposed modification:

---

---

---

---

5. Attach a revised conceptual breaker one-line diagram and a project location geo map, as applicable.

6. If the modification is a decrease in the facility capacity or requested interconnection service, provide an explanation for the decrease, including a description of the injection-limiting equipment with all the necessary parameters of such equipment, as applicable:

---

7. Proposed modification to an Interconnection Request due to a technological advancement,

which includes advancements to turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Interconnection Request (NOTE: a technological advancement will be evaluated under Section 30.4.4.7 of Attachment X to the OATT, which requires a \$10,000 study deposit be submitted with this form).

- a. If the modification is due to a technological advancement to the technology originally proposed, detail the proposed configuration of the technological advancement and the manner of installation:

---



---



---



---

- b. Provide the parameters associated with the proposed technological advancement:

Parameter	Before Application of Proposed Technological Advancement	After Application of Proposed Technological Advancement
Total Project MVA		
MVA/Unit		
Subtransient Impedance ( $R'' + jX''$ ) or equivalent fault current limit for inverter-based technology		
Total Project MW		
MW/Unit		
Total Project Mvar Capability		
Mvar Capability/Unit		
Unit kV		
Total Project Power Factor		
Unit Power Factor		
Unit Dynamic Model		
Associated Device(s) Dynamic Model		

Any applicable parameter that will change		
Total Project Single Line Diagram		

- c. If any of the above parameters would change due to the proposed technological advancement, demonstrate that the proposed incorporation of the technological advancement would result in electrical performance that is equal to or better than the electrical performance expected prior to the technology change and not cause any reliability concerns (*i.e.*, not have a material adverse impact on the transmission system with regard to short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response). Provide support, including any completed studies, that demonstrate that the technological advancement is permissible and/or non-material under Section 30.4.4.7 of Attachment X to the OATT.

---



---



---



---

8. For a change to the Commercial Operation Date (COD) of the proposed Large Facility, provide the following:

- a. Original Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_
- b. Revised Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_
- c. For a proposed change four (4) years or more beyond the date that the Developer and all other Developers remaining in the Class Year posted Security as a part of a Class Year Interconnection Facilities Study (*i.e.*, completion of the Class Year), attach an Officer certification and supporting documentation demonstrating that the Developer has made reasonable progress against milestones set forth in the Interconnection Agreement (refer to Section 30.4.4.5.2 of Attachment X to the OATT for specific details for requesting such a change).

9. As it relates to the requested modification of an Interconnection Request, provide any updates to data required in Attachment A to the Interconnection Request – “Large Generating Facility Preliminary Data” or provided during completed stages of the interconnection study process.

---



---



---

10. The NYISO, in consultation with the Connecting Transmission Owner(s), may request additional information, if necessary, to further assess the proposed modification.

## **Attachment A to Appendix 3 – LARGE FACILITY MODIFICATION REQUEST Terms and Conditions of a Large Facility Modification Request**

These terms and conditions for the review and/or study of a request to modify a proposed Large Generating Facility or Class Year Transmission Project or a material modification to an existing Large Generating Facility or Class Year Transmission Project consistent with the Interconnection Request dated \_\_\_\_\_, including any project modifications reviewed and approved by the NYISO, (“the Project”) and submitted by \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Developer”), set forth the respective obligations between 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”) (hereinafter the “Terms and Conditions”). By signing below, Developer confirms its understanding and acceptance of the Terms and Conditions.

### **RECITALS**

**WHEREAS**, Developer is proposing to develop the Project; and

**WHEREAS**, Developer requests NYISO to evaluate whether the proposed modification to its [Large Generating Facility or Class Year Transmission Project/proposing a capacity addition to an existing Generating Facility or Class Year Transmission Project] set forth in the Large Facility Modification Request would constitute a Material Modification and/or a Permissible Technological Advancement, as applicable, under Attachment X to the NYISO’s Open Access Transmission Tariff (“OATT”).

**Now, THEREFORE**, in consideration of and subject to the terms and conditions contained herein, Developer and NYISO agree as follows:

- 1.0 When used in these Terms and Conditions, with initial capitalization, the terms specified shall have the meanings indicated in the NYISO’s Commission-approved Standard Large Facility Interconnection Procedures (“LFIP”).
- 2.0 Developer requests NYISO to evaluate whether the proposed modification would constitute a Material Modification and/or a Permissible Technical Advancement, as applicable, and if an additional study(ies) is required pursuant to Section 30.4.4.3 and/or Section 30.4.4.7 of Attachment X to the OATT, NYISO shall perform, or cause to be performed, a study(ies) consistent with Attachment X to the OATT.
- 3.0 The scope of the study(ies) shall be subject to the description and assumptions set forth in the Large Facility Modification Request and the data contained therein or provided upon the request of the NYISO.
- 4.0 For requested modifications other than a technological advancement, NYISO shall commence any necessary additional studies as soon as practicable, but in no event later than thirty (30) Calendar Days after receiving the Large Facility Modification Request and all necessary data. NYISO shall provide a determination of whether the



modifications proposed in the Large Facility Modification Request would constitute a Material Modification for purposes of Section 30.4.4.3 of Attachment X to the OATT.

- 5.0 For a proposed modification based on a technological advancement, the Developer shall provide a deposit of \$10,000, together with the Large Facility Modification Request, for NYISO to perform a review and, if necessary, any additional studies to evaluate a whether technological advancement constitutes a Permissible Technological Advancement under Section 30.4.4.7 of Attachment X to the OATT. NYISO will provide a determination detailing whether a proposed technological advancement would constitute a Permissible Technological Advancement or a Material Modification, as applicable, within thirty (30) calendar days of the latter of receiving a complete Large Facility Modification Request or the study deposit pursuant to Section 30.4.4.7 of Attachment X to the OATT.
- 6.0 Following the issuance of a determination on the requested modification or termination of the study pursuant to Article 7.4, NYISO shall invoice the Developer for the actual costs incurred by NYISO and any subcontractor hired to perform study work, as computed on a time and materials basis in accordance with the rates provided to the Developer at the time that the NYISO notifies the Developer that a study(ies) is required to complete its Large Facility Modification Request. Developer shall pay invoiced amounts to NYISO within thirty (30) days of receipt of such invoice. NYISO shall continue to hold any amounts on deposit, if applicable, until settlement of the final invoice.
- 7.0 Miscellaneous.
- 7.1 Accuracy of Information. Except as Developer may otherwise specify in writing when it provides information to NYISO under these Terms and Conditions, Developer represents and warrants that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Developer shall promptly provide NYISO with any additional information needed to update information previously provided.
- 7.2 Disclaimer of Warranty. In preparing the Studies, NYISO and any subcontractor consultants hired by it shall have to rely on information provided by Developer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither NYISO nor any subcontractor consultant hired by NYISO 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 Studies performed under these Terms and Conditions. Developer 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.
- 7.3 Limitation of Liability. In no event shall NYISO or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with these Terms and Conditions or the Studies performed or any reliance on the Studies by Developer or third parties,

even if NYISO or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any NYISO or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under these Terms and Conditions.

- 7.4 **Third-Party Beneficiaries.** Without limitation of Sections 7.2 and 7.3 under these Terms and Conditions, Developer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the study(ies) requested under the Large Facility Modification Request shall be deemed third-party beneficiaries of these Sections 7.2 and 7.3 under these Terms and Conditions.
- 7.5 **Term and Termination.** The obligations to conduct the Studies and under these Terms and Conditions shall be effective from the date hereof and, unless earlier terminated under these Terms and Conditions, shall continue in effect until the study(ies) is completed or Developer provides a written request to withdraw its Large Facility Modification Request. Developer or NYISO also may terminate their obligations under these Terms and Conditions upon the withdrawal of Developer's Interconnection Request under Section 30.3.6 of the LFIP.
- 7.6 **Governing Law.** These Terms and Conditions and any study performed thereunder 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.
- 7.7 **Severability.** In the event that any part of these Terms and Conditions are deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from these Terms and Conditions and the obligations under these Terms and Conditions shall continue in full force and effect as if each part was not contained herein.
- 7.8 **Amendment.** No amendment, modification, or waiver of any term or condition hereof shall be effective unless set forth in writing and signed by Developer and NYISO hereto.
- 7.9 **Survival.** All warranties, limitations of liability, and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 7.10 **Independent Contractor.** Developer agrees that 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 Developer as a result of performing any work under these Terms and Conditions.
- 7.11 **No Implied Waivers.** The failure of Developer or NYISO to insist upon or enforce strict performance of any of the provisions of these Terms and Conditions 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.
- 7.12 **Successors and Assigns.** The obligations under these Terms and Conditions, and each and every term and condition hereof, shall be binding upon and inure to the benefit of

Developer and NYISO and their respective successors and assigns.

**IN WITNESS THEREOF**, Developer has agreed to accept and be bound by the Terms and Conditions by its duly authorized officers or agents execution on the day and year first below written.

\_\_\_\_\_

**[Insert name of Developer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Appendix 4 – STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT**

**(Applicable to Generating Facilities that exceed 20 MW)**

## TABLE OF CONTENTS

Page Number

### ARTICLE 1. DEFINITIONS

### ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

- 2.1 Effective Date
- 2.2 Term of Agreement
- 2.3 Termination
- 2.4 Termination Costs
- 2.5 Disconnection
- 2.6 Survival

### ARTICLE 3. REGULATORY FILINGS

### ARTICLE 4. SCOPE OF INTERCONNECTION SERVICE

- 4.1 Provision of Service
- 4.2 No Transmission Delivery Service
- 4.3 No Other Services

### ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

- 5.1 Options
- 5.2 General Conditions Applicable to Option to Build
- 5.3 Liquidated Damages
- 5.4 Power System Stabilizers
- 5.5 Equipment Procurement
- 5.6 Construction Commencement
- 5.7 Work Progress
- 5.8 Information Exchange
- 5.9 Limited Operation
- 5.10 Developer's Attachment Facilities ("DAF")
- 5.11 Connecting Transmission Owner's Attachment Facilities Construction
- 5.12 Access Rights
- 5.13 Lands of Other Property Owners
- 5.14 Permits
- 5.15 Early Construction of Base Case Facilities
- 5.16 Suspension
- 5.17 Taxes
- 5.18 Tax Status; Non-Jurisdictional Entities
- 5.19 Modification

### ARTICLE 6. TESTING AND INSPECTION

- 6.1 Pre-Commercial Operation Date Testing and Modifications
- 6.2 Post-Commercial Operation Date Testing and Modifications
- 6.3 Right to Observe Testing
- 6.4 Right to Inspect

### ARTICLE 7. METERING

- 7.1 General
- 7.2 Check Meters
- 7.3 Standards

7.4 Testing of Metering Equipment

7.5 Metering Data

ARTICLE 8. COMMUNICATIONS

8.1 Developer Obligations

8.2 Remote Terminal Unit

8.3 No Annexation

ARTICLE 9. OPERATIONS

9.1 General

9.2 NYISO and Connecting Transmission Owner Obligations

9.3 Developer Obligations

9.4 Start-Up and Synchronization

9.5 Real and Reactive Power Control and Primary Frequency Response

9.6 Outages and Interruptions

9.7 Switching and Tagging Rules

9.8 Use of Attachment Facilities by Third Parties

9.9 Disturbance Analysis Data Exchange

9.10 Phasor Measurement Units

ARTICLE 10. MAINTENANCE

10.1 Connecting Transmission Owner Obligations

10.2 Developer Obligations

10.3 Coordination

10.4 Secondary Systems

10.5 Operating and Maintenance Expenses

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Developer's Attachment Facilities

11.2 Connecting Transmission Owner's Attachment Facilities

11.3 System Upgrade Facilities and System Deliverability Upgrades

11.4 Special Provisions for Affected Systems

11.5 Provision of Security

11.6 Developer Compensation for Emergency Services

11.7 Line Outage Costs

ARTICLE 12. INVOICE

12.1 General

12.2 Final Invoice

12.3 Payment

12.4 Disputes

ARTICLE 13. EMERGENCIES

13.1 Obligations

13.2 Notice

13.3 Immediate Action

13.4 NYISO and Connecting Transmission Owner Authority

13.5 Developer Authority

13.6 Limited Liability

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements

14.2 Governing Law

## ARTICLE 15. NOTICES

- 15.1 General
- 15.2 Billings and Payments
- 15.3 Alternative Forms of Notice
- 15.4 Operations and Maintenance Notice

## ARTICLE 16. FORCE MAJEURE

## ARTICLE 17. DEFAULT

## ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

- 18.1 Indemnity
- 18.2 No Consequential Damages
- 18.3 Insurance

## ARTICLE 19. ASSIGNMENT

## ARTICLE 20. SEVERABILITY

## ARTICLE 21. COMPARABILITY

## ARTICLE 22. CONFIDENTIALITY

- 22.1 Confidentiality
- 22.2 Term
- 22.3 Confidential Information
- 22.4 Scope
- 22.5 Release of Confidential Information
- 22.6 Rights
- 22.7 No Warranties
- 22.8 Standard of Care
- 22.9 Order of Disclosure
- 22.10 Termination of Agreement
- 22.11 Remedies
- 22.12 Disclosure to FERC, its Staff or a State
- 22.13 Required Notices Upon Requests or Demands for Confidential Information

## ARTICLE 23. ENVIRONMENTAL RELEASES

- 23.1 Developer and Connecting Transmission Owner Notice

## ARTICLE 24. INFORMATION REQUIREMENT

- 24.1 Information Acquisition
- 24.2 Information Submission by Connecting Transmission Owner
- 24.3 Updated Information Submission by Developer
- 24.4 Information Supplementation

## ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

- 25.1 Information Access
- 25.2 Reporting of Non-Force Majeure Events
- 25.3 Audit Rights
- 25.4 Audit Rights Periods
- 25.5 Audit Results

## ARTICLE 26. SUBCONTRACTORS

- 26.1 General
- 26.2 Responsibility of Principal
- 26.3 No Limitation by Insurance

## ARTICLE 27. DISPUTES

- 27.1 Submission
- 27.2 External Arbitration Procedures
- 27.3 Arbitration Decisions
- 27.4 Costs
- 27.5 Termination

## ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 28.1 General

## ARTICLE 29. MISCELLANEOUS

- 29.1 Binding Effect
  - 29.2 Conflicts
  - 29.3 Rules of Interpretation
  - 29.4 Compliance
  - 29.5 Joint and Several Obligations
  - 29.6 Entire Agreement
  - 29.7 No Third Party Beneficiaries
  - 29.8 Waiver
  - 29.9 Headings
  - 29.10 Multiple Counterparts
  - 29.11 Amendment
  - 29.12 Modification by the Parties
  - 29.13 Reservation of Rights
  - 29.14 No Partnership
  - 29.15 Other Transmission Rights
  - 29.16 Modifications Related to NYISO's Compliance with Order No. 2023
- Appendices



## STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

### THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

(“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and among \_\_\_\_\_, a [corporate description] organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Developer” with a Large Generating Facility), 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”), and \_\_\_\_\_ a [corporate description] organized and existing under the laws of the State of New York (“Connecting Transmission Owner”). Developer, the NYISO, or Connecting Transmission Owner each may be referred to as a “Party” or collectively referred to as the “Parties.”

### RECITALS

**WHEREAS**, NYISO operates the New York State Transmission System and Connecting Transmission Owner owns certain facilities included in the New York State Transmission System;

**WHEREAS**, Developer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

**WHEREAS**, Developer, NYISO, and Connecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the New York State Transmission System;

**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 1 of the ISO OATT, Section 30.1 of Attachment X of the ISO OATT, Section 25.1.2 of Attachment S of the ISO OATT, the body of the LFIP or the body of this Agreement.

**Affected System** shall mean an electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** shall mean the entity that operates an Affected System.

**Affected Transmission Owner** shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission

Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment Z, or Attachment S to the ISO OATT.

**Affiliate** shall mean, with respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term “control” shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Ancillary Services** shall mean those services that are necessary to support the transmission of Capacity and Energy from resources to Loads while maintaining reliable operation of the New York State Transmission System in accordance with Good Utility Practice.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Councils** shall mean the ERO, the NPCC and the NYSRC.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District to which the Developer’s Large Generating Facility 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 this Agreement.

**Attachment Facilities** shall mean the Connecting Transmission Owner’s Attachment Facilities and the Developer’s Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Large Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Large Generating Facility to the New York State Transmission System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades.

**Balancing Authority** shall mean an entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

**Balancing Authority Area** shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by NYISO, Connecting Transmission Owner or Developer; described in Section 30.2.3 of the Standard Large Facility Interconnection Procedures.

**Breach** shall mean the failure of a Party to perform or observe any material term or condition 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.

**Byway** shall mean all transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

**Calendar Day** shall mean any day including Saturday, Sunday or a federal holiday.

**Capacity Region** shall mean one of four subsets of the Installed Capacity statewide markets comprised of (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) , except for Class Year Interconnection Facility Studies conducted prior to Class Year 2012, for which “Capacity Region” shall be defined as set forth in Section 25.7.3 of Attachment S to the ISO OATT.

**Capacity Resource Interconnection Service (“CRIS”)** shall mean the service provided by NYISO to Developers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT; such service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier.

**Class Year Deliverability Study** shall mean an assessment, conducted by the NYISO staff in cooperation with Market Participants, to determine whether System Deliverability Upgrades are required for Class Year CRIS Projects under the NYISO Deliverability Interconnection Standard.

**Commercial Operation** shall mean the status of a Large Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

**Commercial Operation Date** of a unit shall mean the date on which the Large Generating Facility commences Commercial Operation as agreed to by the Parties, notice of which must be provided to the NYISO in the form of Appendix E-2 to this Agreement.

**Confidential Information** shall mean any information that is defined as confidential by Article 22 of this Agreement.

**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, (ii) owns, leases or otherwise

possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to this Agreement.

**Connecting Transmission Owner's Attachment Facilities** shall mean all facilities and equipment owned, controlled or operated by the Connecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Connecting Transmission Owner's Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Contingent Facilities** shall mean those Attachment Facilities and System Upgrade Facilities and/or System Deliverability Upgrades associated with Class Year Projects upon which the Large Facility's Class Year Project Cost Allocations are dependent, and if delayed or not built, could impact the actual costs and timing of the Large Facility's Project Cost Allocation for System Upgrade Facilities or System Deliverability Upgrades.

**Default** shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 17 of this Agreement.

**Developer** shall mean an Eligible Customer developing a Large Generating Facility, proposing to connect to the New York State Transmission System, in compliance with the NYISO Minimum Interconnection Standard.

**Developer's Attachment Facilities** shall mean all facilities and equipment, as identified in Appendix A of this Agreement, that are located between the Large Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Large Generating Facility to the New York State Transmission System. Developer's Attachment Facilities are sole use facilities.

**Distribution System** shall mean the Connecting Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** shall mean the additions, modifications, and upgrades to the Connecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of a Large Facility or Small Generating Facility and render the transmission service necessary to affect the Developer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades. Distribution Upgrades are sole use facilities and shall not include Stand Alone System Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Effective Date** shall mean the date on which this Agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

**Electric Reliability Organization (“ERO”)** shall mean the North American Electric Reliability Corporation or its successor organization.

**Emergency State** shall mean the condition or state that the New York State Power System is in when an abnormal condition occurs that requires automatic or immediate manual action to prevent or limit loss of the New York State Transmission System or Generators that could adversely affect the reliability of the New York State Power System.

**Energy Resource Interconnection Service (“ERIS”)** shall mean the service provided by NYISO to interconnect the Developer’s Large Generating Facility to the New York State Transmission System or to the Distribution System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Large Generating Facility, pursuant to the terms of the ISO OATT.

**Environmental Law** shall mean Applicable Laws and Regulations relating to pollution or protection of the environment or natural resources.

**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq. (“FPA”).

**FERC** shall mean the Federal Energy Regulatory Commission (“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.

**Generating Facility** shall mean Developer’s device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Developer’s Attachment Facilities or Distribution Upgrades.

**Generating Facility Capacity** shall mean the net seasonal capacity of the Generating Facility and the aggregate net seasonal capacity of the Generating Facility where it includes multiple energy production devices.

**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 practices, 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, 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 Developer, NYISO, Affected Transmission Owner, Connecting Transmission Owner, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**Highway** shall mean 115 kV and higher transmission facilities that comprise the following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central East/Total East, and UPNY-ConEd, and their immediately connected, in series, bulk power system facilities in New York State. Each interface shall be evaluated to determine additional “in series” facilities, defined as any transmission facility higher than 115 kV that (a) is located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation in zones or systems adjacent to the upstream zone or zones that define the interface is shifted to the aggregate of generation in zones or systems adjacent to the downstream zone or zones that define the interface. In determining “in series” facilities for Dysinger East and West Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in ISO Procedures.

**Initial Synchronization Date** shall mean the date upon which the Large Generating Facility is initially synchronized and upon which Trial Operation begins, notice of which must be provided to the NYISO in the form of Appendix E-1.

**In-Service Date** shall mean the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner’s Attachment Facilities to obtain back feed power.

**Interconnection Facilities Study** shall mean a study conducted by NYISO or a third party consultant for the Developer to determine a list of facilities (including Connecting Transmission Owner’s Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the Standard Large Facility Interconnection Procedures.

**Interconnection Facilities Study Agreement (“Class Year Study Agreement”)** shall mean the form of agreement contained in Appendix 2 of the Standard Large Facility Interconnection Procedures for conducting the Interconnection Facilities Study.

**Interconnection Request** shall mean a Developer’s request, in the form of Appendix 1 to the Standard Large Facility Interconnection Procedures, in accordance with the Tariff, to interconnect a new Large Generating Facility to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Large Generating Facility that is interconnected with the New York State Transmission System or with the Distribution System.

**Interconnection Study** shall mean any of the following studies: the Optional Interconnection Feasibility Study, the Interconnection System Reliability Impact Study, and the Interconnection Facilities Study described in the Standard Large Facility Interconnection Procedures.

**Interconnection System Reliability Impact Study (“SRIS”)** shall mean an engineering study, conducted in accordance with Section 30.7 of the Standard Large Facility Interconnection Procedures, that evaluates the impact of the proposed Large Generating Facility on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Attachment Facilities, Distribution Upgrades and System Upgrade Facilities are needed for the proposed Large Generating Facility of the Developer to connect reliably to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard in Attachment X to the ISO OATT.

**IRS** shall mean the Internal Revenue Service.

**Large Generating Facility** shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

**Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

**Metering Equipment** shall mean all metering equipment installed or to be installed at the Large Generating Facility pursuant to this Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

**New York State Transmission System** shall mean the entire New York State electric 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.

**Notice of Dispute** shall mean a written notice of a dispute or claim that arises out of or in connection with this Agreement or its performance.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYISO Deliverability Interconnection Standard** – The standard that must be met, unless otherwise provided for by Attachment S to the ISO OATT, by (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Class Year Transmission Project; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To meet the NYISO Deliverability Interconnection Standard, the Developer must, in accordance with the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

**NYISO Minimum Interconnection Standard** – The reliability standard that must be met by any generation facility or Class Year Transmission Project that is subject to NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the NYISO's Small Generator Interconnection Procedures in Attachment Z, that is proposing to connect to the New York State Transmission System or Distribution System, to obtain ERIS. The Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System or to the Distribution System. The Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**NYSRC** shall mean the New York State Reliability Council or its successor organization.

**Other Interfaces** shall mean the following interfaces into Capacity Regions: Lower Hudson Valley [i.e., Rest of State (Load Zones A-F) to Lower Hudson Valley (Load Zones G, H and I)]; New York City [i.e., Lower Hudson Valley (Load Zones G, H and I) to New York City (Load Zone J)]; and Long Island [i.e., Lower Hudson Valley (Load Zones G, H and I) to Long Island (Load Zone K)], and the following Interfaces between the NYCA and adjacent Control Areas: PJM to NYISO, ISO-NE to NYISO, Hydro-Quebec to NYISO, and Norwalk Harbor (Connecticut) to Northport (Long Island) Cable.

**Party or Parties** shall mean NYISO, Connecting Transmission Owner, or Developer or any combination of the above.

**Point of Change of Ownership** shall mean the point, as set forth in Appendix A to this Agreement, where the Developer's Attachment Facilities connect to the Connecting Transmission Owner's Attachment Facilities.

**Point of Interconnection** shall mean the point, as set forth in Appendix A to this Agreement, where the Attachment Facilities connect to the New York State Transmission System or to the Distribution System.

**Provisional Interconnection Service** shall mean interconnection service provided by the ISO associated with interconnecting the Developer's Large Facility to the New York State Transmission System (or Distribution System as applicable) and enabling the transmission system to receive electric energy from the Large Facility at the Point of Interconnection, pursuant to the terms of the Provisional Large Facility Interconnection Agreement and, if applicable, the ISO OATT.



**Provisional Large Facility Interconnection Agreement** shall mean the interconnection agreement for Provisional Interconnection Service established between the ISO, Connecting Transmission Owner(s) and the Developer. This agreement shall take the form of the Large Generator Interconnection Agreement, modified for provisional purposes and type of facility.

**Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, 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.

**Retired:** A Generator that has permanently ceased operating on or after May 1, 2015 either: i) pursuant to applicable notice; or ii) as a result of the expiration of its Mothball Outage or its ICAP Ineligible Forced Outage.

**Services Tariff** shall mean the NYISO Market Administration and Control Area Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**Stand Alone System Upgrade Facilities** shall mean System Upgrade Facilities that are not part of an Affected System that a Developer may construct without affecting day-to-day operations of the New York State Transmission System during their construction. NYISO, the Connecting Transmission Owner and the Developer must agree as to what constitutes Stand Alone System Upgrade Facilities and identify them in Appendix A to this Agreement. If NYISO, the Connecting Transmission Owner and the Developer disagree about whether a particular System Upgrade Facility is a Stand Alone System Upgrade Facility, NYISO and the Connecting Transmission Owner must provide the Developer a written technical explanation outlining why NYISO and the Connecting Transmission Owner does not consider the System Upgrade Facility to be a Stand Alone System Upgrade Facility within fifteen (15) Business Days of its determination.

**Standard Large Facility Interconnection Procedures (“Large Facility Interconnection Procedures” or “LFIP”)** shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in Attachment X of the ISO OATT.

**Standard Large Generator Interconnection Agreement (“LGIA”)** shall mean this Agreement, which is the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in Appendix 4 to Attachment X of the ISO OATT.

**System Deliverability Upgrades** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System and Distribution System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

**System Protection Facilities** shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission System from faults or other electrical disturbances occurring at the Large Generating Facility and (2) protect the Large Generating Facility from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

**System 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** shall mean the NYISO Open Access Transmission Tariff (“OATT”), as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

**Trial Operation** shall mean the period during which Developer is engaged in on-site test operations and commissioning of the Large Generating Facility prior to Commercial Operation.

## **ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION**

### **2.1 Effective Date.**

This Agreement shall become effective upon execution by the Parties, subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The NYISO and Connecting Transmission Owner shall promptly file this Agreement with FERC upon execution in accordance with Article 3.

### **2.2 Term of Agreement.**

Subject to the provisions of Article 2.3, this Agreement shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as the Developer may request (Term to be Specified in Individual Agreements) and shall be automatically renewed for each successive one-year period thereafter.

### **2.3 Termination.**

#### **2.3.1 Written Notice.**

This Agreement may be terminated by the Developer after giving the NYISO and Connecting Transmission Owner ninety (90) Calendar Days advance written notice, or by the NYISO and Connecting Transmission Owner notifying FERC after the Large Generating Facility is Retired.

### **2.3.2 Default.**

Any Party may terminate this Agreement in accordance with Article 17.

### **2.3.3 Compliance.**

Notwithstanding Articles 2.3.1 and 2.3.2, no termination of this Agreement shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

## **2.4 Termination Costs.**

If a Party elects to terminate this Agreement pursuant to Article 2.3.1 above, the terminating Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Attachment Facilities and equipment) or charges assessed by the other Parties, as of the date of the other Parties' receipt of such notice of termination, that are the responsibility of the terminating Party under this Agreement. In the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

**2.4.1** With respect to any portion of the Connecting Transmission Owner's Attachment Facilities that have not yet been constructed or installed, the Connecting Transmission Owner shall to the extent possible and with Developer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Developer elects not to authorize such cancellation, Developer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Connecting Transmission Owner shall deliver such material and equipment, and, if necessary, assign such contracts, to Developer as soon as practicable, at Developer's expense. To the extent that Developer has already paid Connecting Transmission Owner for any or all such costs of materials or equipment not taken by Developer, Connecting Transmission Owner shall promptly refund such amounts to Developer, less any costs, including penalties incurred by the Connecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.

If Developer terminates this Agreement, it shall be responsible for all costs incurred in association with Developer's interconnection, including any cancellation costs relating to orders or contracts for Attachment Facilities and equipment, and other expenses including any System Upgrade Facilities and System Deliverability Upgrades for which the Connecting Transmission Owner has incurred expenses and has not been reimbursed by the Developer.

**2.4.2** Connecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Developer chooses not to accept delivery of, in which case Connecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

**2.4.3** With respect to any portion of the Attachment Facilities, and any other facilities already installed or constructed pursuant to the terms of this Agreement, Developer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

## **2.5 Disconnection.**

Upon termination of this Agreement, Developer and Connecting Transmission Owner will take all appropriate steps to disconnect the Developer's Large Generating Facility from the New York State Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

## **2.6 Survival.**

This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder; including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit Developer and Connecting Transmission Owner each to have access to the lands of the other pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

## **ARTICLE 3. REGULATORY FILINGS**

NYISO and Connecting Transmission Owner shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. Any information related to studies for interconnection asserted by Developer to contain Confidential Information shall be treated in accordance with Article 22 of this Agreement and Attachment F to the ISO OATT. If the Developer has executed this Agreement, or any amendment thereto, the Developer shall reasonably cooperate with NYISO and Connecting Transmission Owner with respect to such filing and to provide any information reasonably requested by NYISO and Connecting Transmission Owner needed to comply with Applicable Laws and Regulations.

## **ARTICLE 4. SCOPE OF INTERCONNECTION SERVICE**

### **4.1 Provision of Service.**

NYISO will provide Developer with interconnection service of the following type for the term of this Agreement.

#### **4.1.1 Product.**

NYISO will provide [ ] Interconnection Service to Developer at the Point of Interconnection.

#### **4.1.2 Developer** is responsible for ensuring that its actual Large Generating Facility

output matches the scheduled delivery from the Large Generating Facility to the New York State Transmission System, consistent with the scheduling requirements of the NYISO's FERC-approved market structure, including ramping into and out of such scheduled delivery, as measured at the Point of Interconnection, consistent with the scheduling requirements of the ISO OATT and any applicable FERC-approved market structure.

#### **4.2 No Transmission Delivery Service.**

The execution of this Agreement does not constitute a request for, nor agreement to provide, any Transmission Service under the ISO OATT, and does not convey any right to deliver electricity to any specific customer or Point of Delivery. If Developer wishes to obtain Transmission Service on the New York State Transmission System, then Developer must request such Transmission Service in accordance with the provisions of the ISO OATT.

#### **4.3 No Other Services.**

The execution of this Agreement does not constitute a request for, nor agreement to provide Energy, any Ancillary Services or Installed Capacity under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff"). If Developer wishes to supply Energy, Installed Capacity or Ancillary Services, then Developer will make application to do so in accordance with the NYISO Services Tariff.

### **ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION**

#### **5.1 Options.**

Unless otherwise mutually agreed to by Developer and Connecting Transmission Owner, Developer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either the Standard Option or Alternate Option set forth below, and such dates and selected option shall be set forth in Appendix B hereto. At the same time, Developer shall indicate whether it elects to exercise the Option to Build set forth in Article 5.1.3 below. If the dates designated by the Developer are not acceptable to the Connecting Transmission Owner, the Connecting Transmission Owner shall so notify the Developer within thirty (30) Calendar Days. Upon receipt of the notification that Developer's designated dates are not acceptable to the Connecting Transmission Owner, the Developer shall notify the Connecting Transmission Owner within thirty (30) Calendar Days whether it elects to exercise the Option to Build if it has not already elected to exercise the Option to Build.

##### **5.1.1 Standard Option.**

The Connecting Transmission Owner shall design, procure, and construct the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, using Reasonable Efforts to complete the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades by the dates set forth in Appendix B hereto. The Connecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction

procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Connecting Transmission Owner reasonably expects that it will not be able to complete the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades by the specified dates, the Connecting Transmission Owner shall promptly provide written notice to the Developer and NYISO, and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

#### **5.1.2 Alternate Option.**

If the dates designated by Developer are acceptable to Connecting Transmission Owner, the Connecting Transmission Owner shall so notify Developer and NYISO within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities by the designated dates. If Connecting Transmission Owner subsequently fails to complete Connecting Transmission Owner's Attachment Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete System Upgrade Facilities or System Deliverability Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Developer and Connecting Transmission Owner for such Trial Operation; or fails to complete the System Upgrade Facilities and System Deliverability Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B hereto; Connecting Transmission Owner shall pay Developer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Developer shall be extended day for day for each day that NYISO refuses to grant clearances to install equipment.

#### **5.1.3 Option to Build.**

Individual or multiple Developer(s) shall have the option to assume responsibility for the design, procurement and construction of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities on the dates specified in Article 5.1.2, if the requirements in this Article 5.1.3 are met. When multiple Developers exercise this option, multiple Developers may agree to exercise this option provided (1) all Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities constructed under this option are only required for Developers participating in the same Class Year Study and (2) all impacted Developers execute and provide to the NYISO and Connecting Transmission Owner an agreement regarding responsibilities and payment for the construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities planned to be built under this option. NYISO, Connecting Transmission Owner, and the individual Developer or each of the multiple Developers must agree as to what constitutes Stand Alone System Upgrade Facilities and identify such Stand Alone System Upgrade Facilities in Appendix A hereto. Except for Stand Alone System Upgrade Facilities, Developer shall have no right to construct System Upgrade Facilities under this option.

#### **5.1.4 Negotiated Option.**

If the dates designated by Developer are not acceptable to the Connecting Transmission Owner, the Developer and Connecting Transmission Owner shall in good faith attempt to

negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of all facilities other than the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities if the Developer elects to exercise the Option to Build under Article 5.1.3. If the two Parties are unable to reach agreement on such terms and conditions, then, pursuant to Article 5.1.1 (Standard Option), Connecting Transmission Owner shall assume responsibility for the design, procurement and construction of all facilities other than the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities if the Developer elects to exercise the Option to Build.

## **5.2 General Conditions Applicable to Option to Build.**

If Developer assumes responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities, the following conditions apply:

5.2.1 Developer shall engineer, procure equipment, and construct the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Connecting Transmission Owner;

5.2.2 Developer's engineering, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities shall comply with all requirements of law to which Connecting Transmission Owner would be subject in the engineering, procurement or construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities;

5.2.3 Connecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities;

5.2.4 Prior to commencement of construction, Developer shall provide to Connecting Transmission Owner and NYISO a schedule for construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities, and shall promptly respond to requests for information from Connecting Transmission Owner or NYISO;

5.2.5 At any time during construction, Connecting Transmission Owner shall have the right to gain unrestricted access to the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities and to conduct inspections of the same;

5.2.6 At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities not meet the standards and specifications provided by Connecting Transmission Owner, the Developer shall be obligated to remedy deficiencies in that portion of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities;

5.2.7 Developer shall indemnify Connecting Transmission Owner and NYISO for

claims arising from the Developer's construction of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities under procedures applicable to Article 18.1 Indemnity;

5.2.8 Developer shall transfer control of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to the Connecting Transmission Owner;

5.2.9 Unless the Developer and Connecting Transmission Owner otherwise agree, Developer shall transfer ownership of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to Connecting Transmission Owner;

5.2.10 Connecting Transmission Owner shall approve and accept for operation and maintenance the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

5.2.11 Developer shall deliver to NYISO and Connecting Transmission Owner "as built" drawings, information, and any other documents that are reasonably required by NYISO or Connecting Transmission Owner to assure that the Attachment Facilities and Stand Alone System Upgrade Facilities are built to the standards and specifications required by Connecting Transmission Owner.

5.2.12 If Developer exercises the Option to Build pursuant to Article 5.1.3, the Developer shall pay the Connecting Transmission Owner the agreed upon amount of [\$ PLACEHOLDER] for the Connecting Transmission Owner to execute the responsibilities enumerated to Connecting Transmission Owner under Article 5.2. The Connecting Transmission Owner shall invoice Developer for this total amount to be divided on a monthly basis pursuant to Article 12.

### **5.3 Liquidated Damages.**

The actual damages to the Developer, in the event the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades are not completed by the dates designated by the Developer and accepted by the Connecting Transmission Owner pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Developer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Connecting Transmission Owner to the Developer in the event that Connecting Transmission Owner does not complete any portion of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades by the applicable dates, shall be an amount equal to 1/2 of 1 percent per day of the actual cost of the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, in the aggregate, for which Connecting Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Connecting Transmission Owner Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades for which the Connecting Transmission Owner has assumed



responsibility to design, procure, and construct. The foregoing payments will be made by the Connecting Transmission Owner to the Developer as just compensation for the damages caused to the Developer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this Agreement. Liquidated damages, when the Developer and Connecting Transmission Owner agree to them, are the exclusive remedy for the Connecting Transmission Owner's failure to meet its schedule.

Further, Connecting Transmission Owner shall not pay liquidated damages to Developer if: (1) Developer is not ready to commence use of the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades to take the delivery of power for the Developer's Large Generating Facility's Trial Operation or to export power from the Developer's Large Generating Facility on the specified dates, unless the Developer would have been able to commence use of the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades to take the delivery of power for Developer's Large Generating Facility's Trial Operation or to export power from the Developer's Large Generating Facility, but for Connecting Transmission Owner's delay; (2) the Connecting Transmission Owner's failure to meet the specified dates is the result of the action or inaction of the Developer or any other Developer who has entered into a Standard Large Generator Interconnection Agreement with the Connecting Transmission Owner and NYISO, or action or inaction by any other Party, or any other cause beyond Connecting Transmission Owner's reasonable control or reasonable ability to cure; (3) the Developer has assumed responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities; or (4) the Connecting Transmission Owner and Developer have otherwise agreed. In no event shall NYISO have any liability whatever to Developer for liquidated damages associated with the engineering, procurement or construction of Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades.

#### **5.4 Power System Stabilizers.**

The Developer shall procure, install, maintain and operate Power System Stabilizers in accordance with the requirements identified in the Interconnection Studies conducted for Developer's Large Generating Facility. NYISO and Connecting Transmission Owner reserve the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Developer shall immediately notify the Connecting Transmission Owner and NYISO. The requirements of this paragraph shall not apply to wind generators.

#### **5.5 Equipment Procurement.**

If responsibility for construction of the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades is to be borne by the Connecting Transmission Owner, then the Connecting Transmission Owner shall commence design of the Connecting Transmission Owner's Attachment Facilities or System Upgrade

Facilities or System Deliverability Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Developer and Connecting Transmission Owner otherwise agree in writing:

**5.5.1** NYISO and Connecting Transmission Owner have completed the Interconnection Facilities Study pursuant to the Interconnection Facilities Study Agreement;

**5.5.2** The NYISO has completed the required cost allocation analyses, and Developer has accepted its share of the costs for necessary System Upgrade Facilities and System Deliverability Upgrades in accordance with the provisions of Attachment S of the ISO OATT;

**5.5.3** The Connecting Transmission Owner has received written authorization to proceed with design and procurement from the Developer by the date specified in Appendix B hereto; and

**5.5.4** The Developer has provided security to the Connecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B hereto.

## **5.6 Construction Commencement.**

The Connecting Transmission Owner shall commence construction of the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

**5.6.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

**5.6.2** Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades;

**5.6.3** The Connecting Transmission Owner has received written authorization to proceed with construction from the Developer by the date specified in Appendix B hereto; and

**5.6.4** The Developer has provided security to the Connecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B hereto.

## **5.7 Work Progress.**

The Developer and Connecting Transmission Owner will keep each other, and NYISO, advised periodically as to the progress of their respective design, procurement and construction efforts. Any Party may, at any time, request a progress report from the Developer or Connecting Transmission Owner. If, at any time, the Developer determines that the completion of the Connecting Transmission Owner's Attachment Facilities will not be required until after the specified In-Service Date, the Developer will provide written notice to the Connecting Transmission Owner and NYISO of such later date upon which the completion of the Connecting Transmission Owner's Attachment Facilities will be required.

## **5.8 Information Exchange.**

As soon as reasonably practicable after the Effective Date, the Developer and Connecting Transmission Owner shall exchange information, and provide NYISO the same information, regarding the design and compatibility of their respective Attachment Facilities and compatibility of the Attachment Facilities with the New York State Transmission System, and shall work diligently and in good faith to make any necessary design changes.

## **5.9 Other Interconnection Options**

### **5.9.1 Limited Operation.**

If any of the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Developer's Large Generating Facility, NYISO shall, upon the request and at the expense of Developer, in conjunction with the Connecting Transmission Owner, perform operating studies on a timely basis to determine the extent to which the Developer's Large Generating Facility and the Developer's Attachment Facilities may operate prior to the completion of the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this Agreement. Connecting Transmission Owner and NYISO shall permit Developer to operate the Developer's Large Generating Facility and the Developer's Attachment Facilities in accordance with the results of such studies.

### **5.9.2 Provisional Interconnection Service.**

Prior to the completion of the Large Facility Interconnection Procedures and prior to completion of requisite Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Distribution Upgrades, or System Protection Facilities, the Developer may request an evaluation for Provisional Interconnection Service. NYISO, in conjunction with the Connecting Transmission Owner, shall determine, through available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if the Developer interconnects without modifications to the Large Generating Facility or the New York State Transmission System (or Distribution System as applicable). NYISO, in conjunction with the Connecting Transmission Owner, shall determine whether any Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities, which are necessary to meet Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, are in place prior to the commencement of interconnection service from the Large Facility. Where available studies indicate that the Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities are required for the interconnection of a new, modified and/or expanded Large Facility but such facilities are not currently in place, NYISO, in conjunction with the Connecting Transmission Owner, will perform a study, at the Developer's expense, to confirm the facilities that are required for Provisional Interconnection Service. The maximum permissible output of the Large Facility in the Provisional Large Facility Interconnection Agreement shall be studied, at the Developer's expense, and updated annually.

The NYISO shall issue the study's findings in writing to the Developer and Connecting Transmission Owner(s). Following a determination by NYISO, in conjunction with the Connecting Transmission Owner, that the Developer may reliably provide Provisional Interconnection Service, NYISO shall tender to the Developer and Connecting Transmission Owner, a Provisional Large Facility Interconnection Agreement. NYISO, Developer, and Connecting Transmission Owner may execute the Provisional Large Facility Interconnection Agreement, or the Developer may request the filing of an unexecuted Provisional Large Facility Interconnection Agreement with the Commission. The Developer shall assume all risk and liabilities with respect to changes between the Provisional Large Facility Interconnection Agreement and the Large Generator Interconnection Agreement, including changes in output limits and the cost responsibilities for the Attachment Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or System Protection Facilities.

#### **5.10 Developer's Attachment Facilities ("DAF").**

Developer shall, at its expense, design, procure, construct, own and install the DAF, as set forth in Appendix A hereto.

##### **5.10.1 DAF Specifications.**

Developer shall submit initial specifications for the DAF, including System Protection Facilities, to Connecting Transmission Owner and NYISO at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Connecting Transmission Owner and NYISO shall review such specifications to ensure that the DAF are compatible with the technical specifications, operational control, and safety requirements of the Connecting Transmission Owner and NYISO and comment on such specifications within thirty (30) Calendar Days of Developer's submission. All specifications provided hereunder shall be deemed to be Confidential Information.

##### **5.10.2 No Warranty.**

The review of Developer's final specifications by Connecting Transmission Owner and NYISO shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the DAF. Developer shall make such changes to the DAF as may reasonably be required by Connecting Transmission Owner or NYISO, in accordance with Good Utility Practice, to ensure that the DAF are compatible with the technical specifications, operational control, and safety requirements of the Connecting Transmission Owner and NYISO.

##### **5.10.3 DAF Construction.**

The DAF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Developer and Connecting Transmission Owner agree on another mutually acceptable deadline, the Developer shall deliver to the Connecting Transmission Owner and NYISO "as-built" drawings, information and documents for the DAF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the DAF, plan and elevation drawings showing the

layout of the DAF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Developer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the DAF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Developer shall provide to, and coordinate with, Connecting Transmission Owner and NYISO with respect to proposed specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

#### **5.11 Connecting Transmission Owner's Attachment Facilities Construction.**

The Connecting Transmission Owner's Attachment Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Connecting Transmission Owner and Developer agree on another mutually acceptable deadline, the Connecting Transmission Owner shall deliver to the Developer "as-built" drawings, relay diagrams, information and documents for the Connecting Transmission Owner's Attachment Facilities set forth in Appendix A.

The Connecting Transmission Owner [shall/shall not] transfer operational control of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to the NYISO upon completion of such facilities.

#### **5.12 Access Rights.**

Upon reasonable notice and supervision by the Granting Party, and subject to any required or necessary regulatory approvals, either the Connecting Transmission Owner or Developer ("Granting Party") shall furnish to the other of those two Parties ("Access Party") at no cost any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress at the Point of Interconnection to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the New York State Transmission System; (ii) operate and maintain the Large Generating Facility, the Attachment Facilities and the New York State Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this Agreement. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Access Party shall indemnify the Granting Party against all claims of injury or damage from third parties resulting from the exercise of the access rights provided for herein.

#### **5.13 Lands of Other Property Owners.**

If any part of the Connecting Transmission Owner's Attachment Facilities and/or System Upgrade Facilities and/or System Deliverability Upgrades is to be installed on property owned

by persons other than Developer or Connecting Transmission Owner, the Connecting Transmission Owner shall at Developer's expense use efforts, similar in nature and extent to those that it typically undertakes for its own or affiliated generation, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Connecting Transmission Owner's Attachment Facilities and/or System Upgrade Facilities and/or System Deliverability Upgrades upon such property.

#### **5.14 Permits.**

NYISO, Connecting Transmission Owner and the Developer shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Connecting Transmission Owner shall provide permitting assistance to the Developer comparable to that provided to the Connecting Transmission Owner's own, or an Affiliate's generation, if any.

#### **5.15 Early Construction of Base Case Facilities.**

Developer may request Connecting Transmission Owner to construct, and Connecting Transmission Owner shall construct, subject to a binding cost allocation agreement reached in accordance with Attachment S to the ISO OATT, including Section 25.8.7 thereof, using Reasonable Efforts to accommodate Developer's In-Service Date, all or any portion of any System Upgrade Facilities or System Deliverability Upgrades required for Developer to be interconnected to the New York State Transmission System which are included in the Base Case of the Class Year Study for the Developer, and which also are required to be constructed for another Developer, but where such construction is not scheduled to be completed in time to achieve Developer's In-Service Date.

#### **5.16 Suspension.**

Developer reserves the right, upon written notice to Connecting Transmission Owner and NYISO, to suspend at any time all work by Connecting Transmission Owner associated with the construction and installation of Connecting Transmission Owner's Attachment Facilities and/or System Upgrade Facilities and/or System Deliverability Upgrades required for only that Developer under this Agreement with the condition that the New York State Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the safety and reliability criteria of Connecting Transmission Owner and NYISO. In such event, Developer shall be responsible for all reasonable and necessary costs and/or obligations in accordance with Attachment S to the ISO OATT including those which Connecting Transmission Owner (i) has incurred pursuant to this Agreement prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New York State Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Connecting Transmission Owner cannot reasonably avoid; provided, however, that prior to canceling or

suspending any such material, equipment or labor contract, Connecting Transmission Owner shall obtain Developer's authorization to do so.

Connecting Transmission Owner shall invoice Developer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Developer suspends work by Connecting Transmission Owner required under this Agreement pursuant to this Article 5.16, and has not requested Connecting Transmission Owner to recommence the work required under this Agreement on or before the expiration of three (3) years following commencement of such suspension, this Agreement shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Connecting Transmission Owner and NYISO, if no effective date is specified.

## **5.17 Taxes.**

### **5.17.1 Developer Payments Not Taxable.**

The Developer and Connecting Transmission Owner intend that all payments or property transfers made by Developer to Connecting Transmission Owner for the installation of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities and the System Deliverability Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

### **5.17.2 Representations and Covenants.**

In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Developer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the New York State Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Connecting Transmission Owner for the Connecting Transmission Owner's Attachment Facilities will be capitalized by Developer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Connecting Transmission Owner's Attachment Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Connecting Transmission Owner's request, Developer shall provide Connecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Connecting Transmission Owner represents and covenants that the cost of the Connecting Transmission Owner's Attachment Facilities paid for by Developer will have no net effect on the base upon which rates are determined.

### **5.17.3 Indemnification for the Cost Consequences of Current Tax Liability**

### **Imposed Upon the Connecting Transmission Owner.**

Notwithstanding Article 5.17.1, Developer shall protect, indemnify and hold harmless Connecting Transmission Owner from the cost consequences of any current tax liability imposed against Connecting Transmission Owner as the result of payments or property transfers made by Developer to Connecting Transmission Owner under this Agreement, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Connecting Transmission Owner.

Connecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Developer under this Agreement unless (i) Connecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Developer to Connecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Connecting Transmission Owner to report payments or property as income subject to taxation; provided, however, that Connecting Transmission Owner may require Developer to provide security, in a form reasonably acceptable to Connecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Developer shall reimburse Connecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Connecting Transmission Owner of the amount due, including detail about how the amount was calculated.

This indemnification obligation shall terminate at the earlier of (1) the expiration of the ten-year testing period and the applicable statute of limitation, as it may be extended by the Connecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

#### **5.17.4 Tax Gross-Up Amount.**

Developer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Developer will pay Connecting Transmission Owner, in addition to the amount paid for the Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, an amount equal to (1) the current taxes imposed on Connecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Connecting Transmission Owner as a result of payments or property transfers made by Developer to Connecting Transmission Owner under this Agreement (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Connecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Connecting Transmission Owner's composite federal and state tax rates at the time the payments or property transfers are received and Connecting Transmission Owner will be treated as being subject to tax at the



highest marginal rates in effect at that time (the “Current Tax Rate”), and (ii) the Present Value Depreciation Amount shall be computed by discounting Connecting Transmission Owner’s anticipated tax depreciation deductions as a result of such payments or property transfers by Connecting Transmission Owner’s current weighted average cost of capital. Thus, the formula for calculating Developer’s liability to Connecting Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows:  $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value Depreciation Amount})) / (1 - \text{Current Tax Rate})$ . Developer’s estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades.

#### **5.17.5 Private Letter Ruling or Change or Clarification of Law.**

At Developer’s request and expense, Connecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Developer to Connecting Transmission Owner under this Agreement are subject to federal income taxation. Developer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Developer’s knowledge. Connecting Transmission Owner and Developer shall cooperate in good faith with respect to the submission of such request.

Connecting Transmission Owner shall keep Developer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Developer to participate in all discussions with the IRS regarding such request for a private letter ruling. Connecting Transmission Owner shall allow Developer to attend all meetings with IRS officials about the request and shall permit Developer to prepare the initial drafts of any follow-up letters in connection with the request.

#### **5.17.6 Subsequent Taxable Events.**

If, within 10 years from the date on which the relevant Connecting Transmission Owner Attachment Facilities are placed in service, (i) Developer Breaches the covenants contained in Article 5.17.2, (ii) a “disqualification event” occurs within the meaning of IRS Notice 88-129, or (iii) this Agreement terminates and Connecting Transmission Owner retains ownership of the Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, the Developer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Connecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

#### **5.17.7 Contests.**

In the event any Governmental Authority determines that Connecting Transmission Owner’s receipt of payments or property constitutes income that is subject to taxation, Connecting Transmission Owner shall notify Developer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Developer and at Developer’s sole expense, Connecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon

Developer's written request and sole expense, Connecting Transmission Owner may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Connecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Connecting Transmission Owner shall keep Developer informed, shall consider in good faith suggestions from Developer about the conduct of the contest, and shall reasonably permit Developer or an Developer representative to attend contest proceedings.

Developer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Article 5.17.7. The Connecting Transmission Owner may abandon any contest if the Developer fails to provide payment to the Connecting Transmission Owner within thirty (30) Calendar Days of receiving such invoice. At any time during the contest, Connecting Transmission Owner may agree to a settlement either with Developer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Connecting Transmission Owner, but reasonably acceptable to Developer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Developer's obligation shall be based on the amount of the settlement agreed to by Developer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. The Connecting Transmission Owner may also settle any tax controversy without receiving the Developer's consent or any such written advice; however, any such settlement will relieve the Developer from any obligation to indemnify Connecting Transmission Owner for the tax at issue in the contest (unless the failure to obtain written advice is attributable to the Developer's unreasonable refusal to the appointment of independent tax counsel).

#### **5.17.8 Refund.**

In the event that (a) a private letter ruling is issued to Connecting Transmission Owner which holds that any amount paid or the value of any property transferred by Developer to Connecting Transmission Owner under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Connecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Developer to Connecting Transmission Owner under the terms of this Agreement is not taxable to Connecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Developer to Connecting Transmission Owner are not subject to federal income tax, or (d) if Connecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Developer to Connecting Transmission Owner pursuant to this Agreement, Connecting Transmission Owner shall promptly refund to Developer the following:

- (i) Any payment made by Developer under this Article 5.17 for taxes that is

attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) Interest on any amounts paid by Developer to Connecting Transmission Owner for such taxes which Connecting Transmission Owner did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by Developer to the date Connecting Transmission Owner refunds such payment to Developer, and

(iii) With respect to any such taxes paid by Connecting Transmission Owner, any refund or credit Connecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Connecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Connecting Transmission Owner to any Governmental Authority resulting from an offset or credit); provided, however, that Connecting Transmission Owner will remit such amount promptly to Developer only after and to the extent that Connecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Connecting Transmission Owner's Attachment Facilities.

The intent of this provision is to leave both the Developer and Connecting Transmission Owner, to the extent practicable, in the event that no taxes are due with respect to any payment for Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

#### **5.17.9 Taxes Other Than Income Taxes.**

Upon the timely request by Developer, and at Developer's sole expense, Connecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Connecting Transmission Owner for which Developer may be required to reimburse Connecting Transmission Owner under the terms of this Agreement. Developer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Developer and Connecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Developer to Connecting Transmission Owner for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Developer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Connecting Transmission Owner.

### **5.18 Tax Status; Non-Jurisdictional Entities.**

#### **5.18.1 Tax Status.**

Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the

issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability 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.

#### **5.18.2 Non-Jurisdictional Entities.**

LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.

#### **5.19 Modification.**

##### **5.19.1 General.**

Either the Developer or Connecting Transmission Owner may undertake modifications to its facilities covered by this Agreement. If either the Developer or Connecting Transmission Owner plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party, and to NYISO, sufficient information regarding such modification so that the other Party and NYISO may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be Confidential Information hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party and NYISO at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Developer to submit an Interconnection Request, the NYISO shall provide, within sixty (60) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the New York State Transmission System, Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades necessitated by such Developer modification and a good faith estimate of the costs thereof. The Developer shall be responsible for the cost of any such additional modifications, including the cost of studying the impact of the Developer modification.

##### **5.19.2 Standards.**

Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this Agreement, NYISO requirements and Good Utility Practice.

### **5.19.3 Modification Costs.**

Developer shall not be assigned the costs of any additions, modifications, or replacements that Connecting Transmission Owner makes to the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System to facilitate the interconnection of a third party to the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System, or to provide Transmission Service to a third party under the ISO OATT, except in accordance with the cost allocation procedures in Attachment S of the ISO OATT. Developer shall be responsible for the costs of any additions, modifications, or replacements to the Developer's Attachment Facilities that may be necessary to maintain or upgrade such Developer's Attachment Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

## **ARTICLE 6. TESTING AND INSPECTION**

### **6.1 Pre-Commercial Operation Date Testing and Modifications.**

Prior to the Commercial Operation Date, the Connecting Transmission Owner shall test the Connecting Transmission Owner's Attachment Facilities (including required control technologies and protection systems) and System Upgrade Facilities and System Deliverability Upgrades and Developer shall test the Large Generating Facility and the Developer's Attachment Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Developer and Connecting Transmission Owner shall each make any modifications to its facilities that are found to be necessary as a result of such testing. Developer shall bear the cost of all such testing and modifications. Developer shall generate test energy at the Large Generating Facility only if it has arranged for the injection of such test energy in accordance with NYISO procedures.

### **6.2 Post-Commercial Operation Date Testing and Modifications.**

Developer and Connecting Transmission Owner shall each at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice and Applicable Reliability Standards as may be necessary to ensure the continued interconnection of the Large Generating Facility with the New York State Transmission System in a safe and reliable manner. Developer and Connecting Transmission Owner shall each have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.

### **6.3 Right to Observe Testing.**

Developer and Connecting Transmission Owner shall each notify the other Party, and the NYISO, in advance of its performance of tests of its Attachment Facilities. The other Party, and the NYISO, shall each have the right, at its own expense, to observe such testing.

### **6.4 Right to Inspect.**

Developer and Connecting Transmission Owner shall each have the right, but shall have

no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Attachment Facilities, the System Protection Facilities and other protective equipment. NYISO shall have these same rights of inspection as to the facilities and equipment of Developer and Connecting Transmission Owner. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Attachment Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be treated in accordance with Article 22 of this Agreement and Attachment F to the ISO OATT.

## **ARTICLE 7. METERING**

### **7.1 General.**

Developer and Connecting Transmission Owner shall each comply with applicable requirements of NYISO and the New York Public Service Commission when exercising its rights and fulfilling its responsibilities under this Article 7. Unless otherwise agreed by the Connecting Transmission Owner and NYISO approved meter service provider and Developer, the Connecting Transmission Owner shall install Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Net power flows including MW and MVAR, MWHR and loss profile data to and from the Large Generating Facility shall be measured at the Point of Interconnection. Connecting Transmission Owner shall provide metering quantities, in analog and/or digital form, as required, to Developer or NYISO upon request. Where the Point of Interconnection for the Large Generating Facility is other than the generator terminal, the Developer shall also provide gross MW and MVAR quantities at the generator terminal. Developer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

### **7.2 Check Meters.**

Developer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Connecting Transmission Owner's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this Agreement, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Connecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Developer in accordance with Good Utility Practice.

### **7.3 Standards.**

Connecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment including potential transformers and current transformers in accordance with applicable ANSI and PSC standards as detailed in the NYISO Control Center Communications Manual and in the NYISO Revenue Metering Requirements Manual.

### **7.4 Testing of Metering Equipment.**

Connecting Transmission Owner shall inspect and test all of its Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by NYISO or Developer, Connecting Transmission Owner shall, at Developer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Connecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Developer and NYISO may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Developer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Connecting Transmission Owner's failure to maintain, then Connecting Transmission Owner shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Connecting Transmission Owner shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Developer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment. The NYISO shall reserve the right to review all associated metering equipment installation on the Developer's or Connecting Transmission Owner's property at any time.

### **7.5 Metering Data.**

At Developer's expense, the metered data shall be telemetered to one or more locations designated by Connecting Transmission Owner, Developer and NYISO. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

## **ARTICLE 8. COMMUNICATIONS**

### **8.1 Developer Obligations.**

In accordance with applicable NYISO requirements, Developer shall maintain satisfactory operating communications with Connecting Transmission Owner and NYISO. Developer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Developer shall also provide the dedicated data circuit(s) necessary to provide Developer data to Connecting Transmission Owner and NYISO as set forth in Appendix D hereto. The data circuit(s) shall extend from the Large Generating Facility to the location(s)

specified by Connecting Transmission Owner and NYISO. Any required maintenance of such communications equipment shall be performed by Developer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

## **8.2 Remote Terminal Unit.**

Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Developer, or by Connecting Transmission Owner at Developer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Connecting Transmission Owner and NYISO through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Connecting Transmission Owner and NYISO. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Connecting Transmission Owner and NYISO.

Each Party will promptly advise the appropriate other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by that other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

## **8.3 No Annexation.**

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Party providing such equipment and the Party receiving such equipment.

# **ARTICLE 9. OPERATIONS**

## **9.1 General.**

Each Party shall comply with Applicable Laws and Regulations and Applicable Reliability Standards. Each Party shall provide to the other Parties all information that may reasonably be required by the other Parties to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

## **9.2 NYISO and Connecting Transmission Owner Obligations.**

Connecting Transmission Owner and NYISO shall cause the New York State Transmission System and the Connecting Transmission Owner's Attachment Facilities to be operated, maintained and controlled in a safe and reliable manner in accordance with this Agreement and the NYISO Tariffs. Connecting Transmission Owner and NYISO may provide operating instructions to Developer consistent with this Agreement, NYISO procedures and Connecting Transmission Owner's operating protocols and procedures as they may change from time to time. Connecting Transmission Owner and NYISO will consider changes to their



respective operating protocols and procedures proposed by Developer.

### **9.3 Developer Obligations.**

Developer shall at its own expense operate, maintain and control the Large Generating Facility and the Developer's Attachment Facilities in a safe and reliable manner and in accordance with this Agreement. Developer shall operate the Large Generating Facility and the Developer's Attachment Facilities in accordance with NYISO and Connecting Transmission Owner requirements, as such requirements are set forth or referenced in Appendix C hereto. Appendix C will be modified to reflect changes to the requirements as they may change from time to time. Any Party may request that the appropriate other Party or Parties provide copies of the requirements set forth or referenced in Appendix C hereto.

### **9.4 Start-Up and Synchronization.**

Consistent with the mutually acceptable procedures of the Developer and Connecting Transmission Owner, the Developer is responsible for the proper synchronization of the Large Generating Facility to the New York State Transmission System in accordance with NYISO and Connecting Transmission Owner procedures and requirements.

### **9.5 Real and Reactive Power Control and Primary Frequency Response.**

#### **9.5.1 Power Factor Design Criteria.**

**9.5.1.1 Synchronous Generation.** Developer shall design the Large Generating Facility to maintain effective composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging unless the NYISO or the Transmission Owner in whose Transmission District the Large Generating Facility interconnects has established different requirements that apply to all generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice.

The Developer shall design and maintain the plant auxiliary systems to operate safely throughout the entire real and reactive power design range.

**9.5.1.2 Non-Synchronous Generation.** Developer shall design the Large Generating Facility to maintain composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO or the Transmission Owner in whose Transmission District the Large Generating Facility interconnects has established a different power factor range that applies to all non-synchronous generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnection non-synchronous generators that have not yet executed a Facilities Study Agreement as of September 21, 2016.

The Developer shall design and maintain the plant auxiliary systems to operate safely throughout the entire real and reactive power design range.

#### **9.5.2 Voltage Schedules.**

Once the Developer has synchronized the Large Generating Facility with the New York State Transmission System, NYISO shall require Developer to operate the Large Generating Facility to produce or absorb reactive power within the design capability of the Large Generating Facility set forth in Article 9.5.1 (Power Factor Design Criteria). NYISO's voltage schedules shall treat all sources of reactive power in the New York Control Area in an equitable and not unduly discriminatory manner. NYISO shall exercise Reasonable Efforts to provide Developer with such schedules in accordance with NYISO procedures, and may make changes to such schedules as necessary to maintain the reliability of the New York State Transmission System. Developer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design capability of the Large Generating Facility set forth in Article 9.5.1 (Power Factor Design Criteria) as directed by the Connecting Transmission Owner's system operator or the NYISO. If Developer is unable to maintain the specified voltage or power factor, it shall promptly notify NYISO.

#### **9.5.3 Payment for Reactive Power.**

NYISO shall pay Developer for reactive power or voltage support service that Developer provides from the Large Generating Facility in accordance with the provisions of Rate Schedule 2 of the NYISO Services Tariff.

#### **9.5.4 Voltage Regulators.**

Whenever the Large Generating Facility is operated in parallel with the New York State Transmission System, the automatic voltage regulators shall be in automatic operation at all times. If the Large Generating Facility's automatic voltage regulators are not capable of such automatic operation, the Developer shall immediately notify NYISO, or its designated representative, and ensure that such Large Generating Facility's real and reactive power are within the design capability of the Large Generating Facility's generating unit(s) and steady state stability limits and NYISO system operating (thermal, voltage and transient stability) limits. Developer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the New York State Transmission System or trip any generating unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the New York Control Area on a comparable basis.

#### **9.5.5 Primary Frequency Response.**

Developer shall ensure the primary frequency response capability of its Large Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term "functioning governor or equivalent controls" as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Large Generating Facility's

real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Developer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop  $\pm 0.036$  Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved Applicable Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Large Generating Facility, and shall be linear in the range of frequencies between 59 and 61 Hz that are outside of the deadband parameter; or (2) based on an approved Applicable Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Large Generating Facility's real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Large Generating Facility's real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved Applicable Reliability Standard providing for an equivalent or more stringent parameter. Developer shall notify NYISO that the primary frequency response capability of the Large Generating Facility has been tested and confirmed during commissioning. Once Developer has synchronized the Large Generating Facility with the New York State Transmission System, Developer shall operate the Large Generating Facility consistent with the provisions specified in Articles 9.5.5.1 and 9.5.5.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Large Generating Facilities.

#### **9.5.5.1 Governor or Equivalent Controls.**

Whenever the Large Generating Facility is operated in parallel with the New York State Transmission System, Developer shall operate the Large Generating Facility with its governor or equivalent controls in service and responsive to frequency. Developer shall: (1) in coordination with NYISO, set the deadband parameter to: (1) a maximum of  $\pm 0.036$  Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved Applicable Reliability Standard that provides for equivalent or more stringent parameters. Developer shall be required to provide the status and settings of the governor and equivalent controls to NYISO and/or the Connecting Transmission Owner upon request. If Developer needs to operate the Large Generating Facility with its governor or equivalent controls not in service, Developer shall immediately notify NYISO and the Connecting Transmission Owner, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Developer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Developer shall make Reasonable Efforts to keep outages of the Large Generating Facility's governor or equivalent controls to a minimum whenever the Large Generating Facility is operated in parallel with the New York State Transmission System.

#### **9.5.5.2 Timely and Sustained Response.**

Developer shall ensure that the Large Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Large Generating Facility has operating capability in the direction needed to correct the frequency deviation. Developer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Large Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. An Applicable Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

#### **9.5.5.3 Exemptions.**

Large Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Articles 9.5.5, 9.5.5.1, and 9.5.5.2 of this Agreement. Large Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability requirements in accordance with the droop and deadband capability requirements specified in Article 9.5.5, but shall be otherwise exempt from the operating requirements in Articles 9.5.5, 9.5.5.1, 9.5.5.2, and 9.5.5.4 of this Agreement.

#### **9.5.5.4 Electric Storage Resources.**

Developer interconnecting a Generating Facility that contains an electric storage resource shall establish an operating range in Appendix C of its LGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Articles 9.5.5, 9.5.5.1, 9.5.5.2, and 9.5.5.3 of this Agreement. Appendix C shall specify whether the operating range is static or dynamic, and shall consider (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resources due to manufacturer specification; and (6) any other relevant factors agreed to by the NYISO, Connecting Transmission Owner, and Developer. If the operating range is dynamic, then Appendix C must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Developer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Article 9.5.5.2 of this Agreement when it is online and dispatched to inject electricity to the New York State Transmission System and/or receive

electricity from the New York State Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the New York State Transmission System and/or dispatched to receive electricity from the New York State Transmission System. If Developer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Developer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

## **9.6 Outages and Interruptions.**

### **9.6.1 Outages.**

#### **9.6.1.1 Outage Authority and Coordination.**

Developer and Connecting Transmission Owner may each, in accordance with NYISO procedures and Good Utility Practice and in coordination with the other Party, remove from service any of its respective Attachment Facilities or System Upgrade Facilities and System Deliverability Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency State, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to both the Developer and the Connecting Transmission Owner. In all circumstances either Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

#### **9.6.1.2 Outage Schedules.**

The Connecting Transmission Owner shall post scheduled outages of its transmission facilities on the NYISO OASIS. Developer shall submit its planned maintenance schedules for the Large Generating Facility to Connecting Transmission Owner and NYISO for a minimum of a rolling thirty-six month period. Developer shall update its planned maintenance schedules as necessary. NYISO may direct, or the Connecting Transmission Owner may request, Developer to reschedule its maintenance as necessary to maintain the reliability of the New York State Transmission System. Compensation to Developer for any additional direct costs that the Developer incurs as a result of rescheduling maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost the Developer would have incurred absent the request to reschedule maintenance, shall be in accordance with the ISO OATT. Developer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, the Developer had modified its schedule of maintenance activities other than at the direction of the NYISO or request of the Connecting Transmission Owner.

### **9.6.1.3 Outage Restoration.**

If an outage on the Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades of the Connecting Transmission Owner or Developer adversely affects the other Party's operations or facilities, the Party that owns the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns the facility that is out of service shall provide the other Party and NYISO, to the extent such information is known, information on the nature of the Emergency State, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

**9.6.2 Interruption of Service.** If required by Good Utility Practice or Applicable Reliability Standards to do so, the NYISO or Connecting Transmission Owner may require Developer to interrupt or reduce production of electricity if such production of electricity could adversely affect the ability of NYISO and Connecting Transmission Owner to perform such activities as are necessary to safely and reliably operate and maintain the New York State Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.6.2:

**9.6.2.1** The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

**9.6.2.2** Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the New York State Transmission System;

**9.6.2.3** When the interruption or reduction must be made under circumstances which do not allow for advance notice, NYISO or Connecting Transmission Owner shall notify Developer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

**9.6.2.4** Except during the existence of an Emergency State, when the interruption or reduction can be scheduled without advance notice, NYISO or Connecting Transmission Owner shall notify Developer in advance regarding the timing of such scheduling and further notify Developer of the expected duration. NYISO or Connecting Transmission Owner shall coordinate with each other and the Developer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to the Developer, the Connecting Transmission Owner and the New York State Transmission System;

**9.6.2.5** The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Attachment Facilities, and the New York State Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

### **9.6.3 Ride Through Capability and Performance**

The New York State Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Councils in the event of an under-frequency system disturbance. Developer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Councils to ensure frequency “ride through” capability of the New York State Transmission System. Large Generating Facility response to frequency deviations of predetermined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with the NYISO and Connecting Transmission Owner in accordance with Good Utility Practice. Developer shall also implement under-voltage and over-voltage relay set points, or equivalent electronic controls, as required by the Applicable Reliability Councils to ensure voltage “ride through” capability of the New York State Transmission System. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the New York State Transmission System during system disturbances within a range of under-frequency, over-frequency, under-voltage, and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other Generating Facilities in the Balancing Authority Area on a comparable basis unless the Transmission Owner in whose Transmission District the Large Generating Facility interconnects has established different requirements that apply on a comparable basis in accordance with Good Utility Practice. For abnormal frequency conditions and voltage conditions within the “no trip zone” as that term is defined by ERO Reliability Standard PRC-024-3, any successor mandatory ride through ERO reliability standards, or any more stringent NPCC or NYSRC requirements applicable to Generating Facilities in the Balancing Authority Area on a comparable basis, the non-synchronous Generating Facility must ensure that, within any physical limitations of the Generating Facility, its control and protection settings are configured or set to (1) continue active power production during disturbance and post disturbance periods at pre-disturbance levels, unless reactive power priority mode is enabled or unless providing primary frequency response or fast frequency response; (2) minimize reductions in active power and remain within dynamic voltage and current limits, if reactive power priority mode is enabled, unless providing primary frequency response or fast frequency response; (3) not artificially limit dynamic reactive power capability during disturbances; and (4) return to pre-disturbance active power levels without artificial ramp rate limits if active power is reduced, unless providing primary frequency response or fast frequency response.

### **9.6.4 System Protection and Other Control Requirements.**

**9.6.4.1 System Protection Facilities.** Developer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or Developer’s Attachment Facilities. Connecting Transmission Owner shall install at Developer’s expense any System Protection Facilities that may be required on the Connecting Transmission Owner’s Attachment Facilities or the New York State Transmission System as a result of the interconnection of the Large Generating Facility and Developer’s Attachment Facilities.

**9.6.4.2** The protection facilities of both the Developer and Connecting Transmission Owner shall be designed and coordinated with other systems in accordance with Good Utility Practice and Applicable Reliability Standards.

**9.6.4.3** The Developer and Connecting Transmission Owner shall each be responsible for protection of its respective facilities consistent with Good Utility Practice and Applicable Reliability Standards.

**9.6.4.4** The protective relay design of the Developer and Connecting Transmission Owner shall each incorporate the necessary test switches to perform the tests required in Article 6 of this Agreement. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of the Developer's Large Generating Facility.

**9.6.4.5** The Developer and Connecting Transmission Owner will each test, operate and maintain System Protection Facilities in accordance with Good Utility Practice, ERO and NPCC criteria.

**9.6.4.6** Prior to the In-Service Date, and again prior to the Commercial Operation Date, the Developer and Connecting Transmission Owner shall each perform, or their agents shall perform, a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, the Developer and Connecting Transmission Owner shall each perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

#### **9.6.5 Requirements for Protection.**

In compliance with NPCC requirements and Good Utility Practice, Developer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the New York State Transmission System not otherwise isolated by Connecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New York State Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the New York State Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Developer and Connecting Transmission Owner. Developer shall be responsible for protection of the Large Generating Facility and Developer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Developer shall be solely responsible to disconnect the Large Generating Facility and Developer's other equipment if conditions on the New York State Transmission System could adversely affect the Large Generating Facility.

#### **9.6.6 Power Quality.**

Neither the facilities of Developer nor the facilities of Connecting Transmission Owner shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage



or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

## **9.7 Switching and Tagging Rules.**

The Developer and Connecting Transmission Owner shall each provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a nondiscriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

## **9.8 Use of Attachment Facilities by Third Parties.**

### **9.8.1 Purpose of Attachment Facilities.**

Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Attachment Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the New York State Transmission System and shall be used for no other purpose.

### **9.8.2 Third Party Users.**

If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Connecting Transmission Owner's Attachment Facilities, or any part thereof, Developer will be entitled to compensation for the capital expenses it incurred in connection with the Attachment Facilities based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Developer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Attachment Facilities, will be allocated between Developer and any third party users based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Developer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

## **9.9 Disturbance Analysis Data Exchange.**

The Parties will cooperate with one another and the NYISO in the analysis of disturbances to either the Large Generating Facility or the New York State Transmission System by gathering and providing access to any information relating to any disturbance, including information from disturbance recording equipment, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

## **9.10 Phasor Measurement Units**

A Developer shall install and maintain, at its expense, phasor measurement units (“PMUs”) if it meets the following criteria: (1) completed a Class Year after Class Year 2017; and (2) proposes a new Large Facility that either (a) has a maximum net output equal to or greater than 100 MW or (b) requires, as Attachment Facilities or System Upgrade Facilities, a new substation of 230kV or above.

PMUs shall be installed on the Large Facility on the low side of the generator step-up transformer, unless it is a non-synchronous generation facility, in which case the PMUs shall be installed on the Developer side of the Point of Interconnection. The PMUs must be capable of performing phasor measurements at a minimum of 60 samples per second which are synchronized via a high-accuracy satellite clock. To the extent Developer installs similar quality equipment, such as relays or digital fault recorders, that can collect data at least at the same rate as PMUs and which data is synchronized via a high-accuracy satellite clock, such equipment would satisfy this requirement.

Developer shall be required to install and maintain, at its expense, PMU equipment which includes the communication circuit capable of carrying the PMU data to a local data concentrator, and then transporting the information continuously to the Connecting Transmission Owner and the NYISO; as well as store the PMU data locally for thirty (30) Calendar Days. Developer shall provide to Connecting Transmission Owner and the NYISO all necessary and requested information through the Connecting Transmission Owner’s and the NYISO’s synchrophasor system, including the following: (a) gross MW and MVAR measured at the Developer side of the generator step-up transformer (or, for a non-synchronous generation facility, to be measured at the Developer side of the Point of Interconnection); (b) generator terminal voltage and current magnitudes and angles; (c) generator terminal frequency and frequency rate of change; and (d) generator field voltage and current, where available; and (e) breaker status, if available. The Connecting Transmission Owner will provide for the ongoing support and maintenance of the network communications linking the data concentrator to the Connecting Transmission Owner and the NYISO, consistent with ISO Procedures detailing the obligations related to SCADA data.

## **ARTICLE 10. MAINTENANCE**

### **10.1 Connecting Transmission Owner Obligations.**

Connecting Transmission Owner shall maintain its transmission facilities and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

### **10.2 Developer Obligations.**

Developer shall maintain its Large Generating Facility and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

### **10.3 Coordination.**

The Developer and Connecting Transmission Owner shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Attachment Facilities. The Developer and Connecting Transmission Owner shall keep NYISO fully informed of the preventive and corrective maintenance that is planned, and shall schedule all such maintenance in accordance with NYISO procedures.

### **10.4 Secondary Systems.**

The Developer and Connecting Transmission Owner shall each cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of Developer or Connecting Transmission Owner's facilities and equipment which may reasonably be expected to impact the other Party. The Developer and Connecting Transmission Owner shall each provide advance notice to the other Party, and to NYISO, before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

### **10.5 Operating and Maintenance Expenses.**

Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Developer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Developer's Attachment Facilities; and (2) operation, maintenance, repair and replacement of Connecting Transmission Owner's Attachment Facilities. The Connecting Transmission Owner shall be entitled to the recovery of incremental operating and maintenance expenses that it incurs associated with System Upgrade Facilities and System Deliverability Upgrades if and to the extent provided for under Attachment S to the ISO OATT.

## **ARTICLE 11. PERFORMANCE OBLIGATION**

### **11.1 Developer's Attachment Facilities.**

Developer shall design, procure, construct, install, own and/or control the Developer's Attachment Facilities described in Appendix A hereto, at its sole expense.

### **11.2 Connecting Transmission Owner's Attachment Facilities.**

Connecting Transmission Owner shall design, procure, construct, install, own and/or control the Connecting Transmission Owner's Attachment Facilities described in Appendix A hereto, at the sole expense of the Developer.

### **11.3 System Upgrade Facilities and System Deliverability Upgrades.**

Connecting Transmission Owner shall design, procure, construct, install, and own the System Upgrade Facilities and System Deliverability Upgrades described in Appendix A hereto. The responsibility of the Developer for costs related to System Upgrade Facilities and System Deliverability Upgrades shall be determined in accordance with the provisions of Attachment S to the ISO OATT.

### **11.4 Special Provisions for Affected Systems.**

For the re-payment of amounts advanced to Affected System Operator for System Upgrade Facilities or System Deliverability Upgrades, the Developer and Affected System Operator shall enter into an agreement that provides for such re-payment, but only if responsibility for the cost of such System Upgrade Facilities or System Deliverability Upgrades is not to be allocated in accordance with Attachment S to the ISO OATT. The agreement shall specify the terms governing payments to be made by the Developer to the Affected System Operator as well as the re-payment by the Affected System Operator.

### **11.5 Provision of Security.**

At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Connecting Transmission Owner's Attachment Facilities, Developer shall provide Connecting Transmission Owner, at Developer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Connecting Transmission Owner and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1 of this Agreement. Such security for payment shall be in an amount sufficient to cover the cost for the Developer's share of constructing, procuring and installing the applicable portion of Connecting Transmission Owner's Attachment Facilities, and shall be reduced on a dollar-for-dollar basis for payments made to Connecting Transmission Owner for these purposes.

In addition:

**11.5.1** The guarantee must be made by an entity that meets the commercially reasonable creditworthiness requirements of Connecting Transmission Owner, and contains terms and conditions that guarantee payment of any amount that may be due from Developer, up to an agreed-to maximum amount.

**11.5.2** The letter of credit must be issued by a financial institution reasonably acceptable to Connecting Transmission Owner and must specify a reasonable expiration date.

**11.5.3** The surety bond must be issued by an insurer reasonably acceptable to Connecting Transmission Owner and must specify a reasonable expiration date.

**11.5.4** Attachment S to the ISO OATT shall govern the Security that Developer provides for System Upgrade Facilities and System Deliverability Upgrades.

## **11.6 Developer Compensation for Emergency Services.**

If, during an Emergency State, the Developer provides services at the request or direction of the NYISO or Connecting Transmission Owner, the Developer will be compensated for such services in accordance with the NYISO Services Tariff.

## **11.7 Line Outage Costs.**

Notwithstanding anything in the ISO OATT to the contrary, the Connecting Transmission Owner may propose to recover line outage costs associated with the installation of Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades on a case-by-case basis.

# **ARTICLE 12. INVOICE**

## **12.1 General.**

The Developer and Connecting Transmission Owner shall each submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Developer and Connecting Transmission Owner may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts one Party owes to the other Party under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

## **12.2 Final Invoice.**

Within six months after completion of the construction of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities and System Deliverability Upgrades, Connecting Transmission Owner shall provide an invoice of the final cost of the construction of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities and System Deliverability Upgrades, determined in accordance with Attachment S to the ISO OATT, and shall set forth such costs in sufficient detail to enable Developer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Connecting Transmission Owner shall refund to Developer any amount by which the actual payment by Developer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

## **12.3 Payment.**

Invoices shall be rendered to the paying Party at the address specified in Appendix F hereto. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices will not constitute a waiver of any rights or claims the paying Party may have under this Agreement.

## **12.4 Disputes.**

In the event of a billing dispute between Connecting Transmission Owner and Developer, Connecting Transmission Owner shall continue to perform under this Agreement as long as Developer: (i) continues to make all payments not in dispute; and (ii) pays to Connecting Transmission Owner or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Developer fails to meet these two requirements for continuation of service, then Connecting Transmission Owner may provide notice to Developer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

## **ARTICLE 13. EMERGENCIES**

### **13.1 Obligations.**

Each Party shall comply with the Emergency State procedures of NYISO, the Applicable Reliability Councils, Applicable Laws and Regulations, and any emergency procedures agreed to by the NYISO Operating Committee.

### **13.2 Notice.**

NYISO or, as applicable, Connecting Transmission Owner shall notify Developer promptly when it becomes aware of an Emergency State that affects the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System that may reasonably be expected to affect Developer's operation of the Large Generating Facility or the Developer's Attachment Facilities. Developer shall notify NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency State that affects the Large Generating Facility or the Developer's Attachment Facilities that may reasonably be expected to affect the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities. To the extent information is known, the notification shall describe the Emergency State, the extent of the damage or deficiency, the expected effect on the operation of Developer's or Connecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

### **13.3 Immediate Action.**

Unless, in Developer's reasonable judgment, immediate action is required, Developer shall obtain the consent of Connecting Transmission Owner, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Developer's Attachment Facilities in response to an Emergency State either declared by NYISO, Connecting Transmission Owner or otherwise regarding New York State Transmission System.

### **13.4 NYISO and Connecting Transmission Owner Authority.**

#### **13.4.1 General.**

NYISO or Connecting Transmission Owner may take whatever actions with regard to the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities it deems necessary during an Emergency State in order to (i) preserve public health and safety, (ii) preserve the reliability of the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

NYISO and Connecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Developer's Attachment Facilities. NYISO or Connecting Transmission Owner may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency State by taking actions necessary and limited in scope to remedy the Emergency State, including, but not limited to, directing Developer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.4.2; directing the Developer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Developer's Attachment Facilities. Developer shall comply with all of the NYISO and Connecting Transmission Owner's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

#### **13.4.2 Reduction and Disconnection.**

NYISO or Connecting Transmission Owner may reduce [ ] Interconnection Service or disconnect the Large Generating Facility or the Developer's Attachment Facilities, when such reduction or disconnection is necessary under Good Utility Practice due to an Emergency State. These rights are separate and distinct from any right of Curtailment of NYISO pursuant to the ISO OATT. When NYISO or Connecting Transmission Owner can schedule the reduction or disconnection in advance, NYISO or Connecting Transmission Owner shall notify Developer of the reasons, timing and expected duration of the reduction or disconnection. NYISO or Connecting Transmission Owner shall coordinate with the Developer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to the Developer and the New York State Transmission System. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Attachment Facilities, and the New York State Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

### **13.5 Developer Authority.**

Consistent with Good Utility Practice and this Agreement, the Developer may take whatever actions or inactions with regard to the Large Generating Facility or the Developer's

Attachment Facilities during an Emergency State in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Developer's Attachment Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Developer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New York State Transmission System and the Connecting Transmission Owner's Attachment Facilities. NYISO and Connecting Transmission Owner shall use Reasonable Efforts to assist Developer in such actions.

### **13.6 Limited Liability.**

Except as otherwise provided in Article 11.6 of this Agreement, no Party shall be liable to another Party for any action it takes in responding to an Emergency State so long as such action is made in good faith and is consistent with Good Utility Practice and the NYISO Tariffs.

## **ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW**

### **14.1 Regulatory Requirements.**

Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require Developer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies Act of 1978, as amended.

### **14.2 Governing Law.**

**14.2.1** The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles.

**14.2.2** This Agreement is subject to all Applicable Laws and Regulations.

**14.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

## **ARTICLE 15. NOTICES**

### **15.1 General.**

Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by a Party to the other Parties and any instrument required or permitted to be tendered or delivered by a Party in writing to the other Parties shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by



certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F hereto.

A Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

## **15.2 Billings and Payments.**

Billings and payments shall be sent to the addresses set out in Appendix F hereto.

## **15.3 Alternative Forms of Notice.**

Any notice or request required or permitted to be given by a Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F hereto.

## **15.4 Operations and Maintenance Notice.**

Developer and Connecting Transmission Owner shall each notify the other Party, and NYISO, in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10 of this Agreement.

# **ARTICLE 16. FORCE MAJEURE**

**16.1** Economic hardship is not considered a Force Majeure event.

**16.2** A Party shall not be responsible or liable, or deemed, in Default with respect to any obligation hereunder, (including obligations under Article 4 of this Agreement) , other than the obligation to pay money when due, to the extent the Party is prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Parties in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

# **ARTICLE 17. DEFAULT**

**17.1 General.**

No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Parties. Upon a Breach, the non-Breaching Parties shall give written notice of such to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days

from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

## **17.2 Right to Terminate.**

If a Breach is not cured as provided in this Article 17, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Parties acting together shall thereafter have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

## **ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE**

### **18.1 Indemnity.**

Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and save harmless, as applicable, the other Parties (each an “Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from (i) the Indemnified Party’s performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any Hazardous Substance.

#### **18.1.1 Indemnified Party.**

If a Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1.3, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

#### **18.1.2 Indemnifying Party.**

If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 18, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual Loss, net of any insurance or other recovery.

### **18.1.3 Indemnity Procedures.**

Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

Except as stated below, the Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

### **18.2 No Consequential Damages.**

Other than the liquidated damages heretofore described and the indemnity obligations set forth in Article 18.1, in no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under separate agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

### **18.3 Insurance.**

Developer and Connecting Transmission Owner shall each, at its own expense, procure

and maintain in force throughout the period of this Agreement and until released by the other Parties, the following minimum insurance coverages, with insurance companies licensed to write insurance or approved eligible surplus lines carriers in the state of New York with a minimum A.M. Best rating of A or better for financial strength, and an A.M. Best financial size category of VIII or better:

**18.3.1** Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of New York State.

**18.3.2** Commercial General Liability ("CGL") Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available using Insurance Services Office, Inc. Commercial General Liability Coverage ("ISO CG") Form CG 00 01 04 13 or a form equivalent to or better than CG 00 01 04 13, with minimum limits of Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

**18.3.3** Comprehensive Automobile Liability Insurance 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.

**18.3.4** If applicable, the Commercial General Liability and Comprehensive Automobile Liability Insurance policies should include contractual liability for work in connection with construction or demolition work on or within 50 feet of a railroad, or a separate Railroad Protective Liability Policy should be provided.

**18.3.5** Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability and Comprehensive Automobile Liability Insurance coverages, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence and Twenty Million Dollars (\$20,000,000) aggregate. The Excess policies should contain the same extensions listed under the Primary policies.

**18.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Liability Insurance policies of Developer and Connecting Transmission Owner shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insureds using ISO CG Endorsements: CG 20 33 04 13, and CG 20 37 04 13 or CG 20 10 04 13 and CG 20 37 04 13 or equivalent to or better forms. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

**18.3.7** The Commercial General Liability Insurance, Comprehensive Automobile

Liability Insurance and Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and non-contributory. Developer and Connecting Transmission Owner shall each be responsible for its respective deductibles or retentions.

**18.3.8** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for at least three (3) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Developer and Connecting Transmission Owner.

**18.3.9** If applicable, Pollution Liability Insurance in an amount no less than \$7,500,000 per occurrence and \$7,500,000 in the aggregate. The policy will provide coverage for claims resulting from pollution or other environmental impairment arising out of or in connection with work performed on the premises by the other party, its contractors and and/or subcontractors. Such insurance is to include coverage for, but not be limited to, cleanup, third party bodily injury and property damage and remediation and will be written on an occurrence basis. The policy shall name the Other Party Group as additional insureds, be primary and contain a waiver of subrogation.

**18.3.10** The requirements contained herein as to the types and limits of all insurance to be maintained by the Developer and Connecting Transmission Owner are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by those Parties under this Agreement.

**18.3.11** Within [insert term stipulated by the Parties] Calendar Days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, Developer and Connecting Transmission Owner shall provide certificate of insurance for all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

**18.3.12** Notwithstanding the foregoing, Developer and Connecting Transmission Owner may each self-insure to meet the minimum insurance requirements of Articles 18.3.1 through 18.3.9 to the extent it maintains a self-insurance program; provided that, such Party'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 18.3.1 through 18.3.9. . In the event that a Party is permitted to self-insure pursuant to this Article 18.3.12, it shall notify the other Party 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 Articles 18.3.1 through 18.3.9 and provide evidence of such coverages. For any period of time that a Party's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.1 through 18.3.9.

**18.3.13** Developer and Connecting Transmission Owner 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.

**18.3.14** Subcontractors of each party must maintain the same insurance requirements stated under Articles 18.3.1 through 18.3.9 and comply with the Additional Insured requirements herein. In addition, their policies must state that they are primary and non-contributory and contain a waiver of subrogation.

## **ARTICLE 19. ASSIGNMENT**

This Agreement may be assigned by a Party only with the written consent of the other Parties; provided that a Party may assign this Agreement without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; provided further that a Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion or all of its assets, including the Attachment Facilities it owns, so long as the assignee in such a transaction directly assumes in writing all rights, duties and obligations arising under this Agreement; and provided further that the Developer shall have the right to assign this Agreement, without the consent of the NYISO or Connecting Transmission Owner, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Developer will promptly notify the NYISO and Connecting Transmission Owner of any such assignment. Any financing arrangement entered into by the Developer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the NYISO and Connecting Transmission Owner of the date and particulars of any such exercise of assignment right(s) and will provide the NYISO and Connecting Transmission Owner with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. 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 reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

## **ARTICLE 20. SEVERABILITY**

If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement; provided that if the Developer (or any third party, but only if such third party is not acting at the direction of the Connecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the rights and obligations of Developer and Connecting Transmission Owner shall be governed solely by the Standard Option (Article 5.1.1).

## **ARTICLE 21. COMPARABILITY**

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

## **ARTICLE 22. CONFIDENTIALITY**

### **22.1 Confidentiality.**

Certain information exchanged by the Parties during the term of this Agreement shall constitute confidential information (“Confidential Information”) and shall be subject to this Article 22.

If requested by a Party receiving information, the Party supplying the information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

### **22.2 Term.**

During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

### **22.3 Confidential Information.**

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.

### **22.4 Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 22.9 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

## **22.5 Release of Confidential Information.**

No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be considering providing financing to or equity participation with Developer, or to potential purchasers or assignees of a Party, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

## **22.6 Rights.**

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

## **22.7 No Warranties.**

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

## **22.8 Standard of Care.**

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this Agreement or its regulatory requirements, including the ISO OATT and NYISO Services Tariff. The NYISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the ISO OATT.

## **22.9 Order of Disclosure.**

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.



## **22.10 Termination of Agreement.**

Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Parties, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Parties) or return to the other Parties, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Parties pursuant to this Agreement.

## **22.11 Remedies.**

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

## **22.12 Disclosure to FERC, its Staff, or a State.**

Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement or the ISO OATT, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Parties to the Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

## **22.13 Required Notices Upon Requests or Demands for Confidential Information**

Except as otherwise expressly provided herein, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement, the ISO OATT or the NYISO Services Tariff. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

## **ARTICLE 23. DEVELOPER AND CONNECTING TRANSMISSION OWNER NOTICES OF ENVIRONMENTAL RELEASES**

Developer and Connecting Transmission Owner shall each notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Attachment Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

## **ARTICLE 24. INFORMATION REQUIREMENT**

### **24.1 Information Acquisition.**

Connecting Transmission Owner and Developer shall each submit specific information regarding the electrical characteristics of their respective facilities to the other, and to NYISO, as described below and in accordance with Applicable Reliability Standards.

### **24.2 Information Submission by Connecting Transmission Owner.**

The initial information submission by Connecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include New York State Transmission System information necessary to allow the Developer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Developer and Connecting Transmission Owner. On a monthly basis Connecting Transmission Owner shall provide Developer and NYISO a status report on the construction and installation of Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last

report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

### **24.3 Updated Information Submission by Developer.**

The updated information submission by the Developer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Developer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the Standard Large Facility Interconnection Procedures. It shall also include any additional information provided to Connecting Transmission Owner for the Interconnection Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with NYISO standard models. If there is no compatible model, the Developer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Developer's data is different from what was originally provided to Connecting Transmission Owner and NYISO pursuant to an Interconnection Study Agreement among Connecting Transmission Owner, NYISO and Developer and this difference may be reasonably expected to affect the other Parties' facilities or the New York State Transmission System, but does not require the submission of a new Interconnection Request, then NYISO will conduct appropriate studies to determine the impact on the New York State Transmission System based on the actual data submitted pursuant to this Article 24.3. Such studies will provide an estimate of any additional modifications to the New York State Transmission System, Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades based on the actual data and a good faith estimate of the costs thereof. The Developer shall not begin Trial Operation until such studies are completed. The Developer shall be responsible for the cost of any modifications required by the actual data, including the cost of any required studies.

### **24.4 Information Supplementation.**

Prior to the Commercial Operation Date, the Developer and Connecting Transmission Owner shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Developer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Developer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror

the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to the Connecting Transmission Owner and NYISO for each individual generating unit in a station.

Subsequent to the Commercial Operation Date, the Developer shall provide Connecting Transmission Owner and NYISO any information changes due to equipment replacement, repair, or adjustment. Connecting Transmission Owner shall provide the Developer and NYISO any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Connecting Transmission Owner substation that may affect the Developer Attachment Facilities equipment ratings, protection or operating requirements. The Developer and Connecting Transmission Owner shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

## **ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS**

### **25.1 Information Access.**

Each Party ("Disclosing Party") shall make available to another Party ("Requesting Party") information that is in the possession of the Disclosing Party and is necessary in order for the Requesting Party to: (i) verify the costs incurred by the Disclosing Party for which the Requesting Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 of this Agreement and to enforce their rights under this Agreement.

### **25.2 Reporting of Non-Force Majeure Events.**

Each Party (the "Notifying Party") shall notify the other Parties when the Notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

### **25.3 Audit Rights.**

Subject to the requirements of confidentiality under Article 22 of this Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to another Party, to audit at its own expense the other Party's accounts and records pertaining to the other Party's performance or satisfaction of its obligations under this Agreement. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, and each Party's actions in an Emergency State. Any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to the Party's performance and satisfaction of

obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4 of this Agreement.

## **25.4 Audit Rights Periods.**

### **25.4.1 Audit Rights Period for Construction-Related Accounts and Records.**

Accounts and records related to the design, engineering, procurement, and construction of Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades shall be subject to audit for a period of twenty-four months following Connecting Transmission Owner's issuance of a final invoice in accordance with Article 12.2 of this Agreement.

### **25.4.2 Audit Rights Period for All Other Accounts and Records.**

Accounts and records related to a Party's performance or satisfaction of its obligations under this Agreement other than those described in Article 25.4.1 of this Agreement shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

## **25.5 Audit Results.**

If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

## **ARTICLE 26. SUBCONTRACTORS**

### **26.1 General.**

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

### **26.2 Responsibility of Principal.**

The creation of any subcontract 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 Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the NYISO or Connecting Transmission Owner be liable for the actions or inactions of the Developer or its subcontractors with respect to obligations of the Developer under Article 5 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

### **26.3 No Limitation by Insurance.**

The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

## **ARTICLE 27. DISPUTES**

### **27.1 Submission.**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance (a "Dispute"), such Party shall provide the other Parties with written notice of the Dispute ("Notice of Dispute"). Such Dispute shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated representatives are unable to resolve the Dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Parties' receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

### **27.2 External Arbitration Procedures.**

Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. In each case, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

### **27.3 Arbitration Decisions.**

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Attachment

Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

#### **27.4 Costs.**

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties.

#### **27.5 Termination.**

Notwithstanding the provisions of this Article 27, any Party may terminate this Agreement in accordance with its provisions or pursuant to an action at law or equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

### **ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **28.1 General.**

Each Party makes the following representations, warranties and covenants:

##### **28.1.1 Good Standing.**

Such Party 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; that it is qualified to do business in the state or states in which the Large Generating Facility, Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades owned by such Party, as applicable, are located; and that it 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 perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

##### **28.1.2 Authority.**

Such Party 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 such Party, enforceable against such Party 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).

##### **28.1.3 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 such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

#### **28.1.4 Consent and Approval.**

Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each 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.

### **ARTICLE 29. MISCELLANEOUS**

#### **29.1 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.

#### **29.2 Conflicts.**

If there is a discrepancy or conflict between or among the terms and conditions of this cover agreement and the Appendices hereto, the terms and conditions of this cover agreement shall be given precedence over the Appendices, except as otherwise expressly agreed to in writing by the Parties.

#### **29.3 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 or such Appendix to this Agreement, or such Section to the Standard Large Facility Interconnection Procedures or such Appendix to the Standard Large Facility Interconnection Procedures, 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".

#### **29.4 Compliance.**

Each Party shall perform its obligations under this Agreement in accordance with



Applicable Laws and Regulations, Applicable Reliability Standards, the ISO OATT and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith. When any Party becomes aware of such a situation, it shall notify the other Parties promptly so that the Parties can discuss the amendment to this Agreement that is appropriate under the circumstances.

#### **29.5 Joint and Several Obligations.**

Except as otherwise stated herein, the obligations of NYISO, Developer and Connecting Transmission Owner are several, and are neither joint nor joint and several.

#### **29.6 Entire Agreement.**

This Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or 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 which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

#### **29.7 No Third Party Beneficiaries.**

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 permitted their assigns.

#### **29.8 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, duty of this Agreement. Termination or Default of this Agreement for any reason by the Developer shall not constitute a waiver of the Developer's legal rights to obtain Capacity Resource Interconnection Service and Energy Resource Interconnection Service from the NYISO and Connecting Transmission Owner in accordance with the provisions of the ISO OATT. Any waiver of this Agreement shall, if requested, be provided in writing.

#### **29.9 Headings.**

The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

#### **29.10 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.

#### **29.11 Amendment.**

The Parties may by mutual agreement amend this Agreement, by a written instrument duly executed by all three of the Parties.

#### **29.12 Modification by the Parties.**

The Parties may by mutual agreement amend the Appendices to this Agreement, by a written instrument duly executed by all three of the Parties. Such an amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

#### **29.13 Reservation of Rights.**

NYISO and Connecting Transmission Owner shall have the right to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Developer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

#### **29.14 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 to otherwise bind, any other Party.

#### **29.15 Other Transmission Rights.**

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, or transmission congestion rights that the Developer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the System Upgrade Facilities and System Deliverability Upgrades.

## **29.16 Modifications Related to NYISO's Compliance with Order No. 2023**

If, as part of the NYISO's compliance proceeding at the Commission in response to Order No. 2023, the Commission directs that the NYISO modify the *pro forma* Standard Large Generator Interconnection Agreement located in Appendix 4 of Attachment X of the ISO OATT, the Parties shall amend and restate this Agreement to incorporate the modifications; *provided, however,* the Parties may agree to include in the amended and restated agreement non-conforming changes to any terms of the *pro forma* Standard Large Generator Interconnection Agreement that have been modified to comply with the Commission's order, which non-conforming modifications must be filed with the Commission for its acceptance.

**IN WITNESS WHEREOF**, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Developer]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDICES**

### **Appendix A**

Attachment Facilities and System Upgrade Facilities

### **Appendix B**

Milestones

### **Appendix C**

Interconnection Details

### **Appendix D**

Security Arrangements Details

### **Appendix E-1**

Initial Synchronization Date

### **Appendix E-2**

Commercial Operation Date

### **Appendix F**

Addresses for Delivery of Notices and Billings

## **APPENDIX A – ATTACHMENT FACILITIES AND SYSTEM UPGRADE FACILITIES**

### **1. Attachment Facilities:**

(a) [insert Developer’s Attachment Facilities]:

(b) [insert Connecting Transmission Owner’s Attachment Facilities]:

### **2. System Upgrade Facilities:**

(a) [insert Stand Alone System Upgrade Facilities]:

(b) [insert Other System Upgrade Facilities]:

### **3. System Deliverability Upgrades:**

## **APPENDIX B – MILESTONES**

## **APPENDIX C – INTERCONNECTION DETAILS**



## **APPENDIX D – SECURITY ARRANGEMENTS DETAILS**

Infrastructure security of New York State Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New York State Transmission System reliability and operational security. The Commission will expect the NYISO, all Transmission Owners, all Developers and all other Market Participants to comply with the recommendations offered by the President’s Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

## **APPENDIX E-1 – INITIAL SYNCHRONIZATION DATE**

**[Date]**

**[NYISO Address]**

**[Connecting Transmission Owner Address]**

Re: \_\_\_\_\_ Large Generating Facility

Dear \_\_\_\_\_:

On **[Date]** **[Developer]** initially synchronized the Large Generating Facility [specify units, if applicable]. This letter confirms that **[Developer]**'s Initial Synchronization Date was [specify].  
Thank you.

**[Signature]**

**[Developer Representative]**

## APPENDIX E-2 – COMMERCIAL OPERATION DATE

**[Date]**

**[NYISO Address]**

**[Connecting Transmission Owner Address]**

Re: \_\_\_\_\_ Large Generating Facility

Dear \_\_\_\_\_:

On **[Date]** **[Developer]** has completed Trial Operation of Unit No. \_\_\_\_\_. This letter confirms that **[Developer]** commenced Commercial Operation of Unit No. \_\_\_\_ at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

**[Signature]**

**[Developer Representative]**

## **APPENDIX F – ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS**

### **Notices:**

NYISO:

[To be supplied.]

Connecting Transmission Owner:

[To be supplied.]

Developer:

[To be supplied.]

### **Billings and Payments:**

Connecting Transmission Owner:

[To be supplied.]

Developer:

[To be supplied.]

### **Alternative Forms of Delivery of Notices (telephone, facsimile or email):**

NYISO:

[To be supplied.]

Connecting Transmission Owner:

[To be supplied.]

Developer:

[To be supplied.]

## **Appendix 5 – Interconnection Procedures for a Wind Generating Plant**

Appendix 5 sets forth procedures specific to a wind generating plant. All other requirements of this LFIP continue to apply to wind generating plant interconnections.

### **A. Special Procedures Applicable to Wind Generators**

The wind plant Developer, in completing the Interconnection Request required by section 30.3.3 of this LFIP, may provide to the ISO a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LFIP. No later than six months after submitting an Interconnection Request completed in this manner, the wind plant Developer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the ISO to complete the System Reliability Impact Study.

## **31      Attachment Y - New York ISO Comprehensive System Planning Process**

## **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.

**Designated Entity:** A Developer or Transmission Owner that the ISO designates pursuant to Section 31.4.11 of this Attachment Y as the person or entity to build, own, and recover the costs of a Designated Public Policy Project or a Transmission Owner that is designated in accordance with Section 22.9.6 of Attachment P to the ISO OATT as the entity to build, own, and recover the costs of Designated Network Upgrade Facilities. For Public Policy Transmission Projects selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need prior to the 2020-2021 cycle of the Public Policy Transmission Planning Process, the Designated Entity shall mean the Developer of the selected Public Policy Transmission Project.

**Designated Network Upgrade Facilities:** The Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a Public Policy Transmission Project selected as the more efficient or cost effective solution to a Public Policy Transmission Need under this Attachment Y; that meet the definition of upgrade under Section 31.6.4 of this Attachment Y; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner pursuant to Section 22.9.6 of Attachment P to the ISO OATT.

**Designated Public Policy Project:** The Public Policy Transmission Project selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need, or a portion

of such Public Policy Transmission Project, that the ISO designates to a Designated Entity pursuant to Section 31.4.11 of this Attachment Y. For Public Policy Transmission Projects selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need prior to the 2020-2021 cycle of the Public Policy Transmission Planning Process, the Designated Public Policy Project shall mean the selected Public Policy Transmission Project.

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

**Development Agreement:** The agreement: (i) between the ISO and the Developer concerning the timely development and construction of 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) between the ISO and a Designated Entity concerning the timely development and construction of a Designated Public Policy Project 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 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 Planning Process:** The process by which the ISO solicits needs for transmission driven by Public Policy Requirements; evaluates all Public Policy Transmission Projects and Other Public Policy Projects proposed to address a Public Policy Transmission Need on a comparable basis; selects the more efficient or cost effective Public Policy Transmission Project, if any, for eligibility for cost allocation under the ISO Tariffs; and designates a Designated Entity or Designated Entities to be responsible for developing the Designated Public Policy Project(s) that compose the selected Public Policy Transmission Project.

**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; 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; and the ISO's designation of a Designated Entity or Designated Entities to be responsible for developing the Designated Public Policy Project(s) that compose the selected Public Policy Transmission Project.

**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.

**Public Policy Transmission Upgrade:** Any portion(s) of a Public Policy Transmission Project that satisfies the definition of upgrade in Section 31.6.4 of this Attachment Y.

**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 and will designate the selected Public Policy Transmission Project or parts of the selected Public Policy Transmission Project to a Designated Entity or Designated Entities, which will be responsible for developing the Designated Public Policy Project(s); (5) provide a cost allocation methodology for the regulated Designated Public Policy Project(s) that have been selected by the ISO and Designated Network Upgrade Facilities associated with a selected Public Policy Transmission Project (if applicable), 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, Aggregators 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, X, or HH 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, X, or HH 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, X, or HH 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: (i) has submitted a Transmission Interconnection Application under Attachment P to the ISO OATT, (ii) has submitted an Interconnection Request for a Class Year Transmission Project under Attachment X to the ISO OATT, or (iii) has completed a Cluster Study Process for a Cluster Study Transmission Project under Attachment HH to the ISO OATT.

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: (i) for a regulated transmission solution that is subject to the Transmission Interconnection Procedures a demonstration that it has an executed System Impact Study Agreement under Attachment P to the ISO OATT or (ii) for a regulated transmission solution that is subject to the Class Year Study process in Attachment X to the ISO OATT a demonstration that its System Reliability Impact Study has commenced. 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: (i) any completed System Impact Study performed in accordance with Attachment P to the ISO OATT, (ii) any completed System Reliability Impact Study for a Class Year Transmission Project performed in accordance with Attachment X to the ISO OATT, or (iii) any completed Cluster Study for a Cluster Study Transmission Project performed in accordance with Attachment HH to the ISO OATT, 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 P, X, or HH 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).



## **31.2.8 Determination of Necessity**

### **31.2.8.1 Determination of Necessity of a Regulated Solution**

31.2.8.1.1 The ISO shall review proposals for market-based solutions pursuant to Sections 31.2.5, 31.2.8.3, and 31.2.13.1 of this Attachment Y. The ISO will not trigger a regulated solution if, based on this review, it determines prior to or at the Trigger Date for a regulated solution: (i) that sufficient market-based solutions are timely progressing to meet the Reliability Need by the need date or (ii) that, based upon circumstances at the time of the review, there is no longer a Reliability Need. If the ISO decides not to trigger a regulated backstop solution or selected alternative regulated transmission solution, the Responsible Transmission Owner, Other Developer, or Transmission Owner will be eligible to recover its costs incurred up to that point in the same manner it may recover the costs of a halted project in accordance with Section 31.2.8.2.1 for the Responsible Transmission Owner and Section 31.2.8.2.2 for the Other Developer or Transmission Owner.

31.2.8.1.2 If: (i) the ISO determines that there are not sufficient market-based solutions to meet the identified Reliability Need by the need date and that there continues to be a Reliability Need, (ii) the regulated backstop solution proposed by the Responsible Transmission Owner is the only proposed viable and sufficient regulated solution or is selected by the ISO as the more efficient or cost effective transmission solution to meet the identified Reliability Need, and (iii) the Trigger Date for the regulated backstop solution has or 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 trigger the regulated backstop solution at its Trigger

Date. The ISO will inform the Responsible Transmission Owner that it should submit the regulated backstop solution to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the solution. In response to the ISO's request, the Responsible Transmission Owner shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies).

31.2.8.1.3 If: (i) the ISO determines that there are not sufficient market-based solutions to meet the identified Reliability Need by the need date and that there continues to be a Reliability Need; (ii) the ISO selects an alternative regulated transmission solution as the more efficient or cost-effective transmission solution to meet the identified Reliability Need; (iii) the Trigger Date for the regulated backstop solution is later than the Trigger Date for the selected alternative regulated transmission solution; and (iv) the Trigger Date for the selected alternative regulated transmission solution has or 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 shall trigger the selected alternative regulated transmission solution at its Trigger Date. The ISO will inform the Other Developer or Transmission Owner that it should submit the selected alternative regulated transmission solution to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the solution. In response to the ISO's request, the Other Developer or Transmission Owner shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies). Prior to the Trigger Date for the

regulated backstop solution, the ISO will review the status of the development by the Other Developer or Transmission Owner of the selected alternative regulated transmission solution, including, but not limited to, reviewing: (i) whether the Developer has executed a Development Agreement or requested that it be filed unexecuted with the Commission pursuant to Section 31.2.8.1.6; (ii) whether the Developer is timely progressing against the milestones set forth in the Development Agreement; and (iii) the status of the Developer's obtaining required permits or authorizations, including whether the Developer has received its Article VII certification or other applicable siting permits or authorizations under New York State law. If, based on its review, the ISO determines prior to or at the Trigger Date for the regulated backstop solution that it is necessary for the Responsible Transmission Owner to proceed with a regulated backstop solution in parallel with the selected alternative regulated transmission solution to ensure the identified Reliability Need is satisfied by the need date, the ISO will trigger the regulated backstop solution and report to stakeholders the reasons for its determination. The Responsible Transmission Owner shall proceed with due diligence to develop its regulated backstop solution in accordance with Good Utility Practice and to submit its proposed solution to the appropriate governmental agency(ies) and/or authority(ies), unless or until notified by the ISO that it has determined that the regulated backstop solution is no longer needed as described in Section 31.2.8.2.1 below. If, based on its review, the ISO decides not to trigger the regulated backstop solution, the ISO will notify the Responsible Transmission Owner that its regulated backstop solution is no longer needed and

will not be triggered. In such case, the Responsible Transmission Owner shall be eligible to recover its costs incurred up to that point in the same manner as it may recover the costs of a halted project in accordance with Section 31.2.8.2.1.

31.2.8.1.4 If: (i) the ISO determines that there are not sufficient market-based solutions to meet the identified Reliability Need by the need date and that there continues to be a Reliability Need; (ii) the ISO selects an alternative regulated transmission solution as the more efficient or cost-effective transmission solution to meet the identified Reliability Need; (iii) the Trigger Date for the regulated backstop solution is earlier than the Trigger Date for the selected alternative regulated transmission solution; and (iv) the Trigger Date for the regulated backstop solution has or 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 shall trigger both the selected alternative regulated transmission solution and the regulated backstop solution at the Trigger Date for the regulated backstop solution. The ISO will inform the Responsible Transmission Owner that proposed the regulated backstop solution and the Other Developer or Transmission Owner that proposed the selected alternative regulated transmission solution that they should submit the proposed solutions to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the solution. In response to the ISO's request, the Responsible Transmission Owner, Other Developer or Transmission Owner shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies).

31.2.8.1.5 The ISO may make its determination regarding the triggering of a regulated solution pursuant to Sections 31.2.8.1.1 through 31.2.8.1.4 in the CRP or at any time before the approval of the next CRP.

31.2.8.1.6 A Responsible Transmission Owner, Other Developer, or Transmission Owner must enter into a Development Agreement with the ISO if: (i) the ISO has selected the regulated transmission solution proposed by the Developer as the more efficient or cost-effective transmission solution to the Reliability Need, (ii) the ISO has triggered the regulated backstop transmission solution pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4, or (iii) the Responsible Transmission Owner has agreed to complete a selected alternative regulated transmission solution pursuant to Section 31.2.10.1.3. The ISO shall tender the Responsible Transmission Owner, Other Developer, or Transmission Owner a draft Development Agreement with draft appendices as soon as reasonably practicable considering the project's Trigger Date following, as applicable: (i) the ISO's selection of the proposed solution, (ii) the ISO's triggering of a regulated backstop transmission solution pursuant to Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4, or (iii) the Responsible Transmission Owner's agreement to complete an alternative regulated transmission solution pursuant to Section 31.2.10.1.3. The draft will be completed by the ISO to the extent practicable for review and completion by the Developer. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement, which is in Appendix C in Section 31.7 of this Attachment Y. The ISO and the Developer shall finalize the Development Agreement and appendices and negotiate

concerning any disputed provisions. For purposes of finalizing the Development Agreement, the ISO and Developer shall develop the description and dates for the milestones necessary to develop and construct the selected project by the required in-service date identified in the CRP report or updated CRP report, as applicable, including the milestones for obtaining all necessary authorizations. Any milestone that requires action by a Connecting Transmission Owner or Affected System Operator identified pursuant to Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement. Unless otherwise agreed by the ISO and the Developer, the Developer must execute the Development Agreement within three (3) months of the ISO's tendering of the draft Development Agreement; *provided, however*, if, during the negotiation period, the ISO or the Developer determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own or following the Developer's request in writing that the agreement be filed unexecuted. If the Development Agreement resulting from the negotiation between the ISO and the Developer does not conform with the Commission-approved standard form in Appendix C in Section 31.7 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 Development Agreement by both parties. If the Developer requests that the Development 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 Developer. The ISO will draft to the extent practicable the

portions of the Development 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 Developer 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.

31.2.8.1.7 Upon the ISO's and Developer's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission pursuant to Section 31.2.8.1.6, the ISO and Developer shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modifications by the Commission. The Connecting Transmission Owner(s) and Affected System Operator(s) that are identified in Attachment P of the ISO OATT in connection with the selected alternative regulated transmission solution shall act in good faith in timely performing their obligations that are required for the Developer to satisfy its obligations under the Development Agreement.

31.2.8.1.8 Other Developers and Transmission Owners proposing alternative regulated solutions that the ISO has determined will resolve the identified Reliability Need may submit these proposals to the appropriate governmental agency(ies) and/or authority(ies) for review. The ISO does not determine the solution that will be permitted by the appropriate governmental agency(ies) and/or authority(ies) with jurisdiction over siting or whether the regulated backstop solution or an alternative regulated solution will be constructed to address the identified Reliability Need. If the appropriate governmental agency(ies) and/or

authority(ies) makes a final determination that an alternative regulated solution should be permitted and constructed to satisfy a Reliability Need and that the regulated backstop solution should not proceed, implementation of the alternative regulated solution will be the responsibility of the Transmission Owner or Other Developer that proposed the alternative regulated solution, and the Responsible Transmission Owner will not be responsible for addressing the Reliability Need through the implementation of its regulated backstop solution. Should a regulated solution not be implemented, the ISO may request a Gap Solution pursuant to Section 31.2.11 of this Attachment Y.

### **31.2.8.2 Halting and Related Cost Recovery Requirements**

31.2.8.2.1 If the ISO has triggered a regulated backstop solution under Sections 31.2.8.1.2, 31.2.8.1.3, 31.2.8.1.4, or 31.2.8.1.5, the ISO will immediately notify the Responsible Transmission Owner, post such notice on its website, and will state in the next CRP if it determines that the regulated backstop solution is no longer needed and should be halted because either: (i) the ISO has determined that there are sufficient market-based solutions to ensure that the identified Reliability Need is met by the need date or that there is no longer a Reliability Need, or (ii) the ISO: (A) has triggered an alternative regulated transmission solution that the ISO selected in the CRP as the more efficient or cost effective transmission solution and (B) has determined that it is no longer necessary for the Responsible Transmission Owner to proceed with a regulated backstop solution in parallel with the selected alternative regulated transmission solution to ensure the identified Reliability Need is satisfied by the need date. In making its



determination under Section 31.2.8.2.1(ii), the ISO will review the status of the development by the Other Developer or Transmission Owner of the selected alternative regulated transmission solution, including, but not limited to, reviewing: (i) whether the Developer has executed a Development Agreement or requested that it be filed unexecuted with the Commission pursuant to Section 31.2.8.1.6; (ii) whether the Developer is timely progressing against the milestones set forth in the Development Agreement; and (iii) the status of the Developer's obtaining required permits or authorizations, including whether the Developer has received its Article VII certification or other applicable siting permits or authorizations under New York State law.

If a regulated backstop solution is halted by the ISO, all of the costs incurred and commitments made by the Responsible Transmission Owner up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable by the Responsible Transmission Owner under the cost recovery mechanism in Rate Schedule 10 of this tariff regardless of the nature of the solution.

31.2.8.2.2 If the ISO has triggered an alternative regulated transmission project under Sections 31.2.8.1.3 or 31.2.8.1.4 that the ISO has selected as the more efficient or cost effective solution, the ISO will immediately notify the Other Developer or Transmission Owner, post such notice on its website, and will state in the next CRP if it determines that the regulated transmission solution is no longer needed and should be halted because the ISO has determined that there are sufficient

market-based solutions to ensure that the identified Reliability Need is met by the need date or that there is no longer a Reliability Need.

If a selected alternative regulated transmission solution is halted by the ISO, all of the costs incurred and commitments made by the Other Developer or Transmission Owner up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable by the Other Developer or Transmission Owner under the cost recovery mechanism in Rate Schedule 10 of this tariff.

31.2.8.2.3 Once the Responsible Transmission Owner receives state regulatory approval of the regulated backstop solution, or, if state regulatory approval is not required, once the Responsible Transmission Owner receives necessary regulatory approval, the entry of a market-based solution or an alternative regulated transmission solution will not result in the halting by the ISO of the regulated backstop solution pursuant to Section 31.2.8.2.1. Similarly, once the Other Developer or Transmission Owner receives its state regulatory approval or any other necessary regulatory approval of its triggered alternative regulated transmission solution, the entry of a market-based solution will not result in the halting by the ISO of the regulated transmission solution pursuant to Section 31.2.8.2.2.

31.2.8.2.4 The ISO is not required to review market-based solutions to determine whether they will meet the identified Reliability Need by the need date after the triggered alternative regulated transmission solution or regulated backstop

solution has received federal and state regulatory approval, unless a federal or state regulatory agency requests the ISO to conduct such a review. The ISO will report the results of its review to the federal or state regulatory agency, with copies to the Responsible Transmission Owner, Other Developer, or Transmission Owner.

31.2.8.2.5 If the appropriate federal, state or local agency(ies) does not approve a necessary authorization for the triggered regulated backstop solution or alternative regulated transmission solution, all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable by the Responsible Transmission Owner, Other Developer, or Transmission Owner under the ISO cost recovery mechanism in Rate Schedule 10 of the ISO OATT regardless of the nature of the solution.

31.2.8.2.6 If a necessary federal, state or local authorization for a triggered alternative regulated transmission solution or regulated backstop solution is withdrawn, all expenditures and commitments made up to that point including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations, will be recoverable under the ISO cost recovery mechanism in Rate Schedule 10 of the ISO OATT by the Responsible Transmission Owner, Other Developer, or Transmission Owner regardless of the nature of the solution.

31.2.8.2.7 If a material modification to the regulated backstop solution or the alternative regulated transmission solution is proposed by any federal, state or local agency, the Responsible Transmission Owner, Other Developer, or Transmission Owner will request the ISO to conduct a supplemental reliability review. If the ISO identifies any reliability deficiency in the modified solution, the ISO will so advise the Responsible Transmission Owner, Other Developer, or Transmission Owner and the appropriate federal, state or local regulatory agency(ies).

### **31.2.8.3 Criteria for Cutoff Date of Market-Based Solution**

31.2.8.3.1 The ISO will apply the criteria in this Section 31.2.8.3 for determining the cutoff date for a determination that a market-based solution will not be available to meet a Reliability Need by the need date.

31.2.8.3.2 In the first instance, the ISO shall employ its procedures for monitoring the viability of a market-based solution to determine when it may no longer be viable. Under the conditions where a market-based solution is proceeding after the Trigger Date for the relevant regulated solution, it becomes even more critical for the ISO to conduct a continued analysis of the viability of such market-based solutions.

31.2.8.3.3 The Developer of such a market-based solution shall submit updated information to the ISO twice during each Reliability Planning Process cycle, first during the input phase of the RNA, and again during the solutions phase during the period allowed for the solicitation for market-based and regulated solutions. If no solutions are requested in a particular year, then the second update will be

provided during the ISO's analysis of whether existing solutions continue to meet identified Reliability Needs. The updated information of the project status shall include: status of final permits, status of major equipment, current status of construction schedule, estimated in-service date, any potential impediments to completion by the Target Year, and any other information requested by the ISO.

31.2.8.3.4 The Developer shall immediately report to the ISO when it has any indication of a material change in the project status or that the project in-service date may slip beyond the Target Year. A material change shall include, but not be limited to, a change in the financial viability of the Developer, a change in siting status, or a change in a major element of the project development.

31.2.8.3.5 Based upon the above information, the ISO will perform an independent review of the development status of the market-based solution to determine whether it remains viable to meet the identified Reliability Need by the need date. If the ISO, at any time, learns of a material change in the project status of a market-based solution, it may, at that time, make a determination as to the continued viability of such project.

31.2.8.3.6 The ISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the project Developer along with the basis for its intended determination. The ISO shall provide the Developer a reasonable period (not more than 2 weeks) to respond to the ISO's intended determination, including an opportunity to provide additional information to the ISO to support the continued viability of the proposed solution.

31.2.8.3.7 If the ISO determines that a market-based solution that is needed to meet an identified Reliability Need is no longer viable, it will request that a regulated solution proceed or seek other measures including, but not limited to, a Gap Solution, to ensure the reliability of the system.

31.2.8.3.8 If the ISO determines that the market-based solution is still viable, but that its in-service date is likely to slip beyond the Target Year, the ISO may, if needed, request the Responsible Transmission Owner to prepare a Gap Solution in accordance with the provisions of Section 31.2.11 of this Attachment Y.

### **31.2.9 Process for Consideration of Regulated Backstop Solution and Alternative Regulated Solutions**

Upon a determination by the ISO under Section 31.2.8 that a regulated solution should proceed, the Responsible Transmission Owner, Other Developer, or Transmission Owner will make a presentation to the ESPWG that will provide a description of the regulated solution. The presentation will include a non-binding preliminary cost estimate of that regulated solution; provided, however, that the Responsible Transmission Owner, Other Developer or Transmission Owner shall be entitled to full recovery of all reasonably incurred costs as described in Rate Schedule 10 of the ISO OATT. The ISO and stakeholders through this process will have the opportunity to review and discuss the scope of the projects and their associated non-binding preliminary cost estimates prior to implementation.

### **31.2.10 Process for Addressing Inability of Responsible Transmission Owner, Other Developer, or Transmission Owner to Complete Triggered Regulated Solution**

31.2.10.1 The ISO may take the actions described in Sections 31.2.10.1.1 through 31.2.10.1.4 as soon as practicable if: (i) a Responsible Transmission Owner, Other

Developer or Transmission Owner of a regulated transmission solution is required to enter into a Development Agreement pursuant to Section 31.2.8.1.6, and (ii) one of the following events occur: (A) the Responsible Transmission Owner, Other Developer or Transmission Owner responsible for the regulated transmission solution does not execute the Development Agreement, or does not request that it be filed unexecuted with the Commission, within the timeframes set forth in Section 31.2.8.1.6, or (B) the ISO determines that an effective Development Agreement may be terminated or terminates the Development Agreement under the terms of the agreement prior to the completion of the term of the agreement.

31.2.10.1.1 If the Development Agreement has been filed with and accepted by the Commission and is terminated under the terms of the agreement, the ISO shall, upon terminating the Development Agreement, file a notice of termination with the Commission.

31.2.10.1.2 The ISO may revoke its selection of the regulated transmission solution and the eligibility of the Developer to recover its costs pursuant to the ISO's regional cost allocation mechanism; *provided, however*, the Developer may recover its costs to the extent provided in Sections 31.2.8.1.1, 31.2.8.2.1, 31.2.8.2.2, 31.2.8.2.5, and 31.2.8.2.6 or as otherwise determined by the Commission.

31.2.10.1.3 The ISO may take one or more of the following actions to address the Reliability Need based on the particular circumstances: (i) address the Reliability Need in the CRP for the next planning cycle; (ii) address the Reliability Need in

the next Short-Term Reliability Process; (iii) direct the Developer to continue with the development of its regulated transmission solution for completion beyond the in-service date required to address the Reliability Need; (iv) direct the Responsible Transmission Owner to proceed with its regulated backstop solution if it has not yet been halted by the ISO pursuant to Section 31.2.8.2.1; (v) request that the Responsible Transmission Owner complete the selected alternative regulated transmission solution; (vi) commence the Gap Solution process under Section 31.2.11; and/or (vii) adopt new ISO or Transmission Owner operating procedures. If a Responsible Transmission Owner agrees to complete the selected alternative regulated transmission solution, it shall enter into a Development Agreement with the ISO in accordance with Sections 31.2.8.1.6 and 31.2.8.1.7.

31.2.10.1.4 If the Responsible Transmission Owner agrees to complete the selected alternative regulated transmission solution, the Responsible Transmission Owner and the Other Developer or Transmission Owner that proposed the selected alternative regulated transmission solution shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of Developer's rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii), if the Developer is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the Responsible



Transmission Owner and the Developer will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

31.2.10.2 If: (i) the Responsible Transmission Owner's non-transmission or partial transmission regulated backstop solution has been triggered by the ISO under Sections 31.2.8.1.2, 31.2.8.1.3, or 31.2.8.1.4, and the regulated backstop solution has not been halted by the ISO under Section 31.2.8.2.1, and (ii) the ISO determines that the Responsible Transmission Owner: (A) has not submitted its proposed regulated backstop solution for necessary regulatory action within a reasonable period of time, (B) is unable to or fails to obtain the approvals or property rights necessary to construct the project, or (C) is otherwise not taking the actions necessary to construct the project to satisfy the Reliability Need by the need date, the ISO shall: (i) submit a report to the Commission for its consideration and determination of whether action is appropriate under federal law, and (ii) take such action as it reasonably considers is appropriate to ensure that the Reliability Need is satisfied by the need date.

### **31.2.11 Gap Solutions**

31.2.11.1 If the ISO determines that neither market-based proposals nor regulated proposals can satisfy the Reliability Needs by the need date, the ISO will set forth its determination that a Gap Solution is necessary in the CRP. The ISO will also request the Responsible Transmission Owner to seek a Gap Solution. Gap Solutions may include generation, transmission, or demand side resources.

- 31.2.11.2 If there is an imminent threat to the reliability of the New York State Power System, the ISO Board, after consultation with the NYDPS, may request the appropriate Transmission Owner or Transmission Owners to propose a Gap Solution outside of the normal planning cycle.
- 31.2.11.3 Notwithstanding Sections 31.2.11.1 and 31.2.11.2, if a Market Participant notifies the ISO of its intent for its Generator to be Retired or to enter into a Mothball Outage pursuant to Section 38.3.1 of Attachment FF of the ISO OATT or if a Market Participant's Generator enters into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, the ISO will evaluate whether a Short-Term Reliability Process Need or an immediate reliability need will result from the Generator's deactivation and will address any resulting Short-Term Reliability Process Need or immediate reliability need in accordance with the Short-Term Reliability Process set forth in Attachment FF of the ISO OATT.
- 31.2.11.4 Upon the ISO's determination of the need for a Gap Solution, pursuant to Sections 31.2.11.1 or 31.2.11.2 above, the Responsible Transmission Owner will propose such a solution as soon as reasonably possible, for consideration by the ISO and NYDPS. The Responsible Transmission Owner shall be eligible to recover its costs for developing its Gap Solution proposal and seeking necessary approvals pursuant to the cost recovery requirements in Section 31.5.6 of this Attachment Y and Rate Schedule 10 of the ISO OATT.
- 31.2.11.5 Any party may submit an alternative Gap Solution proposal to the ISO and the NYDPS for their consideration. The ISO shall evaluate all Gap Solution

proposals to determine whether they will meet the Reliability Need or imminent threat. The ISO will also evaluate, as an alternative Gap Solution proposal, any Generator in a Mothball Outage or an ICAP Ineligible Forced Outage to determine whether its return to service would meet the Reliability Need or imminent threat; provided, however, that the Mothball Outage began on or after May 1, 2015 and the ICAP Ineligible Forced Outage followed a Forced Outage that began after May 1, 2015. The ISO will report the results of its evaluation to the party making the proposal, or to the Generator when evaluating its return to service, as well as to the NYDPS and/ or other appropriate governmental agency(ies) and/or authority(ies) for consideration in their review of the proposals. The appropriate governmental agency(ies) and/or authority(ies) with jurisdiction over the implementation or siting of Gap Solutions will determine whether the Gap Solution or an alternative Gap Solution will be implemented to address the identified Reliability Need. When the return to service of a Generator in a Mothball Outage or an ICAP Ineligible Forced Outage has been selected as either the Gap Solution or to resolve a reliability issue arising on a non-New York State Bulk Power Transmission Facility during its outage, the compensation and return to service procedures set forth in Section 5.18.4 of the Services Tariff shall apply.

31.2.11.6 A Responsible Transmission Owner, Other Developer, or Transmission Owner may recover its costs with respect to a transmission Gap Solution that is implemented pursuant to Section 31.2.11.5 in accordance with the cost recovery

requirements in Section 31.5.6 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

31.2.11.7 Gap Solution proposals submitted under Sections 31.2.11.4 and 31.2.11.5 shall be designed to be temporary solutions and to strive to be compatible with permanent market-based proposals.

31.2.11.8 A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

### **31.2.12 Confidentiality of Solutions**

31.2.12.1 The term “Confidential Information” shall include all types of solutions to Reliability Needs that are submitted to the ISO as a response to Reliability Needs identified in any RNA issued by the ISO as part of the Reliability Planning Process if the Developer of that solution designates such reliability solutions as “Confidential Information.” Notwithstanding the requirements in this Section 31.2.12 or the Developer’s designation of project information as “Confidential Information,” the ISO may publicly disclose information regarding the proposed facility that the ISO is required to disclose under its interconnection or transmission expansion processes pursuant to Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH of the ISO OATT.

31.2.12.2 For regulated backstop solutions and plans submitted by the Responsible Transmission Owner in response to the findings of the RNA, the ISO shall maintain the confidentiality of same until the ISO and the Responsible Transmission Owner have agreed that the Responsible Transmission Owner has submitted viable and sufficient regulated backstop solutions and plans to meet the

Reliability Needs identified in an RNA and the Responsible Transmission Owner consents to the ISO's inclusion of the proposed solution in the CRP. Thereafter, the ISO shall disclose the regulated backstop solutions and plans to the Market Participants; however, any preliminary cost estimates that may have been provided to the ISO shall not be disclosed.

31.2.12.3 For an alternative regulated response, the ISO shall determine, after consulting with the Developer thereof, whether the response would meet a Reliability Need identified in an RNA, whether the response is viable and sufficient to meet all or part of the Reliability Need, and the Developer consents to the ISO's inclusion of the proposed solution in the CRP. Thereafter, the ISO shall disclose the alternative regulated response to the Market Participants and other interested parties; however, any preliminary cost estimates that may have been provided to the ISO shall not be disclosed.

31.2.12.4 For a market-based response, the ISO shall maintain the confidentiality of same during the Reliability Planning Process and in the CRP, except for the following information which may be disclosed by the ISO: (i) the type of resource proposed (e.g., generation, transmission, demand side); (ii) the size of the resource expressed in megawatts of equivalent load that would be served by that resource; (iii) the subzone in which the resource would interconnect or otherwise be located; and (iv) the proposed in-service date of the resource.

31.2.12.5 In the event that the Developer of a market-based response has made a public announcement of its project or has submitted a proposal for interconnection with the ISO, the ISO shall disclose the identity of the market-

based Developer and the specific project during the Reliability Planning Process and in the CRP.

### **31.2.13 Monitoring of Reliability Project Status**

31.2.13.1 The ISO will monitor and report on the status of market-based solutions to ensure their continued viability to meet Reliability Needs by the need date in the CRP. The ISO shall assess the continued viability of such projects using the following criteria:

31.2.13.1.1 Between three and five years before the Trigger Date for a regulated solution, the ISO will use a screening analysis to verify the feasibility of the proposed market-based solution (this analysis will not require final permit approvals or final contract documents).

31.2.13.1.2 Between one and two years before the Trigger Date for a regulated solution, the ISO will perform a more extensive review of the proposed market-based solution, including such elements as: status of the required interconnection studies, contract negotiations, permit applications, financing, and Site Control.

31.2.13.1.3 Less than one year before the Trigger Date of a regulated solution, the ISO will perform a detailed review of the market-based solution's status and schedule, including the status of: (1) final permits; (2) required interconnection studies; (3) the status of an interconnection agreement; (4) financing; (5) equipment; and (6) the implementation of construction schedules.

31.2.13.1.4 If the ISO, following its analysis, determines that a proposed market-based solution is no longer viable to meet the Reliability Need, the proposed market-based solution will be removed from the list of potential market-based solutions.

31.2.13.2 The ISO will monitor and report on the status of regulated solutions to ensure their continued viability to meet Reliability Needs by the need date in the CRP. The ISO will undertake this monitoring and reporting in accordance with this Attachment Y, ISO Procedures, and the terms of the Development Agreement (if applicable) until the project has been completed and is in-service or has been halted in accordance with this Attachment Y or the terms of the Development Agreement (if applicable). Prior to the Trigger Date for the regulated solution, the ISO shall assess the continued viability of regulated solutions using the following criteria:

31.2.13.2.1 Between three and five years before the Trigger Date for the regulated solution, the ISO will use a screening analysis to verify the feasibility of the regulated solution.

31.2.13.2.2 Between one and two years before the Trigger Date for the regulated solution, the ISO will perform a more extensive review of the proposed regulated solution, including such elements as: the status of the required interconnection studies, contract negotiations, permit applications, financing, and Site Control.

31.2.13.2.3 Less than one year before the Trigger Date for the regulated solution, the ISO will perform a detailed review of the regulated solution's status, including the status of: (1) final permits; (2) required interconnection studies; (3) the status of an interconnection agreement; (4) financing; (5) equipment; and (6) the implementation of construction schedules.

31.2.13.2.4 Prior to making a determination about the viability of a regulated solution, the ISO will communicate its intended determination to the project sponsor along

with the basis for its intended determination, and will provide the sponsor a reasonable period (not more than two weeks) to respond to the ISO's intended determination, including an opportunity to provide additional information to the ISO to support the continued viability of the proposed regulated solution. If the ISO, following its analysis, determines that a proposed regulated solution is no longer viable to meet the Reliability Need, the proposed regulated solution will be removed from the list of potential regulated solutions.



### **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, X, or HH 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 Attachments X, Z, or HH 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.

## **31.4 Public Policy Transmission Planning Process**

### **31.4.1 General**

The Public Policy Transmission Planning Process shall consist of three steps: (1) identification of Public Policy Transmission Needs; (2) requests for proposed Public Policy Transmission Projects and Other Public Policy Projects to address those Public Policy Transmission Needs and the evaluation of those projects; and (3) selection of the more efficient or cost-effective Public Policy Transmission Project, if any, to satisfy each Public Policy Transmission Need to be eligible for cost allocation under the ISO OATT and designation of the selected Public Policy Transmission Project to the Designated Entity or Designated Entities that shall be responsible for developing the Designated Public Policy Project(s). The Public Policy Transmission Planning Process will be conducted on a two-year cycle, unless requested by the NYPSC to be conducted out of that cycle. If the Public Policy Transmission Planning Process cannot be completed in the 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. The NYPSC's issuance of a written statement pursuant to Section 31.4.2.1 below will occur after the draft RNA study results are posted.

### **31.4.2 Identification and Posting of Proposed Transmission Needs Driven by Public Policy Requirements**

At the start of each cycle for the Public Policy Transmission Planning Process, the ISO will provide a 60-day period, which time period may be extended by the ISO pursuant to Section 31.1.8.7, to allow any stakeholders or interested parties to submit to the ISO, or for the ISO on its own initiative to identify, any proposed transmission need(s) that it believes are being driven by Public Policy Requirement(s) 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, propose criteria for the evaluation of transmission solutions to that need, and describe how the construction of transmission will fulfill the Public Policy Requirement(s).

For submittals to identify transmission needs pursuant to Section 31.4.2.1, the ISO will post all submittals on its website after the end of the needs solicitation period, and will submit to the NYPSC all submittals proposed by stakeholders, other interested parties, and any additional transmission needs and criteria identified by the ISO. For submittals to identify transmission needs that require a physical modification to transmission facilities in the Long Island Transmission District pursuant to Section 31.4.2.3, the ISO will post all submittals on its website after the end of the needs solicitation period, and will provide to the NYPSC and the Long Island Power Authority all submittals proposed by stakeholders, other interested parties, and any additional transmission needs and criteria identified by the ISO.

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

The NYPSC 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 NYPSC will maintain 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, provide the ISO and interested parties a meaningful opportunity to participate in such process, provide input regarding the NYPSC's considerations, and result 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 NYPSC may, on its own, identify a transmission need driven by a Public Policy Requirement. Any such

transmission need identified by the NYPSC on its own shall be described by the NYPSC 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 NYPSC's 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 NYPSC relating thereto.

The ISO shall assist the NYPSC in its analyses as requested. The NYPSC 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 NYPSC shall issue a written statement that identifies the relevant Public Policy Requirements driving transmission needs and explains why it has identified the Public Policy Transmission Needs for which transmission solutions will be requested by the ISO. The statement shall also explain why transmission solutions to other suggested transmission needs should not be requested. The NYPSC's statement may also provide: (i) additional criteria for the evaluation of transmission solutions and non-transmission projects, (ii) the required timeframe, if any, for completion of the proposed solution, and (iii) the type of analyses that it will request from the ISO.

If the NYPSC does not identify any transmission needs driven by Public Policy Requirements, it will provide confirmation of that conclusion to the ISO, and the ISO shall not request solutions. The ISO shall post the NYPSC's statement on the ISO's website.

#### **31.4.2.2 Disputes of NYPSC Determinations**

In the event that a dispute is raised solely within the NYPSC's jurisdiction relating to any NYPSC decision to either accept or deny a proposed transmission need as one for which transmission solutions should be requested, the dispute shall be addressed through judicial

review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

### **31.4.2.3 Identification and Determination of Transmission Needs Within the Long Island Transmission District Driven by Public Policy Requirements**

The Long Island Power Authority, pursuant to its jurisdiction under Title 1-A of Article 5 (§1020 et seq.) of the Public Authorities Law of the State of New York, shall identify and determine whether a Public Policy Requirement drives the need for a physical modification to transmission facilities in the Long Island Transmission District. The identification and determination of such transmission needs shall be consistent with Section 31.4.2.1, as further supplemented by this Section 31.4.2.3. The Long Island Power Authority shall have no authority to identify a transmission need outside of the Long Island Transmission District.

Based on the information provided by the ISO pursuant to Section 31.4.2, the Long Island Power Authority shall review whether a proposed Public Policy Requirement drives the need for a physical modification to transmission facilities in the Long Island Transmission District. In addition, the following requirements shall apply to the Long Island Power Authority:

- (i) The Long Island Power Authority shall consult with the NYDPS on the identification of transmission needs driven by a Public Policy Requirement solely within the Long Island Transmission District;
- (ii) Upon completion of its review, the Long Island Power Authority shall issue a written statement explaining whether a Public Policy Requirement does or does not drive the need for a physical modification to transmission facilities solely within the Long Island Transmission District, and describing the consultation undertaken with the NYDPS;

- (iii) In conjunction with the issuance of its written statement, the Long Island Power Authority shall transmit to the NYPSC and request that it review and determine whether a transmission need solely within the Long Island Transmission District identified by the Long Island Power Authority as being driven by a Public Policy Requirement should be considered a Public Policy Transmission Need for purposes of the evaluation of solutions by the ISO and the potential eligibility of transmission solutions for selection and regional cost allocation under the ISO OATT. Any transmission need within the Long Island Transmission District that has been identified by the Long Island Power Authority, but which the NYPSC has not determined to be a Public Policy Transmission Need that would be evaluated by the ISO, shall be addressed under the Long Island Power Authority's Local Transmission Plan.
- (iv) The determination of whether there is a transmission need solely within the Long Island Transmission District is the sole responsibility of the Long Island Power Authority;
- (v) The NYDPS and Long Island Power Authority shall consult and coordinate on procedures to be adopted by the NYPSC and Long Island Power Authority to ensure that their respective determinations under this Section 31.4.2.3, including any NYPSC determination that there is a Public Policy Transmission Need within the Long Island Transmission District for which solutions should be evaluated by the ISO, are completed, publicly posted and transmitted to the ISO at the same time as the NYPSC makes its final determinations pursuant to Section 31.4.2.1; and

- (vi) In the event that a dispute is raised solely within the Long Island Power Authority's jurisdiction relating to a decision by the Long Island Power Authority to either accept or deny a proposed transmission need solely within the Long Island Transmission District, the dispute shall be addressed through judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

### **31.4.3 Request for Proposed Solutions**

The ISO will request proposed Public Policy Transmission Projects, including Interregional Transmission Projects, to satisfy each Public Policy Transmission Need identified pursuant to Sections 31.4.2.1 through 31.4.2.3. An Interregional Transmission Project shall be: (i) evaluated in accordance with the applicable requirements of the Public Policy Transmission 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. The ISO shall also accept specific proposed Other Public Policy Projects to satisfy a Public Policy Transmission Need identified pursuant to Sections 31.4.2.1 through 31.4.2.3.

#### **31.4.3.1 ISO Request for Proposed Solutions**

Following posting of a determination pursuant to Sections 31.4.2.1 through 31.4.2.3, the ISO will request that Developers propose specific solutions, whether Public Policy Transmission Project(s) or Other Public Policy Project(s), to satisfy each identified Public Policy Transmission Need in accordance with the requirements set forth in Section 31.4.4.3. Any proposed transmission needs that are under appeal pursuant to Section 31.4.2.2 or Section 31.4.2.3(vi) may

be addressed with proposed solutions, if required, except where the NYPSC order has been stayed pending the resolution of that appeal.

#### **31.4.3.2 NYPSC and LIPA Requests for Solutions**

To ensure that there will be a response to a Public Policy Transmission Need, the NYPSC may request the appropriate Transmission Owner(s) or Other Developer, as identified by the NYPSC, to propose a Public Policy Transmission Project. With respect to a transmission need identified by the Long Island Power Authority and determined to be a Public Policy Transmission Need by the NYPSC pursuant to Section 31.4.2.3, the Long Island Power Authority's Board of Trustees may request that an appropriate Transmission Owner(s) or Other Developer propose a Public Policy Transmission Project or Other Public Policy Project. A request for the provision of a Public Policy Transmission Project or Other Public Policy Project by either the NYPSC or the Long Island Power Authority's Board of Trustees, pursuant to this section, is supplementary to, and not to the exclusion of, the submission of proposed projects pursuant to Section 31.4.3.1. Costs incurred by a Transmission Owner or Other Developer in preparing a proposed transmission solution in response to a request under this Section 31.4.3.2 will be recoverable under Section 31.5.6 and Rate Schedule 10 of the ISO OATT. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission.

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

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.4.4 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 31.4.4.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.4.4.1.1 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.

#### **31.4.4.1 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 Public Policy Transmission Project. The ISO shall consider the qualification of each Developer in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

##### **31.4.4.1.1 Developer Qualification Criteria**

The ISO shall make a determination on the qualification of a Developer to propose to develop a Public Policy Transmission Project based on the following criteria:

- 31.4.4.1.1.1 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;

31.4.4.1.1.2 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

31.4.4.1.1.3 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, if available;
- (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 Public Policy Transmission Need.

31.4.4.1.1.4 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.

#### **31.4.4.1.2 Developer Qualification Determination**

Any Developer seeking to be 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 31.4.4.1.1.3 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 Public Policy Transmission Project and shall be eligible to use the cost allocation and cost recovery mechanism for regulated Public Policy Transmission Projects set forth in Section 31.5 of this Attachment Y and the Rate Schedule 10 of the ISO OATT for any approved project.

**31.4.4.2 Reserved.**

**31.4.4.3 Submittal of Project Information and Developer Qualification  
Information and Opportunity to Provide Additional Information**

31.4.4.3.1 Following the posting of the NYPSC's determination of a Public Policy Transmission Need in accordance with Sections 31.4.2.1 through 31.4.2.3 and before issuing a solicitation for solutions in accordance with Section 31.4.3, the ISO shall hold a technical conference with Developers and interested parties to obtain their input on the ISO's application of the selection metrics set forth in Section 31.4.8.1 for purposes of soliciting solutions to the Public Policy Transmission Need. To the extent practicable, before issuing a solicitation for solutions in accordance with Section 31.4.3, the ISO will present to Developers and interested parties any contingency percentage and escalation factors that its

independent consultant will use in formulating capital cost estimates for proposed Public Policy Transmission Projects.

31.4.4.3.2 All Developers proposing Public Policy Transmission Projects or Other Public Policy Projects to satisfy a Public Policy Transmission Need shall submit to the ISO within 60 days of the ISO's request for solutions to a Public Policy Transmission Need, which time period may be extended by the ISO pursuant to Section 31.1.8.7, the project information required under Section 31.4.5. The only permitted alternatives within a proposed Public Policy Transmission Project are routing alternatives as provided in Section 31.4.5.1.3. Any other alternative must be submitted as a separate Public Policy Transmission Project.

31.4.4.3.3 If the Developer submits Confidential Information, as defined in Section 31.4.15, as part of its project information submitted pursuant to Section 31.4.4.3.2 or as part of its additional project information submitted pursuant to Section 31.4.4.3.5, the Developer shall submit redacted and un-redacted versions of this project information pursuant to Section 31.4.15.4.

31.4.4.3.4 The Developer of a Public Policy Transmission Project must also demonstrate to the ISO, simultaneous with its submission of project information, that it: (i) has submitted, as applicable, a new or revised Transmission Interconnection Application under Attachment P to the ISO OATT or Interconnection Request under Attachment X to the ISO OATT, or (ii) has completed a Cluster Study Process for a Cluster Study Transmission Project under Attachment HH to the ISO OATT. The project information submitted by the Developer for its Public Policy Transmission Project in accordance with this

Section 31.4.4.3 shall be the same as the Developer's proposed project in its Transmission Interconnection Application or Interconnection Request, as applicable, including the same electrical characteristics, related modeling information, and contingency information necessary to perform all analyses, including thermal, voltage, stability, short circuit, and transfer limit analyses.

31.4.4.3.5 If: (i) the ISO determines that a Developer's submission of its project information is incomplete, or (ii) the ISO determines at any time in the planning process that additional project information is required, the ISO shall request that the Developer provide additional project information within the timeframe set forth in Section 31.4.4.3.8. A Developer's failure to provide the data requested by the ISO or to satisfy the other requirements in Sections 31.4.4.3 or 31.4.4.4 within the required timeframes shall result in the rejection of the Developer's proposed Public Policy Transmission Project or Other Public Policy Project from further consideration during that planning cycle.

31.4.4.3.6 Any Developer that the ISO has determined under Section 31.4.4.1.2 of this Attachment Y to be qualified to propose to develop a transmission project as a transmission solution to a Public Policy Transmission Need may submit the required project information for its proposed Public Policy Transmission Project; *provided, however*, that based on the actual identified need that requires resolution, the ISO may request that the qualified Developer provide additional Developer qualification information within the timeframe set forth in Section 31.4.4.3.8.

31.4.4.3.7 Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a Public Policy Transmission Project, must submit to the ISO the information required for Developer qualification under Section 31.4.4.1 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 and request that the Developer provide additional Developer qualification information within the timeframe set forth in Section 31.4.4.3.8. The ISO shall notify a Developer that has submitted the requested Developer qualification information whether it is qualified to propose to develop a Public Policy Transmission Project to be considered in that planning cycle.

31.4.4.3.8 The Developer shall submit additional Developer qualification information or project information required by the ISO within 15 days of the ISO's request.

31.4.4.3.9 If a Developer fails to timely submit the additional Developer qualification information requested by the ISO, the Developer will not be eligible for its proposed Public Policy Transmission Project to be considered in that planning cycle.

31.4.4.3.10 Within five (5) business days of its receipt of proposed Public Policy Transmission Projects and Other Public Policy Projects pursuant to Section 31.4.4.3.2, the ISO shall publicly post a brief description of the project proposals in accordance with ISO Procedures, which description shall not include Critical

Energy Infrastructure Information or Confidential Information, as defined in  
Section 31.4.15.

31.4.4.3.11 Following the ISO's determination that the project information submitted by the Developer for its proposed Public Policy Transmission Project pursuant to Sections 31.4.4.3.2 and 31.4.4.3.5 is complete (provided that the ISO may request at any time additional information pursuant to Section 31.4.4.3.5) and at least 30 calendar days prior to the ISO's presentation of its Viability and Sufficiency Assessment pursuant to Section 31.4.6.5, the ISO shall make available upon request the redacted version of Developer's initial submission of project information required pursuant to Section 31.4.5 for its proposed Public Policy Transmission Project, subject to the requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information. Within thirty (30) days of the ISO's receipt of any additional project information submitted by the Developer for its proposed Public Policy Transmission Project pursuant to Section 31.4.4.3.5, the ISO shall make available to any requestor that requested the initial submission of project information or upon request from any other requestor the redacted version of the additional project information, subject to the requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information.

**31.4.4.4. Application Fee and Study Deposit for Proposed Regulated Public Policy Transmission Project**

All Developers that propose Public Policy Transmission Projects shall for each such project, at the same time that they provide project information pursuant to Section 31.4.4.3.2, (i)



execute a study agreement with the ISO in the form set forth in Section 31.12 (Appendix I) of this Attachment Y for purposes of the ISO's evaluation of the proposed Public Policy Transmission Project under Sections 31.4.7, 31.4.8, 31.4.9, 31.4.10, and 31.4.11, and (ii) submit to the ISO: (A) a non-refundable application fee of \$10,000, and (B) a study deposit of \$100,000, which shall be applied to study costs and subject to refund as described in this Section 31.4.4.4. The study deposit 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 31.4.4.4.

The ISO shall charge, and a Developer proposing a regulated Public Policy Transmission Project shall pay, the actual costs of the ISO's evaluation of the Developer's proposed Public Policy Transmission Project for purposes of the ISO's selection of the more efficient or cost effective Public Policy Transmission Project to satisfy a Public Policy Transmission 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 Public Policy Transmission Project under Sections 31.4.7, 31.4.8, 31.4.9, 31.4.10, and 31.4.11 and any supplemental evaluation or re-evaluation of the proposed Public Policy Transmission Project. If the ISO or its subcontractors perform study work for multiple proposed Public Policy Transmission Projects 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 Public Policy Transmission Projects 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 Public Policy Transmission Project and may disqualify the Developer's proposed Public Policy Transmission Project from further consideration. After the conclusion of the ISO's evaluation of the Developer's proposed Public Policy Transmission Project or if the Developer: (i) withdraws its proposed Public Policy Transmission Project or (ii) fails to pay an invoiced amount and the ISO halts its evaluation of the proposed Public Policy Transmission Project, 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 31.4.4.4 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 Public Policy Transmission Project. 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 Public Policy Transmission Project.

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.

### **31.4.5 Project Information Requirements**

#### **31.4.5.1 Requirements for Public Policy Transmission Projects**

31.4.5.1.1 In response to the ISO's solicitation for solutions pursuant to Section 31.4.4.3.2, a Developer proposing a Public Policy Transmission Project to satisfy a Public Policy Transmission Need 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 and Developer's identification of any Public Policy Transmission Upgrade(s) included as part of its project; (4) evidence of a commercially viable technology; (5) a detailed major milestone schedule and expected In-Service Date of the project, as well as identification of in-service dates for specific components (such as a Public Policy Transmission Upgrade) to properly sequence the project; (6) a schedule for obtaining any required permits and other certifications; (7) a transmission and substation routing study or studies and demonstration that the

Developer already possesses the rights of way necessary to implement the project or has specified a detailed plan or approach and schedule for acquiring property rights; (8) status of any contracts (other than an interconnection agreement) that are under negotiations or in place, including any contracts with third-party contractors; (9) a Transmission Interconnection Application or Interconnection Request, as applicable, as described in Section 31.4.4.3.4; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) capital cost estimates for the project; (13) any Cost Cap that the Developer voluntarily submits in accordance with Section 31.4.5.1.8; (14) a description of permitting requirements and other specific risks facing the project at the stage of project development, including any specific proposed mitigation to permitting risks, and evidence of the reasonableness of project capital cost estimates all based on the information available at the time of the submission; and (15) any other information required by ISO Procedures or requested by the ISO.

31.4.5.1.2 A Developer shall submit the following information to indicate its capital cost estimates for the project. The Developer shall provide the ISO with credible capital cost estimates for its proposed project, 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 Public Policy Transmission Need. 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 project, 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 (separately identifying new transmission facilities and Public Policy Transmission Upgrades) and (ii) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, Distribution Upgrades, and/or Attachment Facilities, as applicable, that: (a) the ISO has identified as required to interconnect the proposed project to the New York State Transmission System in compliance with the applicable interconnections standard in an interconnection study or transmission expansion study that is performed under Attachments P, S, X, or HH of the ISO OATT or (b) the Developer voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on ISO-conducted interconnection or transmission expansion studies, as applicable).

- 31.4.5.1.3 A completed transmission and substation routing study provided by the Developer shall: (i) identify a specific routing plan with alternatives, (ii) include a schedule indicating the timing for obtaining siting and permitting, and (iii)

provide specific attention to sensitive areas (*e.g.*, wetlands, river crossings, protected areas, and schools).

31.4.5.1.4 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 Section 31.4.15 and 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.”

31.4.5.1.5 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.

31.4.5.1.6 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.

31.4.5.1.7 Upon the completion of any interconnection study or transmission expansion study of a proposed Public Policy Transmission Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, or HH 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.

31.4.5.1.8 A Developer may voluntarily submit with its project information a Cost Cap for its proposed Public Policy Transmission Project that covers its Included Capital Costs, as defined in Section 31.4.5.1.8.1, but not its Excluded Capital Costs, as defined in Section 31.4.5.1.8.2. The Developer must submit any Cost Cap in the form of a hard Cost Cap or a soft Cost Cap in accordance with Section 31.4.5.1.8.3. If the Developer's proposed Public Policy Transmission Project is selected by the ISO pursuant to Sections 31.4.8.2 and 31.4.11, the Developer shall include its proposed Cost Cap in its Development Agreement for its Designated Public Policy Project in accordance with Section 31.4.12.2. In accordance with Section 6.10.6 of the ISO OATT, the Developer of the selected Public Policy Transmission Project shall file its Cost Cap for its Designated Public Policy Project at the Commission and 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 of the ISO OATT. The Developer of the selected Public Policy Transmission Project may recover for its Designated Public Policy Project through Rate Schedule 10 of the ISO OATT, subject to the cost recovery requirements in Section 6.10.4 or 6.10.5, as applicable, of the ISO OATT, the Included Capital Costs that do not exceed the amount in its Cost Cap, Excluded Capital Costs as defined in Section 31.4.5.1.8.2, and any Included Capital Costs permitted for excusing conditions as defined in Section 6.10.6.2 of the ISO OATT.

31.4.5.1.8.1 A Developer that elects to submit a Cost Cap for its proposed Public Policy Transmission Project must propose to contain all capital costs incurred by a Developer to plan for and construct a Public Policy Transmission Project, and to make it ready for its intended use (the “Included Capital Costs”), with the exception of the capital costs defined as Excluded Capital Costs in Section 31.4.5.1.8.2. Capital costs include the cost of contract work, labor, materials and supplies, transportation, special machine services, shop services, protection, injuries and damages, privileges and permits, engineering services, reasonably expected environmental site remediation and environmental mitigation costs as described in Section 31.4.5.1.8.1.1, general administration services, legal services, real estate and land rights, rents, studies, training, asset retirement, and taxes. At its option, a Developer may choose to include as Included Capital Costs real estate costs for existing rights-of-way that are part of the proposed Public Policy



Transmission Project, but are not owned by the Developer (*e.g.*, existing utility rights-of-way).

31.4.5.1.8.1.1 For purposes of Section 31.4.5.1.8.1, the phrase “reasonably expected environmental site remediation and environmental mitigation costs” means any estimated site investigation and remediation costs to the extent they would arise in the normal course of planning and constructing a Public Policy Transmission Project, which includes, but is not limited to, the following circumstances:

- (i) For project sites for which an environmental site assessment has already been conducted or environmental remediation or mitigation activities are ongoing, the Developer shall provide an estimate of any additional environmental site investigation, remediation, or mitigation that is known or reasonably anticipated at the time of submission.
- (ii) For project sites for which the Developer has no reason to believe any environmental remediation or mitigation is required without undertaking a site investigation, such as but not limited to any greenfield or undeveloped land, the Developer shall provide an estimate of the cost to perform a Phase I Environmental Site Assessment on a per mile basis.
- (iii) For project sites for which the Developer has reason to believe environmental site investigation, remediation, or mitigation may be required, the Developer shall provide an estimate of the cost to perform such environmental site investigation, remediation, or mitigation to the extent possible based upon the information reasonably available to the Developer at the time of submission.

31.4.5.1.8.2 A Developer may not include the “Excluded Capital Costs” of a proposed Public Policy Transmission Project in a Cost Cap submitted to the ISO. Excluded Capital Costs include the following categories of costs: (i) the cost of Public Policy Transmission Upgrade(s); (ii) the cost of upgrade facilities determined by the ISO that are necessary for the reliable interconnection of the proposed Public Policy Transmission Project in one of its transmission expansion or interconnection processes; (iii) debt costs, allowance for funds used during construction (“AFUDC”), and other representations of the cost of financing the transmission project during the construction timeframe that may be included as part of the capital cost of the project when it enters into service or as otherwise determined by the Commission; (iv) unforeseeable environmental remediation and environmental mitigation costs as described in Section 31.4.5.1.8.2.1, and (v) real estate costs for existing rights-of-way that are part of the proposed Public Policy Transmission Project, but are not owned by the Developer, that Developer chooses not to include as Included Capital Costs pursuant to Section 31.4.5.1.8.1.

31.4.5.1.8.2.1 For purposes of Section 31.4.5.1.8.2, the phrase “unforeseeable environmental remediation and environmental mitigation costs” means any costs relating to environmental remediation and environmental mitigation that are not anticipated by the Developer or are otherwise indeterminable based upon information reasonably available to the Developer at the time of submission, including any environmental remediation or mitigation costs that cannot be estimated by the Developer without performing an environmental site assessment or investigation; *provided, however*, that the cost of conducting such

environmental site assessment or investigation shall be considered an Included Capital Cost pursuant to Section 31.4.5.1.8.1. Costs attributable to environmental investigation, remediation, and mitigation that exceed the amount estimated in the Developer's bid based on, among other things, changes in the extent of known contamination will be considered "unforeseeable environmental remediation and environmental mitigation costs" and Excluded Capital Costs.

31.4.5.1.8.3 A Developer may submit a Cost Cap for its proposed Public Policy Transmission Project in the form of a hard Cost Cap or a soft Cost Cap. A hard Cost Cap for Included Capital Costs is a dollar amount for those costs above which the Developer commits in its proposed Public Policy Transmission Project not to recover from ratepayers. A soft Cost Cap for Included Capital Costs is a dollar amount for those costs above which the Included Capital Costs are shared between the Developer and ratepayers based on a defined percentage. The Developer's percentage of cost sharing under a soft Cost Cap of Included Capital Costs shall be at least twenty (20) percent.

31.4.5.1.8.4. A Developer must include contingency percentage and escalation factors, if any, applicable to the Included Capital Costs in its Cost Cap provided to the ISO as part of its proposal.

31.4.5.1.8.5 If the ISO identifies a deficiency in a Developer's Cost Cap, such as a discrepancy resulting from the ISO determining that (i) a Public Policy Transmission Upgrade is included in the Included Capital Costs or (ii) a facility identified by a Developer as a Public Policy Transmission Upgrade is not a Public Policy Transmission Upgrade, the ISO shall request additional information from

the Developer pursuant to Section 31.4.4.3.8, and the Developer may provide a revised Cost Cap that addresses the deficiency identified by the ISO.

### **31.4.5.2 Requirements for Other Public Policy Projects**

31.4.5.2.1 In response to the ISO's solicitation for solutions pursuant to Section 31.4.4.3.2, a Developer proposing an Other Public Policy Project to satisfy a Public Policy Transmission Need must provide, 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, if available; (7) a demonstration of Site Control or a schedule for obtaining Site Control, as applicable; (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, as applicable and if available; (10) the status of equipment availability and procurement, as applicable and if available; (11) evidence of financing or ability to finance the project; and (12) any other information required by ISO Procedures or requested by the ISO.

31.4.5.2.2 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 Section 31.4.15 and 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.”

31.4.5.2.3 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.

31.4.5.2.4 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.

31.4.5.2.5 Upon the completion of any interconnection study or transmission expansion study of a proposed Other Public Policy Project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P, X, Z, or HH 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.

### **31.4.6 ISO Evaluation of Proposed Solutions to Public Policy Transmission Needs**

#### **31.4.6.1 Evaluation Time Period**

The ISO will study proposed Public Policy Transmission Projects and Other Public Policy Projects using: (i) the most recent base case from the Reliability Planning Process, (ii) updates in accordance with ISO Procedures, and (iii) compensatory MWs as needed to resolve the Reliability Needs over the ten-year Study Period. The ISO will extend the most recent reliability and economic planning models for modeling solutions for Public Policy Transmission Needs by up to an additional twenty years following the Study Period, as appropriate based upon the Public Policy Requirement and the identified Public Policy Transmission Need.

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

The ISO shall evaluate any proposed Public Policy Transmission Project or Other Public Policy Project submitted by a Developer to a Public Policy Transmission Need. The ISO will evaluate whether each proposed solution is viable pursuant to Section 31.4.6.3 below and is sufficient to satisfy the Public Policy Transmission Need pursuant to Section 31.4.6.4. The proposed solution may include multiple components and resource types. When evaluating proposed solutions to a Public Policy Transmission Need from any Developer, the ISO shall consider all resource types – including generation, transmission, demand response, or a combination of these resource types – on a comparable basis as potential solutions. All solutions will be evaluated in the same general time frame.

### **31.4.6.3 Evaluation of Viability of Proposed Solution**

The ISO will determine the viability of a Public Policy Transmission Project or Other Public Policy Project – whether transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Public Policy Transmission Need. For purposes of its analysis, the ISO will consider: (i) the Developer qualification data provided pursuant to Section 31.4.4 and the project information data provided under Section 31.4.5; (ii) whether the proposed solution is technically practicable; (iii) the Developer’s possession of, or approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) whether the proposed solution can be completed in the required timeframe, if any. If the ISO determines that the proposed solution is not viable, the ISO shall reject the proposed solution from further consideration during that planning cycle.

### **31.4.6.4 Evaluation of Sufficiency of Proposed Solution**

The ISO will perform a comparable analysis of each proposed Public Policy Transmission Project or Other Public Policy Project – whether transmission, generation, demand response, or a combination of these resource types – to confirm that the proposed solution satisfies the Public Policy Transmission Need. The ISO will evaluate each solution to measure the degree to which the proposed solution independently satisfies the Public Policy Transmission Need, including the evaluation criteria provided by the NYPSC. If the ISO determines that the proposed solution is not sufficient, the ISO shall reject the proposed solution from further consideration during that planning cycle.

### **31.4.6.5 Viability and Sufficiency Assessment**

The ISO will present its Viability and Sufficiency Assessment to stakeholders, interested parties, and the NYDPS for comment. The Viability and Sufficiency Assessment shall identify the information and sources relied upon by the ISO, describe the ISO's assumptions, inputs, methodologies, and state the results of its analyses. The ISO shall file the final Viability and Sufficiency Assessment at the NYPSC. The ISO shall report in the Public Policy Transmission Planning Report the results of its evaluation under this Section 31.4.6 of whether each proposed Public Policy Transmission Project or Other Public Policy Project is viable and is sufficient to satisfy the identified Public Policy Transmission Need.

#### **31.4.6.5.1 Identification of Public Policy Transmission Upgrades in Proposed Public Policy Transmission Projects**

31.4.6.5.1.1 At least 30 Calendar Days prior to the ISO's presentation of the initial draft of the Viability and Sufficiency Assessment, the ISO shall post a list of the facilities that make up the Public Policy Transmission Projects (but not including potential interconnection facilities) that were evaluated in the Viability and Sufficiency Assessment. The list will identify which facilities are new transmission facilities and which facilities satisfy the definition of a Public Policy Transmission Upgrade. For those facilities that satisfy the definition of a Public Policy Transmission Upgrade, the list will also specify the Transmission Owner that owns the existing transmission facility that would be modified by an identified Public Policy Transmission Upgrade, to the extent such information is available. The ISO shall also include in the list, for informational purposes only, interconnection facilities identified in a proposal submitted by a Developer in accordance with Section 31.4.5.1.2 of this Attachment Y. Any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Public Policy Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the



ISO's posting of the list pursuant to this Section 31.4.6.5.1.1, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) through the ISO governance procedures in discussing the Viability and Sufficiency Assessment and as provided in Section 31.1.8.4 of this Attachment Y. The ISO shall post the final list pursuant to this Section 31.4.6.5.1.1 on or before the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC and shall note whether any of the facilities still have pending disputes at the time the list is posted.

31.4.6.5.1.2 For purposes of the ISO's ongoing solicitation as of October 12, 2021 of proposed solutions to address a Public Policy Transmission Need identified for the 2020-2021 planning cycle of the Public Policy Transmission Process, the ISO shall post a list of the facilities that make up the Public Policy Transmission Projects (but not including potential interconnection facilities) that were evaluated in the Viability and Sufficiency Assessment in accordance with the requirements in Section 31.4.6.5.1.1; *provided, however*, that, if the Commission has not accepted this Section 31.4.6.5.1 as of 30 Calendar Days prior to the ISO's presentation of the initial draft of the Viability and Sufficiency Assessment, the ISO will: (i) post the list of facilities as soon as reasonably practicable following an order from the Commission accepting this Section 31.4.6.5.1 and (ii) specify at that time the date for its posting the final list of facilities, which shall not be more than 60 Calendar Days following the posting of the initial list. Any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Public Policy Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the ISO's posting of the initial list, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) through the ISO governance procedures and as provided in Section 31.1.8.4 of this Attachment

Y. The ISO shall post the final list under this Section 31.4.6.5.1.2 on or before the later date of:

(i) the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC, or (ii) the posting date specified by the ISO with its provision of the initial facilities list. The ISO shall note whether any of the facilities still have pending disputes at the time the list is posted.

#### **31.4.6.6 Developer's Determination to Proceed**

Within 15 Calendar Days following the ISO's filing of the Viability and Sufficiency Assessment at the NYPSC, which time period may be extended by the ISO pursuant to Section 31.1.8.7, all Developers of proposed Public Policy Transmission Projects that the ISO has determined satisfy the viability and sufficiency requirements in this Section 31.4.6 shall notify the ISO whether they intend for their projects to proceed to be evaluated by the ISO for purposes of the ISO's selection of the more efficient or cost effective Public Policy Transmission Project to satisfy an identified Public Policy Transmission Need. To proceed, a Developer must include with its notification to the ISO under this Section 31.4.6.6: (i) a demonstration that it has an executed System Impact Study Agreement for a Public Policy Transmission Project that is subject to the Transmission Interconnection Procedures in Attachment P to the ISO OATT, or (ii) a demonstration that a System Reliability Impact Study has commenced for a Public Policy Transmission Project that is subject to the Class Year Study process in Attachment X to the ISO OATT. If a Developer: (i) notifies the ISO that it does not intend for its proposed Public Policy Transmission Project to proceed to be evaluated for purposes of the ISO's selection, or (ii) does not provide the required notification to the ISO under this Section 31.4.6.6, the ISO will remove the project from further consideration during that planning cycle.

#### **31.4.6.7 NYPSC's Modification or Elimination of a Public Policy Transmission Need**

31.4.6.7.1 If, at any time prior to the ISO's selection of the more efficient or cost effective transmission solution pursuant to Section 31.4.11.2, the NYPSC issues an order, subject to and in accordance with the State Administrative Procedure Act, that determines that either: (i) there is no longer a transmission need driven by a Public Policy Requirement that requires the ISO's evaluation of potential transmission solutions, or (ii) the transmission need should be modified, the ISO shall take the following action.

31.4.6.7.2 If the NYPSC determines that there is no longer a transmission need driven by a Public Policy Requirement in an order as set forth in Section 31.4.6.7.1, the ISO will not perform or complete, as applicable, an evaluation, or make a selection of, a more efficient or cost-effective transmission solution under Sections 31.4.7 through 31.4.11 for the Public Policy Transmission Need initially identified by the NYPSC for that planning cycle pursuant to Section 31.4.2.1.

31.4.6.7.3 If the NYPSC modifies the transmission need driven by a Public Policy Requirement in an order as set forth in Section 31.4.6.7.1, the ISO will re-start its Public Policy Transmission Planning Process as an out-of-cycle process to evaluate Public Policy Transmission Projects to address the modified Public Policy Transmission Need. This out-of-cycle process will begin with the ISO's solicitation for Public Policy Transmission Projects to address the modified Public Policy Transmission Need in accordance with Sections 31.4.3 and 31.4.4.3. The ISO shall then perform the remainder of the out-of-cycle Public Policy

Transmission Planning Process in accordance with the process requirements in  
Section 31.4 that follow its solicitation for proposed solutions.

**31.4.7 Evaluation of Regional Public Policy Transmission Projects to Address  
Local and Regional Needs Driven by Public Policy Requirements More  
Efficiently or More Cost Effectively Than Local Transmission Solutions**

The ISO will review the LTPs as they relate to the BPTFs. The ISO will include the  
results of its analysis in its Public Policy Transmission Planning Report, as approved by the ISO  
Board.

**31.4.7.1 Evaluation of Regional Public Policy Transmission Projects to Address  
Local Needs Driven By Public Policy Requirements Identified in Local  
Transmission Plans More Efficiently or More Cost Effectively than Local  
Transmission Solutions**

The ISO, using engineering judgment, will determine whether any proposed regional  
Public Policy Transmission Project on the BPTFs more efficiently or cost-effectively satisfies  
any needs driven by a Public Policy Requirement identified in the LTPs. If the ISO identifies  
that a regional Public Policy Transmission Project has the potential to more efficiently or cost  
effectively satisfy the needs driven by a Public Policy Requirement identified in the LTPs, it will  
perform a sensitivity analysis to determine whether the proposed regional Public Policy  
Transmission Project on the BPTFs would satisfy the needs driven by a Public Policy  
Requirement identified in the LTPs. If the ISO determines that the proposed regional Public  
Policy Transmission Project would satisfy the need, the ISO will evaluate the proposed regional  
Public Policy Transmission Project using the metrics set forth in Section 31.4.8.1 below to  
determine whether it may be a more efficient or cost effective solution on the BPTFs to the needs  
driven by a Public Policy Requirement identified in the LTPs than the local solutions proposed in  
the LTPs.

#### **31.4.7.2 Evaluation of Regional Public Policy Transmission Project to Address Regional Public Policy Transmission 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 Public Policy Transmission Project might more efficiently or more cost effectively satisfy an identified regional Public Policy Transmission 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 that such transmission solutions are included to address local transmission needs driven by Public Policy Requirements.

#### **31.4.8 ISO Selection of More Efficient or Cost Effective Public Policy Transmission Project to Satisfy a Public Policy Transmission Need**

A proposed regulated Public Policy Transmission Project submitted by a Developer that the ISO has determined has provided the required notification to proceed under Section 31.4.6.6 shall be eligible under this Section 31.4.8 for selection in the Public Policy Transmission Planning Report for the purpose of cost allocation under the ISO Tariffs. The ISO shall evaluate any proposed regulated Public Policy Transmission Projects that are eligible for selection in the planning cycle of the Public Policy Transmission Planning Process using the metrics set forth in Section 31.4.8.1 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 Public Policy Transmission Project performed in accordance with Sections 3.7 or 4.5 of the ISO OATT or Attachments X, P, or HH 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. In formulating the independent consultant's estimate for the total capital costs of a Public Policy Transmission Project, the ISO and its independent consultant may add appropriate contingency percentages and escalation factors. The ISO shall select in the Public Policy Transmission Planning Report for cost allocation purposes the more efficient or cost effective transmission solution to satisfy a Public Policy Transmission Need in the manner set forth in Section 31.4.8.2 below.

#### **31.4.8.1 Metrics for Evaluating More Efficient or Cost Effective Regulated Public Policy Transmission Project to Satisfy Public Policy Transmission Need**

In determining which of the eligible proposed regulated Public Policy Transmission Projects is the more efficient or cost effective solution to satisfy a Public Policy Transmission Need, the ISO will consider, and will consult with the NYDPS regarding, the metrics set forth below in this Section 31.4.8.1 and rank each proposed project based on the quality of its satisfaction of these metrics:

31.4.8.1.1 The capital cost estimates for the proposed regulated Public Policy Transmission Project, including the accuracy of the proposed estimates and any Cost Cap voluntarily submitted by the Developer of the proposed Public Policy Transmission Project pursuant to Sections 31.4.5.1.1 and 31.4.5.1.8. For this evaluation, the ISO will apply an independent capital cost estimate, contingency percentage, and escalation factors for the Public Policy Transmission Upgrade components of a proposed regulated Public Policy Transmission Project.

31.4.8.1.2 A qualitative evaluation of any Cost Cap voluntarily submitted by the Developer of the proposed Public Policy Transmission Project as determined pursuant to Section 31.4.8.2.2.

31.4.8.1.3 The cost per MW ratio of the proposed regulated Public Policy

Transmission Project. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed project in current year dollars as determined by Section 31.4.8.1.1. The ISO will then determine the cost per MW ratio by dividing the capital cost by the MW value of increased transfer capability.

31.4.8.1.4 The expandability of the proposed regulated Public Policy Transmission

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

31.4.8.1.5 The operability of the proposed regulated Public Policy Transmission

Project. The ISO will consider how the proposed project 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 project 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.

31.4.8.1.6 The performance of the proposed regulated Public Policy Transmission

Project. The ISO will consider how the proposed project may affect the utilization of the system (*e.g.*, interface flows, percent loading of facilities).

31.4.8.1.7 The extent to which the Developer of a proposed regulated Public Policy Transmission Project has the property rights, or ability to obtain the property rights, required to implement the project. The ISO will consider the completed transmission and substation routing studies, including identified routing alternatives, and whether the Developer: (i) already possesses the rights of way necessary to implement the project; or (ii) has specified a plan or approach and schedule for determining routing and acquiring property rights.

31.4.8.1.8 The potential issues associated with delay in constructing the proposed regulated Public Policy Transmission Project consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

31.4.8.1.9 The ISO shall apply any criteria specified by the Public Policy Requirement or provided by the NYPSC and perform the analyses requested by the NYPSC, to the extent compliance with such criteria and analyses are feasible.

31.4.8.1.10 The ISO, in consultation with stakeholders, shall, as appropriate, consider other metrics in the context of the Public Policy Requirement, such as: change in production costs; LBMP; losses; emissions; ICAP; TCC; congestion; impact on transfer limits; and deliverability.

#### **31.4.8.2 Evaluation of Capital Cost and Cost Caps for Included Capital Costs**

The ISO will consider in its evaluation and selection of the more efficient or cost effective transmission solution any voluntary Cost Cap made by a Developer on a quantitative and qualitative basis as described in this Section 31.4.8.2. Any voluntarily submitted Cost Cap by the Developer under Section 31.4.5.1.8.5 will not be considered for purposes of the ISO's



evaluation to the extent that the Cost Cap includes any Public Policy Transmission Upgrade as an Included Capital Cost.

31.4.8.2.1 Quantitative Evaluation of Cost Cap. The ISO will use the Developer's Cost Cap in the manner described in this Section 31.4.8.2.1 in estimating the total capital costs for the transmission facilities that are part of the Included Capital Costs of the Developer's Public Policy Transmission Project for purposes of the ISO's evaluation of that project under the metrics set forth in Section 31.4.8.1. If the Developer elected to submit a Cost Cap, the ISO will calculate the total capital costs by estimating and adding the amount of Excluded Capital Costs for the Developer's proposed Public Policy Transmission Project, including costs of any Public Policy Transmission Upgrades, to the amount of Included Capital Costs for the Public Policy Transmission Project that is determined pursuant to Sections 31.4.8.2.1.1 or 31.4.8.2.1.2, as applicable. If the Developer elected not to submit a Cost Cap, the ISO will rely on its independent consultant to estimate the total capital cost of the Developer's Public Policy Transmission Project. For purposes of its calculation of the total capital costs of a Public Policy Transmission Project, the ISO will not estimate and will not add to the Excluded Capital Costs any costs concerning unforeseeable environmental mitigation or remediation costs set forth in Section 31.4.5.1.8.2(iii), or concerning the financing of the Public Policy Transmission Project set forth in Section 31.4.5.1.8.2(ii), including debt costs, AFUDC, and any other financing costs.

31.4.8.2.1.1 If the Developer submits a hard Cost Cap for the Included Capital Costs of its proposed Public Policy Transmission Project, the ISO will use the amount of the Developer's Cost Cap as the amount for Included Capital Costs.

31.4.8.2.1.2 If the Developer submits a soft Cost Cap for the Included Capital Costs of its proposed Public Policy Transmission Project, the ISO will calculate the Included Capital Costs amount for that project as follows. If the Developer's soft Cost Cap for the Included Capital Costs is above the amount estimated by the ISO's independent consultant, the ISO will rely on the Developer's amount for the Included Capital Costs to calculate the total capital cost of the Developer's Public Policy Transmission Project. If the Developer's soft Cost Cap for the Included Capital Costs is below the amount estimated by the ISO's independent consultant, the ISO will calculate an adjusted value for the Included Capital Costs. The ISO will calculate the adjusted value of the Included Capital Costs by: (i) multiplying the difference between (a) the independent consultant's cost estimate for Included Capital Costs and (b) the Developer's Included Capital Costs amount, by (c) the risk percentage assumed by ratepayers, and (ii) adding that amount to the Developer's Included Capital Costs amount. The ISO will use the adjusted value for the Included Capital Costs to estimate the total capital cost of the Developer's Public Policy Transmission Project.

31.4.8.2.2 Qualitative Evaluation of Cost Cap. For purposes of the ISO's evaluation of a proposed Public Policy Transmission Project under the metric in Section 31.4.8.1.2, the ISO will evaluate on a qualitative basis a Developer's proposed

Cost Cap for Included Capital Costs and assess the proposed project based upon the following criteria:

- (i) The effectiveness of the proposed Cost Cap in providing an incentive to the Developer to contain its Included Capital Costs, *i.e.*, how aligned is the Developer's incentive to maximize its profits by avoiding cost overruns compared to the level of risk exposure to consumers, and what degree of risk is the Developer assuming to pay for cost overruns;
- (ii) The effectiveness of the proposed Cost Cap in protecting ratepayers from Included Capital Cost overruns;
- (iii) The magnitude of the difference between the Cost Cap and the independent cost estimate as described below;
  - a. If the Developer's proposed Cost Cap is below the ISO's independent consultant's cost estimate for Included Capital Costs, the ISO will assess how close (*i.e.*, how far below) is the Developer's proposed Cost Cap for Included Capital Costs to the ISO's independent cost estimate, considering the Developer's financial and technical qualifications, and considering the likelihood that the project could be constructed at the Cost Cap amount;
  - b. If the Developer's proposed Cost Cap is above the ISO's independent consultant's cost estimate for Included Capital Costs, the ISO will assess (a) how close (*i.e.*, how far above) is the Developer's proposed Cost Cap for Included Capital Costs to the ISO's independent cost estimate; (b) whether the Cost Cap is so significantly above the ISO independent consultant's cost estimate that it is unlikely to bind the Developer and provide benefit to ratepayers; and (c) whether

the Cost Cap exceeds the ISO's independent cost estimate by only a small amount, such that the Cost Cap could protect ratepayers from cost overruns.

In conducting the evaluation in this Section 31.4.8.2.2, the ISO may request from the Developer additional project information pursuant to Section 31.4.4.3.5 and Developer financial qualification information pursuant to Section 31.4.4.3.6.

### **31.4.8.3 ISO Selection of More Efficient or Cost Effective Regulated Public Policy Transmission Project to Satisfy a Public Policy Transmission Need**

31.4.8.3.1 The ISO shall identify under this Section 31.4.8 the proposed regulated Public Policy Transmission Project, if any, that is the more efficient or cost effective transmission solution proposed in the planning cycle for the Public Policy Transmission Planning Process to satisfy a Public Policy Transmission Need. The ISO shall include the more efficient or cost effective transmission solution in the Public Policy Transmission Planning Report.

31.4.8.3.2 The ISO shall also preliminarily identify in the Public Policy Transmission Planning Report the Designated Public Policy Project(s) that compose the more efficient or cost effective Public Policy Transmission Project and shall identify the Designated Entity that will be responsible for and have the right to build, own, and recover the costs of each Designated Public Policy Project. The ISO shall finalize the list of Designated Public Policy Project(s) that compose the selected Public Policy Transmission Project and the Designated Entity responsible for each Designated Public Policy Project in accordance with Section 31.4.11 of this Attachment Y.

31.4.8.3.3 The Designated Entity responsible for a Designated Public Policy Project or Designated Network Upgrade Facilities designated to the Designated Entity in accordance with Section 22.9.6 of Attachment P to the ISO OATT, if applicable, shall be eligible to recover costs for those facilities only if the underlying Public Policy Transmission Project is selected by

the ISO, except as otherwise provided in Section 31.4.3.2 or as otherwise determined by the Commission. Costs will be recovered when the Designated Public Policy Project or Designated Network Upgrade Facilities, as applicable, enter into service, are 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; *provided, however*, that when the Developer that submitted the Public Policy Transmission Project is the Designated Entity for a resulting Designated Public Policy Project, it: (i) shall include in the Development Agreement for its Designated Public Policy Project in accordance with Section 31.4.12.2 any Cost Cap proposed under Section 31.4.5.1 and (ii) shall agree in the Development Agreement that it shall not seek to recover through its transmission rates or through any other means costs for the Included Capital Costs for its Designated Public Policy Project above its agreed-upon Cost Cap in accordance with Section 6.10.6 of the ISO OATT, except as permitted for excusing conditions in Section 6.10.6.2 of the ISO OATT.

31.4.8.3.4 Any selection of a Public Policy Transmission Project by the ISO under Section 31.4.8, including but not limited to the selection of a project that involves the physical modification of facilities within the Long Island Transmission District, shall not affect the obligation and responsibility of the Designated Entity to apply for, and receive, all necessary authorizations or permits required by federal or state law for its Designated Public Policy Project.

### **31.4.9 Consequences for Other Regions**

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a transmission solution driven by Public Policy Requirements on neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in its Public Policy Transmission Planning Report. The ISO shall not bear the costs of required upgrades in another region.

### **31.4.10 Evaluation of Impact of Proposed Public Policy Transmission Project on ISO Wholesale Electricity Markets**

The ISO shall evaluate using the metrics set forth in Section 31.4.8.1.9 the impacts on the ISO-administered wholesale electricity markets of a proposed Public Policy Transmission Project that the ISO has determined under Section 31.4.6 is viable and sufficient. The ISO shall include the results of its analysis in the Public Policy Transmission Planning Report.

### **31.4.11 Public Policy Transmission Planning Report**

Following the ISO's evaluation of the proposed solutions to Public Policy Transmission Need(s), the ISO will prepare a draft Public Policy Transmission Planning Report that identifies the information and sources relied upon by the ISO, describes the ISO's assumptions, inputs, methodologies, and states the results of its analyses. The draft Public Policy Transmission Planning Report will reflect any input from the NYDPS.

Except as otherwise provided in the confidentiality requirements in Section 31.4.15, the ISO will include in the draft Public Policy Transmission Planning Report: (i) the list of Developers and their proposed Public Policy Transmission Projects and Other Public Policy Projects that qualify pursuant to Sections 31.4.4 and 31.4.5; (ii) the proposed Public Policy Transmission Projects and Other Public Policy Projects that the ISO has determined under

Section 31.4.6 are viable and sufficient to satisfy the identified Public Policy Transmission Need(s); (iii) the list of facilities that the ISO posted pursuant to Section 31.4.6.5.1; (iv) the total amount of Included Capital Costs and any cost sharing percentage contained in any Cost Cap proposed by a Developer that has determined to proceed with a viable and sufficient project under Section 31.4.6.6; and (v) the regulated Public Policy Transmission Project, if any, that the ISO staff recommends for selection for cost allocation purposes pursuant to Section 31.4.8 as the more efficient or cost effective transmission solution to satisfy each identified Public Policy Transmission Need. The draft Public Policy Transmission Planning Report shall include a breakdown of the new transmission facilities and Public Policy Transmission Upgrades that compose the regulated Public Policy Transmission Project that the ISO staff recommends for selection. The draft report shall preliminarily identify the Designated Public Policy Project(s) that compose the recommended Public Policy Transmission Project and the Designated Entity responsible for each Designated Public Policy Project, which designations will be finalized in accordance with Section 31.4.11.3 of this Attachment Y. A Designated Public Policy Project will contain all of the facilities that the ISO preliminarily identifies as being designated to a particular Designated Entity. For purposes of this preliminary designation, the Developer that proposed the regulated Public Policy Transmission Project will be identified by the ISO as the Designated Entity for those facilities of its Public Policy Transmission Project that do not meet the definition of Public Policy Transmission Upgrades, which facilities shall constitute a Designated Public Policy Project. If more than one Developer jointly proposed the regulated Public Policy Transmission Project, then they will collectively be the Designated Entity and jointly and severally responsible for the completion of the Designated Public Policy Project. If any facilities of the Public Policy Transmission Project meet the definition of Public Policy

Transmission Upgrade, the Transmission Owner owning the existing transmission facility(ies) to be upgraded will be identified by the ISO as the Designated Entity for the Public Policy Transmission Upgrade(s), which Public Policy Transmission Upgrade(s) shall constitute a separate Designated Public Policy Project.

The draft Public Policy Transmission Planning Report will also include the results of the ISO's analysis of the LTPs consistent with Section 31.4.7.

The draft Public Policy Transmission Planning Report shall also indicate the date by which the Public Policy Transmission Project must be in-service to address the Public Policy Transmission Need. The in-service date for the Public Policy Transmission Project shall be: (i) the date prescribed by the NYPSC in its order identifying the Public Policy Transmission Need as described in Section 31.4.2.1 or in a subsequent order, or (ii) if the NYPSC has not prescribed a date, the date proposed by the Developer for its proposed Public Policy Transmission Project and reviewed and accepted by the ISO, which date may be either: (A) the in-service date included in the Developer's project proposal, or (B) such other date accepted by the ISO as reasonable in light of the Public Policy Transmission Need. The in-service date for the selected Public Policy Transmission Project shall apply to all Designated Public Policy Projects that compose the selected Public Policy Transmission Project regardless of the Designated Entity; *provided, however*, the draft Public Policy Transmission Planning Report may also include specific dates by which one or more of the Designated Public Policy Projects must be in service in order for the selected Public Policy Transmission Project to meet the overall in-service date.

The draft Public Policy Transmission Planning Report shall include a comparison of a proposed Public Policy Transmission Project to an Interregional Transmission Project proposed in the Public Policy Transmission Planning Process, if any, identified and evaluated under the



“Analysis and Consideration of Interregional Transmission Projects” section of the Interregional Planning Protocol. An Interregional Transmission Project proposed in the ISO’s Public Policy Transmission Planning Process may be selected as a regulated Public Policy Transmission Project under the provisions of this process.

#### **31.4.11.1 Collaborative Governance Process**

The draft Public Policy Transmission Planning Report shall be submitted to both TPAS and the ESPWG for review and comment. Concurrently, the draft report will be provided to the Market Monitoring Unit for its review and consideration. The Market Monitoring Unit’s evaluation will be provided to the Management Committee prior to the Management Committee’s advisory vote. The ISO shall make available to any interested party sufficient information to replicate the results of the draft Public Policy Transmission Planning 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.

#### **31.4.11.2 Board Review, Consideration, and Approval of Public Policy Transmission Planning Report**

Following the Management Committee vote, the draft Public Policy Transmission Planning Report, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the Market Monitoring Unit’s evaluation will be provided to the Board. The Board may approve the Public Policy

Transmission Planning Report as submitted or propose modifications on its own motion, including a determination not to select a Public Policy Transmission Project to satisfy a Public Policy Transmission Need. 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, including comments regarding the Market Monitoring Unit's evaluation. Upon approval by the Board, the ISO shall issue the report to the marketplace by posting it on its website. If the ISO Board determines not to select a Public Policy Transmission Project under this Section 31.4.11.2, the Board shall state the reasons for its determination.

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.

#### **31.4.11.3 Transmission Owner's Responsibility to Notify the ISO**

Within 30 Calendar Days following the posting of a Public Policy Transmission Planning Report approved by the ISO Board that selects a regulated Public Policy Transmission Project pursuant to this Section 31.4.11, a Transmission Owner that has been identified as a Designated Entity for a Designated Public Policy Project that contains Public Policy Transmission Upgrades proposed by another Developer shall provide notice to the ISO if the Transmission Owner does not intend to exercise the right under Section 31.6.4 of this Attachment Y to build, own, and recover the cost of the Public Policy Transmission Upgrades and serve as the Designated Entity for the Designated Public Policy Project identified for the Transmission Owner in the Public Policy Transmission Planning Report. If the Transmission Owner notifies the ISO of its rejection to be the Designated Entity for one or more Public Policy Transmission Upgrades

identified for its Designated Public Policy Project, the Developer that proposed the Public Policy Transmission Project shall be the Designated Entity for such Public Policy Transmission Upgrades, which shall be incorporated into the Developer's Designated Public Policy Project. If the Transmission Owner does not take action within the 30 Calendar Days with regard to one or more Public Policy Transmission Upgrades identified for its Designated Public Policy Project, the Transmission Owner shall be the Designated Entity concerning such Public Policy Transmission Upgrade(s) and shall be responsible for constructing and placing the Public Policy Transmission Upgrades in service by the in-service date for the Designated Public Policy Project identified in the Public Policy Transmission Planning Report.

The ISO shall post on its website a list of the Designated Entities and associated Designated Public Policy Projects identified in the final Public Policy Transmission Planning Report at the conclusion of the notification period.

#### **31.4.12 Designated Entity's Responsibilities Following Selection of a Public Policy Transmission Project**

##### **31.4.12.1 Designated Entity's Responsibility to Obtain Necessary Approvals and Authorizations**

Upon the ISO's posting of a list of Designated Entities and Designated Public Policy Projects pursuant to Section 31.4.11.3 or following the expiration of the deadline for a Transmission Owner to decline to be a Designated Entity for Designated Network Upgrade Facilities in accordance with Section 22.9.6 of Attachment P to the ISO OATT, the ISO will inform each Designated Entity that it should submit its Designated Public Policy Project and/or Designated Network Upgrade Facilities to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the facilities. In response to the ISO's request, the Designated Entity shall make such a submission to the

appropriate governmental agency(ies) and/or authority(ies) to the extent such authorization has not already been requested or obtained.

If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws authorization, for the Designated Public Policy Project or Designated Network Upgrade Facilities, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The ISO shall recover such costs in accordance with Section 31.5.6 of this Attachment Y and Rate Schedule 10 of the ISO OATT.

When the Designated Entity is a Transmission Owner, the Developer that proposed the Public Policy Transmission Project is not required to provide any additional information or resources other than the information that was included in the redacted project proposal submitted in accordance with Sections 31.4.4.3.3 and 31.4.15.4.

#### **31.4.12.2 Development Agreement**

As soon as reasonably practicable following the ISO's posting of a list of Designated Entities and Designated Public Policy Projects pursuant to Section 31.4.11.3 or the expiration of the deadline for a Transmission Owner to decline to be a Designated Entity for Designated Network Upgrade Facilities in accordance with Section 22.9.6 of Attachment P to the ISO OATT, the ISO shall tender to each Designated Entity of a Designated Public Policy Project and/or Designated Network Upgrade Facilities a draft Development Agreement, or draft

amended Development Agreement, with draft appendices completed by the ISO to the extent practicable for review and completion by the Designated Entity. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement, which is in Appendix D in Section 31.7 of this Attachment Y. Each Designated Entity will receive a separate draft Development Agreement. If the Designated Entity originally submitted the Public Policy Transmission Project and submitted a Cost Cap for its Public Policy Transmission Project selected by the ISO, its Development Agreement for that its Designated Public Policy Project shall contain the Cost Cap.

The ISO and each Designated Entity, as applicable, shall finalize a Development Agreement and appendices and negotiate concerning any disputed provisions. For purposes of finalizing the Development Agreement, the ISO and Designated Entity shall develop the description and dates for the milestones necessary to develop and construct the Designated Public Policy Project by the required in-service date for the Designated Public Policy Project identified in the Public Policy Transmission Planning Report, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Public Policy Projects for the selected Public Policy Transmission Project to the extent feasible. The ISO and Designated Entity shall also develop, as applicable, the description and date for the milestones necessary to develop and construct Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the ISO OATT by the Project Required In-Service Date identified in the Public Policy Transmission Planning Report, including the milestones for obtaining all necessary authorizations, and in coordination with the Designated Entities for other Designated Public Policy Projects for the selected Public Policy Transmission Project to the extent feasible. Any milestone that requires

action by another Designated Entity or a Connecting Transmission Owner or Affected System Operator identified pursuant to Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

Unless otherwise agreed by the ISO and the Designated Entity, the Designated Entity must execute the Development Agreement within three (3) months of the ISO's tendering of the draft Development Agreement; *provided, however*, if, during the negotiation period, the ISO or the Designated Entity determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own or following the Designated Entity's request in writing that the agreement be filed unexecuted. If the Development Agreement resulting from the negotiation between the ISO and the Designated Entity does not conform with the Commission-approved standard form in Appendix D in Section 31.7 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 Development Agreement by both parties. If the Designated Entity requests that the Development 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 Designated Entity. The ISO will draft to the extent practicable the portions of the Development 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 Designated Entity 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. Upon the ISO's and the Designated Entity's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission, the ISO and the Designated Entity shall perform their respective obligations in accordance with

the terms of the Development Agreement that are not in dispute, subject to modification by the Commission. The Connecting Transmission Owner(s) and Affected System Operator(s) that are identified in Attachment P of the ISO OATT in connection with the Designated Public Policy Transmission Project shall act in good faith in timely performing their obligations that are required for the Designated Entity to satisfy its obligations under the Development Agreement.

### **31.4.12.3 Process for Addressing Inability of Designated Entity to Complete Designated Public Policy Project**

31.4.12.3.1 The ISO may take the actions described in Sections 31.4.12.3.1.1 through 31.4.12.3.1.3 as soon as practicable if one of the following events occur: (i) a Designated Entity that is required to execute the Development Agreement for its Designated Public Policy Project pursuant to Section 31.4.12.2 does not execute the Development Agreement, or does not request that it be filed unexecuted with the Commission, within the timeframes set forth in Section 31.4.12.2, or (ii) the ISO determines that an effective Development Agreement for a Designated Public Policy Project may be terminated or terminates the Development Agreement under the terms of the agreement prior to the completion of the term of the agreement.

31.4.12.3.1.1 If the Development Agreement has been filed with and accepted by the Commission and is terminated under the terms of the agreement, the ISO shall, upon terminating the Development Agreement file a notice of termination with the Commission.

31.4.12.3.1.2 The ISO may take one or more of the following actions to address a Public Policy Transmission Need based on the particular circumstances: (i) address the Public Policy Transmission Need in the subsequent planning cycle or, if requested

by the NYPSC pursuant to Section 31.4.1, in an out-of-cycle process; (ii) direct the Designated Entity to continue with the development of its Designated Public Policy Project for completion beyond the in-service date required to address the Public Policy Transmission Need; (iii) solicit bids from qualified Developers to complete the Designated Public Policy Project in accordance with Section 31.4.12.3.1.3; or (iv) offer the Developer that originally submitted the Public Policy Transmission Project the opportunity to be the Designated Entity of the Designated Public Policy Project in accordance with Section 31.4.12.3.1.4.

31.4.12.3.1.3 If the ISO determines in accordance with Section 31.4.12.3.1.2 that an alternative Developer should be designated to complete a Designated Public Policy Project and the original Developer that proposed the Public Policy Transmission Project rejects the offer to be designated to complete the Designated Public Policy Project pursuant to Section 31.4.12.3.1.4, the ISO shall solicit bids from Developers to finance and complete the development and construction of the Designated Public Policy Project to bring it into service. Any Developer that is qualified at the time of the ISO's solicitation to propose a Public Policy Transmission Project may submit a proposal to complete the Designated Public Policy Project. The ISO will specify in its solicitation for bids by Developers those categories of project information described in Section 31.4.5.1.1 that the Developer must submit and will identify the metrics in Section 31.4.8 that the ISO will use to select among the bidding Developers. The ISO will determine the appropriate project information and metrics based on the current status of development of the Designated Public Policy Project. The ISO will make any



selection of an alternative Developer using the selection metrics identified in its solicitation for bids and consistent with the selection processes set forth in Sections 31.4.8 and 31.4.11, including issuing an updated Public Policy Transmission Planning Report. The ISO shall charge, and a Developer bidding for the Designated Public Policy Project shall pay, the actual costs of the ISO's evaluation of its bid for purposes of selecting a Developer to complete the project consistent with Section 31.4.4.4. Each bidding Developer will reimburse the ISO for its actual study costs consistent with the requirements in Section 31.4.4.4. The selected alternative Designated Entity must enter into a Development Agreement for the Designated Public Policy Project with the ISO in accordance with the requirements in Section 31.4.12.2. The selected alternative Designated Entity will be eligible for cost allocation under the ISO OATT for its development and construction of the Designated Public Policy Project. The selected alternative Designated Entity and the Designated Entity that the ISO initially identified to be responsible for the Designated Public Policy Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of Developer's rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the Developer is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the

selected alternative Designated Entity and the initial Designated Entity will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

31.4.12.3.1.4 If the ISO determines in accordance with Section 31.4.12.3.1.2 that an alternative Developer should be designated to complete a Designated Public Policy Project that was initially designated to the owner of the impacted transmission facility, the ISO shall first offer the Developer that originally proposed the Public Policy Transmission Project the opportunity to be the Designated Entity of that Designated Public Policy Project to finance and complete the development and construction of the project to bring it into service. The alternative Designated Entity shall have 30 Calendar Days from the ISO tendering its offer to accept the Designated Public Policy Project. Thereupon, the alternative Designated Entity must enter into a Development Agreement or amend an existing Development Agreement with the ISO related to fulfillment of the same Public Policy Transmission Need in accordance with the requirements in Section 31.4.12.3. The alternative Designated Entity will be eligible for cost allocation and cost recovery under the ISO OATT for its development and construction of the Designated Public Policy Project. The alternative Designated Entity and the original Designated Entity of the Designated Public Policy Project shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements

or restrictions on the transfer of rights-of-way under federal or state law, regulation, or contract (including mortgage trust indentures or debt instruments), and (iii) if the original Designated Entity of the Designated Public Policy Project is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the alternative Designated Entity and the original Designated Entity of the Designated Public Policy Project will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

31.4.12.3.1.5 If the ISO elects to terminate the Development Agreement for a Designated Entity's Designated Public Policy Project because (i) another Designated Entity defaulted on the development of a separate Designated Public Policy Project that is a component of the same selected Public Policy Transmission Project and (ii) the ISO determined to address the underlying Public Policy Transmission Need in a future planning cycle pursuant to Section 31.4.12.3.1.2 of Attachment Y of the ISO OATT, the Designated Entity may recover all of the necessary and reasonable costs incurred and commitments made up to the notice of termination of the Development Agreement from the ISO, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The ISO shall

recover such costs in accordance with Section 31.5.6 of this Attachment Y and  
Rate Schedule 10 of the ISO OATT.

#### **31.4.12.4 Execution of ISO/TO Agreement or Comparable Agreement**

The Designated Entity of a Designated Public Policy Project of a selected Public Policy Transmission Project shall execute the ISO/TO Agreement or an Operating Agreement in accordance with Section 31.1.7 of this Attachment Y prior to energizing the Public Policy Transmission Project.

#### **31.4.13 ISO Monitoring of Designated Public Policy Projects**

The ISO shall monitor the Designated Public Policy Projects and Designated Network Upgrade Facilities, if applicable, to confirm that they continue to develop consistent with the conditions, actions, or schedules for the projects.

#### **31.4.14 Posting of Approved Solutions**

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

#### **31.4.15 Confidentiality of Solutions**

31.4.15.1 The ISO shall treat Confidential Information, as defined in Section 31.4.15.2, that is submitted to the ISO by the Developer of a proposed Public Policy Transmission Project or Other Public Policy Project in accordance with the requirements for the treatment of Confidential Information in Section 12.4 of its Code of Conduct in Attachment F of the ISO OATT. The ISO shall treat Critical

Energy Infrastructure Information submitted to the ISO by the Developer of a proposed Public Policy Transmission Project in accordance with ISO Procedures.

31.4.15.2 For purposes of this Section 31.4, the term “Confidential Information” shall only include the following non-public information submitted by the Developer and labeled as Confidential Information as part of its submission to satisfy its Developer qualification requirements pursuant to Section 31.4.4 or part of its submission of the project information requirements described in Section 31.4.5 for its Public Policy Transmission Project or Other Public Policy Project to satisfy its project information requirements pursuant to Sections 31.4.4.3.2 and 31.4.4.3.5: (i) all project cost information; (ii) all details of the Developer’s financing arrangements; (iii) any non-public financial qualification information submitted pursuant to Section 31.4.4.1.2; and (iv) any contracts provided under Sections 31.4.5.1.4 or 31.4.5.2.2; *provided, however*, that the total amount of Included Capital Costs and any cost sharing percentage contained in any Cost Cap proposed by a Developer that are included in the draft Public Policy Transmission Planning Report pursuant to Section 31.4.11 shall, upon the posting of the draft report, not be treated or designated as Confidential Information for purposes of this Section 31.4 and Attachment F of the ISO OATT.

31.4.15.3 All other project information submitted by a Developer of a Public Policy Transmission Project or an Other Public Policy Project shall not be treated or designated as Confidential Information for purposes of this Section 31.4 and Attachment F of the ISO OATT.

31.4.15.4 If a Developer of a Public Policy Transmission Project intends for the ISO to maintain certain project information as Confidential Information, the Developer shall submit both an un-redacted and a redacted version of the project information required pursuant to Section 31.4.5.1 for its proposed Public Policy Transmission Project. The Developer shall label the material in the un-redacted version that it deems to be “Confidential Information” and shall not include this material in the redacted version. The ISO may review the Developer’s proposed redactions to ensure that the redacted information is consistent with the ISO’s requirements for Confidential Information in this Section 31.4.15. Based on its review, the ISO may require additional redactions or require the disclosure of redacted information.

31.4.15.5 Regardless of whether the information is requested pursuant to Section 31.4.4.3.11, the ISO may disclose any information submitted by the Developer that is not Confidential Information, as defined in this Section 31.4.15, to the extent required to administer its Public Policy Transmission Planning Process or interconnection process, including, but not limited to, using such information in its Viability and Sufficiency Assessment and its Public Policy Transmission Planning Report.

## **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 Designated Public Policy 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 Designated Public Policy Projects, including Designated Network Upgrade Facilities associated with the regulated Designated Public Policy Project(s) (if applicable), 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 Attachments P, S, X, Z, or

HH of the ISO OATT. Cost related to the deliverability of a resource will be addressed, as applicable, under the ISO's deliverability procedures in Attachments S or HH 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, Designated Public Policy Project, or Designated Network Upgrade Facilities that are 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, as applicable, Section 25.7.12 of Attachment S or Section 40.13.12 to Attachment HH to the ISO OATT, paid for with funds previously committed by or collected from Interconnection Customer(s) for the installation of System Deliverability Upgrades required for the interconnection of generation projects, Class Year Transmission Projects, or Cluster Study 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:

$$\text{Resource Adequacy Cost Allocation}_i = \left[ \frac{\text{LCRdef}_i}{\text{Soln Size}} + \left( \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}} + \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^m \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln Cldef}}{\text{Soln Size}} \right) \right] * \dots$$



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,  $SolnCIdef$  is the  $CIdef$  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:

$$Allocation_i = \left[ \frac{\text{Coincident Peak}_i * (1 + IRM - LCR_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + IRM - LCR_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}} \right] * 100\%$$

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 CIdéf, 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:

$$\text{Allocation}_i = \left[ \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{i=1}^m \text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)} * \frac{\text{SolnCIdef}}{\text{Soln Size}} \right] * 100\%$$

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, SolnCIdef 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:

$$BPTF\ Thermal\ Cost\ Allocation_j = \frac{SZ\_AllocFlow_j}{\sum_{k=1}^m SZ\_AllocFlow_k} \times \frac{SolnBTSdef}{Soln\_Size}$$

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:
  - Present Value of Cost (X) =  $PV \text{ Cost (X)} = \text{Cost (X)} / (1+D)^{N(X)}$
  - Present Value of Cost (Y) =  $PV \text{ Cost (Y)} = \text{Cost (Y)} / (1+D)^{N(Y)}$
  - Overload X weighting factor =  $PV \text{ Cost (X)} / [PV \text{ Cost (X)} + PV \text{ Cost (Y)}]$
  - Overload Y weighting factor =  $PV \text{ Cost (Y)} / [PV \text{ Cost (X)} + PV \text{ Cost (Y)}]$
- 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:

$PV \text{ Cost (X)} = 100 / (1+0.075)^{6.25} = 63.635 \text{ Million}$

$PV \text{ Cost (Y)} = 25 / (1+0.075)^{4.75} = 17.732 \text{ Million}$

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:

$$BPTF \text{ Voltage Cost Allocation}_j = \frac{Coincident \text{ Peak}_j}{\sum_{k=1}^m Coincident \text{ Peak}_k} \times \frac{SolnBVSdef}{Soln\_Size}$$

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:

$$\text{Dynamic Stability Cost Allocation}_j = \frac{\text{Coincident Peak}_j}{\sum_{k=1}^m \text{Coincident Peak}_k} \times \frac{\text{DynamicMW}}{\text{Soln\_Size}}$$

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:

$AdjLBMP_{y,z}$ , the adjusted LBMP savings for each Load Zone  $z$  in each year  $y$ , shall be calculated using the following equation:

$$AdjLBMP_{y,z} = \max \left[ 0, TL_{y,z} - \sum_{b \in B_{y,z}} (BCL_{b,y,z} * (1 - Ind_{b,y,z})) - SG_{y,z} \right] * (LBMP1_{y,z} - LBMP2_{y,z})$$

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;

$AdjLBMP_{PS_{y,z}}$  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 a regulated Designated Public Policy Project that is a Public Policy Transmission Project, or part of a Public Policy Transmission Project, selected by the ISO as the more efficient or cost effective transmission solution to address a Public Policy Transmission Need, and Designated Network Upgrade Facilities designated pursuant to Section 22.9.6 of Attachment P to the ISO OATT and associated with a Public Policy Transmission Project selected by the ISO as the more efficient or cost effective transmission solution to address a Public Policy Transmission Need. 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 Designated Public Policy Projects.
- 31.5.5.2.2 Projects analyzed hereunder as Designated Public Policy 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 Designated Entity for a Designated Public Policy Project or Designated Network Upgrade Facilities will be eligible for cost allocation for the Designated Public Policy Project or Designated Network Upgrade Facilities in accordance with the process set forth in Section 31.5.5.4; *provided, however*, that if (i) the appropriate federal, state, or local agency(ies) rejects the Designated Public Policy Project's necessary authorizations, or such authorizations are withdrawn or (ii) the Development Agreement for the Designated Public Policy Project or Designated Network Upgrade Facilities are terminated as a result of another Designated Entity defaulting on the development of a separate Designated Public Policy Project or Designated

Network Upgrade Facilities that compose the selected Public Policy Transmission Project and the ISO determines that the Public Policy Transmission Need will be addressed in a future planning cycle pursuant to Section 31.4.12.3.1.2, the costs that the Designated Entity is eligible to recover under Sections 31.4.12.1 or 31.4.12.3.1.5 shall be allocated in accordance with Section 31.5.5.4.3, except as otherwise determined by the Commission. The Designated Entity of a Designated Public Policy Project or Designated Network Upgrade Facilities may recover its costs in accordance with Section 31.5.6 and Rate Schedule 10 of the ISO OATT. If a 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 such a 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. Such a 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 Transmission Owner or Other 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, a Designated Entity responsible for a Designated Public Policy Project may submit to the NYPSC for its consideration – no later than 60 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 following the deadline set forth in Section 31.5.5.4.2 to submit a proposed cost allocation methodology to review the proposed cost allocation methodology(ies) submitted by a Designated Entity(ies) and to inform the Designated Entity(ies) whether it supports a proposed methodology.

31.5.5.4.2.2. If the NYPSC supports a proposed cost allocation methodology, the Designated Entity that proposed that cost allocation methodology 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 Designated Entity 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 a proposed cost allocation methodology, then the Designated Entity 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 Designated Entity(ies) that it does not support the methodology(ies).

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, a Designated Entity 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 Designated Entity 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 Designated Entity(ies) 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 Designated Entity(ies) 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 Designated Entity(ies) elects to use the load ratio share cost allocation methodology referenced below in Section 31.5.5.4.3, the Designated Entity(ies) 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 Designated Public Policy Project that is a Public Policy Transmission Project, or part of a Public Policy Transmission Project, including

Designated Network Upgrade Facilities designated pursuant to Section 22.9.6 of Attachment P to the ISO OATT and associated with the Public Policy Transmission Project, or part of the 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 Designated Entity to provide a more detailed study or cost estimate for a Designated Public Policy Project or Designated Network Upgrade Facilities 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 Sections 31.4.12.1 or 31.4.12.3.1.5 of this Attachment Y, the Designated Entity of that solution may recover the costs that it is eligible to recover pursuant to Sections 31.4.12.1 or 31.4.12.3.1.5 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 Cost (X) = Cost (X) / (1+D)<sup>N(X)</sup>
  - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / (1+D)<sup>N(Y)</sup>

- $\text{Cost Allocation to Region A} = \text{Cost (Z)} \times \text{PV Cost (X)} / [\text{PV Cost (X)} + \text{PV Cost (Y)}]$
- $\text{Cost Allocation to Region B} = \text{Cost (Z)} \times \text{PV Cost (Y)} / [\text{PV Cost (X)} + \text{PV Cost (Y)}]$
- Applying those formulas, if:

$\text{Cost (X)} = \$60 \text{ Million and } N(X) = 8.25 \text{ years}$

$\text{Cost (Y)} = \$40 \text{ Million and } N(Y) = 4.50 \text{ years}$

$\text{Cost (Z)} = \$80 \text{ Million}$

$D = 7.5\% \text{ per year}$

Then:

$\text{PV Cost (X)} = 60 / (1 + 0.075)^{8.25} = 33.039 \text{ Million}$

$\text{PV Cost (Y)} = 40 / (1 + 0.075)^{4.50} = 28.888 \text{ Million}$

$\text{Cost Allocation to Region A} = \$80 \times 33.039 / (33.039 + 28.888) = \$42,681 \text{ Million}$

$\text{Cost Allocation to Region B} = \$80 \times 28.888 / (33.039 + 28.888) = \$37.319 \text{ Million}$

### **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.

## **31.6 Other Provisions**

### **31.6.1 The Commission's Role in Dispute Resolution**

Disputes directly relating to the ISO's compliance with its tariffs that are not resolved in the internal ISO collaborative governance appeals process or ISO dispute resolution process, and all disputes relating to matters that fall within the exclusive jurisdiction of the Commission, shall be reviewed at the Commission pursuant to the Federal Power Act if such review is sought by any party to the dispute. The NYPSC or any party to a dispute regarding matters over which both the NYPSC and the Commission have jurisdiction and responsibility for action may submit a request to the Commission for a joint or concurrent hearing to resolve the dispute.

### **31.6.2 Non-Jurisdictional Entities**

LIPA's and NYPA's participation in the CSPP shall in no way be considered to be a waiver of their non-jurisdictional status pursuant to Section 201(f) of the Federal Power Act, including with respect to the Commission's exercise of the Federal Power Act's general ratemaking authority.

### **31.6.3 Tax Exempt Financing Provisions**

Con Edison, NYPA and LIPA shall not be required to construct, or cause to construct, a transmission facility identified through the Reliability Planning Process if such construction would result in the loss of tax-exempt status of any tax-exempt bond issued by Con Edison, NYPA or LIPA, or impair their ability to secure future tax-exempt financing.

### **31.6.4 Rights of Transmission Owners**

Nothing in this Attachment Y affects the right of a Transmission Owner to: (1) build, own, and recover the costs for upgrades to the facilities it owns, provided that nothing in Attachment Y affects a Transmission Owner's right to recover the costs of upgrades to its

facilities except if the upgrade has been selected in the regional transmission plan for purposes of cost allocation, in which case the regional cost allocation method set forth in Attachment Y of the ISO OATT applies, unless the Transmission Owner has declined to pursue regional cost allocation; (2) retain, modify, or transfer rights-of-way subject to relevant law or regulation granting such rights-of-way; or (3) develop a local transmission solution that is not eligible for regional cost allocation to meet its reliability needs or service obligations in its Transmission District or footprint, as applicable. For purposes of Section 31.6.4, the term “upgrade” shall refer to an improvement to, addition to, or replacement of a part of, an existing transmission facility and shall not refer to an entirely new transmission facility.

#### **31.6.5 Notice of Reliability Requirements**

The Developer of a project selected pursuant to the provisions in this Attachment Y is hereby notified that it must comply with all applicable reliability criteria, policies, standards, rules, regulations, and other requirements of NERC, NPCC, NYSRC, Transmission Owners, and any other applicable reliability entities or their successors, to the extent required by, and in accordance with, their procedures.



## **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.

## **APPENDIX C – RELIABILITY PLANNING PROCESS DEVELOPMENT AGREEMENT**

## **TABLE OF CONTENTS**

### **ARTICLE 1. DEFINITIONS**

### **ARTICLE 2. EFFECTIVE DATE AND TERM**

- 2.1. Effective Date
- 2.2. Filing
- 2.3. Term of Agreement

### **ARTICLE 3. TRANSMISSION PROJECT DEVELOPMENT AND CONSTRUCTION**

- 3.1. Application for Required Authorizations and Approvals
- 3.2. Development and Construction of Transmission Project
- 3.3. Milestones
- 3.4. Modifications to Transmission Project
- 3.5. Billing and Payment
- 3.6. Project Monitoring
- 3.7. Right to Inspect
- 3.8. Exclusive Responsibility of Developer
- 3.9. Subcontractors
- 3.10. No Services or Products Under NYISO Tariffs
- 3.11. Tax Status

### **ARTICLE 4. COORDINATION WITH THIRD PARTIES**

- 4.1. Interconnection Requirements for Transmission Project
- 4.2. Interconnection with Affected System
- 4.3. Coordination of Interregional Transmission Project

### **ARTICLE 5. OPERATION REQUIREMENTS FOR THE TRANSMISSION PROJECT**

### **ARTICLE 6. INSURANCE**

### **ARTICLE 7. BREACH AND DEFAULT**

- 7.1. Breach
- 7.2. Default
- 7.3. Remedies

### **ARTICLE 8. TERMINATION**

- 8.1. Termination by the NYISO
- 8.2. Reporting of Inability to Comply with Provisions of Agreement
- 8.3. Transmission Project Transfer Rights Upon Termination

### **ARTICLE 9. LIABILITY AND INDEMNIFICATION**

- 9.1. Liability
- 9.2. Indemnity

### **ARTICLE 10. ASSIGNMENT**

### **ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY**

- 11.1. Information Access
- 11.2. Confidentiality

### **ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 12.1. General
- 12.2. Good Standing
- 12.3. Authority
- 12.4. No Conflict
- 12.5. Consent and Approval
- 12.6. Compliance with All Applicable Laws and Regulations

## ARTICLE 13. DISPUTE RESOLUTION

## ARTICLE 14. SURVIVAL

## ARTICLE 15. MISCELLANEOUS

- 15.1. Notices
  - 15.2. Entire Agreement
  - 15.3. Cost Recovery
  - 15.4. Binding Effect
  - 15.5. Force Majeure
  - 15.6. Disclaimer
  - 15.7. No NYISO Liability for Review or Approval of Developer Materials
  - 15.8. Amendment
  - 15.9. No Third Party Beneficiaries
  - 15.10. Waiver
  - 15.11. Rules of Interpretation
  - 15.12. Severability
  - 15.13. Multiple Counterparts
  - 15.14. No Partnership
  - 15.15. Headings
  - 15.16. Governing Law
  - 15.17. Jurisdiction and Venue
- 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 or a "Facility" or "Cluster Study Transmission Project" under Attachment HH 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, as applicable, in Section 30.3.5 of Attachment X or Section 40.8 of Attachment HH to 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*
- *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**

## **TABLE OF CONTENTS**

### **ARTICLE 1. DEFINITIONS**

### **ARTICLE 2. EFFECTIVE DATE AND TERM**

- 2.1. Effective Date
- 2.2. Filing
- 2.3. Term of Agreement

### **ARTICLE 3. DESIGNATED PROJECT DEVELOPMENT AND CONSTRUCTION**

- 3.1. Application for Required Authorizations and Approvals
- 3.2. Development and Construction of Designated Project
- 3.3. Milestones
- 3.4. Modifications to Required Project In-Service Dates
- 3.5. Modifications to Designated Project
- 3.6. Billing and Payment
- 3.7. Project Monitoring
- 3.8. Right to Inspect
- 3.9. Exclusive Responsibility of Designated Entity
- 3.10. Subcontractors
- 3.11. No Services or Products Under NYISO Tariffs
- 3.12. Tax Status

### **ARTICLE 4. COORDINATION WITH THIRD PARTIES**

- 4.1. Interconnection Requirements for Designated Project
- 4.2. Interconnection with Affected System
- 4.3. Coordination of Interregional Transmission Project

### **ARTICLE 5. OPERATION REQUIREMENTS FOR THE DESIGNATED PROJECT**

### **ARTICLE 6. INSURANCE**

### **ARTICLE 7. BREACH AND DEFAULT**

- 7.1. Breach
- 7.2. Default
- 7.3. Remedies

### **ARTICLE 8. TERMINATION**

- 8.1. Termination by the NYISO
- 8.2. Reporting of Inability to Comply with Provisions of Agreement
- 8.3. Designated Project Transfer Rights Upon Termination

### **ARTICLE 9. LIABILITY AND INDEMNIFICATION**

- 9.1. Liability
- 9.2. Indemnity

### **ARTICLE 10. ASSIGNMENT**

### **ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY**

- 11.1. Information Access
- 11.2. Confidentiality

### **ARTICLE 12. REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 12.1. General
- 12.2. Good Standing

- 12.3. Authority
- 12.4. No Conflict
- 12.5. Consent and Approval
- 12.6. Compliance with All Applicable Laws and Regulations

#### ARTICLE 13. DISPUTE RESOLUTION

#### ARTICLE 14. SURVIVAL

#### ARTICLE 15. MISCELLANEOUS

- 15.1. Notices
  - 15.2. Entire Agreement
  - 15.3. Cost Recovery
  - 15.4. Binding Effect
  - 15.5. Force Majeure
  - 15.6. Disclaimer
  - 15.7. No NYISO Liability for Review or Approval of Designated Entity Materials
  - 15.8. Amendment
  - 15.9. No Third Party Beneficiaries
  - 15.10. Waiver
  - 15.11. Rules of Interpretation
  - 15.12. Severability
  - 15.13. Multiple Counterparts
  - 15.14. No Partnership
  - 15.15. Headings
  - 15.16. Governing Law
  - 15.17. Jurisdiction and Venue
- 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 \_\_\_\_\_ (“Designated Entity”), 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”). Designated Entity 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 NYISO has selected the a Public Policy Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Public Policy Transmission Need (“Transmission Project”); has designated the Designated Entity as responsible for developing the Designated Public Policy Project, which constitutes the Transmission Project, or a part of the Transmission Project, as specified in Appendix A, and/or Designated Network Upgrade Facilities designated to the Designated Entity pursuant to Section 22.9.6 of Attachment P to the ISO OATT, as specified in Appendix A (“Designated Project”); and directed the Designated Entity to proceed with the Designated Project;

**WHEREAS**, the Designated Entity has agreed to obtain the required authorizations and approvals from Governmental Authorities needed for the Designated Project, to develop and construct the Designated Project, and to abide by the related requirements in Attachment Y of the OATT, the ISO Tariffs, and the ISO Procedures;

**WHEREAS**, the Designated Entity 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 Designated Project will be constructed and in service by the required date(s) (“Required Designated Project In-Service Date”) to enable the Transmission Project to be constructed and in-service by the required date to satisfy the Public Policy Transmission Need (“Required Transmission Project In-Service Date”); and

**WHEREAS**, the Designated Entity has agreed to construct, and the NYISO has requested that the Designated Entity proceed with construction of, the Designated Project to provide for the Designated Project to be in-service by the Required Designated Project In-Service Date(s).

**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 Designated 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 Designated 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 Designated Entity to a third party in one or more related transactions, or any other transaction that has the effect of transferring control of the Designated Entity 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 Designated 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 Designated Project to be constructed and operating by the Required Designated 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.

**Designated Entity** shall have the meaning set forth in the introductory paragraph.

**Designated Network Upgrade Facilities** shall mean the Network Upgrade Facilities identified through the Transmission Interconnection Procedures for a Public Policy Transmission Project selected under Attachment Y to the ISO OATT; that meet the definition of upgrade under Section 31.6.4 of Attachment Y to the ISO OATT; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner in accordance with Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

**Designated Project** shall mean the Designated Public Policy Project that the Designated Entity has been designated to develop and place into service pursuant to Section 31.4.11 of Attachment Y and the Designated Network Upgrade Facilities that the Designated Entity has been designated to develop and place into service pursuant Section 22.9.6 of Attachment P to the ISO OATT, as described in the Project Description set forth in Appendix A to this Agreement.

**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 Designated Entity, the Connecting Transmission Owner(s), the Affected System Operator(s), or any Affiliate thereof.

**In-Service Date** shall mean the date upon which the Designated Project is energized consistent with the provisions of the Transmission Project Interconnection Agreement for the Designated Project 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 Designated Entity, or both.

**Point of Interconnection** shall mean the point or points at which the Designated Entity's Designated Project will interconnect to the New York State Transmission System.

**Project Description** shall mean the description of the Designated Project set forth in Appendix A to this Agreement for which the Designated Entity was designated to develop and place into service and (i) that is consistent with the Designated Project component of the Transmission 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 and/or (ii) that is consistent with the Designated Network Upgrade Facilities identified for the Transmission Project in a NYISO-conducted Facilities Study under Attachment P to the ISO OATT.

**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 Designated Project In-Service Date** shall mean the in-service date or dates by which the Designated Project must be constructed and operating, which date(s) will be identified by the NYISO as either: (A) the in-service date specified by the Developer in the project information it submitted under Attachment Y for one or more of the components of the Designated Project 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 for one or more of the components of the Designated Project as reasonable in light of the Public Policy Transmission Need. The Required Designated Project In-Service Date may be the same date as or an earlier date or dates than the Required Transmission Project In-Service Date. The Required Designated Project In-Service Date is set forth in the Development Schedule contained in Appendix C to this Agreement.

**Required Transmission Project In-Service Date** shall mean the in-service date by which the Transmission Project, including all Designated Public Policy Projects that constitute the Transmission Project and Designated Network Upgrade Facilities identified for the Transmission Project (if applicable), 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 in the project information submittal for the Transmission Project 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 Transmission 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 Designated Entity's proposed modification to its Designated Project that: (i) could impair the Transmission Project's or Designated Project's ability to meet the identified Public Policy Transmission Need, (ii) could delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, 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 Designated 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 Designated 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 Designated Project, and the cost estimates for the work associated with the Designated 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, other Designated Entities, or developers whose transmission facilities the NYISO has determined may be impacted by the Designated Project]*, and (iii) any Affected System Operator.

**Transmission Project** shall mean a Public Policy Transmission Project selected by the NYISO as the more efficient or cost-effective transmission solution to a Public Policy Transmission Need. The Designated Project subject to this Agreement shall be the Transmission Project, or the part of the Transmission Project, designated to the Designated Entity pursuant to Section 31.4.11 of Attachment Y.

## **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 Designated Entity 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 Designated Entity executes an operating agreement with the NYISO, and (ii) the Designated 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. DESIGNATED PROJECT DEVELOPMENT AND CONSTRUCTION**

### **3.1. Application for Required Authorizations and Approvals**

The Designated Entity shall timely seek and obtain all authorizations and approvals from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated Project In-Service Date. The required authorizations and approvals shall be listed in the Scope of Work in Appendix B to this Agreement. The Designated Entity 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 Designated Entity 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 Designated Project, or if such approval or authorization is withdrawn or modified.

### **3.2. Development and Construction of Designated Project**

The Designated Entity shall design, engineer, procure, install, construct, test and commission the Designated 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, (vi) any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated Project to interconnect to the New York State Transmission System, and (v) any engineering, procurement, and construction (“EPC”) agreement(s) associated with the interconnection of the Designated Project to the New York State Transmission System.

### **3.3. Milestones**

- 3.3.1. The NYISO shall provide the Designated Entity with the Required Transmission Project In-Service Date and Required Designated 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 and the estimated time to construct Designated Network Upgrade Facilities contained in the NYISO-conducted Facilities Study

report. Prior to executing and/or filing this Agreement with FERC, the NYISO and the Designated Entity 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 Designated Project to allow the Designated Project to go into service by the Required Designated 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 Designated Project that requires action by a Designated Entity of another Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project, a Connecting Transmission Owner, or an Affected System Operator to complete must be included as an Advisory Milestone.

- 3.3.2. The Designated Entity shall meet the Critical Path Milestones in accordance with the Development Schedule set forth in Appendix C to this Agreement. The Designated Entity'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 Designated Entity 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 Designated Entity shall notify the NYISO as soon as reasonably practicable, and no later than fifteen (15) Calendar Days, following the Designated Entity'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 Designated Entity shall submit to the NYISO within five (5) Business Days of the request, a written response indicating whether the Designated Entity will meet, or has met, a Critical Path Milestone and providing all required supporting documentation for its response.
- 3.3.4. The Designated Entity 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 Designated Entity 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 Designated Project to be completed and achieve its In-Service Date no later than the Required Designated Project In-Service Date, (iii) submit an officer's certificate in a form acceptable to the NYISO certifying the Designated Entity's capability to complete the Designated Project in accordance with the modified schedule taking into account the schedule for completing any other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project, and (iv)

submit an officer's certificate in a form acceptable to the NYISO from any other Designated Entity responsible for developing Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying its capability to complete its Designated Public Policy Project or Designated Network Upgrade Facilities in accordance with the modified schedule for the Designated Project, if applicable. If the Designated Entity: (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 Designated Entity 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 Designated Entity's requested change. The Designated Entity 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 Designated Entity demonstrates to the NYISO's satisfaction that the delay in meeting a Critical Path Milestone: (i) will not delay the In-Service Date of the Designated Project beyond the Required Designated Project In-Service Date and (ii) will not materially affect the completion of any other Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project being developed by another Designated Entity by any required in-service date for the other Designated Public Policy Project or Designated Network Upgrade Facilities and/or the Required Transmission Project In-Service Date, if applicable, 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 Designated Entity 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 Designated Entity's discovery of a potential delay in meeting an Advisory Milestone, the Designated Entity shall inform the NYISO of the potential delay and describe the impact of the delay on meeting the Critical Path Milestones. The Designated Entity 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.
- 3.3.6. In the event that another Designated Entity of a Designated Public Policy Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks to modify its schedule, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

### **3.4. Modifications to Required Project In-Service Dates**

- 3.4.1. The Designated Entity shall not make a change to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date without the prior

written consent of the NYISO. To request a change, the Designated Entity must: (i) inform the NYISO in writing of the proposed change to the Required Transmission Project In-Service Date or Required Designated 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 Designated Project and the Transmission Project to be completed and achieve its In-Service Date no later than the proposed, modified Required Designated Project In-Service Date and Required Transmission Project In-Service Date, respectively, taking into account the schedule for completing other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project, if applicable, (iii) demonstrate that the Designated Entity has made reasonable progress against the milestones set forth in the Development Schedule, and is capable of completing the Designated Project in accordance with the modified schedule, and (iv) submit a an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project certifying their capability to complete their projects in accordance with the Designated Entity's modified schedule and the proposed, modified Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. If the Required Transmission 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 Designated Entity must also demonstrate that the NYPSC has issued an order modifying its prescribed date.

3.4.2. The NYISO will promptly review Designated Entity's requested change to the Required Transmission Project In-Service Date and/or Required Designated Project In-Service Date. The Designated Entity 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 Designated Entity 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 Transmission Project In-Service Date and/or Required Designated Project In-Service Date will not be unreasonably withheld, conditioned, or delayed if the Designated Entity demonstrates to the NYISO's satisfaction that: (i) its proposed modified Required Transmission Project In-Service Date or Required Designated 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, (iii) its proposed modified date will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (iv) its proposed modified date will not materially impact the development of Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project being developed by other Designated Entities. The Parties shall amend this Agreement in accordance with Article 15.8 to incorporate a revised Required Project In-Service Date and Development Schedule.

3.4.3 In the event that another Designated Entity of a Designated Public Policy Project or Designated Network Upgrade Facilities related to the same Transmission Project seeks

to modify its project, its project's Required Designated Project In-Service Date, or the Required Transmission Project In-Service Date, the Designated Entity subject to this Agreement will not unreasonably withhold, condition, or delay any required input, information, or certification.

### **3.5. Modifications to Designated Project**

The Designated Entity shall not make a Significant Modification to the Designated Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Designated Entity to obtain required approvals or authorizations from Governmental Authorities; *provided, however*, that a proposed Significant Modification that is a proposed modification to the Required Transmission Project In-Service Date or Required Designated Project In-Service Date shall be addressed in accordance with Article 3.4. The NYISO's determination regarding a Significant Modification to the Designated Project under this Agreement shall be separate from, and shall not replace, the NYISO's review and determination of material modifications to the Designated Project under Attachment P of the OATT. The Designated Entity may request that the NYISO review whether a modification to the Designated Project would constitute a Significant Modification. The Designated Entity 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 Designated Entity 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 or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, (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, (iv) will not result in a significant adverse impact to the reliability of the New York State Transmission System, and (v) through submittal of an officer's certificate in a form acceptable to the NYISO from other Designated Entities responsible for developing Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project, certifies that the proposed modification will not materially impact the development of such other Designated Public Policy Projects or Designated Network Upgrade Facilities. 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 Designated Entity 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 Designated Project by the NYISO or its subcontractor(s) under Article 3.8. The NYISO will invoice Designated Entity 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 Designated Entity 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 Designated Entity disputes an amount to be paid, the Designated Entity shall pay the disputed amount to the



NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Designated Entity's favor, the NYISO will net the disputed amount, including interest calculated from Designated Entity's date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Designated Entity and pay the balance to the Designated Entity. This Article 3.6 shall survive the termination, expiration, or cancellation of this Agreement.

### **3.7. Project Monitoring**

The Designated Entity 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. The Designated Entity shall also provide updates and information upon the NYISO's request to assist with the coordination of the Designated Project with other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project.

### **3.8. Right to Inspect**

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Designated Project for the purpose of assessing the progress of the development and construction of the Designated 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 Designated 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 Designated Project and shall be subject to such reasonable safety and procedural requirements as the Designated Entity shall specify.

### **3.9. Exclusive Responsibility of Designated Entity**

As between the Parties, the Designated Entity 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 Designated 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 Designated Entity's development of the Designated Project or the compliance of the Designated Entity with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Designated Entity in good faith in providing information to assist the Designated Entity in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Designated Project by the Required Designated 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 Designated Entity wishes to receive or supply such products or services, the Designated Entity 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 Designated Project**

The Designated Entity 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 Designated Project to the New York State Transmission System by the Required Designated Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application for the Designated Project or joining with the agreement of the "Transmission Developer" a pending Transmission Interconnection Application that includes the Designated Project; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement for the Designated Project and/or EPC agreement(s), as applicable; and constructing, or arranging for the construction of, all required Network Upgrade Facilities; *provided, however*, if a 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 for the Transmission Project prior to the effective date of the Transmission Interconnection Procedures, the Designated Entity

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 Designated Project under this Agreement, the Designated Entity 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 or a “Facility” or “Cluster Study Transmission Project” under Attachment HH of the OATT could affect the Designated Project, the Designated Entity shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth, as applicable, in Section 30.3.5 of Attachment X or Section 40.8 of Attachment HH to the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Designated Project, the Designated Entity 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 Designated Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Designated Entity shall satisfy the requirements of the Affected System Operator for the interconnection of the Designated Project, including entering into any applicable EPC agreement(s).

#### **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 Designated Entity shall coordinate its development and construction of the Designated 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 DESIGNATED PROJECT**

If the Designated Entity is a Transmission Owner, the Designated Entity shall comply with the operating requirements set forth in the ISO/TO Agreement. If the Designated Entity is not a Transmission Owner, the Designated Entity shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Designated 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 Designated 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 Designated Project, execute an operating agreement with the NYISO.

## **ARTICLE 6. INSURANCE**

The Designated Entity 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 Designated Project will be located in part outside of New York State, Designated Entity 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 Designated Entity shall name the NYISO and its respective directors, officers, agents, servants and employees (“NYISO Parties”) as additional insureds. For Commercial General Liability Insurance, the Designated Entity 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 Designated Entity 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 Designated Entity 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 Designated Entity and the NYISO.
- 6.10** The requirements contained herein as to the types and limits of all insurance to be maintained by the Designated Entity are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Designated Entity under this Agreement.
- 6.11** The Designated Entity 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 Designated Entity may self-insure to meet the minimum insurance requirements of Articles 6.1 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Designated Entity'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 6.1 through 6.10. For any period of time that the Designated Entity's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, the Designated Entity shall comply with the insurance requirements applicable to it under Articles 6.1 through 6.10. In the event that the Designated Entity 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 Designated Entity 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 Designated Entity: (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 Designated Entity 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 Designated Entity notifies the NYISO in writing that it will not proceed to develop the Designated Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Designated Entity 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 Designated Entity makes a Significant Modification to the Designated Project without the prior written consent of the NYISO; (iv) the Designated Entity fails to pay a monthly invoice within the timeframe set forth in Article 3.6; (v) the Designated Entity 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 Designated Entity fails to file with the Commission any Cost Cap that the Designated Entity submitted to the NYISO as a part of its Public Policy Transmission Project and agreed to in this Agreement or seeks to recover through its transmission rates for the Designated 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 Designated Entity fails to comply with any other material term or condition of this Agreement;

(ix) a custodian, receiver, trustee or liquidator of the Designated Entity, or of all or substantially all of the assets of the Designated Entity, is appointed in any proceeding brought by the Designated Entity; or (x) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Designated Entity that is not discharged within ninety (90) Days after such appointment, or if the Designated Entity 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 another Designated Entity, 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 Designated Project by the Required Designated 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 Designated Entity's ability to complete the Designated Project by the Required Designated Project In-Service Date or other Designated Entities' ability to complete Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project by their required designated project in-service date and the Required Transmission Project In-Service Date; *provided, however*, that if the Breach is the result of a Designated Entity's inability or failure to meet a Critical Path Milestone, the Designated Entity 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 Designated Project will achieve its In-Service Date no later than the Required Designated Project In-Service Date and other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project will achieve their in-service dates before their required designated project in-service dates and the Required Transmission Project In-Service Date, or (ii) the Designated Entity 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 Designated Project to be completed by the Required Designated 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 Designated Entity in the event that: (i) the Designated Entity 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 Designated Project by the Required Designated Project In-Service Date; (ii) the Designated Entity notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iii) the Designated Entity cannot complete the Designated Project by the Required Designated Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Designated Entity from completing the Designated Project by the Required Designated Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner, an Affected System Operator, or other Designated Entity responsible for completing a Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project; (iv) the NYISO declares a default pursuant to Article 7.2 of this Agreement; or (v) another Designated Entity defaults on the development of a separate Designated Public Policy Project or Designated Network Upgrade Facilities related to the Transmission Project and the ISO determines to address the Public Policy Transmission Need in a future planning cycle pursuant to Section 31.4.12.3.1.2 of Attachment Y of the OATT.

If the NYISO identifies grounds for termination under Articles 8.1(iii) or (iv) or receives notice from the Designated Entity under Articles 8.1(i) or (ii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Sections 31.4.12.3.1.3 and 31.4.12.3.1.4 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), (iv), or (v), it will provide written notice of termination to the Designated Entity, 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 Designated Entity, 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 (v), the Designated Entity 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 Designated Entity 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 Designated 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. Designated Project Transfer Rights Upon Termination**

If the NYISO terminates this Agreement pursuant to Article 8.1 (except pursuant to Article 8.1(v)), the NYISO shall have the right, but shall not be required, to request an entity other than the Designated Entity to complete the Designated Public Policy Project. The NYISO may exercise this right by providing the Designated Entity 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 Sections 31.4.12.3.1.3 and 31.4.12.3.1.4 of Attachment Y of the OATT, the Designated Entity shall work cooperatively with the NYISO's designee pursuant to the requirements set forth, as applicable, in Sections 31.4.12.3.1.3 or 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 Designated Public Policy Project to the NYISO's designee. If the NYISO exercises the right to request an entity other than the Designated Entity to complete the Designated Public Policy Project and if there are Designated Network Upgrade Facilities covered by this Agreement, the NYISO may (i) request the Designated Entity to continue with the development of the Designated Network Upgrade Facilities and amend this Agreement to, among other things, revise the Designated Project as described in the Project Description set forth in Appendix A to this Agreement or (ii) execute or amend a Transmission Interconnection Agreement if termination under Articles 8.1(iii) or (iv) is related to the development of Designated Network Upgrade Facilities. All liabilities under this Agreement existing prior to such transfer shall remain with the Designated Entity, unless otherwise agreed upon by the Designated Entity 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 Designated Entity 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 Designated Entity shall be contingent upon the Designated Entity 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 Designated Project by the Required Designated Project In-Service Date consistent with the assignor's cost estimates for the Designated 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 Designated Entity 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 Designated 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 Designated Project meets the requirements for the assignee of a Designated Entity 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 Designated Entity 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 Designated Entity makes the following representations, warranties, and covenants, which are effective as to the Designated Entity during the full time this Agreement is effective:

### **12.2. Good Standing**

The Designated Entity 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 Designated Entity is qualified to do business in the state or states in which the Designated Project is located. The Designated Entity 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 Designated Entity 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 Designated Entity, enforceable against the Designated Entity 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 Designated Entity, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Designated Entity or any of its assets.

### **12.5. Consent and Approval**

The Designated Entity 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 Designated Entity 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.]

Designated Entity:

[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 Designated Entity's and NYISO's rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Designated Entity, and Connecting Transmission Owner(s) for the Designated 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 Designated Entity may recover the costs of the Designated Project in accordance with the cost recovery requirements in the ISO Tariffs. If the Designated Entity 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 Designated Project pursuant to Section 31.4.5.1 of the ISO OATT, the Designated Entity'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 Designated Entity's project proposal. Designated Entity 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, Designated Entity agrees to implement the Cost Cap in accordance with Section 6.10.6.3 of Rate Schedule 10. The Designated Entity further agrees in accordance with Rate Schedule 10 of the OATT that it shall not seek to recover through its transmission rates for the Designated Project or through any other means costs for the Included Capital Cost above its agreed-upon Cost Cap; *provided, however*, the Designated Entity 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. Designated 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), Affected Transmission Owner(s), or other Designated Entity(ies) responsible for completing other parts of the Transmission Project;
- 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 Designated Entity'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 Designated Entity'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 Designated Entity to meet a Critical Path Milestone. If the notifying Party is the Designated Entity, 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 Designated Project in time for other Designated Public Policy Projects or Designated Network Upgrade Facilities related to the Transmission Project to go into service by their required designated project in-service date(s) and the Required Transmission Project In-Service Date. If the Force Majeure will delay the Designated Entity's ability to meet one or more Critical Path Milestones, the Designated Entity 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 Designated Entity's ability to complete the Designated Project by the Required Designated 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 the Designated Entity will not be able to complete the Designated Project by the Required Designated 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 Designated Entity 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 that submitted the Transmission Project under Attachment Y of the ISO OATT or by the Designated Entity nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Designated Entity 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 Designated Entity 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 Designated Entity]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Appendix A – Project Description**

## **Appendix B – Scope of Work**

## **Appendix C – Development Schedule**

[To be prepared by Designated Entity consistent with the 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 Designated Entity 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 Designated Entity 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 Designated Entity'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 Designated Entity's Designated 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 Designated Entity and reported to NYISO.]

[Example Milestones:

- Interconnection studies
- 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 Designated Project In-Service Date
- Required Transmission Project In-Service Date, if different]

## **Appendix D – Cost Cap**



## **31.8 Appendix E – Public Policy Transmission Need Cost Allocation Methodologies**

### **31.8.1 General**

Under the Public Policy Transmission Planning Process, Section 31.5.5.4 of Attachment Y to the ISO OATT provides the process for prescribing an alternative to the default cost allocation methodology for Public Policy Transmission Projects that the ISO selected pursuant to Section 31.4.8.2 of Attachment Y to the ISO OATT. This Appendix E contains the Commission-accepted alternative cost allocation methodologies that the ISO will apply instead of the default cost allocation methodology set forth in Section 31.5.5.4.3 of Attachment Y to the ISO OATT for selected Public Policy Transmission Projects.

### **31.8.2 AC Transmission Public Policy Transmission Need Cost Allocation Methodology**

This Section 31.8.2 of Appendix E sets forth the Commission-accepted methodology prescribed by the Public Policy Requirement for allocating costs associated with the Public Policy Transmission Project that the ISO has selected pursuant to Section 31.4.8.2 of Attachment Y to the ISO OATT to satisfy the AC Transmission Public Policy Transmission Need identified by the NYPSC in an order issued on December 17, 2015 (“AC Transmission Project”). For purposes of this Section 31.8.2, the aforementioned costs are collectively referred to as the “AC Transmission Costs.”

The AC Transmission Costs to be allocated pursuant to this cost allocation methodology under this Section 31.8.2 of Appendix E will be determined in accordance with Sections 31.4 and 31.5.6.5 of Attachment Y to the ISO OATT. This cost allocation methodology is not applicable to any costs not approved by the Commission.

The ISO will apply the cost allocation methodology set forth under this Section 31.8.2 of Appendix E in the absence of the Commission accepting a different methodology; *provided, however*, that the ISO will apply the cost allocation methodology set forth in Section 31.8.3 for the selected Public Policy Transmission Project that satisfies Segment B of the AC Transmission Public Policy Transmission Needs. The ISO will perform the calculations prescribed under this Section 31.8.2 of Appendix E one time no earlier than thirty (30) days following the ISO's selection of the AC Transmission Project; provided, however, if the Developer of the selected AC Transmission Project proposes an alternative cost allocation methodology pursuant to Section 31.5.5.4 of Attachment Y to the ISO OATT, the NYISO will perform the calculations under this cost allocation methodology following the Commission's determination not to accept a methodology proposed in the filing by the Developer, or on behalf of the Developer, of the AC Transmission Project.

The cost allocation methodology set forth under this Section 31.8.2 of Appendix E will use the forecasts and assumptions identified in the Public Policy Transmission Planning Report for the AC Transmission Public Policy Transmission Need as the set of forecasts and assumptions to be used in the cost allocation methodology calculation. This methodology will be applied over a ten-year period beginning with the calendar year following the in-service date for the AC Transmission Project specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT. Recovery of the revenue requirements based upon the AC Transmission Costs resulting from this cost allocation methodology will be based on real-time usage data in accordance with NYISO's Billing and Settlements process under the applicable rate schedule in the ISO OATT.

The AC Transmission Costs will be allocated in accordance with the following methodology: (i) 25 percent of the costs will be allocated to all Load Zones in the NYCA based upon load-ratio share, and (ii) 75 percent of the costs will be allocated to those Load Zones that would economically benefit from the implementation of the AC Transmission Project based on the relative reduction in energy payments.

### 31.8.2.1 NYCA-Wide Load-Ratio Share Allocation

For purposes of allocating 25 percent of the AC Transmission Costs, the ISO will allocate such costs based on a load-ratio share to each Load Zone in the NYCA. The ISO will use the forecasted coincident summer peak demand contained in the forecasts and assumptions identified in the Public Policy Transmission Planning Report for the AC Transmission Public Policy Transmission Need as the set of forecasts and assumptions to be used in the cost allocation methodology calculation over the ten-year period beginning with the calendar year following the in-service date specified in accordance with Section 31.4.11 of Attachment Y to the ISO OATT, as follows:

$$NYCAWideCostAllocation_z = \left( \frac{\sum_{y=1}^{10} CoincidentPeak_{z,y}}{\sum_{y=1}^{10} CoincidentPeak_{NYCA,y}} \right) \times (25\%)$$

Where: z = an individual Load Zone in the NYCA;

y = forecast year 1 through 10, beginning with the calendar year following the in-service date for the AC Transmission Project specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT;

$CoincidentPeak_{z,y}$  = the forecasted coincident summer peak demand in Load Zone z and year y; and

$CoincidentPeak_{NYCA,y}$  = the forecasted coincident summer peak demand for the NYCA in year y.

### **31.8.2.2 Economic Beneficiaries Allocation**

For purposes of allocating 75 percent of the AC Transmission Costs to the Load Zones that would economically benefit from the implementation of the AC Transmission Project, the ISO will identify those Load Zones and allocate the costs as follows:

- 31.8.2.2.1 The ISO will identify the Load Zones that would economically benefit from the AC Transmission Project over the ten-year period beginning with the calendar year following the in-service date for the project specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT.
- 31.8.2.2.2 The ISO will measure the present value of the annual zonal LBMP load savings for all Load Zones that would have a load savings net of changes in TCC revenues as a result of the implementation of the AC Transmission 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 beginning with the calendar year following the in-service date for the project specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT. The discount rate to be used for the present value analysis shall be the discount rate identified in the Public Policy Transmission Planning Report for the AC Transmission Public Policy Transmission Need. The load savings for a Load Zone will be equal to the difference between the zonal LBMP load cost without the AC Transmission Project and the LBMP load cost with the AC Transmission

Project, net of changes in TCC revenues. For the purposes of this methodology under this Section 31.8.2.2.2, the ISO will not account for load served by generation owned by LSEs or bilateral contracts in calculating a Load Zone's LBMP benefit and, for the purpose of cost allocation, will treat all load as being priced at the zonal LBMP.

31.8.2.2.2.1 The economic beneficiaries will be those Load Zones that experience net zonal benefits measured over the ten-year period beginning with the calendar year following the in-service date for the AC Transmission Project specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT.

31.8.2.2.2.2 Reductions in TCC revenues will reflect the forecasted impact of the AC Transmission Project on TCC auction revenues and day-ahead residual congestion rents allocated to Load in each Load Zone, not including the congestion rents that accrue to the ISO's projection of any potential Incremental TCCs that may be made feasible as a result of this project. This impact will include forecasts of: (i) the total impact of the AC Transmission Project on the Transmission Service Charge offset applicable to loads in each Load Zone (which may vary for loads in a given Load Zone that are in different Transmission Districts); (ii) the total impact of that project on the NYPA Transmission Adjustment Charge offset applicable to loads in that Load Zone; and (iii) the total impact of that project on payments made to LSEs serving load in that Load Zone and that hold Grandfathered Rights or Grandfathered TCCs, to the extent that these have not been taken into account in the calculation of item (i) above. These forecasts shall

be performed using the procedure described in Appendix B in Section 31.7 of Attachment Y to the ISO OATT.

31.8.2.2.2.3 Estimated TCC revenues from the ISO's projection of any potential Incremental TCCs created by the AC Transmission Project over the ten-year period commencing with the calendar year following the in-service date for the project, as specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT, will be added to the net load savings used for the economic beneficiaries cost allocation determination. Any actual Incremental TCCs ultimately awarded to the AC Transmission Project shall be determined in accordance with the requirements of Section 19.2.4 of Attachment M to the ISO OATT.

31.8.2.2.2.4 The ISO will calculate the net zonal benefits for each Load Zone in the NYCA as the difference between the zonal LBMP load cost without the AC Transmission Project and the zonal LBMP load cost with the AC Transmission Project, net of reductions in TCC revenues, using the following equation:

**NetZonalBenefits<sub>z</sub>**

$$= \max \left[ 0, \sum_{y=1}^{10} \left( (LBMP_{z,y,base} - LBMP_{z,y,project} - TCCRevImpact_{z,y}) \times DF \right) \right]$$

Where: z = an individual Load Zone in the NYCA;

y = forecast year 1 through 10, beginning with the calendar year following in-service date for the AC Transmission Project specified in the Public Policy Transmission Planning Report in accordance with Section 31.4.11 of Attachment Y to the ISO OATT;

$LBMP_{z,y,base}$  = forecasted load LBMP cost for Load Zone z in year y assuming the AC Transmission Project is not in service;

$LBMP_{z,y,project}$  = forecasted load LBMP cost for Load Zone z in year y assuming the AC Transmission Project is in service;

$TCCRevImpact_{z,y}$  = 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 Attachment Y to the ISO OATT; and

DF = is the discount factor identified in the Public Policy Transmission Planning Report for the AC Transmission Public Policy Transmission Need.

31.8.2.2.2.5 Any Load Zone that does not have a net zonal benefit is not considered an economic beneficiary and will not be allocated any portion of the 75 percent of the AC Transmission Costs. There will be no “make whole” payments to non-economic beneficiary Load Zones.

31.8.2.2.3 Those Load Zones identified in Section 31.8.2.2 of this Appendix E as economically benefiting from the AC Transmission Project will be allocated 75 percent of the AC Transmission Costs as follows:

$$EconomicCostAllocation_z = \left( \frac{NetZonalBenefits_z}{\sum_{k=1}^m NetZonalBenefits_k} \right) \times (75\%)$$

Where: z = an individual Load Zone in the NYCA;

k = a Load Zone in the NYCA with net zonal benefits as calculated under Section 31.8.2.2.2.4 of this Appendix E; and

m = the total number of Load Zones in the NYCA with net zonal benefits as calculated under Section 31.8.2.2.2.4 of this Appendix E.

### **31.8.2.3 Zonal Cost Allocation**

The NYISO will calculate the proportion of the AC Transmission Costs allocated to each individual Load Zone to be used in the applicable rate schedule under the ISO OATT, as follows:

$$\text{ZonalCostAllocation}_z = (\text{NYCAWideCostAllocation}_z + \text{EconomicCostAllocation}_z)$$

Where: z = an individual Load Zone in the NYCA.

### **31.8.3 Cost Allocation Methodology for Segment B of the AC Transmission Public Policy Transmission Needs**

Sections 36.1.1 and 36.2.1.2 of Attachment DD to the ISO OATT set forth the Commission-accepted methodology for allocating the costs associated with the Public Policy Transmission Project selected in the Public Policy Transmission Planning Report issued and approved by the ISO's Board of Directors on April 8, 2019 (and identified therein as "Project T019") to satisfy Segment B of the AC Transmission Public Policy Transmission Needs identified by the New York State Public Service Commission on December 17, 2015, in its Case No. 12-T-0502.

### **31.8.4 Cost Allocation Methodology for the Western New York Public Policy Transmission Need**

The Commission-accepted cost allocation for the Empire State Line Project shall be as set forth in the table below. The Empire State Line Project was selected in the Public Policy Transmission Report issued and approved by the ISO's Board of Directors on October 17, 2017 (and identified therein as "Project T014") to satisfy the Western New York Public Policy Transmission Need identified by the New York State Public Service Commission on July 20, 2015 in Case No. 14-E-0454.

<b>TABLE – Western New York Public Policy Transmission Need</b>
---



	Load Zone	Allocation %
Upstate	A	37.16%
	B	1.55%
	C	5.11%
	D	0.72%
	E	1.26%
	F	16.1%
Downstate	G	8.87%
	H	2.42%
	I	5.18%
	J	14.7%
	K	6.93%
NYCA		100%

**31.9 This section is reserved for future use.**

**31.10 This section is reserved for future use.**

## **31.11            Appendix H – Form of Operating Agreement**

## **FORM OF OPERATING AGREEMENT**

### **Table of Contents**

#### **ARTICLE 1.0: DEFINITIONS**

##### **1.01 Capitalized Terms**

#### **ARTICLE 2.0: RESPONSIBILITIES OF THE NTO**

##### **2.01 Transmission Facilities**

##### **2.02 Transmission System Operation**

##### **2.03 Local Area Transmission System Facilities**

##### **2.04 Safe Operations**

##### **2.05 Local Control Center, Metering and Telemetry**

##### **2.06 Security Constrained Unit Commitment Adjustments**

##### **2.07 Design, Maintenance and Rating Capabilities**

##### **2.08 Maintenance Scheduling**

##### **2.09 NERC Registration**

##### **2.10 Investigations and Restoration**

##### **2.11 Information and Support**

##### **2.12 Performance of Obligation by Third Parties**

##### **2.13 Comprehensive Planning Process for Reliability Needs**

#### **ARTICLE 3.0: RESPONSIBILITIES OF THE ISO**

##### **3.01 Operation and Coordination**

##### **3.02 Tariff Administration and Performance of Responsibilities Under ISO Related Agreements**

##### **3.03 Granting of Authority**

##### **3.04 Collection and Billing**

##### **3.05 Proposed Material Modifications to the NYS Power System**

##### **3.06 OASIS**

##### **3.07 NERC Registration**

##### **3.08 NTO's Reserved Rights**

##### **3.09 Retention of Non-Transferred Obligations**

## **ARTICLE 4.0: ASSIGNMENT**

**4.01** Assignments by the NTO or the ISO

## **ARTICLE 5.0: LIMITATION OF LIABILITY AND INDEMNIFICATION**

**5.01** Limitations of Liability

**5.02** Additional Limitations of Liability

**5.03** Indemnification

**5.04** Force Majeure

**5.05** Claims by Employees and Insurance

**5.06** Survival

## **ARTICLE 6.0: OTHER PROVISIONS**

**6.01** Term and Termination for Cause

**6.02** Termination by Election

**6.03** Obligations after Termination

**6.04** Winding Up

**6.05** Confidentiality

**6.06** Governing Law; Jurisdiction

**6.07** Headings

**6.08** Mutual Agreement

**6.09** Contract Supremacy

**6.10** Additional Remedies

**6.11** No Third Party Rights

**6.12** Not Partners

**6.13** Waiver

**6.14** Modification

**6.15** Counterparts

## OPERATING AGREEMENT

**THIS OPERATING AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and between \_\_\_\_\_, a non-incumbent transmission owner organized and existing as a [corporate description] under the laws of the State/Commonwealth of \_\_\_\_\_ (“NTO”), 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 (“ISO”). The NTO and the ISO each may be referred to as a “Party” or collectively referred to as the “Parties.”

### WITNESSETH:

**WHEREAS**, the ISO is an independent system operator that is responsible under its Open Access Transmission Tariff (“ISO OATT”) and its Market Administration and Control Area Services Tariff (“ISO Services Tariff”) as they may be amended from time to time (collectively, “ISO Tariffs”), and the ISO Related Agreements, filed with and accepted by the Federal Energy Regulatory Commission (“Commission”), for providing non-discriminatory, open access transmission service, maintaining reliability, performing system planning, and administering competitive wholesale markets for energy, capacity, and ancillary services in New York State;

**WHEREAS**, the NTO is the owner of certain transmission facilities specified herein that are integrated with the NYS Transmission System and the NTO has fiduciary responsibilities to its investors to assure, among other things, the receipt of adequate revenues to maintain its transmission facilities, a reasonable rate of return on its transmission facilities, and to provide for recovery of the capital invested in its transmission facilities;

**WHEREAS**, the NTO has executed, along with this Agreement, the Independent System Operator Agreement (“ISO Agreement”) and has executed a Service Agreement(s) as a Transmission Owner for purposes of the ISO Tariffs;

**WHEREAS**, the ISO will exercise ISO Operational Control over certain of the NTO’s transmission facilities classified as “NTO Transmission Facilities Under ISO Operational Control”;

**WHEREAS**, the NTO and ISO have agreed to enter into this Agreement for the purpose of the NTO authorizing the ISO to exercise, and the ISO assuming, ISO Operational Control over the NTO Transmission Facilities Under ISO Operational Control in accordance with the requirements set forth in this Agreement, the ISO Tariffs, and the ISO Related Agreements, as applicable;

**WHEREAS**, the NTO will continue to own and be responsible for the physical operation, modification and maintenance of its NTO Transmission Facilities Under ISO Operational Control; and

**WHEREAS**, the ISO OATT will provide for the payment by Transmission Customers for Transmission Service at rates designed to enable the NTO to recover its revenue requirement to the extent allowed, accepted, or approved by FERC;

**WHEREAS**, the ISO has a comprehensive planning process for reliability needs that includes the Reliability Planning Process and the Short-Term Reliability Process, and each Transmission Owner, including the NTO, will participate in this planning process as described in the ISO OATT;



**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements set forth herein, the Parties do hereby agree with each other, for themselves and their successors and assigns, as follows:

## **ARTICLE 1.0: DEFINITIONS**

### **1.01 Capitalized Terms**

Capitalized terms that are not otherwise defined herein shall have the meaning set forth in the definitions contained in Article 1 of the ISO Agreement, as it existed on the date this Agreement is signed by the Parties. Those definitions contained in Article 1 of the ISO Agreement are hereby incorporated by reference in their entirety into this Agreement; *provided, however*, that an NTO shall be a Transmission Owner for purposes of the ISO Tariffs and this Agreement notwithstanding the definition of Transmission Owner contained in the ISO Agreement related to the ownership of 100 circuit miles of transmission in New York State and becoming a signatory to the ISO/TO Agreement. Modifications to such definitions in the ISO Agreement shall apply to this Agreement only if the Parties to this Agreement agree in writing pursuant to Section 6.14 below.

## **ARTICLE 2.0: RESPONSIBILITIES OF THE NTO**

### **2.01 Transmission Facilities**

The NTO owns certain transmission facilities over which the ISO will have day-to-day operational control to maintain these facilities in a reliable state, as defined by the Reliability Rules and all other applicable reliability rules, standards and criteria, and in accordance with the ISO Tariffs, ISO Related Agreements and ISO Procedures (“ISO Operational Control”). These NTO facilities shall be classified as “NTO Transmission Facilities Under ISO Operational Control,” and are listed in Appendix A-1 of this Agreement. The NTO also will be responsible for providing notification to the ISO with respect to actions related to certain other transmission facilities. These facilities shall be classified as “NTO Transmission Facilities Requiring ISO Notification,” and are listed in Appendix A-2 of this Agreement. Transmission facilities may be added to, or deleted from, the lists of facilities provided in Appendices A-1 and A-2 herein by mutual written agreement of the ISO and the NTO owning and controlling such facilities. Currently listed facilities will be posted on the ISO’s OASIS.

### **2.02 Transmission System Operation**

The NTO shall be responsible for ensuring that all actions related to the operation, maintenance and modification of its facilities that are designated as NTO Transmission Facilities Under ISO Operational Control and NTO Transmission Facilities Requiring ISO Notification are performed in accordance with the terms of this Agreement, all Reliability Rules and all other applicable reliability rules, standards and criteria, all operating instructions, ISO Tariffs, and ISO Procedures.

### **2.03 Local Area Transmission System Facilities**

Transmission system facilities not designated as NTO Transmission Facilities Under ISO Operational Control or as NTO Transmission Facilities Requiring ISO Notification shall be collectively known as “Local Area Transmission System Facilities” and are listed in Appendix A-3 of this Agreement. Transmission facilities may be added to, or deleted from, the list of facilities provided in Appendix A-3 herein by mutual written agreement of the ISO and the NTO owning and controlling such facilities. The NTO shall have sole responsibility for the operation of its Local Area Transmission System Facilities, provided, however, that such operation shall comply with all Reliability Rules and ISO Tariffs as applicable, and all other applicable reliability rules, standards and criteria, and shall not compromise the reliable and secure operation of the NYS Transmission System. The NTO shall promptly comply to the extent practicable with a request from the ISO, or from the Transmission Owner(s) to which its facilities are interconnected (“Interconnecting Transmission Owner(s)” or “ITO(s)”), to take action with respect to coordination of the operation of its Local Area Transmission System Facilities.

### **2.04 Safe Operations**

Notwithstanding any other provision of this Agreement, an NTO may take, or cause to be taken, such action with respect to the operation of its facilities as it deems necessary to maintain Safe Operations. To ensure Safe Operations, the local operating rules of the ITO(s) shall govern the connection and disconnection of generation with NTO transmission facilities. Safe Operations include the application and enforcement of rules, procedures and protocols that are intended to ensure the safety of personnel operating or performing work or tests on transmission facilities.

## **2.05 Local Control Center, Metering and Telemetry**

The NTO shall operate, pursuant to ISO Tariffs, ISO Procedures, Reliability Rules and all other applicable reliability rules, standards and criteria on a twenty-four (24) hour basis, a suitable local control center(s) with all equipment and facilities reasonably required for the ISO to exercise ISO Operational Control over NTO Transmission Facilities Under ISO Operational Control, and for the NTO to fulfill its responsibilities under this Agreement. Operation of the NYS Power System is a cooperative effort coordinated by the ISO control center in conjunction with local control centers and will require the exchange of all reasonably necessary information. The NTO shall provide the ISO with Supervisory Control and Data Acquisition (“SCADA”) information on facilities listed in Appendices A-1 and A-2 herein as well as on generation and merchant transmission resources interconnected to the NTO’s transmission facilities pursuant to the ISO OATT.

The NTO shall provide metering data for its transmission facilities to the ISO, unless other parties are authorized by the appropriate regulatory authority to provide metering data. The NTO shall collect and submit to the ISO billing quality metering data and any other information for its transmission facilities required by the ISO for billing purposes. The NTO shall provide to the ISO the telemetry and other operating data from generation and merchant transmission resources interconnected to its transmission facilities that the ISO requires for the operation of the NYS Power System. The NTO will establish and maintain a strict code of conduct to prevent such information from reaching any unauthorized person or entity.

## **2.06 Security Constrained Unit Commitment Adjustments**

The NTO shall coordinate with its ITO(s) as applicable regarding any request for commitment of additional Generators. If, following coordination among the NTO and its ITO(s), an additional resource(s) needs to be committed to ensure local area reliability, the NTO, or the

ITO(s) at the NTO's request, may request commitment of additional Generators (including specific output level(s)). The ISO will use Supplemental Resource Evaluation ("SRE"), pursuant to ISO Tariffs and ISO Procedures, to fulfill a request from the NTO or ITO(s), as appropriate, for additional units.

## **2.07 Design, Maintenance and Rating Capabilities**

The NTO shall comply with the provisions of this Agreement, all Reliability Rules and all other applicable reliability rules, standards and criteria, ISO Procedures, and Good Utility Practice with respect to the design, maintenance and rating the capabilities of NYS Transmission System facilities.

## **2.08 Maintenance Scheduling**

The NTO shall schedule maintenance of its facilities designated as NTO Transmission Facilities Under ISO Operational Control and schedule any outages (other than forced transmission outages) of said transmission system facilities in accordance with outage schedules approved by the ISO. The NTO shall comply with maintenance schedules coordinated by the ISO, pursuant to this Agreement, for NTO Transmission Facilities Under ISO Operational Control. The NTO shall be responsible for providing notification of maintenance schedules to the ISO for NTO Transmission Facilities Requiring ISO Notification. The NTO shall provide notification of maintenance schedules to affected Transmission Owners for NTO Transmission Facilities Requiring ISO Notification and Local Area Transmission Facilities pursuant to Section 3.5.3 of the ISO Services Tariff.

## **2.09 NERC Registration**

The NTO shall register or enter into agreement with a NERC registered entity for all required NERC functions applicable to the NTO, that may include, without limitation, those functions designated by NERC to be: "Transmission Owner" and "Transmission Planner" and

“Transmission Operator.” The Parties agree to negotiate in good faith the compliance obligations for the NERC functions applicable to, and to be performed by, each Party with respect to the NTO’s facilities. Notwithstanding the foregoing, the ISO shall register for the “Transmission Operator” function for all NTO Transmission Facilities under ISO Operational Control identified in Appendix A-1 of this Agreement.

## **2.10 Investigations and Restoration**

The NTO shall promptly conduct investigations of equipment malfunctions and failures and forced transmission outages in a manner consistent with applicable FERC, PSC, NRC, NERC, NPCC and NYSRC rules, principles, guidelines, standards and requirements, ISO Procedures and Good Utility Practice. The NTO shall supply the results of such investigations to the NYSRC, the ISO, and, pursuant to Section 3.5.3 of the ISO Services Tariff, the other Transmission Owners. Following a total or partial system interruption, restoration shall be coordinated between the ISO control center and local control centers. The local control centers shall have the authority, in coordination with the ISO, to restore the system and to re-establish service if doing so would minimize the period of service interruption. The NTO shall determine the level of resources to be applied to restore facilities to service following a failure, malfunction, or forced transmission outage.

## **2.11 Information and Support**

The NTO shall obtain from the ISO, and the ISO shall provide to the NTO, the necessary information and support services to comply with their obligations under this Article.

## **2.12 Performance of Obligation by Third Parties**

The NTO may arrange for one or more third parties to perform its responsibilities under this Agreement; *provided, however*, that the NTO shall require each such third party to agree in writing to comply with all applicable terms and conditions of this Agreement; *provided, further*,

that in all cases the NTO shall be responsible for the acts and omissions of each such third party to the same extent as if such acts and omissions were made by the NTO or its employees, and such use of a third party shall not relieve the NTO of its responsibilities under this Agreement. Notwithstanding the foregoing, the NTO shall have the right to assign this entire Agreement pursuant to the terms of Article 4.0 hereof.

## **2.13 Comprehensive Planning Process for Reliability Needs**

- a. Notwithstanding any provision, including Section 3.08(e) contained in this Agreement, the NTO acknowledges its obligations described in the ISO's Reliability Planning Process set forth in Attachment Y of the ISO OATT and in the Short-Term Reliability Process set forth in Attachment FF of the ISO OATT, that arise when the ISO designates the NTO as a "Responsible Transmission Owner," pursuant to Section 31.2.4.3 of the ISO OATT or Attachment FF of the ISO OATT, to address a reliability need(s) related to the transmission facilities that the NTO owns and that are subject to this Agreement.
- b. The NTO's obligations described in Section 2.13(a) above shall be subject to the full recovery in wholesale rates on a current basis by the NTO, in accordance with the rate mechanism set forth in Section 6.10 of the ISO OATT (Rate Schedule 10) or Section 6.16 of the ISO OATT (Rate Schedule 16), of all reasonably incurred costs, including a reasonable return on investment and any applicable regulatory incentives, related to the preparation of a proposal for, and the development, construction, operation, and maintenance of, regulated transmission projects undertaken, or caused to be undertaken, by the NTO to meet a reliability need identified in the ISO's Reliability Planning Process or Short-Term Reliability

Process as a result of being designated as the Responsible Transmission Owner, including those regulated transmission projects that were subsequently determined by the ISO not to be necessary to meet a reliability need or that cannot be completed because of the failure to obtain necessary federal, state, or local authorizations or for any other circumstance beyond the NTO's reasonable control;

- c. The NTO's obligations described in Section 2.13(a) above shall be further conditioned on:
  - 1. The recovery of transmission-related costs in rates, as provided for in Section 2.13(b) above, will include, but not be limited to, all reasonable costs related to (i) obtaining or attempting to obtain all federal, state and local authorizations necessary for completion of the project included in the Comprehensive Reliability Plan and (ii) acquiring or attempting to acquire all necessary real property rights for such project;
  - 2. The receipt by the NTO of all federal, state, and local authorizations necessary for completion of the regulated transmission project and acquisition by the NTO of all necessary property rights; and
  - 3. The right of the NTO to request any incentives available under regulatory policies related to investments in transmission projects as part of any filing under rates as provided for in Section 2.13(b) above.
- d. Nothing contained in Section 2.13 of this Agreement shall limit the right of the NTO to protest, comment on, or engage in litigation before FERC, the New York



Public Service Commission, or any court with respect to proposed changes to  
the Reliability Planning Process.

## **ARTICLE 3.0: RESPONSIBILITIES OF THE ISO**

### **3.01 Operation and Coordination**

The ISO shall direct the operation of, coordinate the maintenance scheduling of, and coordinate the planning of certain facilities of the NYS Power System, including coordination with the control center(s) maintained by or on behalf of the NTO, in accordance with the Reliability Rules and all other applicable reliability rules, standards and criteria, as follows:

- a. Administering Control Area operations of the NYS Power System;
- b. Performing balancing of Generation and Load while ensuring the safe, reliable and efficient operation of the NYS Power System;
- c. Exercising ISO Operational Control over certain facilities of the NYS Power System under normal operating conditions and system Emergencies to maintain system reliability;
- d. Coordinating the NYS Power System equipment outages and maintenance and maintaining the safety and short term reliability of the NYS Power System; and
- e. Conducting the Reliability Planning Process in accordance with Attachment Y of the ISO OATT and the Short-Term Reliability Process in accordance with Attachment FF of the ISO OATT.

### **3.02 Tariff Administration and Performance of Responsibilities Under ISO Related Agreements**

The ISO shall (a) administer the ISO OATT, the ISO Services Tariff and the ISO Agreement in accordance with their provisions as they may be amended from time to time, and (b) shall comply with the provisions of this Agreement, the ISO/TO Agreement, the NYSRC Agreement and the ISO/NYSRC Agreement.

### **3.03 Granting of Authority**

The ISO responsibilities set forth in Article 3 of this Agreement, are granted by the NTO to the ISO only so long as each of the conditions set forth below is met and continues to be met throughout the term of this Agreement:

- a. The ISO fully implements all Reliability Rules and all other applicable reliability rules, standards and criteria including, without limitation, using all reasonable efforts to require all Market Participants to maintain applicable levels of Installed Capacity and Operating Capacity, consistent with the ISO OATT, the ISO Services Tariff, all Reliability Rules and all other applicable reliability rules, standards and criteria;
- b. The ISO has a FERC-accepted transmission tariff(s) and rate schedules which provide(s) for full recovery of the transmission revenue requirement of the NTO to the extent allowed, accepted or approved by FERC;
- c. The ISO does not act in violation of lawful PSC or FERC Orders;
- d. The ISO does not have a financial interest in any commercial transaction involving the use of the NYS Power System or any other electrical system except to the limited extent required for the ISO to be the single counterparty to market transactions in accordance with the credit requirements for organized wholesale electric markets set forth in Commission Order Nos. 741 and 741-A as codified in 18 C.F.R. § 35.47 (2011) or successor provisions;
- e. The ISO distributes revenues from the collection of transmission charges to the NTO in a timely manner; and
- f. The ISO enforces and complies with the creditworthiness and collection standards of the ISO Procedures, the ISO OATT and the ISO Services Tariff.

### **3.04 Collection and Billing**

The ISO shall facilitate and/or perform the billing and collection of revenues related to services provided by the ISO pursuant to the terms of the ISO OATT and the ISO Services Tariff.

### **3.05 Proposed Material Modifications to the NYS Power System**

Pursuant to the requirements of applicable provisions of the ISO OATT, ISO Related Agreements and ISO Procedures, the ISO shall evaluate the impact of any proposed material modification to the NYS Power System. Any proposed material modification to the NTO's facilities must satisfy the requirements of applicable provisions of the ISO OATT, NYSRC and ISO/NYSRC Agreements, ISO Procedures, and this Agreement. In the event of a dispute regarding the impact of the proposed modification, the ISO or the NTO may refer the issue for resolution pursuant to procedures set forth in Article 11 of the ISO Services Tariff, as such procedures may be amended from time to time.

### **3.06 OASIS**

The ISO shall maintain the OASIS for the New York Control Area.

### **3.07 NERC Registration**

If and to the extent any of the NTO's facilities are NERC jurisdictional facilities, the ISO will register for certain NERC functions applicable to those NTO facilities. Such functions may include, without limitation, those functions designated by NERC to be "Reliability Coordinator" and "Balancing Authority" and "Transmission Planner" and "Planning Coordinator." The Parties agree to negotiate in good faith the compliance obligations for the NERC functions applicable to, and to be performed by, each Party with respect to the NTO's facilities. Notwithstanding the foregoing, the ISO shall register for the "Transmission Operator" function

for all NTO Transmission Facilities under ISO Operational Control identified in Appendix A-1 of this Agreement.

### **3.08 NTO's Reserved Rights**

Notwithstanding any other provision of this Agreement with the exception of Section 2.13 above, the NTO shall retain all of the rights set forth in this Section; provided, however, that such rights shall be exercised in a manner consistent with the NTO's rights and obligations under the Federal Power Act and the Commission's rules and regulations thereunder. This Section is not intended to reduce or limit any other rights of the NTO as a signatory to this Agreement or any of the ISO Related Agreements or under an ISO Tariff.

- a. The NTO shall have the right at any time unilaterally to file pursuant to Section 205 of the Federal Power Act to change the ISO OATT, a Service Agreement under the ISO OATT, or the ISO Agreement to the extent necessary: (i) to recover all of its reasonably incurred costs, plus a reasonable return on investment related to services under the ISO OATT and (ii) to accommodate implementation of, and changes to, an NTO's retail access program.
- b. Nothing in this Agreement shall restrict any rights, to the extent such rights exist: (i) of the NTO that is a party to a merger, acquisition or other restructuring transaction to make filings under Section 205 of the Federal Power Act with respect to the reallocation or redistribution of revenues among Transmission Owners or the assignment of its rights or obligations, to the extent the Federal Power Act requires such filings; or (ii) of the NTO to terminate its participation in the ISO pursuant to Section 3.02 of the ISO Agreement or Article 6 of this Agreement, notwithstanding any effect its withdrawal from the ISO may have on the distribution of transmission revenues among other Transmission Owners.

- c. The NTO retains all rights that it otherwise has incident to its ownership of its assets, including, without limitation, its transmission facilities including, without limitation, the right to build, acquire, sell, merge, dispose of, retire, use as security, or otherwise transfer or convey all or any part of its assets, including, without limitation, the right to amend or terminate the NTO's relationship with the ISO in connection with the creation of an alternative arrangement for the ownership and/or operation of its transmission facilities on an unbundled basis (e.g., a transmission company), subject to necessary regulatory approvals and to any approvals required under applicable provisions of this Agreement.
- d. The obligation of the NTO to expand or modify its transmission facilities in accordance with the ISO OATT shall be subject to the NTO's right to recover, pursuant to appropriate financial arrangements contained in Commission-accepted tariffs or agreements, all reasonably incurred costs, plus a reasonable return on investment, associated with constructing and owning or financing such expansions or modifications to its facilities.
- e. Except as provided in Section 2.13 above, the responsibilities granted to the ISO under this Agreement shall not expand or diminish the responsibilities of the NTO to modify or expand its transmission system, nor confer upon the ISO the authority to direct the NTO to modify or expand its transmission system.
- f. The NTO shall have the right to construct (or cause to be constructed), invest in, and own any regulated transmission facilities that the ISO determines are required to meet a reliability need identified by the Reliability Planning Process or the Short-Term Reliability Process, so long as the appropriate

regulatory agency(ies) has granted its approval. The costs associated with any such transmission facilities shall be recovered in rates as provided for in Section 2.13(b) above and the ISO OATT.

- g. The NTO shall have the right to adopt and implement procedures it deems necessary to protect its electric facilities from physical damage or to prevent injury or damage to persons or property.
- h. The NTO retains the right to take whatever actions it deems necessary to fulfill its obligations under local, state or federal law.
- i. Nothing in this Agreement shall be construed as limiting in any way the rights of the NTO to make any filing with the PSC.
- j. Notwithstanding anything to the contrary in this Agreement, no amendment to any provision of this Section may be adopted without the agreement of the NTO.

### **3.09 Retention of Non-Transferred Obligations**

Any and all other rights and responsibilities of the NTO related to the ownership or operation of its transmission assets or to its rights to withdraw its assets from ISO control, that have not been specifically transferred to the ISO under this Agreement or otherwise addressed under this Agreement, will remain with the NTO.

## **ARTICLE 4.0: ASSIGNMENT**

### **4.01 Assignments by the NTO or the ISO.**

This Agreement cannot be assigned by the ISO. This Agreement may be assigned by the NTO including, without limitation, to any entity(ies) in connection with a merger, consolidation, reorganization or change in the organizational structure of the assigning Party, provided that the surviving entity(ies) agree, in writing, to be bound by the terms of this Agreement.



## **ARTICLE 5.0: LIMITATION OF LIABILITY AND INDEMNIFICATION**

### **5.01 Limitations of Liability**

Except as otherwise provided under the ISO OATT, the NTO shall not be liable (whether based on contract, indemnification, warranty, tort, strict liability or otherwise) to the ISO, any Market Participant, any third party or other party for any damages whatsoever, including without limitation, special, indirect, incidental, consequential, punitive, exemplary or direct damages resulting from any act or omission in any way associated with this Agreement, except to the extent the NTO is found liable for gross negligence or intentional misconduct, in which case the NTO shall not be liable for any special, indirect, incidental, consequential, punitive or exemplary damages. Nothing in this Section will excuse an NTO from an obligation to pay for services provided to the NTO by the ISO or to pay any deficiency payments, penalties, or sanctions imposed by the ISO under the ISO OATT or the ISO Services Tariff. The ISO shall not be liable to the NTO or any other party for any damages resulting from any act or omission in any way associated with this Agreement, except to the extent provided for under the ISO OATT.

### **5.02 Additional Limitations of Liability**

Except as otherwise provided under the ISO OATT, the NTO shall not be liable for any indirect, consequential, exemplary, special, incidental or punitive damages including, without limitation, lost revenues or profits, the cost of replacement power or the cost of capital, even if such damages are foreseeable or the damaged party has been advised of the possibility of such damages and regardless of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy. The ISO shall not be liable to the NTO or any other party for any damages resulting from any act or omission in any way associated with this Agreement, except to the extent provided for under the ISO OATT.

### **5.03 Indemnification**

Each Party shall at all times indemnify, save harmless and defend the other Party, including their directors, officers, employees, trustees, and agents, or each of them, from and against all claims, demands, losses, liabilities, judgments, damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), and related costs and expenses (including, without limitation, reasonable attorney and expert fees, and disbursements incurred by the Party in any actions or proceedings between the Party and a Market Participant, or any other third party) arising out of or related to the ISO's or the NTO's acts or omissions related in any way to the NTO's ownership or operation of its transmission facilities when such acts or omissions are either (1) pursuant to or consistent with ISO Procedures or direction; or (2) in any way related to the NTO's or the ISO's performance under the ISO OATT, the ISO Services Tariff, the ISO Agreement, the ISO/NYSRC Agreement, NYSRC Agreement, or this Agreement; *provided, however*, that the NTO shall not have any indemnification obligation under this Section 5.02 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the ISO; *provided, further*, that the ISO shall not have any indemnification obligation under this Section 5.02 with respect to any loss except to the extent the loss results from the gross negligence or intentional misconduct of the ISO.

### **5.04 Force Majeure**

Each Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, arising out of or from any act, omission, or circumstance occasioned by or in consequence of any act of God, labor disturbance,

failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment or by any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by the making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the ISO or any party to the ISO Agreement. Nothing contained in this Article shall relieve any entity of the obligations to make payments when due hereunder or pursuant to a Service Agreement. Any party claiming a force majeure event shall use reasonable diligence to remove the condition that prevents performance, except the settlement of any labor disturbance shall be in the sole judgment of the affected party.

#### **5.05 Claims by Employees and Insurance**

Each Party shall be solely responsible for and shall bear all of the costs of claims by its own employees, contractors, or agents arising under and covered by, any workers' compensation law. Each Party shall furnish, at its sole expense, such insurance coverage and such evidence thereof, or evidence of self-insurance, as is reasonably necessary to meet its obligations under this Agreement.

#### **5.06 Survival**

The provisions of this Article, "Limitations of Liability and Indemnification" shall survive the termination or expiration of this Agreement or the ISO Tariffs.

## **ARTICLE 6.0: OTHER PROVISIONS**

### **6.01 Term and Termination for Cause**

This Agreement shall become effective upon the execution of this Agreement by the NTO and the ISO and on the later of: (i) the date on which FERC, the PSC and any other regulatory agency having jurisdiction accepts this agreement without condition or material modification and grants all approvals needed to place the NTO's facilities in service, including, without limitation, any approvals required under Section 70 of the Public Service Law and Section 203 of the FPA; or (ii) on such later date specified by FERC. Without waiving or limiting any of its other rights under this Article, if the NTO determines that any of the conditions set forth in Section 3.03 hereof is not being met or ceases to be in full force and effect the NTO may terminate this Agreement, withdraw from the ISO Agreement and the ISO Tariffs, and withdraw its assets from the ISO's control and administration on ninety (90) days prior written notice to the ISO and FERC. Such notice shall identify the condition or conditions set forth in Section 3.03 that have not been met or no longer are in full force and effect; provided, however, that prior to the filing of such notice, the ISO shall be advised of the specific condition or conditions that are no longer in full force and effect, and the ISO shall have the opportunity to restore the effectiveness of the condition or conditions identified within a thirty (30) day period. If the effectiveness of the condition or conditions is not restored within thirty (30) days, the NTO may file a notice of termination with the ISO and FERC; provided, however, that if the ISO demonstrates that it has made a good faith effort but has been unable to restore the effectiveness of the condition or conditions within the thirty (30) day period, the ISO shall be provided an additional thirty (30) day period to restore the effectiveness of the condition or conditions and the NTO may not file the notice of termination until the expiration of the second thirty (30) day

period. The NTO's termination of this Agreement under this Section shall be effective ninety (90) days after the filing of the notice of termination unless FERC finds that such termination of the NTO is contrary to the public interest, as that standard has been judicially construed under the Mobile-Sierra doctrine. However, the NTO may withdraw the notice or extend the termination date. Nothing in this section shall be construed as a voluntary undertaking by the NTO to remain a Party to this Agreement after the expiration of its notice of termination.

#### **6.02 Termination by Election**

The NTO may terminate this Agreement, withdraw from the ISO Agreement and the ISO Tariffs, and withdraw its assets from the ISO control and administration upon ninety (90) days written notice to the ISO Board and FERC. Such termination and withdrawal shall be effective unless FERC finds that such termination and withdrawal is contrary to the public interest, as that standard has been judicially construed under the Mobile-Sierra doctrine. Any modification to this Article shall provide the NTO with the right to terminate this Agreement pursuant to the unmodified provisions of this Article, within ninety (90) days of the effective date of such modification.

#### **6.03 Obligations after Termination**

- a. Following termination of this Agreement, a Party shall remain liable for all obligations arising hereunder prior to the effective date of termination, including all obligations accrued prior to the effective date, imposed on the Party by this Agreement or the ISO Tariffs or other ISO Related Agreements.
- b. Termination of this Agreement shall not relieve the NTO of any continuing obligation it may have under the ISO Tariffs and ISO Related Agreements, unless the NTO also withdraws from the ISO Tariffs or ISO Related Agreements.

## **6.04 Winding Up**

Any provision of this Agreement that expressly or by implication comes into or remains in force following the termination of this Agreement shall survive such termination. The surviving provisions shall include, but shall not be limited to: (i) those provisions necessary to permit the orderly conclusion, or continuation pursuant to another agreement, of transactions entered into prior to the termination of this Agreement, (ii) those provisions necessary to conduct final billing, collection, and accounting with respect to all matters arising hereunder, and (iii) the indemnification and limitation of liability provisions as applicable to periods prior to such termination. The ISO and the terminating NTO shall have an obligation to make a good faith effort to agree upon a mutually satisfactory termination plan. Such plan shall have among its objectives an orderly termination. The plan shall address, to the extent necessary, the allocation of any costs directly related to the termination by the NTO.

## **6.05 Confidentiality**

- A. Party Access. Each Party shall supply information to the other Party as required by this Agreement. Information shall be treated as Confidential Information under this Agreement if (i) it has been clearly marked or otherwise designated as “Confidential information” by the Party supplying the information, or (ii) it is information designated as Confidential Information by applicable provisions of the ISO Tariffs; *provided, however*, Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed without violation of this Agreement, (ii) required by law to be publicly submitted or disclosed (with notice to the other Party), or (iii) necessary to be divulged in an action to enforce this Agreement.

Notwithstanding anything in this Section to the contrary, the NTO shall not have a right hereunder to receive or review any documents, data or other information of another Market Participant or the ISO, including documents, data or other information provided to the ISO, to the extent such documents, data or information have been designated as confidential pursuant to the procedures specified in the ISO Tariffs or to the extent that they have been designated as confidential by such other Market Participant; *provided, however*, that the NTO may receive and review any composite documents, data and other information that may be developed based on such confidential documents, data or information if the composite does not disclose any individual Market Participant's confidential data or information.

- B. Required Disclosure. The ISO shall treat any Confidential Information it receives from the NTO in accordance with applicable provisions of the ISO Tariffs. If the NTO receives Confidential Information from the ISO, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the ISO 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 prior written authorization of the Party providing the information; *provided, however*, if the ISO is required by applicable law, or in the course of administrative or judicial proceedings, or subpoena, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section, the ISO will do so in accordance with applicable provisions of the ISO Tariffs. And if the NTO is required by applicable law, or in the course of administrative or judicial proceedings, or subpoena, to disclose information that is otherwise required to be

maintained in confidence pursuant to this Section, the NTO may make disclosure of such information; *provided, however*, that as soon as the NTO learns of the disclosure requirement and prior to making such disclosure, the NTO shall notify the ISO of the requirement and the terms thereof and the ISO may, at its sole discretion and cost, assert any challenge to or defense against the disclosure requirement and the NTO shall cooperate with the ISO to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. Each Party shall cooperate with the Other Party to obtain proprietary or confidential treatment of such information by the person to whom such information is disclosed prior to any such disclosure.

#### **6.06 Governing Law; Jurisdiction**

The interpretation and performance of this Agreement shall be in accordance with and shall be controlled by the laws of the State of New York as though this Agreement is made and performed entirely in New York. With respect to any claim or controversy arising from this Agreement or performance hereunder within the subject matter jurisdiction of the Federal or State courts of the State of New York, the Parties consent to the exclusive jurisdiction and venue of said courts.

#### **6.07 Headings**

The section headings herein are for convenience and reference only and in no way define or limit the scope of this Agreement or in any way affect its provisions. Whenever the terms hereto, hereunder, herein or hereof are used in this Agreement, they shall be construed as referring to this entire Agreement, rather than to any individual section, subsection or sentence.



## **6.08 Mutual Agreement**

Nothing in this Agreement is intended to limit the Parties' ability to mutually agree upon taking a course of action different than that provided for herein; provided that doing so will not adversely affect any other Parties' rights under this Agreement.

## **6.09 Contract Supremacy**

In the case of a conflict between the express terms of this Agreement and the terms of the ISO Agreement, the express terms of this Agreement shall prevail.

## **6.10 Additional Remedies**

The Parties agree that remedies at law will be inadequate to protect the interests of the NTO and that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by the ISO in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that the NTO shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or an ISO Tariff by the ISO, and specific performance to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which the NTO is entitled at law or in equity.

## **6.11 No Third Party Rights**

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties hereto, any rights or remedies under or by reason of this Agreement.

## **6.12 Not Partners**

Nothing contained in this Agreement shall be construed to make the Parties partners or joint venturers or to render either Party liable for the debts or obligations of the other Party.

### **6.13 Waiver**

Any waiver at any time of the rights of either Party as to any default or failure to require strict adherence to any of the terms herein, on the part of the other Party to this Agreement or as to any other matters arising hereunder shall not be deemed a waiver as to any default or other matter subsequently occurring.

### **6.14 Modification**

This Agreement is subject to change under Section 205 of the Federal Power Act, as that section may be amended or superseded, upon the mutual written agreement of the Parties.

Absent mutual agreement of the Parties, it is the intent of this Section 6.14 that, to the maximum extent permitted by law, the terms and conditions set forth in Sections 2.01, 2.13, 3.03, 3.08, 3.09, 4.01, 5.01, 5.02, 5.03, 5.04, 5.05, 5.06, 6.01, 6.02, 6.09 and 6.14 of this Agreement shall not be subject to change, regardless of whether such change is sought (a) by the Commission acting sua sponte on behalf of either Party or third party, (b) by a Party, (c) by a third party, or (d) in any other manner; subject only to an express finding by the Commission that such change is required under the public interest standard under the Mobile-Sierra doctrine. Any other provision of this Agreement may be changed pursuant to a filing with FERC under Section 206 of the Federal Power Act and a finding by the Commission that such change is just and reasonable.

### **6.15 Counterparts**

This Agreement may be executed in counterparts, neither one of which needs to be executed by both Parties, and this Agreement shall be binding upon both Parties with the same force and effect as if both Parties had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be  
executed in its corporate name by its proper officers as of the date first written above.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of NTO]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDIX A-1**

### **LISTING OF NTO TRANSMISSION FACILITIES UNDER ISO OPERATIONAL CONTROL**

## **APPENDIX A-2**

### **LISTING OF NTO TRANSMISSION FACILITIES REQUIRING ISO NOTIFICATION**

## **APPENDIX A-3**

### **LISTING OF NTO LOCAL AREA TRANSMISSION SYSTEM FACILITIES**

## **31.12 Appendix I – Study Agreement for Evaluation of Public Policy Transmission Projects**

## **STUDY AGREEMENT FOR EVALUATION OF PUBLIC POLICY TRANSMISSION PROJECTS**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State 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 and NYISO each may be referred to as a “Party,” or collectively as the “Parties.”

### **RECITALS**

**WHEREAS**, Developer is proposing to develop a Public Policy Transmission Project to satisfy one or more identified Public Policy Transmission Needs (“Transmission Project”);

**WHEREAS**, pursuant to Sections 31.4.3.1, 31.4.4.3, and 31.4.4.4 of Attachment Y to the ISO OATT, the NYISO has requested that all entities interested in proposing a Transmission Project submit specific solutions to the Public Policy Transmission Need, including: (i) submitting their project information and an application fee for purposes of being evaluated in the NYISO’s Public Policy Transmission Planning Process, and (ii) executing this Agreement and submitting a study deposit for purposes of the NYISO’s evaluation and selection of the more efficient or cost-effective transmission solution to the identified Public Policy Transmission Need(s);

**WHEREAS**, Developer has requested the NYISO to evaluate its Transmission Project for the purpose of selecting the more efficient or cost-effective transmission solution to the identified Public Policy Transmission Need(s);

**WHEREAS**, pursuant to Sections 31.4.3.1, 31.4.4.3, and 31.4.4.4 of Attachment Y to the ISO OATT, Developer will submit, together with the execution of this Agreement, its project information, application fee, and study deposit for the purpose of the NYISO evaluating its Transmission Project.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified but not otherwise defined herein shall have the meanings indicated in Section 31.1.1 of Attachment Y to the ISO OATT, or if not defined therein, in the ISO OATT.



- 2.0 Developer elects, and the NYISO shall cause to be performed, an evaluation of the Transmission Project in accordance with Sections 31.4.7, 31.4.8, 31.4.9, 31.4.10, and 31.4.11 of Attachment Y to the ISO OATT, along with any required additional evaluation or re-evaluation of the Transmission Project, for the purpose of the NYISO's selection of the more efficient or cost-effective transmission solution to satisfy the identified Public Policy Transmission Need(s) ("Evaluation"). The terms of Sections 31.4.7, 31.4.8, 31.4.9, 31.4.10, and 31.4.11 of Attachment Y to the ISO OATT, as applicable, are hereby incorporated by reference herein. The NYISO will not commence its Evaluation of the Transmission Project prior to determining that: (i) Developer's Transmission Project is viable and sufficient in accordance with Section 31.4.6 of Attachment Y to the ISO OATT, and (ii) Developer has provided to the NYISO the required notification to proceed with the Evaluation of the Transmission Project in accordance with Section 31.4.6.6 of Attachment Y to the ISO OATT.
- 3.0 Upon the execution of this Agreement, Developer shall provide the NYISO with the project information for its Transmission Project in accordance with Section 31.4.4.3 of Attachment Y to the ISO OATT. Developer shall provide the project information required under Section 31.4.5.1 of Attachment Y to the ISO OATT.
- 4.0 Upon the execution of this Agreement, Developer shall also provide the NYISO with a deposit of \$100,000 in accordance with Section 31.4.4.4 of Attachment Y to the ISO OATT to secure Developer's payment of the NYISO's expenses incurred in performing the Evaluation. The NYISO will not commence its Evaluation of the Transmission Project prior to its receipt of Developer's study deposit. The NYISO shall invoice, and Developer shall pay to the NYISO, the actual costs of the Evaluation in accordance with Section 31.4.4.4 of Attachment Y to the ISO OATT. Upon settlement of the final invoice, the NYISO will return to Developer any remaining portion of the study deposit, including any accrued interest, in accordance with Section 31.4.4.4 of Attachment Y to the ISO OATT.
- 5.0 The NYISO will use the project information provided by Developer as described in Section 3.0 above as an input for its Evaluation; *provided, however*, that pursuant to Section 31.4.8 of Attachment Y to the ISO OATT, the ISO may engage an independent subcontractor consultant to review the reasonableness and comprehensiveness of the project information provided by Developer and may rely on the independent subcontractor consultant's analysis of the project information in performing its Evaluation. The NYISO reserves the right to request additional project information from Developer as may become necessary in accordance with Section 31.4.4.3.5 of Attachment Y to the ISO OATT, and Developer shall submit such additional information within 15 days of the NYISO's request as required under Section 31.4.4.3.8 of Attachment Y to the ISO OATT. Developer shall meet with the NYISO, as the NYISO deems necessary, to discuss Developer's project information.

- 6.0 The scope of the Evaluation shall be subject to the study purposes and criteria set forth in Attachment Y to the ISO OATT and to the assumptions set forth in Attachment A to this Agreement.
- 7.0 As part of the NYISO's Evaluation of the Transmission Project and prior to identifying the more efficient or cost-effective transmission solution to meet the Public Policy Transmission Need(s), the NYISO will provide Developer with a summary of its findings regarding the project information submitted by Developer and will meet with Developer to discuss its findings and to address any questions regarding the project information. After completing the required analysis of all of the proposed regulated transmission solutions and identifying the more efficient or cost-effective transmission solution, the NYISO will provide all stakeholders with the results of its analysis, including which regulated transmission solution has been identified as the more efficient or cost-effective transmission solution to the Public Policy Transmission Need(s), in the Public Policy Transmission Planning Report pursuant to Section 31.4.11 of Attachment Y to the ISO OATT.
- 8.0 Miscellaneous.
- 8.1 Accuracy of Information. Except as Developer may otherwise specify in writing when it provides information to the NYISO under this Agreement, Developer represents and warrants that to the best of its knowledge and belief the information it has provided or subsequently provides to the NYISO is and shall be accurate and complete as of the date the information is provided. Developer shall promptly provide the NYISO with any additional information needed to update information previously provided.
- 8.2 Disclaimer of Warranty. In performing the Evaluation, the NYISO and any subcontractor consultants engaged by the NYISO will have to rely on information provided by Developer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the NYISO nor any subcontractor consultant engaged by the NYISO 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 Evaluation performed pursuant to this Agreement and the ISO OATT. Developer acknowledges that it has not relied on any representations or warranties by the NYISO or its subcontractor consultants not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

- 8.3 **Limitation of Liability.** The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall either Party or its subcontractor consultants 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 and the ISO OATT or any reliance on the Evaluation by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall either Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement.
- 8.4 **Third-Party Beneficiaries.** Without limitation of Sections 8.2 and 8.3 of this Agreement, Developer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the Evaluation of the Transmission Project shall be deemed third party beneficiaries of these Sections 8.2 and 8.3.
- 8.5 **Term and Termination.** This Agreement shall be effective from the date hereof and, unless earlier terminated in accordance with this Section 8.5, shall continue in effect until completion of the Evaluation, which shall be the later of: (i) the date on which the NYISO Board of Directors' approval of the Public Policy Transmission Planning Process report for the planning cycle is final and not the subject of dispute resolution or a challenge before a court or regulatory body, and (ii) the date on which the New York State Public Service Commission issues the Article VII certification for a regulated transmission solution that satisfies the identified Public Policy Transmission Need(s). Developer or NYISO may end the Evaluation and terminate this Agreement upon: (i) the withdrawal by Developer of its Transmission Project, including its failure to provide the required notification to proceed under Section 31.4.6.6 of Attachment Y to the ISO OATT; (ii) the rejection by the NYISO of the Transmission Project from further consideration during the planning cycle in accordance with the ISO OATT; or (iii) any changes by the New York State Public Service Commission to the identified Public Policy Transmission Need(s), including withdrawal of the Public Policy Transmission Need(s), that eliminate the need for the Transmission Project.

- 8.6 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.
- 8.7 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.
- 8.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.
- 8.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 8.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein and the payment obligations provided under Section 4.0 shall survive the expiration or termination of this Agreement.
- 8.11 Independent Contractor. NYISO shall at all times be deemed to be an independent contractor for purposes of this Agreement and none of its employees or the employees of its subcontractors shall be considered to be employees of Developer as a result of this Agreement.
- 8.12 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.
- 8.13 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.
- 8.14 Confidentiality. NYISO shall maintain the project information submitted by Developer under this Agreement in accordance with the requirements

set forth in Sections 31.4.4.3.10, 31.4.4.3.11, and 31.4.15 of Attachment Y to the ISO OATT.

**IN WITNESS THEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents and to be effective from the day and year first above written.

**NYISO**

**[Insert name of Developer]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

### **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: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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>



**32      Attachment Z – Small Generator Interconnection Procedures (SGIP) (Applicable to Generating Facilities No Larger Than 20 MW)**

## **32.1 Application**

Upon the effective date of the Standard Interconnection Procedures in Attachment HH to the ISO OATT, the requirements in this Attachment Z shall no longer apply except as set forth in the transition rules in Section 40.3 of Attachment HH to the ISO OATT.

### **32.1.1 Applicability**

32.1.1.1 These Small Generator Interconnection Procedures (“SGIP”) apply to interconnections of Small Generating Facilities to the New York State Transmission System, and interconnections to the Distribution System subject to Federal Energy Regulatory Commission jurisdiction. These procedures do not apply to interconnections made simply to receive power from the New York State Transmission System and/or the Distribution System, nor to interconnections made solely for the purpose of generation with no wholesale sale for resale nor to net metering. These procedures do not apply to interconnections to LIPA’s distribution facilities. LIPA will continue to administer the interconnection process for generators connecting to its distribution facilities and perform all required studies on its distribution system under its own tariffs and procedures. Under these procedures, a request to interconnect a certified Small Generating Facility (See Appendices 3 and 4 for description of certification criteria) to the Connecting Transmission Owner’s Distribution System shall be evaluated under the Section 32.2 Fast Track Process if the eligibility requirements of Section 32.2.1 are met. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kilowatts (kW) shall be evaluated under the Appendix 5 10 kW Inverter Process. A request to interconnect a Small

Generating Facility no larger than 20 megawatts (MW) that does not meet the eligibility requirements of Section 32.2.1, or does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the Section 32.3 Study Process.

32.1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Appendix I or the body of these procedures. Capitalized terms used herein that are not defined in the Glossary of Terms in Appendix I or in the body of these procedures shall have the meanings specified in Section 32.1 or Attachment S or Attachment X of the ISO OATT.

32.1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures accepted by the Federal Energy Regulatory Commission in compliance with Order No. 2006, provided, however, that requests to interconnect Small Generating Facilities submitted after that effective date must be made pursuant to these procedures, as amended. These procedures shall apply to any existing interconnected Small Generating Facility to the extent that there is a material modification to the facility or the Interconnection Facility, if that facility as modified remains a Small Generating Facility.

32.1.1.4 Prior to submitting its Interconnection Request (Appendix 2), the Interconnection Customer may ask the ISO's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The ISO, after consultation with the appropriate Transmission Owner, shall respond

within 15 Business Days. Upon request from the ISO, a Transmission Owner shall provide requested information to the ISO necessary to make this determination (*e.g.*, whether the proposed interconnection point is on a distribution or transmission facility and if distribution, whether there is already one or more generators connecting to that facility making wholesale sales).

32.1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all ISOs and RTOs, Connecting Transmission Owners, Market Participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

32.1.1.6 References in these procedures to an interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

32.1.1.7 A new Small Generating Facility wishing to sell Energy and Ancillary Services must first elect Energy Resource Interconnection Service and satisfy the NYISO Minimum Interconnection Standard, which does not impose any deliverability requirement. All new Small Generating Facilities must satisfy the NYISO Minimum Interconnection Standard.

A new Small Generating Facility larger than 2 MW wishing to become a qualified Installed Capacity Supplier in accordance with the ISO Services Tariff and related ISO Procedures must first elect Capacity Resource Interconnection Service (“CRIS”) and satisfy the NYISO Deliverability Interconnection Standard in addition to the NYISO Minimum Interconnection Standard. A Small Generating Facility larger than 2 MW electing CRIS must execute a Class Year Interconnection Facilities Study Agreement in the form of Appendix 2 to Attachment X of the ISO OATT and satisfy the requirements of Section 30.8.1 of Attachment X, as applicable. At that time, the Interconnection Customer must specify the MW of CRIS that it is requesting; provided, however, the Small Generating Facility’s requested Capacity Resource Interconnection Service cannot exceed the limits specified in Section 25.8.1 of Attachment S to the ISO OATT. The ISO will then place the Small Generating Facility in the then Open Class Year and evaluate the Small Generating Facility for deliverability, as a Class Year Project, following the same rules and procedures in Attachment S to the ISO OATT applicable to other Class Year Projects being evaluated for deliverability. Inclusion in the Class Year will only be for the determination of System Deliverability Upgrade costs and Deliverable MW unless the Small Generating Facility is being included in the Class Year for the determination of System Upgrade Facility cost responsibility pursuant to Section 32.3.5.3.2 of the SGIP.

For Small Generating Facilities interconnected or completely studied for interconnection before the projects in Class Year 2007, the CRIS level for those Small Generating Facilities will be set at the highest DMNC recorded during five Summer Capability periods measured in accordance with the rules set forth in Section 25.9.3.1 of Attachment S to the ISO OATT. Prior to the establishment of a Small Generating Facility’s first DMNC value for a Summer Capability Period, the CRIS level will be set at the Small Generating Facility’s nameplate MW. A Small

Generating Facility 2 MW or smaller (inclusive of all Generators in a Small Generating Facility comprised of multiple Generators) may elect CRIS without being evaluated for deliverability under Attachment S to the ISO OATT. In all cases, the new Small Generating Facility will interconnect using the SGIA contained in this Attachment Z. Once it is established for them, Small Generating Facilities may retain their CRIS in accordance with the rules set forth in Section 25.9.3 of Attachment S to the ISO OATT.

### **32.1.2 Pre-Application**

32.1.2.1 The ISO shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the ISO's Internet web site. Electric system information provided to the Interconnection Customer should include relevant system studies, Interconnection Studies, Base Case Data and other materials useful to an understanding of an interconnection at a particular point on the New York State Transmission System or Distribution System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The ISO, with the required information about distribution facilities from the appropriate Connecting Transmission Owner, shall comply with reasonable requests for such information pursuant to this Section 32.1.2.

32.1.2.2 In addition to the information described in Section 32.1.2.1, which may be provided in response to an informal request, an Interconnection Customer may

submit a formal written request form along with a non-refundable fee of \$1000 for a pre-application report on a proposed project at a specific site. The pre-application fee shall be divided between the ISO and the Connecting Transmission Owner as follows: one-third to the ISO and two-thirds to the Connecting Transmission Owner. Within two (2) Business Days of receiving the pre-application report request form, the ISO shall provide a copy of the pre-application request form to the appropriate Connecting Transmission Owner. The Connecting Transmission Owner shall return the pre-application report, completed to the extent required under this section 32.1.2.2 within fifteen (15) Business Days of receipt of the pre-application request form from the ISO. The ISO, with the required information about distribution facilities from the appropriate Connecting Transmission Owner, shall provide the pre-application data described in Section 32.1.2.3 to the Interconnection Customer within 20 Business Days of receipt of the completed request form and payment of the \$1000 fee. The pre-application report produced by the ISO, in consultation with the appropriate Connecting Transmission Owner, is non-binding, does not confer any rights, and the Interconnection Customer must still successfully apply to interconnect to the Connecting Transmission Owner's system. The written pre-application report request form shall include the information in Sections 32.1.2.2.1 through 32.1.2.2.9 below to clearly and sufficiently identify the location of the proposed Point of Interconnection.

32.1.2.2.1 Project contact information, including name, address, phone number, and email address.

- 32.1.2.2.2 Project location (street address with nearby cross streets, town, and county).
- 32.1.2.2.3 Meter number, pole number, or other equivalent information identifying proposed Point of Interconnection, if available
- 32.1.2.2.4 Generator type (*e.g.*, solar, wind, combined heat and power, etc.) (for Small Generating Facilities comprised of multiple technologies, identify all technology types within the facility (*i.e.*, the Generators behind the single Point of Injection that comprise the facility)).
- 32.1.2.2.5 Total Size of the Small Generating Facility, and if comprised of multiple Generators, size of each individual Generator behind the single Point of Injection (alternating current kW).
- 32.1.2.2.6 Single or three phase generator configuration.
- 32.1.2.2.7 Stand-alone generator (no outside load, not including station service – Yes or No?).
- 32.1.2.2.8 Is new service requested? Yes or No? If there is existing service, include the customer account number, site minimum and maximum current or proposed electric loads in kW (if available) and specify if the load is expected to change.
- 32.1.2.2.9 Indication as to whether the requestor intends to use the facility to engage in wholesale sales over the New York State Transmission System or Distribution System.
- 32.1.2.3 Using the information provided in the pre-application report request form in Section 32.1.2.2, the ISO, in consultation with the appropriate Connecting Transmission Owner, will identify the substation/area bus, bank or circuit likely



to serve the proposed Point of Interconnection. This selection by the ISO, in consultation with the appropriate Connecting Transmission Owner, does not necessarily indicate, after application of the screens and/or study, that this would be the circuit the project ultimately connects to. The Interconnection Customer must request additional pre-application reports if information about multiple Points of Interconnection is requested. The ISO, in consultation with the Connecting Transmission Owner, shall determine whether the proposed interconnection is subject to the interconnection procedures set forth in this Attachment Z of the ISO OATT. If the pre-application report request form seeks information about a Point of Interconnection that is not subject to the interconnection procedures set forth in this Attachment Z of the ISO OATT, the Connecting Transmission Owner Customer shall follow the applicable state tariff, rules or procedures regarding generator interconnections. Subject to Section 32.1.2.4, the pre-application report will include the following information:

- 32.1.2.3.1 Total capacity (in MW) of substation/area bus, bank or circuit based on normal or operating ratings likely to serve the proposed Point of Interconnection.
- 32.1.2.3.2 Existing aggregate generation capacity (in MW) interconnected to a substation/area bus, bank or circuit (*i.e.*, amount of generation online) likely to serve the proposed Point of Interconnection.
- 32.1.2.3.3 Aggregate queued generation capacity (in MW) for a substation/area bus, bank or circuit (*i.e.*, amount of generation in the queue) likely to serve the proposed Point of Interconnection.

32.1.2.3.4 Available capacity (in MW) of substation/area bus or bank and circuit

likely to serve the proposed Point of Interconnection (*i.e.*, total capacity less the sum of existing aggregate generation capacity and aggregate queued generation capacity).

32.1.2.3.5 Substation nominal distribution voltage and/or transmission line nominal voltage if applicable.

32.1.2.3.6 Nominal distribution circuit voltage at the proposed Point of Interconnection.

32.1.2.3.7 Approximate circuit distance between the proposed Point of Interconnection and the substation.

32.1.2.3.8 Relevant line section(s)/station(s) actual or estimated peak load and minimum load data, including daytime minimum load as described in Section 32.2.4.4.1.1 below and absolute minimum load, when available.

32.1.2.3.9 Number and rating of protective devices and number and type (standard, bi-directional) of voltage regulating devices between the proposed Point of Interconnection and the substation/area. Identify whether the substation has a load tap changer.

32.1.2.3.10 Number of phases available at the proposed Point of Interconnection. If a single phase, distance from the three-phase circuit.

32.1.2.3.11 Limiting conductor ratings from the proposed Point of Interconnection to the distribution substation.

32.1.2.3.12 Whether the Point of Interconnection is located on a spot network, grid network, or radial supply.

32.1.2.3.13 Based on the proposed Point of Interconnection, existing or known constraints such as, but not limited to, electrical dependencies at that location, short circuit interrupting capacity issues, power quality or stability issues on the circuit, capacity constraints, or secondary networks.

32.1.2.4 The pre-application report need only include existing data. A pre-application report request does not obligate the ISO or the Connecting Transmission Owner to conduct a study or other analysis of the proposed generator in the event the data is not readily available. If the ISO, in consultation with the Connecting Transmission Owner, cannot complete all or some of a pre-application report due to lack of available data, the ISO shall provide the Interconnection Customer with a pre-application report that includes the data that is available. The provision of information on “available capacity” pursuant to Section 32.1.2.3.4 does not imply that an interconnection up to this level may be completed without impacts since there are many variables studied as part of the interconnection review process, and data provided in the pre-application report may become outdated at the time of the submission of the complete Interconnection Request. Notwithstanding any of the provisions of this section, the ISO, in consultation with the Connecting Transmission Owner, shall, in good faith, include data in the pre-application report that represents the best available information at the time of reporting.

### **32.1.3 Interconnection Request**

An Interconnection Customer proposing to interconnect a new Small Generating Facility to the New York State Transmission System or to the Distribution System, or proposing a

modification to an existing Small Generating Facility that is a material modification pursuant to Section 32.1.4 of this Attachment Z shall submit its Interconnection Request to the ISO together with a non-refundable \$1,000 application fee. The application fee shall be divided equally between the NYISO and Connecting Transmission Owner(s). An Interconnection Customer seeking to return a Small Generating Facility to service after it is Retired must submit a new Interconnection Request as a new facility. An Interconnection Customer returning a Small Generating Facility to service prior to the expiration or termination of its Mothball Outage or ICAP Ineligible Forced Outage need not submit a new Interconnection Request unless the Small Generating Facility is proposing to materially increase the capacity of, or make a material modification to an existing Small Generating Facility such as would otherwise trigger a new Interconnection Request pursuant to Section 32.1.4.2 of this Attachment Z.

The Interconnection Request shall be date- and time-stamped by the ISO upon receipt and a copy shall be sent by the ISO to the Connecting Transmission Owner. The ISO's date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the ISO within three Business Days of receiving the Interconnection Request. The ISO, after consulting with the Connecting Transmission Owner, shall notify the Interconnection Customer within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the ISO shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information

or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the ISO.

32.1.3.1 If the Interconnection Request is to interconnect to a distribution facility, the ISO will consult with the Connecting Transmission Owner to determine whether the SGIP apply.

32.1.3.2 The expected Commercial Operation Date of the new Small Generating Facility or proposed increase in capacity of the existing Small Generating Facility provided in the Interconnection Request shall be no more than ten (10) years from the date the Interconnection Request is received by the ISO. Extensions of Commercial Operation Dates for Small Generating Facilities are subject to the provisions of Section 30.4.4.5 of Attachment X to the OATT.

#### **32.1.4 Modification of the Small Generating Facility**

32.1.4.1 Modification of a Proposed Small Generating Facility in the ISO's Interconnection Queue

Any proposed modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility under evaluation in the SGIP is a material modification to the Small Generating Facility unless such modification is deemed non-material by the ISO, the Connecting Transmission Owner, and the Interconnection Customer. If deemed material, the Interconnection Customer may withdraw the requested modification, or the material modification shall be deemed a withdrawal of the Interconnection Request and shall require submission of a new Interconnection Request, unless, following notification by the ISO that the

proposed modification is material, the Interconnection Customer proposes further modifications or mitigation to ameliorate the material impact of the proposed modification in a reasonable period of time.

Notwithstanding the foregoing, for a Project in the Interconnection Queue prior to March 31, 2021, the Interconnection Customer may, prior to the return of the executed facilities study agreement to the ISO, modify the Project by combining it with another Project in the Interconnection Queue subject to the requirements set forth in Section 30.4.4.2 of Attachment X to the ISO OATT.

#### **32.1.4.2 Modification of an Existing Small Generating Facility**

32.1.4.2.1 Material Increase in Capacity of the Small Generating Facility. A modification to materially increase the capacity of an existing Small Generating Facility or a modification to the operating characteristics of an existing Small Generating Facility deemed material by the ISO will be a material modification requiring a new Interconnection Request for the incremental increase and/or modified Small Generating Facility.

An increase in the capacity of an existing Small Generating Facility is a material increase for purposes of this Section 32.1.4.2.1 unless the increase (a) is not associated with any equipment changes or is associated with equipment changes determined by the ISO to be non-material; and (b) is an increase in the Small Generating Facility's baseline ERIS level that is equal to or less than two (2) megawatts and which provides for a total output of the Small Generating Facility of no more than twenty (20) megawatts. The addition of load reduction capability to a Small Generating Facility is not a material modification for purposes of this Section 32.1.4.2.1.

For purposes of this Section 32.1.4.2.1, the baseline ERIS level of an existing Small Generating Facility is (a) the greater of (i) the existing Small Generating Facility's CRIS level determined as a facility pre-dating Class Year 2007 pursuant to Section 25.9.3.1 of Attachment S of the OATT, if applicable; or (ii) the final maximum summer megawatt electrical output studied for ERIS in the ISO's interconnection process for the existing Small Generating Facility; or (b) if neither (a)(i) nor (a)(ii) are applicable, the baseline ERIS level is the value reflected in the Small Generating Facility's interconnection agreement or other applicable documentation governing the Small Generating Facility's interconnection; however, if the Small Generating Facility has requested a modification to its facility to decrease its size, and such modification has been deemed nonmaterial by the ISO, the decreased MW level will be a cap on its baseline ERIS. If the existing Small Generating Facility is a BTM:NG Resource, the increase in existing capacity will be measured based on the increase from the existing gross capability of the generator to the proposed gross capability. Notwithstanding the above, if the existing Small Generating Facility is a temperature sensitive unit, the maximum capacity of which varies based on ambient temperature, the increase in existing capacity will be measured based on the largest increase from the existing capacity to the proposed capacity at the same temperature, *i.e.*, at the same temperature along the maximum megawatt electrical output versus temperature curves.

### **32.1.5 Site Control**

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

- 32.1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;
- 32.1.5.2 An option to purchase or acquire a leasehold site for such purpose; or

32.1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

### **32.1.6 Queue Position**

The ISO shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the order of initiating Interconnection Studies, and the study assumptions to be used in the analyses conducted under Section 32.2 and Section 32.3 of these procedures. Provided, however, Attachment S of the ISO OATT will be used to determine the cost responsibility for any System Upgrade Facilities or System Deliverability Upgrades necessary to accommodate the interconnection, as required by Section 32.3.5.3.2 of these procedures. The ISO shall maintain a single interconnection queue that combines Interconnection Requests evaluated under these procedures and those evaluated under Attachment X to the OATT. Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study or facilities study. The ISO may evaluate Small Generating Facilities moving forward in the same time frame that contribute to Local System Upgrade Facilities to determine their *pro rata* cost responsibility for such Local System Upgrade Facilities. Small Generating Facilities evaluated in a cluster study that trigger non-Local System Upgrade Facilities must be evaluated in a Class Year Interconnection Facilities Study pursuant to Section 32.3.5.3.2 of this Attachment Z.

### **32.1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP**

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any



interconnection study agreement executed prior to the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or additional work will be completed pursuant to this SGIP.

## **32.2 Fast Track Process**

### **32.2.1 Applicability**

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with a Connecting Transmission Owner's Distribution System if the Small Generating Facility's capacity does not exceed the size limits identified in the table below. Small Generating Facilities below these limits are eligible for review under the Fast Track Process. However, eligibility for the Fast Track Process is distinct from the Fast Track Process itself, and eligibility does not imply or indicate that a Small Generating Facility will pass the Fast Track Process screens in Section 32.2.2.1 below or the supplemental review screens in Section 32.2.4.4 below.

Eligibility for the Fast Track Process is determined based upon the generator type, the size of the generator, voltage of the line and the location of and type of line at the Point of Interconnection. All Small Generating Facilities connecting to lines greater than 69 kilovolt (kV) are ineligible for the Fast Track Process regardless of size. All synchronous and induction machines must be no larger than 2 MW to be eligible for the Fast Track Process, regardless of location. For certified inverter-based systems, the size limit varies according to the voltage of the line at the proposed Point of Interconnection. Certified inverter-based Small Generating Facilities located within 2.5 electrical circuit miles of a substation and on a mainline (as defined in the table below) are eligible for the Fast Track Process under the higher thresholds according to the table below. In addition to the size threshold, the Interconnection Customer's proposed Small Generating Facility must meet the codes, standards, and certification requirements of Appendices 3 and 4 of these procedures, or the ISO, in consultation with the Connecting

Transmission Owner, has to have reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

Fast Track Eligibility for Inverter-Based Systems		
Line Voltage	Fast Track Eligibility Regardless of Location	Fast Track Eligibility on a Mainline <sup>1</sup> and $\leq 2.5$ Electrical Circuit Miles from Substation <sup>2</sup>
$< 5$ kV	$\leq 500$ kW	$\leq 500$ kW
$\geq 5$ kV and $< 15$ kV	$\leq 2$ MW	$\leq 3$ MW
$\geq 15$ kV and $< 30$ kV	$\leq 3$ MW	$\leq 4$ MW
$\geq 30$ kV and $\leq 69$ kV	$\leq 4$ MW	$\leq 5$ MW

<sup>1</sup> For purposes of this table, a mainline is the three-phase backbone of a circuit. It will typically constitute lines with wire sizes of 4/0 American wire gauge, 336.4 kcmil, 397.5 kcmil, 477 kcmil and 795 kcmil.

<sup>2</sup> An Interconnection Customer can determine this information about its proposed interconnection location in advance by requesting a pre-application report pursuant to Section 32.1.2.

### 32.2.2 Initial Review

Within 15 Business Days after the ISO notifies the Interconnection Customer it has received a complete Interconnection Request, the ISO, in consultation with the Connecting Transmission Owner, shall perform an initial review using the screens set forth below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the determinations under the screens.

#### 32.2.2.1 Screens

32.2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Connecting Transmission Owner's Distribution System.

32.2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small

Generating Facility, on the circuit shall not exceed 15% of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Connecting Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

32.2.2.1.3. For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5% of a spot network's maximum load or 50 kW.<sup>1</sup>

<sup>1</sup> A spot network is a type of Distribution System found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company.)

32.2.2.1.4. The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10% to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

32.2.2.1.5. The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5% of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5% of the short circuit interrupting capability.

32.2.2.1.6. Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Connecting Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

<b>Primary Distribution Line Type</b>	<b>Type of Interconnection to Primary Distribution Line</b>	<b>Result/Criteria</b>
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

32.2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

32.2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.

32.2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability

limitations to generating units located in the general electrical vicinity (*e.g.*, three or four transmission busses from the point of interconnection).

32.2.2.1.10 No construction of facilities by the Connecting Transmission Owner on its own system shall be required to accommodate the Small Generating Facility.

32.2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the ISO will provide the Interconnection Customer and the Connecting Transmission Owner a draft interconnection agreement within five Business Days after the determination.

32.2.2.3 If the proposed interconnection fails the screens, but the ISO, in consultation with the Connecting Transmission Owner, determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the ISO shall provide the Interconnection Customer and the Connecting Transmission Owner a draft interconnection agreement within five Business Days after the determination. To the extent appropriate, the ISO shall notify any Affected System or Connecting Transmission Owner prior to the determination to allow for potential input by the Affected System or Connecting Transmission Owner. For purposes of this section, Affected System may include the portions of the New York State Transmission System that may be potentially affected.

32.2.2.4 If the proposed interconnection fails the screens, but the ISO, in consultation with the Connecting Transmission Owner, does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power

quality standards unless the Interconnection Customer is willing to consider Minor Modifications or further study, the ISO shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

### **32.2.3 Customer Options Meeting**

If the ISO, in consultation with the Connecting Transmission Owner, determines the Interconnection Request cannot be approved without: (1) Minor Modifications at minimal cost, (2) a supplemental study or other additional studies or actions, or (3) incurring significant cost to address safety, reliability, or power quality problems, the ISO shall notify the Interconnection Customer of that determination within five Business Days after the determination and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the ISO's determination, the ISO shall offer to convene a customer options meeting with the Interconnection Customer and the Connecting Transmission Owner to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine, in consultation with the Connecting Transmission Owner, what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the ISO's determination, or at the customer options meeting:

32.2.3.1 The Connecting Transmission Owner shall offer to perform facility modifications or Minor Modifications to the Connecting Transmission Owner's electric system (*e.g.*, changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Connecting Transmission Owner's electric system. If the Interconnection Customer agrees to pay for the modifications to the Connecting Transmission Owner's electric system, the ISO will provide the Interconnection Customer and

the Connecting Transmission Owner with a draft interconnection agreement within ten Business Days of the customer options meeting; or

32.2.3.2 The ISO shall offer to perform a supplemental review in accordance with Section 32.2.4 and provide a non-binding good faith estimate of the costs of such review; or

32.2.3.3 The ISO shall offer to continue evaluating the Interconnection Request under the Section 3 Study Process.

#### **32.2.4 Supplemental Review**

32.2.4.1 To accept the offer of a supplemental review, the Interconnection Customer shall agree in writing and submit a deposit to the ISO for the estimated costs of the supplemental review in the amount of the good faith estimate of the costs of such review by the ISO, in consultation with the Connecting Transmission Owner, both within 15 Business Days of the offer. If the written agreement and deposit have not been received by the ISO within that timeframe, the Interconnection Request shall continue to be evaluated under the Section 32.3 Study Process unless it is withdrawn by the Interconnection Customer.

32.2.4.2 The Interconnection Customer may specify the order in which the ISO, in consultation with the Connecting Transmission Owner, will complete the screens in Section 32.2.4.4.

32.2.4.3 The Interconnection Customer shall be responsible for the ISO's and the Connecting Transmission Owner's actual costs for the supplemental review conducted by the ISO. The Interconnection Customer must pay any review costs that exceed the deposit within 20 Business Days of receipt of the invoice or



resolution of any dispute. If the deposit exceeds the invoiced costs, the ISO will return such excess within 20 Business Days of the invoice without interest.

32.2.4.4 Within 30 Business Days following receipt of the deposit for a supplemental review, the ISO, in consultation with the Connecting Transmission Owner, shall: (1) perform a supplemental review using the screens set forth below; (2) notify in writing the Interconnection Customer of the results; and (3) include with the notification copies of the analysis and data underlying the ISO's and Connecting Transmission Owner's determination under the screens. Unless the Interconnection Customer provided instructions for how to respond to the failure of any of the supplemental review screens below at the time the Interconnection Customer accepted the offer of supplemental review, the ISO shall notify the Interconnection Customer following the failure of any of the screens, or if it is unable to perform the screen in Section 32.2.4.4.1, within two Business Days of making such determination to obtain the Interconnection Customer's permission to: (1) continue evaluating the proposed interconnection under this Section 32.2.4.4; (2) terminate the supplemental review and continue evaluating the Small Generating Facility under Section 32.3; or (3) terminate the supplemental review upon withdrawal of the Interconnection Request by the Interconnection Customer.

32.2.4.4.1 Minimum Load Screen: Where 12 months of line section minimum load data (including onsite load but not station service load served by the proposed Small Generating Facility) are available, can be calculated, can be estimated from existing data, or determined from a power flow model, the aggregate generating

facility capacity on the line section is less than 100% of the minimum load for all line sections bounded by automatic sectionalizing devices upstream of the proposed Small Generating Facility. If minimum load data is not available, or cannot be calculated, estimated or determined, the ISO, in consultation with the CTO, shall include the reason(s) that it is unable to calculate, estimate or determine minimum load in its supplemental review results notification under Section 32.2.4.4.

32.2.4.4.1.1 The type of generation used by the proposed Small Generating Facility will be taken into account when calculating, estimating, or determining circuit or line section minimum load relevant for the application of this screen. Solar photovoltaic (PV) generation systems with no battery storage use daytime minimum load (*i.e.*, 10 a.m. to 4 p.m. for fixed panel systems and 8 a.m. to 6 p.m. for PV systems utilizing tracking systems), while all other generation uses absolute minimum load.

32.2.4.4.1.2 When this screen is being applied to a Small Generating Facility that serves some station service load, only the net injection into the Connecting Transmission Owner's electric system will be considered as part of the aggregate generation.

32.2.4.4.1.3 The ISO, in consultation with the Connecting Transmission Owner will not consider as part of the aggregate generation for purposes of this screen generating facility capacity known to be already reflected in the minimum load data.

32.2.4.4.2 Voltage and Power Quality Screen: In aggregate with existing generation on the line section: (1) the voltage regulation on the line section can be maintained in compliance with relevant requirements under all system conditions; (2) the voltage fluctuations is within acceptable limits as defined by Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or utility practice similar to IEEE Standard 1453; and (3) the harmonic levels meet IEEE Standard 519 limits.

32.2.4.4.3 Safety and Reliability Screen: The location of the proposed Small Generating Facility and the aggregate generation capacity on the line section do not create impacts to safety or reliability that cannot be adequately addressed without application of the Study Process. The ISO, in consultation with the Connecting Transmission Owner, shall give due consideration to the following and other factors in determining potential impacts to safety and reliability in applying this screen.

32.2.4.4.3.1 Whether the line section has significant minimum loading levels dominated by a small number of customers (*e.g.*, several large commercial customers).

32.2.4.4.3.2 Whether the loading along the line section is uniform or even.

32.2.4.4.3.3 Whether the proposed Small Generating Facility is located in close proximity to the substation (*i.e.*, less than 2.5 electrical circuit miles), and whether the line section from the substation to the Point of Interconnection is a mainline rated for normal and emergency ampacity.

32.2.4.4.3.4 Whether the proposed Small Generating Facility incorporates a time delay function to prevent reconnection of the generator to the system until system voltage and frequency are within normal limits for a prescribed time.

32.2.4.4.3.5 Whether operational flexibility is reduced by the proposed Small Generating Facility, such that transfer of the line section(s) of the Small Generating Facility to a neighboring distribution circuit/substation may trigger overloads or voltage issues.

32.2.4.4.3.6 Whether the proposed Small Generating Facility employs equipment or systems certified by a recognized standards organization to address technical issues such as, but not limited to, islanding, reverse power flow, or voltage quality.

32.2.4.5 If the proposed interconnection passes the supplemental screens in Sections 32.2.4.4.1, 32.2.4.4.2, and 32.2.4.4.3 above, the Interconnection Request shall be approved and the ISO will provide the Interconnection Customer and the Connecting Transmission Owner with an executable interconnection agreement with the timeframes established in Sections 32.2.4.5.1 and 32.2.4.5.2 below. If the proposed interconnection fails any of the supplemental review screens and the Interconnection Customer does not withdraw its Interconnection Request, it shall continue to be evaluated under the Section 32.3 Study Process consistent with Section 32.2.4.5.3 below.

32.2.4.5.1 If the proposed interconnection passes the supplemental screens in Sections 32.2.4.4.1, 32.2.4.4.2, and 32.2.4.4.3 above and does not require construction of facilities by the Connecting Transmission Owner on its own

system, the interconnection agreement shall be provided within ten Business Days after the notification of the supplemental review results.

32.2.4.5.2 If interconnection facilities or Minor Modifications to the Connecting Transmission Owner's system are required for the proposed interconnection to pass the supplemental screens in Sections 32.2.4.4.1, 32.2.4.4.2, and 32.2.4.4.3 above, and the Interconnection Customer agrees to pay for the modifications to the Connecting Transmission Owner's electric system, the interconnection agreement, along with a non-binding good faith estimate for the interconnection facilities and/or Minor Modifications, shall be provided to the Interconnection Customer within 15 Business Days after receiving written notification of the supplemental review results.

32.2.4.5.3 If the proposed interconnection would require more than interconnection facilities or Minor Modifications to the Connecting Transmission Owner's system to pass the supplemental screens in Sections 32.2.4.4.1, 32.2.4.4.2, and 32.2.4.4.3 above, the ISO shall notify the Interconnection Customer, at the same time it notifies the Interconnection Customer with the supplemental review results, that the Interconnection Request shall be evaluated under the Section 32.3 Study Process unless the Interconnection Customer withdraws its Small Generating Facility.

### **32.3 Study Process**

#### **32.3.1 General Provisions**

32.3.1.1 Except as otherwise provided in the SGIPs, the Section 32.3 Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the New York State Transmission System or Distribution System if the Small Generating Facility is no larger than 20 MW and does not meet the eligibility requirements of Section 32.2.1 or did not pass the Fast Track Process or the 10 kW Inverter Process.

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

32.3.1.3 The Interconnection Studies conducted under these procedures shall use the power flow, short circuit and stability data bases and underlying assumption, or the Base Case, that is being used in the Annual Transmission Baseline Assessment then in progress, or if such data bases are not available, the data bases from the last completed Annual Transmission Reliability Assessment, and updated in accordance with the rules set forth in Section 25.5.5.1 of Attachment S to the OATT to be representative of the system conditions as of the date each

Interconnection Study commences (*e.g.*, date of the notice of commencement from the ISO for the optional feasibility study and the system impact study under these procedures or the date on which the facilities study agreement is fully executed under these procedures).

### **32.3.2 Scoping Meeting**

32.3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The ISO, the Connecting Transmission Owner, and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. Before a Connecting Transmission Owner participates in a scoping meeting with its Affiliates, the ISO shall post on its OASIS an advance notice of the Connecting Transmission Owner's intent to do so.

32.3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the ISO should perform an optional feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. The Connecting Transmission Owner and Affected Transmission Owner(s), identified pursuant to Section 32.4.10 of this Attachment Z, shall be prepared to provide input regarding proposed Point(s) of Interconnection and configurations. If, within five (5) Business Days after the Scoping Meeting, the Interconnection Customer advises the ISO that it elects to proceed with an optional feasibility study, the ISO shall provide the

Interconnection Customer and the Connecting Transmission Owner, as soon as possible, a non-binding good faith estimate of the cost and timeframe to perform the study. At the Interconnection Customer's option, the ISO, Connecting Transmission Owner or the Interconnection Customer may provide input regarding alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in the optional feasibility study. On the basis of the meeting, the Interconnection Customer shall designate its Point of Interconnection and one or more alternative Point(s) of Interconnection. An Interconnection Customer electing to evaluate alternative Point(s) of Interconnection must proceed through an optional feasibility study and must select the definitive Point of Interconnection for the proposed Small Generating Facility no later than the commencement of the interconnection study following the optional feasibility study.

32.3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested an optional feasibility study must submit the study deposit pursuant to Section 32.3.3.2 of this Attachment Z and technical data requested by the ISO within fifteen (15) Business Days from the ISO's notice providing a good faith estimate of the cost and timeframe of the study. If the Interconnection Customer does not provide the required study deposit within fifteen (15) Business Days after the ISO's notice to the Interconnection Customer and the Connecting Transmission Owner of the good faith estimate of the cost and timeframe for completing the optional feasibility study, the Interconnection Customer will be



subject to withdrawal. If the Interconnection Customer does not provide all required technical data, the ISO shall notify the Interconnection Customer of the deficiency and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such ability to cure technical deficiencies does not apply to failure to submit the required deposit. The ISO shall notify the Interconnection Customer and the Connecting Transmission Owner that the optional feasibility study has commenced following receipt of the required deposit and once the ISO deems the required technical data sufficient.

If the Interconnection Customer opts to forego the optional feasibility study, the Interconnection Customer shall, within five (5) Business Days after the Scoping Meeting advise the ISO that it elects not to proceed with an optional feasibility study, after which the ISO shall, as soon as practicable, provide the Interconnection Customer and the Connecting Transmission Owner, a non-binding good faith estimate of the cost and timeframe to perform the system impact study.

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

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

32.3.3.2 A deposit of \$10,000 or \$30,000, depending upon the scope of analysis requested by the Interconnection Customer pursuant to Section 32.3.3.3 of this Attachment Z, must be submitted to the ISO within fifteen (15) Business Days of

the ISO's notice of the good faith estimate of the cost and timeframe to perform the study.

32.3.3.3 The optional feasibility study may consist of any of the following technical analyses as described in the study scope:

For a \$10,000 optional feasibility study deposit, Interconnection Customer may request the following limited analyses:

- (1) Conceptual breaker-level one-line diagram of existing system where project proposes to interconnect (i.e., how to integrate the Small Generating Facility into the existing system); and/or
- (2) 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).

For a \$30,000 optional feasibility study deposit, Interconnection Customer may request the following detailed analyses:

- (1) Development of conceptual breaker-level one-line diagram of existing NYS Transmission System or Distribution System where the Small Generating Facility proposes to interconnect (i.e., how to integrate the Small Generating Facility into the existing system);
- (2) Review of feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation or identification of cable routing concerns inside existing substation);

- (3) Preliminary review of local protection, communication, grounding issues associated with the proposed interconnection;
- (4) Power flow, short circuit and/or bus flow analyses; and/or
- (5) Identification of Connecting Transmission Owner Interconnection Facilities and Local System Upgrade Facilities with a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

The scope of the optional feasibility study will be provided to the Interconnection Customer and Connecting Transmission Owner for review and comment. After the study scope is finalized, the ISO will provide the final scope to the Connecting Transmission Owner and the Interconnection Customer. The Connecting Transmission Owner shall indicate its agreement to the optional feasibility study scope by signing it and promptly returning it to the ISO, such agreement not to be unreasonably withheld.

32.3.3.4 The ISO may request additional information from the Interconnection Customer and Connecting Transmission Owner as may reasonably become necessary consistent with Good Utility Practice during the course of the optional feasibility study. Upon request from the ISO for additional information required for or related to the optional feasibility study, the Interconnection Customer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

32.3.3.5 Connecting Transmission Owner and any Affecting Transmission Owners, together with the Interconnection Customer, will be provided with drafts of the

optional feasibility study report for review. Review and comments shall be provided to the ISO within fifteen (15) Business Days of receipt.

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

32.3.3.7 If the optional feasibility study shows the potential for adverse system impacts, the review process shall proceed to the system impact study.

#### **32.3.4 System Impact Study**

32.3.4.1 The Interconnection Customer shall advise the ISO that it elects to proceed with a system impact study within five (5) Business Days after either the delivery of the final optional feasibility study report to the Interconnection Customer or the scoping meeting, if the Interconnection Customer opts to forego the optional feasibility study. As soon as practicable after receipt of such election from the Interconnection Customer, the ISO shall provide to the Interconnection

Customer and Connecting Transmission Owner a good faith estimate of the cost and timeframe for completing the system impact study.

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

32.3.4.2 If the ISO, Connecting Transmission Owner and Interconnection

Customer mutually agree that no system impact study is required, , the ISO shall send the Interconnection Customer and the Connecting Transmission Owner a facilities study agreement (in the form of Appendix 6) as soon as practicable after (1) transmittal of the final optional feasibility study report; or (2) confirmation that the ISO, Connecting Transmission Owner and Interconnection Customer mutually agree to waive the system impact study if the Interconnection Customer elects to skip the optional feasibility study. The ISO shall include, with the facilities study agreement tendered to the Interconnection Customer, an outline of the scope of the facilities study and a non-binding good faith estimate of the cost and timeframe to perform the study.

32.3.4.3 In order to remain under consideration for interconnection, unless the system impact study is waived upon mutual agreement of the ISO, Connecting Transmission Owner and Interconnection Customer, the Interconnection

Customer must submit the required system impact study deposit set forth in Section 32.3.4.4 of this Attachment Z and the technical data requested by the ISO to the ISO within fifteen (15) Business Days of the ISO's notice of good faith estimate of the cost and timeframe to perform the system impact study.

32.3.4.4 A deposit of \$50,000 for the system impact study must be submitted by the Interconnection Customer within fifteen (15) Business Days of the ISO's notice of good faith estimate of the cost and timeframe to perform the system impact study to the Interconnection Customer. If the Interconnection Customer does not provide the required study deposit within fifteen (15) Business Days after the ISO's notice to the Interconnection Customer and the Connecting Transmission Owner of the good faith estimate of the cost and timeframe for completing the SIS, the Interconnection Customer will be subject to withdrawal. If the Interconnection Customer does not provide all required technical data, the ISO shall notify the Interconnection Customer of the deficiency and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such ability to cure technical deficiencies does not apply to failure to submit the required deposit. The ISO shall notify the Interconnection Customer and the Connecting Transmission Owner that the system impact study has commenced following receipt of the required deposit and once the ISO deems the required technical data sufficient.

32.3.4.5 The scope of and cost responsibilities for a system impact study shall be described in the system impact study scope. The scope of the system impact study will be provided to the Interconnection Customer and Connecting

Transmission Owner for review and comment. After the study scope is finalized, the ISO will provide the final scope to the Connecting Transmission Owner and the Interconnection Customer. The Connecting Transmission Owner shall indicate its agreement to the system impact study scope by signing it and promptly returning it to the ISO, such agreement not to be unreasonably withheld. For an Interconnection Customer proposing an incremental increase in output to an existing Small Generating Facility, the total output of which does not exceed 20 MW, the system impact study scope may be narrowed upon mutual agreement among the ISO, Connecting Transmission Owner and Interconnection Customer.

32.3.4.6 The ISO may request additional information from the Interconnection Customer and Connecting Transmission Owner as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. Upon request from the ISO for additional information required for or related to the system impact study, Interconnection Customer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

32.3.4.7 Affected Systems shall participate in the system impact study and provide all information necessary to prepare the study.

32.3.4.8 Connecting Transmission Owner and any Affecting Transmission Owners, together with Interconnection Customer, will be provided drafts of the system impact study report for review. Review and comments shall be provided to the ISO within fifteen (15) Business Days of receipt.

### **32.3.5 Facilities Study**

- 32.3.5.1 If a system impact study(s) is required, once the required system impact study(s) is completed, a system impact study report shall be prepared by the ISO and transmitted to the Interconnection Customer and the Connecting Transmission Owner. As soon as practicable after transmittal of the final system impact study report, the ISO will tender a facilities study agreement to the Interconnection Customer and Connecting Transmission Owner. If a system impact study(s) is not required, the NYISO shall provide the Interconnection Customer and the Connecting Transmission Owner with a facilities study agreement as soon as practicable after that determination. Each facilities study agreement shall include an outline of the scope of the facilities study and a non-binding good faith estimate of the cost and timeframe to perform the facilities study.
- 32.3.5.2 In order to remain under consideration for interconnection, unless the ISO, Connecting Transmission Owner and Interconnection Customer mutually agree to waive the facilities study, the Interconnection Customer must return the completed facilities study agreement within 30 Calendar Days, together with the required technical data set forth in Appendix 6 and the required deposit equal to the non-binding good faith estimate of the cost and timeframe to perform the facilities study. The Interconnection Customer, ISO and Connecting Transmission Owner shall execute the facilities study agreement no later than ten (10) Business Days after the ISO confirms receipt of the executed facilities study agreement, the study deposit and required technical data from the Interconnection



Customer. The ISO shall provide a copy of the fully executed facilities study agreement to the Interconnection Customer and Connecting Transmission Owner.

32.3.5.3 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s), as appropriate. Connecting Transmission Owner and any Affecting Transmission Owners, together with the Interconnection Customer, will be provided with drafts of the facilities study report for review. Review and comments shall be provided to the ISO within fifteen (15) Business Days of receipt.

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

32.3.5.3.2 The Interconnection Customer shall be responsible for the cost of any System Upgrade Facilities determined by an Interconnection Study to be necessary to accommodate the Interconnection Request. Such Interconnection Study shall be of sufficient detail and scope to assure that this determination can be made. If any System Upgrade Facilities other than Local System Upgrade Facilities are determined to be necessary to accommodate the Interconnection Request, the Small Generating Facility shall be evaluated as a member of the next Class Year, and the Interconnection Customer's cost responsibility shall be determined in accordance with Attachment S. All other Small Generating Facilities (i.e., those for which no System Upgrade Facilities or only Local System Upgrade Facilities have been identified as necessary to accommodate the

Interconnection Request) shall complete an individual Facilities Study, if required, under these Small Generator Interconnection Procedures; provided however, a Small Generating Facility that requires no System Upgrade Facilities or only Local System Upgrade Facilities may elect to enter a Class Year Study for evaluation of its requested ERIS and elective System Upgrade Facilities, to the extent permitted by Section 25.6.1.4.1 of Attachment X to the OATT. The standard described above in this Section regarding when a Small Generating Facility must enter a Class Year will apply to Small Generating Facilities being considered for entry into Class Year 2011 and beyond. To the extent appropriate, the ISO will notify any Affected System or transmission owner prior to the determination that System Upgrade Facilities are necessary, to allow for potential input by the Affected System or transmission owner. For purposes of this section, Affected System may include the portions of the New York State Transmission System that may be potentially affected. If the Interconnection Customer elects CRIS, and its Small Generating Facility is larger than 2 MW, it will be evaluated as a member of the next Class Year to determine the Interconnection Customer's responsibility for System Deliverability Upgrades in accordance with Attachment S.

32.3.5.3.3 At any time prior to the Class Year Start Date, as specified in Section 25.5.9 of Attachment S to the OATT, the Interconnection Customer may elect to proceed under this Section 32.3.5.3.3. Pending the outcome of the Class Year cost allocation process, the Interconnection Customer can elect to proceed with the interconnection of its Small Generating Facility if in the SGIA (i) it agrees in

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

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

32.3.5.4 Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement, these procedures and, if

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

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

32.3.5.6 The scope of and cost responsibilities for the facilities study are described in the facilities study agreement in the form of Appendix 6. ISO may request additional information from the Interconnection Customer and Connecting Transmission Owner as may reasonably become necessary consistent with Good Utility Practice during the course of the facilities study. Upon request from the ISO for additional information required for or related to the facilities study, the Interconnection Customer and Connecting Transmission Owner shall provide such additional information in a prompt manner.

32.3.5.7 Acceptance of Cost Allocation and Posting of Security

32.3.5.7.1 Following the issuance of the final facilities study report under these procedures, the Interconnection Customer shall provide notice to the ISO, in writing and via electronic mail, within 30 Calendar Days whether it shall accept its Small Generating Facility cost allocation for the System Upgrade Facilities, if any, identified in the facilities study report, and signify its willingness to pay the Connecting Transmission Owner for the Interconnection Customer's its share of the System Upgrade Facilities. Within five (5) Business Days of the Interconnection Customer's submission of a notice accepting its Small Generating Facility cost allocation for the System Upgrades Facilities in accordance with this Section 32.3.5.7.1, the Interconnection Customer must pay cash or post security in accordance with these rules for the full amount of the Small Generating Facility cost allocation. Failure to accept the Small Generating Facility cost allocation or to pay cash or post security in accordance with these rules shall result in withdrawal of the Small Generator Interconnection Request from the ISO's Interconnection Queue.

32.3.5.7.2 If the Interconnection Customer elects to post security, the Interconnection Customer (i) shall deliver to the Connecting Transmission Owner a signed security agreement, by and between the Interconnection Customer and the Connecting Transmission Owner in its sole discretion, securing the performance of the Interconnection Customer's cost allocation for the System Upgrade Facilities identified in the final facilities study report and (ii) shall provide the Connecting Transmission Owner with an irrevocable, transferrable standby letter of credit in the from required by the aforementioned agreement in

the amount of the cost estimate for the System Upgrade Facilities, as documented in the final facilities study report, in accordance with Section 32.3.5.7.1 of this Attachment Z. The letter of credit must be issued by a financial institution reasonably acceptable to the Connecting Transmission Owner and must specify a reasonable expiration date. Upon successful acceptance by the Connecting Transmission Owner, turnover to the Connecting Transmission Owner shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner for the purpose of performing engineering design, constructing, procuring, and installing of such System Upgrade Facilities.

32.3.5.7.3 Forfeiture of Security. The security that the Interconnection Customer provides the Connecting Transmission Owner in accordance with Section 32.3.5.7 of this Attachment Z shall be irrevocable and shall be subject to forfeiture if the Interconnection Customer subsequently terminates or abandons development of the Small Generating Facility. Any security provided by the Interconnection Customer to the Connecting Transmission Owner shall be subject to forfeiture to the extent necessary to defray the cost of: (1) System Upgrade Facilities required by other Small Generating Facilities for which the Interconnection Customer's Small Generating Facility and System Upgrade Facilities are included in their base cases; (2) System Upgrade Facilities and System Deliverability Upgrade Facilities required for projects for which the Interconnection Customer's Small Generating Facility and System Upgrade Facilities were included in their Class Year Interconnection Facilities Study and/or Additional SDU Study existing system representations; (3) Network

Upgrade Facilities required for other Transmission Developers for which the Transmission Project interconnection studies included the Interconnection Customer's Small Generating Facility and System Upgrade Facilities in their base cases; and (4) Network Upgrades required for other Eligible Customers whose Load interconnection studies included the Interconnection Customer's Small Generating Facility and System Upgrade Facilities in their base cases, as applicable. If Interconnection Customer's security is subject to forfeiture to defray the costs of an affected upgrade pursuant to this Section 32.3.5.7.3 and the security is not in a form that can be readily drawn on by the Connecting Transmission Owner to defray the costs of the affected upgrade, Interconnection Customer shall negotiate in good faith with the Connecting Transmission Owner to replace the security with cash or an alternative form of security that can be readily drawn on by the Connecting Transmission Owner up to the amount required to satisfy Interconnection Customer's security obligations under this Agreement, including defraying the costs of the affected upgrade. Connecting Transmission Owner shall only be responsible for using Interconnection Customer's security to defray the costs of an affected upgrade to the extent the Interconnection Customer has provided cash or security in a form that the Connecting Transmission Owner can readily draw on to defray such costs.

32.3.5.7.4 As soon as practicable after the Interconnection Customer accepts its Small Generating Facility cost allocation for the System Upgrade Facilities identified in the final facilities study report and posts security in accordance with this Section 32.3.5.7, the ISO shall provide the Interconnection Customer and the

Connecting Transmission Owner a draft interconnection agreement in accordance with Section 32.4.8 of Attachment Z.

32.3.5.8 With the completed facilities study agreement, the Interconnection Customer shall submit to the ISO an updated proposed In-Service Date, an updated proposed Initial Synchronization Date and an updated proposed Commercial Operation Date every ninety (90) Calendar Days.



## **32.4 Provisions that Apply to All Interconnection Requests**

### **32.4.1 Reasonable Efforts**

The ISO, in consultation with the Connecting Transmission Owner, shall make reasonable efforts to meet all time frames provided in these procedures unless the ISO, Connecting Transmission Owner and Interconnection Customer agree to a different schedule. If either the ISO or Connecting Transmission Owner cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

### **32.4.2 Disputes**

32.4.2.1 The ISO, Connecting Transmission Owner and Interconnection Customer agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

32.4.2.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an informal basis. If the Parties cannot promptly resolve the dispute on an informal basis, then any Party shall provide the other Parties with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

32.4.2.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, any Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

32.4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (*e.g.*, mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in

resolving their dispute. The result of this dispute resolution process will be binding only if the Parties agree in advance. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

32.4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-third of any costs paid to neutral third-parties.

32.4.2.6 If no Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then any Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

### **32.4.3 Interconnection Metering**

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state, or local regulatory requirements or the Connecting Transmission Owner's specifications.

### **32.4.4 Commissioning**

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The ISO and Connecting Transmission Owner must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

### **32.4.5 Confidentiality**

32.4.5.1 Certain information exchanged by the Parties during the administration of these procedures shall constitute confidential information ("Confidential Information") and shall be subject to this Section 32.4.5. Confidential

Information shall mean any confidential and/or proprietary information provided by one Party to another Party or Parties that is clearly marked or otherwise designated “Confidential.” For purposes of these procedures, all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. Confidential Information shall include, without limitation, information designated as such by the ISO Code of Conduct contained in Attachment F to the ISO OATT.

32.4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted to or divulged by Governmental Authorities (after notice to the other Parties and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce an interconnection agreement entered into pursuant to these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

32.4.5.2.1. Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.

32.4.5.2.2. Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential

Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

32.4.5.3 Notwithstanding anything in this Section 32.4.5 to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Section 32.4.5, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Each Party is prohibited from notifying the other Parties prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

#### **32.4.6 Comparability**

The ISO shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The ISO and Connecting Transmission Owner shall use the same reasonable efforts in processing and analyzing Interconnection Requests from all

Interconnection Customers, whether the Small Generating Facility is owned or operated by the Connecting Transmission Owner, its subsidiaries or affiliates, or others.

#### **32.4.7 Record Retention**

The ISO and Connecting Transmission Owner shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

#### **32.4.8 Interconnection Agreement**

As soon as practicable upon completion of all required interconnection studies and acceptance by the Interconnection Customer of its Small Generating Facility cost allocation and satisfaction of the security posting requirements described in Section 32.3.5.7 of this Attachment Z, or, if the Interconnection Customer elects to enter a Class Interconnection Facilities Study, upon completion of the decision process described in Section 25.8 of Attachment S for the Class Interconnection Facilities Study and acceptance by the Interconnection Customer of its Attachment S cost allocation, and satisfaction of the Security posting requirements described in Attachment S, the ISO shall tender to the Interconnection Customer and Connecting Transmission Owner a draft Standard Small Generator Interconnection Agreement together with draft attachments completed to the extent practicable. Upon such tender, the Interconnection Customer shall provide the ISO with an updated proposed In-Service Date, an updated proposed Initial Synchronization Date, and an updated proposed Commercial Operation Date. Such dates are subject to the limitations set forth in Section 30.4.4.5 of Attachment X to the OATT.

The draft Standard Small Generator Interconnection Agreement shall be in the form of the ISO's Commission-approved Standard Small Generator Interconnection Agreement, which is

in Appendix 7 to this Attachment Z. Unless otherwise agreed by the Parties, if the Interconnection Customer does not sign the interconnection agreement, or ask that it be filed unexecuted within six (6) months after tender of the draft interconnection agreement, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

#### **32.4.9 Termination of the Standard Small Generator Interconnection Agreement**

The classification of a Small Generating Facility as Retired will be grounds for the termination of the Small Generator Interconnection Agreement (SGIA). The ISO will file with the Federal Energy Regulatory Commission a notice of termination of the SGIA as soon as practicable after the Small Generating Facility is Retired. The termination of a non-conforming *pro forma* SGIA will be effective only upon acceptance by the Federal Energy Regulatory Commission of the notice of termination and proposed effective date. Upon the effective date of the termination of the SGIA, access to the Point of Interconnection of the Small Generating Facility will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures.

#### **32.4.10 Coordination with Affected Systems**

The ISO shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators, as soon as they are identified – either by their own accord, by the Connecting Transmission Owner, or by the ISO – and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The ISO will include such Affected System operators in all meetings held with the Interconnection Customer as required by these

procedures. The Interconnection Customer will cooperate with the ISO and Connecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Each Affected System Operator and/or Affected System shall cooperate with the ISO and Connecting Transmission Owner with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Parties to this Agreement shall cooperate in good faith to provide each other, Affected System Operators and Affected Systems the information necessary to carry out the terms of the SGIP and the SGIA.

For identified Affected Transmission Owner(s) of facilities electrically adjacent to the Point of Interconnection and that have design criteria, operational criteria or other local planning criteria applicable to either (1) the substation to which the Interconnection Customer proposes to interconnect; or (2) the substation that will be required to be built to accommodate the interconnection, the ISO shall provide such Affected Transmission Owner(s) with the opportunity to review and provide comments on all study scopes, study reports and drafts thereof for the project, and will be included on communications regarding the project and meetings discussing the project or any of its studies, where such communications or meetings involve the ISO, Interconnection Customer and Connecting Transmission Owner. The ISO shall include in the appropriate interconnection study proposed studies requested by such an identified Affected Transmission Owner to the extent such studies are reasonably justified in accordance with Good Utility Practice.

### **32.4.11 Capacity of the Small Generating Facility**

#### **32.4.11.1 Increases in Capacity and Capacity Resource Interconnection Service**

If an existing Small Generating Facility requests an increase in capacity, such increase requires a new Interconnection Request if the increase is a material increase pursuant to Section 32.1.4.2.1. For a material increase, If the Interconnection Request is for the incremental increase in capacity for an existing Small Generating Facility, and the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility; provided however, if the proposed increase will make the Small Generating Facility's total capacity exceed 20 MW, the incremental increase must be evaluated under the Large Facility Interconnection Procedures and the modified facility will be a Large Generating Facility requiring an amendment to the SGIA to conform to the LGIA.

For material increases in the capacity subject to a new Small Generator Interconnection Request, the reliability impact of all increases in the capacity of an existing Small Generating Facility will be evaluated by applying the NYISO Minimum Interconnection Standard. An existing Small Generating Facility interconnected with Capacity Resource Interconnection Service may, over the life of the facility, increase its Capacity Resource Interconnection Service by a total of 2 MW above its originally established Capacity Resource Interconnection Service value without having the deliverability of that 2 MW increase evaluated under the NYISO Deliverability Interconnection Standard; provided however, for facilities comprised of multiple Generators, this CRIS increase is permitted only at the facility (*i.e.*, Project) level, not at the individual Generator level. A facility that receives a CRIS increase pursuant to this Section 32.4.11.1, to the extent it later combines with another facility or Project to become a co-located resource (*e.g.*, a Co-located Storage Resource or Distributed Energy Resource), is not eligible for any additional CRIS increase above a single increase up to 2 MW, without proceeding through a



deliverability evaluation in a Class Year Study or Expedited Deliverability Study. The deliverability impact of all increases greater than 2 MW over the life of the facility will be evaluated by applying the NYISO Deliverability Interconnection Standard in accordance with the SGIP and Attachment S to the ISO OATT.

32.4.11.2 If the Interconnection Request is for a Small Generating Facility comprised of multiple Generators behind the same Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple Generators. For a Co-located Storage Resource, the aggregate capacity of the multiple Generators is the aggregate of the maximum injection capability of each individual Generator. If the Interconnection Request is for a Small Generating Facility comprised of multiple Generators, the Interconnection Customer must request ERIS for the Small Generating Facility, such ERIS to be allocated among the multiple Generators comprising the Small Generating Facility as requested by the Interconnection Customer in its Interconnection Request; provided however, the requested allocation for ERIS for the Intermittent Power Resource in a Co-located Storage Resource cannot exceed the Point of Injection limit plus the full withdrawal capability of the Energy Storage Resource.

32.4.11.3 The Interconnection Request shall be evaluated using the maximum capacity that the Small Generating Facility is capable of injecting into the Connecting Transmission Owner's electric system. However, if the maximum capacity that the Small Generating Facility is capable of injecting into the Connecting Transmission Owner's electric system is limited (*e.g.*, through the use of a control system, power relay(s), or other similar device settings or

adjustments), then the Interconnection Customer must obtain the ISO's and Connecting Transmission Owner's agreement, with such agreement not to be unreasonably withheld, that the manner in which the Interconnection Customer proposes to implement such a limit will not adversely affect the safety and reliability of the Connecting Transmission Owner's system. If the Connecting Transmission Owner does not so agree, then the Interconnection Request must be withdrawn or revised to specify the maximum capacity that the Small Generating Facility is capable of injecting into the Connecting Transmission Owner's electric system without such limitations. Furthermore, nothing in this section shall prevent a Connecting Transmission Owner from considering an output higher than the limited output, if appropriate, when evaluating system protection impacts.

## **32.5 Appendices**

## Appendix 1 - Glossary of Terms

Terms used in the SGIP or SGIA with initial capitalization that are not defined in this Glossary shall have the meanings specified in Attachment X or Attachment S to the ISO OATT, or in Section 2 of the ISO Services Tariff.

**10 kW Inverter Process** – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the Section 32.2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Appendix 5.

**Affected System** – An electric system other than the transmission system owned, controlled or operated by the ISO or Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** – Affected System Operator shall mean the operator of any Affected System.

**Affected Transmission Owner** – The New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that: (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment Z, or Attachment S to the ISO OATT.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Standards** – The criteria, requirements and guidelines of the North American Electric Reliability Council, the Northeast Power Coordinating Council, the New York State Reliability Council and related and successor organizations, and the Transmission District to which the Interconnection Customer's Small Generating Facility is directly interconnected, as those criteria, 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 of or validity of any criterion, requirement or guideline as applied to it in the context of Attachment Z to the ISO OATT. For the purposes of the SGIP, this definition of Applicable Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in Attachment X to the ISO OATT.

**Base Case** – The 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 Large Facility Interconnection Procedures, and updated consistent with the rules set forth in Section 25.5.5.1 of Attachment S to the OATT at the start of each Interconnection Study under the Small Generator Interconnection Procedures.

**Business Day** – Monday through Friday, excluding federal holidays.

**Capacity Resource Interconnection Service (“CRIS”)** – The service provided by the ISO to Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT; such service being one of the eligibility requirements for participation as an ISO Installed Capacity Supplier.

**Class Year** shall mean the group of Projects included in any particular Class Year Interconnection Facilities Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in Attachment S and in Attachment Z for including such Projects.

**Class Year Project** shall mean an Eligible Class Year Project with an executed Class Year Interconnection Facilities Study Agreement that thereby becomes one of the group of generation and Class Year Transmission Projects included in any particular Class Year Interconnection Facilities Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in Attachment S and in Attachment Z for including such Projects.

**Class Year Transmission Project** 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 Developer is eligible to request and does request Capacity Resource Interconnection Service, subject to the eligibility requirements set forth in the ISO Procedures. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Class Year Start Date** shall mean the deadline for Eligible Class Year Projects to enter a Class Year Interconnection Facilities Study, determined in accordance with Section 25.5.9 of Attachment S.

**Commercial Operation** shall mean the status of a Small Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

**Commercial Operation Date** of a Small Generating Facility shall mean the date on which the Small Generating Facility commences Commercial Operation as agreed to by the Parties.

**Connecting Transmission Owner** – 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, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Small Generator Interconnection Agreement.

**Distribution System** – The Transmission Owner’s facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the ISO’s Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. For the purpose of the SGIP, the term Distribution System shall not include LIPA’s distribution facilities.

**Distribution Upgrades** – The modifications or additions to the Transmission Owner’s existing Distribution System at or beyond the Point of Interconnection that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard. Distribution Upgrades do not include Interconnection Facilities or System Upgrade Facilities or System Deliverability Upgrades.

**Eligible Class Year Project:** Any Project that: (1) satisfies the criteria for inclusion in the next Class Year Interconnection Facilities Study, as those criteria are specified in Sections 25.5.9 and 25.6.2.3.1 of Attachment S to the OATT, Section 32.1.1.7 of this Attachment Z and/or Section 32.3.5.3.2 of this Attachment Z; or (2) that seeks evaluation in a Class Year Study to obtain or increase CRIS as permitted by Attachment S to the ISO OATT and satisfies the criteria for inclusion in the next Class Year Interconnection Facilities Study specified in Section 25.5.9 of Attachment S to the OATT.

**Energy Resource Interconnection Service** – The service provided by the ISO to interconnect the Interconnection Customer’s Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Small Generating Facility, pursuant to the terms of the ISO OATT.

**Fast Track Process** – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility that meets the eligibility requirements of Section 32.2.1 of the SGIP and includes the Section 32.2 screens, customer options meeting, and optional supplemental review.

**Force Majeure** – 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, the absence of any necessary governmental approvals timely applied for, or any other cause beyond a Party’s control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. For the purposes of this Attachment Z, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 2.11 of the ISO OATT.

**Good Utility Practice** – 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 practices, 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 be acceptable practices, methods, or acts generally accepted in the region.

**Governmental Authority** – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over 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 Interconnection Customer, the ISO, Affected Transmission Owner, Connecting Transmission Owner or any Affiliate thereof.

**Initial Synchronization Date** shall mean the date upon which the Small Generating Facility is initially synchronized and upon which Trial Operation begins.

**In-Service Date** shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Interconnection Facilities to obtain back feed power.

**Interconnection Customer** – Any entity, including the Connecting Transmission Owner or any of its affiliates or subsidiaries, that proposes to interconnect its Small Generating Facility with the New York State Transmission System or the Distribution System.

**Interconnection Facilities** – The Connecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the New York State Transmission System or the Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or System Upgrade Facilities.

**Interconnection Request** – The Interconnection Customer's request, in accordance with these procedures, (i) to interconnect a new Small Generating Facility to the New York State Transmission System or the Distribution System, or (ii) to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Small Generating Facility that is interconnected to the New York State Transmission System or the Distribution System. For the purposes of this Attachment Z, this definition of Interconnection Request shall supersede the definition of Interconnection Request set out in Attachment X to the ISO OATT. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Injection (as defined in Section 1.16 of the ISO OATT) will be considered a single Small Generating Facility, provided the Interconnection Request identifies a single Interconnection Customer.

**Interconnection Study** – Any study required to be performed under Sections 32.2 or 32.3 of the SGIP.

**Local System Upgrade Facilities** shall mean the System Upgrade Facilities necessary to physically interconnect a proposed Project to the Connecting Transmission Owner's transmission system, consistent with applicable interconnection and system protection design standards. Local System Upgrade Facilities include any electrical facilities required to make the physical connection (e.g., a new ring bus for a line connection or facilities required to create a new bay for a substation connection). Local System Upgrade Facilities also include any system protection or communication facilities that may be required for protection of the Connecting Transmission Owner's transmission facility (line or substation) involved in the interconnection. Local System Upgrade Facilities do not include System Upgrade Facilities required to mitigate any adverse reliability impact(s) of the Project(s) identified through analysis such as power flow, short circuit, or stability (e.g., replacement of a circuit breaker at a nearby substation that becomes overdutied as a result of the Project(s)).

**Material Modification** – A modification that has a material adverse impact on the cost or timing of any Interconnection Request with a later queue priority date.

**Minor Modification** – Modifications that will not have a material adverse impact on the cost or timing of any Interconnection Request.

**New York State Transmission System** - The entire New York State electric 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.

**NYISO Deliverability Interconnection Standard** – The standard that must be met, unless otherwise provided for by Attachment S to the ISO OATT, by any of the following requesting CRIS: (i) any generation facility larger than 2MW; (ii) any Class Year Transmission Project; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its Project in the Class Year Deliverability Study.

**NYISO Minimum Interconnection Standard** – The reliability standard that must be met by any Large Facility that is subject to ISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generating Facility that is subject to the ISO's Small Generator Interconnection Procedures in this Attachment Z, that is proposing to connect to the New York State Transmission System or Distribution System, to obtain ERIS. The Minimum Interconnection Standard is designed to ensure reliable access by the proposed Project to the New York State Transmission System or to the Distribution System. The Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.



**Open Class Year** – The Class Year open for new members pursuant to the Class Start Date deadline specified in Section 25.5.9 of Attachment S to the OATT.

**Party or Parties** – The ISO, Connecting Transmission Owner, Interconnection Customer or any combination of the above.

**Point of Interconnection** – The point where the Interconnection Facilities connect with the New York State Transmission System or the Distribution System.

**Project:** The proposed facility as described in a single Interconnection Request, to the extent permitted by Attachments X or Z to the ISO OATT, as applicable. For facilities not subject to the ISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT, the Project refers to the facility as described in a single Class Year Study Agreement or Expedited Deliverability Studies Agreement, to the extent permitted by Attachment S to the ISO OATT.

**Queue Position** – 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 the ISO, unless specifically provided otherwise in an applicable transition rule set forth in Attachment P, Attachment X or Attachment Z to the ISO OATT.

**Retired:** A Generator that has permanently ceased operating on or after the effective date of Section 5.18 of the Services Tariff either: i) pursuant to applicable notice; or ii) as a result of the expiration of its Mothball Outage or the expiration of its ICAP Ineligible Forced Outage.

**Small Generating Facility** – The Interconnection Customer's facility, no larger than 20 MW for the production and/or storage for later injection of electricity identified in the Interconnection Request if proposing to interconnect to the New York State Transmission System or Distribution System, but shall not include (i) facilities proposing to simply receive power from the New York State Transmission System or the Distribution System; (ii) facilities proposing to interconnect to the New York State Transmission System or the Distribution System made solely for the purpose of generation with no wholesale sale for resale nor to net metering; (iii) facilities proposing to the New York State Transmission System or the Distribution System made solely for the purpose of net metering; (iv) facilities proposing to interconnect to LIPA's distribution facilities; and (v) the Interconnection Customer's Interconnection Facilities. A facility comprised of multiple Generators will be treated as a single Small Generating Facility if all Generators within the facility are behind the same Point of Interconnection, even if such Generators are different technology types.

**Study Process** – The procedure for evaluating an Interconnection Request that includes the Section 32.3 scoping meeting, feasibility study, system impact study, and facilities study.

**System Deliverability Upgrades** – 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 existing New York State Transmission System that are required for the proposed Project to connect reliably to

the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Upgrade Facilities** – 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnections, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Trial Operation** shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Small Generating Facility prior to Commercial Operation.

**Upgrades** – The required additions and modifications to the Connecting Transmission Owner's portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

## **Appendix 2 - SMALL GENERATOR INTERCONNECTION REQUEST (Application Form)**

An Interconnection Request is considered complete when it provides all applicable and correct information required below, together with the required application fee, submitted to the ISO. Per SGIP section 32.1.5, documentation of the site control must be submitted with the Interconnection Request.

### **A. Preamble and Instructions**

An Interconnection Customer who requests an interconnection to the New York State Transmission System or the Distribution System must submit this Interconnection Request through the interconnection portal on the NYISO website. The ISO will send a copy to the Connecting Transmission Owner.

### **B. Processing Fee or Deposit:**

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the ISO a non-refundable application fee of \$1,000.

### **C. Interconnection Service Options**

An Interconnection Customer may interconnect its new Small Generating Facility by electing to take either Energy Resource Interconnection Service (“ERIS”) or ERIS and Capacity Resource Interconnection Service (“CRIS”). The rights and obligations associated with each alternative are different. The Interconnection Customer should consult Section 32.1.1.7 of the Small Generator Interconnection Procedures for additional information, and should direct any questions about the alternatives to the ISO.

### **D. Interconnection Customer Information**

Legal Name of the Interconnection Customer (or, if an individual, individual’s name) (must be a single individual or entity)

Name of Interconnection Customer: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Facility Location (if different from above): \_\_\_\_\_

Telephone : \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Additional Contact Information

Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

**E. Application Information**

Application is for: \_\_\_\_\_ New Small Generating Facility  
\_\_\_\_\_ Capacity addition to Existing Small Generating Facility

If capacity addition to existing facility, please describe: \_\_\_\_\_

\_\_\_\_\_

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes \_\_\_ No\_\_\_

To Supply Power to the Interconnection Customer? Yes \_\_\_ No\_\_\_

To Supply Power to Others Through Wholesale Sales Over the New York State

Transmission System or Distribution System? Yes \_\_\_ No\_\_\_

To Supply Power to a Host Load? Yes \_\_\_ No\_\_\_

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

\_\_\_\_\_  
(Local Electric Service Provider)

\_\_\_\_\_  
(Existing Account Number)

Local Electric Service Provider Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project Description: \_\_\_\_\_

Requested Point of Interconnection: \_\_\_\_\_

Coordinates (i.e., latitude and longitude) of the Proposed Point of Interconnection: \_\_\_\_\_

Interconnection Customer's Proposed In-Service Date: \_\_\_\_\_

Interconnection Customer's Proposed Initial Synchronization Date: \_\_\_\_\_

Interconnection Customer's Proposed Commercial Operation Date: \_\_\_\_\_

#### **F. Small Generating Facility Information**

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

1. Describe the composition of assets (including MW level) within the facility, including load reduction assets (e.g., 5 MW wind facility, 2 MW Energy Storage Resource and a load reduction resource with a maximum of 1 MW of load reduction):  
\_\_\_\_\_  
\_\_\_\_\_

2. Maximum Injection Capability of entire Small Generating Facility over 1 hour:
3. If the facility includes a Resource with Energy Duration Limitations, indicate the maximum injection capability for the entire Small Generating Facility over the selected duration (e.g., 10 MW over 4 hours):  
\_\_\_\_\_  
\_\_\_\_\_

4. Provide the following information for each Generator within the Small Generating Facility:

Energy Source: \_\_\_Solar \_\_\_Wind \_\_\_Hydro \_\_\_Hydro Type (e.g. Run-of-River):\_\_\_\_\_  
Diesel \_\_\_Natural Gas \_\_\_Fuel Oil \_\_\_ Other (state type)\_\_\_\_\_

Generator Nameplate Rating: \_\_\_\_\_MW (Typical) Generator Nameplate MVAR: \_\_\_\_\_

As applicable, for BTM:NG Resources, please also provide the following information:

Interconnection Customer or Customer-Site Load:\_\_\_\_\_ kW (if none, so state)

Existing load? Yes \_\_\_ No\_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Is the new load or existing load in the Transmission Owner's service area?

\_\_\_ Yes \_\_\_No Local provider: \_\_\_\_\_

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____

Generator (or solar collector)

Manufacturer, Model Name & Number: \_\_\_\_\_

Version Number: \_\_\_\_\_

Nameplate Output Power Rating in MW: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Nameplate Output Power Rating in MVA: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Individual Generator Reactive Capability in kVAR

Leading: \_\_\_\_\_ Lagging: \_\_\_\_\_

If wind, total number of generators in wind farm to be interconnected pursuant to this

Interconnection Request: \_\_\_\_\_

Generator Height: \_\_\_\_\_ \_\_\_Single phase \_\_\_Three Phase

In addition to the above information, as applicable, for Resources with Energy Duration Limitations, please also provide the following information:

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Energy storage capability (MWh): \_\_\_\_\_

Minimum Duration for full discharge (i.e., injection) (Hours): \_\_\_\_\_

Minimum Duration for full charge (i.e., withdrawal) (Hours): \_\_\_\_\_

Maximum withdrawal from the system (i.e., when charging) (MW): \_\_\_\_\_

Maximum sustained injection (in MW) over the Developer-selected duration:

Primary frequency response operating range for electric storage resource:

Minimum State of Charge: \_\_\_\_\_ (%) Maximum State of Charge: \_\_\_\_\_ (%)

a.

If wind, total number of generators in wind farm to be interconnected pursuant to this Interconnection Request: \_\_\_\_\_

Generator Height: Single phase \_\_\_\_\_ Three Phase \_\_\_\_\_

If an Energy Storage Resource:

Inverter manufacturer, model name, number, and version:

Energy storage capability (MWh):

Minimum Duration for full discharge (i.e., injection) (Hours):

Minimum Duration for full charge (i.e., withdrawal) (Hours):

Maximum withdrawal from the system (i.e., when charging) (MW):

Maximum sustained four-hour injection in MW hours:

Primary frequency response operating range for electric storage resource: \_\_\_\_\_

Minimum State of Charge: \_\_\_\_\_ (%) Maximum State of Charge: \_\_\_\_\_ (%)

## G. Additional Information

Enclose copy of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW.

- I  
s One-Line Diagram Enclosed? \_\_\_\_ Yes \_\_\_\_ No

Enclose copy of any Site Control documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

- S  
ite Control Documentation Enclosed? \_\_\_\_ Yes \_\_\_\_ No

- S  
ite Control provided for the following number of acres: \_\_\_\_\_



## **H. Applicant Signature**

I hereby certify that, to the best of my knowledge, all the information provided in this  
Interconnection Request is true and correct.

For Interconnection Customer:

By (signature): \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

## **ATTACHMENT A TO APPENDIX 2 – SMALL GENERATOR INTERCONNECTION REQUEST– Terms and Conditions of Interconnection Study(ies)**

These terms and conditions for the study of a Small Generating Facility or material modification to an existing Small Generating Facility proposed in the Interconnection Request dated \_\_\_\_\_ (“the Project”) and submitted by \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”) sets forth the respective obligations between Interconnection Customer 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”) (hereinafter the “Terms and Conditions”). By signing below, Interconnection Customer confirms its understanding and acceptance of the Terms and Conditions.

### **RECITALS**

**WHEREAS**, the Interconnection Customer is proposing the Project; and

**WHEREAS**, the Interconnection Customer is already interconnected with the New York State Transmission System (or the Distribution System, as applicable) or desires to interconnect the Small Generating Facility with the New York State Transmission System (or the Distribution System, as applicable); and

**WHEREAS**, the Interconnection Customer has requested NYISO to perform one or more of the following studies: Optional Feasibility Study or System Impact Study to assess the impact of the Project on the New York State Transmission System (or Distribution System, as applicable) and any Affected Systems;

**Now, THEREFORE**, in consideration of and subject to the terms and conditions contained herein, the Interconnection Customer and NYISO agree as follows:

- 1.0 When used in under these Terms and Conditions, with initial capitalization, the terms specified shall have the meanings specified in Section 32.1.1.2 of the Small Generator Interconnection Procedures (“SGIP”).
- 2.0 The Interconnection Customer shall elect and NYISO shall cause to be performed, in accordance with the NYISO Open Access Transmission Tariff (“OATT”), one or more of the following: Optional Feasibility Study consistent with Section 32.3.3 of the SGIP, or System Impact Study consistent Section 32.3.4 of the SGIP, collectively referred to as the “Studies.” The terms of the SGIP, as applicable, are incorporated by reference herein.
- 3.0 The scopes for the Studies that the Interconnection Customer elects or is required to be performed in connection with its Interconnection Request and in accordance with the SGIP shall be subject to the assumptions developed by the Interconnection Customer, NYISO, and the Connecting Transmission Owner(s) at the respective scoping meetings for each study and detailed in final written scopes in accordance with Sections 32.3.3.3 and 32.3.4.5 of the SGIP.

4.0 Each study performed in connection with the Interconnection Request and these Terms and Conditions will be based on the technical information provided by the Interconnection Customer in the Interconnection Request and shall build upon the results any study conducted under these Terms and Conditions, if applicable. NYISO reserves the right to request additional information from the Interconnection Customer as may reasonable become necessary consistent with Good Utility Practice during the course of the Studies (including dynamic modeling data). If the Interconnection Customer modifies its designated Point of Interconnection, the Interconnection Request, or the technical information provided in the Interconnection Request, the time to complete the Studies may be extended. The Interconnection Customer shall bear any increased costs to complete the Studies as a result of a modification under this Section 4.0 of these Terms and Conditions.

5.0 Optional Feasibility Study.

5.1 If elected by the Interconnection Customer, the Optional Feasibility Study shall provide, as necessary, the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:

- If the Interconnection Customer elects to perform an Optional Interconnection Feasibility Study with a limited analysis (i.e., \$10,000 study deposit), the study shall analyze, to the extent selected by the Interconnection Customer:
  - o conceptual breaker-level one-line diagram of existing system where Project proposes to interconnect (i.e., how to integrate the Small Generating Facility into the existing system); and/or
  - o 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).
- If the Interconnection Customer elects to perform an Optional Interconnection Feasibility Study with a detailed analysis (i.e., \$30,000 study deposit), the study report shall provide, to the extent selected by the Interconnection Customer:
  - o conceptual breaker-level one-line diagram of existing New York State Transmission System or Distribution System where the Large Facility proposes to interconnect (i.e., how to integrate the Large Facility into the existing system);
  - o review of the feasibility/constructability of a conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space

for additional breaker bay in existing substation or identification of cable routing concerns inside existing substation);

- preliminary review of local protection, communication, and grounding issues associated with the proposed interconnection;
- power flow, short circuit, and/or bus flow analyses; and/or
- preliminary identification of Connecting Transmission Owner Attachment Facilities and Local System Upgrade Facilities with a non-binding good faith cost estimate of the Interconnection Customer's cost responsibility and a non-binding good faith estimated time to construct.

5.2 The Optional Feasibility Study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.

5.3 The Optional Feasibility Study shall include, at the Interconnection Customer's cost, the feasibility of any interconnection at a proposed Project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer.

## 6.0 System Impact Study.

6.1 The System Impact Study, unless otherwise waived upon the mutual agreement of the Interconnection Customer, NYISO, and the Connecting Transmission Owner(s) in accordance with Section 32.3.4 of the SGIP, shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. The System Impact Study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, 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 system impact study report shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

6.2 The System Impact Study shall consider all generating facilities and Class Year Transmission Projects (and with respect to paragraph 6.1.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the System Impact Study commences under the SGIP,

- are directly interconnected with the New York State Transmission System or distribution facilities;

- are interconnected with Affected Systems and may have an impact on the proposed interconnection;
- have accepted their cost allocation for System Upgrade Facilities and posted security for such System Upgrade Facilities in accordance with Attachment S to the OATT; and
- have no queue position but have executed an interconnection agreement or requested that an unexecuted interconnection agreement be filed with the Federal Energy Regulatory Commission (“FERC”).

6.3 Affected Systems may participate in the preparation of a System Impact Study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment on the System Impact Study to the extent the proposed interconnection potentially adversely impacts the Affected System’s electric system. NYISO shall have an additional twenty (20) Business Days to complete a System Impact Study requiring review by Affected Systems.

7.0 The Interconnection Customer shall provide NYISO with a deposit for each study elected or required to be performed in connection with its proposed interconnection in accordance with Section 32.3.3.2 of the SGIP for an Optional Feasibility Study and/or Section 32.3.4.4 of the SGIP for a System Impact Study.

8.0 Any study costs incurred by NYISO shall be based on its actual costs, including applicable taxes, and will be invoiced to the Interconnection Customer after each respective study is completed and delivered to the Interconnection Customer, which will include a summary of professional time. The applicable rates that NYISO shall use to calculate its actual costs shall be provided to the Interconnection Customer at the time that NYISO provides the good faith estimate of the cost for each study elected or required to be performed in connection with the Interconnection Request and under these Terms and Conditions.

9.0 The Interconnection Customer shall pay all invoice amounts in excess of the deposit or other cash security without interest within thirty (30) calendar days after receipt of the invoice. If the deposit or other cash exceeds the invoiced fees, NYISO shall refund such excess amounts within thirty (30) calendar days of the invoice without interest. If the Interconnection Customer disputes an amount to be paid, the Interconnection customer shall pay the disputed amount to NYISO or into an interest bearing escrow account, pending resolution of the dispute in accordance with Section 32.4.2 of the SGIP. To the extent that the dispute is resolved in the Interconnection Customer’s favor, that portion of the disputed amount will be returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission’s regulations. To the extent that the dispute is resolved in NYISO’s favor, the portion of any escrowed funds and interest will be released to NYISO. NYISO and subcontractor consultants hired by NYISO shall not be obligated to perform or continue to perform any Interconnection Study work for the

Interconnection Customer unless the Interconnection Customer has paid all amounts in compliance herewith.

## 10.0 Miscellaneous.

- 10.1 Accuracy of Information. Except as the Interconnection Customer may otherwise specify in writing when it provides information to NYISO under these Terms and Conditions, the Interconnection Customer represents and warrants that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. The Interconnection Customer shall promptly provide NYISO with any additional information needed to update information previously provided.
- 10.2 Disclaimer of Warranty. In preparing the Studies, NYISO and any subcontractor consultants hired by it shall have to rely on information provided by the Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither NYISO nor any subcontractor consultant hired by NYISO 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 Studies performed under these Terms and Conditions. The Interconnection Customer 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.
- 10.3 Limitation of Liability. In no event shall NYISO or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with these Terms and Conditions or the Studies performed or any reliance on the Studies by the Interconnection Customer or third parties, even if NYISO or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any NYISO or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under these Terms and Conditions.
- 10.4 Third-Party Beneficiaries. Without limitation of Sections 10.2 and 10.3 under these Terms and Conditions, the Interconnection Customer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, one or more of the Studies requested under the Interconnection Request shall be deemed third-party beneficiaries of these Sections 10.2 and 10.3 under these Terms and Conditions.
- 10.5 Term and Termination. The obligations to conduct the Studies and under these Terms and Conditions shall be effective from the date hereof and, unless earlier terminated under these Terms and Conditions, shall continue in effect until the

Studies are completed. The Interconnection Customer or NYISO may terminate their obligations under these Terms and Agreement upon the withdrawal of the Interconnection Customer's Interconnection Request under the SGIP.

- 10.6 **Governing Law.** These Terms and Conditions and any study performed thereunder 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.
- 10.7 **Severability.** In the event that any part of these Terms and Conditions are deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from these Terms and Conditions and the obligations under these Terms and Conditions shall continue in full force and effect as if each part was not contained herein.
- 10.8 **Amendment.** No amendment, modification, or waiver of any term or condition hereof shall be effective unless set forth in writing and signed by the Interconnection Customer and NYISO hereto.
- 10.9 **Survival.** All warranties, limitations of liability, and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 10.10 **Independent Contractor.** Developer agrees that 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 the Interconnection Customer as a result of performing any work under these Terms and Conditions.
- 10.11 **No Implied Waivers.** The failure of the Interconnection Customer or NYISO to insist upon or enforce strict performance of any of the provisions of these Terms and Conditions 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.
- 10.12 **Successors and Assigns.** The obligations under these Terms and Conditions, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Interconnection Customer and NYISO and their respective successors and assigns.

**IN WITNESS THEREOF**, the Interconnection Customer has agreed to accept and be bound by the Terms and Conditions by its duly authorized officers or agents execution on the day and year first below written.

---

**[Insert name of Interconnection Customer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_



**Date: \_\_\_\_\_ Appendix 3 - Certification Codes and Standards**

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms  
NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

## **Appendix 4 - Certification of Small Generator Equipment Packages**

- 1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if: (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Appendix 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

**Appendix 5 - Application, Procedures, and Terms and Conditions for  
Interconnecting a Certified Inverter-Based Small Generating Facility No  
Larger than 10 kW ("10 kW Inverter Process")**

- 1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the ISO. The ISO will send a copy to the Connecting Transmission Owner.
- 2.0 The ISO acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The ISO, in consultation with the Connecting Transmission Owner, evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The ISO, in consultation with the Connecting Transmission Owner, verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the SGIP. The ISO has 15 Business Days to complete this process. Unless the ISO, in consultation with the Connecting Transmission Owner, determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the ISO approves the Application and returns it to the Customer, with a copy to the Connecting Transmission Owner. Note to Customer: Please check with the ISO before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the ISO, and sends a copy to the Connecting Transmission Owner. Prior to parallel operation, the ISO, in consultation with the Connecting Transmission Owner, may inspect the Small Generating Facility for compliance with standards which may include a Connecting Transmission Owner witness test, and may schedule appropriate metering replacement, if necessary. The Customer shall cooperate with the ISO and the Connecting Transmission Owner to assure that the required inspection, witness test and/or metering replacement are completed within the timeframes outlined below.
- 6.0 The ISO notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Connecting Transmission Owner has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Connecting Transmission Owner is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion, unless the Connecting Transmission Owner and Customer agree otherwise. If the Connecting Transmission Owner does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.

- 7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Customer). If another entity is responsible for interfacing with the ISO and Connecting Transmission Owner, that contact information must be provided on the Application.
- 8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.
- 9.0 UL1741 Listed – This standard (“Inverters, Converters, and Controllers for Use in Independent Power Systems”) addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This “listing” is then marked on the equipment and supporting documentation.
- 10.0 The ISO is available to help resolve any disputes that may arise out of the proposed interconnection, in accordance with the procedures set forth in Section 32.4.2 of the SGIP in Attachment Z of the ISO OATT.

## **Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW**

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 32.1.5, documentation of the site control must be submitted with the Interconnection Request. Additional information to evaluate the Application may be required.

### Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

### Interconnection Customer

Name of Interconnection Customer: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

### Point of Contact

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Owner of the facility (include % ownership by any electric utility): \_\_\_\_\_

### Small Generating Facility Information

Location (if different from above): \_\_\_\_\_

Electric Service Company: \_\_\_\_\_

Account Number: \_\_\_\_\_

Inverter Manufacturer: \_\_\_\_\_ Model \_\_\_\_\_

Nameplate Rating: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA) \_\_\_\_\_ (AC Volts)

Single Phase \_\_\_\_\_ Three Phase \_\_\_\_\_

System Design Capacity: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA)

Customer-Site Load: \_\_\_\_\_ MW (if none, so state)

Existing load? Yes \_\_\_\_ No \_\_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Prime Mover: Photovoltaic ☐

Reciprocating Engine ☐

Fuel Cell ☐

Turbine ☐

Other \_\_\_\_\_

Energy Source: Solar ☐ Wind ☐ Hydro ☐ Diesel ☐ Natural Gas ☐

Fuel Oil ☐ Other (describe) \_\_\_\_\_

Is the equipment UL1741 Listed? Yes \_\_\_\_ No \_\_\_\_

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: \_\_\_\_\_ Estimated In-Service Date: \_\_\_\_\_

The 10kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10kW that meet the codes, standards, and certification requirements of Appendices 3 and 4 of the SGIP, or the ISO, in consultation with the Connecting Transmission Owner, has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate. If the review or testing raises safety issues, the Small Generating Facility will not be allowed to commence parallel operation until the issues are resolved.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type

Certifying Entity

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

4. \_\_\_\_\_  
5. \_\_\_\_\_

**Interconnection Customer Signature**

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

---

**Contingent Approval to Interconnect the Small Generating Facility**

(For ISO and Connecting Transmission Owner use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Connecting Transmission Owner Signature:

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Connecting Transmission Owner waives inspection/witness test Yes\_\_\_ No\_\_\_

ISO Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**Small Generating Facility Certificate of Completion**

Is the Small Generating Facility owner-installed? Yes\_\_\_\_\_ No \_\_\_\_\_

Interconnection Customer: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Location of the Small Generating Facility (if different from above):  
\_\_\_\_\_

City:\_\_\_\_\_ State:\_\_\_\_\_ Zip Code:\_\_\_\_\_

Telephone:\_\_\_\_\_

E-Mail Address:\_\_\_\_\_

Electrician:

Name:\_\_\_\_\_

Address:\_\_\_\_\_

City:\_\_\_\_\_ State:\_\_\_\_\_ Zip Code:\_\_\_\_\_

Telephone:\_\_\_\_\_

E-Mail Address:\_\_\_\_\_

License number:\_\_\_\_\_

Date Approval to Install Facility granted by the Connecting Transmission Owner:

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local building/electrical code of \_\_\_\_\_

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

\_\_\_\_\_

Print Name:\_\_\_\_\_

Date:\_\_\_\_\_

As a condition of interconnection, you are required to send a copy of this form along with a copy of the signed electrical permit to the ISO and the Connecting Transmission Owner (insert contact information below):

Name:\_\_\_\_\_

NYISO:\_\_\_\_\_

Address:\_\_\_\_\_



---

City, State ZIP: \_\_\_\_\_

E-mail: \_\_\_\_\_

Name: \_\_\_\_\_

Connecting Transmission Owner: \_\_\_\_\_

Address: \_\_\_\_\_

---

City, State ZIP: \_\_\_\_\_

E-mail: \_\_\_\_\_

---

Approval to Energize the Small Generating Facility (For ISO and Connecting Transmission Owner use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

ISO Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Connecting Transmission Owner Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

## **Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW (“Terms and Conditions”)**

### **1.0 Construction of the Facility**

The Interconnection Customer (the “Customer”) may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the ISO approves the Interconnection Request (the “Application”) and returns it to the Customer.

### **2.0 Interconnection and Operation**

The Customer may operate Small Generating Facility and interconnect with the Connecting Transmission Owner’s Distribution System once all of the following have occurred:

- 2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and
- 2.2 The Customer returns the Certificate of Completion to the ISO and the Connecting Transmission Owner, and
- 2.3 The Connecting Transmission Owner has either:
  - 2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Connecting Transmission Owner, at its own expense, within ten Business Days (unless the Parties agree otherwise) after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Connecting Transmission Owner shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or
  - 2.3.2 If the Connecting Transmission Owner does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise), unless the Interconnection Customer has not provided a reasonable opportunity for such inspection; or
  - 2.3.3 The Connecting Transmission Owner waives the right to inspect the Small Generating Facility.
- 2.4 The Connecting Transmission Owner has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

- 2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.
- 3.0 **Safe Operations and Maintenance**  
The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.
- 4.0 **Access**  
The Connecting Transmission Owner shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Connecting Transmission Owner shall provide reasonable notice to the Customer when possible prior to using its right of access.
- 5.0 **Disconnection**  
The Connecting Transmission Owner may temporarily disconnect the Small Generating Facility upon the following conditions, until the conditions no longer exist:
- 5.1 For scheduled outages upon reasonable notice.
- 5.2 For unscheduled outages or emergency conditions.
- 5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions, the ISO OATT and Applicable Reliability Standards.
- 5.4 The Connecting Transmission Owner shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.
- 6.0 **Indemnification**  
The Parties shall at all times indemnify, defend, and save the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the indemnified Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.0 **Insurance**  
The Interconnection Customer and Connecting Transmission Owner shall each follow all applicable insurance requirements imposed by New York State. All insurance policies must be maintained with insurers authorized to do business in New York State, and all policies must be in place ten Business Days prior to the operation of the Inverter-Based Small Generating Facility. The Interconnection Customer and Connecting Transmission Owner shall notify each other whenever

an accident or incident recurs that is covered by such insurance, whether or not such coverage is sought. The Interconnection Customer's insurance requirements shall be specified in an attachment to these Terms and Conditions.

**8.0 Limitation of Liability**

Each Party's liability to the other Parties for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall any Party be liable to any other Parties for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

**9.0 Termination**

The agreement to operate in parallel shall become effective when executed by the Parties and shall continue in effect until \_\_\_\_\_. The agreement may be terminated earlier under the following conditions:

**9.1 By the Customer**

By providing written notice to the NYISO and the Connecting Transmission Owner.

**9.2 By the ISO and the Connecting Transmission Owner**

If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

**9.3 Permanent Disconnection**

In the event this Agreement is terminated, the Connecting Transmission Owner shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

**9.4 Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require any Party to fulfill rights or obligations that arose under the Agreement.

**10.0 Assignment/Transfer of Ownership of the Facility**

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the NYISO and the Connecting Transmission Owner.

Interconnection Customer:

Connecting Transmission Owner:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

New York Independent System Operator, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix 6 - Facilities Study Agreement

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”), 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”) and \_\_\_\_\_, a \_\_\_\_\_ existing under the laws of the State of New York (“Connecting Transmission Owner”). Interconnection Customer, the NYISO and the Connecting Transmission Owner each may be referred to as a “Party,” or collectively as the “Parties.”

### RECITALS

**WHEREAS**, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on \_\_\_\_\_; and

**WHEREAS**, the Interconnection Customer desires to interconnect the Small Generating Facility with the New York State Transmission System or the Distribution System;

**WHEREAS**, the NYISO has completed a system impact study and provided the results of said study to the Interconnection Customer; and

**WHEREAS**, the Interconnection Customer elects to be evaluated for [ ] Interconnection Service, and has requested the NYISO to perform, or cause to be performed, a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to physically and electrically connect the Small Generating Facility with the New York State Transmission System or the Distribution System.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in Section 32.1.1.2 of the SGIP.
- 2.0 The Interconnection Customer elects and the NYISO shall cause a facilities study to be performed in accordance with the requirements of Attachment Z of the NYISO Open Access Transmission Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement and shall be made an exhibit thereto.

- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s) and to complete any additional power flow and other analysis, including deliverability analysis, that may be appropriate. The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Connecting Transmission Owner's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Connecting Transmission Owner may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities in accordance with the SGIP.
- 6.0 The Interconnection Customer shall provide to the NYISO a deposit or other commercially reasonable security in an amount equal to the good faith estimated facilities study costs.
- 7.0 Except to the extent required by the ISO OATT Attachment S Class Year study and cost allocation process, in cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.
- 8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.
- 9.0 Interconnection Customer may, within 30 Calendar Days after receipt of the draft report, provide written comments to the NYISO, which the NYISO shall include in the final report. The NYISO shall issue the final facilities study report within 15 Business Days of receiving Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The NYISO may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require the NYISO to perform additional analyses or make other significant modifications prior to the issuance of the final facilities study report. Upon request, the NYISO shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the facilities study, subject to confidentiality arrangements consistent with Section 32.4.5 of the SGIP.

- 10.0 Within ten Business Days of providing a draft facilities study report to Interconnection Customer, the NYISO, the Connecting Transmission Owner, and Interconnection Customer shall meet to discuss the results of the facilities study.
- 11.0 Except for study costs allocated to the Interconnection Customer as a member of a Class Year, any Connecting Transmission Owner and NYISO that incurs study costs shall be based on their actual costs, including applicable taxes, and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer shall pay all invoice amounts in excess of the deposit or other security without interest within 30 calendar days after receipt of the invoice. If the deposit or other cash security exceeds the invoiced fees, the NYISO shall refund such excess within 30 calendar days of the invoice without interest. If the Interconnection Customer disputes an amount to be paid the Interconnection Customer shall pay the disputed amount to the NYISO or into an interest bearing escrow account, pending resolution of the dispute in accordance with Section 32.4.2 of the SGIP. To the extent the dispute is resolved in the Interconnection Customer's favor, that portion of the disputed amount will be returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission's regulations. To the extent the dispute is resolved in the NYISO's favor, that portion of any escrowed funds and interest will be released to the NYISO. The Connecting Transmission Owner and the NYISO shall not be obligated to perform or continue to perform any Interconnection Study work for the Interconnection Customer unless the Interconnection Customer has paid all amounts in compliance herewith.
- 13.0 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 14.0 Amendment. The Parties may amend this Agreement by a written instrument duly executed by the Parties.
- 15.0 No Third-Party Beneficiaries. 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 where permitted, their assigns.
- 16.0 Waiver
- 16.1 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.



- 16.2 Any waiver at any time by a 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, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the NYISO. Any waiver of this Agreement shall, if requested, be provided in writing.
- 17.0 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.
- 18.0 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between 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 to otherwise bind, another Party.
- 19.0 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.
- 20.0 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.
- 20.1 The creation of any subcontract 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 Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the NYISO or the Connecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.
- 20.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

21.0 Reservation of Rights. Nothing in this Agreement shall alter the right of the NYISO or Connecting Transmission Owner to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder which rights are expressly reserved herein, and the existing rights of Interconnection Customer to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations are also expressly reserved herein; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

**IN WITNESS WHEREOF**, 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.

**[Insert name of Connecting Transmission Owner]**

Signed\_\_\_\_\_

Name (Printed):

\_\_\_\_\_

Title\_\_\_\_\_

**[Insert name of Interconnection Customer]**

Signed\_\_\_\_\_

Name (Printed):

\_\_\_\_\_

Title\_\_\_\_\_

**New York Independent System Operator, Inc.**

Signed\_\_\_\_\_

Name (Printed):

\_\_\_\_\_

Title\_\_\_\_\_

## Attachment A to Facilities Study Agreement

### Data to Be Provided by the Interconnection Customer with the Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged Projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

Specify your Interconnection Service evaluation election as either Energy Resource Interconnection Service ("ERIS") alone, or for both ERIS and some level of Capacity Resource Interconnection Service ("CRIS"); provided however that CRIS requested in this Facilities Study Agreement may not exceed 2 MW and may only be requested for a Small Generating Facility that is no larger than 2 MW. A request for CRIS above 2 MW or for a facility larger than 2 MW must be requested by entering a Class Year Study or Expedited Deliverability Study, subject to the eligibility and entry requirements for such studies specified by Attachment S to the ISO OATT.

Evaluation Election for ERIS: \_\_\_\_\_

If requesting ERIS for a Small Generating Facility comprised of multiple Generators, specify the allocation of requested ERIS among such Generators:

Evaluation Election for CRIS (only for Projects 2 MW or smaller):

If requesting CRIS for a Small Generating Facility 2 MW or smaller that is comprised of multiple Generators, specify the allocation of requested CRIS among such Generators:

One set of metering is required for each generation connection to the new ring bus or existing Connecting Transmission Owner station. Number of generation connections: \_\_\_\_\_

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes \_\_\_\_ No \_\_\_\_

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes \_\_\_\_ No \_\_\_\_

(If Yes, indicate on the one-line diagram).

What type of control system or PLC will be located at the Small Generating Facility?

---

---

What protocol does the control system or PLC use?

---

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Bus length from generation to interconnection station:

---

Physical dimensions of the proposed interconnection station:

---

Line length from interconnection station to Connecting Transmission Owner's transmission line.

---

Tower number observed in the field. (Painted on tower leg):

---

Number of third party easements required for transmission lines, if known:

---

Is the Small Generating Facility located in Connecting Transmission Owner's service area?

Yes \_\_\_\_\_ No \_\_\_\_\_ If No, please provide name of local provider:

---

Please provide the following proposed schedule dates:

Begin Construction Date: \_\_\_\_\_

In-Service Date: \_\_\_\_\_

Initial Synchronization Date: \_\_\_\_\_

Generation Testing

Date: \_\_\_\_\_

Commercial Operation

Date: \_\_\_\_\_

**Appendix 7 - STANDARD SMALL GENERATOR INTERCONNECTION  
AGREEMENT (SGIA) (Applicable To Generating Facilities No Larger  
Than 20 MW)**

## TABLE OF CONTENTS

### **Article 1      Scope and Limitations of Agreement**

- 1.1      Applicability
- 1.2      Purpose
- 1.3      Scope of Interconnection Service
- 1.4      Limitations
- 1.5      Responsibilities of the Parties
- 1.6      Parallel Operation Obligations
- 1.7      Metering
- 1.8      Reactive Power and Primary Frequency Response
- 1.9      Capitalized Terms

### **Article 2.      Inspection, Testing, Authorization, and Right of Access**

- 2.1      Equipment Testing and Inspection
- 2.2      Authorization Required Prior to Parallel Operation
- 2.3      Right of Access

### **Article 3      Effective Date, Term, Termination, and Disconnection**

- 3.1      Effective Date
- 3.2      Term of Agreement
- 3.3      Termination
- 3.4      Temporary Disconnection
  - 3.4.1      Emergency Conditions
  - 3.4.2      Routine Maintenance, Construction, and Repair
  - 3.4.4      Adverse Operating Effects
  - 3.4.5      Modification of the Small Generating Facility
  - 3.4.6      Reconnection

### **Article 4.      Cost Responsibility for Interconnection Facilities and Distribution Upgrades**

- 4.1      Interconnection Facilities
- 4.2      Distribution Upgrades

### **Article 5.      Cost Responsibility for System Upgrade Facilities and System Deliverability Upgrades**

- 5.1      Applicability
- 5.2      System Upgrades
- 5.3      Special Provisions for Affected Systems

### **Article 6.      Billing, Payment, Milestones, and Financial Security**

- 6.1      Billing and Payment Procedures and Final Accounting
- 6.2      Milestones
- 6.3      Financial Security Arrangements

### **Article 7.      Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default**

- 7.1      Assignment
- 7.2      Limitation of Liability
- 7.3      Indemnity



- 7.4 Consequential Damages
- 7.5 Force Majeure
- 7.6 Breach and Default

**Article 8. Insurance**

**Article 9. Confidentiality**

**Article 10. Disputes**

**Article 11. Taxes**

**Article 12. Miscellaneous**

- 12.1 Governing Law, Regulatory Authority, and Rules
- 12.2 Amendment
- 12.3 No Third-Party Beneficiaries
- 12.4 Waiver
- 12.5 Entire Agreement
- 12.6 Multiple Counterparts
- 12.7 No Partnership
- 12.8 Severability
- 12.9 Security Arrangements
- 12.10 Environmental Releases
- 12.11 Subcontractors
- 12.12 Reservation of Rights
- 12.13 Modifications Related to NYISO's Compliance with Order No. 2023

**Article 13. Notices**

- 13.1 General
- 13.2 Billing and Payment
- 13.3 Alternative Forms of Notice
- 13.4 Designated Operating Representative
- 13.5 Changes to the Notice Information

**Article 14. Signatures**

Attachment 1 - Glossary of Terms	29
Attachment 2 - Detailed Scope of Work, Including Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment	34
Attachment 3 - One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades	35
Attachment 4 - Milestones	36
Attachment 5 - Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support the Interconnection Customer's Needs	37
Attachment 6 - Connecting Transmission Owner's Description of its Upgrades and Best Estimate of Upgrade Costs	38
Attachment 7 - Insurance Coverage	39
Attachment 8 – Initial Synchronization Date	

## Attachment 9 – Commercial Operation Date

This Standard Small Generator Interconnection Agreement (“Agreement” or “SGIA”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and among 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”) and \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York (“Connecting Transmission Owner”), and \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or referred to collectively as the “Parties.”

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

## **Article 1 Scope and Limitations of Agreement**

### **1.1 Applicability**

This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.

### **1.2 Purpose**

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the New York State Transmission System or the Distribution System.

### **1.3 Scope of Interconnection Service**

1.3.1 The NYISO will provide [ ] Interconnection Service to Interconnection Customer at the Point of Interconnection.

1.3.2 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any, or applicable provisions of NYISO's or Connecting Transmission Owner's tariffs. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity in accordance with the applicable provisions of the ISO OATT and Connecting Transmission Owner's tariff. The execution of this Agreement does not constitute a request for, nor agreement to, provide Energy, any Ancillary Services or Installed Capacity under the NYISO Services Tariff or any Connecting Transmission Owner's tariff. If Interconnection Customer wishes to supply or purchase Energy, Installed Capacity or Ancillary Services, then Interconnection Customer will make application to do so in accordance with the NYISO Services Tariff or Connecting Transmission Owner's tariff.

### **1.4 Limitations**

Nothing in this Agreement is intended to affect any other agreement by and among the NYISO, Connecting Transmission Owner and the Interconnection Customer, except as otherwise expressly provided herein.

### **1.5 Responsibilities of the Parties**

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Connecting Transmission Owner shall construct, operate, and maintain its Interconnection Facilities and Upgrades covered by this Agreement in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Connecting Transmission Owner or Affected Systems.
- 1.5.5 The Connecting Transmission Owner and Interconnection Customer shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each of those Parties shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Connecting Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Connecting Transmission Owner's electric system, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The NYISO shall coordinate with all Affected Systems to support the interconnection. The Connecting Transmission Owner shall cooperate with the NYISO in these efforts.
- 1.5.7 The Interconnection Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility. The Interconnection Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of the Connecting Transmission Owner and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition, as tested pursuant to Section 2.1 of this agreement. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The

Small Generating Facility's protective equipment settings shall comply with the Transmission Owner's automatic load-shed program. The Transmission Owner shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term "ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Owner and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority on a comparable basis. The term "frequency ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Owner and any Affected Systems during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "voltage ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Owner and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis unless the Transmission Owner in whose Transmission District the Small Generating Facility interconnects has established different requirements that apply on a comparable basis in accordance with Good Utility Practice. For abnormal frequency conditions and voltage conditions within the "no trip zone" as that term is defined by ERO Reliability Standard PRC-024-3, any successor mandatory ride through ERO standards, or any more stringent NPCC or NYSRC requirements applicable to Generating Facilities in the Balancing Authority Area on a comparable basis, the non-synchronous Small Generating Facility must ensure that, within any physical limitations of the Small Generating Facility, its control and protection settings are configured or set to (1) continue active power production during disturbance and post disturbance periods at pre-disturbance levels unless reactive power priority mode is enabled or unless providing primary frequency response or fast frequency response; (2) minimize reductions in active power and remain within dynamic voltage and current limits, if reactive power priority mode is enabled, unless providing primary frequency response or fast frequency response; (3) not artificially limit dynamic reactive power capability during disturbances and (4) return to pre-disturbance active power levels without artificial ramp rate limits if active power is reduced, unless providing primary frequency response or fast frequency response.

## **1.6 Parallel Operation Obligations**

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable New York Control Area, including,

but not limited to: (1) the rules and procedures concerning the operation of generation set forth in the NYISO tariffs or ISO Procedures or the Connecting Transmission Owner's tariff; (2) any requirements consistent with Good Utility Practice or that are necessary to ensure the safe and reliable operation of the Transmission System or Distribution System; and (3) the Operating Requirements set forth in Attachment 5 of this Agreement.

## **1.7 Metering**

The Interconnection Customer shall be responsible for the Connecting Transmission Owner's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

## **1.8 Reactive Power and Primary Frequency Response**

### **1.8.1 Power Factor Design Criteria**

1.8.1.1 Synchronous Generation. The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO or the Transmission Owner in whose Transmission District the Small Generating Facility interconnects has established different requirements that apply to all similarly situated generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice.

1.8.1.2 Non-Synchronous Generation. The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO or the Transmission Owner in whose Transmission District the Small Generating Facility interconnects has established a different power factor range that applies to all similarly situated non-synchronous generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities Study Agreement as of September 21, 2016.

1.8.2 The NYISO is required to pay the Interconnection Customer for reactive power, or voltage support service, that the Interconnection Customer provides from the

Small Generating Facility in accordance with Rate Schedule 2 of the NYISO Services Tariff.

- 1.8.3 Primary Frequency Response. Interconnection Customer shall ensure the primary frequency response capability of its Small Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term “functioning governor or equivalent controls” as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Small Generating Facility’s real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and  $\pm 0.036$  Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved Applicable Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Small Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based on an approved Applicable Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Small Generating Facility’s real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Small Generating Facility’s real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved Applicable Reliability Standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify NYISO that the primary frequency response capability of the Small Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Small Generating Facility with the New York State Transmission System, Interconnection Customer shall operate the Small Generating Facility consistent with the provisions specified in Articles 1.8.3.1 and 1.8.3.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Small Generating Facilities.

1.8.3.1 Governor or Equivalent Controls. Whenever the Small Generating Facility is operated in parallel with the New York State Transmission System, Interconnection Customer shall operate the Small Generating Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with NYISO, set the deadband parameter to: (1) a maximum of  $\pm 0.036$  Hz and set the droop parameter



to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved Applicable Reliability Standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor and equivalent controls to NYISO and/or the Connecting Transmission Owner upon request. If Interconnection Customer needs to operate the Small Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify NYISO and the Connecting Transmission Owner, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Small Generating Facility's governor or equivalent controls to a minimum whenever the Small Generating Facility is operated in parallel with the New York State Transmission System.

1.8.3.2 Timely and Sustained Response. Interconnection Customer shall ensure that the Small Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Small Generating Facility has operating capability in the direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Small Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. An Applicable Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

1.8.3.3 Exemptions. Small Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Articles 1.8.3, 1.8.3.1, and 1.8.3.2 of this Agreement. Small Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability requirements in accordance with the droop and deadband capability requirements specified in Article 1.8.3, but shall be otherwise exempt from the operating requirements in Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.4 of this Agreement.

1.8.3.4 Electric Storage Resources. Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Attachment 5 of its SGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.3 of this Agreement. Attachment 5 shall specify whether the operating range is static or dynamic, and shall consider (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resources due to manufacturer specification; and (6) any other relevant factors agreed to by the NYISO, Connecting Transmission Owner, and Interconnection Customer. If the operating range is dynamic, then Attachment 5 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Article 1.8.3.2 of this Agreement when it is online and dispatched to inject electricity to the New York State Transmission System and/or receive electricity from the New York State Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the New York State Transmission System and/or dispatched to receive electricity from the New York State Transmission System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

## **1.9 Capitalized Terms**

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms used herein that are not so defined shall have the meanings specified in Appendix 1 of Attachment Z, Section 25.1.2 of Attachment S, or Section 30.1 of Attachment X of the ISO OATT.

## **Article 2. Inspection, Testing, Authorization, and Right of Access**

### **2.1 Equipment Testing and Inspection**

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the NYISO and the Connecting Transmission Owner of such activities no fewer than five (5) Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Connecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the NYISO and Connecting Transmission Owner a written test report when such testing and inspection is completed. The Small Generating Facility may not commence parallel operations if the NYISO, in consultation with the Connecting Transmission Owner, finds that the Small Generating Facility has not been installed as agreed upon or may not be operated in a safe and reliable manner.
- 2.1.2 The NYISO and Connecting Transmission Owner shall each provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the NYISO or Connecting Transmission Owner of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

### **2.2 Authorization Required Prior to Parallel Operation**

- 2.2.1 The NYISO, in consultation with the Connecting Transmission Owner, shall use Reasonable Efforts to list applicable parallel Operating Requirements in Attachment 5 of this Agreement. Additionally, the NYISO, in consultation with the Connecting Transmission Owner, shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The NYISO and Connecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New York State Transmission System or the Distribution System without prior written authorization of the NYISO. The NYISO, in consultation with the Connecting Transmission Owner, will provide such authorization once the NYISO receives notification that the Interconnection Customer has complied with all applicable parallel Operating Requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

## **2.3 Right of Access**

- 2.3.1 Upon reasonable notice, the NYISO and/or Connecting Transmission Owner may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three (3) Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the NYISO and Connecting Transmission Owner at least five (5) Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the NYISO and Connecting Transmission Owner each shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on them by this Agreement or if necessary to meet their legal obligation to provide service to their customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

## **Article 3 Effective Date, Term, Termination, and Disconnection**

### **3.1 Effective Date**

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The NYISO and Connecting Transmission Owner shall promptly file, or cause to be filed, this Agreement with FERC upon execution, if required. If the Agreement is disputed and the Interconnection Customer requests that it be filed with FERC in an unexecuted form, the NYISO shall file, or cause to be filed, this Agreement and the NYISO shall identify the disputed language.

### **3.2 Term of Agreement**

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

### **3.3 Termination**

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the NYISO and Connecting Transmission Owner twenty (20) Business Days written notice. The NYISO may terminate this Agreement after the Small Generating Facility is Retired.
- 3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.
- 3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the New York State Transmission System or the Distribution System, as applicable. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.
- 3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of the termination. The Interconnection Customer shall pay all amounts in excess of any deposit or other security without interest within thirty (30) calendar days after receipt of the invoice for such amounts. If the deposit or other security exceeds the invoice, the Connecting Transmission Owner shall refund such excess within thirty (30) calendar days of the invoice without interest. If the Interconnection Customer

disputes an amount to be paid the Interconnection Customer shall pay the disputed amount to the Connecting Transmission Owner or into an interest bearing escrow account, pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the Interconnection Customer's favor, that portion of the disputed amount will be returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission's regulations. To the extent the dispute is resolved in the Connecting Transmission Owner's favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.

3.3.5 The limitations of liability, indemnification and confidentiality provisions of this Agreement shall survive termination or expiration of this Agreement.

### **3.4 Temporary Disconnection**

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

#### **3.4.1 Emergency Conditions**

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the NYISO or Connecting Transmission Owner, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New York State Transmission System or Distribution System, the Connecting Transmission Owner's Interconnection Facilities or the electric systems of others to which the New York State Transmission System or Distribution System is directly connected; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the NYISO or Connecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The NYISO or Connecting Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New York State Transmission System or Distribution System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of each Party's facilities and operations, its anticipated duration, and the necessary corrective action.

#### **3.4.2 Routine Maintenance, Construction, and Repair**

The NYISO or Connecting Transmission Owner may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the New York State Transmission System or Distribution System when

necessary for routine maintenance, construction, and repairs on the New York State Transmission System or Distribution System. The NYISO or the Connecting Transmission Owner shall provide the Interconnection Customer with five (5) Business Days notice prior to such interruption. The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

### **3.4.3 Forced Outages**

During any forced outage, the NYISO or Connecting Transmission Owner may suspend interconnection service to the Interconnection Customer to effect immediate repairs on the New York State Transmission System or the Distribution System. The NYISO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the NYISO shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

### **3.4.4 Adverse Operating Effects**

The NYISO or Connecting Transmission Owner shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the New York State Transmission System, the Distribution System or Affected Systems, or if disconnection is otherwise required under Applicable Reliability Standards or the ISO OATT. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the NYISO or Connecting Transmission Owner may disconnect the Small Generating Facility. The NYISO or Connecting Transmission Owner shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

### **3.4.5 Modification of the Small Generating Facility**

The Interconnection Customer must receive written authorization from the NYISO and Connecting Transmission Owner before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New York State Transmission System or the Distribution System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the prior written authorization of the NYISO and Connecting Transmission Owner, the Connecting Transmission Owner shall have the right to temporarily disconnect the Small Generating Facility. If disconnected, the Small Generating Facility will not be reconnected until the unauthorized modifications are authorized or removed.

### **3.4.6 Reconnection**

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New York State Transmission System and Distribution

System to their normal operating state as soon as reasonably practicable following a temporary disconnection.



## **Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades**

### **4.1 Interconnection Facilities**

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The NYISO, in consultation with the Connecting Transmission Owner, shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, the NYISO, and the Connecting Transmission Owner.
- 4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Connecting Transmission Owner's Interconnection Facilities, as set forth in Attachment 2 to this Agreement.

### **4.2 Distribution Upgrades**

The Connecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Connecting Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing the Distribution Upgrades, as set forth in Attachment 6 to this Agreement.

## **Article 5. Cost Responsibility for System Upgrade Facilities and System Deliverability Upgrades**

### **5.1 Applicability**

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires System Upgrade Facilities or System Deliverability Upgrades.

### **5.2 System Upgrades**

The Connecting Transmission Owner shall procure, construct, install, and own the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement. To the extent that design work is necessary in addition to that already accomplished in the Class Year Interconnection Facilities Study for the Interconnection Customer, the Connecting Transmission Owner shall perform or cause to be performed such work. If all the Parties agree, the Interconnection Customer may construct System Upgrade Facilities and System Deliverability Upgrades.

- 5.2.1 As described in Section 32.3.5.3 of the SGIP in Attachment Z of the ISO OATT, the responsibility of the Interconnection Customer for the cost of the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement shall be determined in accordance with Attachment S of the ISO OATT, as required by Section 32.3.5.3.2 of Attachment Z. The Interconnection Customer shall be responsible for all System Upgrade Facility costs as required by Section 32.3.5.3.2 of Attachment Z or its share of any System Upgrade Facilities and System Deliverability Upgrades costs resulting from the final Attachment S process, as applicable, and Attachment 6 to this Agreement shall be revised accordingly.
- 5.2.2 Pending the outcome of the Attachment S cost allocation process, if applicable, the Interconnection Customer may elect to proceed with the interconnection of its Small Generating Facility in accordance with Section 32.3.5.3 of the SGIP.

### **5.3 Special Provisions for Affected Systems**

For the repayment of amounts advanced to the Affected System Operator for System Upgrade Facilities or System Deliverability Upgrades, the Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment, but only if responsibility for the cost of such System Upgrade Facilities is not to be allocated in accordance with Attachment S of the ISO OATT. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

## **Article 6. Billing, Payment, Milestones, and Financial Security**

### **6.1 Billing and Payment Procedures and Final Accounting**

- 6.1.1 The Connecting Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by those Parties. The Interconnection Customer shall pay all invoice amounts within thirty (30) calendar days after receipt of the invoice.
- 6.1.2 Within three months of completing the construction and installation of the Connecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Connecting Transmission Owner shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Connecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Connecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Connecting Transmission Owner within thirty (30) calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Connecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within thirty (30) calendar days of the final accounting report.
- 6.1.3 If the Interconnection Customer disputes an amount to be paid, the Interconnection Customer shall pay the disputed amount to the Connecting Transmission Owner or into an interest bearing escrow account, pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the Interconnection Customer's favor, that portion of the disputed amount will be credited or returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission's regulations. To the extent the dispute is resolved in the Connecting Transmission Owner's favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.

### **6.2 Milestones**

Subject to the provisions of the SGIP, the Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure event, it shall immediately notify the other Parties of the reason(s) for not meeting the milestone and: (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone

shall not unreasonably withhold agreement to such an amendment unless: (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

### **6.3 Financial Security Arrangements**

At least twenty (20) Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Connecting Transmission Owner's Interconnection Facilities, the Interconnection Customer shall provide the Connecting Transmission Owner, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Connecting Transmission Owner and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Connecting Transmission Owner's Interconnection Facilities and shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner under this Agreement during its term. The Connecting Transmission Owner may draw on any such security to the extent that the Interconnection Customer fails to make any payments due under this Agreement. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Connecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Connecting Transmission Owner and must specify a reasonable expiration date.
- 6.3.3 Attachment Z to the ISO OATT shall govern the security that an Interconnection Customer provides for System Upgrade Facilities identified through Interconnection Studies under the Small Generator Interconnection Procedures.
- 6.3.4 Notwithstanding the above, Security posted for System Upgrade Facilities for a Small Generating Facility required to enter the Class Year process, or cash or Security provided for System Deliverability Upgrades, shall meet the requirements for Security contained in Attachment S to the ISO OATT.

## **Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default**

### **7.1 Assignment**

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. This Agreement may be assigned by any Party upon fifteen (15) Business Days prior written notice and opportunity to object by the other Parties; provided that:

- 7.1.1 A Party may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the NYISO and the Connecting Transmission Owner of any such assignment. A Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion of all of its assets, including the Interconnection Facilities it owns, so long as the assignee in such a transaction directly assumes all rights, duties and obligation arising under this Agreement.
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the NYISO or Connecting Transmission Owner, for collateral security purposes to aid in providing financing for the Small Generating Facility.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

### **7.2 Limitation of Liability**

Each Party's liability to the other Parties for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages.

### **7.3 Indemnity**

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

- 7.3.2 Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and hold harmless the other Parties (each an “Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from: (i) the Indemnified Party’s performance under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing by the Indemnified Party, or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of a Hazardous Substance.
- 7.3.3 If a Party is entitled to indemnification under this article as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party’s indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

#### **7.4 Consequential Damages**

Other than as expressly provided for in this Agreement, no Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

## **7.5 Force Majeure**

- 7.5.1 As used in this article, a “Force Majeure Event” 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 an act of negligence or intentional wrongdoing.” For the purposes of this article, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 32.10.1 of the ISO OATT.
- 7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (“Affected Party”) shall promptly notify the other Parties, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Parties informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

## **7.6 Breach and Default**

- 7.6.1 No Breach of this Agreement shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event or the result of an act or omission of the other Parties. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the Breaching Party. Except as provided in article 7.6.2, the Breaching Party shall have sixty (60) calendar days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within sixty (60) calendar days, the Breaching Party shall commence such cure within twenty (20) calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 7.6.2 If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, a Default shall exist and the non-defaulting Parties acting together shall thereafter have the right to terminate this Agreement, in accordance with article 3.3 hereof, by written notice to the defaulting Party at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other

damages and remedies to which they are entitled at law or in equity. The provisions of this article shall survive termination of this Agreement.

- 7.6.3 In cases where the Interconnection Customer has elected to proceed under Section 32.3.5.3 of the SGIP, if the Interconnection Request is withdrawn or deemed withdrawn pursuant to the SGIP during the term of this Agreement, this Agreement shall terminate.



## **Article 8. Insurance**

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. Such insurance coverage is specified in Attachment 7 to this Agreement. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in New York State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Connecting Transmission Owner, except that the Interconnection Customer shall show proof of insurance to the Connecting Transmission Owner no later than ten (10) Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient creditworthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The NYISO and Connecting Transmission Owner agree to maintain general liability insurance or self-insurance consistent with the existing commercial practice. Such insurance or self-insurance shall not exclude the liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify one another whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

## **Article 9. Confidentiality**

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated “Confidential.” For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. Confidential Information shall include, without limitation, information designated as such by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Each Party is prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.
- 9.4 Consistent with the provisions of this article 9, the Parties to this Agreement will cooperate in good faith to provide each other, Affected Systems, Affected System

Operators, and state and federal regulators the information necessary to carry out the terms of the SGIP and this Agreement.

## **Article 10. Disputes**

- 10.1 The NYISO, Connecting Transmission Owner and Interconnection Customer agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an informal basis. The NYISO will be available to the Interconnection Customer and Connecting Transmission Owner to help resolve any dispute that arises with respect to performance under this Agreement. If the Parties cannot promptly resolve the dispute on an informal basis, then any Party shall provide the other Parties with a written Notice of Dispute. Such notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two (2) Business Days after receipt of the notice, any Party may contact FERC's Dispute Resolution Service ("DRS") for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. The result of this dispute resolution process will be binding only if the Parties agree in advance. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-third of any costs paid to neutral third-parties.
- 10.6 If any Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then any Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

## **Article 11. Taxes**

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability 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.
- 11.3 LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.
- 11.4 Any payments due to the Connecting Transmission Owner under this Agreement shall be adjusted to include any tax liability incurred by the Connecting Transmission Owner with respect to the interconnection request which is the subject of this Agreement. Such adjustments shall be made in accordance with the provisions of Article 5.17 of the LGIA in Attachment X of the ISO OATT. Except where otherwise noted, all costs, deposits, financial obligations and the like specified in this Agreement shall be assumed not to reflect the impact of applicable taxes.

## **Article 12. Miscellaneous**

### **12.1 Governing Law, Regulatory Authority, and Rules**

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

### **12.2 Amendment**

The Parties may amend this Agreement by a written instrument duly executed by the Parties, or under article 12.12 of this Agreement.

### **12.3 No Third-Party Beneficiaries**

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 where permitted, their assigns. Notwithstanding the foregoing, any subcontractor of the Connecting Transmission Owner or NYISO assisting either of those Parties with the Interconnection Request covered by this Agreement shall be entitled to the benefits of indemnification provided for under Article 7.3 of this Agreement and the limitation of liability provided for in Article 7.2 of this Agreement.

### **12.4 Waiver**

12.4.1 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.

12.4.2 Any waiver at any time by a 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, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the NYISO. Any waiver of this Agreement shall, if requested, be provided in writing.

### **12.5 Entire Agreement**

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or 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 which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Agreement.

## **12.6 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.

## **12.7 No Partnership**

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between 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 to otherwise bind, another Party.

## **12.8 Severability**

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

## **12.9 Security Arrangements**

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects the NYISO, the Connecting Transmission Owner, Market Participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

## **12.10 Environmental Releases**

Each Party shall notify the other Parties, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

## **12.11 Subcontractors**

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided,

however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

12.11.1 The creation of any subcontract 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 Parties to the extent provided for in Articles 7.2 and 7.3 above for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the NYISO or Connecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

## **12.12 Reservation of Rights**

Nothing in this Agreement shall alter the right of the NYISO or Connecting Transmission Owner to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder which rights are expressly reserved herein, and the existing rights of the Interconnection Customer to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations are also expressly reserved herein; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

## **12.13 Modifications Related to NYISO's Compliance with Order No. 2023**

If, as part of the NYISO's compliance proceeding at the Commission in response to Order No. 2023, the Commission directs that the NYISO modify the *pro forma* Standard Small Generator Interconnection Agreement located in Appendix 7 of Attachment Z of the ISO OATT, the Parties shall amend and restate this Agreement to incorporate the modifications; *provided, however*, the Parties may agree to include in the amended and restated agreement non-conforming changes to any terms of the *pro forma* Standard Small Generator Interconnection Agreement that have been modified to comply with the Commission's order, which non-conforming modifications must be filed with the Commission for its acceptance.



## **Article 13. Notices**

### **13.1 General**

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer:  
Attention:  
Address:  
City: State: Zip:  
Phone:

If to the Connecting Transmission Owner:

Connecting Transmission Owner:  
Attention:  
Address:  
City: State: Zip:  
Phone:

If to the NYISO:

Attention:  
Address:  
City: State: Zip: :  
Phone:

### **13.2 Billing and Payment**

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer:  
Attention:  
Address:  
City: State: Zip:

Connecting Transmission Owner:  
Attention:

Address:  
City: State: Zip:

### 13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer:  
Attention:  
Address:  
City: State: Zip:  
Phone:  
E-mail:

If to the Connecting Transmission Owner:

Connecting Transmission Owner:  
Attention:  
Address:  
City: State: Zip:  
Phone:  
E-mail:

If to the NYISO:

Attention:  
Address:  
City: State: Zip:  
Phone:  
E-mail: [interconnectionsupport@nyiso.com](mailto:interconnectionsupport@nyiso.com)

### 13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer:

Attention:  
Address:  
City: State: Zip:  
Phone:  
E-mail:

Connecting Transmission Owner's Operating Representative:

Connecting Transmission Owner:

Attention:  
Address:  
City: State: Zip:  
Phone:  
E-mail:

NYISO's Operating Representative:

Attention:  
Address:  
City: State: Zip:  
Phone:  
E-mail: [interconnectionsupport@nyiso.com](mailto:interconnectionsupport@nyiso.com)

### **13.5 Changes to the Notice Information**

Either Party may change this information by giving five (5) Business Days written notice prior to the effective date of the change.

## Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the New York Independent System Operator, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

For the Connecting Transmission Owner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

For the Interconnection Customer

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment 1 - Glossary of Terms**

**Affected System** – An electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** – Affected System Operator shall mean the operator of any Affected System.

**Affected Transmission Owner** – The New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that: (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades or System Upgrade Facilities are installed pursuant to Attachment Z and Attachment S to the ISO OATT.

**Applicable Laws and Regulations** – 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, including but not limited to Environmental Law.

**Applicable Reliability Standards** – The criteria, requirements and guidelines of the North American Electric Reliability Council, the Northeast Power Coordinating Council, the New York State Reliability Council and related and successor organizations, or the Transmission District to which the Interconnection Customer's Small Generating Facility is directly interconnected, as those criteria, 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 of or validity of any criterion, requirement or guideline as applied to it in the context of Attachment Z to the ISO OATT and this Agreement. For the purposes of this Agreement, this definition of Applicable Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in Attachment X to the ISO OATT.

**Balancing Authority** – An entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

**Balancing Authority Area** – The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**Base Case** – The base case power flow, short circuit, and stability data bases used for the Interconnection Studies by NYISO, Connecting Transmission Owner or Interconnection Customer; described in Section 32.2.3 of the Large Facility Interconnection Procedures, and updated consistent with the rules set forth in Section 25.5.5.1 of Attachment S to the OATT at the start of each Interconnection Study under the Small Generator Interconnection Procedures.

**Breach** - The failure of a Party to perform or observe any material term or condition of this Agreement.

**Business Day** – Monday through Friday, excluding federal holidays.

**Capacity Resource Interconnection Service** – The service provided by NYISO to Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT; such service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier.

**Commercial Operation** shall mean the status of the Small Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation, notice of which must be provided to the NYISO in the form of Attachment 9 to this Agreement.

**Commercial Operation Date** of a Small Generating Facility shall mean the date on which the Large Generating Facility commences Commercial Operation as agreed to by the Parties, notice of which must be provided to the NYISO in the form of Attachment 9 to this Agreement.

**Connecting Transmission Owner** – 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, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Small Generator Interconnection Agreement.

**Default** – The failure of a Party in Breach of this Agreement to cure such Breach under the Small Generator Interconnection Agreement.

**Distribution System** – The Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. For the purpose of this Agreement, the term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** – The additions, modifications, and upgrades to the Connecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities or System Upgrade Facilities or System Deliverability Upgrades.

**Energy Resource Interconnection Service** – The service provided by NYISO to interconnect the Interconnection Customer's Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Minimum Interconnection

Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Small Generating Facility, pursuant to the terms of the ISO OATT.

**Force Majeure** – 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 an act of negligence or intentional wrongdoing. For the purposes of this Agreement, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 32.2.11 of the NYISO Open Access Transmission Tariff.

**Good Utility Practice** – 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 practices, 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 be acceptable practices, methods, or acts generally accepted in the region.

**Governmental Authority** – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over 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 Interconnection Customer, NYISO, Affected Transmission Owner, Connecting Transmission Owner or any Affiliate thereof.

**Initial Synchronization Date** shall mean the date upon which the Small Generating Facility is initially synchronized and upon which Trial Operation begins, notice of which must be provided to the NYISO in the form of Attachment 9.

**In-Service Date** shall mean the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Interconnection Facilities to obtain back feed power.

**Interconnection Customer** – Any entity, including the Transmission Owner or any of the affiliates or subsidiaries, that proposes to interconnect its Small Generating Facility with the New York State Transmission System or the Distribution System.

**Interconnection Facilities** – The Connecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the New York State Transmission System or the Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or System Upgrade Facilities.

**Interconnection Request** – The Interconnection Customer’s request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the New York State Transmission System or the Distribution System. For the purposes of this Agreement, this definition of Interconnection Request shall supersede the definition of Interconnection Request set out in Attachment X to the ISO OATT.

**Interconnection Study** – Any study required to be performed under Sections 32.2 or 32.3 of the SGIP.

**Material Modification** – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

**New York State Transmission System** – The entire New York State electric 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.

**NYISO Deliverability Interconnection Standard** – The standard that must be met, unless otherwise provided for by Attachment S to the ISO OATT, by any of the following requesting CRIS: (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Class Year Transmission Project proposing to interconnect to the New York State Transmission System and receive Unforced Capacity Delivery Rights; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its Project in the Class Year Deliverability Study.

**NYISO Minimum Interconnection Standard** – The reliability standard that must be met by any Large Facility that is subject to NYISO’s Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generating Facility that is subject to the NYISO’s Small Generator Interconnection Procedures in this Attachment Z, that is proposing to connect to the New York State Transmission System or Distribution System, to obtain ERIS. The Minimum Interconnection Standard is designed to ensure reliable access by the proposed Project to the New York State Transmission System or to the Distribution System. The Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, Balancing Authority Area, or the Connecting Transmission Owner’s requirements, including those set forth in the Small Generator Interconnection Agreement. Operating Requirements shall include Applicable Reliability Standards.

**Party or Parties** – The NYISO, Connecting Transmission Owner, Interconnection Customer or any combination of the above.



**Point of Interconnection** – The point where the Interconnection Facilities connect with the New York State Transmission System or the Distribution System.

**Reasonable Efforts** – With respect to an action required to be attempted or taken by a Party under this Agreement, 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.

**Small Generating Facility** – The Interconnection Customer’s facility, no larger than 20 MW for the production and/or storage for later injection of electricity identified in the Interconnection Request if proposing to interconnect to the New York State Transmission System or Distribution System, but shall not include (i) facilities proposing to simply receive power from the New York State Transmission System or the Distribution System; (ii) facilities proposing to interconnect to the New York State Transmission System or the Distribution System made solely for the purpose of generation with no wholesale sale for resale nor to net metering; (iii) facilities proposing to the New York State Transmission System or the Distribution System made solely for the purpose of net metering; (iv) facilities proposing to interconnect to LIPA’s distribution facilities; and (v) the Interconnection Customer’s Interconnection Facilities. A facility will be treated as a single Small Generating Facility if all Generators within the facility are behind a single Point of Interconnection, even if such units are different technology types.

**System Deliverability Upgrades** – 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 existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Upgrade Facilities** – 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnections, System Upgrade Facilities are the modification or additions to the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** – The NYISO’s Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

**Trial Operation** shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Small Generating Facility prior to Commercial Operation.

**Upgrades** – The required additions and modifications to the Connecting Transmission Owner’s portion of the New York State Transmission System or the Distribution System at or beyond the

Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability  
Upgrades Distribution Upgrades. Upgrades do not include Interconnection Facilities.

## **Attachment 2 - Detailed Scope of Work, Including Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, or the Connecting Transmission Owner. The NYISO, in consultation with the Connecting Transmission Owner, will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

**Attachment 3 - One-line Diagram Depicting the Small Generating Facility,  
Interconnection Facilities, Metering Equipment, and Upgrades**

#### **Attachment 4 - Milestones**

In-Service Date:

Critical milestones and responsibility as agreed to by the Parties:

	<b>Milestone/Date</b>	<b>Responsible Party</b>
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

**Attachment 5 - Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support the Interconnection Customer's Needs**

The NYISO, in consultation with the Connecting Transmission Owner, shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New York State Transmission System or the Distribution System.

## **Attachment 6 - Connecting Transmission Owner's Description of its Upgrades and Best Estimate of Upgrade Costs**

The NYISO, in consultation with the Connecting Transmission Owner, shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Connecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

The cost estimate for System Upgrade Facilities and System Deliverability Upgrades shall be taken from the ISO OATT Attachment S cost allocation process or applicable Interconnection Study, as required by Section 32.3.5.3.2 of Attachment Z. The cost estimate for Distribution Upgrades shall include the costs of Distribution Upgrades that are reasonably allocable to the Interconnection Customer at the time the estimate is made, and the costs of any Distribution Upgrades not yet constructed that were assumed in the Interconnection Studies for the Interconnection Customer but are, at the time of the estimate, an obligation of an entity other than the Interconnection Customer.

The cost estimates for Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades are estimates. The Interconnection Customer is ultimately responsible for the actual cost of the Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades needed for its Small Generating Facility, as that is determined under Attachments S, X, and Z of the ISO OATT.

## **Attachment 7 - Insurance Coverage**



## **Attachment 8 – Initial Synchronization Date**

**[Date]**

**[NYISO Address]**

**[Connecting Transmission Owner Address]**

Re: \_\_\_\_\_ Small Generating Facility

Dear \_\_\_\_\_:

On **[Date]** **[Interconnection Customer]** initially synchronized the Small Generating Facility [specify units, if applicable]. This letter confirms that **[Interconnection Customer]**'s Initial Synchronization Date was [specify].

Thank you.

**[Signature]**

**[Interconnection Customer Representative]**

## **Attachment 9 – Commercial Operation Date**

**[Date]**

**[NYISO Address]**

**[Connecting Transmission Owner Address]**

Re: \_\_\_\_\_ Small Generating Facility

Dear \_\_\_\_\_:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. \_\_\_\_\_. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of the Small Generating Facility [specify units, as applicable], effective as of **[Date plus one day]**.

Thank you.

**[Signature]**

**[Interconnection Customer Representative]**

### **33      Attachment AA – Procedure to Protect for the Loss of Phase II Imports**

NOTE:            In this Attachment AA, “NYPP” refers to the ISO, “NEPEX” refers to ISO New England Inc. and “PJM” refers to PJM Interconnection, LLC.

January 1, 1991

Review Date: 10/1/2006

Reference:            Procedure to Protect for the Loss of Hydro-Quebec Exports

### **33.1 Introduction**

The Hydro-Quebec/NEPOOL Phase II tie has maximum transfer capability of 2,000 MW. Joint PJM/NYPP/NEPEX studies have concluded that the loss of the Phase II facilities at high levels of imports could have a worse effect on NYPP and PJM than the worst internal contingency that these individual systems normally protect against. Accordingly, it has been agreed that Phase II imports will be limited to the extent necessary to insure that NYPP and PJM operation reliability criteria are not violated by the loss of Phase II contingency. This procedure is designed to prevent the occurrence of a loss of Phase II contingency applicable when Phase II is operated in the isolated or synchronous mode. The absolute maximum loss of Phase II contingency allowable under this procedure will be 2,200 MW.

## **33.2 System Monitoring**

1. NYPP and PJM will monitor their respective systems to provide NEPEX with the data required to calculate Phase II import limits.
2. NEPEX will request forecasted data from NYPP and PJM required to establish Phase II schedules.
3. NEPEX will set schedules with Hydro-Quebec which are within acceptable limits.
4. NEPEX will monitor real time system conditions in NYPP and PJM to insure that Phase II imports are within acceptable limits.
5. The calculations required to determine Phase II limitations will normally be done using a software package in the NEPEX computer. The data required to perform the calculations is received in part via the Interpool Network and by manual entry for those values not telemetered. The program fulfills the requirements of this procedure. In the event that the NEPEX computer is unavailable for use, the necessary calculations will be performed by operator use of a personal computer with data being exchanged by telephone.

### 33.3 Definition of Terms

The following terms apply to the three (3) NYPP voltage indicators, Rochester 345 KV, Oakdale 345 KV and Oakdale 230 KV. Each indicator will have unique values for each of these terms.

**(Limit) Pre-contingency Low Voltage Limit** – the lowest precontingency voltage allowed at the station based on contingencies within NYPP.

**Actual Voltage** – Actual voltage at the station

**Voltage Margin** – Actual voltage minus Pre-contingency Low Voltage Limit

**Base NE/NB Contingency Limit** – The maximum total loss of generation within NE/NB or loss of HQ HVDC Exports to NE/NB allowable when the station voltage is at the Pre-contingency Low Voltage Limit (for the purposes of this procedure, the Base NE/NB Contingency Limit is the maximum level of Phase II Imports allowable).

**Margin Sensitivity** – The number of MW of increase in the Base NE/NB Contingency Limit allowed for each one (1) KV or Voltage Margin.

The following terms apply to the fourth indicator of NYPP Reactive Conditions, the Central/East (C/E) Interface.

**C/E Critical Transfer Level** – Postcontingency transfer limit for the C/E interface based on NYPP reactive conditions

**C/E Transfer** – Actual MW transfer on the C/E interface

\* **Phase II C/E Distribution Factor** – The number of MW by which the C/E flow would be increased for each one (1) MW of the total of Phase II imports and MW armed for runback in New Brunswick which would be lost as a result of a single contingency.

The following terms apply to the PJM Eastern, Central, and Western interfaces and are used in determining limitations based on PJM reactive conditions.

**PJM Transfer Limits** – Precontingency transfer limits for each PJM interface based on contingencies within PJM.

**PJM Transfers** – Actual MW transfers on each PJM interface.

**PJM Transfer Margins** – Transfer limit minus actual transfer for each PJM interface.

**PJM Base New England/New Brunswick (NE/NB) Contingency Limit** – The maximum total loss of generation within NE/NB or loss of HQ HVDC Export to NE/NB which is allowable when any of the three (3) PJM interfaces is loaded to its precontingency transfer limit (for the purposes of this procedure, the PJM Base NE/NB Contingency Limit is the maximum level of Phase II Imports allowable).

**PJM Transfer Margin Sensitivity** – The number of MW of increase in the PJM Base NE/NB Contingency Limit allowed for each one (1) MW of Transfer Margin. Each PJM interface has an associated Transfer Margin Sensitivity. By exception, the PJM Operations Planning Section will notify NEPEX supervision of any required change in the Transfer Margin Sensitivities.

\*THE TERMS DEFINED ABOVE ARE THE SAME TERMS USED IN THE  
PROCEDURE TO PROTECT FOR LOSS OF HYDRO-QUEBEC EXPORTS WITH THE  
EXCEPTION OF THE PHASE II C/E DISTRIBUTION FACTOR.

**Loss of Phase II Contingency** – The total of the MW of Phase II import and MW armed for runback in New Brunswick (Keswick Power Relays) which would be lost as a result of a single contingency (See Attachment I for Method of Calculating the Loss of Phase II Contingency). While the Keswick Power Relays will normally be disabled, they will be enabled during outages of the Chester Static VAR Compensator. MW armed during these periods must be included in the Loss of Phase II Contingency.

**Phase II Import Limit (Phase II Limit)** – The most restrictive Loss of Phase II Contingency allowable based on NYPP and PJM reactive conditions (See Attachment I for Method of Calculating the Phase II Import Limit).

### **33.4 Procedures**

1. Setting Phase II Schedules – All required limitations on Phase II imports are to be recognized in the establishment of Phase II schedules for the next hour. In order to set next hour schedules for the Phase II tie, NEPEX will;
  - A. Determine the total of the desired level of Phase II import plus anticipated arming in New Brunswick (if Keswick Power Relays are enabled) for the next hour.
  - B. Determine the Phase II Limit with no margin for the next hour.
  - C. If the Phase II Limit (no margin) is less than the desired Phase II import plus arming in New Brunswick, request that NYPP and/or PJM forecast and authorize use of any available margin for the next hour.
  - D. Determine the Phase II Limit using authorized margin.
  - E. Thirty minutes in advance of the hour, establish a next hour Phase II schedule with Hydro-Quebec for which the L/O Phase II Contingency (import plus arming) will be equal to or less than the Phase II Limit (which includes any authorized margin).
2. Monitoring System Conditions – At least once each hour, NEPEX will make a complete check of actual system conditions in NYPP and PJM. Whenever a condition exists such that the L/O Phase II Limit based on those conditions, NEPEX will;
  - A. Contact NYPP and/or PJM to determine if the L/O Phase II Contingency must be reduced.
  - B. If the L/O Phase II Contingency must be reduced, reduce imports from New Brunswick to a level at which arming (KPR) is not required and/or reduce Phase II imports so that the L/O Phase II contingency is less than the Phase II Limit.

**ACTION(S) TAKEN TO REDUCE THE L/O PHASE II CONTINGENCY MUST BE ACCOMPLISHED WITHIN TEN (10) MINUTES FROM THE TIME THE PROBLEM IS IDENTIFIED.**

LOPIIPRO  
10-20-90



## **ATTACHMENT I – Methods for Calculating the Loss of Phase II Contingency and the Phase II Import Limit**

### **I. The Loss of Phase II Contingency**

The loss of Phase II Contingency is made up of two components; 1) the transfer on the Phase II tie line between Hydro-Quebec and NEPOOL and 2) any MW armed for runback in New Brunswick (Keswick Power Relays). While normally disabled, the Keswick Power Relays will be enabled when the Chester Static VAR Compensator is OOS. ALL MW armed for the Keswick Power Relays must be included as part of the Loss of Phase II Contingency. The maximum Loss of Phase II Contingency allowable is 2,200 MW.

#### **Loss of Phase II Contingency**

=  
Phase II transfers  
+  
MW armed for Keswick Power Relays

### **II. The Phase II Import Limit**

The calculation of the Phase II Limit requires the examination of seven (7) different sets of reactive conditions, four (4) in NYPP and three (3) in PJM. Three (3) of the NYPP calculations are based on station voltages; Rochester 345, Oakdale 345, Oakdale 230. The remaining NYPP calculation is based on MW flow across the Central East Interface. The PJM calculations are based on MW flows across the Eastern, Central, and Western Interfaces.

The Phase II Limit is the most restrictive of the values calculated.

The methods for calculating the Phase II Limits are listed below.

#### **A. Calculation of Limits for Next Hour Scheduling**

1. Phase II Limit based on NYPP station voltages
  - a. Limit without Voltage Margin- The Phase II Limit without Voltage Margin for each of the three stations is the Base New England/New Brunswick (NE/NB) Contingency Limit for that station.

- b. Limit with Voltage Margin – The Phase II Limit with Voltage Margin for each of the three stations is the Base NE/NB Contingency Limit for that station plus the amount of Voltage Margin authorized for that station multiplied by the Margin Sensitivity for that station.

$$\begin{aligned} &\text{Phase II Limit} \\ &= \\ &\text{Station Base NW/NB Contingency Limit} \\ &+ \\ &\text{Station Margin Sensitivity} \times \text{Authorized Voltage Margin} \end{aligned}$$

2. Phase II Limit based on NYPP Central East flow

The Phase II Limit is  
(the C/E Critical Transfer Level minus the forecasted C/E transfer for the next hour)

divided by  
the Phase II C/E Distribution Factor

$$\begin{aligned} &\text{Phase II Limit} \\ &= \\ &\frac{(\text{C/E Crit. Transfer Level} - \text{forecasted C/E Transfer})}{\text{Phase II C/E Distribution Factor}} \end{aligned}$$

3. Phase II Limit based on PJM interface flows

- a. Limit without Transfer Margin – The Phase II Limit without Transfer Margin for each of the three (3) PJM interfaces is the PJM Base NE/NB Contingency Limit (same for all three interfaces)
- b. Limit with Transfer Margin – The Phase II Limit with Transfer Margin for each of the three (3) PJM interfaces is the PJM Base NE/NB Contingency Limit  
plus  
the amount of Transfer Margin authorized for that interface multiplied by the Margin Sensitivity for that interface.

$$\begin{aligned} &\text{Phase II Limit} \\ &= \\ &\text{PJM Base NE/NB Contingency Limit} \\ &+ \\ &\text{Margin Sensitivity} \times \text{Authorized Transfer Margin} \end{aligned}$$

**B. Calculation of Real Time Limits**

1. Phase II Limit based on NYPP station voltages

The Phase II Limit for real time conditions for each of the three (3) stations is the Base NE/NB Contingency Limit for the station

plus  
 the amount of actual Voltage Margin at the station multiplied by the  
 Margin Sensitivity for the station

Phase II Limit  
 =  
 Station Base NE/NB Contingency Limit  
 +  
 Margin Sensitivity x actual Voltage Margin

2. Phase II Limit based on NYPP Central East Flow

The Phase II Limit for real time conditions is  
 (the C/E Critical Transfer Level minus  
 the C/E Transfer)  
 divided by  
 the Phase II C/E Distribution Factor

Phase II Limit  
 =  

$$\frac{(\text{C/E Crit. Transfer Level} - \text{actual C/E Transfer})}{\text{Phase II C/E Distribution Factor}}$$

3. Phase II Limit based on PJM interface flows

The Phase II Limit for real time conditions for each of the three (3) PJM  
 interfaces is the PJM Base NE/NB Contingency Limit  
 plus  
 the amount of actual Transfer Margin on the interface multiplied by the  
 Margin Sensitivity for the interface

Phase II Limit  
 =  
 PJM Base NE/NB Contingency Limit  
 +  
 Transfer Margin x Margin Sensitivity

### **34 Attachment BB – New York State Gas-Electric Coordination Protocol**

For purposes of this New York State Gas-Electric Coordination Protocol (“Coordination Protocol”), the following terms shall have the meaning set forth below:

### 34.1 Definitions

**“As Currently Required”** shall mean as required by law and by the practices, protocols, and procedures reflected in the NYISO’s tariffs, agreements, manuals and technical bulletins, that were in effect between and among some or all of the Parties prior to the effective date of this Coordination Protocol, and as may be amended in the future.

**“Bulk Critical Generator”** shall mean a Generator that is needed by the NYISO in order to prevent the shedding of firm electric load and that has been derated by reason of a GSE.

**“Critical Generators”** shall mean Bulk Critical Generators and Local Critical Generators, collectively.

**“Department of Public Service” or “DPS”** shall mean the New York State Department of Public Service.

**“Energy Emergency Alert” or “EEA”** shall mean a Level 2 or Level 3 Energy Emergency Alert as defined in NERC Reliability Standard EOP-002-2, Capacity and Energy Emergencies, Attachment 1.

**“Feasible Critical Generator”** shall mean a Critical Generator that may be able to be supplied by an LDC with natural gas.

**“Feasible Natural Gas”** shall mean natural gas that an LDC may be able to make available to supply a Critical Generator.

**“Gas System Event” or “GSE”** shall mean a situation in which gas is unavailable to a Generator that is determined to be a Critical Generator, including when the unavailability of gas is due to the issuance of an OFO or other action taken by an LDC in accordance with its tariff and/or its Gas Transportation Operating Procedures for Power Generation Customers which results in the LDC having to restrict, interrupt, impose limits on or curtail the transportation of natural gas and/or balancing services to a Generator; *provided, however*, that a GSE shall not include a situation in which a Generator has derated for economic reasons in a non-emergency situation after being scheduled to run.

**“Generator”** shall mean any one of the electric generation units in New York State which use natural gas as a fuel and the owners of such generation units.

**“Good Utility Practice”** shall mean any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry and/or the natural gas industry during the relevant time period, or any of the practices, methods or 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 practices, 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.

**“Local Critical Generator”** shall mean a Generator that is determined to be needed by a TO in order to prevent shedding of firm electric load and that has been derated by reason of a GSE.

**“Local Distribution Company” or “LDC”** shall mean each of the natural gas companies or their successors in New York State which supply or deliver natural gas to Generators and that are not interstate natural gas pipelines (and collectively the “LDCs”).

**“New York Independent System Operator” or “NYISO”** is the New York not-for-profit corporation responsible for providing open access transmission service, maintaining bulk power system reliability, and administering wholesale electricity markets in New York State.

**“OFO”** shall mean an Operational Flow Order issued by an LDC.

**“Parties”** shall mean the New York Independent System Operator; the LDCs, the PPOs, the TOs and the DPS.

**“PPO”** shall mean any one of the entities who operate a power plant on behalf of a Generator in New York State.

**“PSC”** shall mean the New York State Public Service Commission.

**“TO”** shall mean each of the electric transmission system owners in New York State or their successors (and collectively the “TOs”).

## **34.2 General Application**

34.2.1 This Coordination Protocol shall apply to circumstances in which the NYISO has determined (for the bulk power system) or a TO has determined (for the local power system) that the loss of a Generator due to a GSE would likely lead to the loss of firm electric load. This Coordination Protocol shall also apply to communications following the declaration of an OFO or an Emergency Energy Alert.

34.2.2 The purpose of this Coordination Protocol is to be one of mutual assistance. Accordingly, nothing in this Coordination Protocol creates any obligation for an LDC to modify an OFO or to make gas supplies available to a Critical Generator(s). The decision to modify or not modify an OFO or to make available or not make available Feasible Natural Gas to a Critical Generator(s) shall be the LDC's alone, in its sole discretion. Any supply of Feasible Natural Gas shall be made pursuant to the provisions of the LDC's PSC-approved gas tariffs or other applicable sales tariff. Moreover, nothing in this Coordination Protocol creates an obligation on the part of the LDC to modify the terms and conditions of the LDC's gas tariffs and operating procedures in order to make Feasible Natural Gas available to Critical Generators.

34.2.3 This Coordination Protocol creates no additional obligations for PPOs, Generators or TOs above and beyond those that already exist in the NYISO's approved tariffs, except to follow the coordination procedures set forth in this Coordination Protocol.

34.2.4 The Parties agree that they shall follow Good Utility Practice in carrying out their obligations under this Coordination Protocol.

34.2.5 It is understood that this Coordination Protocol is intended to be used in

emergency situations only and is not to be relied on to provide natural gas in a non-emergency situation to a Generator that has been derated for economic reasons after being scheduled to run.



### **34.3 Notifications**

- 34.3.1 Upon the declaration of an OFO by an LDC, the LDC shall notify the DPS and the PPOs affected by the OFO, As Currently Required. In addition, the LDC shall notify the affected TOs and the NYISO. The declaration shall specify the date(s) and time(s) that the OFO will be effective and the specific service, receipt point(s) and delivery point(s) affected. The TOs shall notify the NYISO of the OFO.
- 34.3.2 Upon the declaration of an EEA by the NYISO due to a capacity shortage affecting the bulk power system, the NYISO shall notify the TO of such through normal communication channels, As Currently Required, and the TO shall notify the LDCs. The NYISO shall also notify the LDCs of the EEA.
- 34.3.3 Upon the occurrence of a GSE requiring a PPO to derate a Generator, the PPO shall notify the TO of the derating, As Currently Required. The TO shall in turn notify the NYISO, As Currently Required.

#### **34.4 Assessment of the Electric System Following a Generator Derating**

34.4.1 Upon the notification of the derating of a Generator by a PPO, the TO shall assess the reliability of the local power system, As Currently Required. The TO shall assess whether any Generator that is derated due to a GSE is a Local Critical Generator. If any Generator is determined to be a Local Critical Generator, the TO shall assess, by hour, the amount of electric energy needed to avoid the shedding of firm electric load. The TO shall then communicate its findings to the NYISO, As Currently Required.

34.4.2 Upon receiving notification from the TO that the derating of a Generator due to a GSE results in a reliability concern, the NYISO shall assess the reliability of the bulk power system, As Currently Required. The NYISO shall determine whether any Generator derated due to a GSE is a Bulk Critical Generator. If any Generator is determined to be a Bulk Critical Generator, the NYISO shall determine, for each hour, the amount of electric energy needed to avoid the shedding of firm electric load.

### **34.5 Assessment of Energy Requirements**

- 34.5.1 The NYISO shall notify the TO that one or more Bulk Critical Generators has been identified and shall notify the TO of the amount of electric energy needed for each hour from each of the Bulk Critical Generators.
- 34.5.2 The TO shall notify the NYISO that one or more Local Critical Generators has been identified and shall notify the NYISO of the amount of electric energy needed for each hour from each of the Local Critical Generators.
- 34.5.3 The TO shall notify the PPO of each of the Critical Generators of the amount of electric energy needed for each hour from each of the Critical Generators.
- 34.5.4 The PPO of each Critical Generator shall notify each of the relevant LDCs delivering natural gas to the Critical Generators that one or more Critical Generators has been identified, and shall notify the LDCs of the amount of natural gas needed for each hour by each of the Critical Generators.

## **34.6 Assessment of Gas Requirements**

- 34.6.1 The PPO of each Critical Generator or, if appropriate, its designated fuel manager, shall attempt to procure natural gas and shall notify the LDC of the amount of natural gas that it has procured, if any, and the proposed delivery point(s) it plans to use, subject to confirmation by the relevant interstate pipeline. The PPO also shall inform the LDC of the estimated amount of natural gas, if any, still needed to operate in accordance with the NYISO's schedule for each hour that the Critical Generator is required.
- 34.6.2 The LDC shall communicate to the PPO whether or not it is able to receive and deliver the volumes procured by the PPO or its fuel manager and, if it is not able to receive and deliver the procured gas at the identified delivery point(s), whether it is able to identify an alternative point(s) of delivery to meet the Critical Generator's natural gas requirement in whole or in part.
- 34.6.3 If an OFO is in effect, the LDC shall evaluate whether it is able to modify such OFO in a manner that would accommodate the delivery of all or any of the natural gas procured by the PPO or its designated fuel manager. The LDC shall notify the PPO of each Critical Generator and the DPS whether it can receive and deliver all, any or none of the gas procured by the PPO. The PPO shall notify the TO of the available gas that can be received or delivered by the LDC and the expected generation capability of the PPO with such natural gas.

### **34.7 Coordination of Gas Usage**

34.7.1 Upon receiving notification from the TO of the Critical Generators' electric energy requirements, and from each of the PPOs of the Critical Generators of the results of its natural gas procurement efforts, and any unfilled natural gas and delivery requirements, the LDC shall assess its ability to meet the remaining natural gas needs of the Critical Generators. The LDC shall determine, for each hour, which of the Critical Generators can be feasibly supplied with natural gas and, for each hour, the quantity of natural gas that can be feasibly made available and delivered to the Critical Generators beyond the level that the Critical Generators have been able to procure for themselves.

34.7.2 The LDC shall notify the PPOs of the Critical Generators, the TO and the DPS of the amount, if any, of Feasible Natural Gas that can be made available and delivered in each hour to each of the Feasible Critical Generators. The PPO of each Feasible Critical Generator or, if appropriate, its designated fuel manager, shall notify the LDC of the portion of its Feasible Natural Gas that it expects to use.

34.7.3 The PPO of each Feasible Critical Generator shall contact the TO and modify the Generator's derating to reflect its capabilities with the Feasible Natural Gas. The TO shall notify the NYISO of changes in the derating of each Feasible Critical Generator, As Currently Required.

34.7.4 In the event that no additional natural gas can be made available or delivered to one or more Critical Generators by the LDC, the LDC shall inform the TO and the TO shall inform the NYISO.

34.7.5 An LDC providing Feasible Natural Gas shall be compensated by the Critical

Generator(s) in accordance with the provision of the LDC gas tariff determined to be applicable by the DPS.

### **34.8 Form of Communications**

34.8.1 All communications between the Parties specified above shall use pre-existing communication channels which shall be by official telephone contact or by e-mail.

34.8.2 The Parties shall be responsible for updating each other with any changes in contact details.

**35 Attachment CC – Joint Operating Agreement Among and Between New York Independent System Operator Inc. and PJM Interconnection, L.L.C.**

This Joint Operating Agreement (“Agreement”) dated this \_\_\_\_ day of May 2007, is entered into among and between the following parties:

PJM Interconnection, L.L.C. (“PJM”) a Delaware limited liability company having a place of business at 955 Jefferson Avenue, Valley Forge Corporate Center, Norristown, Pennsylvania 19403

New York Independent System Operator Inc. (“NYISO”) a not-for-profit corporation established under the laws of New York State having a place of business at 10 Krey Boulevard, Rensselaer, New York 12144.



## **35.1 Recitals**

- 35.1.1 PJM is the regional transmission organization that provides operating and reliability functions in portions of the mid-Atlantic and Midwest States. PJM also administers an open access tariff for transmission and related services on its grid, and independently operates markets for day-ahead, real-time energy, capacity, ancillary services and financially firm transmission rights;
- 35.1.2 NYISO is a not-for-profit corporation established pursuant to the ISO Agreement, responsible for providing transmission service, maintaining the reliability of the electric power system and facilitating efficient markets for capacity, energy and ancillary services in the New York Control Area in accordance with its filed Tariffs;
- 35.1.3 In accordance with good utility practice, the Parties seek to establish or confirm other arrangements and protocols in furtherance of the reliability of their systems and efficient market operations, as provided under the terms and conditions of this Agreement;

NOW, THEREFORE, for good and valuable consideration including the Parties' mutual reliance upon the covenants contained herein, the Parties agree as follows:

## **35.2 Abbreviations, Acronyms, Definitions and Rules of Construction**

In this Agreement, the following words and terms shall have the meanings (such meanings to be equally applicable to both the singular and plural forms) ascribed to them in this Section 35.2. Any undefined, capitalized terms used in this Agreement shall have the meaning given under industry custom and, where applicable, in accordance with Good Utility Practices or the meaning given to those terms in the tariffs of PJM and NYISO on file at FERC.

### **35.2.1 Abbreviations, Acronyms and Definitions**

**“3500 PAR”** shall mean the 3500 phase angle regulator at the Ramapo station connected to the 5018 Hopatcong-Ramapo 500 kV line.

**“4500 PAR”** shall mean the 4500 phase angle regulator at the Ramapo station connected to the 5018 Hopatcong-Ramapo 500 kV line.

**“A PAR”** shall mean the phase angle regulator located at the Goethals station connected to the A2253 Linden-Goethals 230 kV line.

**“ABC Interface”** shall mean the transfer path comprised of the A2253 Linden-Goethals, B3402 Hudson-Farragut and C3403 Marion-Farragut tie lines between PJM and NYISO.

**“ABC PARs”** shall mean the A PAR, B PAR and C PAR that control flow on the ABC Interface.

**“AC”** shall mean alternating current.

**“Affected Party”** shall mean the electric system of the Party other than the Party to which a request for interconnection or long-term firm delivery service is made and that may be affected by the proposed service.

**“Agreement”** shall mean this document, as amended from time to time, including all attachments, appendices, and schedules.

**“Area Control Error” or “ACE”** shall mean the instantaneous difference between a Balancing Authority’s net actual and scheduled interchange, taking into account the effects of Frequency Bias and correction for meter error.

**“Available PAR”** shall mean, for purposes of Section 8.3.1 of Schedule D to this Agreement, a NY-NJ PAR that is not subject to any of the following circumstances:

- (1) a PAR that is not operational and is unable to be moved;
- (2) a PAR that is technically “in-service” but is being operated in an outage configuration and is only capable of feeding radial load;
- (3) a PAR that is tapped-out in a particular direction is not available in the tapped-out direction;
- (4) if the maximum of 400 taps/PAR/month is exceeded at an ABC PAR, Ramapo PAR or a Waldwick PAR, and the relevant asset owner restricts the RTOs from taking further taps on the affected PAR, then the affected PAR shall not be available until NYISO and PJM agree to and implement an increased bandwidth in accordance with Section 7.2 of Schedule D to this Agreement;
- (5) PJM is permitted to reserve up to three taps at each end of the PAR tap range of each Waldwick PAR to secure the facilities on a post contingency basis, a Waldwick PAR shall not be considered available if a tap move would require the use of a reserved PAR tap; or
- (6) NYISO is permitted to reserve up to two taps at each end of the tap range of each ABC PAR and Ramapo PAR to secure the facilities on a post contingency basis, an ABC or Ramapo PAR shall not be considered available if a tap move would require the use of a reserved PAR tap.

PJM or NYISO may choose to use PAR taps they are permitted to reserve to perform M2M coordination, but they are not required to do so.

**“Available Flowgate Capability”** or **“AFC”** shall mean the rating of the applicable Flowgate less the projected loading across the applicable Flowgate less TRM and CBM. The firm AFC is calculated with only the appropriate Firm Transmission Service reservations (or interchange schedules) in the model, including recognition of all roll-over Transmission Service rights. Non-firm AFC is determined with appropriate firm and non-firm reservations (or interchange schedules) modeled.

**“Available Transfer Capability”** or **“ATC”** shall mean a measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses.

**“B PAR”** shall mean the phase angle regulator located at the Farragut station connected to the B3402 Hudson-Farragut 345 kV line.

**“Balancing Authority”** or **“BA”** shall mean the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real-time.

**“Balancing Authority Area” or “BAA”** shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**“Bulk Electric System”** shall have the meaning provided for in the NERC Glossary of Terms used in Reliability Standards, as it may be amended, supplemented, or restated from time to time.

**“C PAR”** shall mean the phase angle regulator located at the Farragut station connected to the C3403 Marion-Farragut 345 kV line.

**“Capacity Benefit Margin” or “CBM”** shall mean the amount of firm transmission transfer capability preserved by the transmission provider for Load-Serving Entities (“LSEs”), whose loads are located on that Transmission Service Provider’s system, to enable access by the LSEs to generation from interconnected systems to meet generation reliability requirements. Preservation of CBM for an LSE allows that entity to reduce its installed generating capacity below that which may otherwise have been necessary without interconnections to meet its generation reliability requirements. The transmission transfer capability preserved as CBM is intended to be used by the LSE only in times of emergency generation deficiencies.

**“CIM”** shall mean Common Infrastructure Model.

**“Coordination Event”** shall mean the period when both Parties are operating under M2M as defined and set forth in Schedule D to this Agreement.

**“Confidential Information”** shall have the meaning stated in Section 35.8.1.

**“Control Area(s)”** shall mean an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied.

**“Control Performance Standard” or “CPS”** shall mean the reliability standard that sets the limits of a Balancing Authority’s Area Control Error over a specified time period.

**“Coordinated Transaction Scheduling” or “CTS”** shall mean the market rules that allow transactions to be scheduled based on a bidder’s willingness to purchase energy from a source in either the NYISO or PJM Control Area and sell it at a sink in the other Control Area if the forecasted price at the sink minus the forecasted price at the corresponding source is greater than or equal to the dollar value specified in the bid.

**“Coordination Committee”** shall mean the jointly constituted PJM and NYISO committee established to administer the terms and provisions of this Agreement pursuant to Section 35.3.2.

**“CTS Interface Bid”** shall mean: (1) in PJM, a unified real-time bid to simultaneously purchase and sell energy on either side of a CTS Enabled Interface in accordance with the procedures of

Section 1.13 of Schedule 1 of the Amended and Restated Operating Agreement of PJM, L.L.C.; and (2) in NYISO, a real-time bid provided by an entity engaged in an external transaction at a CTS Enabled Interface, as more fully described in NYISO Services Tariff Section 2.3.

**“Delivery Point”** shall mean each of the points of direct Interconnection between PJM and the NYISO Balancing Authority Areas. Such Delivery Point(s) shall include the Interconnection Facilities between the PJM and the New York Balancing Authority Areas.

**“DC”** shall mean direct current.

**“Disclosing Party”** shall have the meaning stated in Section 35.8.7.

**“Dispute”** shall have the meaning stated in Section 35.15.

**“Disturbance Control Standard” or “DCS”** shall mean the reliability standard that sets the time limit following a disturbance within which a balancing authority must return its Area Control Error to within a specified range.

**“E PAR”** shall mean the phase angle regulator located at the Waldwick station on the E-2257 Waldwick-Hawthorne 230 kV line.

**“Economic Dispatch”** shall mean the sending of dispatch instructions to generation units to minimize the cost of reliably meeting load demands.

**“Effective Date”** shall have the meaning stated in Section 35.19.1.

**“Emergency”** shall mean any abnormal system condition that requires remedial action to prevent or limit loss of transmission or generation facilities that could adversely affect the reliability of the electricity system.

**“Emergency Energy”** shall mean energy supplied from Operating Reserve or electrical generation available for sale in New York or PJM or available from another Balancing Authority Area. Emergency Energy may be provided in cases of sudden and unforeseen outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve. Emergency Energy is provided pursuant to this Agreement and the Inter Control Area Transactions Agreement dated May 1, 2000 and priced according to Section 35.6.4 of this Agreement and said Inter Control Area Transactions Agreement.

**“EMS”** shall mean the respective Energy Management Systems utilized by the Parties to manage the flow of energy within their Regions.

**“External Capacity Resource”** shall mean: (1) for NYISO, (a) an entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located outside the NYCA with

the capability to generate or transmit electrical power, or the ability to control demand at the direction of the NYISO, measured in megawatts or (b) a set of Resources owned or controlled by an entity within a Control Area, not the NYCA, that also is the operator of such Control Area; and (2) for PJM, a generation resource located outside the metered boundaries of the PJM Region (as defined in the PJM Tariff) that meets the definition of Capacity Resource in the PJM Tariff or PJM's governing agreements filed with the Commission.

**"F PAR"** shall mean the phase angle regulator located at the Waldwick station on the F-2258 Waldwick-Hillsdale 230 kV line.

**"FERC"** or **"Commission"** shall mean the Federal Energy Regulatory Commission or any successor agency thereto.

**"Flowgate"** shall mean a representative modeling of facilities or groups of facilities that may act as potential constraint points. When used herein, Flowgate shall mean M2M Redispatch Flowgate, NY-NJ PAR Coordinated Flowgate, and Other Coordinated Flowgate.

**"Force Majeure"** shall mean an event of *force majeure* as described in Section 35. 20.1.

**"Generator to Load Distribution Factor"** or **"GLDF"** shall mean a generator's impact on a Flowgate while serving load in that generator's Balancing Authority Area.

**"Good Utility Practice"** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the North American electric utility 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 consistent with good business practices, 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 be acceptable practices, methods, or acts generally accepted by NERC.

**"Governmental Authority"** shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over 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.

**"ICCP", "ISN" and "ICCP/ISN"** shall mean those common communication protocols adopted to standardize information exchange.

**"IDC"** shall mean the NERC Interchange Distribution Calculator used for identifying and requesting congestion management relief.

**“Indemnifying Party”** shall have the meaning stated in Section 35.20.3.

**“Indemnitee”** shall have the meaning stated in Section 35.20.3

**“Intellectual Property”** shall mean (i) ideas, designs, concepts, techniques, inventions, discoveries, or improvements, regardless of patentability, but including without limitation patents, patent applications, mask works, trade secrets, and know-how; (ii) works of authorship, regardless of copyright ability, including copyrights and any moral rights recognized by law; and (iii) any other similar rights, in each case on a worldwide basis.

**“Intentional Wrongdoing”** shall mean an act or omission taken or omitted by a Party with knowledge or intent that injury or damage could reasonably be expected to result.

**“Interconnected Reliability Operating Limit” or “IROL”** shall mean the value (such as MW, MVAR, Amperes, Frequency, or Volts) derived from, or a subset of, the System Operating Limits, which if exceeded, could expose a widespread area of the bulk electrical system to instability, uncontrolled separation(s) or cascading outages.

**“Interconnection”** shall mean a connection between two or more individual Transmission Systems that normally operate in synchronism and have interconnecting intertie(s).

**“Interconnection Facilities”** shall mean the Interconnection facilities described in Schedule A.

**“Intermediate Term Security Constrained Economic Dispatch”** shall mean PJM’s algorithm that performs various functions, including but not limited to forecasting dispatch and LMP solutions based on current and projected system conditions for up to several hours into the future.

**“ISO”** shall mean Independent System Operator.

**“JK Interface”** shall mean the transfer path comprised of the JK Ramapo-South Mahwah-Waldwick tie lines between PJM and NYISO.

**“kV”** shall mean kilovolt of electric potential.

**“LEC Adjusted Market Flow”** shall mean the real-time Market Flow incorporating the observed operation of the PARs at the Michigan-Ontario border.

**“Locational Marginal Price” or “LMP”** shall mean the market clearing price for energy at a given location in a Party’s RC Area, and “Locational Marginal Pricing” shall mean the processes related to the determination of the LMP.

**“Losses”** shall have the meaning stated in Section 35.20.3.

**“M2M”** shall mean the market-to-market coordination process set forth in Schedule D to this Agreement.

**“M2M Entitlement”** shall mean a Non-Monitoring RTO’s share of a M2M Redispatch Flowgate’s total capability to be used for settlement purposes that is calculated pursuant to Section 6 of Schedule D to this Agreement.

**“M2M Redispatch Flowgate”** shall mean Flowgates where constraints are jointly monitored and coordinated as defined and set forth in Schedule D to this Agreement.

**“Market Flows”** shall mean the calculated energy flows on a specified Flowgate as a result of dispatch of generating resources serving load within an RTO’s market.

**“Market Participant”** shall mean an entity that, for its own account, produces, transmits, sells, and/or purchases for its own consumption or resale capacity, energy, energy derivatives and ancillary services in the wholesale power markets. Market Participants include transmission service customers, power exchanges, Transmission Owners, load serving entities, loads, holders of energy derivatives, generators and other power suppliers and their designated agents.

**“Metered Quantity”** shall mean apparent power, reactive power, active power, with associated time tagging and any other quantity that may be measured by a Party’s Metering Equipment and that is reasonably required by either Party for Security reasons or revenue requirements.

**“Metering Equipment”** shall mean the potential transformers, current transformers, meters, interconnecting wiring and recorders used to meter any Metered Quantity.

**“Monitoring RTO”** shall mean the Party that has operational control of a Flowgate.

**“Multiregional Modeling Working Group”** or **“MMWG”** shall mean the NERC working group that is charged with multi-regional modeling.

**“Mutual Benefits”** shall mean the transient and steady-state support that the integrated generation and Transmission Systems in PJM and New York provide to each other inherently by virtue of being interconnected as described in Section 35.4 of this Agreement.

**“MVAR”** shall mean megavolt ampere of reactive power.

**“MW”** shall mean megawatt of capacity.

**“NAESB”** shall mean North American Energy Standards Board or its successor organization.



**“NERC”** shall mean the North American Electricity Reliability Corporation or its successor organization.

**“Network Resource”** shall have the meaning as provided in the NYISO OATT, for such resources located in New York, and the meaning as provided in the PJM OATT, for such resources located in PJM.

**“New Year Market Flow”** shall mean the Market Flow incorporating the transmission topology that includes all pre-existing Transmission Facilities and all new or upgraded Transmission Facilities whose impact on M2M Entitlements has been previously evaluated and incorporated, *and* all new or upgraded Transmission Facilities whose impact on M2M Entitlements is being evaluated in the current evaluation step.

**“Non-Monitoring RTO”** shall mean the Party that does not have operational control of a Flowgate.

**“Notice”** shall have the meaning stated in Section 35. 20.22.

**“NPCC”** shall mean the Northeast Power Coordinating Council, Inc., including the NPCC Cross Border Regional Entity (“CBRE”), or their successor organizations.

**“NY-NJ PARs”** shall mean, individually and/or collectively, the ABC PARs, the Ramapo PARs, and the Waldwick PARs, all of which are components of the NYISO – PJM interface.

**“NY-NJ PAR Coordinated Flowgate”** shall mean Flowgates where constraints, impacted by the NY-NJ PARs, are jointly monitored and coordinated as defined and set forth in Schedule D to this Agreement.

**“NYISO”** shall have the meaning stated in the preamble of this Agreement.

**“NYISO Code of Conduct”** shall mean the rules, procedures and restrictions concerning the conduct of the ISO directors and employees, contained in Attachment F to the NYISO OATT.

**“NYISO Market Monitoring Plan”** shall refer to Attachment O to the NYISO Services Tariff.

**“NYISO Tariffs”** shall mean the NYISO OATT and the NYISO Market Administration and Control Area Services Tariff (“Services Tariff”), collectively.

**“NYSRC”** shall mean the New York State Reliability Council.

**“NYSRC Reliability Rules”** shall mean the rules applicable to the operation of the New York Transmission System. These rules are based on Reliability Standards adopted by NERC and NPCC, but also include more specific and more stringent rules to reflect the particular requirements of the New York Transmission System.

**“O PAR”** shall mean the phase angle regulator located at the Waldwick station on the O-2267 Waldwick-Fairlawn 230kV line.

**“OASIS”** shall mean the Open Access Same-Time Information System required by FERC for the posting of market and transmission data on the Internet websites of PJM and NYISO.

**“OATT”** shall mean the applicable Open Access Transmission Tariffs on file with FERC for PJM and NYISO.

**“Operating Entity”** shall mean an entity that operates and controls a portion of the bulk transmission system with the goal of ensuring reliable energy interchange between generators, loads, and other operating entities.

**“Operating Instructions”** shall mean the operating procedures, steps, and instructions for the operation of the Interconnection Facilities established from time to time by the Coordination Committee or the PJM and NYISO individual procedures and processes and includes changes from time to time by the Coordination Committee to such established procedures, steps and instructions exclusive of the individual procedures.

**“Operational Base Flow” or “OBF”** shall mean an equal and opposite MW offset of power flows over the Waldwick PARs and ABC PARs to account for natural system flows over the JK Interface and the ABC Interface in order to facilitate the reliable operation of the NYISO and/or PJM transmission systems. The OBF is not a firm transmission service on either the NYISO transmission system or on the PJM transmission system. The OBF shall not result in charges from one Party to the other Party, or from one Party to the other Party’s Market Participants, except for the settlements described in the Real-Time Energy Market Coordination and Settlements provisions set forth in Sections 7 and 8 of Schedule D to this Agreement. In particular, the NYISO and its Market Participants shall not be subjected to PJM Regional Transmission Expansion Plan (“RTEP”) cost allocations as a result of the OBF.

**“Operating Reserve”** shall mean generation capacity or load reduction capacity which can be called upon on short notice by either Party to replace scheduled energy supply which is unavailable as a result of an unexpected outage or to augment scheduled energy as a result of unexpected demand or other contingencies.

**“Operational Control”** shall mean Security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for reliability, coordination with other Balancing Authority Areas and Reliability Coordinators, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its own facilities.

**“OTDF”** shall mean the electric PTDF with one or more system facilities removed from service (*i.e.*, outaged) in the post-contingency configuration of a system under study.

**“Other Coordinated Flowgate”** shall mean a Flowgate where constraints are jointly monitored and coordinated as defined and set forth in Schedule D to this Agreement. No re-dispatch settlement will occur on Other Coordinated Flowgates.

**“Outages”** shall mean the planned unavailability of transmission and/or generation facilities dispatched by PJM or the NYISO, as described in Section 35.9 of this Agreement.

**“PAR”** shall mean phase angle regulator.

**“PAR Shift Factor”** or **“PSF”**, shall mean the PAR’s impact on a Flowgate measured as the ratio of Flowgate flow change in MW to PAR schedule change in MW.

**“Party”** or **“Parties”** refers to each party to this Agreement or both, as applicable.

**“PJM”** has the meaning stated in the preamble of this Agreement.

**“PJM Code of Conduct”** shall mean the code of ethical standards, guidelines and expectations for PJM’s employees, officers and Board Members in their transactions and business dealings on behalf of PJM as posted on the PJM website and as may be amended from time to time.

**“PJM Tariffs”** shall mean the PJM OATT and the PJM Amended and Restated Operating Agreement, collectively.

**“Power Transfer Distribution Factor”** or **“PTDF”** shall mean a measure of the responsiveness or change in electrical loadings on Transmission Facilities due to a change in electric power transfer from one area to another, expressed in percent (up to 100%) of the change in power transfer in the pre-contingency configuration of a system under study.

**“Qualified Resource”** shall mean a generator that can be effectively committed, decommitted and/or redispatched to relieve a M2M Redispatch Flowgate or Other Coordinated Flowgate. Generators that cannot or do not follow commitment or dispatch instructions, including but not limited to generators with no difference between their historically offered minimum and maximum operating limits and generators with intermittent fuel sources, are not considered Qualified Resources.

**“Ramapo Interface”** shall mean the transfer path comprised of the 5018 Hopatcong-Ramapo 500 kV tie line between PJM and NYISO.

**“Ramapo PARs”** shall mean the 3500 PAR and 4500 PAR that control flow on the Ramapo Interface.

**“Real-Time Commitment”** shall mean NYISO’s multi-period security constrained unit commitment and dispatch model, as defined in the NYISO Tariffs.

**“Reference Year Market Flow”** shall mean the Market Flow based on a transmission topology that includes all pre-existing Transmission Facilities and all new or upgraded Transmission Facilities whose impact on M2M Entitlements has been previously evaluated and incorporated.

**“Region”** shall mean the Control Areas and Transmission Facilities with respect to which a Party serves as RTO or Reliability Coordinator under NERC policies and procedures.

**“Regulatory Body”** shall have the meaning stated in Section 35.20.21.

**“Reliability Coordinator”** or **“RC”** shall mean the entity that is the highest level of authority who is responsible for the reliable operation of the Bulk Electric System, has the wide area view of the Bulk Electric System, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator’s vision.

**“Reliability Coordinator Area”** shall mean that portion of the Bulk Electric System under the purview of the Reliability Coordinator.

**“Reliability Standards”** shall mean the criteria, standards, rules and requirements relating to reliability established by a Standards Authority.

**“RFC”** shall mean ReliabilityFirst Corporation.

**“RTO”** shall mean Regional Transmission Organization. For ease of reference, the New York Independent System Operator, Inc., may be referred to as an RTO in this Agreement and the NYISO and PJM may be referred to collectively as the “RTOs” or the “participating RTOs.”

**“Schedule”** shall mean a schedule attached to this Agreement and all amendments, supplements, replacements and additions hereto.

**“SDX System”** shall mean the system used by NERC to exchange system data.

**“Security”** shall mean the ability of the electric system to withstand sudden disturbances including, without limitation, electric short circuits or unanticipated loss of system elements.

**“Security Limits”** shall mean operating electricity system voltage limits, stability limits and thermal ratings.

**“SERC”** shall mean SERC Reliability Corporation or its successor organization.

**“Shadow Price”** shall mean the marginal value of relieving a particular constraint which is determined by the reduction in system cost that would result from an incremental relaxation of that constraint.

**“Standards Authority”** shall mean NERC, and the NERC regional entities with governance over PJM and NYISO, any successor thereof, or any other agency with authority over the Parties regarding standards or criteria to either Party relating to the reliability of Transmission Systems.

**“Standards Authority Standards”** shall have the meaning stated in Section 35.5.2.

**“State Estimator”** shall mean a computer model that computes the state (voltage magnitudes and angles) of the Transmission System using the network model and real-time measurements. Line flows, transformer flows, and injections at the busses are calculated from the known state and the transmission line parameters. The State Estimator has the capability to detect and identify bad measurements.

**“Storm Watch”** shall mean actual or anticipated severe weather conditions under which region-specific portions of the New York State Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

**“Supplying Party”** shall have the meaning stated in Section 35.8.2.

**“System Operating Limit”** or **“SOL”** shall mean the value (such as MW, MVAR, Amperes, Frequency, or Volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable reliability criteria.

**“Target Value”** shall have the meaning stated in Section 7.2 of Schedule D to this Agreement.

**“Third Party”** refers to any entity other than a Party to this Agreement.

**“TLR”** shall mean the NERC Transmission Loading Relief Procedures used in the Eastern Interconnection as specified in NERC Operating Policies.

**“Transmission Adjusted Market Flow”** shall mean the result of applying the M2M Entitlement Transmission Adjusted Market Flow Calculation to the New Year Market Flow. The resulting Transmission Adjusted Market Flow is then used as the Reference Year Market Flow in all subsequent, iterative, evaluations.

**“Transmission Operator”** shall mean the entity responsible for the reliability of its “local” Transmission System, and that operates or directs the operations of the Transmission Facilities.

**“Transmission Owner”** shall mean an entity that owns Transmission Facilities.

**“Transmission System”** shall mean the facilities controlled or operated by PJM or NYISO as designated by each in their respective OATTs.

**“Transmission Facility”** shall mean a facility for transmitting electricity, and includes any structures, equipment or other facilities used for that purpose as defined in the Parties respective OATTs.

**“Transmission Reliability Margin” or “TRM”** shall mean the amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change.

**“Total Transfer Capability” or “TTC”** shall mean the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected Transmission Systems by way of all transmission lines (or paths) between those areas under specified system conditions.

**“Voltage and Reactive Power Coordination Procedures”** are the procedures under Section 35.11 for coordination of voltage control and reactive power requirements.

**“Waldwick PARs”** shall mean the E PAR, F PAR and O PAR that control flow on the JK Interface.

## **35.2. 2 Rules of Construction.**

### **35.2. 2.1 No Interpretation Against Drafter.**

In addition to their roles as RTOs/ISOs and Reliability Coordinators, and the functions and responsibilities associated therewith, the Parties agree that each Party participated in the drafting of this Agreement and was represented therein by competent legal counsel. No rule of construction or interpretation against the drafter shall be applied to the construction or in the interpretation of this Agreement.

### **35.2. 2.2 Incorporation of Preamble and Recitals.**

The Preamble and Recitals of this Agreement are incorporated into the terms and conditions of this Agreement and made a part thereof.

### **35.2. 2.3 Meanings of Certain Common Words.**

The word “including” shall be understood to mean “including, but not limited to.” The word “Section” refers to the applicable section of this Agreement and, unless otherwise stated, includes all subsections thereof. The word “Article” refers to articles of this Agreement.

### **35.2. 2.4 Standards Authority Standards, Policies, and Procedures.**

All activities under this Agreement will meet or exceed the applicable Standards Authority standards, policies, or procedures as revised from time to time.

### **35.2. 2.5 Scope of Application.**

Each Party will perform this Agreement in accordance with its terms and conditions with respect to each Control Area for which it serves as ISO or RTO and, in addition, each Control Area for which it serves as Reliability Coordinator.

### **35.3 Overview, Administration, and Relationship With Other Agreements**

#### **35.3.1 Purpose of This Agreement**

This Agreement provides for the reliable operation of the interconnected PJM and NYISO Transmission Systems in accordance with the requirements of the Standards Authority and efficient market operations through M2M coordination. This Agreement establishes a structure and framework for the following functions related to the reliability of interconnected operations between the Parties and efficient joint market operations:

- 35.3.1.1 Developing and issuing Operating Instructions and Security Limits;
- 35.3.1.2 Coordinating operation of their respective Transmission Systems;
- 35.3.1.3 Developing and adopting operating criteria and standards;
- 35.3.1.4 Conducting operating performance reviews of the Interconnection Facilities;
- 35.3.1.5 Implementing each Party's respective Standards Authority requirements with regard to the PJM and NYISO Transmission Systems;
- 35.3.1.6 Exchanging information and coordination regarding system planning;
- 35.3.1.7 Providing mutual assistance in an Emergency and during system restoration;
- 35.3.1.9 Performance of certain other arrangements among the Parties for coordination of their systems, including, but not limited to performance consistent with the arrangements set forth in the existing agreements listed in Section 35.21 and the M2M transmission congestion coordination process that is set forth in the attached Market-to-Market Coordination Schedule and Section 35.12 below;  
and
- 35.3.1.9 Performance of certain other arrangements among the Parties for administration of this Agreement.



The Parties shall, consistent with Standards Authority requirements and the Parties' respective tariffs, rules and standards, including with respect to the NYISO, the NYSRC Reliability Rules, to the maximum extent consistent with the safe and proper operation of their respective Reliability Coordinator Area and Balancing Authority Area and necessary coordination with other interconnected systems, operate their systems in accordance with the procedures and principles set forth in this Agreement.

### **35.3.2 Establishment and Functions of Coordination Committee**

To administer the arrangements under this Agreement, the Parties shall establish a Coordination Committee. The Coordination Committee shall undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement with respect to reliable Transmission System operations.

#### **35.3.2.1 The Coordination Committee shall have the following duties and responsibilities:**

35.3.2.1.1 Determine the date(s) for implementing the various parts of this Agreement and undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement;

35.3.2.1.2 Meet periodically to address any issues associated with this Agreement that a Party may raise and to determine whether any changes to this Agreement, or procedures employed under this Agreement, would enhance reliability, efficiency or economy;

35.3.2.1.3 The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified by either Party in advance of the meeting

and sent to the representatives of the other Party. All decisions of the  
Coordination Committee must be unanimous;

35.3.2.1.4 Conduct additional meetings upon Notice given by any Party, provided that  
the Notice specifies the reason(s) for requesting the meeting;

35.3.2.1.5 Initiate process reviews at the request of any Party for activities undertaken in  
the performance of this Agreement; and

35.3.2.1.6 In its discretion, take other actions, including the establishment of  
subcommittees and/or task forces, to address any issues that the Coordination  
Committee deems necessary consistent with this Agreement.

#### **35.3.2.2 Coordination Committee Representatives**

Within 30 days of the Effective Date, each Party shall designate a primary and alternate representative to the Coordination Committee and shall inform the other Parties of its designated representatives by Notice. A Party may change its designated Coordination Committee representatives at any time, provided that timely Notice is given to the other Parties. Each designated Coordination Committee representative shall have the authority to make decisions on issues that arise during the performance of this Agreement. The costs and expenses associated with each Party's designated Coordination Committee representatives shall be the responsibility of the designating Party.

#### **35.3.2.3 Limitations Upon Authority of Coordination Committee**

The Coordination Committee is not authorized to modify or amend any of the terms of this Agreement. The Coordination Committee is also not authorized to excuse any obligations under this Agreement or waive any rights pertaining to this Agreement. The Coordination

Committee has no authority to commit either Party to any expenditure that is beyond those expenses described in this Agreement.

### **35.3.3 Ongoing Review and Revisions**

As set forth in Section 35.7, the Parties have agreed to the coordination and exchange of data and information under this Agreement to enhance system reliability and efficient market operations as systems exist and are contemplated as of the Effective Date. The Parties expect that these systems and the technology applicable to these systems and to the collection and exchange of data will change from time to time throughout the term of this Agreement. The Parties agree that the objectives of this Agreement can be fulfilled efficiently and economically only if the Parties, from time to time, review and, as appropriate, revise the requirements stated herein in response to such changes, including deleting, adding, or revising requirements and protocols. Each Party will negotiate in good faith in response to such revisions the other Party may propose from time to time. Nothing in this Agreement, however, shall require any Party to reach agreement with respect to any such changes, or to purchase, install, or otherwise implement new equipment, software, or devices, or functions, except as required to perform this Agreement.

## **35.4 Mutual Benefits**

### **35.4.1 No Charge for Mutual Benefits of Interconnection.**

The PJM Transmission System and the New York Transmission System, by virtue of being connected with a much larger Interconnection, share Mutual Benefits such as transient and steady-state support. PJM and NYISO shall not charge one another for such Mutual Benefits.

### **35.4.2 Maintenance of Mutual Benefits.**

The Parties shall endeavor to operate or direct the operation of the Interconnection Facilities to realize the Mutual Benefits. The Parties recognize circumstances beyond their control, such as a result of operating configurations, contingencies, maintenance, or actions by third parties, may result in a reduction of Mutual Benefits.

## **35.5 Interconnected Operation**

### **35.5.1 Obligation to Remain Interconnected**

The Parties shall at all times during the term of this Agreement operate or direct the operation of their respective Transmission Systems so that they remain interconnected except:

35.5.1.1 During the occurrence of an event of Force Majeure which renders a Party unable to remain interconnected;

35.5.1.2 When an Interconnection is opened in accordance with the terms of an Operating Instruction or, if the Operating Instruction does not anticipate a particular circumstance where there is an imminent risk of equipment failure, or of danger to personnel or the public, or a risk to the environment, or a risk to system Security or reliability of a Transmission System, which cannot be avoided through Good Utility Practice; or

35.5.1.3 During planned maintenance where notice has been given in accordance with outage procedures as implemented by the Coordination Committee.

### **35.5.2 Adherence to Standards Authority Standards, Policies and Procedures**

The Parties are participants in multiple Standards Authorities and are required to comply with specified standards, criteria, guides and procedures (“Standards Authority Standards”). Such Standards Authority Standards detail the many coordinating functions carried out by the parties, and this Agreement is intended to enhance those arrangements. Such Standards Authority Standards include, and the Parties agree to, the provision of “maximum reasonable assistance” to a neighboring Balancing Authority Area. Such maximum reasonable assistance will not normally require the shedding of firm load.

### **35.5.3 Notification of Circumstances**

In the event that an Interconnection Facility is opened or if the Interconnection Facility transfer capability is changed, or if a Party plans to initiate the opening of an Interconnection Facility, or to change the transfer capability of the Interconnection Facilities, such Party shall immediately provide the other Party with notification indicating the circumstances of the opening or transfer capability change and expected restoration time, in accordance with procedures implemented by the Coordination Committee.

### **35.5.4 Compliance with Decisions of the Coordination Committee Direction**

PJM shall direct the operation of the PJM Transmission System and the NYISO shall direct the operation of the NYISO Transmission System in accordance with the obligations of their respective tariffs, rules and standards and applicable directions of the Coordination Committee that conform with their respective tariffs, rules and standards, except where prevented by Force Majeure. The Coordination Committee's scope includes making decisions and jointly developing and approving Operating Instructions for many expected circumstances within the provisions of the Parties' respective tariffs, rules and standards. If decisions of the Coordination Committee do not anticipate a particular circumstance, the Parties shall act in accordance with Good Utility Practice.

### **35.5.5 Control and Monitoring**

Each Party shall provide or arrange for 24-hour control and monitoring of their portion of the Interconnection Facilities.

#### **35.5.6 Reactive Transfer and Voltage Control**

The Parties agree to determine reactive transfers and control voltages in accordance with the provisions of their respective Standards Authority Standards. Real and reactive power will be transferred over the Interconnection Facilities as described in Section 35.11.

#### **35.5.7 Inadvertent Exchanges**

Inadvertent power transfers on all Interconnection Facilities shall be controlled and accounted for in accordance with the standards and procedures developed by the Standards Authorities and the system operators of each Party to this Agreement.

#### **35.5.8 Adoption of Standards**

The Parties hereby agree to adopt, enforce and comply with all applicable requirements and standards that will safeguard the reliability of the interconnected Transmission Systems.

Such reliability requirements and Reliability Standards shall be:

- 35.5.8.1 Adopted and enforced for the purpose of providing reliable service;
- 35.5.8.2 Not unduly discriminatory in substance or application;
- 35.5.8.3 Applied consistently to both Parties with the exception of subsection 35.5.8.5 below;
- 35.5.8.4 Consistent with the Parties' respective obligations to applicable Standards Authorities including, without limitation, any relevant requirements or guidelines from each of NERC, or its Regional Councils' or any other Standards Authority or regional transmission group to which either of the Parties is required to adhere; and
- 35.5.8.5 With respect to the NYISO, consistent with the NYSRC Reliability Rules.

### **35.5.9 New York - PJM IROL Interface (s)**

The Parties will adhere to IROLs that each Party develops in accordance with its respective procedures.<sup>15</sup> IROLs will be determined as needed to maintain acceptable steady-state and transient performance of the NYISO and PJM Transmission Systems. Each Party will specify in its procedures the list of interfaces to which IROLs apply.<sup>16</sup> Each Party will monitor these limits for their respective IROLs in accordance with this Agreement and independently determine the applicable import and export transfer limits. Each Party agrees to operate the NYISO – PJM interface to the most conservative limits developed in real-time and the day-ahead planning process. These operating limits shall be determined in accordance with Standards Authority Standards. Both Parties will take coordinated corrective actions, when requested by either Party, to avoid an exceedance of any IROL identified. If an exceedance occurs, actions will be taken to clear the exceedance as soon as possible, and in accordance with Standards Authority Standards.

### **35.5.10 Coordination and Exchange of Information Regarding System Planning**

The Parties shall exchange information and coordinate regarding system planning and inter-regional planning activities in a manner consistent with Standards Authority Standards and consistent with the requirements of confidentiality agreements or rules binding upon either of the Parties.

---

<sup>15</sup> NYISO procedures are defined as ISO Procedures in the NYISO OATT. *See*, NYISO Emergency Operations Manual, available at [https://www.nyiso.com/documents/20142/2923301/em\\_op\\_mnl.pdf/99ef389d-4bca-fc0e-f12e-d91c0763cdca](https://www.nyiso.com/documents/20142/2923301/em_op_mnl.pdf/99ef389d-4bca-fc0e-f12e-d91c0763cdca). PJM's procedures are set forth in PJM Manual 37, section 3, SOL and IROL Limits available at: <https://www.pjm.com/-/media/documents/manuals/m37.ashx>

<sup>16</sup> *See*, NYISO Emergency Operations Manual Table A-6 and PJM Manual 37, section 3, SOL and IROL Limits available at: <https://www.pjm.com/-/media/documents/manuals/m37.ashx>.



## **35.6 Emergency Assistance**

### **35.6.1 Emergency Assistance**

Both Parties shall exercise due diligence to avoid or mitigate an Emergency to the extent practical in accordance with applicable requirements imposed by the Standards Authority or contained in the PJM Tariffs and NYISO Tariffs. In avoiding or mitigating an Emergency, both Parties shall strive to allow for commercial remedies, but if commercial remedies are not successful or practical, the Parties agree to be the suppliers of last resort to maintain reliability on the system. For each hour during which Emergency conditions exist in a Party's Balancing Authority Area, that Party (while still ensuring operations within applicable Reliability Standards) shall determine what commercial remedies are available and make use of those that are practical and needed to avoid or mitigate the Emergency before any Emergency Energy is scheduled in that hour.

### **35.6.2 Emergency Operating Guides**

The Parties agree to jointly develop, maintain, and share operating guides to address credible Emergency conditions.

### **35.6.3 Emergency Energy**

Each Party shall, to the maximum extent it deems consistent with the safe and proper operation of its respective Transmission System, provide Emergency Energy to the other Party in accordance with the provisions of the Inter Control Area Transactions Agreement.

### **35.6.4 Costs of Compliance**

Each Party shall bear its own costs of compliance with this Article except that the cost of Emergency Energy purchased by one Party at the request of the other Party shall be reimbursed

in accordance with the Inter Control Area Transaction Agreement. Nothing in this Agreement shall require a Party to purchase Emergency Energy if the Party cannot recover the costs under an OATT or other agreement or lawful arrangement.

#### **35.6.5 Emergency Conditions**

If an emergency condition exists in either the NYCA or PJM, the NYISO operator or PJM dispatcher may request that the NY/PJM Interconnection Facilities be adjusted to assist directing power flows between the NYCA and PJM to alleviate the emergency condition. The taps on the ABC PARs, Ramapo PARs, and Waldwick PARs may be moved either in tandem or individually as needed to mitigate the emergency condition.

The NYISO and/or PJM shall implement the appropriate emergency procedures of either the NYISO or PJM, as appropriate, during system emergencies experienced on either the NYISO or PJM system. The NYISO and PJM shall have the authority to implement their respective emergency procedures in any order required to ensure overall system reliability.

## **35.7 Exchange of Information**

### **35.7.1 Exchange of Operating Data**

PJM and NYISO agree to exchange and share such information as may be required from time to time for the Parties to perform their duties and fulfill their obligations under this Agreement, subject to the requirements of existing confidentiality agreements or rules binding upon either of the Parties, including the NYISO Code of Conduct as set forth in Attachment F to the NYISO OATT, Article 6 of the NYISO Services Tariff, the PJM Code of Conduct and PJM Data Confidentiality Regional Stakeholder Group. Such information may consist of the following:

- 35.7.1.1 Information required to develop Operating Instructions;
- 35.7.1.2 Transmission System facility specifications and modeling data required to perform Security analysis;
  - 35.7.1.2.1 The Parties will exchange their detailed EMS models in CIM format or another mutually agreed upon electronic format, and include the ICCP/ISN mapping files, identification of individual bus loads, seasonal equipment ratings and one-line drawings to expedite the model conversion process, upon request. The Parties will also exchange updates that represent the incremental changes that have occurred to the EMS model since the most recent update in an agreed upon electronic format;
- 35.7.1.3 Functional descriptions and schematic diagrams of Transmission System protective devices and communication facilities;
- 35.7.1.4 Ratings data and associated ratings methodologies for the Interconnection Facilities;

- 35.7.1.5 Telemetry points, equipment alarms and status points required for real-time monitoring of Security dispatch;
- 35.7.1.6 Data required to reconcile accounts for inadvertent energy, and for Emergency Energy transactions;
- 35.7.1.7 Transmission System information that is consistent with the information sharing requirements imposed by the Standards Authority;
- 35.7.1.8 Such other information as may be required for the Parties to maintain the reliable operation of their interconnected Transmission Systems and fulfill their obligations under this Agreement and to any Standards Authority of which either Party is a member, provided, however, that this other information will be exchanged only if that can be done in accordance with applicable restrictions on the disclosure of information to any Market Participant;
- 35.7.1.9 Additional information required for the Parties to administer the M2M coordination process set forth in Schedule D to this Agreement, including:
  - a. actual flows on Flowgates;
  - b. actual limits for Flowgates;
  - c. *ex ante* Shadow Prices on constrained Flowgates;
  - d. requested relief during a Coordination Event;
  - e. Market Flow calculation data (generator shift factors, load shift factors, interchange PTDFs, phase angle regulator OTDFs, generator output, load, net interchange);
  - f. Market Flows on M2M Redispatch Flowgates and Other Coordinated Flowgates; and

- g. binding constraint thresholds (the shift factor thresholds used to identify the resource(s) available to relieve a transmission constraint).

35.7.1.10 Additional information required for the Parties to administer CTS, including:

- a. interchange transaction offer attributes (frequency of scheduling, offer type, source and sink);
- b. forecasted interchange schedules;
- c. forecasted prices; and
- d. CTS interface limits.

**35.7.2 Confidentiality**

The Party receiving information pursuant to this Section 35.7 shall treat such information as confidential subject to the terms and conditions of set forth in Section 35.8 of this Agreement. The obligation of each Party under this Section 35.7.2 continues and survives the termination of this Agreement by seven (7) years.

Notwithstanding anything to the contrary in this Agreement, EMS models and the data used for EMS modeling exchanged pursuant to Section 35.7.1 may be released by the receiving Party to its Transmission Owners for operational and reliability compliance purposes. The respective Party's Transmission Owners shall be required to maintain the EMS models and the data as confidential in a manner consistent with or superior to the terms and conditions contained herein.

**35.7.3 Data Exchange Contact**

To facilitate the exchange of all such data, each Party will designate to the other Party's Vice President of Operations a contact to be available twenty-four (24) hours each day, seven (7) days per week, and an alternate contact to act in the absence or unavailability of the primary

contact, to respond to any inquiries. With respect to each contact and alternate, each Party shall provide the name, telephone number, e-mail address, and fax number. Each Party may change a designee from time to time by Notice to the other Party's Vice President of Operations.

The Parties agree to exchange data in a timely manner consistent with existing defined formats or such other formats to which the Parties may agree. Each Party shall provide notification to the other Party thirty (30) days prior to modifying an established data exchange format.

#### **35.7.4 Cost of Data and Information Exchange**

Each Party shall bear its own cost of providing information to the other Party.

#### **35.7.5 Other Data**

The Parties may share other data not listed in this Section 35.7 as mutually agreed upon by the Parties.

## **35.8 Confidential Information**

### **35.8.1 Definition**

The term “Confidential Information” shall mean: (a) all information, whether furnished before or after the mutual execution of this Agreement, whether oral, written or recorded/electronic, and regardless of the manner in which it is furnished, that is marked “confidential” or “proprietary” or which under all of the circumstances should be treated as confidential or proprietary; (b) any data or information deemed confidential under some other form of confidentiality agreement or tariff provided to a Party by a generator; (c) all reports, summaries, compilations, analyses, notes or other information of a Party hereto which are based on, contain or reflect any Confidential Information; (d) applicable material deemed Confidential Information pursuant to the PJM Data Confidentiality Regional Stakeholder Group, the PJM Code of Conduct, the NYISO Code of Conduct, or Article 6 of the NYISO’s Services Tariff; (e) Protected Information under the NYISO Market Monitoring Plan; and (f) any information which, if disclosed by a transmission function employee of a utility regulated by the FERC to a market function employee of the same utility system, other than by public posting, would violate the FERC’s Standards of Conduct set forth in 18 C.F.R. § 37 et. seq. and the Parties’ Standards of Conduct on file with the FERC.

### **35.8.2 Protection**

During the course of the Parties’ performance under this Agreement, a Party may receive or become exposed to Confidential Information. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the Party supplying such Confidential Information (“Supplying Party”). In addition, each Party shall require that its employees, its

subcontractors and its subcontractors' employees and agents to whom Confidential Information is exposed agree to be bound by the terms and conditions contained herein. Each Party shall be responsible for any breach of this section by its employees, its subcontractors and its subcontractors' employees and agents.

### **35.8.3 Treatment of Confidential Information**

The Party receiving the Confidential Information shall treat the information in the same confidential manner as its governing documents require it to treat the confidential information of its own members and Market Participants.

### **35.8.4 Statute of Limitations**

The receiving Party shall not release the Supplying Party's Confidential Information until expiration of the time period controlling the Supplying Party's disclosure of the same information, as such period is described in the Supplying Party's governing documents from time to time. As of the Effective Date, this period is three (3) months with respect to bid or pricing data and seven (7) calendar days for transmission data after the event ends. The obligation of each Party under this Section 35.8 continues and survives the termination of this Agreement by seven (7) years.

### **35.8.5 Scope**

This obligation of confidentiality shall not extend to data and information that, at no fault of a recipient Party, is or was: (a) in the public domain or generally available or known to the public; (b) disclosed to a recipient by a non-Party who had a legal right to do so; (c) independently developed by a Party or known to such Party prior to its disclosure hereunder; and



(d) which is required to be disclosed by subpoena, law, or other directive of a Governmental Authority.

### **35.8.6 Standard of Care**

Each Party shall protect Confidential Information from disclosure, dissemination, or publication. Each Party agrees to restrict access to all Confidential Information to only those persons authorized to view such information: (a) by the FERC's Standards of Conduct, (b) OASIS posting requirements in 18 C.F.R. § § 37.1-37.8 and, (c) if more restrictive, by such Party's board resolutions, tariff provisions, or other internal policies governing access to, and the sharing of, energy market or Transmission System information.

### **35.8.7 Required Disclosure**

If a Governmental Authority requests or requires a Party to disclose any Confidential Information ("Disclosing Party"), such Disclosing Party shall provide the Supplying Party with prompt written notice of such request or requirement and will assist any efforts by the Supplying Party to contest disclosure, or seek an appropriate protective order or other appropriate remedy. The Supplying Party may also choose to waive compliance with the provisions of this Agreement. Notwithstanding the presence or absence of a protective order or a waiver, a Disclosing Party shall disclose only such Confidential Information as it is legally required to disclose. Each Party shall use reasonable efforts to obtain reliable assurances that confidential treatment will be accorded to Confidential Information required to be disclosed.

If a Disclosing Party is required to disclose any Confidential Information under this section, a Supplying Party shall have the right to immediately suspend supplying such Confidential Information to the Disclosing Party. In that event, the Parties shall meet as soon as practicable in an effort to resolve any and all issues associated with the required disclosure of

such Confidential Information, and the likelihood of additional disclosures of such Confidential Information.

#### **35.8.8 Return of Confidential Information**

All Confidential Information provided by the Supplying Party shall be returned by the receiving Party to the Supplying Party promptly upon request. Upon termination or expiration of this Agreement, a Party shall use reasonable efforts to destroy, erase, delete or return to the Supplying Party any and all written or electronic Confidential Information. In no event shall a receiving Party retain copies of any Confidential Information provided by a Supplying Party.

#### **35.8.9 Equitable Relief**

Each Party acknowledges that remedies at law are inadequate to protect against breach of the covenants and agreements in this Article, and hereby in advance agrees, without prejudice to any rights to judicial relief that it may otherwise have, to the granting of equitable relief, including injunction, in the Supplying Party's favor without proof of actual damages. In addition to the equitable relief referred to in this section, a Supplying Party shall only be entitled to recover from a receiving Party any and all gains wrongfully acquired, directly or indirectly, from a receiving Party's unauthorized disclosure of Confidential Information.

#### **35.8.10 Existing Confidential Information Obligations**

Notwithstanding anything to the contrary in this Agreement, the parties shall have no obligation to disclose Confidential Information or data to the extent such disclosure of information or data would be a violation of or inconsistent with the terms and conditions of the PJM or NYISO Amended and Restated Operating Agreement, either Party's OATT, any other

agreement, or applicable state or federal regulation or law. The obligation of each Party under this section continues and survives the termination of this Agreement by seven (7) years.

## **35.9 Coordination of Scheduled Outages**

### **35.9.1 Coordinating Outages Operating Protocols**

The Parties will jointly develop protocols for coordinating transmission and generation Outages to maintain reliability. The Parties agree to the following with respect to transmission and generation Outage coordination.

#### **35.9.1.1 Exchange of Transmission and Generation Outage Schedule Data**

Upon a Party's request, the projected status of generation and transmission availability will be communicated between the Parties, subject to data confidentiality agreements. The Parties shall exchange the most current information on proposed Outage information and provide a timely response on potential impacts of proposed Outages. The Parties shall select a mutually agreeable common format for the exchange of this information.

#### **35.9.1.2 Evaluation and Coordination of Transmission and Generation Outages**

The Parties analyze planned critical facility maintenance to determine its effects on the reliability of the Transmission System. The Parties will work together to resolve Outage conflicts and work with the facility owner(s), as necessary, to provide remedial steps.

The Parties will notify each other of emergency maintenance and forced outages as soon as possible after these conditions are known. The Parties will evaluate the impact of emergency and forced outages on the Parties' systems to develop remedial steps as necessary.

Unforeseen changes in scheduled outages may require additional review. Each Party will consider the impact of these changes on the other Party's system reliability in addition to its own. The Parties will contact each other as soon as possible if these changes result in unacceptable system conditions to develop remedial steps as necessary.

## **35.10 Coordination of Transmission Planning Studies**

### **35.10.1 Scope of Activities:**

Transmission planning activities will be coordinated in accordance with the Amended and Restated Northeast ISO/RTO Planning Coordination Protocol (“Protocol”), between and among PJM Interconnection, L.L.C., the New York Independent System Operator, Inc. and ISO New England Inc., effective as of December 12, 2004 as amended on July 10, 2013.

### **35.10.2 Allocation of Costs of Approved Interregional Transmission Projects**

The costs of Interregional Transmission Projects, as defined in the Protocol, evaluated under the Protocol and selected by PJM and NYISO (the “Regions”) in their regional transmission plans for purposes of cost allocation under their respective tariffs shall, when applicable, be allocated to the PJM Region and the NYISO Region in accordance with the cost allocation principles of FERC Order No. 1000, as follows:

- (a) To be eligible for interregional cost allocation pursuant to this Section 35.10.2, an Interregional Transmission Project must be selected in both the PJM and NYISO regional transmission plans for purposes of cost allocation pursuant to agreements and tariffs on file at FERC for each Region, and must be planned for construction in both the PJM region and the NYISO Region.
- (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 or projects to the total of the present values of the estimated costs of the displaced regional transmission projects in the Regions that have selected the Interregional Transmission Project in their regional transmission plans.

- (c) 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").
- (d) In order to perform the analysis in Section 35.10.2(b) above, the estimated cost of the displaced regional transmission projects shall specify the year's dollars in which those estimates are provided.
- (e) The present value analysis for all displaced regional transmission projects shall use a common discount rate. PJM and NYISO, in consultation with their respective transmission owners, and NYISO in consultation with other stakeholders, shall agree on the discount rate to be used for the present value analysis.
- (f) PJM and NYISO, in consultation with the transmission owners in their respective regions, and NYISO in consultation with other stakeholders, shall review and determine that the cost estimates of the displaced regional transmission projects have been determined in a comparable manner prior to applying this cost allocation.
- (g) No cost shall be allocated to a Region that has not selected the Interregional Transmission Project in its regional transmission plan.
- (h) When a portion of an Interregional Transmission Project evaluated under the 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 methodology in this Section 35.10.2 and none of the costs shall be allocated to Region 1.

- (i) The portion of the costs allocated to a region pursuant to this Section 35.10.2 shall be further allocated to the transmission customers within such Region pursuant to the applicable provisions of the region's tariffs and, if applicable, agreements on file with FERC.
- (j) 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:  $\text{Cost}(Z)$ . 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  $\text{Cost}(Z)$ .
- The discount rate used for all displaced regional transmission projects is:  $D$
- Based on the foregoing assumptions, the following formulas will be used:
  - $\text{Present Value of Cost}(X) = \text{PV Cost}(X) = \text{Cost}(X) / (1+D)^{N(X)}$
  - $\text{Present Value of Cost}(Y) = \text{PV Cost}(Y) = \text{Cost}(Y) / (1+D)^{N(Y)}$
  - $\text{Cost Allocation to Region A} = \text{Cost}(Z) \times \text{PV Cost}(X) / [\text{PV Cost}(X) + \text{PV Cost}(Y)]$
  - $\text{Cost Allocation to Region B} = \text{Cost}(Z) \times \text{PV Cost}(Y) / [\text{PV Cost}(X) + \text{PV Cost}(Y)]$
- Applying those formulas, if:
 

$\text{Cost}(X) = \$60 \text{ Million}$  and  $N(X) = 8.25 \text{ years}$

$\text{Cost}(Y) = \$40 \text{ Million}$  and  $N(Y) = 4.50 \text{ years}$

$\text{Cost}(Z) = \$80 \text{ Million}$

$D = 7.5\% \text{ per year}$

Then:

$\text{PV Cost}(X) = 60 / (1+0.075)^{8.25} = 33.039 \text{ Million}$



$$\text{PV Cost (Y)} = 40/(1+0.075)^{4.50} = 28.888 \text{ Million}$$

$$\text{Cost Allocation to Region A} = \$80 \times 33.039/(33.039 + 28.888) = \$42.681 \text{ Million}$$

$$\text{Cost Allocation to Region B} = \$80 \times 28.888/(33.039 + 28.888) = \$37.319 \text{ Million}$$

### **35.10.3 Other Cost Allocation Arrangements**

- (a) Except as provided in this Section 35.10.3(b), the methodology in Section 35.10.2 is the exclusive means by which any costs of an Interregional Transmission Project may be allocated between or among PJM and NYISO.
- (b) Subject to the filing rights described in Section 35.10.4 and any stakeholder processes required prior to the exercise of such filing rights, transmission owners and transmission developers in PJM and the NYISO and the Parties may enter into a separate agreement to allocate the cost of an Interregional Transmission Project, and other transmission projects identified pursuant to Section 6 of the Protocol in a manner other than as set forth in Section 35.10.2, provided that any such agreement is filed with and accepted by FERC in accordance with the filing rights set forth in Section 35.10.4, and such agreement shall apply only to the share of the costs of such Interregional Transmission Project or such other transmission projects allocated to the PJM Region and the NYISO Region.

### **35.10.4 Filing Rights with Respect to Approved Interregional Transmission Projects**

Solely with respect to Interregional Transmission Projects evaluated under the Protocol and selected by PJM and NYISO in their regional transmission plans for purposes of cost allocation under their respective tariffs as set forth in Section 35.10.2, PJM and NYISO agree as follows:

- (a) Nothing in Sections 35.10.2 through 35.10.6 of this Agreement or in the Protocol will convey, expand, limit or otherwise alter any rights of the Parties, transmission owners, transmission developers, other market participants, or other entities in PJM or NYISO to submit filings under Section 205 of the Federal Power Act regarding cost allocation or any other matter.
- (b) As applicable, the Parties have been authorized by entities that have cost allocation rights for their respective regions, but are not parties to this Agreement, to enter into and file the cost allocation provisions set forth in Sections 35.10.2 through 35.10.6 of this Agreement. Such cost allocation provisions shall not be modified without the mutual consent of the holders of Section 205 rights and the Long Island Power Authority and the New York Power Authority with respect to interregional cost allocation in the PJM Region and the NYISO Region.
- (c) With respect to PJM:
  - (i) The provisions in Sections 35.10.2 through 35.10.6 have been approved by the PJM Transmission Owners acting through the Consolidated Transmission Owners Agreement (“CTOA”) pursuant to Section 9.1 of the PJM Open Access Transmission Tariff (“PJM Tariff”) and Article 7 of the CTOA, and any amendment to the provisions of Sections 35.10.2 through 35.10.6 or any other provision of this Agreement allocating the costs of Interregional Transmission Projects, shall require approval by the PJM Transmission Owners acting through the CTOA pursuant to Section 9.1 of the PJM Tariff and Article 7 of the CTOA and shall be filed pursuant Section 205 of the Federal Power Act in accordance with the PJM Tariff and Article 7 of the CTOA.

- (ii) Nothing in Sections 35.10.2 through 35.10.6 of this Agreement shall limit or alter the rights of the PJM Transmission Owners set forth in the PJM Tariff and CTOA to submit filings under Section 205 of the Federal Power Act.

#### **35.10.5 Merchant Transmission and Individual Transmission Owner Projects**

Nothing in this Agreement shall preclude the development of Interregional Transmission Projects that are funded solely by merchant transmission developers or by individual transmission owners.

#### **35.10.6 Consequences to Other Regions from Regional or Interregional Transmission Projects**

Except as provided herein in sections 35.10.2 and 35.10.3 of this Agreement, or where cost responsibility is expressly assumed by NYISO or PJM in other documents, agreements or tariffs on file with FERC, neither the NYISO 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 Protocol and Interregional Transmission Projects identified pursuant to Section 7 of the Protocol.

#### **35.10.7 Coordination of Transmission Planning Studies Regarding Reliability Transmission Projects Located Entirely Within One Region**

This section addresses the process through which PJM and NYISO will coordinate the study of reliability transmission projects located entirely within one Region. The Regions agree to share information and data that arise in the performance of each Region's respective planning activities as necessary or appropriate for effective coordination between the Regions, including the timely identification and notification of proposed reliability transmission projects to meet the

Region's reliability needs, according to the process set forth herein. For purposes of this section 35.10.7, the Region proposing a reliability transmission project to meet such Region's regional reliability needs is referred to as the "proposing Region" and the Region adjacent to the "proposing Region" that may potentially be impacted by such proposal is referred to as the "potentially impacted Region."

35.10.7.1 The Regions shall share their respective baseline reliability analysis undertaken as part of their regional reliability planning process no later than the time it is initially provided to the proposing Region's stakeholders through the appropriate committee.

35.10.7.2 Based on its review of the proposing Region's proposed reliability transmission project, the potentially impacted Region shall identify the potential violations, based upon planning or reliability criteria, including applicable transmission owner criteria then in effect, that, depending on how solved, including through the use of proposed regional transmission projects, could negatively impact reliability on the potentially impacted Region's system.

35.10.7.3 The Regions shall discuss identified impacts and coordinate any special studies that need to be undertaken to analyze such impacts.

- (a) Each Region shall be responsible for performing studies of potential impacts on its system. The Regions may agree on the most efficient way to perform the special studies on a case-specific basis, including which Region will conduct which study(ies).
- (b) The Regions will provide to each other all of the technical information on their respective systems that is needed for each to perform the necessary studies.

- (c) The Regions will coordinate the timing and conduct of such studies.
- (d) Each Region will be responsible for all of its respective study costs related to the studies conducted under this coordinated study process.

35.10.7.4 Results of studies of impacts on the potentially impacted Region's system will be submitted to the proposing Region no later than at the time the proposed reliability transmission project(s) are presented to the proposing Region's stakeholders for final review and prior to submitting to the Board. The Regions shall discuss with each other potential alternative solutions, including changes to operating protocols, and the mitigation of impacts on the potentially impacted Region's system. The Regions' agreed-to mitigation shall be presented to the proposing Region's stakeholders as part of the overall solution to the identified reliability need.

35.10.7.5 Other than agreed-to mitigation or operational alternatives, each Region is responsible for the costs of addressing impacts to its own system.

## **35.11 Voltage Control and Reactive Power Coordination**

### **35.11.1 Specific Voltage and Reactive Power Coordination Procedures**

The Parties will utilize the following procedures to coordinate the use of voltage control equipment to maintain a reliable bulk power Transmission System voltage profile on their respective systems.

35.11.1.1 Under normal conditions, each Party shall provide for the supply and control of the reactive regulation requirements in its own area, including reactive reserve, so that applicable emergency voltage levels can be maintained following any of the set of contingencies that are observed under normal conditions.

35.11.1.2 Under normal conditions, each Party will anticipate voltage trends and initiate corrective action in advance of critical periods of heavy and light loads.

35.11.1.3 Under an abnormal condition, either Party experiencing rapid voltage decay will immediately implement all possible actions, including the shedding of firm load, to correct the problem until such time that the decay has been corrected.

## **35.12 M2M Coordination Processes and Coordinated Transaction Scheduling**

### **35.12.1 M2M Coordination Processes**

The fundamental philosophy of the M2M coordination processes that are set forth in the attached Market-to-Market Coordination Schedule is to allow any transmission constraints that are significantly impacted by generation dispatch changes in both the NYISO and PJM markets or by the operation of the NY-NJ PARs to be jointly managed in the real-time security-constrained economic dispatch models of both Parties. This joint real-time management of transmission constraints near the market borders will provide a more efficient and lower cost transmission congestion management solution and coordinated pricing at the market boundaries.

Under normal system operating conditions, the Parties utilize the M2M coordination processes on defined Flowgates that experience congestion. The goal of redispatch coordination at M2M Redispatch Flowgates and Other Coordinated Flowgates is to utilize the more cost effective generation between the two markets to manage the congestion in accordance with Section 7.1 of the attached Market-to-Market Coordination Schedule. The goal of NY-NJ PAR coordination is to operate the NY-NJ PARs to efficiently manage the congestion in accordance with Section 7.2 of the attached Market-to-Market Coordination Schedule. NY-NJ PAR coordination can occur at any Flowgate and need not be formally invoked by either Party. It is ordinarily in effect.

The M2M coordination process include settlement rules that apply when M2M coordination is occurring.

### **35.12.2 Coordinated Transaction Scheduling**

Coordinated Transaction Scheduling or “CTS” are real time market rules implemented by NYISO and PJM that allow transactions to be scheduled based on a bidder’s willingness to

purchase energy at a source (in the PJM Control Area or the NYISO Control Area) and sell it at a sink (in the other Control Area) if the forecasted price at the sink minus the forecasted price at the corresponding source is greater than or equal to the dollar value specified in the bid.

CTS transactions are ordinarily evaluated on a 15-minute basis consistent with forecasted real-time prices from NYISO's Real-Time Commitment run and the forecasted price information from PJM's Intermediate Term Security Constrained Economic Dispatch solution. Coordinated optimization with CTS improves interregional scheduling efficiency by: (i) better ensuring that scheduling decisions take into account relative price differences between the regions; and (ii) moving the evaluation of bids and offers closer to the time scheduling decisions are implemented.

NYISO and PJM may suspend the scheduling of CTS transactions when NYISO or PJM are not able to adequately implement schedules as expected due to: (1) a failure or outage of the data link between NYISO and PJM prevents the exchange of accurate or timely data necessary to implement the CTS transactions; (2) a failure or outage of any computational or data systems preventing the actual or accurate calculation of data necessary to implement the CTS transactions; or (3) when necessary to ensure or preserve system reliability.



### **35.13 Joint Checkout Procedures**

#### **35.13.1 Scheduling Checkout Protocols**

35.13.1.1 Both Parties shall require all transaction schedules to be tagged in accord with the NERC tagging standard. For reserve sharing and other emergency schedules that are not tagged, the Parties will enter manual schedules after the fact into their respective scheduling systems.

35.13.1.2 When there is a transaction scheduling conflict, the Parties will work to modify the schedule as soon as practical.

35.13.1.3 The Parties will perform the following types of checkouts. Checkouts will be consistent with 35.13.1.1 and 35.13.1.2.

- (a) Day-ahead checkout shall be performed daily on the day before the transaction is to flow. Day-ahead checkout includes the verification of import and export totals and individual transaction schedules.
- (b) Real-time checkout shall be performed hourly during the hour before the transaction is to flow. Real-time checkout includes the verification of import and export totals and individual transaction schedules.
- (c) After-the-fact checkout of transactions shall be performed the next business day following the day of the transactions.
- (d) After-the-fact reporting of hourly scheduled energy interchanged and hourly actual energy interchanged shall be updated by each Party each day and exchanged with the other Party. Each day, month to date data shall be exchanged. Parties shall resolve discrepancies within ten (10) business days of the end of each month.

## **35.14 TTC/ATC/AFC Calculations**

### **35.14.1 TTC/ATC/AFC Protocols**

In accordance with Section 35.9, the Parties will exchange scheduled Outages of all interconnections and other Transmission Facilities.

#### **35.14.1.1 Scheduled Outages of Transmission Resources**

Each Party will provide the projected status of scheduled Outages of Transmission Facilities for a minimum of eighteen (18) months or more if available.

#### **35.14.1.2 Transmission Interchange Schedules**

Each Party will make available its interchange schedules to permit accurate calculation of TTC and ATC/AFC values.

### **35.14.2 Configuration/Facility Changes**

Transmission configuration changes and generation additions (or retirements) shall be communicated via the NERC MMWG process.

### **35.14.3 Transmission System Impacts**

35.14.3.1 The Parties shall coordinate with each other as needed and with other Reliability Coordinators, Balancing Authorities, and Generator Operators as needed to develop and implement action plans to mitigate potential or actual SOL, IROL, CPS, or DCS violations.

35.14.3.2 Each Party shall operate to prevent the likelihood that a disturbance, action, or non-action in its area will result in a SOL or IROL violation for the other Party. In instances where there is a difference in derived limits, Parties shall respect the most limiting parameter.

35.14.3.3 A Party who foresees a transmission problem (such as an SOL or IROL violation, loss of reactive reserves, etc.) that impacts the other Party shall issue an alert to the other Party without unreasonable delay.

35.14.3.4 Each Party shall confirm reliability assessment results and determine the effects within its own and the other Party's areas. The Parties shall discuss options to mitigate potential or actual SOL or IROL violations and take actions as necessary to always act in the best interests of the Interconnection at all times.

## **35.15 Dispute Resolution Procedures**

### **35.15.1 Good Faith Negotiation**

The Parties shall attempt in good faith to achieve consensus with respect to all matters arising under this Agreement and to use reasonable efforts through good faith discussion and negotiation to avoid and resolve disputes that could delay or impede a Party from receiving the benefits of this Agreement. These dispute resolution procedures apply to any dispute that arises from either Party's performance of, or failure to perform, in compliance with this Agreement and which the Parties are unable to resolve prior to invocation of these procedures.

### **35.15.2 Dispute Resolution**

In the event of a Dispute arising out of or relating to this Agreement that is not resolved by the representatives of the Parties who have been designated under Section 35.3.2.2 of this Agreement within 7 days of the reference to such representatives of such Dispute, each Party shall, within 14 days' written notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party's rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within 14 days of its referral to them, or within such longer period as the senior officers mutually agree to in writing, or do not within the same 14 day period agree to refer the matter to some individual or organization for alternate Dispute resolution, then the Parties shall request that FERC's Dispute Resolution Service mediate their efforts to resolve the Dispute. Upon a Party's determination, at any point in the mediation process, that mediation has failed to resolve the Dispute, either Party may seek

formal resolution by initiating a proceeding before the FERC. If the FERC is not willing or able to consider or resolve a Dispute, then either Party shall have the right to pursue any and all remedies available to it at law or in equity.

Neither the giving of notice of a Dispute, nor the pendency of any Dispute resolution process as described in this section shall relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement. Notwithstanding the requirements of this section, either Party may terminate this Agreement in accordance with its provisions, or pursuant to an action at equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

## **35.16 Interconnection Revenue Metering**

### **35.16.1 Obligation to Provide Inadvertent Energy Accounting Metering**

The Parties shall require appropriate electric metering devices to be installed as required to measure electric power quantities for determining Interconnection Facilities inadvertent energy accounting.

### **35.16.2 Standards for Metering Equipment**

The parties shall cause any Metering Equipment used to meter Metered Quantities for inadvertent energy accounting to be designed, verified, sealed and maintained in accordance with the Party's respective metering standards or as otherwise agreed upon by the Coordination Committee.

### **35.16.3 Meter Compensation to the Point of Interconnection**

The metering compensation for transmission line losses to the Interconnection Facilities Delivery Point shall be determined by the Party's respective standards or otherwise agreed to by the Coordination Committee.

### **35.16.4 Metering Readings**

The Parties shall require that integrated meter readings are provided at least once each hour for Interconnection Facilities accounting purposes and meter registers are read at least monthly, as close as practical to the last hour of the month. An appropriate adjustment shall be made to register readings not taken on the last hour of the month.

## **35.17 Retained Rights of Parties**

### **35.17.1 Parties Entitled to Act Separately**

This Agreement does not create or establish, and shall not be construed to create or establish, any partnership or joint venture between or among any of the Parties. This Agreement establishes terms and conditions solely of a contractual relationship, among independent entities, to facilitate the achievement of the joint objectives described in the Agreement. The contractual relationship established hereunder implies no duties or obligations among the Parties except as specified expressly herein.

## **35.18 Representations**

### **35.18.1 Good Standing**

Each Party represents and warrants that it is duly organized, validly existing and in good standing under the laws of the state or province in which it is organized, formed, or incorporated, as applicable.

### **35.18.2 Authority to enter Into Agreement**

Each Party represents and warrants that it 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 such Party, enforceable against such Party in accordance with its terms.

### **35.18.3 Organizational Formation Documents**

Each Party represents and warrants that the execution, delivery and performance of this Agreement does not violate or conflict with its organizational or formation documents.

### **35.18.4 Regulatory Authorizations**

Each Party represents and warrants that it has, or applied for, all regulatory authorizations necessary for it to perform its obligations under this Agreement.



## **35.19 Effective Date, Implementation, Term and Termination**

### **35.19.1 Effective Date; Implementation**

This Agreement shall become effective as of the date that all of the following have occurred: (i) upon the execution hereof by both Parties, and (ii) acceptance or approval by the Federal Energy Regulatory Commission. Commencing with the Effective Date, the Parties shall commence and continue efforts to implement other provisions of this Agreement on dates determined by the Coordination Committee, which dates shall be the earliest dates reasonably feasible for both Parties.

### **35.19.2 Term**

This Agreement shall continue in full force and effect unless terminated in accordance with the provisions of this Agreement.

### **35.19.3 Right of a Party to Terminate**

35.19.3.1 NYISO may terminate this Agreement at any time upon not less than twelve (12) months' Notice to PJM.

35.19.3.2 PJM may terminate this Agreement at any time upon not less than twelve (12) months' Notice to NYISO.

35.19.3.3 This Agreement may be terminated at anytime by mutual agreement in writing.

### **35.19.4 Survival**

The applicable provisions of this Agreement shall continue in effect after any termination of this Agreement to provide for adjustments and payments under Section 35.15, dispute resolution, determination and enforcement of liability, and indemnification, arising from acts or

events that occurred during the period this Agreement was in effect. In addition, Sections 35.8.4 and 35.8.10 of this Agreement provides that the obligation to safeguard Confidential Information continues in effect for a period of seven years after any termination of this Agreement.

#### **35.19.5 Post-Termination Cooperation**

Following any termination of this Agreement, all Parties shall thereafter cooperate fully and work diligently in good faith to achieve an orderly resolution of all matters resulting from such termination.

## **35.20 Additional Provisions**

### **35.20.1 Force Majeure**

A Party shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, arising out of or from any act, omission, or circumstance by or in consequence of any act of God, labor disturbance, sabotage, failure of suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, earthquake, explosion, epidemic, breakage or accident to machinery or equipment or any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the Party or property or equipment of others which is deemed under the Operational Control of the Party. A Force Majeure event does not include an act of negligence or Intentional Wrongdoing by a Party. Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder.

### **35.20.2 Force Majeure Notification**

A Party suffering a Force Majeure event ("Affected Party") shall notify the other Party ("Non-Affected Party") in writing ("Notice of Force Majeure Event") as soon as reasonably

practicable specifying the cause of the event, the scope of commitments under the Agreement affected by the event, and a good faith estimate of the time required to restore full performance. Except for those commitments identified in the Notice of Force Majeure Event, the Affected Party shall not be relieved of its responsibility to fully perform as to all other commitments in the Agreement. If the Force Majeure Event continues for a period of more than 90 days from the date of the Notice of Force Majeure Event, the Non-Affected Party shall be entitled, at its sole discretion, to terminate the Agreement.

### **35.20.3 Indemnification**

“Indemnifying Party” means a Party who holds an indemnification obligation hereunder. An “Indemnitee” means a Party entitled to receive indemnification under this Agreement as to any Third Party claim. Each Party will defend, indemnify, and hold the other Party harmless from all actual losses, damages, liabilities, claims, expenses, causes of action, and judgments (collectively, “Losses”), brought or obtained by any Third Party against such other Party, only to the extent that such Losses arise directly from:

(a) Gross negligence, recklessness, or willful misconduct of the Indemnifying Party or any of its agents or employees, in the performance of this Agreement, except to the extent the Losses arise (i) from gross negligence, recklessness, willful misconduct or breach of contract or law by the Indemnitee or such Indemnitee’s agents or employees, or (ii) as a consequence of strict liability imposed as a matter of law upon the Indemnitee, or such Indemnitee’s agents or employees;

(b) Any claim arising from the transfer of Intellectual Property in violation of Section 35.20.8; or

- (c) Any claim that such Indemnatee caused bodily injury to an employee of Third Party due to gross negligence, recklessness, or willful conduct of the Indemnifying Party.
- (d) The Indemnatee shall give Notice to the Indemnifying Party as soon as reasonably practicable after the Indemnatee becomes aware of the Indemnifiable Loss or any claim, action or proceeding that may give rise to an indemnification. Such notice shall describe the nature of the loss or proceeding in reasonable detail and shall indicate, if practicable, the estimated amount of the loss that has been sustained by the Indemnatee. A delay or failure of the Indemnatee to provide the required notice shall release the Indemnifying Party (a) from any indemnification obligation to the extent that such delay or failure materially and adversely affects the Indemnifying Party's ability to defend such claim or materially and adversely increases the amount of the Indemnifiable Loss, and (b) from any responsibility for any costs or expenses of the Indemnatee in the defense of the claim during such period of delay or failure.
- (e) The indemnification by either Party shall be limited to the extent that the liability of a Party seeking indemnification would be limited by any applicable law and arises from a claim by a Party acting within the scope of this Agreement as to obligations of the other Party under this Agreement.

#### **35.20.4 Headings**

The headings used for the Articles and Sections of this Agreement are for convenience and reference purposes only, and shall not be construed to modify, expand, limit, or restrict the provisions of this Agreement.

### **35.20.5 Liability to Non-Parties**

Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

### **35.20.6 Liability Between Parties**

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither Party, its directors, officers, trustees, employees or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge or expense, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from the other Party's performance or nonperformance under this Agreement, except to the extent that a Party, is found liable for gross negligence or willful misconduct, in which case the Party responsible shall be liable only for direct and ordinary damages and not for any lost goodwill, incidental, consequential, punitive, special, exemplary or indirect damage.

This section shall not limit amounts required to be paid under this Agreement, including any of the appendices, schedules or attachments to this Agreement. This section shall not apply to adjustments or corrections for errors in invoiced amounts due under this Agreement, including any of the appendices, schedules or attachments to this Agreement.

### **35.20.7 Limitation on Claims**

No claim seeking an adjustment in the billing for any service, transaction, or charge under this Agreement, including any of the appendices, schedules or attachments to this Agreement, may be asserted with respect to a week or month, if more than one year has elapsed (a) since the first date upon which an invoice was rendered for that week or month, or (b) since

the date upon which a changed or modified invoice was rendered for that week or month. The Party responsible for issuing an invoice may not, of its own initiative, issue a changed or modified invoice if more than one year has elapsed since the first date upon which an invoice was rendered for a week or month. A changed or modified invoice may be issued more than one year after the first date upon which an invoice was rendered for a week or month in order to correct for or address a timely-raised claim seeking an adjustment in the billing for any service, transaction, or charge under this Agreement.

#### **35.20.8 Unauthorized Transfer of Third-Party Intellectual Property**

In the performance of this Agreement, no party shall transfer to another party any Intellectual Property, the use of which by another Party would constitute an infringement of the rights of any Third Party. In the event such transfer occurs, whether or not inadvertent, the transferring Party shall, promptly upon learning of the transfer, provide Notice to the receiving Party and upon receipt of such Notice the receiving Party shall take reasonable steps to avoid claims and mitigate losses.

#### **35.20.9 Intellectual Property Developed Under This Agreement**

If during the term of this Agreement, the Parties mutually develop any new Intellectual Property that is reduced to writing or any tangible form, the Parties shall negotiate in good faith concerning the ownership and licensing of such Intellectual Property.

#### **35.20.10 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the State of Delaware's conflict of law principles.

### **35.20.11 License and Authorization**

The agreements and obligations expressed herein are subject to such initial and continuing governmental permission and authorization as may be required. Each Party shall be responsible for securing and paying for any approvals required by it from any regulatory agency of competent jurisdiction relating to its participation in this Agreement and will reasonably cooperate with the other Party in seeking such approvals.

### **35.20.12 Assignment**

This Agreement shall inure to the benefit of, and be binding upon and may be performed by, the successors and assigns of the Parties hereto respectively, but shall not be assignable by either Party without the written consent of the other.

### **35.20.13 Amendment**

#### **35.20.13.1 Authorized Representatives**

No amendment of this Agreement shall be effective unless by written instrument duly executed by the Parties' authorized representatives. For the purposes of this section, an authorized person refers to individuals designated as such by Parties in their respective corporate by-laws.

#### **35.20.13.2 Review of Agreement**

The terms of this Agreement are subject to review for potential amendment at the request of either Party. If, after such review, the Parties agree that any of the provisions hereof, or the practices or conduct of either Party impose an inequity, hardship or undue burden upon the other Party, or if the Parties agree that any of the provisions of this Agreement have become obsolete or inconsistent with changes related to the Interconnection Facilities, the Parties shall endeavor



in good faith to amend or supplement this Agreement in such a manner as will remove such inequity, hardship or undue burden, or otherwise appropriately address the cause for such change.

### **35.20.13.3 Mutual Agreement**

The Parties may amend this Agreement at any time by mutual agreement in accordance with Section 35.20.13.1 above.

### **35.20.14 Performance**

The failure of a Party to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any right held by such Party. Any waiver on any specific occasion by either Party shall not be deemed a continuing waiver of such right, nor shall it be deemed a waiver of any other right under this Agreement.

### **35.20.15 Rights, Remedies or Benefits**

This Agreement is not intended to and does not create any rights, remedies, or benefits of any kind whatsoever in favor of any entities other than the Parties, their principals and, where permitted, their assigns.

### **35.20.16 Agreement**

This Agreement, including all Attachments attached hereto, is the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous understandings or agreements, oral or written, with respect to the subject matter of this Agreement.

### **35.20.17 Governmental Authorizations**

This Agreement, including its future amendments is subject to the initial and continuing governmental authorizations, including approval of the FERC, required to establish, operate and maintain the Interconnection Facilities as herein specified. Each Party shall take all actions necessary and reasonably within its control to maintain all governmental rights and approvals required to perform its respective obligations under this Agreement.

### **35.20.18 Unenforceable Provisions**

If any provision of this Agreement is deemed unenforceable, the rest of the Agreement shall remain in effect and the Parties shall negotiate in good faith and seek to agree upon a substitute provision that will achieve the original intent of the Parties.

### **35.20.19 Execution**

This Agreement may be executed in multiple counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same Agreement, and shall become binding when all counterparts have been signed by each of the Parties and delivered to each Party hereto. Delivery of an executed signature page counterpart by telecopier or e-mail shall be as effective as delivery of a manually executed counterpart.

### **35.20.20 Billing and Payment**

#### **35.20.20.1 General Billing and Payment Rules**

This Section 35.20.20.1 of the Agreement sets forth the billing and payment rules that apply to all charges arising under this Agreement except for charges resulting from the M2M coordination process set forth in Schedule D to this Agreement.

**35.20.20.1.1 Invoicing.** When charges arise under this Agreement, the billing RTO

shall submit an invoice to the other RTO within five (5) business days after the first day of the month indicating the net amount owed by that RTO for the previous month.

**35.20.20.1.2 Payments.** Payments under this Agreement will be effected in

immediately available funds of the United States of America.

The RTO owing payments on net in the invoice shall make those payments within five (5) business days after the receipt of the invoice.

In the event of a billing and payment dispute between the Parties, the dispute resolution procedures and limitation of the claims section contained in this Agreement shall apply to the review, challenge, and correction of invoices.

**35.20.20.1.3 Interest on Unpaid Balances.** Interest on any unpaid amount (including

amounts placed in escrow) shall be calculated in accordance with the method specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)(2)(iii). Interest on unpaid amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt of payment.

**35.20.20.1.4 RTO Bills and Payments to their Respective Customers.** Bills or

payments that either RTO is authorized to issue directly to its customer shall be invoiced, paid and/or processed in accordance with the relevant RTO's billing and payment tariff rules.

### **35.20.20.2 Billing and Payment for the M2M Coordination Process set forth in Schedule D to this Agreement**

For the limited purposes of these billing and payment rules that apply to the M2M coordination process, PJM shall be considered a “Customer” as that term is used in Section 7 of the NYISO Services Tariff where the NYISO Services Tariff applies and NYISO shall be considered a “Transmission Customer” as that term is used in Section 7 of the PJM OATT where the PJM OATT applies.

**35.20.20.2.1 Invoicing and Settlement Information.** NYISO shall provide invoice and settlement information to PJM consistent with Section 7.2.1 (*Invoices and Settlement Information*), 7.2.3.1 (*Weekly Invoice*), and 7.2.3.2 (*Monthly Invoice*) of the NYISO Services Tariff or any successor NYISO Services Tariff provision(s).

NYISO may use estimates for invoicing consistent with Section 7.2.4 (*Use of Estimated Data and Meter Data*) of the NYISO Services Tariff or any successor NYISO Services Tariff provision(s).

**35.20.20.2.2 Payments.** Unless otherwise indicated in writing by the Parties, all payments due under this Agreement will be effected in immediately available funds of the United States of America.

Payments shall be due and payable in accordance with the terms and conditions set herein and notwithstanding any invoicing disputes. In the event of a billing and payment dispute between the Parties under this Agreement, the dispute resolution procedures and limitation of the claims section contained in this Agreement shall apply to the review, challenge, and correction of invoices.

PJM shall make payments to the NYISO's Clearing Account consistent with Sections 7.2.3.3 (*Payment by the Customer*) and 7.2.5 (*Method of Payment*) of the NYISO Services Tariff or any successor NYISO Services Tariff provision(s).

NYISO shall make payments, from the NYISO's Clearing Account, to PJM consistent with Section 7.1A(a) (*Payments: Monthly Bills*), 7.1A(b) (*Payments: Weekly Bills*), 7.1A(c) (*Payments: Form of Payments*), and 7.1A(e) (*Payments: Payment Calendar*) of the PJM OATT or any successor PJM OATT provision(s).

**35.20.20.2.3 Interest on Unpaid Balances.** Interest on any unpaid amount whether owed to PJM or to NYISO (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)(2)(iii). Interest on unpaid amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt of payment.

**35.20.20.2.4 Payment Obligation.** The RTOs each assume responsibility for ensuring that their respective payment obligations resulting from the M2M coordination process set forth in Schedule D to this Agreement are satisfied without regard for their ability to collect such payments from their respective customers.

#### **35.20.21 Regulatory Authority**

If any regulatory authority having jurisdiction (or any successor boards or agencies), a court of competent jurisdiction or other Governmental Authority with the appropriate jurisdiction (collectively, the "Regulatory Body") issues a rule, regulation, law or order that has the effect of cancelling, changing or superseding any term or provision of this Agreement (the "Regulatory

Requirement"), then this Agreement will be deemed modified to the extent necessary to comply with the Regulatory Requirement. Notwithstanding the foregoing, if a Regulatory Body materially modifies the terms and conditions of this Agreement and such modification(s) materially affect the benefits flowing to one or both of the Parties, as determined by either of the Parties within twenty (20) business days of the receipt of the Agreement as materially modified, the Parties agree to attempt in good faith to negotiate an amendment or amendments to this Agreement or take other appropriate action(s) so as to put each Party in effectively the same position in which the Parties would have been had such modification not been made. In the event that, within sixty (60) days or some other time period mutually agreed upon by the Parties after such modification has been made, the Parties are unable to reach agreement as to what, if any, amendments are necessary and fail to take other appropriate action to put each Party in effectively the same position in which the Parties would have been had such modification not been made, then either Party shall have the right to unilaterally terminate this Agreement forthwith.

### **35.20.22 Notices**

Except as otherwise agreed from time to time, any Notice, invoice or other communication which is required by this Agreement to be given in writing, shall be sufficiently given at the earlier of the time of receipt or deemed time of receipt if delivered personally to a senior official of the Party for whom it is intended or electronically transferred or sent by registered mail, addressed as follows:

PJM:

PJM Interconnection L.L.C.  
2750 Monroe Boulevard Audubon, PA 19403  
Attn: President & CEO

NYISO: New York Independent System Operator  
10 Krey Boulevard  
Rensselaer, New York 12144  
Attn: President & CEO

or delivered to such other person or electronically transferred or sent by registered mail to such other address as either Party may designate for itself by Notice given in accordance with this section or delivered by any other means agreed to by the Parties hereto.

Any Notice, or communication so mailed shall be deemed to have been received on the third business day following the day of mailing, or if electronically transferred shall be deemed to have been received on the same business day as the date of the electronic transfer, or if delivered personally shall be deemed to have been received on the date of delivery or if delivered by some other means shall be deemed to have been received as agreed to by the Parties hereto.

The use of a signed facsimile of future Notices and correspondence between the Parties related to this Agreement shall be accepted as proof of the matters therein set out. Follow-up with hard copy by mail will not be required unless agreed to by the Coordination Committee.

A Party may change its designated recipient of Notices, or its address, from time to time by giving Notice of such change.

**IN WITNESS WHEREOF**, the signatories hereto have caused this Agreement to be executed by their duly authorized officers.

PJM INTERCONNECTION, L.L.C.

By: Michael E. Bryson, Vice President – Operations

\_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

By: Wesley J. Yeomans, Vice President – Operations

\_\_\_\_\_  
Date: \_\_\_\_\_



## 35.21 Schedules A and B

### Schedule A - Description Of Interconnection Facilities

The NYISO – PJM Joint Operating Agreement covers the PJM – NYISO *Interconnection Facilities* under the *Operational Control* of the NYISO and PJM.

NYISO and PJM shall jointly develop and maintain a ‘PJM – NYISO Interconnection Facilities List’ (including a description of the facilities and metering points) and post the most current mutually agreed upon list on their respective public websites. The Parties may jointly revise the list by mutual written agreement. After the Parties mutually agree to changes, NYISO and PJM shall post an updated list on their respective websites. Neither Party shall knowingly post a list that includes changes that are not the product of mutual agreement.

The PJM-NYISO *Interconnection* contains twenty-five (25) alternating current (“AC”) *Interconnection Facilities*, seven (7) of which form one (1) AC pseudo-tie<sup>17</sup>; and further contains two (2) HVDC *Interconnection Facilities* as well as one (1) *Variable Frequency Transformer (VFT)*.

For *Operational Control* purposes, the point of demarcation for each of the *Interconnection Facilities* is the point at which the *Interconnection Facility* crosses the PJM-New York State boundary, except as otherwise noted in the PJM – NYISO Interconnection Facilities List posting.

The following table identifies NY/PJM Interfaces at which NYISO and PJM are Authorized to Consider CTS Interface Bids:

<b>PJM Interface Name</b>	<b>PNODE ID</b>	<b>Corresponding NYISO Proxy Generator Buses<sup>18</sup></b>	<b>PTID</b>
NYIS	5413134	PJM_GEN_KEYSTONE	24065
NYIS	5413134	PJM_LOAD_KEYSTONE	55857
LindenVFT	81436855	PJM_GEN_VFT_PROXY	323633
LindenVFT	81436855	PJM_LOAD_VFT_PROXY	355723
Neptune	56958967	PJM_GEN_NEPTUNE_PROXY	323594
Neptune	56958967	PJM_LOAD_NEPTUNE_PROXY	355615

<sup>17</sup> WEQ-007 “Inadvertent Interchange Payback Standards,” North American Energy Standards Board (NAESB), on-line at [www.naesb.org](http://www.naesb.org).

<sup>18</sup> See NYISO Market Administration and Control Area Services Tariff Section 4.4.4 for additional information.

HudsonTP	1124361945	PJM_HTP_GEN	323702
HudsonTP	1124361945	HUDSONTP_345KV_HTP_LOAD	355839

**Schedule B - Other Existing Agreements:**

- 1.0 Lake Erie Emergency Redispatch (LEER)
- 2.0 RAMAPO PHASE ANGLE REGULATOR OPERATING PROCEDURE prepared by the NYPP/PJM Circulation Study Operating Committee.
- 3.0 Northeastern ISO/RTO Coordination of Planning Protocol
- 4.0 Inter Control Area Transaction Agreement.
- 5.0 Procedures to Protect for Loss of Phase II Imports (effective January 16, 2007, pursuant to Order issued January 12, 2007, in FERC Docket No. ER07-231-000).
- 6.0 Joint Emergency Operating Protocol dated September 10, 2009, among PJM Interconnection, L.L.C., New York Independent System Operator, Inc., and Linden VFT, LLC (Filed by PJM on October 1, 2009, in FERC Docket No. ER09-996-000).

**35.22      Reserved for future use.**

### **35.23      Schedule D – Market-to-Market Coordination Process – Version 1.0**

**NYISO & PJM  
Market-to-Market Coordination Schedule  
Table of Contents**

- 1 Overview of the Market-to-Market Coordination Processes
- 2 Flowgates
- 3 Flowgate Studies
- 4 Removal of Flowgates from M2M Coordination Processes
- 5 Market Flow Determination
  - 5.1 Determine Shift Factors for M2M Redispatch Flowgates and Other Coordinated Flowgates
  - 5.2 Compute RTO Load Served by RTO Generation
  - 5.3 Compute RTO Generation Serving RTO Load
  - 5.4 Compute the RTO GTL for all Flowgates
  - 5.5 Compute the RTO Interchange Scheduling Impacts for all Flowgates
  - 5.6 Compute the PAR Effects for all Flowgates
  - 5.7 Compute the RTO Aggregate Market Flow for all Flowgates
- 6 M2M Entitlement Determination Method
  - 6.1 M2M Entitlement Topology Model and Impact Calculation
  - 6.2 M2M Entitlement Calculation
- 7 Real-Time Energy Market Coordination
  - 7.1 Real-Time Redispatch Coordination Procedures
  - 7.2 Real-Time NY-NJ PAR Coordination
- 8 Real-Time Energy Market Settlements
  - 8.1 Information Used to Calculate M2M Settlements

- 8.2 Real-Time Redispatch Settlement
- 8.3 NY-NJ PAR Settlements
- 8.4 Calculating a Combined M2M Settlement
- 9 When One of the RTOs Does Not Have Sufficient Redispatch
- 10 Appropriate Use of the M2M Coordination Process
  - 10.1 Qualifying Conditions for M2M Settlement
  - 10.2 After-the-Fact Review to Determine M2M Settlement
  - 10.3 Access to Data to Verify Market Flow Calculations
- 11 M2M Change Management Process
  - 11.1 Notice
  - 11.2 Opportunity to Request Additional Information
  - 11.3 Objection to Change
  - 11.4 Implementation of Change

## **1 Overview of the Market-to-Market Coordination Processes**

The purpose of the M2M coordination processes are to set forth the rules that apply to M2M coordination between PJM and NYISO and the associated settlements processes.

The fundamental philosophy of the PJM/NYISO M2M coordination processes are to set up procedures to allow any transmission constraints that are significantly impacted by generation dispatch changes and/or Phase Angle Regulator (“PAR”) control actions in both markets to be jointly managed in the security-constrained economic dispatch models of both RTOs. This joint management of transmission constraints near the market borders will provide the more efficient and lower cost transmission congestion management solution, while providing coordinated pricing at the market boundaries.

The M2M coordination processes focuses on real-time market coordination to manage transmission limitations that occur on the Flowgates in a more cost effective manner. Coordination between NYISO and PJM will include not only joint redispatch, but will also incorporate coordinated operation of the NY-NJ PARs that are located at the NYISO – PJM interface. This real-time coordination will result in a more efficient economic dispatch solution across both markets to manage the real-time transmission constraints that impact both markets, focusing on the actual flows in real-time to manage constraints. Under this approach, the flow entitlements on the M2M Redispatch Flowgates do not impact the physical dispatch; the flow entitlements are used in market settlements to ensure appropriate compensation based on comparison of the actual Market Flows to the flow entitlements.

## **2 Flowgates**

Only a subset of all transmission constraints that exist in either market will require coordinated congestion management. This subset of transmission constraints will be identified as Flowgates. For the purposes of the M2M coordination process (in addition to the studies described in Section 3 of this Schedule D) the following will be used in determining Flowgates.

- 2.1 NYISO and PJM will only be performing redispatch or NY-NJ PAR coordination on Flowgates that are under the operational control of NYISO or PJM. NYISO and PJM will not be performing redispatch or NY-NJ PAR coordination on Flowgates that are owned and controlled by third party entities.
- 2.2 The Parties will make reasonable efforts to lower their generator binding threshold to match the lower generator binding threshold utilized by the other Party. The generator and NY-NJ PAR binding thresholds (the shift factor thresholds used to identify the resource(s) available to relieve a transmission constraint), will not be set below 3%, except by mutual consent. This requirement is not an additional criterion for determination of Flowgates.

- 2.3 For the purpose of determining whether a monitored element Flowgate is eligible for redispatch or NY-NJ PAR coordination, a threshold for determining a significant GLDF or NY-NJ PARs PSF will take into account the number of monitored elements. Implementation of Flowgates will ordinarily occur through mutual agreement.
- 2.4 M2M Redispatch Flowgates and Other Coordinated Flowgates that are eligible for redispatch coordination are also eligible for coordinated operation of the NY-NJ PARs. Flowgates that are eligible for coordinated operation of the NY-NJ PARs are not necessarily also eligible for redispatch coordination.
- 2.5 The NYISO shall post a list of all of the Flowgates located in the New York Control Area ("NYCA") on its web site. PJM shall post a list of all of the Flowgates located in its Control Area on its web site.

### **3 Flowgate Studies**

To identify Flowgates the Parties will perform an off-line study to determine if there is a significant GLDF for at least one generator within the Non-Monitoring RTO, or significant PSF for at least one NY-NJ PAR, on a potential Flowgate within the Monitoring RTO that is greater than or equal to the thresholds as described below. The study shall be based on an up-to-date power flow model representation of the Eastern Interconnection, with all normally closed Transmission Facilities in-service. The transmission modeling assumptions used in the Flowgate studies will be based on the same assumptions used for determining M2M Entitlements in Section 6 of this Schedule D.

- 3.1 Either Party may propose that a new Flowgate be added at any time. The Parties will work together to perform the necessary studies within a reasonable timeframe.
- 3.2 The GLDF thresholds for a Other Coordinated Flowgate with one or more monitored elements are defined as:
  - i. Single monitored element, 5% GLDF on any resource;
  - ii. Two monitored elements, 7.5% GLDF on any resource; and
  - iii. Three or more monitored elements, 10% GLDF on any resource.

For potential Other Coordinated Flowgates that pass the above GLDF criteria, the Parties must still mutually agree to add each Flowgate for NY-NJ PAR and redispatch coordination.

- 3.3 The GLDF thresholds for a M2M Redispatch Flowgate with one or more monitored elements are defined as:



- i. Single monitored element, 5% GLDF on any Qualified Resource;
- ii. Two monitored elements, 7.5% GLDF on any Qualified Resource; and
- iii. Three or more monitored elements, 10% GLDF on any Qualified Resource.

For potential M2M Redispatch Flowgates that pass the above GLDF criteria, the Parties must still mutually agree to add each Flowgate for NY-NJ PAR and redispatch coordination.

3.4 The NY-NJ PARs PSF thresholds for NY-NJ PAR Coordinated Flowgates with one or more monitored elements are defined as:

1. Single monitored element, 5% NY-NJ PARs PSF;
2. Two monitored elements, 7.5% NY-NJ PARs PSF; and
3. Three or more monitored elements, 10% NY-NJ PARs PSF.

For potential Flowgates that pass the above NY-NJ PARs PSF criteria, the Parties must still mutually agree to add each Flowgate for coordinated operation of the NY-NJ PARs.

3.5 The Parties can also mutually agree to add a Flowgate that does not satisfy the above GLDF or PSF criteria.

#### **4 Removal of Flowgates from M2M Coordination Processes**

Removal of Flowgates from the systems may be necessary under certain conditions including the following:

- 4.1 A Flowgate is no longer valid when (a) a change is implemented that affects either Party's generation impacts causing the Flowgate to no longer pass the Flowgate Studies, or (b) a change is implemented that affects the impacts from coordinated operation of the NY-NJ PARs causing the Flowgate to no longer pass the Flowgate Studies. The Parties must still mutually agree to remove a Flowgate, such agreement not to be unreasonably withheld. Once a Flowgate has been removed, it will no longer be eligible for M2M settlement.
- 4.2 A M2M Redispatch Flowgate that does not satisfy the criteria set forth in Section 3.3 above, but that is created based on the mutual agreement of the Parties pursuant to Section 3.5 above, shall be removed two weeks after either Party provides a Notice to the other Party that it withdraws its agreement to the M2M Redispatch Flowgate, or at a later or earlier date that the Parties mutually agree upon. The Notice must include an explanation of the reason(s) why the agreement to the M2M Redispatch Flowgate was withdrawn.

- 4.3 A Other Coordinated Flowgate shall be removed two weeks after either Party provides a Notice to the other party that it withdraws its agreement to the Other Coordinated Flowgate, or at a later or earlier date that the Parties mutually agree upon. The Notice must include an explanation of the reason(s) why the agreement to the Other Coordinated Flowgate was withdrawn.
- 4.4 The Parties can mutually agree to remove a Flowgate whether or not it passes the coordination tests. A Flowgate should be removed when the Parties agree that the relevant coordination processes are not, or will not be, an effective mechanism to manage congestion on that Flowgate.

## **5 Market Flow Determination**

Each RTO will independently calculate its Market Flow for all M2M Redispatch Flowgates and Other Coordinated Flowgates using the equations set forth in this Section. The Market Flow calculation is broken down into the following steps:

- Determine Shift Factors for M2M Redispatch Flowgates and Other Coordinated Flowgates
- Compute RTO Load and Losses (less imports)
- Compute RTO Generation (less exports)
- Compute RTO Generation to Load impacts on the Market Flow
- Compute RTO interchange scheduling impacts on the Market Flow
- Compute PAR impacts on the Market Flow
- Compute Market Flow

### **5.1 Determine Shift Factors for M2M Redispatch Flowgates and Other Coordinated Flowgates**

The first step to determining the Market Flow on a Flowgate is to calculate generator, load and PAR shift factors for the each of the Flowgates. For real-time coordination, the shift factors will be based on the real-time transmission system topology.

### **5.2 Compute RTO Load Served by RTO Generation**

Using area load and losses for each load zone, compute the RTO Load, in MWs, by summing the load and losses for each load zone to determine the total zonal load for each RTO load zone. Twenty percent of RECo load shall be included in the Market Flow calculation as PJM load. See Section 6.2, of this Schedule D.

$Zonal\_Total\_Load_{zone} = Load_{zone} + Losses_{zone}$ , for each RTO load zone

Where:

zone = the relevant RTO load zone;

Zonal\_Total\_Load<sub>zone</sub> = the sum of the RTO's load and transmission losses for the zone;

Load<sub>zone</sub> = the load within the zone; and

Losses<sub>zone</sub> = the transmission losses for transfers through the zone.

Next, reduce the Zonal Loads by the scheduled line real-time import transaction schedules that sink in that particular load zone:

$$Zonal\_Reduced\_Load_{zone} = Zonal\_Total\_Load_{zone} - \sum_{scheduled\_lines=1}^{all} Import\_Schedules_{scheduled\_line,zone}$$

Where:

zone = the relevant RTO load zone;

scheduled\_line = each of the Transmission Facilities identified in Table 1 below;

Zonal\_Reduced\_Load<sub>zone</sub> = the sum of the RTO's load and transmission losses in a zone reduced by the sum of import schedules over scheduled lines to the zone;

Zonal\_Total\_Load<sub>zone</sub> = the sum of the RTO's load and transmission losses for the zone; and

Import\_Schedules<sub>scheduled\_line,zone</sub> = import schedules over a scheduled line to a zone.

The real-time import schedules over scheduled lines will only reduce the load in the sink load zones identified in Table 1 below:

**Table 1. List of Scheduled Lines**

Scheduled Line	NYISO Load Zone	PJM Load Zone
Dennison Scheduled Line	North	Not Applicable

Cross-Sound Scheduled Line	Long Island	Not Applicable
HTP Scheduled Line	New York City	Mid-Atlantic Control Zone
Linden VFT Scheduled Line	New York City	Mid-Atlantic Control Zone
Neptune Scheduled Line	Long Island	Mid-Atlantic Control Zone
Northport – Norwalk Scheduled Line	Long Island	Not Applicable

Once import schedules over scheduled lines have been accounted for, it is then appropriate to reduce the net RTO Load by the remaining real-time import schedules at the proxies identified in Table 2 below:

**Table 2. List of Proxies\***

Proxy	Balancing Authorities Responsible
PJM shall post and maintain a list of its proxies on its OASIS website. PJM shall provide to NYISO notice of any new or deleted proxies prior to implementing such changes in its M2M software.	PJM
NYISO proxies are the Proxy Generator Buses that are not identified as Scheduled Lines in the table that is set forth in Section 4.4.4 of the NYISO's Market Services Tariff. The NYISO shall provide to PJM notice of any new or deleted proxies prior to implementing such changes in its M2M software.	NYISO

\*Scheduled lines and proxies are mutually exclusive. Transmission Facilities that are components of a scheduled line are not also components of a proxy (and vice-versa).

$$RTO\_Net\_Load = \sum_{zone=1}^{all} Zonal\_Reduced\_Load_{zone}$$

Where:

zone = the relevant RTO load zone;

RTO\_Net\_Load = the sum of load and transmission losses for the entire RTO footprint reduced by the sum of import schedules over all scheduled lines; and

$Zonal\_Reduced\_Load_{zone} =$  the sum of the RTO's load and transmission losses in a zone reduced by the sum of import schedules over scheduled lines to the zone.

$$RTO\_Final\_Load = RTO\_Net\_Load - \sum_{proxy=1}^{all} Import\_Schedules_{proxy}$$

Where:

proxy = representations of defined sets of Transmission Facilities that (i) interconnect neighboring Balancing Authorities, (ii) are collectively scheduled, and (iii) are identified in Table 2 above;

$RTO\_Final\_Load =$  the sum of the RTO's load and transmission losses for the entire RTO footprint, sequentially reduced by (i) the sum of import schedules over all scheduled lines, and (ii) the sum of all proxy import schedules;

$RTO\_Net\_Load =$  the sum of load and transmission losses for the entire RTO footprint reduced by the sum of import schedules over all scheduled lines; and

$Import\_Schedules_{proxy} =$  the sum of import schedules at a given proxy.

Next, calculate the Zonal Load weighting factor for each RTO load zone:

$$Zonal\_Weighting_{zone} = \left( \frac{Zonal\_Reduced\_Load_{zone}}{RTO\_Net\_Load} \right)$$

Where:

zone = the relevant RTO load zone;

$Zonal\_Weighting_{zone} =$  the percentage of the RTO's load contained within the zone;

$RTO\_Net\_Load =$  the sum of load and transmission losses for the entire RTO footprint reduced by the sum of import schedules over all scheduled lines; and

$Zonal\_Reduced\_Load_{zone} =$  the sum of the RTO's load and transmission losses in a zone reduced by the sum of import schedules over scheduled lines to the zone.

Using the Zonal Weighting Factor compute the zonal load reduced by RTO imports for each load zone:

$$Zonal\_Final\_Load_{zone} = Zonal\_Weighting_{zone} \times RTO\_Final\_Load$$

Where:

zone = the relevant RTO load zone;

Zonal\_Final\_Load<sub>zone</sub> = the final RTO load served by internal RTO generation in the zone;

Zonal\_Weighting<sub>zone</sub> = the percentage of the RTO's load contained within the zone; and

RTO\_Final\_Load = the sum of the RTO's load and transmission losses for the entire RTO footprint, sequentially reduced by (i) the sum of import schedules over all scheduled lines, and (ii) the sum of all proxy import schedules.

Using the Load Shift Factors ("LSFs") calculated above, compute the weighted RTOLSF for each Flowgate as:

$$RTO\_LSF_{Flowgate-m} = \sum_{zone=1}^{all} \left( LSF_{(zone,Flowgate-m)} \times \left( \frac{Zonal\_Final\_Load_{zone}}{RTO\_Final\_Load} \right) \right)$$

Where:

Flowgate-m = the relevant flowgate;

zone = the relevant RTO load zone;

RTO\_LSF<sub>Flowgate-m</sub> = the load shift factor for the entire RTO footprint on Flowgate m;

LSF<sub>(zone,Flowgate-m)</sub> = the load shift factor for the RTO zone on Flowgate m;

Zonal\_Final\_Load<sub>zone</sub> = the final RTO load served by internal RTO generation in the zone; and

RTO\_Final\_Load = the sum of the RTO's load and transmission losses for the entire RTO footprint, sequentially reduced by (i) the sum of import schedules over all scheduled lines, and (ii) the sum of all proxy import schedules.

### 5.3 Compute RTO Generation Serving RTO Load

Using the real-time generation output in MWs, compute the Generation serving RTO Load. Sum the output of RTO generation within each load zone:

$$RTO\_Gen_{zone} = \sum_{unit=1}^{all} Gen_{unit,zone}, \text{ for each RTO load zone}$$

Where:

zone = the relevant RTO load zone;

unit = the relevant generator;

RTO\_Gen<sub>zone</sub> = the sum of the RTO's generation in a zone; and

Gen<sub>unit,zone</sub> = the real-time output of the unit in a given zone.

Next, reduce the RTO generation located within a load zone by the scheduled line real-time export transaction schedules that source from that particular load zone:

$$RTO\_Reduced\_Gen_{zone} = RTO\_Gen_{zone} - \sum_{scheduled\_line=1}^{all} Export\_Schedules_{scheduled\_line,zone}$$

Where:

zone = the relevant RTO load zone;

scheduled\_line = each of the Transmission Facilities identified in Table 1 above;

RTO\_Reduced\_Gen<sub>zone</sub> = the sum of the RTO's generation in a zone reduced by the sum of export schedules over scheduled lines from the zone;

RTO\_Gen<sub>zone</sub> = the sum of the RTO's generation in a zone; and

Export\_Schedules<sub>scheduled\_line,zone</sub> = export schedules from a zone over a scheduled line.

The real-time export schedules over scheduled lines will only reduce the generation in the source zones identified in Table 1 above. The resulting generator output based on this reduction is defined below.

$$Reduced\ Gen_{unit} = Gen_{unit,zone} \left( \frac{RTO\_Reduced\_Gen_{zone}}{RTO\_Gen_{zone}} \right)$$

Where:

unit =	the relevant generator;
zone =	the relevant RTO load zone;
Gen <sub>unit,zone</sub> =	the real-time output of the unit in a given zone;
Reduced Gen <sub>unit</sub> =	each unit's real-time output after reducing the RTO_Net_Gen by the real-time export schedules over scheduled lines;
RTO_Reduced_Gen <sub>zone</sub> =	the sum of the RTO's generation in a zone reduced by the sum of export schedules over scheduled lines from the zone; and
RTO_Gen <sub>zone</sub> =	the sum of the RTO's generation in a zone.

Once export schedules over scheduled lines are accounted for, it is then appropriate to reduce the net RTO generation by the remaining real-time export schedules at the proxies identified in Table 2 above.

$$RTO\_Net\_Gen = \sum_{zone=1}^{all} RTO\_Reduced\_Gen_{zone}$$

Where:

zone =	the relevant RTO load zone;
RTO_Net_Gen =	the sum of the RTO's generation reduced by the sum of export schedules over all scheduled lines; and
RTO_Reduced_Gen <sub>zone</sub> =	the sum of the RTO's generation in a zone reduced by the sum of export schedules over scheduled lines from the zone.

$$RTO\_Final\_Gen = RTO\_Net\_Gen - \sum_{proxy=1}^{all} Export\_Schedules_{proxy}$$

Where:

proxy =	representation of defined sets of Transmission Facilities that (i) interconnect neighboring Balancing Authorities,
---------	--



(ii) are collectively scheduled, and (iii) are identified in Table 2 above;

$RTO\_Final\_Gen =$  the sum of the RTO's generation output for the entire RTO footprint, sequentially reduced by (i) the sum of export schedules over all scheduled lines, and (ii) the sum of all proxy export schedules;

$RTO\_Net\_Gen =$  the sum of the RTO's generation reduced by the sum of export schedules over all scheduled lines; and

$Export\_Schedules_{proxy} =$  the sum of export schedules at a given proxy.

Finally, weight each generator's output by the reduced RTO generation:

$$Gen\_Final_{unit} = Reduced\ Gen_{unit} \times \frac{RTO\_Final\_Gen}{RTO\_Net\_Gen}$$

Where:

$unit =$  the relevant generator;

$Gen\_Final_{unit} =$  the portion of each unit's output that is serving the RTO Net Load;

$Reduced\ Gen_{unit} =$  each unit's real-time output after reducing the  $RTO\_Net\_Gen$  by the real-time export schedules over scheduled lines;

$RTO\_Final\_Gen =$  the sum of the RTO's generation output for the entire RTO footprint, sequentially reduced by (i) the sum of export schedules over all scheduled lines, and (ii) the sum of all proxy export schedules; and

$RTO\_Net\_Gen =$  the sum of the RTO's generation reduced by the sum of export schedules over all scheduled lines.

#### 5.4 Compute the RTO GTL for all Flowgates

The generation-to-load flow for a particular Flowgate, in MWs, will be determined as:

$$RTO\_GTL_{Flowgate-m} = \sum_{unit=1}^{all} (GSF_{(unit,Flowgate-m)} - RTO\_LSF_{Flowgate-m}) \times Gen\_Final_{unit}$$

Where:

Flowgate-m = the relevant flowgate;

unit = the relevant generator;

$RTO\_GTL_{Flowgate-m}$  = the generation to load flow for the entire RTO footprint on Flowgate m;

$Gen\_Final_{unit}$  = the portion of each unit's output that is serving RTO Net Load;

$GSF_{(unit,Flowgate-m)}$  = the generator shift factor for each unit on Flowgate m; and

$RTO\_LSF_{Flowgate-m}$  = the load shift factor for the entire RTO footprint on Flowgate m.

### 5.5 Compute the RTO Interchange Scheduling Impacts for all Flowgates

For each scheduling point that the participating RTO is responsible for, determine the net interchange schedule in MWs. Table 3 below identifies both the participating RTO that is responsible for each listed scheduling point, and the "type" assigned to each listed scheduling point.

**Table 3. List of Scheduling Points**

Scheduling Point	Scheduling Point Type	Participating RTO(s) Responsible
NYISO-PJM	common	NYISO and PJM
HTP Scheduled Line	common	NYISO and PJM
Linden VFT Scheduled Line	common	NYISO and PJM
Neptune Scheduled Line	common	NYISO and PJM
PJM shall post and maintain a list of its non-common scheduling points on its OASIS website. PJM shall provide to NYISO notice of any new or deleted non-common scheduling points prior to implementing such changes in its M2M software.	non-common	PJM
NYISO non-common scheduling points include all Proxy Generator Buses and Scheduled Lines listed in the table that is set forth in Section 4.4.4 of the NYISO's Market Services Tariff that are not identified in this Table 3 as common scheduling points. The NYISO shall	non-common	NYISO

provide to PJM notice of any new or deleted non-common scheduling points prior to implementing such changes in its M2M software.		
--	--	--

$$RTO\_Transfers_{sched\_pt} = Imports_{sched\_pt} + WheelsIn_{sched\_pt} - Exports_{sched\_pt} - WheelsOut_{sched\_pt}$$

Where:

$sched\_pt$  = the relevant scheduling point. A scheduling point can be either a proxy or a scheduled line;

$RTO\_Transfers_{sched\_pt}$  = the net interchange schedule at a scheduling point;

$Imports_{sched\_pt}$  = the import component of the interchange schedule at a scheduling point;

$WheelsIn_{sched\_pt}$  = the injection of wheels-through component of the interchange schedule at a scheduling point;

$Exports_{sched\_pt}$  = the export component of the interchange schedule at a scheduling point; and

$WheelsOut_{sched\_pt}$  = the withdrawal of wheels-through component of the interchange schedule at a scheduling point.

The equation below applies to all non-common scheduling points that only one of the participating RTOs is responsible for. *Parallel\_Transfers* are applied to the Market Flow of the responsible participating RTO. For example, the *Parallel\_Transfers* computed for the IESO-NYISO non-common scheduling point are applied to the NYISO Market Flow.

$$Parallel\_Transfers_{Flowgate-m} = \sum_{nc\_sched\_pt=1}^{all} RTO\_Transfers_{nc\_sched\_pt} \times PTDF_{(nc\_sched\_pt, Flowgate-m)}$$

Where:

$Flowgate-m$  = the relevant flowgate;

$nc\_sched\_pt$  = the relevant non-common scheduling point. A non-common scheduling point can be either a proxy or a scheduled line. Non-common scheduling points are identified in Table 3, above;

$Parallel\_Transfers_{Flowgate-m}$  = the flow on Flowgate m due to the net interchange schedule at the non-common scheduling point;

$RTO\_Transfers_{nc\_sched\_pt}$  = the net interchange schedule at the non-common scheduling point, where a positive number indicates the import direction; and

$PTDF_{(nc\_sched\_pt, Flowgate-m)}$  = the power transfer distribution factor of the non-common scheduling point on Flowgate m. For NYISO, the PTDF will equal the generator shift factor of the non-common scheduling point.

The equation below applies to common scheduling points that directly interconnect the participating RTOs. *Shared\_Transfers* are applied to the Monitoring RTO's Market Flow only. NYISO to PJM transfers would be considered part of NYISO's Market Flow for NYISO-monitored Flowgates and part of PJM's Market Flow for PJM-monitored Flowgates.

$$Shared\_Transfers_{Flowgate-m} = \sum_{cmn\_sched\_pt=1}^{all} RTO\_Transfers_{cmn\_sched\_pt} \times PTDF_{(cmn\_sched\_pt, Flowgate-m)}$$

Where:

Flowgate-m = the relevant flowgate;

$cmn\_sched\_pt$  = the relevant common scheduling point. A common scheduling point can be either a proxy or a scheduled line. Common scheduling points are identified in Table 3, above;

$Shared\_Transfers_{Flowgate-m}$  = the flow on Flowgate m due to interchange schedules on the common scheduling point;

$RTO\_Transfers_{cmn\_sched\_pt}$  = the net interchange schedule at a common scheduling point, where a positive number indicates the import direction; and

$PTDF_{(cmn\_sched\_pt, Flowgate-m)}$  = the generation shift factor of the common scheduling point on Flowgate m. For NYISO, the PTDF will equal the generator shift factor of the common scheduling point.

## 5.6 Compute the PAR Effects for all Flowgates

For the PARs listed in Table 4 below, the RTOs will determine the generation-to-load flows and interchange schedules, in MWs, that each PAR is impacting.

**Table 4. List of Phase Angle Regulators**

PAR	Description	PAR Type	Actual Schedule	Target Schedule	Responsible Participating RTO(s)
1	RAMAPO PAR3500	common	From telemetry	From telemetry*	NYISO and PJM
2	RAMAPO PAR4500	common	From telemetry	From telemetry*	NYISO and PJM
3	FARRAGUT TR11	common	From telemetry	From telemetry*	NYISO and PJM
4	FARRAGUT TR12	common	From telemetry	From telemetry*	NYISO and PJM
5	GOETHSLN BK_1N	common	From telemetry	From telemetry*	NYISO and PJM
6	WALDWICK O2267	common	From telemetry	From telemetry*	NYISO and PJM
7	WALDWICK F2258	common	From telemetry	From telemetry*	NYISO and PJM
8	WALDWICK E2257	common	From telemetry	From telemetry*	NYISO and PJM
9	STLAWRNC PS_33	non-common	From telemetry	0	NYISO
10	STLAWRNC PS_34	non-common	From telemetry	0	NYISO

\*Pursuant to the rules for implementing the M2M coordination process over the NY-NJ PARs that are set forth in this M2M Schedule.

Compute the PAR control as the actual flow less the target flow across each PAR:

$$PAR\_Control_{par} = Actual\_MW_{par} - Target\_MW_{par}$$

Where:

par = each of the phase angle regulators listed in Table 4, above;

PAR\_Control<sub>par</sub> = the flow deviation on each of the PARs;

Actual\_MW<sub>par</sub> = the actual flow on each of the PARs, determined consistent with Table 4 above; and

Target\_MW<sub>par</sub> = the target flow that each of the PARs should be achieving, determined in accordance with Table 4 above.

When the Actual\_MW and Target\_MW are both set to “From telemetry” in Table 4 above, the *PAR\_Control* will equal zero.

### **Common PARs**

In the equations below, the Non-Monitoring RTO is credited for or responsible for *PAR\_Impact* resulting from the common PAR effect on the Monitoring RTO’s Flowgates. The common PAR impact calculation only applies to the common PARs identified in Table 4 above.

Compute control deviation for all common PARs on Flowgate m based on the *PAR\_Control<sub>par</sub>* MWs calculated above:

$$Cmn\_PAR\_Control_{Flowgate-m} = \sum_{cmn\_par=1}^{all} (PSF_{(cmn\_par,Flowgate-m)} \times PAR\_Control_{cmn\_par})$$

Where:

Flowgate-m = the relevant flowgate;

cmn\_par = each of the common phase angle regulators, modeled as Flowgates, identified in Table 4, above;

Cmn\_PAR\_Control<sub>Flowgate-m</sub> = the sum of flow on Flowgate m after accounting for the operation of common PARs;

PSF<sub>(cmn\_par,Flowgate-m)</sub> = the PSF of each of the common PARs on Flowgate m; and

PAR\_Control<sub>cmn\_par</sub> = the flow deviation on each of the common PARs.

Compute the impact of generation-to-load and interchange schedules across all common PARs on Flowgate m as the Market Flow across each common PAR multiplied by that PAR’s shift factor on Flowgate m:

$$Cmn\_PAR\_MF_{Flowgate-m} = \sum_{cmn\_par=1}^{all} \left( (PSF_{(cmn\_par,Flowgate-m)}) \times (RTO\_GTL_{cmn\_par} + Parallel\_Transfers_{cmn\_par}) \right)$$

Where:

Flowgate-m = the relevant flowgate;

cmn\_par = the set of common phase angle regulators, modeled as Flowgates, identified in Table 4 above;

$Cmn\_PAR\_MF_{Flowgate-m}$  = the sum of flow on Flowgate m due to the generation to load flows and interchange schedules on the common PARs;

$PSF_{(cmn\_par,Flowgate-m)}$  = the PSF of each of the common PARs on Flowgate m;

$RTO\_GTL_{cmn\_par}$  = the generation to load flow for each common par, computed in the same manner as the generation to load flow is computed for Flowgates in Section 5.4 above; and

$Parallel\_Transfers_{cmn\_par}$  = the flow on each of the common PARs caused by interchange schedules at non-common scheduling points.

Next, compute the impact of the common PAR effect for Flowgate m as:

$$Cmn\_PAR\_Impact_{Flowgate-m} = Cmn\_PAR\_MF_{Flowgate-m} - Cmn\_PAR\_Control_{Flowgate-m}$$

Where:

Flowgate-m = the relevant flowgate;

$Cmn\_PAR\_Impact_{Flowgate-m}$  = potential flow on Flowgate m that is affected by the operation of the common PARs;

$Cmn\_PAR\_MF_{Flowgate-m}$  = the sum of flow on Flowgate m due to the generation to load and interchange schedules on the common PARs; and

$Cmn\_PAR\_Control_{Flowgate-m}$  = the flow deviation on each of the common PARs.

### **Non-Common PARs**

For the equations below, the NYISO will be credited or responsible for *PAR\_Impact* on all Flowgates because the NYISO is the participating RTO that has input into the operation of these devices. The non-common PAR impact calculation only applies to the non-common PARs identified in Table 4 above.

Compute control deviation for all non-common PARs on Flowgate m based on the PAR control MW above:

$$NC\_PAR\_Control_{Flowgate-m} = \sum_{nc\_par=1}^{all} PSF_{(nc\_par,Flowgate-m)} \times PAR\_Control_{nc\_par}$$

Where:

Flowgate-m = the relevant flowgate;

$nc\_par =$  each of the non-common phase angle regulators, modeled as Flowgates, identified in Table 4 above;

$NC\_PAR\_Control_{Flowgate-m} =$  the sum of flow on Flowgate m after accounting for the operation of non-common PARs;

$PSF_{(nc\_par, Flowgate-m)} =$  the PSF of each of the non-common PARs on Flowgate m; and

$PAR\_Control_{nc\_par} =$  the flow deviation on each of the non-common PARs.

Compute the impact of generation-to-load and interchange schedules across all non-common PARs on Flowgate m as the Market Flow across each PAR multiplied by that PAR's shift factor on Flowgate m:

$$NC\_PAR\_MF_{Flowgate-m} = \sum_{nc\_par=1}^{all} \left( (PSF_{nc\_par, Flowgate-m}) \times (RTO\_GTL_{nc\_par} + Parallel\_Transfers_{nc\_par}) \right)$$

Where:

Flowgate-m = the relevant flowgate;

$nc\_par =$  the set of non-common phase angle regulators, modeled as Flowgates, identified in Table 4 above;

$NC\_PAR\_MF_{Flowgate-m} =$  the sum of flow on Flowgate m due to the generation to load flows and interchange schedules on the non-common PARs;

$PSF_{(nc\_par, Flowgate-m)} =$  the outage transfer distribution factor of each of the non-common PARs on Flowgate m;

$RTO\_GTL_{nc\_par} =$  the generation to load flow for each non-common par, computed in the same manner as the generation to load flow is computed for Flowgates in Section 5.4 above; and

$Parallel\_Transfers_{nc\_par} =$  the flow, as computed above where the Flowgate m is one of the non-common PARs, on each of the non-common PARs caused by interchange schedules at non-common scheduling points.

Next, compute the non-common PAR impact for Flowgate m as:

$$NC\_PAR\_Impact_{Flowgate-m} = NC\_PAR\_MF_{Flowgate-m} - NC\_PAR\_Control_{Flowgate-m}$$



Where:

Flowgate-m = the relevant flowgate;

NC\_PAR\_Impact<sub>Flowgate-m</sub> = the potential flow on Flowgate m that is affected by the operation of non-common PARs;

NC\_PAR\_MF<sub>Flowgate-m</sub> = the sum of flow on Flowgate m due to the generation to load and interchange schedules on the non-common PARs; and

NC\_PAR\_Control<sub>Flowgate-m</sub> = the sum of flow on Flowgate m after accounting for the operation of non-common PARs.

### **Aggregate all PAR Effects for Each Flowgate**

The total impacts from the PAR effects for Flowgate m is:

$$PAR\_Impact_{Flowgate-m} = Cmn\_PAR\_Impact_{Flowgate-m} + NC\_PAR\_Impact_{Flowgate-m}$$

Where:

Flowgate-m = the relevant flowgate;

PAR\_Impact<sub>Flowgate-m</sub> = the flow on Flowgate m that is affected after accounting for the operation of both common and non-common PARs;

Cmn\_PAR\_Impact<sub>Flowgate-m</sub> = potential flow on Flowgate m that is affected by the operation of the common PARs; and

NC\_PAR\_Impact<sub>Flowgate-m</sub> = the potential flow on Flowgate m that is affected by the operation of non-common PARs.

## **5.7 Compute the RTO Aggregate Market Flow for all Flowgates**

With the *RTO\_GTL* and *PAR\_IMPACT* known, we can now compute the *RTO\_MF* for all Flowgates as:

$$\begin{aligned} RTO\_MF_{Flowgate-m} &= RTO\_GTL_{Flowgate-m} + Parallel\_Transfers_{Flowgate-m} + Shared\_Transfers_{Flowgate-m} \\ &\quad - PAR\_Impact_{Flowgate-m} \end{aligned}$$

Where:

Flowgate-m = the relevant flowgate;

$RTO\_MF_{Flowgate-m}$  = the Market Flow caused by RTO generation dispatch and transaction scheduling on Flowgate m after accounting for the operation of both the common and non-common PARs;

$RTO\_GTL_{Flowgate-m}$  = the generation to load flow for the entire RTO footprint on Flowgate m;

$Parallel\_Transfers_{Flowgate-m}$  = the flow on Flowgate m caused by interchange schedules that are not jointly scheduled by the participating RTOs;

$Shared\_Transfers_{Flowgate-m}$  = the flow on Flowgate m caused by interchange schedules that are jointly scheduled by the participating RTOs; and

$PAR\_Impact_{Flowgate-m}$  = the flow on Flowgate m that is affected after accounting for the operation of both the common and non-common PARs.

## **6 M2M Entitlement Determination Method**

M2M Entitlements are the equivalent of financial rights for the Non-Monitoring RTO to use the Monitoring RTO's transmission system within the confines of the M2M redispatch process. The Parties worked together to develop the M2M Entitlement determination method set forth below.

Each Party shall calculate a M2M Entitlement on each M2M Redispatch Flowgate and compare the results at least once a year on a mutually agreed upon schedule. This frequency ensures that the impact of upgrades on both parties systems are incorporated into the M2M Entitlement calculation. The parties may mutually agree to not recalculate M2M Entitlements in a given year.

### **6.1 M2M Entitlement Topology Model and Impact Calculation**

The M2M Entitlement calculation shall use both RTOs' static topological models to determine the Non-Monitoring RTO's mutually agreed upon share of a M2M Redispatch Flowgate's total capacity based on historic dispatch patterns. Both RTOs' models must include the following items:

1. a static transmission and generation model;
2. generator, load, and PAR shift factors;
3. generator output, load, and interchange schedules from the most recently completed three calendar years;
4. a PAR impact assumption that the PAR control is perfect for all PARs within the transmission models except the PARs at the Michigan-Ontario border;

5. new or upgraded Transmission Facilities; and
6. Transmission Facility retirements.

Each Party shall calculate the GLDFs using a transmission model that contains a mutually agreed upon set of: (1) transmission lines that are modeled as in-service; (2) generators; and (3) loads. Using these GLDFs, generator output data from the three year period agreed to by the Parties, and load data from the three year period agreed to by the Parties, the Parties shall calculate each Party's MW impact on each M2M Redispatch Flowgate for each hour in the three year period agreed to by the Parties.

Using these impacts, the Parties shall create a reference year consisting of twelve periods ("M2M Entitlement Periods") for each M2M Redispatch Flowgate. The M2M Entitlement Periods are as follows:

1. M2M Entitlement Period 1: January;
2. M2M Entitlement Period 2: February;
3. M2M Entitlement Period 3: March;
4. M2M Entitlement Period 4: April;
5. M2M Entitlement Period 5: May;
6. M2M Entitlement Period 6: June;
7. M2M Entitlement Period 7: July;
8. M2M Entitlement Period 8: August;
9. M2M Entitlement Period 9: September;
10. M2M Entitlement Period 10: October;
11. M2M Entitlement Period 11: November;
12. M2M Entitlement Period 12: December;

For each of the M2M Entitlement Periods listed above the Non-Monitoring RTO will calculate its M2M Entitlement on each M2M Redispatch Flowgate for four groups of hours, the grouping is described below.

1. M2M Entitlement Group 1: Hour beginning 0 through hour beginning 5;
2. M2M Entitlement Group 2: Hour beginning 9 through hour beginning 14;
3. M2M Entitlement Group 3: Hour beginning 15 through hour beginning 20 and;
4. M2M Entitlement Group 4: Hour beginning 6 through hour beginning 8 and hour beginning 21 through hour beginning 23.

The M2M Entitlement for each period/group, for each M2M Redispatch Flowgate will be calculated by averaging the Non-Monitoring RTO's Market Flow on an M2M Redispatch

Flowgate for each particular period/group. The Non-Monitoring RTO shall use the Market Flow data for all of the like period/groups, in each year contained within the three year period to calculate the Non-Monitoring RTO's average Market Flow on each M2M Redispatch Flowgate. The data within the three year period will be weighted as follows: most recent year 20%, middle year 30%, and oldest year 50%. In addition, the M2M Entitlement values should never extend beyond a facility's rating. If the calculation derives an entitlement that is above the facility's rating the parties will cap the entitlement value to remain within the facility's rating.

If either of the below upgrade scenarios occur the Parties may mutually agree to adjust the M2M Entitlement calculation method to account for the impacts of the upgrade(s):

1. If the Non-Monitoring RTO upgrades the Monitoring RTO's system resulting in a rating increase; or
2. If the Non-Monitoring RTO's market flow on the Monitoring RTO's system decreases due to a Non-Monitoring RTO upgrade on the Non-Monitoring RTO's system.

## **6.2 M2M Entitlement Calculation**

Each Party shall independently calculate the Non-Monitoring RTO's M2M Entitlement for all M2M Redispatch Flowgates using the equations set forth in this Section. The Parties shall mutually agree upon M2M Entitlement calculations. Any disputes that arise in the M2M Entitlement calculations will be resolved in accordance with the dispute resolution procedures set forth in Section 35.15 of this Agreement.

Eighty percent of the RECo load shall be excluded from the calculation of Market Flows and M2M Entitlements, and shall instead be reflected as a PJM obligation over the Ramapo PARs in accordance with Sections 7.2.1 and 8.3 of this Schedule D. The remaining twenty percent of RECo load shall be included in the M2M Entitlement and Market Flow calculations as PJM load.

The following assumptions apply to the M2M Entitlement calculation:

1. the Parties shall calculate the values in this Section using the M2M Entitlement Topology Model discussed in Section 6.1 above, unless otherwise stated;
2. the impacts from the *Parallel\_Transfers* and *Shared\_Transfers* terms of the Market Flow calculation (*see* Section 5.5) are excluded from the Market Flow that is used to calculate M2M Entitlements;
3. perfect PAR Control exists for all PARs within the transmission models except the PARs at the Ontario/Michigan border; and
4. External Capacity Resources may be included in the calculation of M2M Entitlements consistent with Section 6.2.1.1 of this Schedule D.

Once the Reference Year Market Flows have been calculated for each interval to determine the integrated hourly Market Flow for each hour of the relevant three year period agreed to by the Parties, the new M2M Entitlement will be determined for all M2M Entitlement Groups in each M2M Entitlement Period using the method established in Section 6.1 above.

## **6.2.1 Treatment of Out-of-Area Capacity Resources and Representation of Ontario/Michigan PARs in the M2M Entitlement Calculation Process**

### **6.2.1.1 Modeling of External Capacity Resources**

External Capacity Resources may be included in the M2M Entitlement calculation to the extent the Parties mutually agree to their inclusion.

For the initial implementation of this M2M coordination process that will use 2009 through 2011 data to develop M2M Entitlements, PJM will be permitted to include its External Capacity Resources in the M2M Entitlement calculation. NYISO has not requested inclusion of any External Capacity Resources in the M2M Entitlement calculation for the initial implementation of M2M. When the Parties decide to update the data used to determine M2M Entitlements:

- a. PJM will be permitted to include External Capacity Resources that have an equivalent net M2M Entitlement impact to the net M2M Entitlement impact of the PJM External Capacity Resources that were used for the initial implementation of the M2M coordination process. Inclusion of PJM External Capacity Resources that exceed the net M2M Entitlement impact of the PJM External Capacity Resources that were used for the initial implementation of the M2M coordination process must be mutually agreed to by the Parties.
- b. The Parties may mutually agree to permit the NYISO to include External Capacity Resources in the M2M Entitlement calculation.

### **6.2.1.2 Modeling of the Ontario/Michigan PARs**

The Ontario/Michigan PARs will be modeled as not controlling power flows in the M2M Entitlement calculation process. The Parties agree that this modeling treatment is only appropriate when it is paired with the rules for calculating Market Flows and M2M settlements that are set forth in Sections 5 and 8 of this Agreement. Section 7.1 specifies how the RTOs will adjust Market Flows to account for the impact of the operation of the Ontario/Michigan PARs when the PARs are in service. The referenced Market Flow and M2M settlement rules are necessary because they are designed to ensure that M2M settlement obligations based on M2M Entitlements and Market Flows will not result in compensation for M2M redispatch when no actual M2M redispatch occurs.

## **7 Real-Time Energy Market Coordination**

Operation of the NY-NJ PARs and redispatch are used by the Parties in real-time operations to effectuate this M2M coordination process. Operation of the NY-NJ PARs will permit the Parties to redirect energy to reduce the overall cost of managing transmission congestion and to converge the participating RTOs' cost of managing transmission congestion. Operation of the NY-NJ PARs to manage transmission congestion requires cooperation between the NYISO and PJM. Operation of the NY-NJ PARs shall be coordinated by the RTOs.

When a M2M Redispatch Flowgate or Other Coordinated Flowgate begins binding in the Monitoring RTOs real-time security constrained economic dispatch, the Monitoring RTO will notify the Non-Monitoring RTO of the transmission constraint and will identify the appropriate Flowgate that requires redispatch assistance. The Monitoring and Non-Monitoring RTOs will provide the economic value of the Flowgate constraint (i.e., the Shadow Price) as calculated by their respective dispatch models. Using this information, the security-constrained economic dispatch of the Non-Monitoring RTO will include the Flowgate constraint; the Monitoring RTO will evaluate the actual loading of the Flowgate constraint and request that the Non-Monitoring RTO modify its Market Flow via redispatch if it can do so more efficiently than the Monitoring RTO (i.e., if the Non-Monitoring RTO has a lower Shadow Price for that Flowgate than the Monitoring RTO).

An iterative coordination process will be supported by automated data exchanges in order to ensure the process is manageable in a real-time environment. The process of evaluating the Shadow Prices between the RTOs will continue until the Shadow Prices converge and an efficient redispatch solution is achieved. The continual interactive process over the following dispatch cycles will allow the transmission congestion to be managed in a coordinated, cost-effective manner by the RTOs. A more detailed description of this iterative procedure is discussed in Section 7.1 and the appropriate use of this iterative procedure is described in Section 10.

### **7.1 Real-Time Redispatch Coordination Procedures**

The following procedure will apply for managing redispatch for M2M Redispatch Flowgates and Other Coordinated Flowgates in the real-time Energy market:

#### **7.1.1 Flowgates shall be monitored per each RTO's internal procedures.**

- a. When (i) a Flowgate is constrained to a defined limit (actual or contingency flow) by a non-transient constraint, and (ii) Market Flows are such that the Non-Monitoring RTO may be able to provide an appreciable amount of redispatch relief to the Monitoring RTO for a M2M Redispatch Flowgate, or (iii) the Non-Monitoring RTO agrees to initiate and to continue coordination for a M2M Redispatch Flowgate or Other Coordinated Flowgate, then the Monitoring RTO shall reflect the monitored Flowgate as constrained.

- b. Flowgate limits shall be periodically verified and updated.

### 7.1.2 Testing for an Appreciable Amount of Redispatch Relief and Determining the Settlement Market Flow for M2M Redispatch Flowgates:

When the PARs at the Michigan-Ontario border are not in-service, the ability of the Non-Monitoring RTO to provide an appreciable amount of redispatch relief will be determined by comparing the Non-Monitoring RTO's Market Flow to the Non-Monitoring RTO M2M Entitlement for the constrained M2M Redispatch Flowgate. When the Non-Monitoring RTO Market Flow (also the Market Flow used for settlement) is greater than the Non-Monitoring RTO M2M Entitlement for the constrained M2M Redispatch Flowgate, the Monitoring RTO will assume that an appreciable amount of redispatch relief is available from the Non-Monitoring RTO and will engage the redispatch coordination process for the constrained M2M Redispatch Flowgate.

When any of the PARs at the Michigan-Ontario border are in-service, the ability of the Non-Monitoring RTO to provide an appreciable amount of redispatch relief will be determined by comparing either (i) the Non-Monitoring RTO's unadjusted Market Flow, or (ii) the Non-Monitoring RTO Market Flow adjusted to reflect the expected impact of the PARs at the Michigan-Ontario border ("LEC Adjusted Market Flow"), to the Non-Monitoring RTO M2M Entitlement for the constrained M2M Redispatch Flowgate. The rules for determining which Market Flow (unadjusted or adjusted) to compare to the Non-Monitoring RTO M2M Entitlement when any of the PARs at the Michigan-Ontario border are in-service are set forth below.

#### a. Calculating the Expected Impact of the PARs at the Michigan-Ontario Border on Market Flows

The Non-Monitoring RTO's unadjusted Market Flow is determined as  $RTO\_MF$  in accordance with the calculation set forth in Section 5 above. The expected impact of the PARs at the Michigan-Ontario border is determined as follows:

$$MICH - OH\_PAR\_Impact_{Flowgate-m} = \sum_{MICH-OH\ Path=1}^4 \left( \frac{(PSF_{(MICH-OH\ Path, Flowgate-m)}) \times (RTO\_MF_{MICH-OH\ Path} - LEC/4)}{1} \right)$$

Where:

Flowgate-m = the relevant Flowgate;

MICH-OH Path = each of the four PAR paths connecting Michigan to Ontario, Canada;

MICH-OH\_PAR\_Impact<sub>Flowgate-m</sub> = the expected impact of the operation of the PARs at the Michigan-Ontario border on the flow on Flowgate m;

PSF<sub>(MICH-OH Path,Flowgate-m)</sub> = the PSF of each of the four Michigan-Ontario PAR paths on Flowgate m;

RTO\_MF<sub>MICH-OH Path</sub> = the Market Flow for each of the four Michigan-Ontario PAR paths, computed in the same manner as the Market Flow is computed for Flowgates in Section 5 above; and

LEC = Actual circulation around Lake Erie as measured by each RTO.

The Non-Monitoring RTO's LEC Adjusted Market Flow, reflecting the expected impact of the PARs on the Michigan-Ontario border, can be determined by adjusting the *RTO\_MF* from Section 5 to incorporate the *MICH-OH\_PAR\_Impact* calculated above.

$$\text{LEC Adjusted Market Flow}_{\text{Flowgate-m}} = \text{RTO\_MF}_{\text{Flowgate-m}} - \text{MICH - OH\_PAR\_Impact}_{\text{Flowgate-m}}$$

Where:

Flowgate-m = the relevant flowgate;

MICH-OH Path = each of the four PAR paths connecting Michigan to Ontario, Canada;

MICH-OH\_PAR\_Impact<sub>Flowgate-m</sub> = the expected impact of the operation of the PARs at the Michigan-Ontario border on the flow on Flowgate m;

RTO\_MF<sub>Flowgate-m</sub> = the Market Flow caused by RTO generation dispatch and transaction scheduling on Flowgate m after accounting for the operation of both the common and non-common PARs; and

LEC Adjusted Market Flow<sub>Flowgate-m</sub> = the Market Flow caused by RTO generation dispatch and transaction scheduling on Flowgate m after accounting for the operation of the common PARs, the



non-common PARs, and the PARs at the Michigan-Ontario border.

**b. Determining Whether to Use Unadjusted Market Flow or LEC Adjusted Market Flow; Determining if Appreciable Redispatch Relief is Available**

- 1) When the Non-Monitoring RTO's LEC Adjusted Market Flow equals the Non-Monitoring RTO's unadjusted Market Flow and the Non-Monitoring RTO's Market Flow (also the Market Flow used for settlement) is greater than the Non-Monitoring RTO M2M Entitlement for the constrained M2M Redispatch Flowgate, the Monitoring RTO will assume that an appreciable amount of redispatch relief is available from the Non-Monitoring RTO and will engage the M2M coordination process for the constrained M2M Flowgate.
- 2) When the Non-Monitoring RTO's unadjusted Market Flow is greater than the Non-Monitoring RTO's LEC Adjusted Market Flow, then the following calculation shall be performed to determine if an appreciable amount of redispatch relief is expected to be available:
  - A. Determine the minimum of (a) the Non-Monitoring RTO's unadjusted Market Flow, and (b) the Non-Monitoring RTO's M2M Entitlement, for the constrained M2M Redispatch Flowgate; and
  - B. Determine the maximum of (x) the value from step A above, and (y) the Non-Monitoring RTO's LEC Adjusted Market Flow

When the value from B above (the Market Flow used for settlement), is greater than the Non-Monitoring RTO's M2M Entitlement for the constrained M2M Redispatch Flowgate, the Monitoring RTO will assume that an appreciable amount of redispatch relief is available from the Non-Monitoring RTO and will engage the coordination process for the constrained M2M Redispatch Flowgate.
- 3) When the Non-Monitoring RTO's unadjusted Market Flow is less than the Non-Monitoring RTO LEC Adjusted Market Flow, the following calculation shall be performed to determine if an appreciable amount of redispatch relief is expected to be available:
  - A. Determine the maximum of (a) the Non-Monitoring RTO's unadjusted Market Flow, and (b) the Non-Monitoring RTO M2M Entitlement, for the constrained M2M Redispatch Flowgate; and

B. Determine the minimum of (x) the value from A above, and (y) the Non-Monitoring RTO's LEC Adjusted Market Flow

When the value from B above (the Market Flow used for settlement), is greater than the Non-Monitoring RTO's M2M Entitlement for the constrained M2M Redispatch Flowgate, the Monitoring RTO will assume that an appreciable amount of redispatch relief is available from the Non-Monitoring RTO and will engage the coordination process for the constrained M2M Redispatch Flowgate.

- 7.1.3 The Monitoring RTO initiates redispatch coordination, notifies the Non-Monitoring RTO of the M2M Redispatch Flowgates or Other Coordinated Flowgates that are subject to coordination and updates required information.
- 7.1.4 The Non-Monitoring RTO shall acknowledge receipt of the notification and one of the following shall occur:
- a. The Non-Monitoring RTO refuses to activate redispatch coordination:
    - i. The Non-Monitoring RTO notifies the Monitoring RTO of the reason for refusal; and
    - ii. The M2M State is set to "Refused"; or
  - b. The Non-Monitoring RTO agrees to activate redispatch coordination:
    - i. Such an agreement shall be considered an initiation of the redispatch process; and
    - ii. The M2M State is set to "Activated".
    - iii. If the Non-Monitoring RTO later withdraws its agreement to activate redispatch coordination at a Flowgate, then the Non-Monitoring RTO notifies the Monitoring RTO of the reason for its decision and the Monitoring RTO shall terminate the redispatch coordination process and set the M2M State to "Refused".
- 7.1.5 The Parties have agreed to transmit information required for the administration of this procedure, as per Section 35.7.1 of this Agreement.
- 7.1.6 As Shadow Prices converge and approach zero or the Non-Monitoring RTO's Market Flows and Shadow Prices are such that an appreciable amount of redispatch relief can no longer be provided to the Monitoring RTO, the Monitoring RTO shall be responsible for the continuation or termination of the redispatch process. Current and forecasted future system conditions shall be considered. Termination of redispatch coordination may be requested by either RTO in the event of a system emergency.

When the Monitoring RTO's Shadow Price is not approaching zero the Monitoring RTO can (1) use the procedure called *Testing for an Appreciable Amount of Relief and Determining the Settlement Market Flow* from step 2b above, and (2) compare the Non-Monitoring RTO's Shadow Price to the Monitoring RTO's Shadow Price, to determine whether there is an appreciable amount of market flow relief being provided.

When the *Testing for an Appreciable Amount of Relief and Determining the Settlement Market Flow* procedure indicates there is not an appreciable amount of relief being provided, and the Non-Monitoring RTO Shadow Price is not less than the Monitoring RTO Shadow Price, then the Monitoring RTO may terminate the M2M coordination process.

- 7.1.7 Upon termination of redispatch coordination, the Monitoring RTO shall
- a. Notify the Non-Monitoring RTO; and
  - b. Transmit data to the Non-Monitoring RTO with the M2M State set to "Closed". The timestamp with this transmission shall be considered termination of the redispatch process for operational and, where applicable, settlement purposes.

## **7.2 Real-Time NY-NJ PAR Coordination**

The NY-NJ PARs will be operated to facilitate interchange schedules while minimizing regional congestion costs. When congestion is not present, the NY-NJ PARs will be operated to achieve the target flows as established below in Section 7.2.1.

PJM and the NYISO have operational control of the NY-NJ PARs and direct the operation of the NY-NJ PARs, while Public Service Electric and Gas Company ("PSE&G") and Consolidated Edison Company of New York ("Con Edison") have physical control of the NY-NJ PARs. The Con Edison dispatcher sets the PAR taps for the ABC PARs and Ramapo PARs at the direction of the NYISO. The PSE&G dispatchers set the PAR taps for the Waldwick PARs at the direction of PJM.

PJM and the NYISO have the responsibility to direct the operation of the NY-NJ PARs to maintain compliance with the requirements of this Agreement. PJM and the NYISO shall make reasonable efforts to minimize movement of the NY-NJ PARs while implementing the NY-NJ PAR target flows and the NY-NJ PAR coordination process. PJM and the NYISO will employ a +/- 50 MW operational bandwidth around each NY-NJ PAR's target flow to limit tap movements and to maintain actual flows at acceptable levels. This operational bandwidth shall not impact or change the NY-NJ PAR Settlement rules in Section 8.3 of this Agreement. The

operational bandwidth provides a guideline to assist the RTOs' efforts to avoid unnecessary NY-NJ PAR tap movements.

In order to preserve the long-term availability of the NY-NJ PARs, a maximum number of 20 PAR tap changes per NY-NJ PAR per day, and a maximum number of 400 PAR tap changes per NY-NJ PAR per calendar month will normally be observed. If the number of PAR tap changes exceed these limits, then the operational bandwidth shall be increased in 50 MW increments until the total number of PAR tap changes no longer exceed 400 PAR tap changes per NY-NJ PAR per month, unless PJM and the NYISO mutually agree otherwise.

In order to implement the NY-NJ PAR coordination process, including the establishment and continuation of the initial and any future OBF as defined in this Section and Section 35.2 of this Agreement, on the ABC PARs and the Waldwick PARs, the facilities comprising the ABC Interface and JK Interface shall be functional and operational at all times, consistent with Good Utility Practice, except when they are taken out-of-service to perform maintenance or are subject to a forced outage.

### 7.2.1 NY-NJ PAR Target Values

A Target Value for flow between the NYISO and PJM shall be determined for each NY-NJ PAR based on the net interchange schedule between the Parties. These Target Values shall be used for settlement purposes as:

$$Target_{PARX} = (InterchangeFactor_{PARX}) + (Operational\ Base\ Flow_{PARX}) + (RECo\_Load_{PARX})$$

Where:

$Target_{PARX}$  = Calculated Target Value for the flow on each NY-NJ PAR For purposes of this equation, a positive value\* indicates a flow from PJM to the NYISO.

\* The sign conventions apply to the formulas used in this Agreement. The Parties may utilize different sign conventions in their market software so long as the software produces results that are consistent with the rules set forth in this Agreement.

$InterchangeFactor_{PARX}$  = The MW value of the net interchange schedule between PJM and NYISO over the AC tie lines distributed across each in-service NY-NJ PAR calculated as net interchange schedule times the interchange percentage. The interchange percentage for each NY-NJ PAR is listed in Table 5.

If a NY-NJ PAR is out-of-service or is bypassed, or if the RTOs mutually agree that a NY-NJ PAR is incapable of facilitating interchange, the percentage of net interchange normally assigned to that NY-NJ PAR will be transferred over the western AC tie lines between the NYISO and

PJM. The remaining in-service NY-NJ PARs will continue to be assigned the interchange percentages specified in Table 5.

$OperationalBaseFlow_{PARx} =$

The MW value of OBF distributed across each of the in-service ABC PARs and Walldwick PARs.

Either Party may establish a temporary OBF to address a reliability issue until a long-term solution to the identified reliability issue can be implemented. Any temporary OBF that is established shall be at a level that both Parties can reliably support. The Party that establishes the OBF shall: (1) explain the reliability need to the other Party; (2) describe how the OBF addresses the identified reliability need; and (3) identify the expected long-term solution to address the reliability need.

The initial 400 MW OBF, effective on May 1, 2017, is expected to be reduced to zero MW by June 1, 2021.

The Parties may mutually agree to modify an established OBF value that normally applies when all of the ABC PARs and Walldwick PARs are in service. Modification of the normally applied OBF value will be implemented no sooner than two years after mutual agreement on such modification has been reached, unless NYISO and PJM mutually agree to an earlier implementation date.

The NYISO and PJM shall post the OBF values, in MW, normally applied to each ABC PAR and Walldwick PAR when all of the ABC PARs and Walldwick PARs are in service, on their respective websites. The NYISO and PJM shall also post the methodology used to reduce the OBF under certain outage conditions on their respective websites. The NYISO and PJM shall review the OBF MW value at least annually.

$RECo\_Load_{PARx} =$

The MW value of the telemetered real-time Rockland Electric Company Load to be delivered over a NY-NJ PAR shall be calculated as real-time RECo Load times the RECo Load percentage listed in Table 5. RECo Load is the portion of Orange and Rockland load that is part of PJM.

The primary objective of the NY-NJ PARs is the delivery of scheduled interchange. Deliveries to serve RECo Load over the Ramapo PARs will only be permitted to the extent there is unused transfer capability on the Ramapo PARs after accounting for interchange. Subject to the foregoing limitation, when one of the Ramapo PARs is out of service the full RECo Load percentage (80%) will be applied to the in-service Ramapo PAR. The RECo Load percentage ordinarily used for each NY-NJ PAR is listed in Table 5:

Table 5

PAR Name	Description	Interchange Percentage	RECo Load Percentage
3500	RAMAPO PAR3500	16%	40%^
4500	RAMAPO PAR4500	16%	40%^
E	WALDWICK E2257	5%	0%
F	WALDWICK F2258	5%	0%
O	WALDWICK O2267	5%	0%
A	GOETHSLN BK_1N	7%	0%
B	FARRAGUT TR11	7%	0%
C	FARRAGUT TR12	7%	0%

^ Subject to the foregoing limitation, when one of the Ramapo PARs is out of service the full RECo Load Percentage (80%) will be applied to the in-service Ramapo PAR.

### 7.2.2 Determination of the Cost of Congestion at each NY-NJ PAR

The incremental cost of congestion relief provided by each NY-NJ PAR shall be determined by each of the Parties. These costs shall be determined by multiplying each Party's Shadow Price on each of its NY-NJ PAR Coordinated Flowgates by the PSF for each NY-NJ PAR for the relevant NY-NJ PAR Coordinated Flowgates.

The incremental cost of congestion relief provided by each NY-NJ PAR shall be determined by the following formula:

$$\text{Congestion\$}_{(PARx,RTO)} =$$

$$\sum_{m \in \text{NY-NJ PAR Coordinated Flowgates}_{RTO}} (PSF_{(\text{NY-NJ PAR Coordinated Flowgate}-m, PARx)} \times \text{Shadow}\$_{\text{NY-NJ PAR Coordinated Flowgate}-m})$$

Where:

$\text{Congestion}\$_{(PARx, RTO)} =$  Cost of congestion at each NY-NJ PAR for the relevant participating RTO, where a negative cost of congestion indicates taps in the direction of the relevant participating RTO would alleviate that RTO's congestion;

$\text{NY-NJ PAR Coordinated Flowgates}_{RTO} =$  Set of NY-NJ PAR Coordinated Flowgates for the relevant participating RTO;

$PSF_{(\text{NY-NJ PAR Coordinated Flowgate}-m, PARx)} =$  The PSF for each NY-NJ PAR on NY-NJ PAR Coordinated Flowgate-m; and

$\text{Shadow}\$_{\text{NY-NJ PAR Coordinated Flowgate}-m} =$  The Shadow Price on the relevant participating RTO's NY-NJ PAR Coordinated Flowgate m.

### 7.2.3 Desired PAR Changes

Consistent with the congestion cost calculation established in Section 7.2.2 above, if the NYISO congestion costs associated with a NY-NJ PAR are less than the PJM congestion costs associated with the same NY-NJ PAR, then hold or take taps into NYISO.

Similarly, if the PJM congestion costs associated with a NY-NJ PAR are less than NYISO congestion costs associated with the same NY-NJ PAR, then hold or take taps into PJM.

Any action on the NY-NJ PARs will be coordinated between the Parties and taken into consideration other PAR actions.

## 8 Real-Time Energy Market Settlements

### 8.1 Information Used to Calculate M2M Settlements

For each Flowgate there are two components of the M2M settlement, a redispatch component and a NY-NJ PAR coordination component. Both M2M settlement components are defined below.

For the redispatch component, market settlements under this M2M Schedule will be calculated based on the following:

1. the Non-Monitoring RTO's real-time Market Flow, determined in accordance with Section 7.1 above, on each M2M Redispatch Flowgate compared to its M2M Entitlement for M2M Redispatch Flowgates eligible for redispatch on each M2M Redispatch Flowgate; and
2. the *ex-ante* Shadow Price at each M2M Redispatch Flowgate.

When determining M2M settlements for a M2M Redispatch Flowgate, each Party will use the M2M Entitlement that corresponds to the period/group for which the real-time Market Flow is being calculated except for the following scenarios:

1. When the Non-Monitoring RTO's M2M Entitlement is negative and the net market flow of the Non-Monitoring RTO is greater than or equal to zero the M2M Entitlement will be set to zero.
2. When the Non-Monitoring RTO's M2M Entitlement is negative and the net market flow of the Non-Monitoring RTO is also negative, but exceeds the M2M Entitlement, both the M2M Entitlement and market flow will be set to zero.

Redispatch coordination for Other Coordinated Flowgates is not subject to redispatch settlement under Section 8.2 of this Schedule D. NY-NJ PAR coordination for Other Coordinated Flowgates is subject to NY-NJ PAR coordination settlement under Section 8.3 of this Schedule D.

For the NY-NJ PARs coordination component, Market settlements under this M2M Schedule will be calculated based on the following:

1. actual real-time flow on each of the NY-NJ PARs compared to its target flow ( $\text{Target}_{\text{PAR}_x}$ );
2. PSF for each NY-NJ PAR onto each M2M Flowgate; and
3. the *ex-ante* Shadow Price at each M2M Flowgate.

Either or both of the Parties shall be excused from paying an *M2MPARSettlement* (described in Section 8.3 of this Schedule D) to the other Party at times when a Storm Watch is in effect in New York and the operating requirements and other criteria set forth in Section 8.3.1 below are satisfied.

## 8.2 Real-Time Redispatch Settlement

For each M2M Redispatch Flowgate compute the real-time redispatch settlement for each interval as specified below.

When  $RT\_MktFlow_{M2M\ Redispatch\ Flowgate - m_i} > M2M\_Ent_{M2M\ Redispatch\ Flowgate - m_i}$ ,



$$\begin{aligned} \text{MonRTO\_Payment}_{M2M \text{ Redispatch Flowgate } - m_i} &= \text{Mon\_Shadow\$}_{M2M \text{ Redispatch Flowgate } - m_i} \\ &\times (RT\_MktFlow_{M2M \text{ Redispatch Flowgate } - m_i} - M2M\_Ent_{M2M \text{ Redispatch Flowgate } - m_i}) \\ &\times s_i / 3600sec \end{aligned}$$

When  $RT\_MktFlow_{M2M \text{ Redispatch Flowgate } - m_i} < M2M\_Ent_{M2M \text{ Redispatch Flowgate } - m_i}$ ,

$$\begin{aligned} \text{Non\_MonRTO\_Payment}_{M2M \text{ Redispatch Flowgate } - m_i} &= \text{Non\_Mon\_Shadow\$}_{M2M \text{ Redispatch Flowgate } - m_i} \\ &\times (M2M\_Ent_{M2M \text{ Redispatch Flowgate } - m_i} - RT\_MktFlow_{M2M \text{ Redispatch Flowgate } - m_i}) \\ &\times s_i / 3600sec \end{aligned}$$

Where:

$\text{Non\_MonRTO\_Payment}_{M2M \text{ Redispatch Flowgate } - m_i}$  = M2M redispatch settlement, in the form of a payment to the Non-Monitoring RTO from the Monitoring RTO, for M2M Redispatch Flowgate m and interval i;

$\text{MonRTO\_Payment}_{M2M \text{ Redispatch Flowgate } - m_i}$  = M2M redispatch settlement, in the form of a payment to the Monitoring RTO from the Non-Monitoring RTO, for M2M Redispatch Flowgate m and interval i;

$RT\_MktFlow_{M2M \text{ Redispatch Flowgate } - m_i}$  = real-time RTO\_MF, determined for settlement in accordance with Section 7.1 above, for M2M Redispatch Flowgate m and interval i;

$M2M\_Ent_{M2M \text{ Redispatch Flowgate } - m_i}$  = Non-Monitoring RTO M2M Entitlement for M2M Redispatch Flowgate m and interval i;

$\text{Mon\_Shadow\$}_{M2M \text{ Redispatch Flowgate } - m_i}$  = Monitoring RTO's Shadow Price for M2M Redispatch Flowgate m and interval i;

$\text{Non\_Mon\_Shadow\$}_{M2M \text{ Redispatch Flowgate } - m_i}$  = Non-Monitoring RTO's Shadow Price for M2M Redispatch Flowgate m and interval i; and

$s_i$  = number of seconds in interval i.

### 8.3 NY-NJ PARs Settlements

Compute the real-time NY-NJ PARs settlement for each interval as specified below.

When

$$\begin{aligned}
 & \text{Actual}_{PARx_i} > \text{Target}_{PARx_i}, \\
 & \text{NYImpact}_{PARx_i} \\
 & \quad = \text{Max}\left(\left(\text{Congestion}_{\$ (PARx, NY)_i} \times \left(\text{Target}_{PARx_i} - \text{Actual}_{PARx_i}\right)\right), 0\right) \times S_i / 3600 \text{sec} \\
 & \text{PJMImpact}_{PARx_i} \\
 & \quad = \left(\text{Congestion}_{\$ (PARx, PJM)_i} \times \left(\text{Actual}_{PARx_i} - \text{Target}_{PARx_i}\right)\right) \\
 & \quad \times S_i / 3600 \text{sec}
 \end{aligned}$$

When

$$\begin{aligned}
 & \text{Actual}_{PARx_i} < \text{Target}_{PARx_i}, \\
 & \text{NYImpact}_{PARx_i} \\
 & \quad = \left(\text{Congestion}_{\$ (PARx, NY)_i} \times \left(\text{Target}_{PARx_i} - \text{Actual}_{PARx_i}\right)\right) \\
 & \quad \times S_i / 3600 \text{sec} \\
 & \text{PJMImpact}_{PARx_i} \\
 & \quad = \text{Max}\left(\left(\text{Congestion}_{\$ (PARx, PJM)_i} \times \left(\text{Actual}_{PARx_i} - \text{Target}_{PARx_i}\right)\right), 0\right) \times S_i / 3600 \text{sec} \\
 & \text{M2MPARSettlement}_i \\
 & \quad = \left(\text{Min}\left(\sum^{All \text{ NY-NJ PARs}} \text{NYImpact}_{PARx_i}, 0\right) - \text{Min}\left(\sum^{All \text{ NY-NJ PARs}} \text{PJMImpact}_{PARx_i}, 0\right)\right)
 \end{aligned}$$

Where:

$\text{Actual}_{PARx_i}$  = Measured real-time actual flow on each of the NY-NJ PARs for interval  $i$ . For purposes of this equation, a positive value indicates a flow from PJM to the NYISO;

$\text{Target}_{PARx_i}$  = Calculated Target Value for the flow on each NY-NJ PAR as described in Section 7.2.1 above for interval  $i$ . For purposes of this

equation, a positive value indicates a flow from PJM to the NYISO;

$PJMImpact_{PARx_i} =$

PJM Impact, defined as the impact that the current NY-NJ PAR flow relative to target flow is having on PJM's system congestion for interval  $i$ . For purposes of this equation, a positive value indicates that the PAR flow relative to target flow is reducing PJM's system congestion, whereas a negative value indicates that the PAR flow relative to target flow is increasing PJM's system congestion.

$NYImpact_{PARx_i} =$

NYISO Impact, defined as the impact that the current NY-NJ PAR flow relative to target flow is having on NYISO's system congestion for interval  $i$ . For purposes of this equation, a positive value indicates that the PAR flow relative to target flow is reducing NYISO's system congestion, whereas a negative value indicates that the PAR flow relative to the target flow is increasing NYISO's system congestion system.

$Congestion\$_{(PARx,PJM)_i} =$

Cost of congestion at each NY-NJ PAR for PJM, calculated in accordance with Section 7.2.2 above for interval  $i$ ;

$Congestion\$_{(PARx,NY)_i} =$

Cost of congestion at each NY-NJ PAR for NYISO, calculated in accordance with Section 7.2.2 above for interval  $i$ , and

$M2MPARSettlement_i =$

M2M PAR Settlement across all NY-NJ PARs, defined as a payment from NYISO to PJM when the value is positive, and a payment from PJM to NYISO when the value is negative for interval  $i$ .

$s_i =$  number of seconds in interval  $i$ .

### 8.3.1 NY-NJ PAR Settlements During Storm Watch Events

PJM shall not be required to pay a M2MPARSettlement (calculated in accordance with Section 8.3 of this Schedule D) to NYISO when a Storm Watch is in effect and PJM has taken the actions required below to assist the NYISO, or when NYISO has not taken the actions required below to address power flows resulting from the redispatch of generation to address the Storm Watch.

NYISO shall not be required to pay a M2MPARSettlement to PJM when a Storm Watch is in effect and NYISO has taken the actions required of it below to address power flows resulting from the redispatch of generation to address the Storm Watch.

When a Storm Watch is in effect, the RTOs will determine whether PJM and/or NYISO are required to pay a M2MPARSettlement to the other RTO based on three Storm Watch compliance requirements that address the operation of (a) the JK transmission lines and associated Waldwick PARs, (b) the ABC transmission lines and associated ABC PARs, and (c) the 5018 transmission line and associated Ramapo PARs. Compliance shall be determined as follows:

- a. *JK Storm Watch compliance*: Subject to the exceptions that follow, PJM will be “Compliant” at the JK interface when either of the following two conditions are satisfied, otherwise it will be “Non-compliant”:
  - i. Flow on the JK interface was at or above the sum of the Target flows for each Available Waldwick PAR at any point in the trailing (rolling) 15-minutes<sup>19</sup>; or
  - ii. PJM took at least two taps on each Available Waldwick PAR in the direction to reduce flow into PJM at any point in the trailing (rolling) 15-minutes.

If NYISO denies PJM’s request to take one or more taps at a Waldwick PAR to reduce flow into PJM and achieve compliance at the JK interface, then PJM shall be considered “Compliant” at the JK interface.

If PJM cannot take a required tap at a Waldwick PAR because the change will result in an overload on PJM’s system unless NYISO first takes a tap at an ABC PAR increasing flow into New York, and flow on the ABC interface is not at or above the sum of the Target flows for each Available ABC PAR, then PJM may request that NYISO take a tap at an ABC PAR increasing flow into New York. PJM will be “Compliant” at the JK interface if NYISO does not take the requested tap within five minutes of receiving PJM’s request. “Compliant” status achieved pursuant to this paragraph shall continue until NYISO takes the requested PAR tap, or the Parties agree that NYISO not taking the requested PAR tap is no longer preventing PJM from taking the PAR tap(s) (if any) PJM needs to achieve compliance at the JK interface.

If PJM cannot take a required tap at a Waldwick PAR because the change will result in an overload on PJM’s system unless NYISO first takes a tap at a Ramapo PAR increasing flow into New York, and flow on the 5018 interface is not at or above the sum of the Target flows for each Available Ramapo PAR, then PJM may request that NYISO take a tap at a Ramapo PAR increasing flow into New York. PJM will be “Compliant” at the JK interface if NYISO does not either (i) take the requested tap within five minutes of

---

<sup>19</sup> For example, if the sum of the Target flows for Available Waldwick PARs is +200 MW, then PJM will be “Compliant” if flow into PJM on JK was at or above +200 MW during any six second measurement interval over the trailing (rolling) 15 minutes.

receiving PJM's request, or (ii) inform PJM that NYISO is unable to take the requested tap at Ramapo because the change would result in an actual or post-contingency overload on the 5018 lines, or on either of the Ramapo PARs (NYISO will be responsible for demonstrating both the occurrence and duration of the condition). "Compliant" status achieved pursuant to this paragraph shall continue until NYISO takes the requested PAR tap, or the Parties agree that NYISO not taking the requested PAR tap is no longer preventing PJM from taking the PAR tap(s) (if any) PJM needs to achieve compliance at the JK interface.

If PJM cannot take a required tap at a Waldwick PAR because the change would result in an actual or post-contingency overload on either or both of the JK lines, or on any of the Waldwick PARs, and the overload cannot be addressed through NYISO taking taps at ABC or Ramapo, then PJM will be considered "Compliant" at the JK interface until the condition is resolved. PJM will be responsible for demonstrating both the occurrence and duration of the condition.

- b. ABC Storm Watch compliance: Subject to the exceptions that follow, NYISO will be "Compliant" at the ABC interface when either of the following two conditions are satisfied, otherwise it will be "Non-compliant":
- i. Flow on the ABC interface was at or above the sum of the Target values for each Available ABC PAR at any point in the trailing (rolling) 15-minutes<sup>20</sup>; or
  - ii. NYISO took at least two taps on each Available ABC PAR in the direction to increase flow into New York at any point in the trailing (rolling) 15-minutes.

If PJM denies NYISO's request to take one or more taps at an ABC PAR to increase flow into New York and achieve compliance at the ABC interface, then NYISO shall be considered "Compliant" at the ABC interface.

If NYISO cannot take a required tap at an ABC PAR because the change will result in an overload on NYISO's system unless PJM first takes a tap at a Waldwick PAR reducing flow into PJM, and flow on the JK interface is not at or below the sum of the Target values for each Available Waldwick PAR, then NYISO may request that PJM take a tap at a Waldwick PAR reducing flow into PJM. NYISO will be "Compliant" at the ABC interface if PJM does not take the requested tap within five minutes of receiving NYISO's request. "Compliant" status achieved pursuant to this paragraph shall continue until PJM takes the requested PAR tap, or the Parties agree that PJM not taking the

---

<sup>20</sup> For example, if the sum of the Target values for each Available ABC PAR is +200 MW, then NYISO will be "Compliant" if flow into New York on ABC was at or above +200 MW during any six second measurement interval over the trailing (rolling) 15 minutes.

requested PAR tap is no longer preventing NYISO from taking the PAR tap(s) (if any) NYISO needs to achieve compliance at the ABC interface.

If NYISO cannot take a required tap at an ABC PAR because the change would result in an actual or post-contingency overload on one or more of the ABC lines, or on any of the ABC PARs, and the overload cannot be addressed through NYISO taking taps at Ramapo or PJM taking taps at Waldwick, then NYISO will be considered “Compliant” at the ABC interface until the condition is resolved. NYISO will be responsible for demonstrating both the occurrence and duration of the condition.

- c. 5018 Storm Watch compliance: Subject to the exceptions that follow, NYISO will be “Compliant” at the 5018 interface when either of the following two conditions are satisfied, otherwise it will be “Non-compliant”:
- i. Flow on the 5018 interface was at or above the sum of the Target values for each Available Ramapo PAR described in Section 7.2.1 of this Schedule D at any point in the trailing (rolling) 15-minutes; or
  - ii. NYISO took at least two taps on each Available Ramapo PAR in the direction to increase flow into New York at any point in the trailing (rolling) 15-minutes.

If PJM denies NYISO’s request to take one or more taps at a Ramapo PAR to increase flow into New York and achieve compliance at the 5018 interface, then NYISO shall be considered “Compliant” at the 5018 interface.

If NYISO cannot take a required tap at a Ramapo PAR because it will result in an overload on NYISO’s system unless PJM first takes a tap at a Waldwick PAR reducing flow into PJM, and flow on the JK interface is not at or below the sum of the Target values for each Available Waldwick PAR, then NYISO may request that PJM take a tap at a Waldwick PAR reducing flow into PJM. NYISO will be “Compliant” at the 5018 interface if PJM does not take the requested tap within five minutes of receiving NYISO’s request. “Compliant” status achieved pursuant to this paragraph shall continue until PJM takes the requested PAR tap, or the Parties agree that PJM not taking the requested PAR tap is no longer preventing NYISO from taking the PAR tap(s) (if any) NYISO needs to achieve compliance at the Ramapo interface.

If NYISO cannot take a required tap at a Ramapo PAR because the change would result in an actual or post-contingency overload on the 5018 line, or on either of the Ramapo PARs, and the overload cannot be addressed through NYISO taking taps at ABC or PJM taking taps at Waldwick, then NYISO will be considered “Compliant” at the 5018 interface until the condition is resolved. NYISO will be responsible for demonstrating both the occurrence and duration of the condition.



When a Storm Watch is in effect in New York, PJM shall only be required to pay a M2MPARSettlement to NYISO when PJM is “Non-compliant” at the JK interface, while NYISO is “Compliant” at both the ABC and 5018 interfaces. Otherwise, PJM shall not be required to pay a M2MPARSettlement to NYISO at times when a Storm Watch is in effect in New York.

When a Storm Watch is in effect in New York, NYISO shall only be required to pay a M2MPARSettlement to PJM when NYISO is “Non-compliant” at the ABC interface or the 5018 interface, or both of those interfaces. When NYISO is “Compliant” at both the ABC and 5018 interfaces, NYISO shall not be required to pay a M2MPARSettlement to PJM at times when a Storm Watch is in effect in New York.

When all three interfaces (JK, ABC, 5018) are “Compliant,” or during the first 15-minutes in which a Storm Watch is in effect, this Section 8.3.1 excuses the Parties from paying a M2MPARSettlement to each other at times when a Storm Watch is in effect in New York.

Compliance and Non-compliance shall be determined for each interval of the NYISO settlement cycle (normally, every 5-minutes) that a Storm Watch is in effect.

#### 8.4 Calculating a Combined M2M Settlement

The M2M settlement shall be the sum of the real-time redispatch settlement for each M2M Flowgate and M2MPARSettlement for each interval

$$\text{Redispatch NY Settlement}_i = \left( \sum_{\text{all NY M2M Redispatch Flowgates}} \left( \text{MonRTO Payment}_{\text{M2M Redispatch Flowgate } m_i} - \text{Non MonRTO Payment}_{\text{M2M Redispatch Flowgate } m_i} \right) \right)$$

$$\text{Redispatch PJM Settlement} = \left( \sum_{\text{all PJM M2M Redispatch Flowgates}} \left( \text{MonRTO Payment}_{\text{M2M Redispatch Flowgate } m_i} - \text{Non MonRTO Payment}_{\text{M2M Redispatch Flowgate } m_i} \right) \right)$$

Where:

*Redispatch NY Settlement<sub>i</sub>* =

M2M NYISO settlement, defined as a payment from PJM to NYISO when the value is positive, and a payment from the NYISO to PJM when the value is negative for interval *i*;

*Redispatch PJM Settlement<sub>i</sub>* = M2M PJM settlement, defined as a payment from NYISO to PJM when the value is positive, and a payment from the PJM to NYISO when the value is negative for interval *i*;

*Non MonRTO Payment<sub>M2M Redispatch Flowgate m<sub>i</sub></sub>* = Monitoring RTO payment to Non-Monitoring RTO for congestion on M2M Redispatch Flowgate m for interval *i*; and

*MonRTO Payment<sub>M2M Redispatch Flowgate m<sub>i</sub></sub>* = Non-Monitoring RTO payment to Monitoring RTO for congestion on M2M Redispatch Flowgate m for interval *i*.

$$M2M\ Settlement_i = Redispatch\ PJM\ Settlement_i - Redispatch\ NY\ Settlement_i + M2MPARSettlement_i$$

Where:

*M2M Settlement<sub>i</sub>* = M2M settlement, defined as a payment from the NYISO to PJM when the value is positive, and a payment from PJM to the NYISO when the value is negative for interval *i*;

*Redispatch NY Settlement<sub>i</sub>* = M2M NYISO settlement, defined as a payment from PJM to NYISO when the value is positive, and a payment from the NYISO to PJM when the value is negative for interval *i*;

*Redispatch PJM Settlement<sub>i</sub>* = M2M PJM settlement, defined as a payment from NYISO to PJM when the value is positive, and a payment from the PJM to NYISO when the value is negative for interval *i*;

*M2MPARSettlement<sub>i</sub>* = M2M PAR Settlement across all NY-NJ PARs, defined as a payment from NYISO to PJM when the value is positive, and a payment from PJM to NYISO when the value is negative for interval *i*.

For the purpose of settlements calculations, each interval will be calculated separately and then integrated to an hourly value:

$$M2M\_Settlement_h = \sum_{i=1}^n M2M\_Settlement_i$$



Where:

$M2M\_Settlement_h =$  M2M settlement for hour  $h$ ; and

$n =$  Number of intervals in hour  $h$ .

Section 10.1 of this Schedule D sets forth circumstances under which the M2M coordination process and M2M settlements may be temporarily suspended.

## **9 When One of the RTOs Does Not Have Sufficient Redispatch**

It is possible that sufficient redispatch for a M2M Redispatch Flowgate or Other Coordinated Flowgate may not be available to the Monitoring RTO. In these scenarios, the Monitoring RTO will price the flowgate using rules specific to that RTO's Tariff language.

However, subject to Section 10.1.2 of this Schedule D, if the Non-Monitoring RTO cannot provide sufficient relief to reach the shadow price of the Monitoring RTO, any constraint relaxation logic will be deactivated. The Non-Monitoring RTO will then be able to use the Monitoring RTO's shadow price without limiting the shadow price to the maximum shadow price associated with a physical control action inside the Non-Monitoring RTO. With the M2M Redispatch Flowgate shadow prices being the same in both RTOs, their resulting bus LMPs will converge in a consistent price profile.

## **10 Appropriate Use of the M2M Coordination Process**

Under normal operating conditions, the Parties will model all M2M Flowgates in their respective real-time EMSs. M2M Flowgates will be controlled using M2M tools for coordinated redispatch and coordinated operation of the NY-NJ PARs, and will be eligible for M2M settlements.

### **10.1 Qualifying Conditions for M2M Settlement**

**10.1.1 Purpose of M2M.** M2M was established to address regional, not local issues. The intent is to implement the M2M coordination process and settle on such coordination where both Parties have significant impact.

**10.1.2 Minimizing Less than Optimal Dispatch.** The Parties agree that, as a general matter, they should minimize financial harm to one RTO that results from the M2M coordination process initiated by the other RTO that produces less than optimal dispatch.

**10.1.3 Use M2M Whenever Binding a M2M Flowgate.** During normal operating conditions, the M2M redispatch process will be initiated by the Monitoring RTO whenever an M2M Flowgate that is eligible for redispatch is constrained and therefore binding in its dispatch. Coordinated operation of the NY-NJ PARs is the default condition and does not require initiation by either Party to occur.

**10.1.4 Most Limiting Flowgate.** Generally, controlling to the most limiting Flowgate provides the preferable operational and financial outcome. In principle and as much as practicable, the M2M coordination process will take place on the most limiting Flowgate, and to that Flowgate's actual limit (thermal, reactive, stability).

**10.1.5 Abnormal Operating Conditions.**

- a. A Party that is experiencing system conditions that require the system operators' immediate attention may temporarily delay implementation of the M2M redispatch process or cease an active M2M redispatch event until a reasonable time after the system condition that required the system operators' immediate attention is resolved.
- b. Either Party may temporarily suspend an active M2M coordination process or delay implementation of the M2M coordination process if a Party is experiencing, or acting in good faith suspects it may be experiencing, (1) a failure or outage of the data link between the Parties prevents the exchange of accurate or timely real-time data necessary to implement the M2M coordination process; or (2) a failure or outage of any computational or data systems preventing the actual or accurate calculation of data necessary to implement the M2M coordination process. The Parties shall resolve the issue causing the failure or outage of the data link, computational systems, or data systems as soon as possible in accordance with Good Utility Practice. The Parties shall resume implementation of the M2M coordination process following the successful testing of the data link or relevant system(s) after the failure or outage condition is resolved.

**10.1.6 Transient System Conditions.** A Party that is experiencing intermittent congestion due to transient system conditions including, but not limited to, interchange ramping or transmission switching, is not required to implement the M2M redispatch process unless the congestion continues after the transient condition(s) have concluded.

**10.1.7 Temporary Cessation of M2M Coordination Process Pending Review.** If the net charges to a Party resulting from implementation of the M2M coordination process for a market-day exceed five hundred thousand dollars, then the Party that is responsible for paying the charges may (but is not required to) suspend implementation of this M2M coordination process (for a particular M2M Flowgate, or of the entire M2M coordination process) until the Parties are able to complete a review to ensure that both the process and the calculation of settlements resulting from the M2M coordination process are occurring in a manner that is both (a) consistent with this M2M Coordination Schedule, and (b) producing a just and reasonable result. The Party requesting suspension must identify specific concerns that require investigation within one business day of

requesting suspension of the M2M coordination process. If, following their investigation, the Parties mutually agree that the M2M coordination process is (i) being implemented in a manner that is consistent with this M2M Coordination Schedule and (ii) producing a just and reasonable result, then the M2M coordination process shall be re-initiated as quickly as practicable. If the Parties are unable to mutually agree that the M2M coordination process was being implemented appropriately, or of the Parties are unable to mutually agree that the M2M coordination process was producing a just and reasonable result, the suspension (for a particular M2M Flowgate, or of the entire M2M coordination process) shall continue while the Parties engage in dispute resolution in accordance with Section 35.15 of this Agreement.

**10.1.8 Suspension of M2M Settlement when a Request for Taps on NY-NJ PARs to Prevent Overuse is Refused.** If a Party requests that taps be taken on any NY-NJ PAR to reduce the requesting Party's overuse of the other Party's transmission system, refusal by the other Party or its Transmission Owner(s) to permit taps to be taken to reduce overuse shall result in the NY-NJ PAR settlement component of M2M (*see* Section 8.3 above) being suspended until the tap request is granted.

**10.1.9 Suspension of NY-NJ PAR Settlement due to Transmission Facility Outage(s).** The Parties shall suspend PAR settlements for a NY-NJ PAR when that NY-NJ PAR is out of service, is bypassed, or the RTOs mutually agree that a NY-NJ PAR is incapable of facilitating interchange.

No other Transmission Facility outage(s) will trigger suspension of NY-NJ PAR settlements under this Section 10.1.9.

**10.1.10 Suspension of NY-NJ PAR Settlement due to a Stuck PAR**  
The Parties shall suspend PAR settlements for a NY-NJ PAR when the NY-NJ PAR cannot be adjusted due to physical or SCADA failure and either of the following two conditions occur:

1. The failure is on one of the A, B, C, 3500, or 4500 PARs, the flow on the PAR is below the Target flow for that PAR, or
2. The failure is on one of the E, F or O PARs, the flow on the PAR is above the Target flow for that PAR.

## **10.2 After-the-Fact Review to Determine M2M Settlement**

Based on the communication and data exchange that has occurred in real-time between the Parties, there will be an opportunity to review the use of the M2M coordination process to verify it was an appropriate use of the M2M coordination process and subject to M2M settlement. The Parties will initiate the review as necessary to apply these conditions and settlements adjustments. The Parties will cooperate to review the data exchanged and used to determine M2M settlements and will mutually identify and resolve errors and anomalies in the calculations that determine the M2M settlements.

If the data exchanged for the M2M redispatch process was relied on by the Non-Monitoring RTO's dispatch to determine the shadow cost the Non-Monitoring RTO was dispatching to when providing relief at an M2M Flowgate, the data transmitted by the Monitoring RTO that was used to determine the Non-Monitoring RTO's shadow cost shall not be modified except by mutual agreement prior to calculating M2M settlements. Any necessary corrections to the data exchange shall be made for future M2M coordination.

### **10.3      Access to Data to Verify Market Flow Calculations**

Each Party shall provide the other Party with data to enable the other Party independently to verify the results of the calculations that determine the M2M settlements under this M2M Coordination Schedule. A Party supplying data shall retain that data for two years from the date of the settlement invoice to which the data relates, unless there is a legal or regulatory requirement for a longer retention period. The method of exchange and the type of information to be exchanged pursuant to Section 35.7.1 of this Agreement shall be specified in writing. The Parties will cooperate to review the data and mutually identify or resolve errors and anomalies in the calculations that determine the M2M settlements. If one Party determines that it is required to self report a potential violation to the Commission's Office of Enforcement regarding its compliance with this M2M Coordination Schedule, the reporting Party shall inform, and provide a copy of the self report to, the other Party. Any such report provided by one Party to the other shall be Confidential Information.

## **11      M2M Change Management Process**

### **11.1      Notice**

Prior to changing any process that implements this M2M Schedule, the Party desiring the change shall notify the other Party in writing or via email of the proposed change. The notice shall include a complete and detailed description of the proposed change, the reason for the proposed change, and the impacts the proposed change is expected to have on the implementation of the M2M coordination process, including M2M settlements under this M2M Schedule.

### **11.2      Opportunity to Request Additional Information**

Following receipt of the Notice described in Section 11.1, the receiving Party may make reasonable requests for additional information/documentation from the other Party. Absent mutual agreement of the Parties, the submission of a request for additional information under this Section shall not delay the obligation to timely note any objection pursuant to Section 11.3, below.

### **11.3      Objection to Change**

Within ten business days after receipt of the Notice described in Section 11.1 (or within such longer period of time as the Parties mutually agree), the receiving Party may notify in writing or via email the other Party of its disagreement with the proposed change. Any such notice must specifically identify and describe the concern(s) that required the receiving Party to object to the described change.

### **11.4      Implementation of Change**

The Party proposing a change to its implementation of the M2M coordination process shall not implement such change until (a) it receives written or email notification from the other Party that the other Party concurs with the change, or (b) the ten business day notice period specified in Section 11.3 expires, or (c) completion of any dispute resolution process initiated pursuant to this Agreement.

**36      Attachment DD – Rules to Allocate the Cost of NY Transco LLC Transmission  
Facilities and Formula Rates**

## **36.1 Overview**

### **36.1.1 Cost Allocation**

The purpose of Section 36.2 is to provide for the allocation of costs to be recovered through the Transco Facilities Charge (“TFC”) described in Section 6.13 of Schedule 13 of the ISO OATT for the following New York Transco, LLC (“NY Transco”) projects:

- The projects approved by the New York Public Service Commission on November 4, 2013, in Case No. 12-E-0503 (the “Transmission Owner Transmission Solutions” or “TOTS” projects): (1) the Second Ramapo-to-Rock Tavern 345-kV Line Project; (2) the Marcy South Series Compensation and Fraser-to-Coopers Corners Reconductoring Project; and (3) the Staten Island Unbottling Project.<sup>1</sup>[<sup>1</sup> Any costs incurred on the forced cooling portion of the Staten Island Unbottling Project after the date of the Commission’s order approving the offer of partial settlement in Docket No. ER15-572-000, issued on March 17, 2016, shall not be recovered through the TFC without further order of the Commission.]
- The Segment B facilities the need for which was determined by the NYPSC on December 17, 2015, in Case No. 12-T-0502 (“AC Public Policy Transmission Need Order”) and identified in Appendix A of the AC Public Policy Transmission Need Order, and selected by an ISO Board of Directors’ decision and Public Policy Transmission Planning Report issued April 8, 2019 (and identified therein as “Project T019”) pursuant to the Public Policy Transmission Planning Process set forth in Section 31.4 of Attachment Y of the ISO OATT, consisting of: (1) the Knickerbocker to Pleasant Valley project; and, (2) if applicable, the Segment B

Additions, as defined in the settlement approved by the Federal Energy  
Regulatory Commission on November 16, 2017, in Docket No. ER15-572-000, et  
al. (the “Segment B Facilities”).

### **36.1.2 Formula Rates**

Section 36.3 provides NY Transco’s formula rate and implementation rules for the  
formula rate to recover costs related to its projects through the TFC.



## 36.2 Attachment 1 to Attachment DD

### 36.2.1 Allocation Tables

#### 36.2.1.1 TOTS Projects

#### COST ALLOCATION TABLE

Transmission District	Allocation of Project Costs (%)
Consolidated Edison Co. of NY, Inc. Orange and Rockland Utilities, Inc.	63.18
Long Island Power Authority	8.55
Niagara Mohawk Power Corp.	12.16
New York Gas & Electric Corp. Rochester Gas and Electric Corp.	10.12
Central Hudson Gas & Electric Corp.	5.99
New York Power Authority	Load is treated the same as all other load serving entities ("LSE") and NYPA as an LSE will pay the same rate as the LSEs in each transmission district.

### 36.2.1.2 Segment B Facilities

COST ALLOCATION TABLE

	Load Zone	Allocation of Project Costs (%)
Upstate	A	2.450
	B	1.525
	C	2.525
	D	0.750
	E	1.300
	F	1.950
Downstate	G	4.425
	H	2.300
	I	9.500
	J	69.675
	K	3.600
NYCA		100

### **36.3 Attachment 2 to Attachment DD**

#### **36.3.1 Formula Rates**

##### **36.3.1.1 Rate Formula Template**

Rate Formula Template  
Utilizing FERC Form 1 Data

Projected Annual Transmission Revenue Requirement  
For the 12 months ended 12/31/\_\_\_\_

New York Transco LLC

Appendix A	Main body of the Formula Rate
Attachment 1	Detail of the Revenue Credits
Attachment 2	Monthly Plant and Accumulated Depreciation balances
Attachment 3	Cost Support Detail
Attachment 4	Calculations showing the revenue requirement by Investment, including any Incentives,
Attachment 5	Cost of Debt should Construction Financing be Obtained
Attachment 6a and 6b	Detail of the Accumulated Deferred Income Tax Balances
Attachment 7 and 7a	True-Up calculations
Attachment 8	True-Up for the Construction Financing calculations in Attachment 5
Attachment 9	Depreciation Rates
Attachment 10	Workpapers

Formula Rate - Non-Levelized			Rate Formula Template Utilizing FERC Form 1 Data		Projected Annual Transmission Revenue Requirement For the 12 months ended 12/31/____	
			New York Transco LLC			
			(1)	(2)	(3)	
Line No.					Allocated Amount	
1	GROSS REVENUE REQUIREMENT	(line 74)		12 months	\$	-
REVENUE CREDITS			Total	Allocator		
2	Total Revenue Credits	Attachment 1, line 6	-	TP 1.0000		-
3	Net Revenue Requirement	(line 1 minus line 2)				-
4	True-up Adjustment	Attachment 7	-	DA 1.00000		-
5	NET ADJUSTED REVENUE REQUIREMENT	(line 3 plus line 4)			\$	-

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 12/31/_____	
		New York Transco LLC			
		(1)	(2)	(3)	(4)
			Form No. 1		
			Page, Line, Col.	Company Total	Allocator
					(5)
					Transmission
					(Col 3 times Col 4)
Line No.	RATE BASE:				
	GROSS PLANT IN SERVICE (Note M)				
6	Production	(Attach 2, line 75)	-	NA	-
7	Transmission	(Attach 2, line 15)	-	TP	1.0000
8	Distribution	(Attach 2, line 30)	-	NA	-
9	General & Intangible	(Attach 2, lines 45 & 60)	-	W/S	-
10	TOTAL GROSS PLANT (sum lines 6-9)	(GP=1 if plant =0)	-	GP=	-
	ACCUMULATED DEPRECIATION & AMORTIZATION (Note M)				
12	Production	(Attach 2, line 151)	-	NA	-
13	Transmission	(Attach 2, line 91)	-	TP	1.0000
14	Distribution	(Attach 2, line 106)	-	NA	-
15	General & Intangible	(Attach 2, lines 121 & 136)	-	W/S	-
16	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)		-		-
	NET PLANT IN SERVICE				
18	Production	(line 6- line 12)	-		-
19	Transmission	(line 7- line 13)	-		-
20	Distribution	(line 8- line 14)	-		-
21	General & Intangible	(line 9- line 15)	-		-
22	TOTAL NET PLANT (sum lines 18-21)	(NP=1 if plant =0)	-	NP=	-
	ADJUSTMENTS TO RATE BASE (Note A)				
24	ADIT	(Attach 6a, line 9)	-	TP	1.0000
24a	Deficient (Excess) ADIT	(Attach 11, line 14)	-	TP	1.0000
25	Account No. 255 (enter negative) (Note F)	(Attach 3, line 153)	-	NP	-
26	CWIP	(Attach 10)	-	DA	-
27	Unfunded Reserves (enter negative)	(Attach 3, line 170a)	-	DA	1.0000
28	Unamortized Regulatory Assets	(Attach 10) (Note L)	-	DA	1.0000
29	Unamortized Abandoned Plant	(Attach 10) (Note K)	-	DA	1.0000
30	TOTAL ADJUSTMENTS (sum lines 24-29)		-		-
31	LAND HELD FOR FUTURE USE	Attachment 10	-	TP	1.0000

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

32	WORKING CAPITAL (Note C)					
33	CWC	calculated (1/8 * Line 45)	-			-
34	Materials & Supplies (Note B)	(Attach 3, line 189)	-	TP	1.0000	-
35	Prepayments (Account 165 - Note C)	(Attach 3, line 170)	-	GP	-	-
36	TOTAL WORKING CAPITAL (sum lines 33-35)		-			-
37	RATE BASE (sum lines 22, 30, 31, & 36)		-			-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

Appendix A  
Page 3 of 5

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 12/31/ _____	
		New York Transco LLC			
(1)	(2)	(3)	(4)	(5)	
	Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
38	O&M				
39	Transmission	321.112.b	TP=	1.0000	-
40	Less Accounts 565, 561 and 561.1 to 561.8	321.96.b & 84.b to 92.b	TP=	1.0000	-
41	A&G	323.197.b	W/S	-	-
42	Less EPRI & Reg. Comm. Exp. & Other Ad.	(Note D & Attach 3, line 171)	DA	-	-
43	Plus Transmission Related Reg. Comm. Exp.	(Note D & Attach 3, line 172)	TP=	1.0000	-
44	PBOP expense adjustment	(Attach 3, line 243)	TP=	1.0000	-
44a	Less Account 566	321.97.b	DA	-	-
44b	Amortization of Regulatory Assets	(Attach 10, line 2)	DA	-	-
44c	Account 566 excluding amort. of Reg Assets	(line 44a less line 44b)	DA	-	-
45	TOTAL O&M (sum lines 39, 41, 43, 44, 44b, 44c less lines 40 & 42, 44a) (Note D)	-			-
46	DEPRECIATION EXPENSE				
47	Transmission	336.7.f (Note M)	TP	1.0000	-
48	General and Intangible	336.1.f + 336.10.f (Note M)	W/S	-	-
49	Amortization of Abandoned Plant	(Attach 3, line 155) (Note K)	DA	1.0000	-
50	TOTAL DEPRECIATION (Sum lines 47-49)	-			-
51	TAXES OTHER THAN INCOME TAXES (Note E)				
52	LABOR RELATED				
53	Payroll	263...i (enter FN1 line #)	-	-	-
54	Highway and vehicle	263...i (enter FN1 line #)	-	-	-
55	PLANT RELATED				
56	Property	263...i (enter FN1 line #)	-	-	-
57	Gross Receipts	263...i (enter FN1 line #)	-	-	-
58	Other	263...i (enter FN1 line #)	-	-	-
59	TOTAL OTHER TAXES (sum lines 53-58)	-			-
60	INCOME TAXES (Note F)				
61	$T = 1 - ((1 - \text{SIT}) * (1 - \text{FIT})) / (1 - \text{SIT} * \text{FIT} * p)) * (1 - n) =$	-			
62	$\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{R})) =$	-			
63	where WCLTD=(line 91) and R= (line 94)				
64	and FIT, SIT, p, & n are as given in footnote F.				
65	$1 / (1 - T) = (T \text{ from line 61})$	-			
66	Amortized Investment Tax Credit (Attachment 4, line 14)	-			
67	Income Tax Calculation = line 62 * line 71 * (1-n)	-			-
68	ITC adjustment (line 65 * line 66 * (1- n))	-			-
68a	(Excess)/Deficient Deferred Income Tax Adjustment (Attachment 11, line 11) (Note O)				
69	Total Income Taxes (line 67 plus line 68 plus line 68a)	-			-
70	RETURN				
71	[ Rate Base (line 37) * Rate of Return (line 94)]	-			-
72	Rev Requirement before Incentive Projects (sum lines 45, 50, 59, 69, 71)	-			-
73	Incentive Return and Income Tax on Authorized Projects (Attach 4, line 67, col h & j)	-	100%		-
74	Total Revenue Requirement (sum lines 72 & 73)	-			-



Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

New York Transco LLC SUPPORTING  
CALCULATIONS AND NOTES

For the 12 months ended 12/31/\_\_\_\_

75	TRANSMISSION PLANT INCLUDED IN RTO RATES			
76	Total transmission plant	(line 7, column 3)		-
77	Less transmission plant excluded from RTO rates	(Note H)	(Attachment 3, line 175)	-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

78	Less transmission plant included in OATT Ancillary Services (Note H)	(Attachment 3, line 175)	-						
79	Transmission plant included in RTO rates (line 76 less lines 77 & 78)		-						
80	Percentage of transmission plant included in RTO Rates (line 79 divided by line 76) [If line 76 equal zero, enter 1]				TP=	1.0000			
81	WAGES & SALARY ALLOCATOR (W&S) (Note I)								
82		Form 1 Reference	\$	TP	Allocation				
83	Production	354.20.b	-	0.00	-				
84	Transmission	354.21.b	-	1.00	-				
85	Distribution	354.23.b	-	0.00	-				
86	Other	354.24,25,26.b	-	0.00	-				
87	Total (sum lines 83-86) [TP equals 1 if there are no wages & salaries]		-		-				
						W&S Allocator (\$ / Allocation)			WS
88	RETURN (R) (Note J)								
89			\$	%	Cost	Weighted			
90									
91	Long Term Debt	(Attach 3, lines 249 & 270 or Attach 5) (Note G)	-	-	-	-	=WCLTD		
92	Preferred Stock	(Attachment 3, lines 251 & 273)	-	-	-	-			
93	Common Stock	(Attachment 3, line 257)	-	-	9.50%	-			
94	Total (sum lines 91-93)		-			-	=R		
	Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments								
					(a)	(b)		(c)	
					Non-Incentive Investments from Attachment 4 (Note N)	Incentive Investments from Attachment 4 (Note N)	Row Numbers		
95	Net Transmission Plant in Service	Source of Total Column (Attachment 4, lines 66, 66a...., column b)						Total	-
96	CWIP in Rate Base	(Line 26)							-
97	Unamortized Abandoned Plant	(Line 29)							-
98	Regulatory Assets	(Line 28)							-
99	Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments (Sum of lines 95 to 98)								-
100	Return and Taxes	(Sum lines 69 & 71)							-
101	Total Revenue Credits	(Line 2)							-
102	Base Carrying Charge (used in Attach 4, Line 65)	(Line 100 - Line 101)/ Line 99							-

Formula Rate - Non-Levelized

**SUPPORTING CALCULATIONS AND NOTES**  
Rate Formula Template  
Utilizing FERC Form 1 Data  
**New York Transco LLC**

For the 12 months ended 12/31/

Note  
Letter

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. The formula uses the stated average of the beginning and end of year balances to prorate ADIT to comply with IRS normalization rules. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only transmission related.
- C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission  
Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111
- line 57 in the Form 1. D Line 42 removes EPRI Annual Membership Dues listed in Form 1 at 353.f (enter FN1 line #),  
any EPRI Lobbying expenses included in line 42 of the template and all Regulatory Commission Expenses itemized at 351.h  
Line 42 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising  
Line 42 removes all EEI and EPRI research, development and demonstration expenses and NY Transco will not participate in EEI or EPRI.  
Line 43 reflects all Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized at 351.h  
Line 38 or Line 41 and thus Line 45 shall include any NYISO charges other than penalties, including but not limited to administrative costs. E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.  
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, multiplied by  $(1/(1-T))$ .  
Inputs Required:
- |       |   |   |
|-------|---|---|
| FIT = | - |   |
| SIT = | - | (State Income Tax Rate or Composite SIT from Attach 3)        |
| p =   | - | (percent of federal income tax deductible for state purposes) |
| n =   | - | (not for profit entity ownership percentage)                  |
- For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.
- G The cost of debt is determined using the internal rate of return methodology shown on Attachment 5 once project financing is obtained. Prior to obtaining project financing, an interest rate of 3.85% from Table 4 of Attachment 5 will be used and will not be trued up. Attachment 5 contains an estimate of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Appendix A.  
After the completion of construction, the cost of debt will be calculated pursuant to Attachment 3
- H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services.  
For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- I Enter dollar amounts
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206.  
The capital structure will be the actual capital structure up to 53% equity. Lines 93 will be capped at 53% equity. If the actual equity ratio exceeds 53%, the common stock ratio will be reset to 53% and the debt ratio will be equal to 1 minus sum of the preferred stock ratio and common stock ratio.
- K Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of abandoned plant. Company must submit a Section 205 filing to recover the cost of abandoned plant. Any such filing to recover the cost of an abandoned plant item shall be made no later than 180 days after the date that Company formally declares such plant item abandoned.
- L Unamortized Regulatory Assets, consisting of all expenses incurred but not included in CWIP prior to the date the rate is charged to customers, is included at line 28  
Carrying costs equal to the weighted cost of capital on the balance of the regulatory asset will accrue until the rate is charged to customers
- M Balances exclude Asset Retirement Costs
- N Non-incentive investments are investments without ROE incentives and incentive investments are investments with ROE incentives
- O Upon enactment of changes in tax law, income tax rates (including changes in apportionment) and other actions taken by a taxing authority, deferred taxes are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred taxes. Such excess or deficient deferred taxes attributed to the transmission function will be based upon tax records and calculated in the calendar year in which the excess or deficient amount was measured and recorded for financial reporting purposes.

**Attachment 1 - Revenue Credit Workpaper\***  
**New York Transco LLC**

<b>Account 454 - Rent from Electric Property (300.19.b)</b>		Notes 1 & 3	
1	Rent from FERC Form No. 1		-
<b>Account 456 (including 456.1) (300.21.b and 300.22.b)</b>		Notes 1 & 3	
2	Other Electric Revenues (Note 2)		-
3	Professional Services		-
4	Revenues from Directly Assigned Transmission Facility Charges (Note 2)		-
5	Rent or Attachment Fees associated with Transmission Facilities		-
6	Total Revenue Credits	Sum lines 2-5 + line 1	-

Note 1 All revenues booked to Account 454 that are derived from cost items classified as transmission-related will be included as a revenue credit. All revenues booked to Account 456 (includes 456.1) that are derived from cost items classified as transmission-related, and are not derived from rates under this transmission formula rate will be included as a revenue credit. Work papers will be included to properly classify revenues booked to these accounts to the transmission function. A breakdown of all Account 454 revenues by subaccount will be provided below, and will be used to derive the proper calculation of revenue credits. A breakdown of all Account 456 revenues by subaccount and customer will be provided and tabulated below, and will be used to develop the proper calculation of revenue credits.

Note 2 If the facilities associated with the revenues are not included in the formula, the revenue is shown below, but not included in the total above and explained in the Attachment 3.

Note 3 All Account 454 and 456 Revenues must be itemized below

Line No.		TOTAL	NY-ISO	Other 1	Other 2
1	Account 456				
1a	Transmission Service	-	-	-	-
...		-	-	-	-
1x	Trans. Fac. Charge	-	-	-	-
2	Trans Studies	-	-	-	-
3	Total	-	-	-	-
4	Less:				
5	Revenue for Demands in Divisor	-	-	-	-
6	<b>Sub Total Revenue Credit</b>	-	-	-	-
7	Prior Period Adjustments	-	-	-	-
8	Total	-	-	-	-
9	Account 454	\$			
9a	Joint pole attachments - telephone	-			
9b	Joint pole attachments - cable	-			
9c	Underground rentals	-			
9d	Transmission tower wireless rentals	-			
9e	Misc non-transmission rentals	-			
9f		-			
9g		-			
...		-			
9x		-			
10	Total	-			

**Attachment 2 - Cost Support**  
**New York Transco LLC**

**Plant in Service Worksheet**

1	<b><u>Calculation of Transmission Plant In Service</u></b>	Source (Less ARO, see Note M)	Year	Balance	
2	December	p206.58.b	2016	-	
3	January	company records	2016	-	
4	February	company records	2016	-	
5	March	company records	2016	-	
6	April	company records	2016	-	
7	May	company records	2016	-	
8	June	company records	2015	-	
9	July	company records	2016	-	
10	August	company records	2016	-	
11	September	company records	2016	-	
12	October	company records	2016	-	
13	November	company records	2016	-	
14	December	p207.58.g	2016	-	
15	<b>Transmission Plant In Service</b>	(sum lines 2-14) /13		-	
16	<b><u>Calculation of Distribution Plant In Service</u></b>	Source (Less ARO, see Note M)			
17	December	p206.75.b	2016	-	
18	January	company records	2016	-	
19	February	company records	2016	-	
20	March	company records	2016	-	
21	April	company records	2016	-	
22	May	company records	2016	-	
23	June	company records	2016	-	
24	July	company records	2016	-	
25	August	company records	2016	-	
26	September	company records	2016	-	
27	October	company records	2016	-	
28	November	company records	2016	-	
29	December	p207.75.g	2016	-	
30	<b>Distribution Plant In Service</b>	(sum lines 17-29) /13		-	
31	<b><u>Calculation of Intangible Plant In Service</u></b>	Source (Less ARO, see Note M)			

Enter  
Amount of      Docket Nos. for  
Transmission CIACs    Transmission CIACs

32	December	p204.5.b	2016	-	-
33	January	company records	2016	-	-
34	February	company records	2016	-	-
35	March	company records	2016	-	-
36	April	company records	2016	-	-
37	May	company records	2016	-	-
38	June	company records	2016	-	-
39	July	company records	2016	-	-
40	August	company records	2016	-	-
41	September	company records	2016	-	-
42	October	company records	2016	-	-
43	November	company records	2016	-	-
44	December	p205.5.g	2016	-	-
45	<b>Intangible Plant In Service</b>		(sum lines 32-44) /13	-	-
46	<b><u>Calculation of General Plant In Service</u></b>		Source (Less ARO, see Note M)		
47	December	p206.99.b	2016	-	
48	January	company records	2016	-	
49	February	company records	2016	-	
50	March	company records	2016	-	
51	April	company records	2016	-	
52	May	company records	2016	-	
53	June	company records	2016	-	
54	July	company records	2016	-	
55	August	company records	2016	-	
56	September	company records	2016	-	
57	October	company records	2016	-	
58	November	company records	2016	-	
59	December	p207.99.g	2016	-	
60	<b>General Plant In Service</b>		(sum lines 47-59) /13	-	
61	<b><u>Calculation of Production Plant In Service</u></b>		Source (Less ARO, see Note M)		
62	December	p204.46b	2016	-	
63	January	company records	2016	-	
64	February	company records	2016	-	
65	March	company records	2016	-	
66	April	company records	2016	-	
67	May	company records	2016	-	
68	June	company records	2016	-	
69	July	company records	2016	-	

70	August	company records	2016	-
71	September	company records	2016	-
72	October	company records	2016	-
73	November	company records	2016	-
74	December	p205.46.g	2016	-
75	<b>Production Plant In Service</b>	(sum lines 62-74) /13		-
76	<b><u>Total Plant In Service</u></b>	(sum lines 15, 30, 45, 60, & 75)		-

**Accumulated Depreciation Worksheet**

77	<b><u>Calculation of Transmission Accumulated Depreciation</u></b>	Source (Less ARO, see Note M)	Year	Balance
78	December	Prior year p219.25.b	2016	-
79	January	company records	2016	-
80	February	company records	2016	-
81	March	company records	2016	-
82	April	company records	2016	-
83	May	company records	2016	-
84	June	company records	2016	-
85	July	company records	2016	-
86	August	company records	2016	-
87	September	company records	2016	-
88	October	company records	2016	-
89	November	company records	2016	-
90	December	p219.25.b	2016	-
91	<b>Transmission Accumulated Depreciation</b>	(sum lines 78-90) /13		-
92	<b><u>Calculation of Distribution Accumulated Depreciation</u></b>	Source (Less ARO, see Note M)		
93	December	Prior year p219.26.b	2016	-
94	January	company records	2016	-
95	February	company records	2016	-
96	March	company records	2016	-
97	April	company records	2016	-
98	May	company records	2016	-
99	June	company records	2016	-
100	July	company records	2016	-
101	August	company records	2016	-
102	September	company records	2016	-



103	October	company records	2016	-	
104	November	company records	2016	-	
105	December	p219.26.b	2016	-	
106	<b>Distribution Accumulated Depreciation</b>		(sum lines 93-105) /13	-	
107	<b><u>Calculation of Intangible Accumulated Amortization</u></b>		Source (Less ARO, see Note M)		Amount of Transmission CIACs
108	December	Prior year p200.21.c	2016	-	-
109	January	company records	2016	-	-
110	February	company records	2016	-	-
111	March	company records	2016	-	-
112	April	company records	2016	-	-
113	May	company records	2016	-	-
114	June	company records	2016	-	-
115	July	company records	2016	-	-
116	August	company records	2016	-	-
117	September	company records	2016	-	-
118	October	company records	2016	-	-
119	November	company records	2016	-	-
120	December	p200.21.c	2016	-	-
121	<b>Accumulated Intangible Amortization</b>		(sum lines 108-120) /13	-	-
122	<b><u>Calculation of General Accumulated Depreciation</u></b>		Source (Less ARO, see Note M)		
123	December	Prior year p219.28.b	2016	-	
124	January	company records	2016	-	
125	February	company records	2016	-	
126	March	company records	2016	-	
127	April	company records	2016	-	
128	May	company records	2016	-	
129	June	company records	2016	-	
130	July	company records	2016	-	
131	August	company records	2016	-	
132	September	company records	2016	-	
133	October	company records	2016	-	
134	November	company records	2016	-	
135	December	p219.28.b	2016	-	
136	<b>Accumulated General Depreciation</b>		(sum lines 123-135) /13	-	
137	<b><u>Calculation of Production Accumulated Depreciation</u></b>		Source (Less ARO, see Note M)		
138	December	p219.20:24.b (prior year)	2016	-	
139	January	company records	2016	-	

140	February	company records	2016	-
141	March	company records	2016	-
142	April	company records	2016	-
143	May	company records	2016	-
144	June	company records	2016	-
145	July	company records	2016	-
146	August	company records	2016	-
147	September	company records	2016	-
148	October	company records	2016	-
149	November	company records	2016	-
150	December	p219.20 thru 219.24.b	2016	-
151	<b>Production Accumulated Depreciation</b>	(sum lines 138-150) /13		-
152	<b><u>Total Accumulated Depreciation and Amortization</u></b>	(sum lines 91, 106, 121, 136, & 151)		-

Attachment 3 - Cost Support  
New York Transco LLC

					Details
Numbering continues from Attachment 2			Beginning of Year	End of Year	Average Balance
153	Account No. 255 (enter negative from FERC Form No. 1)	266.8 and 267.8	-	-	-
154	Unamortized Abandoned Plant (recovery of abandoned plant requires a FERC order approving the amount and recovery period)	Attachment 10, line 4, col. (y)			-
155	Amortization of Abandoned Plant	Attachment 10, line 4, col. (h)			Amortization Expense
156	Prepayments (Account 165) (Prepayments exclude Prepaid Pension Assets)		Year	Balance	-
157	December	111.57.d	-	-	
158	January	company records	-	-	
159	February	company records	-	-	
160	March	company records	-	-	
161	April	company records	-	-	
162	May	company records	-	-	
163	June	company records	-	-	
164	July	company records	-	-	
165	August	company records	-	-	
166	September	company records	-	-	
167	October	company records	-	-	
168	November	company records	-	-	
169	December	111.57.c	-	-	
170	Prepayments	(sum lines 157-169) /13		-	

Reserves

170a	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Amount	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers, 1 less the percent associated with an offsetting liability on the balance sheet	Allocation (Plant or Labor Allocator)	Amount Allocated, col. c x col. d x col. e x col. f x col. g
Reserve 1		-	-	-	-	-	-
Reserve 2		-	-	-	-	-	-
Reserve 3		-	-	-	-	-	-
Reserve 4		-	-	-	-	-	-
...		-	-	-	-	-	-
...		-	-	-	-	-	-
Total							-

All unfunded reserves will be listed above, specifically including (but not limited to) all subaccounts for FERC Account Nos. 228.1 through 228.4. "Unfunded reserve" is defined as an accrued balance (1) created and increased by debiting an expense which is included in this formula rate (column (e)), using the same allocator in column (g) as used in the formula to allocate the amounts in the corresponding expense account) (2) in advance of an anticipated expenditure related to that expense (3) that is not deposited in a restricted account (e.g., set aside in an escrow account, see column (d)) with the earnings thereon retained within that account. Where a given reserve is only partially funded through accruals collected from customers, only the balance funded by customer collections shall serve as a rate base credit, see column (f). The source of monthly balance data is company records.

EPRI Dues Cost Support

Allocated General & Common Expenses			
171	EPRI and EEI Dues to be excluded from the formula rate	EPRI Dues p353...f (enter FN1 line #)	-

Regulatory Expense Related to Transmission Cost Support						
Directly Assigned A&G			Form 1 Amount	Transmission Related	Other	Details*
172	Regulatory Commission Exp Account 928	p323.189.b	-	-	-	
* insert case specific detail and associated assignments here						

Multi-state Workpaper		New York	State 2	State 3	State 4	State 5	Weighed Average
Income Tax Rates							
Weighting		1					
173	SIT=State Income Tax Rate or Composite	0.0710					0.07
Multiple state rates are weighted based on the state apportionment factors on the state income tax returns and the number of days in the year that the rates are effective (see Note F)							

Safety Related and Education and Out Reach Cost Support		Form 1 Amount	Safety Related, Education, Siting & Outreach Related	Other	Details
174	General Advertising Exp Account 930.1			-	company records
Safety advertising consists of any advertising whose primary purpose is to educate the recipient as to what is safe or is not safe. Education advertising consists of any advertising whose primary purpose is to educate the recipient as about transmission related facts or issues Outreach advertising consists of advertising whose primary purpose is to attract the attention of the recipient about a transmission related issue Siting advertising consists of advertising whose primary purpose is to inform the recipient about locating transmission facilities Lobbying expenses are not allowed to be included in account 930.1					

Excluded Plant Cost Support		Excluded Transmission Facilities	Transmission plant included in OATT Ancillary Services and not otherwise excluded	Description of the Facilities
175	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			General Description of the Facilities
Excluded Transmission Facilities		-	-	
A worksheet will be provided if there are ever any excluded transmission plant or transmission plant in OATT Ancillary Services				
Add more lines if necessary				

Materials & Supplies					
Note: for the projection, the prior year's actual balances will be used Form No.1 page		Stores Expense Undistributed p227.16	Transmission Materials & Supplies p227.8	Construction Materials & Supplies p227.5	Total
176	December	Column b	-	-	-
177	January	Company Records	-	-	-
178	February	Company Records	-	-	-
179	March	Company Records	-	-	-
180	April	Company Records	-	-	-
181	May	Company Records	-	-	-
182	June	Company Records	-	-	-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

183	July	Company Records	-	-	-	-
184	August	Company Records	-	-	-	-
185	September	Company Records	-	-	-	-
186	October	Company Records	-	-	-	-
187	November	Company Records	-	-	-	-
188	December	Column c	-	-	-	-
189	Average					-

PBOPs

[Details](#)

189	<b><u>Calculation of PBOP Expenses</u></b>					
190	<b><u>ConEd</u></b>					
191	Total PBOP expenses		\$	(8,800,000)		
192	Labor dollars		\$	1,444,841,000		
193	Cost per labor dollar		\$	(0.0061)		
194	labor (labor not capitalized) current year	Company Records		-		
195	PBOP Expense for current year			-		
196	PBOP Expense in Account 926 for current year	Company Records		-		
197	PBOP Adjustment for Appendix A, Line 44			-		
198	Lines 191-193 cannot change absent approval or acceptance by FERC in a separate proceeding.					
198	<b><u>NiMo</u></b>					
199	Total PBOP expenses		\$	70,883,643		
200	Labor dollars		\$	313,713,746		
201	Cost per labor dollar		\$	0.2260		
202	labor (labor not capitalized) current year	Company Records		-		
203	PBOP Expense for current year			-		
204	PBOP Expense in Account 926 for current year	Company Records		-		
205	PBOP Adjustment for Appendix A, Line 44			-		
206	Lines 199-201 cannot change absent approval or acceptance by FERC in a separate proceeding.					
207	<b><u>NYSEG</u></b>					
208	Total PBOP expenses		\$	2,057,829		
209	Labor dollars		\$	187,586,000		
210	Cost per labor dollar		\$	0.0110		
211	labor (labor not capitalized) current year	Company Records		-		
212	PBOP Expense for current year			-		
213	PBOP Expense in Account 926 for current year	Company Records		-		
214	PBOP Adjustment for Appendix A, Line 44			-		
215	Lines 208-210 cannot change absent approval or acceptance by FERC in a separate proceeding.					
216	<b><u>RGE</u></b>					
217	Total PBOP expenses		\$	3,561,081		
218	Labor dollars		\$	79,625,000		
219	Cost per labor dollar		\$	0.0447		
220	labor (labor not capitalized) current year	Company Records		-		
221	PBOP Expense for current year			-		
222	PBOP Expense in Account 926 for current year	Company Records		-		
223	PBOP Adjustment for Appendix A, Line 44			-		
224	Lines 217-219 cannot change absent approval or acceptance by FERC in a separate proceeding.					

225	<b>CHG&amp;E</b>		
226	Total PBOP expenses	\$	(3,863,900)
227	Labor dollars		108,206,368
228	Cost per labor dollar	\$	(0.0357)
229	labor (labor not capitalized) current year	Company Records	-
230	PBOP Expense for current year		-
231	PBOP Expense in Account 926 for current year	Company Records	-
232	PBOP Adjustment for Appendix A, Line 44		-
233	Lines 226-228 cannot change absent approval or acceptance by FERC in a separate proceeding.		
234	<b><u>New York Transco LLC</u></b>		
235	Total PBOP expenses	\$	-
236	Labor dollars	\$	-
237	Cost per labor dollar		\$0.000
238	labor (labor not capitalized) current year	Company Records	-
239	PBOP Expense for current year		-
240	PBOP Expense in Account 926 for current year	Company Records	-
241	PBOP Adjustment for Appendix A, Line 44		-
242	Lines 235-237 cannot change absent approval or acceptance by FERC in a separate proceeding.		
243	PBOP expense adjustment	(sum lines 197, 214, 205, 223, 232, & 241)	-

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

Attachment 3 - Cost Support																
New York Transco LLC																
COST OF CAPITAL																
Line No.	Description	Form No.1 Reference	December Col. (a)	January Col. (b)	February Col. (c)	March Col. (d)	April Col. (e)	May Col. (f)	June Col. (g)	July Col. (h)	August Col. (i)	September Col. (j)	October Col. (k)	November Col. (l)	December Col. (m)	13 Month Avg. Col. (n)
244	Long Term Debt:															
245	Acct 221 Bonds	112.18.c,d														-
246	Acct 223 Advances from Assoc. Companies	112.20.c,d														-
247	Acct 224 Other Long Term Debt	112.21.c,d														-
248	Less Acct 222 Reacquired Debt	112.19.c, d enter negative														-
249	Total Long Term Debt	Sum Lines 244 - 248	-	-	-	-	-	-	-	-	-	-	-	-	-	-
250																
251	Preferred Stock (1)	112.3.c,d														-
252																
253	Common Equity- Per Books	112.16.c,d														-
254	Less Acct 204 Preferred Stock	112.3.c,d														-
255	Less Acct 219 Accum Other Compre. Income	112.15.c,d														-
	Less Acct 216.1 Unappropriated Undistributed															-
256	Subsidiary Earnings	112.12.c,d														-
257	Adjusted Common Equity	Ln 253 - 254 - 255 - 256	-	-	-	-	-	-	-	-	-	-	-	-	-	-
258																
259	Total (Line 249 plus Line 251 plus Line 257)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
260																
261	Cost of Debt															
262	Acct 427 Interest on Long Term Debt	117.62.c													-	
263	Acct 428 Amortization of Debt Discount and Expense	117.63.c													-	
264	Acct 428.1 Amortization of Loss on Reacquired Debt	117.64.c													-	
	Acct 430 Interest on Debt to Assoc. Companies (LTD														-	
265	portion only) (2)	117.67.c													-	
266	Less: Acct 429 Amort of Premium on Debt	117.65.c enter negative													-	
267	Less: Acct 429.1 Amort of Gain on	117.66.c enter negative													-	
268	Total Interest Expense	Sum Lines 262 - 267													-	
269															-	
270	Average Cost of Debt (Line 268 / Line 249)														-	
271																
272	Cost of Preferred Stock															
273	Preferred Stock Dividends	118.29.c														
274																
275	Average Cost of Preferred Stock (Line 273 / Line 251)														-	
Note 1. If and when the Company issues preferred stock, footnote will indicate the authorizing regulatory agency, the docket/case number, and the date of the																
Note 2. Interest on Debt to Associated Companies (FERC 430) will be populated with interest related to Long-Term Debt only.																

# New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

Project Worksheet  
Attachment 4

Rate Formula Template  
Utilizing Appendix A Data

For the 12 months ended 12/31/

The calculations below calculate that additional revenue requirement for 100 basis points of ROE and 1 percent change in the equity component of the capital structure. These amounts are then used to calculate the actual increase in revenue in the table below (starting on line 66) associated with the actual incentive authorized by the Commission. The use of the 100 basis point calculations do not presume any particular incentive (i.e., 100 basis points) being granted by the Commission.

Base ROE and Income Taxes Carrying Charge				New York Transco LLC		Result
1	Rate Base			Allocator		
2	BASE RETURN CALCULATION:					
3	Long Term Debt	(Appendix A, Line 91)	\$	%	Cost	Weighted
4	Preferred Stock	(Appendix A, Line 92)	-	0%	0.00%	0.00%
5	Common Stock	(Appendix A, Line 93)	-	0%	9.50%	0.00%
6	Total (sum lines 3-5)			-		0.00%
7	Return multiplied by Rate Base (line 1 * line 6)					
8	INCOME TAXES					
9	T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) = (Appendix A, line 61)					
10	CIT=(T/(1-T) * (1-(WCLTD/R))) =					
11	where WCLTD=(line 3) and R=(line 6)					
12	and FIT, SIT & p are as given in footnote F on Appendix A.					
13	1 / (1 - T) = (T from line 9)					
14	Amortized Investment Tax Credit (266.8f) (enter negative)					
15	Income Tax Calculation = line 10 * line 7 * (1-n)			-		
16	ITC adjustment (line 13 * line 14) * (1-n)			-	NP	-
17	Total Income Taxes (line 15 plus line 16)			-		
18	Base Return and Income Taxes			Sum lines 7 and 17		
19	Rate Base			Line 1		
20	Return and Income Taxes at Base ROE			Line 18 / line 19		

Attachment 4

Result

100 Basis Point Incentive ROE and Income Taxes Carrying Charge

21	Rate Base				
22	100 Basis Point Incentive Return impact on				
23	Long Term Debt	(line 3)	\$	%	Cost
24	Preferred Stock	(line 4)	-	0%	0.00%
25	Common Stock	(line 5 plus 100 basis points)	-	0%	10.50%
26	Total (sum lines 24-26)		-		-
27	100 Basis Point Incentive Return multiplied by Rate Base (line 21 * line 26)				-
28	INCOME TAXES				
29	$T = 1 - (((1 - \text{SIT}) * (1 - \text{FIT})) / (1 - \text{SIT} * \text{FIT} * p)) =$ (Appendix A, line 61)		-		
30	$\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / R)) =$		-		
31	where WCLTD=(line 23) and R= (line 26)				
32	and FIT, SIT & p are as given in footnote F on Appendix A.				
33	$1 / (1 - T) = (T \text{ from line 29})$		-		
34	Amortized Investment Tax Credit (line 14)		-		
35	Income Tax Calculation = line 30 * line 27 * (1-n)		-		
36	ITC adjustment (line 33 * line 34) * (1-n)		-	NP	-
37	Total Income Taxes (line 35 plus line 36)		-		
38	Return and Income Taxes with 100 basis point increase in ROE			Sum lines 27 and 37	
39	Rate Base			Line 21	
40	Return and Income Taxes with 100 basis point increase in ROE			Line 38 / line 39	
41	Difference in Return and Income Taxes between Base ROE and 100 Basis Point Incentive			Line 40- Line 20	

Effect of 1% Increase in the Equity Ratio					Results	
42	Rate Base					
43	100 Basis Point Incentive Return					
44	Long Term Debt	(line 3 minus 1% in equity ratio)	\$	%	Cost	Weighted
45	Preferred Stock	(line 4)	-	-1%	0.00%	0.00%
46	Common Stock	(line 5 plus 1% in equity ratio))	-	1%	9.50%	0.00%
47	Total (sum lines 44-46)		-			0.10%
48	Line 47 x line 42					
49	INCOME TAXES					
50	T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) = (Appendix A, line 61)				-	
51	CIT=(T/(1-T)) * (1-(WCLTD/R)) =				-	



New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

52	where WCLTD=(line 44) and R= (line 47)				
53	and FIT, SIT & p are as given in footnote F on Appendix A.				
54	1 / (1 - T) = (T from line 50)	-			
55	Amortized Investment Tax Credit (line 14)	-			
56	Income Tax Calculation = line 51 * line 48 * (1-n)	-			
57	ITC adjustment (line 54 * line 55) * (1-n)	-	NP	-	
57a	(Excess)/Deficient Deferred Income Tax Adjustment (Attachment 11, line 11)	-			
58	Total Income Taxes (line 56 plus line 57 plus line 57a)	-			
59	Return and Income Taxes with 1% Increase in the Equity Ratio		Sum lines 48 and 58	-	
60	Rate Base		Line 42	-	
61	Return and Income Taxes with 1% Increase in the Equity Ratio		Line 59 / line 60	-	
62	Difference between Base ROE and 1% Increase in the Equity Ratio		Line 61 - Line 20	-	
Attachment 4					
63	Revenue Requirement per project including incentives				
64	Expense Allocator [Appendix A, lines 45 and 59, less Appendix A, line 44b / Gross Transmission Plant In Service Column (l) including Transmission CIACs] times TP on Appendix A, line 80 (Note B)			-	
65	Base Carrying Charge (used in Line 102 Appendix A)			-	

The table below breaks out the total revenue requirement on Appendix A separately for each investment. The total of Column (p) must equal the amount shown on Appendix A, Line 3.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
Line	Description (Note E)	Net Investment (Note A)	ROE Authorized by FERC (Note C)	ROE Base (From Appendix A, line 93)	Incentive % Authorized by FERC (Notes D and F)	Line 41	Col (e) / .01 x Col (f)	Incentive \$ (Col (b) x Col (g))	Equity % in Capital Structure (% above base %, - % below base %)(1 equals 1%) (Note D)	Impact of Equity Component of Capital Structure (Col (b) x (i) x Line 62)	Base Return and Tax (Line 65 x Col (b))	Gross Plant In Service (Note B)	Expense Allocator (line 64)	O&M (exc Amort. Of Reg. Assets), Taxes Other than Income (Col. (l) x Col. (m))	Depreciation/Amortization Expense	Total Revenues (Col. (h) + (j) + (k) + (n) + (o))	True-up Adjustment	Net Adjusted Revenue Requirement (Col. (p)-(q))
66	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
66a	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
66b	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
66c	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
...				9.50%														
67	Total	\$0.00						-		-	-	\$0		-	-	-	-	
Check Sum Appendix A Line 3																		
Difference (must be zero)																		

Note:

- A Column (b), Net Investment includes the Net Plant In Service, unamortized regulatory assets, unamortized abandoned plant and CWIP
- B Column (l), Gross Plant in Service excludes Regulatory Assets, CWIP, and Abandoned Plant.
- C Column (e), for each project with an incentive in column (e), note the docket No. in which FERC granted the incentive
- D No incentive or change in the equity percentage in Columns (e) and (i) can be made absent Commission authorization
- E Column (a), The Segment B Facilities and any applicable Segment B Addition are subject to certain cost recovery allowances as specified in the settlement approved by the Commission by Letter Order dated November 16, 2017 in Docket No. ER15-572. If implicated, those cost allowance provisions will be reflected independently in column (a) and corresponding columns.
- F Column (e), Incentive % Authorized by FERC represents the difference between the Base ROE level reflected in column (d) and the combination of any project specific base ROE approved by FERC and ROE incentives approved by FERC (such combination is reflected in column (c), which value may be positive or negative.

Project	Docket No.	Note
TOTS 1 - Ramapo to Rock Tavern	ER15-572	Up to \$228 million for the 3 TOTS projects in aggregate
TOTS 2 - Staten Island Unbottling Feeder Split	ER15-572	Up to \$228 million for the 3 TOTS projects in aggregate
TOTS 3 - NYSEG's Marcy South Series Comp Fraser to Coopers Corner	ER15-572	Up to \$228 million for the 3 TOTS projects in aggregate
Segment B Facilities - Knickerbocker to Pleasant Valley	ER15-572	
Segment B Additions	ER15-572	
Segment B Facilities CWIP	ER15-572	

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

Attachment 5 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology (Note 13)

New York Transco LLC  
HYPOTHETICAL EXAMPLE

Assumes financing will be a 5 year loan with Origination Fees of \$2.1 million and a Commitments Fee of 0.3% on the undrawn principal. Consistent with GAAP, the Origination Fees and Commitments Fees will be amortized using the standard Internal Rate of Return formula below. Each year, the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount will be updated on this attachment.

Table 1

1	Total Loan Amount	\$ 125,000,000
---	-------------------	----------------

Table 2

2	Internal Rate of Return <sup>1</sup>	4.892%
---	--------------------------------------	--------

Based on following Financial Formula<sup>2</sup>:

$$NPV = 0 = \sum_{t=1}^N \frac{C_t}{(1+IRR)^{PWT(t)}}$$

Table 3

5	Origination Fees	
6	Underwriting Discount	-
7	Arrangement Fee	250,000
8	Upfront Fee	437,500
9	Rating Agency Fee	-
10	Legal Fees	1,000,000
11	Total Issuance Expense	1,687,500

Table 4

	2014	2015	2016	2017	2018	2019	2020
14	LIBOR Rate	0.64%	1.03%	1.60%	2.13%	2.13%	2.13%
15	Spread	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
16	Interest Rate	2.89%	3.28%	3.85%	4.38%	4.38%	4.38%

Table 5

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year		Capital Expenditures (\$000's)	Principal Drawn In Quarter (\$000's)	Principal Drawn To Date (\$000's)	Interest & Principal (\$000's)	Origination Fees (\$000's)	Commitment & Utilization Fee (\$000's)	Net Cash Flows (\$000's)
				Cumulative Col. D	1/4 * Interest Rate from Line 16 x Col. E prior quarter and Principal repayment	Input in first Qtr of Loan	(line 1/1000 less Col. E prior quarter)*line 13/4 +line 12/4000+line 11/4000	(D-F-G-H)
3/31/2014	Q3	19,350	9,675	9,675		2,100		7,575
6/30/2014	Q4	19,350	9,675	19,350	70		124	9,481
9/30/2014	Q1	19,350	9,675	29,025	141		117	9,418
12/31/2014	Q2	19,350	9,675	38,700	211		109	9,354
3/31/2015	Q3	24,775	12,388	51,088	275		102	12,010
6/30/2015	Q4	24,775	12,388	63,475	418		93	11,876
9/30/2015	Q1	24,775	12,388	75,863	525		84	11,778
12/31/2015	Q2	24,775	12,388	88,250	628		74	11,685
3/31/2016	Q3	23,950	11,975	100,225	723		65	11,187
6/30/2016	Q4	23,950	11,975	112,200	962		56	10,957
9/30/2016	Q1	23,950	11,975	124,175	1,089		47	10,839
12/31/2016	Q2	23,950	11,975	136,150	1,205		38	10,732
3/31/2017	Q3	23,575	11,788	147,938	1,292		29	10,466
6/30/2017	Q4	23,575	11,788	159,725	1,615		20	10,152
9/30/2017	Q1	23,575	11,788	171,513	1,763		11	10,013
12/31/2017	Q2	23,575	11,788	183,300	1,893		3	9,891
3/31/2018	Q3	-	-	183,300	185,280			(185,280)

Notes 1 The IRR is the input to Debt Cost shown on Appendix A, Page 4, Line 91 during the construction period, after obtaining project financing, in accordance with Note G of Appendix A.

2 The IRR is a discount rate that makes the net present value of a series of cash flows equal to zero. The IRR equation is shown on line 4.

N is the last quarter the loan would be outstanding

t is each quarter

Ct is the cash flow (Table 5, Col. I in each quarter)

Alternatively the equation can be written as  $0 = C_0 + C_1/(1+IRR) + C_2/(1+IRR)^2 + C_3/(1+IRR)^3 + \dots + C_n/(1+IRR)^n$  and solved for IRR

The Excel formula on line 2 is:  $=\text{round}(XIRR(\text{first quarter of loan Col A of Table 5; last quarter of loan Col I of Table 5, 8\%}), 4)$

The 8% in the above formula is a seed number to ensure the formula produces a positive number.

3. Line 1 reflects the loan amount, the maximum amount that can be drawn on

4. Lines 5 through 13 include the fees associated with the loan. They are estimated based on current bank condition and are updated with the actual fees once the actual fees are known.

5. The estimate of the average 3 month Libor forward rate for the year on line 14 is that published by Bloomberg Finance L.P. during August of the prior year and is true-up to actual average 3 month Libor rate for the year under the loan.

6. Table 5, Col. C reflect the capital expenditures in each quarter

7. Table 5, Col. D reflect the amount of the loan that is drawn down in the quarter

8. Table 5, Col. E is the amount of principle drawn down

9. Table 5, Col F calculates the interest on the principle drawn down to date based on the applicable interest on line 16

10. Table 5, Col. G is the total origination fees in line 10 and is input in the first quarter that a portion of the loan in drawn

11. Table 5, Col. H is calculated as follows:

(line 1/1000 less Col. E prior quarter)\*line 13/4 +line 12/4000+line 11/4000

Where A = Loan amount in line 1 less the amount drawn down (Table 5, Col. (E)) in the prior quarter

12. The inputs shall be estimated based on the current market conditions and is subject to true up for all inputs, e.g., fees, interest rates, spread, and Table 3 once the amounts are known

13. Prior to obtaining long term debt, the cost of debt, will be 3.28%. If NY Transco obtains project financing, the long term debt rate will be determined using the methodology in Attachment 5 and Attachment 5 contains a hypothetical example of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Attachment A. After the first project is placed into service, NY Transco will use the its actual cost of long term debt determined in Attachment 3. The capital structure will be the actual capital structure up to 53% equity.

New York Transco LLC  
Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)  
Beginning of Year

Item		Transmission Related	Plant Related	Labor Related	Total	
1	ADIT-282	-	-	-		From Acct. 282 total, below
2	ADIT-283	-	-	-		From Acct. 283 total, below
3	ADIT-190	-	-	-		From Acct. 190 total, below
4	Subtotal	-	-	-		
5	Wages & Salary Allocator					
6	NP		-			
7	Beginning of Year	-	-	-	-	
8	End of year from Attachment 6b, line 7	-	-	-	-	
9	Average of Beginning of Year and End of Year ((7 +8)/2)	-	-	-	-	Enter as negative Appendix A, line 24.

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance must shown in a separate row for each project.

	A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
10 ADIT-190							
11a							
11b							
11c							
...							
12 Subtotal - p234		-	-	-	-	-	
13 Less FASB 109 Above if not separately removed							
14 Less FASB 106 Above if not separately removed							
15 Total		-	-	-	-	-	

Instructions for Account 190:  
1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C  
2. ADIT items related only to Transmission are directly assigned to Column D  
3. ADIT items related to Plant and not in Columns C & D are included in Column E  
4. ADIT items related to labor and not in Columns C & D are included in Column F  
5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

New York Transco LLC  
Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)  
Beginning of Year

	A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
21 ADIT- 282							
22a							
22b							

22c						
...						
...						
...						
...						
...						
...						
23	Subtotal - p275	-	-	-	-	-
24	Less FASB 109 Above if not separately removed					
25	Less FASB 106 Above if not separately removed					
26	Total	-	-	-	-	-

- Instructions for Account 282:
- 27 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
  - 28 2. ADIT items related only to Transmission are directly assigned to Column D
  - 29 3. ADIT items related to Plant and not in Columns C & D are included in Column E
  - 30 4. ADIT items related to labor and not in Columns C & D are included in Column F
  - 31 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

New York Transco LLC  
Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)  
Beginning of Year

	A	B	C	D	E	F	G
32	ADIT- 283	Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	
33a							
33b							
33c							
...							
...							
...							
...							
...							
...							
...							
...							
34	Subtotal - p277	-	-	-	-	-	
35	Less FASB 109 Above if not separately removed						
36	Less FASB 106 Above if not separately removed						
37	Total	-	-	-	-	-	

- Instructions for Account 283:
- 38 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
  - 39 2. ADIT items related only to Transmission are directly assigned to Column D
  - 40 3. ADIT items related to Plant and not in Columns C & D are included in Column E
  - 41 4. ADIT items related to labor and not in Columns C & D are included in Column F
  - 42 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

New York Transco LLC  
Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)  
End of Year

Line		Transmission Related	Plant Related	Labor Related	Total
1	ADIT-282	-	-	-	From Acct. 282 total, below
2	ADIT-283	-	-	-	From Acct. 283 total, below
3	ADIT-190	-	-	-	From Acct. 190 total, below
4	Subtotal	-	-	-	
5	Wages & Salary Allocator			-	
6	NP		-		
7	End of Year ADIT	-	-	-	-

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance must be shown in a separate row for each project.

	A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
8 ADIT-190							
9a							
9b							
9c							
...							
...							
...							
...							
...							
...							
...							
...							
10 Subtotal - p234		-	-	-	-	-	
11 Less FASB 109 Above if not separately removed							
12 Less FASB 106 Above if not separately removed							
13 Total		-	-	-	-	-	

- Instructions for Account 190:
- 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
  - 2. ADIT items related only to Transmission are directly assigned to Column D
  - 3. ADIT items related to Plant and not in Columns C & D are included in Column E
  - 4. ADIT items related to labor and not in Columns C & D are included in Column F
  - 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

New York Transco LLC  
Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)  
End of Year

	A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
19 ADIT- 282							
20a				-			

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

20b						
20c						
...						
...						
...						
...						
...						
...						
21	Subtotal - p275	-	-	-	-	-
22	Less FASB 109 Above if not separately removed					
23	Less FASB 106 Above if not separately removed					
24	Total	-	-	-	-	-

Instructions for Account 282:

- 25 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- 26 2. ADIT items related only to Transmission are directly assigned to Column D
- 27 3. ADIT items related to Plant and not in Columns C & D are included in Column E
- 28 4. ADIT items related to labor and not in Columns C & D are included in Column F
- 29 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

New York Transco LLC  
Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)  
End of Year

	A	B	C	D	E	F	G
		Total	Gas, Prod				
30	ADIT- 283		Or Other	Transmission	Plant	Labor	
			Related	Related	Related	Related	
31a							
31b							
31c							
...							
...							
...							
...							
...							
...							
...							
...							
...							
32	Subtotal - p277	-	-	-	-	-	
33	Less FASB 109 Above if not separately removed						
34	Less FASB 106 Above if not separately removed						
35	Total	-	-	-	-	-	

Instructions for Account 283:

- 36 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- 37 2. ADIT items related only to Transmission are directly assigned to Column D
- 38 3. ADIT items related to Plant and not in Columns C & D are included in Column E
- 39 4. ADIT items related to labor and not in Columns C & D are included in Column F
- 40 5. If the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**Attachment 7 - Example of True-Up Calculation (Note 3)**  
**New York Transco LLC**

2014		2014		Over (Under) Recovery
Revenue Requirement Billed (Note 1)		Actual Revenue Requirement (Note 2)		
\$0	Less	\$0	Equals	\$0

Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 7a	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.2708%				

An over or under collection will be recovered prorata over year collected, held for one year and returned prorata over next year.  
 If the first year is a partial year, the true-up (over or under recovery per month and interest calculation) will reflect only the number of months for which the rate was charged.

<u>Calculation of Interest</u>						Monthly	
January	Year 2014	-	0.2708%	12	-	-	-
February	Year 2014	-	0.2708%	11	-	-	-
March	Year 2014	-	0.2708%	10	-	-	-
April	Year 2014	-	0.2708%	9	-	-	-
May	Year 2014	-	0.2708%	8	-	-	-
June	Year 2014	-	0.2708%	7	-	-	-
July	Year 2014	-	0.2708%	6	-	-	-
August	Year 2014	-	0.2708%	5	-	-	-
September	Year 2014	-	0.2708%	4	-	-	-
October	Year 2014	-	0.2708%	3	-	-	-
November	Year 2014	-	0.2708%	2	-	-	-
December	Year 2014	-	0.2708%	1	-	-	-
						<hr/>	-
						-	-
					<b>Annual</b>		
January through December	Year 2014	-	0.2708%	12	-	-	-

<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>						Monthly	
January	Year 2016	-	0.2708%		-	-	-
February	Year 2016	-	0.2708%		-	-	-
March	Year 2016	-	0.2708%		-	-	-
April	Year 2016	-	0.2708%		-	-	-
May	Year 2016	-	0.2708%		-	-	-
June	Year 2016	-	0.2708%		-	-	-
July	Year 2016	-	0.2708%		-	-	-
August	Year 2016	-	0.2708%		-	-	-
September	Year 2016	-	0.2708%		-	-	-
October	Year 2016	-	0.2708%		-	-	-
November	Year 2016	-	0.2708%		-	-	-
December	Year 2016	-	0.2708%		-	-	-
						<hr/>	-

Total Amount of True-Up Adjustment	\$	-
Less Over (Under) Recovery	\$	-
Total Interest	\$	-

Note 1: Revenue requirements billed is input, source data are the invoices from NYISO. The amounts exclude any true ups or prior period adjustments. Values will be determined for each project set included in the Table in Attachment 4.

Note 2: The actual revenue requirement is input from Attachment 4, line 66, column p, which is determined for each project set developed by the Company. The amounts exclude any true-ups or prior period adjustments.

Note 3: This "Example" sheet will be populated with actuals and used in each year's annual true-up calculation.



**True-Up Interest Calculation**

		Pursuant to 18 C.F.R. Section 18 35.19 (a)
<b>FERC Quarterly Interest Rate</b>		
1	Qtr 3 (Previous Year)	3.25%
2	Qtr 4 (Previous Year)	3.25%
3	Qtr 1 (Current Year)	3.25%
4	Qtr 2 (Current Year)	3.25%
5	Average of the last 4 quarters (Lines 1-4 / 4)	3.25%
6	Interest Rate Used for True-up adjustment (Note B)	0.0325
7	Monthly Interest Rate for Attachment 7 (Line 6 / 12)	0.0027

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

Attachment 8 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan (Note 1)  
New York Transco LLC

SUMMARY							
YEAR	Estimated Effective cost of debt used in true up	Final Effective cost of debt for the construction loan:	Based on cost of debt used in prior year true ups (Note 2)	Based on Actual Final Cost of Debt (Note 3)	Over (Under) Recovery	Monthly FERC Refund Interest Rate applicable over the ATRR period	Total Amount of Construction Loan Related True-Up to be included in rates (Refund)/Owed
2014	7.18%	6.50%	\$ 2,500,000.00	\$ 2,400,000.00	\$ 100,000.00	0.550%	\$ (148,288.33)
2015	6.8%	6.50%	\$5,000,000.00	\$5,150,000.00	\$ (150,000.00)	0.560%	\$ 209,670.43
2016	7.2%	6.50%	\$8,300,000.00	\$8,200,000.00	\$ 100,000.00	0.540%	\$ (131,109.09)
2017	7.3%	6.50%	\$12,300,000.00	\$12,000,000.00	\$ 300,000.00	0.580%	\$ (368,656.73)
2018	*	6.50%	\$18,000,000.00	\$17,900,000.00	\$ 100,000.00	0.570%	\$ (114,946.28)
2018	**	6.50%	\$25,000,000.00	\$25,000,000.00	\$ -		\$ (553,329.99)

**The Hypothetical Example:**  
\* Assumes that the construction loan is retired on December 31, 2018  
\*\* Assumes that the construction loan IRR on Attachment 5 has an effective rate of 6.5%

Calculation of Applicable Interest Expense for each ATRR period

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Hypothetical Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
<b>Calculation of Interest for 2014 True-Up Period</b>						
An over or under collection will be recovered prorate over 2014, held for 2015, 2016, 2017, 2018, and 2019 and returned prorate over 2020						
Monthly						
January	Year 2014	-	0.5500%	12.00	-	-
February	Year 2014	-	0.5500%	11.00	-	-
March	Year 2014	10,000	0.5500%	10.00	(550)	(10,550)
April	Year 2014	10,000	0.5500%	9.00	(495)	(10,495)
May	Year 2014	10,000	0.5500%	8.00	(440)	(10,440)
June	Year 2014	10,000	0.5500%	7.00	(385)	(10,385)
July	Year 2014	10,000	0.5500%	6.00	(330)	(10,330)
August	Year 2014	10,000	0.5500%	5.00	(275)	(10,275)
September	Year 2014	10,000	0.5500%	4.00	(220)	(10,220)
October	Year 2014	10,000	0.5500%	3.00	(165)	(10,165)
November	Year 2014	10,000	0.5500%	2.00	(110)	(10,110)
December	Year 2014	10,000	0.5500%	1.00	(55)	(10,055)
				(3,025)		(103,025)
Annual						
January through December	Year 2015	(103,025)	0.5600%	12.00	(6,923)	(109,948)
January through December	Year 2016	(109,948)	0.5400%	12.00	(7,125)	(117,073)
January through December	Year 2017	(117,073)	0.5800%	12.00	(8,148)	(125,221)
January through December	Year 2018	(125,221)	0.5700%	12.00	(8,565)	(133,786)
January through December	Year 2019	(133,786)	0.5700%	12.00	(9,151)	(142,937)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
Monthly						
January	Year 2020	142,937	0.5700%	(815)	(12,357)	(131,395)
February	Year 2020	131,395	0.5700%	(749)	(12,357)	(119,786)
March	Year 2020	119,786	0.5700%	(683)	(12,357)	(108,112)
April	Year 2020	108,112	0.5700%	(616)	(12,357)	(96,371)
May	Year 2020	96,371	0.5700%	(549)	(12,357)	(84,563)
June	Year 2020	84,563	0.5700%	(482)	(12,357)	(72,687)
July	Year 2020	72,687	0.5700%	(414)	(12,357)	(60,744)
August	Year 2020	60,744	0.5700%	(346)	(12,357)	(48,733)
September	Year 2020	48,733	0.5700%	(278)	(12,357)	(36,653)
October	Year 2020	36,653	0.5700%	(209)	(12,357)	(24,505)
November	Year 2020	24,505	0.5700%	(140)	(12,357)	(12,287)
December	Year 2020	12,287	0.5700%	(70)	(12,357)	0
				(5,351)		
Total Amount of True-Up Adjustment for 2014 ATRR					\$ (148,288)	
Less Over (Under) Recovery					\$ 100,000	
Total Interest					\$ (48,288)	

Attachment 8 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan  
New York Transco LLC

<b>Calculation of Interest for 2015 True-Up Period</b>						
An over or under collection will be recovered prorate over 2015, held for 2016, 2017, 2018, and 2019 and returned prorate over 2020						
Monthly						
January	Year 2015	(12,500)	0.5600%	12.00	840	13,340
February	Year 2015	(12,500)	0.5600%	11.00	770	13,270
March	Year 2015	(12,500)	0.5600%	10.00	700	13,200
April	Year 2015	(12,500)	0.5600%	9.00	630	13,130
May	Year 2015	(12,500)	0.5600%	8.00	560	13,060
June	Year 2015	(12,500)	0.5600%	7.00	490	12,990

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

July	Year 2015	(12,500)	0.5600%	6.00	420	12,920
August	Year 2015	(12,500)	0.5600%	5.00	350	12,850
September	Year 2015	(12,500)	0.5600%	4.00	280	12,780
October	Year 2015	(12,500)	0.5600%	3.00	210	12,710
November	Year 2015	(12,500)	0.5600%	2.00	140	12,640
December	Year 2015	(12,500)	0.5600%	1.00	70	12,570
					5,460	155,460
<b>Annual</b>						
January through December	Year 2016	155,460	0.5400%	12.00	10,074	165,534
January through December	Year 2017	165,534	0.5800%	12.00	11,521	177,055
January through December	Year 2018	177,055	0.5700%	12.00	12,111	189,166
January through December	Year 2019	189,166	0.5700%	12.00	12,939	202,104
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
					<b>Monthly</b>	
January	Year 2020	(202,104)	0.5700%		1,152	185,784
February	Year 2020	(185,784)	0.5700%		1,059	169,370
March	Year 2020	(169,370)	0.5700%		965	152,863
April	Year 2020	(152,863)	0.5700%		871	136,262
May	Year 2020	(136,262)	0.5700%		777	119,566
June	Year 2020	(119,566)	0.5700%		682	102,775
July	Year 2020	(102,775)	0.5700%		586	85,888
August	Year 2020	(85,888)	0.5700%		490	68,905
September	Year 2020	(68,905)	0.5700%		393	51,826
October	Year 2020	(51,826)	0.5700%		295	34,649
November	Year 2020	(34,649)	0.5700%		197	17,374
December	Year 2020	(17,374)	0.5700%		99	(0)
					7,566	
Total Amount of True-Up Adjustment for 2015 ATRR					\$	209,670
Less Over (Under) Recovery					\$	(150,000)
Total Interest					\$	59,670

<b>Calculation of Interest for 2016 True-Up Period</b>						
An over or under collection will be recovered prorate over 2016, held for 2017, 2018 and 2019 and returned prorate over 2020						
					<b>Monthly</b>	
January	Year 2016	8,333	0.5400%	12.00	(540)	(8,873)
February	Year 2016	8,333	0.5400%	11.00	(495)	(8,828)
March	Year 2016	8,333	0.5400%	10.00	(450)	(8,783)
April	Year 2016	8,333	0.5400%	9.00	(405)	(8,738)
May	Year 2016	8,333	0.5400%	8.00	(360)	(8,693)
June	Year 2016	8,333	0.5400%	7.00	(315)	(8,648)
July	Year 2016	8,333	0.5400%	6.00	(270)	(8,603)
August	Year 2016	8,333	0.5400%	5.00	(225)	(8,558)
September	Year 2016	8,333	0.5400%	4.00	(180)	(8,513)
October	Year 2016	8,333	0.5400%	3.00	(135)	(8,468)
November	Year 2016	8,333	0.5400%	2.00	(90)	(8,423)
December	Year 2016	8,333	0.5400%	1.00	(45)	(8,378)
					(3,510)	(103,510)
<b>Annual</b>						
January through December	Year 2017	(103,510)	0.5800%	12.00	(7,204)	(110,714)
January through December	Year 2018	(110,714)	0.5700%	12.00	(7,573)	(118,287)
January through December	Year 2019	(118,287)	0.5700%	12.00	(8,091)	(126,378)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
					<b>Monthly</b>	
January	Year 2020	126,378	0.5700%		(720)	(116,173)
February	Year 2020	116,173	0.5700%		(662)	(105,909)
March	Year 2020	105,909	0.5700%		(604)	(95,587)
April	Year 2020	95,587	0.5700%		(545)	(85,206)
May	Year 2020	85,206	0.5700%		(486)	(74,766)
June	Year 2020	74,766	0.5700%		(426)	(64,266)
July	Year 2020	64,266	0.5700%		(366)	(53,707)
August	Year 2020	53,707	0.5700%		(306)	(43,087)
September	Year 2020	43,087	0.5700%		(246)	(32,407)
October	Year 2020	32,407	0.5700%		(185)	(21,666)
November	Year 2020	21,666	0.5700%		(123)	(10,864)
December	Year 2020	10,864	0.5700%		(62)	0
					(4,731)	
Total Amount of True-Up Adjustment for 2016 ATRR					\$	(131,109)
Less Over (Under) Recovery					\$	100,000
Total Interest					\$	(31,109)

Attachment 8 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan  
New York Transco LLC

<b>Calculation of Interest for 2017 True-Up Period</b>						
An over or under collection will be recovered prorate over 2017, held for 2018 and 2019, and returned prorate over 2020						
					<b>Monthly</b>	
January	Year 2017	25,000	0.5800%	12.00	(1,740)	(26,740)
February	Year 2017	25,000	0.5800%	11.00	(1,595)	(26,595)
March	Year 2017	25,000	0.5800%	10.00	(1,450)	(26,450)
April	Year 2017	25,000	0.5800%	9.00	(1,305)	(26,305)
May	Year 2017	25,000	0.5800%	8.00	(1,160)	(26,160)
June	Year 2017	25,000	0.5800%	7.00	(1,015)	(26,015)
July	Year 2017	25,000	0.5800%	6.00	(870)	(25,870)
August	Year 2017	25,000	0.5800%	5.00	(725)	(25,725)

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

September	Year 2017	25,000	0.5800%	4.00	(580)	(25,580)
October	Year 2017	25,000	0.5800%	3.00	(435)	(25,435)
November	Year 2017	25,000	0.5800%	2.00	(290)	(25,290)
December	Year 2017	25,000	0.5800%	1.00	(145)	(25,145)
					(11,310)	(311,310)
<b>Annual</b>						
January through December	Year 2018	(311,310)	0.5700%	12.00	(21,294)	(332,604)
January through December	Year 2019	(332,604)	0.5700%	12.00	(22,750)	(355,354)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
					<b>Monthly</b>	
January	Year 2020	355,354	0.5700%		(2,026)	(326,658)
February	Year 2020	326,658	0.5700%		(1,862)	(297,798)
March	Year 2020	297,798	0.5700%		(1,697)	(268,774)
April	Year 2020	268,774	0.5700%		(1,532)	(239,585)
May	Year 2020	239,585	0.5700%		(1,366)	(210,229)
June	Year 2020	210,229	0.5700%		(1,198)	(180,706)
July	Year 2020	180,706	0.5700%		(1,030)	(151,015)
August	Year 2020	151,015	0.5700%		(861)	(121,154)
September	Year 2020	121,154	0.5700%		(691)	(91,123)
October	Year 2020	91,123	0.5700%		(519)	(60,921)
November	Year 2020	60,921	0.5700%		(347)	(30,547)
December	Year 2020	30,547	0.5700%		(174)	0
					(13,303)	
Total Amount of True-Up Adjustment for 2017 ATRR					\$	(368,657)
Less Over (Under) Recovery					\$	300,000
Total Interest					\$	(68,657)

<b>Calculation of Interest for 2018 True-Up Period</b>						
An over or under collection will be recovered prorata over 2018, held for 2019 and returned prorata over 2020						
					<b>Monthly</b>	
January	Year 2018	8,333	0.5700%	12.00	(570)	(8,903)
February	Year 2018	8,333	0.5700%	11.00	(523)	(8,856)
March	Year 2018	8,333	0.5700%	10.00	(475)	(8,808)
April	Year 2018	8,333	0.5700%	9.00	(428)	(8,761)
May	Year 2018	8,333	0.5700%	8.00	(380)	(8,713)
June	Year 2018	8,333	0.5700%	7.00	(333)	(8,666)
July	Year 2018	8,333	0.5700%	6.00	(285)	(8,618)
August	Year 2018	8,333	0.5700%	5.00	(238)	(8,571)
September	Year 2018	8,333	0.5700%	4.00	(190)	(8,523)
October	Year 2018	8,333	0.5700%	3.00	(143)	(8,476)
November	Year 2018	8,333	0.5700%	2.00	(95)	(8,428)
December	Year 2018	8,333	0.5700%	1.00	(48)	(8,381)
					(3,705)	(103,705)
<b>Annual</b>						
January through December	Year 2019	(103,705)	0.5700%	12.00	(7,093)	(110,798)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
					<b>Monthly</b>	
January	Year 2020	110,798	0.5700%		(632)	(101,851)
February	Year 2020	101,851	0.5700%		(581)	(92,853)
March	Year 2020	92,853	0.5700%		(529)	(83,803)
April	Year 2020	83,803	0.5700%		(478)	(74,702)
May	Year 2020	74,702	0.5700%		(426)	(65,549)
June	Year 2020	65,549	0.5700%		(374)	(56,344)
July	Year 2020	56,344	0.5700%		(321)	(47,086)
August	Year 2020	47,086	0.5700%		(268)	(37,776)
September	Year 2020	37,776	0.5700%		(215)	(28,412)
October	Year 2020	28,412	0.5700%		(162)	(18,995)
November	Year 2020	18,995	0.5700%		(108)	(9,525)
December	Year 2020	9,525	0.5700%		(54)	0
					(4,148)	
Total Amount of True-Up Adjustment for 2018 ATRR					\$	(114,946)
Less Over (Under) Recovery					\$	100,000
Total Interest					\$	(14,946)

Note 1: This 'Hypothetical Example' sheet will be populated with actuals and used in each year's annual true-up calculation.

Note 2: Enter the revenue requirement from the true-up for that year (Note 2)

Note 3: Enter the revenue requirement from re-running the prior year true-ups with the final cost of debt once all inputs to Attachment 5 are based on actual data.

**Attachment 9 - Depreciation and Amortization  
Rates  
New York Transco LLC**

Account Number	FERC Account	Rate (Annual) Percent
----------------	--------------	--------------------------

**TRANSMISSION PLANT**

1	350.1	Land Rights	1.02
2	352	Structures and Improvements	2.05
3	353	Station Equipment	2.26
4	354	Towers and Fixtures	2.04
5	355	Poles and Fixtures	2.24
6	356	Overhead Conductor and Devices	2.22
7	357	Underground Conduit	2.05
8	358	Underground Conductor and Devices	2.39
9	359	Roads & Trails	1.17

10	<b>PRODUCTION PLANT</b>	All Accounts	0.00
----	-------------------------	--------------	------

11	<b>DISTRIBUTION PLANT</b>	All Accounts	0.00
----	---------------------------	--------------	------

**GENERAL PLANT**

12	390	Structures & Improvements	3.36
13	391	Office Furniture & Equipment	5.24
14	392	Transportation Equipment	9.78
15	393	Stores Equipment	3.91
16	394	Tools, Shop & Garage Equipment	4.68
17	395	Laboratory Equipment	3.75
18	396	Power Operated Equipment	7.62
19	397	Communication Equipment	3.82
20	398	Miscellaneous Equipment	4.55

**INTANGIBLE PLANT**

21	303	Miscellaneous Intangible Plant	
		5 Yr	20.00
		7 Yr	14.29
		10 Year	10.00
		15 year	6.67
		Transmission facility Contributions in Aid of Construction	Note 1

These depreciation and amortization rates will not change absent the appropriate filing at FERC.

Note 1: In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in lines 1-7 above and the weighted average depreciation rate will be used to amortize the CIAC. Once determined for a particular CIAC, the rate will not change for that CIAC absent Commission approval.

# New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

Attachment 10 - Workpapers  
New York Transco LLC

## Regulatory Assets

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)
	Project Name	Recovery Amnt Approved *	Recovery Period Months *	Monthly Amort Exp (b) / (c)	Amort Periods this year	Current Amort Expense x (e)	% Allocated to Formula Rate (d)	Amort Exp in Formula Rate** (f) x (g)	Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Avg Unamortized Balance Sum (i) through (u) / 13	% Approved for Rate Base x	Allocated to Formula Rate (from (g))	Rate Base Balance x (w) x (x)	Project Code	Docket No
1a									2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	-	-	-	-	-	-
1b																						-	-	-	-	-	-
1c																						-	-	-	-	-	-
...																						-	-	-	-	-	-
...																						-	-	-	-	-	-
...																						-	-	-	-	-	-
...																						-	-	-	-	-	-
2	Total Regulatory Asset in Rate Base (sum lines 1a-1...):																										-

\* Non-zero values in these columns may only be established per FERC order

\*\*All amortizations of the Regulatory Asset are to be booked to Account 566

## Abandoned Plant

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)
	Project Name	Recovery Amnt Approved *	Recovery Period Months *	Monthly Amort Exp (b) / (c)	Amort Periods this year	Current Amort Expense x (e)	% Allocated to Formula Rate (d)	Amort Exp in Formula Rate (f) x (g)	Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Avg Unamortized Balance Sum (i) through (u) / 13	% Approved for Rate Base x	Allocated to Formula Rate (from (g))	Rate Base Balance x (v) x (x)	Project Code	Docket No
3a									2014	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	-	-	-	-	-	-
3b																						-	-	-	-	-	-
3c																						-	-	-	-	-	-
...																						-	-	-	-	-	-
...																						-	-	-	-	-	-
...																						-	-	-	-	-	-
...																						-	-	-	-	-	-
4	Total Abandoned Plant in Rate Base (sum lines 3a-3...):																										-

\* Non-zero values in these columns may only be established per FERC order

## Land Held for Future Use (LHFU)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	Subaccount No.	Item Name	Land Held for Future Use and Estimated Date	Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Average of Columns (d) Through (p)
5a				2014	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	-
5b																	-
5c																	-
...																	-
...																	-
...																	-
...																	-
6	Total LHFU in rate base (sum lines 5a-5...):																

## CWIP in Rate Base

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)
No.	Project Name	job ID	Construction Start Date	Estimated in-service date	Approval Doc. No.	Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Avg (f) through (r)	% approved for recovery	Rate Base Amnt (s) x
7a						2015	2016	2016	2016	2106	2016	2016	2016	2016	2016	2016	2016	2016	0	16,892,308	0.0%
7b											219,600,000	0	0	0	0	0	0	0		-	0.0%
7c																				-	0.0%
...																				-	0.0%
...																				-	0.0%
...																				-	0.0%

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 36 OATT Attachment DD - Rules to Allocate the Cost of NY Tra

...		-	
...		-	
...		-	
...		-	
8	Total (sum lines 7a-7...)	Total CWIP in Rate Base	

Change to recovery percent in Column (t) requires FERC order

**Actual Additions by FERC Account**

The total of these additions should total the additions reported in the FERC Form No.1 on page 206, lines 48 to 56

[illegible]

### Intangible Plant Detail

The total

	Item	Description	Source	Service Life	Amount
11a			Company Records		
11b			Company Records		
11c			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
12	Total (sum lines 11a-11...) ties to 205.5.g				

**Detail of Affiliate Charges Included in NY Transco's Books as Requested by Certain Parties to the Filing**

Transactions between NY Transco and any entity that is associated (affiliated) with NY Transco must be reported on page 429 of the Form No. 1. The chart below is to include all charges to the NYTransco by an affiliate, by Affiliate and by FERC account number

	Central FERC Account	Hudson G&E	Consolidated Edison	Niagara Mohawk	NY State E&G	Rochester G&E	Total
13a	.....	101					-
13b	.....						-
13c	.....						-
	.....						-
	.....						-
	.....	350					-
	.....						-
	.....						-
	.....						-
	.....						-
	.....						-
	.....	920					-
	.....						-



...	....	-
...	....	-
...	935	-
14	Total	(sum lines 13a-13



New York Transco LLC

Attachment 11a - Excess & Deficient ADIT

COLUMN A		COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L
Line No.	Description	(Excess)/ Deficient ADIT Transmission - Beg Balance of Year (Note B)	Current Period Other Activity (Note C)	Amortization Period (Note D)	Years Remaining at Year End	Amortization (Note E)	(Excess)/ Deficient ADIT Transmission - Ending Balance of Year (Note F) (Col. B + Col. C) - Col. F	Protected (P) Non-Protected (N)	ADIT Amortization (Account 410.1) (Note E)	ADIT Amortization (Account 411.1) (Note E)	Deficient ADIT – Account 182.3 (Note A)	(Excess) ADIT – Account 254 (Note A)
<b>Non-property (Note A):</b>												
<b>1</b>	<b>Account 190</b>											
1a		-										
1b		-										
1c		-										
1d		-										
1e		-										
1f		-										
1g		-										
1h		-										
1i		-										
1j		-										
1k		-										
<b>2</b>	<b>Account 282</b>											
2a												
<b>3</b>	<b>Account 283</b>											
3a												

4	Non-property gross up for Taxes	
---	---------------------------------	--

5	Total Non-Property (sum lines 1-4)	
---	------------------------------------	--

[illegible]

Property (Note A):			
6	Property Book-Tax Timing Difference - Account 190		
7	Property Book-Tax Timing Difference - Account 282		
8	Property Book-Tax Timing Difference - Account 283		
9	Property Gross up for Taxes		
10	<b>Total Property (sum lines 6-9)</b>		

11	Total Non-Property & Property and Amortization,	
----	---	--

including gross up for  
taxes (line 5 + line 10)

12 Gross up for taxes included above

-

Total Non-  
Property &  
Property and  
Amortization,  
excluding  
gross up for  
taxes (line 11  
– line 12)

13

-

Average  
(Excess)/Defici  
ent ADIT for  
Rate Year (line  
13, Col. B/2 +  
line 13, Col.  
G/2)

14

-

Notes:

- A Upon a tax rate change (federal, state and/or, if applicable, state apportionments), the Company re-measures its deferred tax assets and liabilities to account for the new applicable corporate tax rate. For schedule M items not directly taken to the P&L, the result of this re-measurement is a change to the net deferred tax assets/liabilities recorded in accounts 190, 282, and 283 with a corresponding change in regulatory assets (account 182.3) and regulatory liabilities (account 254) to reflect the return of/collection from excess/deficient deferred taxes to/from customers. Within the FERC Form 1, deficient and excess ADITs in Account 182.3 and Account 254, respectively are presented grossed-up for tax purposes. For ratemaking purposes, these grossed-up balances are treated as FAS109 and subsequently removed from rate base, thereby ensuring rate base neutrality for tax rate changes. The Company would follow the process described above to re-measure ADIT balances (increase or decrease) due to any future income tax rate change.
- B Beginning balance of year is the end of the prior year balance as reflected on FERC Form No. 1, pages 232 (Account 182.3) and 278 (Account 254)
- C In the event the Company populates the data enterable fields, it will support the data entered as just and reasonable in its annual update
- D The amortization periods shall be consistent with the following:  
Protected Property & Non-Property will be amortized using the Adjusted Rate Assumption Methodology (ARAM)  
Unprotected federal net operating loss will be directly assigned on a straight-line basis over ten years.  
Unprotected Property & Non-Property will be directly assigned on a straight-line basis over seven years.
- E The amortization will occur through FERC income statement Accounts 410.1. and 411.1, retroactive to January 1, 2018
- F Ending balance of year is the end of current year balance, as reflected on FERC Form No. 1, pages 232 (Account 182.3) and 278 (Account 254)

New York Transco LLC

Attachment 11b - Excess & Deficient ADIT

		Deferred Tax Asset (Liability) (Notes A & B)			ADIT Offset to P&L (Note B)	(Excess) Deficient Deferred Income Taxes (Note B & C)	(Excess) Deficient Deferred Income Tax Activity post [INSERT NAME OF TAX LAW]						
Book-Tax Temporary Difference	Gross Accumulated Schedule M Adjustment (Prior to [INSERT NAME OF TAX LAW]) (Note G)	[INSERT DATE] ADIT Balance (Prior to [INSERT NAME OF TAX LAW])	[INSERT DATE] ADIT Balance (After [INSERT NAME OF TAX LAW])	Change in ADIT due to [INSERT NAME OF TAX LAW]	Tax Expense (Benefit)	ADIT Offset to Regulatory Asset (Liability)	Other Adjustments Including Gross-up True-ups	[INSERT DATE] Return-to-Accrual Adjustment (Recorded in [INSERT DATE])	[INSERT DATE] Amortization (Note D & E)	[INSERT DATE] Return-to-Accrual Adjustment (Recorded in [INSERT DATE])	[INSERT DATE] Amortization (Note D & E)	[INSERT DATE] Ending Balance (Note F)	Protected / Unprotected

**Non-Property Related Items:**

190 Accounts

Federal NOL

Overcollection of Revenues

Carrying Charge on Overcollection of Revenues

Unearned TCC Revenue

Preformation Costs

Total For 190 Accounts:

282 Accounts

None

Total For 282 Accounts:

283 Accounts

Carrying Charge on Preformation Costs

Prepaid Expenses Gross-up on AFUDC	-	-	-	-	-	-	-	-	-	-	-	-
Total For 283 Accounts:	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Property Related Items:</b>												
Net (Excess) Deficient Deferred Income Taxes (excluding Gross-up)				-	-	-	-	-	-	-	-	-
Net Tax Gross-up							-	-	-	-	-	-
<b>Net (Excess) Deficient Deferred Income Taxes (including Gross-up)</b>							-	-	-	-	-	-
<b>Property Related Items:</b>												
190 Accounts												
None	-	-	-	-	-	-	-	-	-	-	-	-
Total For 190 Accounts:	-	-	-	-	-	-	-	-	-	-	-	-
282 Accounts												
Normalized Federal Timing Differences				-	-	-	-	-	-	-	-	-
Normalized State and Local Timing Differences, Net of Federal AFUDC				-	-	-	-	-	-	-	-	-
Equity-Federal AFUDC				-	-	-	-	-	-	-	-	-
Equity-State and Local, net of Federal				-	-	-	-	-	-	-	-	-
Total For 282 Accounts:	-	-	-	-	-	-	-	-	-	-	-	-





F Ending balance of year is the end of [INSERT YEAR] balance, as reflected on FERC Form No. 1, pages 232 (Account 182.3) and 278 (Account 254)

G Amount represent the cumulative gross Schedule M amount at the time of the revaluation due to a tax law change.

### **36.3.1.2 Formula Rate Implementation Protocols**

The formula rate template (“Template”) and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate (“Formula Rate”) of NY Transco for transmission revenue requirement determinations under the ISO OATT. NY Transco shall follow the instructions specified in the Formula Rate to calculate annually its Net Adjusted Revenue Requirement, as set forth at page 1, line 5 of the Template (“Net Adjusted Revenue Requirement”). The Net Adjusted Revenue Requirement shall be determined for January 1 to December 31 of a given calendar year (the “Rate Year”). Information included in the Formula Rate Attachments shall identify project specific revenue requirements for each Approved NYTP set forth in Rate Schedule 13 of the ISO OATT. The Formula Rate shall become effective for recovery of NY Transco’s Net Adjusted Revenue Requirement upon the effective date for incorporation into the ISO OATT through an appropriate filing with the Federal Energy Regulatory Commission (“FERC” or “Commission”) under Section 205 of the Federal Power Act (“FPA”).

#### **Section 1. Annual Projection**

- a. No later than September 30 preceding the first Rate Year, and each subsequent Rate Year, NY Transco shall determine its projected Net Adjusted Revenue Requirement for the upcoming Rate Year in accordance with NY Transco’s Formula Rate (“Annual Projection”). The Annual Projection shall include the True-up Adjustment described and defined in Section 2 below, if applicable. NY Transco shall cause an electronic version of the Annual Projection to be posted in both a Portable Document Format and fully-functioning Excel file fully populated with formulas intact at a publicly accessible location on ISO’s internet website.

Such posting shall include (i) all inputs in sufficient detail to identify the components of NY Transco's projected Net Adjusted Revenue Requirement, and (ii) explanations of the bases for the projections and input data to demonstrate that each input to the formula rate is consistent with the requirements of the formula rate. If the date for making such posting of the Annual Projection should fall on a weekend or a holiday recognized by FERC, then the posting shall be made no later than the next business day. NY Transco shall electronically serve each Annual Projection upon the Service List.<sup>2</sup><sup>2</sup> As used in these protocols, "Service List" shall include but not be limited to (i) the email list of ISO OATT Transmission Customers maintained by the ISO; (ii) any state regulatory agency with rate jurisdiction over a public utility located within the ISO footprint; and (iii) any consumer advocate agency authorized by state law to review and contest the rates for any such public utility, provided such consumer advocate agency requests to be placed on the Service List and provides an e-mail address to NY Transco.]

- b. If NY Transco makes changes in the Annual Projection for a given Rate Year, NY Transco shall cause such revised Annual Projection to be promptly posted at a publicly accessible location on the ISO internet website and shall electronically serve a link to the website upon the Service List. Changes posted prior to October 31 of the preceding Rate Year, or the next business day if October 31 is not a business day (or such later date as can be accommodated under the ISO's billing practices), shall be reflected in the Annual Projection for the Rate Year; changes

posted after that date will be reflected, as appropriate, in the True-up Adjustment for the Rate Year.

- c. The Annual Projection, including the True-Up Adjustment, for each Rate Year shall be subject to review, challenge, true-up and refunds or surcharges with interest, to the extent and in the manner provided in these Protocols.

## **Section 2. True-up Adjustment**

NY Transco will calculate the amount of under- or over-collection of its actual Net Revenue Requirement, as set forth at page 1, line 3 of the Template during the preceding Rate Year (“True-up Adjustment”) after the FERC Form No. 1 data for that Rate Year has been filed with the Commission. The True-up Adjustment shall be the sum of components a and b, determined in the following manner:

- a. NY Transco’s projected Net Revenue Requirement collected during the previous Rate Year<sup>3</sup>[<sup>3</sup> If the initial year of this rate schedule is a partial year, the initial projected Net Revenue Requirement will be divided by the number of months the Formula Rate is in effect to calculate the monthly projected cost of service to be collected each month of the first year. Similarly, the actual Net Revenue Requirement will be divided by the number of months the rate is in effect to calculate the actual cost of service to be collected each month of the first year. The first True-up Adjustment will compare the projected Net Revenue Requirement billed and the actual Net Revenue Requirement for that initial Rate Year.] will be compared to NY Transco’s actual Net Revenue Requirement for the previous Rate Year calculated in accordance with NY Transco’s Formula Rate and based upon (i) NY Transco’s FERC Form No. 1 for that same Rate Year, (ii)

any FERC orders specifically applicable to NY Transco's calculation of its annual revenue requirement, (iii) the books and records of NY Transco (which shall be maintained consistent with the FERC Uniform System of Accounts ("USofA")), (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates, and (v) any aspects of the ISO OATT and other governing documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates, to determine any over- or under-recovery ("True-up Adjustment Over/Under Recovery"). NY Transco will include a variance analysis of, at minimum, actual revenue requirement components of rate base, operating and maintenance expenses, depreciation and amortization expense, taxes, return on rate base, and revenue credits as compared to the corresponding components in the projected revenue requirement that was calculated for the prior Rate Year with an explanation of all changes.

- b. Interest on any True-up Adjustment Over/Under Recovery of the actual Net Revenue Requirement shall be calculated in accordance with the Formula Rate Attachment 7a.

### **Section 3. Annual Update**

- a. On or before June 30 following each Rate Year, NY Transco shall calculate its actual Net Adjusted Revenue Requirement, including the True-up Adjustment as described in Section 2 ("Annual Update") for such Rate Year, and shall cause such Annual Update to be posted, in both a Portable Document Format and fully-functioning Excel format containing the populated template with formula intact

for that year's update, at a publicly accessible location on the ISO internet website, and electronically serve a link to the website upon the Service List. In addition, the Annual Update shall be contemporaneously submitted as an informational filing with the FERC.

- b. If the date for making the Annual Update posting should fall on a weekend or a holiday recognized by the FERC, then the posting shall be due on the next business day.
- c. The date on which the last of the events listed in Section 3.a or 3.b occurs shall be that year's "Publication Date." Any delay past the date on which the last of the events listed in Section 3.a or 3.b occurs shall result in an equivalent extension of time for the submission of information requests and challenges, as described in Sections 4 and 5 below.
- d. Together with the posting of the Annual Update, NY Transco shall cause to be posted on the ISO website the time, date and location for a stakeholder meeting including but not limited to (i) any Eligible Customer under the ISO OATT; (ii) any regulatory agency with rate jurisdiction over a public utility located within the ISO footprint; (iii) any consumer advocate authorized by state law to review and contest the rates for any such public utility, or (iv) any party with standing under FPA Section 205 or 206 (collectively, "Interested Persons") in order for NY Transco to explain its Annual Update and to provide Interested Persons an opportunity to seek information and clarifications regarding the Annual Update ("Stakeholder Meeting"). NY Transco shall accommodate interested parties that wish to participate in the Stakeholder Meeting via teleconference or webinar. The

Stakeholder Meeting shall be held no less than twenty (20) business days and no more than thirty (30) business days after June 30.

- e. The Annual Update for the Rate Year:
  - (i) Shall provide, via the Formula Rate worksheets, sufficiently detailed supporting documentation for data (and all adjustments thereto or allocations thereof) used in the Formula Rate that are not stated in the FERC Form No. 1 to enable any interested party to replicate the calculation of the Formula Rate.<sup>4</sup><sup>4</sup> It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate for purposes of determining the actual Net Adjusted Revenue Requirement for a given Rate Year will be either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the referenced form is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in the superseded form. If the referenced form is discontinued, equivalent information as that provided in the discontinued form shall be utilized.]
  - (ii) Shall provide supporting documentation and workpapers for the data used in the Annual Update that are not otherwise available in the FERC Form No. 1, including all adjustments made to the FERC Form No. 1 data in determining formula inputs.
  - (iii) Shall include a variance analysis of, at minimum, actual revenue requirement components of rate base, operating and maintenance expenses, depreciation and amortization expense, taxes, return on rate base, and revenue credits as compared

to the corresponding components in the projected revenue requirement that was calculated for the prior Annual Update with an explanation of changes.

- (iv) Shall provide notice and a narrative summary of all changes in NY Transco's accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based that affect the Formula Rate or calculation of the Annual Update ("Accounting Change(s)"). Accounting Changes may, among other things, include: (1) the initial implementation of an accounting standard or policy, (2) the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction, (3) corrections of mistakes and prior period adjustments,<sup>5</sup>[<sup>5</sup> For purposes of these Protocols, "mistakes" shall mean errors or omissions regarding the values inputted into the Formula Rate template, such as, but not limited to, arithmetic and other inadvertent computational errors, erroneous Form No. 1 references, or the like. Mistakes shall not include matters involving exercise of judgment or substantive differences of opinion regarding the derivation of an input that is more properly the subject of the annual review process.] (4) the implementation of new estimation methods or policies that change prior estimates, and (5) changes to income tax elections. Such notice shall also include (1) those changes that could impact the Formula Rate or the calculations under the Formula Rate within the next three years; and (2) any changes in the ISO OATT from the provisions of the ISO OATT in effect during the calendar year upon which the most recent Net Revenue Requirement was



based and that could impact the Formula Rate or the calculations under the Formula Rate within the next three years.

- (v) Shall be subject to review and challenge in accordance with the procedures set forth in Sections 4, 5, and 6 of these Protocols.
- (vi) Shall be subject to review and challenge in accordance with the procedures set forth in these Protocols with respect to the prudence of any costs and expenditures included for recovery in the Annual Update; provided, however, that nothing in these Protocols is intended to modify the Commission's applicable precedent with respect to the burden of going forward or burden of proof under formula rates in such prudence challenges; and
- (vii) Shall not seek to modify the Formula Rate and shall not be subject to challenge by any Interested Person seeking to modify the Formula Rate (*i.e.*, any modifications to the Formula Rate will require, as applicable, an FPA Section 205 or Section 206 filing or initiation of a Section 206 investigation).
- (viii) Shall provide support for any deferred income tax account balances, including any Statement of Financial Accounting Standard Nos. 106 and 109 Adjustments.
- (ix) Shall identify and provide support for any costs and expenses related to any merger or acquisition of a jurisdictional facility (including, but not limited to, acquisition premiums and goodwill) that have been included in the Annual Update, including a citation to the FERC order approving the recovery of such costs and expenses; otherwise, any such costs that have been reported in the FERC Form No. 1 must be deducted from the costs to be recovered in the Annual Update.

- (x) Shall identify any asset retirement obligations (“ARO”) included in the Annual Update, including a citation to the FERC order approving recovery of the ARO; otherwise, any such items reported in the FERC Form No. 1 must be deducted from the costs to be recovered in the Annual Update.
  - (xi) Shall identify the specific amounts included in the annual Update related to each transmission incentive project, a citation to the proceeding in which FERC granted the incentive, and provide a derivation of the value for each project.
  - (xii) Shall include a worksheet listing all the errors and corrections agreed to by NY Transco and any interested parties, or ordered by FERC, related to the previous Rate Year that have been incorporated into the current Annual Update.
- f. The following Formula Rate inputs shall be stated values to be used in the Formula Rate until changed pursuant to an FPA Section 205 or 206 proceeding:
- (i) rate of return on common equity (“ROE”); (ii) “Post-Employment Benefits other than Pensions” pursuant to Statement of Financial Accounting Standards No. 106, Employers’ Accounting for Postretirement Benefits Other Than Pensions (“PBOP”) charges; and (iii) the depreciation and/or amortization rates as set forth in Attachment 9 to the Formula Rate template. No changes may be made to the ROE, capital structure, PBOP expenses, or depreciation and/or amortization rates absent a filing under Sections 205 or 206 of the Federal Power Act.
- g. Example – Timeline for 2015 Annual Update:
- On or before September 30 of the first year, NY Transco will determine the projected Net Adjusted Revenue Requirement for the second year, which is expected to be the first year that costs are recovered from ISO customers under

the Formula Rate. NY Transco will post the Annual Projection for the second Rate Year in accordance with Section 1 above. NY Transco will not determine a True-up Adjustment or post an Annual Update on August 1 of the second year if no costs have been recovered under the Formula Rate during the first year. On or before September 30 of the second year, NY Transco will post the Annual Projection for the third Rate Year. On or before August 1 of the third year, NY Transco will post its first Annual Update, consisting of the True-up Adjustment for the second Rate Year determined pursuant to Section 2 above. Such True-up Adjustment will be reflected in the Annual Projection of the Net Adjusted Revenue Requirement for the fourth Rate Year posted on or before September 30 of the third year. The Annual Update posted August 1 of the third year will be subject to the customer review and challenge procedures described in Sections 4, 5, and 6 of these Protocols.

#### **Section 4. Annual Review Procedures**

Each Annual Update shall be subject to the following review procedures (“Annual Review Procedures”):

- a. Interested Persons shall have up to the latest of one hundred fifty (150) calendar days after the Publication Date, thirty (30) calendar days after the receipt of all responses to timely submitted information requests (unless such period is extended with the written consent of NY Transco), or thirty (30) calendar days after resolution of a dispute that does not result in the production of additional information (“Review Period”), to review the calculations and to notify NY Transco in writing of any specific challenges, including but not limited to

challenges related to Accounting Changes and to the Annual Update (“Preliminary Challenge”). Interested persons may challenge through a Preliminary Challenge or a Formal Challenge: (1) whether NY Transco has properly calculated the Annual Update under review (including any corrections pursuant to Section 6); (ii) whether the costs included in the Annual Update are properly recordable and recorded, prudent, reasonable, and incurred according to appropriate procurement methods and cost control methodologies and otherwise consistent with NY Transco’s accounting policies, practices and procedures consistent with the USofA; (iii) whether the input data used in the Annual Update are accurate and correctly used in the Formula Rate; (iv) the effect of Accounting Changes; and (v) whether the Formula Rate has been applied according to its terms, including the procedures in these Protocols. NY Transco shall promptly cause to be posted all Preliminary Challenges at a publicly accessible location on the ISO internet website and a link to the website will be electronically served upon the Service List. Any Formal Challenges are to be filed in the NY Transco’s informational filing dockets.

NY Transco shall respond in writing to a Preliminary Challenge within twenty (20) business days of receipt, and its response shall notify the challenging party of the extent to which NY Transco agrees or disagrees with the challenge. If NY Transco disagrees with the Preliminary Challenge, its response shall include supporting documentation. NY Transco shall promptly cause to be posted responses to all Preliminary Challenges at a publicly accessible location on the

ISO internet website and a link to the website will be electronically served upon the Service List.

- b. Interested Persons shall have up to one hundred twenty (120) calendar days after each annual Publication Date (unless such period is extended with the written consent of NY Transco) to serve reasonable information requests on NY Transco. Information requests shall be limited to what is necessary to determine if: (i) NY Transco has properly calculated the Annual Update under review (including any corrections pursuant to Section 6); (ii) the costs included in the Annual Update are properly recordable and recorded, reasonable, prudent, and incurred according to appropriate procurement methods and cost control methodologies and otherwise consistent with NY Transco's accounting policies, practices and procedures consistent with the USofA; (iii) the input data used in the Annual Update are accurate and correctly used in the Formula Rate; (iv) the effect of Accounting Changes; (v) the Formula Rate has been applied according to its terms, including the procedures in these Protocols; and (vi) any other information that may reasonably have substantive effect on the calculation of the revenue requirement pursuant to the Formula Rate. NY Transco shall cause any information requests received to be posted at a publicly accessible location on the ISO internet website and shall electronically serve a link to the website upon the Service List. The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable.
- c. NY Transco shall make a good faith effort to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such

requests. In the event an information request is not provided within 10 business days, the parties will mutually agree on an extension of the Review Period.

To the extent NY Transco and any Interested Person(s) are unable to resolve disputes related to information requests submitted in accordance with these Annual Review Procedures, NY Transco or any Interested Person may petition the FERC to appoint an Administrative Law Judge as a discovery master to resolve the discovery dispute(s) in accordance with these Protocols and consistent with the FERC's discovery rules. NY Transco shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege, in any subsequent FERC proceeding addressing NY Transco's Annual True-Up or Projected Net Revenue Requirement.

- d. Failure to pursue an issue through a Preliminary Challenges or to otherwise lodge a Formal Challenge regarding any issue as to a given Annual Update only bars pursuit of such issue with respect to that Annual Update, and in no event shall bar pursuit of such issue or the lodging of a Formal Challenge as to such issue as it relates to a subsequent Annual Update.
- e. If a change made by NY Transco to its accounting policies, practices or procedures, or their application to the Formula Rate, pursuant to Section 3(e)(iv) of these Protocols is found by the FERC to be unjust, unreasonable, and/or unduly discriminatory or preferential, then the calculation of the charges to be assessed during the Rate Year then under review, and the charges to be assessed during any subsequent Rate Years, including any True-up Adjustments, shall not include

such change, but shall include any lawful remedy that may be prescribed by FERC to ensure that the Formula Rate continues to operate in a manner that is just, reasonable, and not unduly discriminatory or preferential.

## **Section 5. Resolution of Challenges**

- a. NY Transco shall appoint a senior representative to attempt to resolve any Preliminary Challenge. If NY Transco and any Interested Person have not resolved any Preliminary Challenge to the Annual Update within sixty (60) calendar days after the end of the Review Period (unless such period is extended with the written consent of NY Transco to continue efforts to resolve the Preliminary Challenge), such Interested Person may, within thirty (30) calendar days thereafter, file a challenge with the FERC ("Formal Challenge"), which shall be served on NY Transco by electronic service on the date of such filing. Subject to any applicable confidentiality and Critical Energy Infrastructure Information restrictions, all information and correspondence produced by NY Transco pursuant to these Protocols may be included in any Formal Challenge or other FERC proceeding relating to the Formula Rate. Failure to raise an issue in a Preliminary Challenge shall not bar an Interested Person from raising that issue in a Formal Challenge.
- b. Any response by NY Transco to a Formal Challenge must be submitted to the FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge, and NY Transco shall serve on the filing party(ies) and the Service List by electronic service on the date of such filing.

- c. In any proceeding concerning a given year's Annual Update (including corrections) or Accounting Change(s), NY Transco shall bear the burden, consistent with Section 205 of the Federal Power Act, of proving that it has correctly applied the terms of the Formula Rate consistent with these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- d. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of NY Transco to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, an application seeking changes to the Formula Rate or to any of the stated value inputs requiring a Section 205 filing under these Protocols (including, but not limited to, ROE, depreciation and amortization rates, and PBOPs), or the right of any other party or the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder.
- e. NY Transco may, at its discretion and at a time of its choosing, make a limited filing pursuant to Section 205 to modify stated values in the Formula Rate for amortization and depreciation rates, or PBOP rates. The sole issue in any such limited Section 205 proceeding shall be whether such proposed change(s) is just and reasonable, and it shall not address other aspects of the Formula Rate.

## **Section 6. Changes to Annual Updates**

If NY Transco determines or concedes that corrections to the Annual Update are required, whether under Sections 4 or 5 of these Protocols, including but not limited to those requiring corrections to its FERC Form No. 1, or input data used for a Rate Year that would have



affected the Annual Update for that Rate Year, NY Transco shall promptly notify the Service List, file a correction to the Annual Update with the FERC as an amended informational filing, and cause such information to be posted at a publicly accessible location on the ISO internet website. Such corrections shall be subject to review at the time they are made and shall be reflected in the next Annual Update, with interest. A corrected posting shall reset the deadlines under Section 4 and 5 of the Protocols for Interested Person review and the revised dates shall run from the posting date(s) for each of the corrections. The scope of review shall be limited to the aspects of the Formula Rate affected by the corrections. Interest on any over- or under-recovery due to corrections for preceding True-up Adjustments shall be calculated monthly on such over- or under-recovery from January 1 of the corrected Rate Year through December 31 of the Rate Year in which such over- or under-recovery is reflected ("Correction Period"). The applicable monthly interest rates for the Correction Period for an over-recovery shall be determined in accordance with the Formula Rate true-up worksheet divided by twelve (12) for each month from the beginning of the Correction Period through December 31 of the Rate Year immediately preceding the Rate Year in which such over-recovery is reflected. The applicable monthly interest rates for the Correction Period for an under-recovery shall be the annual interest rate determined in accordance 18 C.F.R § 35.19a divided by twelve (12) for each month from the beginning of the Correction Period through December 31 of the Rate Year immediately preceding the Rate Year in which such under-recovery is reflected.

## **Section 7. Construction Work in Progress**

- a. *Accounting.* For each transmission project for which NY Transco has been authorized by a Commission order to include Construction Work in Progress ("CWIP") in transmission rate base ("CWIP Project"), NY Transco shall use the

following accounting procedures to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) for such project.

- (i) NY Transco shall assign each CWIP Project a unique Funding Project Number (“FPN”) for internal cost tracking purposes. For a CWIP Project for which the NY Transco is recovering less than 100% of CWIP in rate base, two FPNs will be assigned, one reflecting the CWIP balance in rate base and the other reflecting the balancing accruing AFUDC. NY Transco will assign FPNs in such a way that an Interested Person can identify that the balances are associated with the same project.
- (ii) NY Transco shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each CWIP Project. Such work orders shall be segregated from work orders for transmission projects for which the Commission has not authorized NY Transco to include CWIP in rate base.
- (iii) For each CWIP Project for which NY Transco is allowed to include 100% of CWIP in rate base, NY Transco shall ensure that no AFUDC will be accrued under the associated FPN.
- (iv) For each CWIP Project, NY Transco shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in NY Transco’s FERC Form No. 1. NY Transco shall use these summaries as data inputs into the Annual Update calculated pursuant to Section 3 and shall

make such work order summaries available upon request pursuant to the review procedures of Section 4.

- (v) When a CWIP Project is, or portion thereof, is placed into service, NY Transco shall deduct from total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
- (vi) For transmission projects for which the Commission has not authorized NY Transco to include CWIP in rate base, NY Transco shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.
- b. *Annual Reporting.* For each CWIP Project, NY Transco shall file a report with the Commission at the time of NY Transco's Annual Update that shall include the following information concerning each such project:
  - (i) the actual amount of CWIP recorded for each project;
  - (ii) any amounts recorded in related FERC accounts or subaccounts, such as AFUDC and regulatory liability;
  - (iii) the resulting effect of CWIP on the revenue requirement;
  - (iv) a statement of the current status of each project; and the estimated in-service date for each project.

**37      Attachment EE – Coordination Agreement Between ISO New England Inc. and  
The New York Independent System Operator, Inc.**

## **TABLE OF CONTENTS**

### **RECITALS**

#### **ARTICLE 1.0: DEFINITIONS**

#### **ARTICLE 2.0: SCOPE OF AGREEMENT**

#### **ARTICLE 3.0: MUTUAL BENEFITS**

#### **ARTICLE 4.0: INTERCONNECTED OPERATION**

#### **ARTICLE 5.0: EMERGENCY ASSISTANCE**

#### **ARTICLE 6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY**

#### **ARTICLE 7.0: COORDINATION COMMITTEE**

#### **ARTICLE 8.0: RELIABILITY COORDINATION AND RELIABILITY ASSESSMENT OF OUTAGES**

#### **ARTICLE 9.0: OPERATIONAL INFORMATION**

#### **ARTICLE 10.0: INTERCONNECTION REVENUE METERING**

#### **ARTICLE 11.0: JOINT CHECKOUT PROCEDURES**

#### **ARTICLE 12.0: COORDINATED TRANSACTION SCHEDULING**

#### **ARTICLE 13.0: LIABILITY**

#### **ARTICLE 14.0: APPLICABLE LAW**

#### **ARTICLE 15.0: LICENSE AND AUTHORIZATION**

#### **ARTICLE 16.0: ASSIGNMENT**

#### **ARTICLE 17.0: AMENDMENT**

#### **ARTICLE 18.0: NOTICES**

#### **ARTICLE 19.0: DISPUTE RESOLUTION**

#### **ARTICLE 20.0: REPRESENTATIONS**

#### **ARTICLE 21.0: EFFECTIVE DATE AND TERM**

#### **ARTICLE 22.0: MISCELLANEOUS**

#### **IN WITNESS WHEREOF**

#### **SCHEDULE A: DESCRIPTION OF INTERCONNECTION FACILITIES**

#### **SCHEDULE B: PROCEDURES FOR DEVELOPMENT AND AUTHORIZATION OF OPERATING INSTRUCTIONS**

#### **SCHEDULE C: EMERGENCY ENERGY TRANSACTIONS SCHEDULE**

#### **ATTACHMENT A**

#### **TO THE EMERGENCY ENERGY TRANSACTIONS SCHEDULE**

#### **EMERGENCY ENERGY PRICING**

THIS AGREEMENT was made the 1<sup>st</sup> day of January 2006 and is hereby restated on the 1<sup>st</sup> day of August 2017

BETWEEN:

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC., a not-for-profit corporation established under the laws of New York State, hereinafter called the “NYISO”.

and

ISO NEW ENGLAND INC., a not-for-profit, private corporation established under the laws of the State of Delaware, hereinafter called “ISO-NE”.

### **RECITALS**

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in Section 1.0 hereof;

WHEREAS, ISO-NE and the NYISO are sometimes hereinafter referred to, collectively, as the “Parties” and, individually, as a “Party”;

WHEREAS, the NYISO is an independent, not-for-profit corporation established pursuant to the ISO Agreement, responsible for providing transmission service, maintaining the Reliability of the electric power system and facilitating efficient markets for capacity, energy and ancillary services in the New York Balancing Authority Area in accordance with its filed NYISO Tariffs;

WHEREAS, ISO-NE is a not-for-profit, independent corporation that serves as the RTO for New England, in which capacity it operates New England’s wholesale electricity markets, manages a comprehensive regional bulk power system planning process and is responsible for the day-to-day reliable operation of New England's bulk power system;

WHEREAS, ISO-NE, as RTO for the New England Transmission System and administrator of the New England markets, and the NYISO as the ISO for the New York Transmission System, enter into coordination agreements and operating arrangements with the operators of neighboring Reliability Coordinator Areas and Balancing Authority Areas, and coordinate system operation and Emergency procedures with neighboring Reliability Coordinator Areas and Balancing Authority Areas;

WHEREAS, the NYISO and ISO-NE desire to coordinate interconnected operation to maintain Reliability for both of the power systems of New York State and the New England States, recognizing the Parties’ desire to maximize interconnected capability under the terms and conditions contained in this Agreement; and

WHEREAS, related to the Interconnection Facilities:

- A. ISO-NE is the Reliability Coordinator, Balancing Authority, Transmission Operator, market operator, and Planning Authority for the six New England States and operates and is responsible for the secure operation of the New England Transmission System in accordance with its Transmission Operating Agreements with New England Transmission Owners and in compliance with the FERC-accepted ISO-NE Tariff, and the requirements and criteria set forth by NERC or NPCC and, as such, has the power and authority to enter into this Agreement and perform its obligations under it;
- B. NYISO is the Reliability Coordinator, Balancing Authority, Transmission Operator, market operator, and Planning Authority for New York State and operates and is responsible for the secure operation of the New York Transmission System in accordance with its Transmission Operating Agreements with New York Transmission Owners and in compliance with the FERC-accepted New York Independent System Operator Agreement (“ISO Agreement”), the Agreement Between New York Independent System Operator and Transmission Owners (“ISO/TO Agreement”), the Agreement Between New York Independent System Operator and the New York State Reliability Council (“ISO/NYSRC Agreement”), NYISO Tariffs, and the requirements and criteria set forth by NERC, NPCC and the NYSRC and, as such, has the power and authority to enter into this Agreement and perform its obligations under it; and
- C. The New England Transmission System and the New York Transmission System interconnect by way of the Interconnection Facilities, which are described in Schedule A of this Agreement; and
- D. The Parties wish to record their agreement as to the operational and other matters addressed herein and pertaining to the Interconnection Facilities; and

WHEREAS the Parties desire to manage the operational aspects of their interconnected operations by developing, administering and implementing practices, procedures and sharing information relating to Reliability coordination and power system operation that will be managed and approved by a committee formed under this Agreement;

NOW, THEREFORE, THIS AGREEMENT WITNESSES THAT in consideration of the mutual agreements and obligations between the Parties and for other good and valuable consideration ISO-NE and the NYISO agree as follows:

## **ARTICLE 1.0: DEFINITIONS**

In this Agreement, the following words and terms shall have the meanings (such meanings to be equally applicable to both the singular and the plural forms) ascribed to them in this Article 1.0.

“Adequacy” means the ability of the electric system to supply the aggregate electrical demand and energy requirements of the end-use customers at all times, taking into account scheduled and reasonably expected unscheduled outages of system elements.

“Agreement” means this Agreement and the Schedule(s) attached hereto and incorporated herein.

“Balancing Authority” means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

“Balancing Authority Area” means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

“Confidential Information” has the meaning stated in Section 6.5 of this Agreement.

“Confirmed Trust Relationship” means that one Responsible Settlement Party has granted another Responsible Settlement Party permission to confirm, modify or withdraw its CTS Interface Bids.

“Control Area” means an electric system or combination of electric power systems to which a common automatic generation control scheme is applied in order to: (1) match, at all times, the power output of the Generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s); (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of the applicable regional reliability council or the North American Electric Reliability Corporation; and (4) provide sufficient capacity to maintain Operating Reserves in accordance with Good Utility Practice.

“Coordination Committee” means the jointly constituted ISO-NE and NYISO committee established to administer the terms and provisions of this Agreement pursuant to Article 7.0 of this Agreement.

“Coordinated Transaction Scheduling” or “CTS” means an external transaction scheduling process between the NYCA and NECA in which Market Participants’ bids, to buy energy in one region and sell in another region, are economically and simultaneously cleared by ISO-NE and NYISO. This process takes place pursuant to market rules in the Parties’ respective tariffs that



allow transactions to be scheduled over a CTS Enabled Interface based on a bidder's willingness to purchase energy from the NYCA or NECA (the source) and sell it to the other Control Area (the sink) if the bid price is less than or equal to the expected LMP difference across the interface in the requested direction, as of the time the interface is scheduled.

"CTS Enabled External Proxy Bus" shall mean an External Proxy Bus at which the Parties accept CTS Interface Bids to schedule external transactions in the real-time energy market.

"CTS Enabled Interface" means an Interconnection at which the Parties accept CTS Interface Bids for all import offers, for all export bids, and for wheels through the NECA. The CTS Enabled Interfaces are specified in Section 4.4.4 of the NYISO's Market Administration and Control Area Services Tariff and in Section III.1.10.7.A of the ISO-NE Tariff.

"CTS Interface Bid" means: (1) in ISO-NE, an Interface Bid as defined in the ISO-NE Tariff, and an hourly spread bid associated with the wheeling of energy through the NECA, and (2) in NYISO, a CTS Interface Bid as defined in the NYISO Tariff.

"Delivery Point" means a point on each of the three Interconnections between the New England Balancing Authority Area and the NYISO Balancing Authority Area and such other points of Interconnection as may be established. Such Delivery Point(s) shall include the Interconnection Facilities between ISO-NE and the NYISO.

"Dispute" has the meaning attributed thereto in Article 19.0 of this Agreement.

"Effective Date" means the reference date of this Agreement as shown on the first page of this Agreement.

"Emergency" means any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the Reliability of the Bulk Electric System (as defined by NERC).

"Emergency Energy" means energy supplied from Operating Reserve or electrical generation available for sale in New York or New England or available from another Balancing Authority Area. Emergency Energy may be provided in cases of sudden and unforeseen outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve. Emergency Energy is provided pursuant to this Agreement and priced according to Attachment A of Schedule C of this Agreement.

"External Interface Congestion" means the portion of the congestion component of the LMP at an External Proxy Bus that is associated with an External Proxy Bus Constraint.

"External Proxy Bus" means a location that is selected to represent an Interconnection with a Party's Control Area for which LMPs are calculated. In NYISO, this is a Proxy Generator Bus as defined in the NYISO Services Tariff. In ISO-NE, this is an External Node as defined in the ISO-NE Tariff.

“External Proxy Bus Constraint” has the meaning set forth in Section 4.2 of Schedule D to this Agreement.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” means an event of force majeure as described in Section 13.1 of this Agreement.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the North American electric utility 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 consistent with good business practices, 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 be acceptable practices, methods, or acts generally accepted by NERC and the FERC.

“Intentional Wrongdoing” means an act or omission taken or omitted by a Party with knowledge or intent that injury or damage could reasonably be expected to result.

“Interconnection” means a connection(s) between two or more individual Transmission Systems that have interconnecting Intertie(s).

“Interconnection Facilities” means the Interconnections described in Schedule A.

“Interconnection Reliability Operating Limit” or “IROL” means a System Operating Limit that, if violated, could lead to instability, uncontrolled separation, or Cascading Outages (as defined by NERC) that adversely impact the reliability of the Bulk Electric System.

“Intertie” means a transmission line that forms part of an Interconnection.

“ISO” means independent system operator, as designated by FERC.

“ISO Agreement” means the agreement that establishes the NYISO.

“ISO-NE Supply Price Points” means a set of increasing MW and price pairs, as described in Section 3 of Schedule D.

“ISO-NE Tariff” means the ISO New England Inc. Transmission, Markets and Services Tariff, which includes the ISO-NE Open Access Transmission Tariff and ISO-NE market rules.

“Locational Marginal Price” or “LMP” shall mean the market price for energy at a given location in a Party’s Control Area, calculated in accordance with the requirements of the Party’s tariff, and “Locational Marginal Pricing” shall mean the processes related to the determination of the LMP.

“Market Participant” means a participant in either the ISO-NE- or NYISO-administered wholesale power markets. Market Participants include transmission service customers, power

exchanges, Transmission Owners, load serving entities, loads, holders of energy derivatives, generators and other power suppliers and their designated agents.

“Metered Quantity” means apparent power, reactive power, active power, with associated time tagging and any other quantity that may be measured by a Party’s Metering Equipment and that is reasonably required by either Party for Security reasons or revenue requirements.

“Metering Equipment” means the potential transformers, current transformers, meters, interconnecting wiring and recorders used to meter any Metered Quantity.

“Mutual Benefits” as described in Article 3.0 of this Agreement, means the transient and steady-state support that the integrated generation and transmission facilities in the New England and New York Transmission Systems provide to each other inherently by virtue of being interconnected.

“NERC” means the North American Electric Reliability Corporation or the successor organization.

“New England Control Area” or “NECA” is the Control Area for New England as defined in the ISO-NE Tariff.

“New England Transmission System” for the purpose of this Agreement means the entire system of transmission facilities, within the New England Reliability Coordinator Area and Balancing Authority Area that are under ISO-NE’s operational jurisdiction, as defined in Transmission Operating Agreements and the ISO-NE Tariff.

“New York Control Area” or “NYCA” means the Control Area that is under the operational control of the NYISO, as defined in the NYISO Tariffs.

“New York State Reliability Council” or “NYSRC” means the organization that promotes and preserves the Reliability of electric service on the New York Transmission System by developing and maintaining NYSRC Reliability Rules which are complied with by the NYISO, and for monitoring and assuring compliance with such rules.

“New York Transmission System” for the purpose of this Agreement means the “NYS Transmission System” as that term is defined in the NYISO OATT.

"NPCC" means the Northeast Power Coordinating Council Inc. or its successor organization.

“NPCC Criteria, Guides and Procedures” are documents, or the successor of these documents, that contain the Reliability Standards of the NPCC and which detail the principles of interconnected planning and operations that define and direct the efforts of the NPCC and its members. These documents are essential to maintaining the Security, Adequacy, Reliability and efficient operation of the interconnected bulk power supply system of NPCC members.

“NYISO Open Access Transmission Tariff” or “NYISO OATT” means the NYISO Open Access Transmission Tariff accepted by FERC.

“NYISO Services Tariff” means the NYISO Market Administration and Control Area Services Tariff accepted by FERC.

“NYISO Tariffs” means the NYISO OATT and the NYISO Services Tariff, collectively.

“NYSRC Reliability Rules” means the rules applicable to the operation of the New York Transmission System by the NYISO. These rules are based on Reliability Standards adopted by NERC and NPCC, but also include more specific and more stringent rules to reflect the particular requirements of the New York Transmission System.

“Operating Instructions” means the joint operating procedures, steps, and instructions that are to be utilized by both Parties for the operation of the Interconnection Facilities established and modified from time to time by the Coordination Committee in accordance with (a) the ISO-NE Tariff and the NYISO Tariffs, (b) Schedule B of this Agreement and (c) the ISO-NE and NYISO individual procedures and processes. Operating Instructions are separate from the ISO-NE and NYISO individual procedures and processes.

“Operating Reserve” means: (1) in ISO-NE, an Operating Reserve as defined in Section I.2.2 of the ISO-NE Tariff, and (2) in NYISO, an Operating Reserve as defined in Section 2.2 of the NYISO Services Tariff. For purposes of Schedule D to this Agreement, 10-minute Operating Reserve is considered a higher quality product than 30-minute Operating Reserve.

“Operational Control” for the purpose of this Agreement, means Security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for Reliability, coordination with other Balancing Authority Areas and Reliability Coordinators, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its own facilities.

“Parties” means ISO-NE and NYISO, and “Party” means either one of them.

“Planning Authority” means the responsible entity that coordinates and integrates transmission facility and service plans, resource plans, and protection systems.

“Ramp Limit” means, for purposes of Schedule D to this Agreement, either: (1) the maximum allowable amount of change in net interchange at a CTS Enabled Interface over a defined period of time, established in accordance with Section 5.1 of Schedule D; or (2) the maximum allowable amount of change in net interchange across all NYISO Proxy Generator Buses over a defined period of time, established in accordance with the NYISO Tariffs.

“Real-Time Commitment” or “RTC” means the NYISO’s multi-period security constrained unit commitment and dispatch model, as defined in the NYISO Tariffs.

“Reliability” means the degree of performance of the bulk electric system that results in electricity being delivered within Reliability Standards and in the amount desired. Electric system Reliability can be addressed by considering two basic and functional aspects of electric systems, which are Adequacy and Security.

“Reliability Coordinator” means the entity that is the highest level of authority who is responsible for the reliable operation of the Bulk Electric System, has the Wide Area (as defined by NERC) view of the Bulk Electric System, and has the operating tools, processes and procedures, including the authority, to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator’s vision.

“Reliability Coordinator Area” means the collection of generation, transmission, and loads within the boundaries of the Reliability Coordinator. Its boundary coincides with one or more Balancing Authority Areas.

“Reliability Standards” means the criteria, standards and requirements relating to Reliability established by a Standards Authority.

“Responsible Settlement Party” or “RSP” means a Market Participant that is responsible for the financial settlement of one or more transactions at a CTS Enabled Interface, as determined in accordance with the requirements of the Parties’ respective tariffs that address the settlement of external transactions at CTS Enabled Interfaces.

“RTO” means a regional transmission organization, as designated by FERC.

“Schedule” means a schedule attached to this Agreement and all amendments, attachments, supplements, replacements and/or additions thereto.

“Security” means the ability of the electric system to withstand sudden disturbances including, without limitation, electric short circuits or unanticipated loss of system elements.

“Standards Authority” means NERC, NPCC, NYSRC or any other agency with authority over either Party regarding standards or criteria relating to the Reliability of Transmission Systems.

“System Operating Limit” means the value (such as MW, MVar, Amperes, Frequency or Volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable Reliability criteria. System Operating Limits are based upon certain operating criteria. These include, but are not limited to the following NERC-defined ratings or limits: Facility Ratings (applicable pre- and post-Contingency equipment or facility ratings); Transient Stability Ratings (applicable pre- and post-Contingency Stability Limits); Voltage Stability Ratings (applicable pre- and post-Contingency Voltage Stability); and System Voltage Limits (applicable pre- and post-Contingency Voltage Limits).

“Third Party” means a person or entity that is not a Party to this Agreement.

“Transfer Limit” means the minimum or maximum net interchange that can be scheduled on a CTS Enabled Interface and is established in accordance with Section 5.0 of Schedule D.

“Transmission Operating Agreement(s)” means the respective agreements that establish the terms and conditions under which the Transmission Owners transferred to the NYISO and ISO-

NE Operational Control over the Interconnection Facilities. For the NYISO, these agreements are the ISO Agreement, the ISO/TO Agreement, and the ISO/NYSRC Agreement. For ISO-NE, this is the Transmission Operating Agreement, which provides operating authority over certain Interconnection Facilities (i.e., the NY/NE Northern AC Interconnection and the NNC Interconnection), and Attachment K to Section II of the ISO-NE Tariff, which provides operating authority over other Interconnection Facilities (i.e., the CSC Interconnection).

“Transmission Operator” means the entity responsible for the Reliability of its “local” transmission system, and that operates or directs the operations of the transmission facilities in accordance with applicable Transmission Operating Agreements.

“Transmission Owner” means the entity that owns and maintains transmission facilities.

“Transmission System” means a system for transmitting electricity, and includes any structures, equipment or other facilities used for that purpose.

## **ARTICLE 2.0: SCOPE OF AGREEMENT**

### **2.1 Restatement of Prior Agreement**

The terms of the prior agreement made between the Parties dated January 1, 2006, are hereby amended, restated and superseded by the terms of this Agreement, to be effective on the Effective Date of this Agreement.

### **2.2 Purpose of This Agreement**

This Agreement provides for the reliable operation of the interconnected New England and New York Transmission Systems in accordance with the requirements of the Standards Authority.

This Agreement establishes a structure and framework for the following functions related to the Reliability of interconnected operations between the Parties:

- (a) developing and issuing Operating Instructions and System Operating Limits;
- (b) coordinating operation of their respective Transmission Systems;
- (c) developing and adopting operating criteria and standards;
- (d) conducting operating performance reviews of the Interconnection Facilities;
- (e) considering matters related to transmission service and access;
- (f) implementing each Party's respective NERC and NPCC requirements with regard to the New England Transmission System and New York Transmission System;
- (g) exchanging operations information regarding the Interconnection;
- (h) exchanging information and coordinating regarding system planning;
- (i) providing mutual assistance in an Emergency and during system restoration;
- (j) administering Coordinated Transaction Scheduling; and
- (k) implementing other arrangements between the Parties for the coordination of their systems.

The Parties shall, consistent with NPCC Criteria, Guides and Procedures and the Parties' respective tariffs, rules and standards, including with respect to the NYISO, the NYSRC Reliability Rules, to the maximum extent they deem consistent with the safe and proper operation of their respective Reliability Coordinator Area and Balancing Authority Area and necessary coordination with other interconnected systems, and with the furnishing of dependable

and satisfactory service to their own customers, operate their systems in accordance with the following procedures and principles.



## **ARTICLE 3.0: MUTUAL BENEFITS**

### **3.1 No Charge for Mutual Benefits of Interconnection**

Both the New England Transmission System and New York Transmission System, by virtue of being connected to each other and with a much larger Interconnection, share Mutual Benefits such as transient and steady-state support. NYISO and ISO-NE shall not charge one another for such Mutual Benefits.

### **3.2 Maintenance of Mutual Benefits**

The Parties shall endeavor to operate or direct the operation of the Interconnection Facilities to realize the Mutual Benefits. The Parties recognize circumstances beyond their control, such as a result of operating configurations, contingencies, maintenance, or actions by Third Parties, may result in a reduction of Mutual Benefits.

## **ARTICLE 4.0: INTERCONNECTED OPERATION**

### **4.1 Obligation to Remain Interconnected**

The Parties shall at all times during the term of this Agreement operate or direct the operation of their respective Transmission Systems so that they remain interconnected except:

- (a) during the occurrence of an event of Force Majeure which renders a Party unable to remain interconnected;
- (b) when an Interconnection is opened in accordance with the terms of an Operating Instruction;
- (c) when an Interconnection is opened in accordance with Good Utility Practice in a particular circumstance where there is an imminent risk of equipment failure, or of danger to personnel or the public, or a risk to the environment, or risk to the Reliability of a Transmission System that is not anticipated and addressed within an Operating Instruction; or
- (d) during planned maintenance where notice has been given in accordance with outage procedures as implemented by the Coordination Committee.

### **4.2 Adherence to NPCC Criteria, Guides and Procedures**

The Parties are participants in the NPCC and are required to comply with NPCC Criteria, Guides and Procedures. Such NPCC Criteria, Guides and Procedures detail the many coordinating functions carried out by the Parties and this Agreement is intended to enhance this arrangement.

Such NPCC Criteria include, and the Parties agree to comply with, “Emergency Operation Criteria” (Document A-3), which describes the basic factors to be considered by a Reliability Coordinator and Balancing Authority in formulating plans and procedures to be followed in an Emergency. A principle of operation in this NPCC Criterion is that upon receiving a request for assistance to avoid or mitigate an Emergency, a Balancing Authority Area would provide “maximum reasonable assistance” to a neighboring Balancing Authority Area. Such reasonable assistance would not normally require the shedding of firm load.

### **4.3 Notification of Circumstances**

In the event that a component of the Interconnection Facilities is opened or if the transfer capability of a component of the Interconnection Facilities is changed, or if a Party plans to initiate the opening of any component of the Interconnection Facilities, or to change the transfer capability of any component of the Interconnection Facilities, such Party shall immediately provide the other Party with notification indicating the circumstances of the opening or transfer

capability change and expected restoration time, in accordance with procedures implemented by the Coordination Committee or applicable NPCC Criteria, Guides and Procedures.

#### **4.4 Compliance with Coordination Committee Direction**

ISO-NE shall direct the operation of the New England Transmission System and the NYISO shall direct the operation of the New York Transmission System in accordance with the obligations of their respective tariffs, rules and standards and applicable directions of the Coordination Committee that conform with their respective tariffs, rules and standards, including with respect to the NYISO, the NYSRC Reliability Rules, except where prevented by Force Majeure. The Coordination Committee direction includes decisions and jointly developed and approved Operating Instructions. If decisions or Operating Instructions of the Coordination Committee do not anticipate a particular circumstance, the Parties shall act in accordance with Good Utility Practice.

#### **4.5 Control and Monitoring**

Each Party shall provide or arrange for 24-hour control and monitoring of their portion of the Interconnection Facilities.

#### **4.6 Reactive Transfer and Voltage Control**

The Parties agree to determine reactive transfers and control voltages in accordance with the provisions of NPCC "Guidelines for Inter-Area Voltage Control" (Document B-03). Real and reactive power will be transferred over the Interconnection Facilities, which are described in Schedule A of this Agreement.

#### **4.7 Inadvertent**

Inadvertent power transfers on all Interconnection Facilities shall be controlled and accounted for in accordance with the standards and procedures developed by NERC and NPCC and implemented by the Coordination Committee and the system operators of each Party to this Agreement.

#### **4.8 Adoption of Standards**

The Parties hereby agree to adopt, enforce and comply with requirements and standards that will safeguard Reliability of the interconnected Transmission Systems. Such Reliability requirements and Reliability Standards shall be:

- (a) adopted and enforced for the purpose of providing reliable service;
- (b) not unduly discriminatory in substance or application;
- (c) applied consistently to both Parties (with the exception of subsection (e) below);
- (d) consistent with the Parties' respective obligations to applicable Standards Authorities including, without limitation, any relevant requirements or guidelines

from each of NERC, NPCC or any other Standards Authority to which the Parties are required to adhere; and

- (e) with respect to the NYISO, consistent with the NYSRC Reliability Rules.

#### **4.9 New York - New England IROL Interface**

The Parties share a joint Interconnection Reliability Operating Limit (“IROL”) related to transfers on the interconnecting transmission lines between their respective Reliability Coordinator Areas and Balancing Authority Areas. This IROL is adhered to in order to ensure acceptable steady-state and transient performance of the New York and New England Transmission Systems. Both Parties will monitor this limit in accordance with this Agreement and independently determine the applicable import and export transfer limits. Both Parties agree to operate the interface to the most conservative limits developed in real-time and the day-ahead planning process. These operating limits shall be determined in accordance with NERC Reliability Standards and NPCC Criteria, Guides and Procedures. Both Parties will take coordinated corrective actions to avoid a violation of the IROL. If a violation occurs, coordinated corrective actions shall be taken to ensure that the violation is cleared as soon as possible, and in accordance with NERC Reliability Standards.

#### **4.10 Coordination and Exchange of Information Regarding System Operations and Planning**

Each Party shall have operating procedures, processes or plans in place for activities that require notification, exchange of information or coordination of actions with the other Party to support Interconnection reliability. Each Party shall have communications capabilities with the other Party, for both voice and data exchange as required to meet reliability needs of the Interconnection.

The Parties shall exchange information and coordinate regarding system operations and planning and inter-regional planning activities in a manner consistent with NERC and NPCC requirements, and consistent with the requirements of Section 6 of this Coordination Agreement.

## **ARTICLE 5.0: EMERGENCY ASSISTANCE**

### **5.1 Emergency Assistance**

Both Parties shall exercise due diligence to avoid or mitigate an Emergency to the extent practicable as per each Party's requirements related to the mitigation of an Emergency, in applicable policies and procedures imposed by NERC, NPCC, or (for the NYISO) the NYSRC, or contained in the ISO-NE Tariff and NYISO Tariffs. In avoiding or mitigating an Emergency, both Parties shall strive to allow for commercial remedies, but if commercial remedies are not successful, the Parties agree to be the suppliers of last resort to ensure Reliability on the system. For each hour during which Emergency conditions exist in a Party's Balancing Authority Area, that Party (while still ensuring operations within applicable Reliability Standards) shall determine what commercial remedies are available and make use of those that are available and needed to avoid or mitigate the Emergency before any Emergency Energy is scheduled in that hour.

### **5.2 Emergency Energy Transactions**

Each Party shall, to the maximum extent it deems consistent with the safe and proper operation of its respective Transmission System, provide Emergency Energy to the other Party in accordance with the provisions of Schedule C of this Agreement.

## **ARTICLE 6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY**

ISO-NE and NYISO are authorized and agree to exchange and share such information as is required for the Coordination Committee to perform its duties and for the Parties to fulfill their obligations under this Agreement.

Any Party that receives Confidential Information or Critical Energy Infrastructure Information (“CEII”) pursuant to this Article 6 (the “Receiving Party”) shall treat such information as confidential subject to the terms and conditions set forth in Section 6.5 of this Agreement.

### **6.1 Information**

The Parties are authorized and agree to share the following information:

- (a) Information required to develop Operating Instructions;
- (b) Transmission System facility specifications and modeling data required to perform Security analysis;
- (c) Functional descriptions and schematic diagrams of Transmission System protective devices and communication facilities;
- (d) Ratings data and associated ratings methodologies for the Interconnection Facilities;
- (e) Telemetry points, equipment alarms and status points required for real-time monitoring of Security dispatch;
- (f) Data required to reconcile accounts for inadvertent energy, and for Emergency Energy transactions;
- (g) Transmission System information that is consistent with the information sharing requirements imposed by the NERC and NPCC;
- (h) Such other information as may be required for the Parties to maintain the reliable operation of their interconnected Transmission Systems and fulfill their obligations under this Agreement and to any Standards Authority of which either Party is a member, provided, however, that this other information will be exchanged only if it can be done in accordance with applicable restrictions on the disclosure of information to any Market Participant; and
- (i) Information related to the administration of CTS including:
  - ISO-NE Market Participant user and organization information;

- ISO-NE Supply Price Points for each CTS Enabled Interface;
- ISO-NE Transfer Limits for each CTS Enabled Interface;
- NYISO and ISO-NE Operating Reserves and reserve requirements;
- Day-ahead schedules, and real-time actual output and limits for NYCA generators that have capacity obligations in the ISO-NE market and for NECA generators that have capacity obligations in the NYISO market;
- Real-time bids, including real-time bids to wheel energy, submitted at a CTS Enabled Interface between the NYCA and the NECA (to be provided by NYISO);
- NYISO Day Ahead Operating Plan; and
- NYISO RTC results, including cleared MWs for all bids at a CTS Enabled Interface between the NYCA and the NECA, as well as LMPs, Transfer Limits and constraint information related to the scheduling of real-time energy transactions between the NYCA and the NECA.

## **6.2 Data Exchange Contact**

To facilitate the exchange of all such data, each Party will designate to the other Party's Vice President in charge of operations a contact(s), plus one or more alternate contacts, to be available twenty-four (24) hours each day, seven (7) days per week to respond to data inquiries. An alternate contact of each Party shall be its Operations Control Room. Each Party shall provide the name, telephone number, e-mail address, and fax number of each contact and alternate. Each Party may change the designated contact by notifying the other Party's Vice President in charge of operations in advance of the change.

The Parties agree to exchange data in a timely manner consistent with existing defined formats or such other formats to which the Parties may agree. Each Party shall provide notification to the other Party thirty (30) days prior to modifying an established data exchange format.

## **6.3 Cost of Data and Information Exchange**

Each Party shall bear its own cost of providing information to the other Party.

## **6.4 Other Data**

The Parties may share Confidential Information not listed in this Article 6 that is necessary for the coordinated operation of their systems, subject to the protections set forth in Section 6.5, below.

## **6.5 Treatment of Confidential Information and Critical Energy Infrastructure Information**

- (a) **Definitions.** For purposes of addressing information shared or exchanged pursuant to this Agreement, the term “Confidential Information” shall mean: (i) all information, whether furnished before or after the mutual execution of this Agreement, whether oral, written or recorded/electronic, and regardless of the manner in which it is furnished, that is marked “confidential” or “proprietary” or which under all of the circumstances should be treated as confidential or proprietary; (ii) information that is Confidential Information or Strategic Information under the ISO New England Information Policy or the NYISO Code of Conduct; (iii) information that is Protected Information under the NYISO Market Monitoring Plan; (iv) all reports, summaries, compilations, analyses, notes or other information of a Party hereto which are based on, contain or reflect any Confidential Information; or (v) any information which, if disclosed by a transmission function employee of a utility regulated by the FERC to a market function employee of the same utility system, other than by public posting, would violate the FERC’s Standards of Conduct set forth in 18 C.F.R. § 37 *et. seq.* and the Parties’ Standards of Conduct on file with the FERC.
- (b) **Labeling of Confidential Information.** In circumstances where it may not be clear that information that is provided or exchanged between the Parties pursuant to the authority provided in this Agreement is Confidential Information, the information being provided should be clearly marked “confidential” or “proprietary.” Such labeling is not required for the regular, automated exchange of Confidential Information that occurs, for example, to permit the Parties to administer CTS.
- (c) **Protection.** Except as set forth herein, the Receiving Party shall not, at any time during or after the term of this Agreement, in any manner, either directly or indirectly, divulge, disclose, or communicate to any person, firm, corporation or other entity, or use for any purposes other than those set forth herein, any Confidential Information acquired from the party disclosing the information (the “Disclosing Party”), without the express prior written consent of the Disclosing Party. The Receiving Party shall not disclose any Confidential Information to anyone except to officers and employees of the Receiving Party and to its outside consultants, advisers and/or attorneys, in each case who have a need to know to further the purposes set forth herein and who have been advised of the confidential nature of the Confidential Information and who have agreed to abide by the terms of this Agreement or are bound by equally restrictive covenants (collectively, “Authorized Representatives”). The Receiving Party agrees that it shall be liable for any breach of this Agreement by its Authorized Representatives.
- (d) **Survival.** The obligation of each Party and each Authorized Representative under this Article 6 continues and survives the termination of this Agreement.
- (e) **Scope.** This obligation of confidentiality shall not extend to data and information that, at no fault of the Receiving Party, is or becomes: (a) in the public domain or



generally available or known to the public; (b) disclosed to a recipient by a non-Party who had a legal right to do so; or (c) independently developed by the Receiving Party or known to such Party prior to its disclosure hereunder.

- (f) Required Disclosure or Submission on a Confidential Basis. If a governmental authority requests or requires the Receiving Party to publicly disclose any of the Disclosing Party's Confidential Information, or if a request from another person or entity is made in writing pursuant to a legal discovery process, the Receiving Party shall provide the Disclosing Party with prompt notice of such request or requirement. The Disclosing Party shall in turn, to the extent required by the terms of its tariff, provide any Market Participant whose Confidential Information is the subject of possible disclosure with prompt written notice of the circumstances that may require such disclosure so that the Market Participant has a reasonable opportunity to seek a protective order or other appropriate remedy to prevent disclosure.

If a Receiving Party is required to publicly disclose any Confidential Information under this Section, the Parties shall meet as soon as practicable in an effort to resolve any and all issues associated with the required disclosure, and the possibility of further requested or required disclosures of the Disclosing Party's Confidential Information.

The process described above shall also be followed if a governmental authority requests or requires the Receiving Party to submit any of the Disclosing Party's Confidential Information on a confidential basis (with the exception of requests for Confidential Information from FERC or the Commodity Futures Trading Commission ("CFTC") to the NYISO). The Receiving Party shall notify the governmental authority that the requested or required information contains NYISO or ISO-NE Market Participant specific Confidential Information, if applicable, and shall use reasonable efforts to protect the Confidential Information from public disclosure.

If FERC or the CFTC request or require the NYISO to submit any Confidential Information it received from ISO-NE on a confidential basis, the NYISO will seek permission to inform ISO-NE of the requirement or request and, if granted, will follow the procedures outlined above. In the event FERC or the CFTC does not permit the NYISO to notify ISO-NE of the request, NYISO shall inform FERC or the CFTC in writing that the disclosed information includes Confidential Information, and shall request that FERC or the CFTC inform NYISO before releasing to a third party any of the Confidential Information.

If a governmental authority (including FERC and the CFTC) that requested or required the submission, on a confidential basis, of Confidential Information by a Receiving Party issues a notice indicating that it is considering disclosing, or intends to disclose any Confidential Information provided by the Disclosing Party, or if the governmental authority (including FERC and the CFTC) receives a public records demand or other legal discovery request seeking disclosure of any

Confidential Information provided by the Disclosing Party, the Receiving Party shall notify the Disclosing Party so that the Disclosing Party may seek an appropriate protective order or other appropriate remedy. The Disclosing Party shall in turn, to the extent required by the terms of its tariff, provide any Market Participant whose Confidential Information is the subject of possible disclosure under this provision with prompt written notice of the circumstances that may require such disclosure so that the Market Participant has a reasonable opportunity to seek a protective order or other appropriate remedy to prevent disclosure.

- (g) Return of Confidential Information. Information provided pursuant to this Section 6 is deemed to be on loan, and remains the property of the Disclosing Party notwithstanding the disclosure of such Confidential Information to the Receiving Party hereunder. All Confidential Information provided by the Disclosing Party shall be returned by the Receiving Party to the Disclosing Party or destroyed, erased or deleted by the Receiving Party, with written confirmation provided to the Disclosing Party, promptly upon request. Upon termination of this Agreement, a Party shall use reasonable efforts to destroy, erase, delete or return to the Disclosing Party any and all written or electronic Confidential Information. Unless otherwise expressly agreed in a separate license agreement, the disclosure of Confidential Information to the Receiving Party will not be deemed to constitute a grant, by implication or otherwise, of a right or license to the Confidential Information or in any patents or patent applications of the Disclosing Party.
- (h) Relief. Each Party acknowledges that remedies at law are inadequate to protect against breach of the covenants and agreements in this Article, and hereby in advance agrees, without prejudice to any rights to judicial relief that it may otherwise have, to the granting of equitable relief, including injunction, in the Disclosing Party's favor without proof of actual damages. In addition to the equitable relief referred to in this Section, a Disclosing Party shall only be entitled to recover from a Receiving Party any and all gains wrongfully acquired, directly or indirectly, from a Receiving Party's unauthorized disclosure of Confidential Information.
- (i) Existing Confidential Information Obligations. Notwithstanding anything to the contrary in this Agreement, the Parties shall have no obligation to disclose Confidential Information or data to the extent such disclosure of information or data would be a violation of or inconsistent with applicable state or federal regulation or law. This Agreement requires the Parties to exchange Confidential Information that is necessary for the Coordination Committee to perform its duties, or for the Parties to fulfill their obligations under this Agreement. The Parties are not obligated to share Confidential Information for other purposes.
- (j) The term "CEII" or "Critical Energy Infrastructure Information" shall mean all information, whether furnished before or after the mutual execution of this Agreement, whether oral, written or recorded/electronic, and regardless of the manner in which it is furnished, that is marked "CEII" or "Critical Energy Infrastructure Information" or which under all of the circumstances should be

treated as such in accordance with the definition of CEII in 18 C.F.R. § 388.13(c)(1). The Receiving Party shall maintain all CEII in a secure place. The Receiving Party shall treat CEII received under this agreement in accordance with its own procedures for protecting CEII and shall not disclose CEII to anyone except its Authorized Representatives.

#### **6.6 Unauthorized Transfer of Third-Party Intellectual Property**

In the performance of this Agreement, no Party shall transfer to the other Party any Intellectual Property, the use of which by the other Party would constitute an infringement of the rights of another entity (including the Parties). In the event such transfer occurs, whether or not inadvertent, the transferring Party shall, promptly upon learning of the transfer, provide Notice to the receiving Party and upon receipt of such Notice the receiving Party shall take reasonable steps to avoid claims and mitigate losses.

## **ARTICLE 7.0: COORDINATION COMMITTEE**

### **7.1 Coordination Committee Inauguration and Authorization**

The Parties shall form a Coordination Committee under this Agreement. Within 30 days of the Effective Date, each of the Parties shall appoint two representatives, a principal and an alternate, to serve as members of the Coordination Committee with the authority to act on their behalf with respect to actions or decisions taken by the Coordination Committee. A Party may, at any time upon providing prior notice to the other Party, designate a replacement principal member or alternate member to the Coordination Committee.

### **7.2 Coordination Committee Duties and Responsibilities**

The Coordination Committee exists to administer or assist the Parties' implementation of the provisions of this Agreement. The Coordination Committee shall develop and adopt policies, instructions, and recommendations relating to the Parties' performance of their obligations under this Agreement, attempt to resolve Disputes between the Parties pursuant to Article 17.0 of this Agreement, and shall undertake any other actions specifically delegated to it pursuant to this Agreement.

The Coordination Committee shall undertake to assist the Parties' efforts to jointly develop Operating Instructions to implement the intent of this Agreement in accordance with Schedule B of this Agreement, 'Procedures for Development and Authorization of Operating Instructions'. The Coordination Committee shall authorize such Operating Instructions once developed. To the extent that the Operating Instructions require participation by local control centers and Transmission Owners in the New England or the New York Reliability Coordinator Areas, those entities will be involved in the development process.

Should the terms and conditions contained in this Agreement be found to conflict with or fail to recognize obligations of a Standards Authority of which either Party is a member or other regulatory requirements, the Parties agree to amend this Agreement accordingly.

Any recommendations on revisions to this Agreement shall be provided to each Party's appropriate corporate officers for approval.

### **7.3 Limitations of Coordination Committee Authority**

The Coordination Committee is not authorized to modify or amend any of the terms of this Agreement. The Coordination Committee is also not authorized to excuse any obligations under this Agreement or waive any rights pertaining to this Agreement. The Coordination Committee has no authority to commit either Party to any expenditure that is beyond those expenses described herein.

#### **7.4 Exercise of Coordination Committee Duties**

The Coordination Committee shall hold meetings no less frequently than once each calendar year. The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified by either Party in advance of the meeting and sent to the representatives of the other Party. All decisions of the Coordination Committee must be unanimous. Special meetings may be called at any time if the Coordination Committee deems such meetings to be necessary or appropriate.

Subject to the limitations on its authority as described in Section 7.3 of this Agreement, the Coordination Committee has the responsibility and authority to take action on all aspects of this Agreement, including, but not limited to the following:

- (a) amending, adding or canceling Operating Instructions and providing written notice in accordance with Article 18.0 of this Agreement;
- (b) assessment of non-compliance with this Agreement and, subject to Article 19.0 of this Agreement, the taking of appropriate action in respect thereof;
- (c) documentation of decisions related to the initial resolution of Disputes as set out in Article 19.0 of this Agreement, or in cases of unresolved Disputes, the circumstances relevant to the Dispute in question as contemplated by the requirements of Article 19.0 of this Agreement; and
- (d) preparation, documentation, retention and distribution of Coordination Committee meeting minutes and agendas.

## **ARTICLE 8.0: RELIABILITY COORDINATION AND RELIABILITY ASSESSMENT OF OUTAGES**

Both Parties agree to provide each other with updates on planned outage schedules and other activities in accordance with NPCC Criteria, Guides and Procedures that may impact on the Reliability or availability of the interconnected New York Transmission System and New England Transmission System. As Reliability Coordinators and Balancing Authorities, the NYISO and ISO-NE, shall interact with each other as required, and with other Balancing Authorities and Reliability Coordinators, to establish System Operating Limits and to perform Reliability coordination and Reliability assessments of outages.

## **ARTICLE 9.0: OPERATIONAL INFORMATION**

### **9.1 Obligation to Provide Operational Data and Status Points**

The Parties shall ensure that appropriate monitoring facilities are installed as required to provide for electric power quantities or equipment loading to enable monitoring of System Operating Limits, meet requirements of each of NERC and NPCC, and for determining Interconnection Facilities inadvertent energy accounting.

## **ARTICLE 10.0: INTERCONNECTION REVENUE METERING**

### **10.1 Obligation to Provide Inadvertent Energy Accounting Metering**

The Parties shall ensure appropriate electric metering devices are installed as required to measure electric power quantities for determining Interconnection Facilities inadvertent energy accounting.

### **10.2 Standards for Metering Equipment**

Any Metering Equipment used to meter Metered Quantities for inadvertent energy accounting shall be designed, verified, sealed and maintained in accordance with the Party's respective metering standards or as otherwise agreed to by the Coordination Committee.

### **10.3 Meter Compensation to the Point of Interconnection**

The metering compensation for transmission line losses to the Interconnection Facilities Delivery Point shall be determined by the Party's respective standards or otherwise agreed to by the Coordination Committee.

### **10.4 Metering Readings**

The Parties shall ensure that integrated meter readings are provided at least once each hour for Interconnection Facilities accounting purposes and meter registers are read at least monthly, as close as practicable to the last hour of the month. An appropriate adjustment shall be made to register readings not taken on the last hour of the month.



## **ARTICLE 11.0: JOINT CHECKOUT PROCEDURES**

### **11.1 Scheduling Checkout Protocols**

Both Parties shall require all real-time energy market transaction schedules over Interconnections to be tagged in accord with the NERC tagging standard. For Simultaneous Activation of Reserves (“SAR”) and other emergency schedules that are not tagged, the Parties will enter manual schedules into their respective operating systems.

When there is a real-time energy market transaction scheduling conflict, the Parties will work to modify the schedule as soon as practical.

Consistent with the foregoing requirements, the Parties will perform the following types of checkouts:

- (a) Day-ahead checkout shall be performed daily on the day before the transaction is to flow. Day-ahead checkout includes the verification of net interchange totals and individual transaction schedules;
- (b) Real-time checkout shall be performed during the period before the transaction is to flow. Real-time checkout includes the verification of net interchange totals and individual transaction schedules;
- (c) After-the-fact checkout of real-time transactions shall be performed the next business day following the day of the transactions;
- (d) After-the-fact reporting of scheduled energy interchange and actual energy interchange shall be updated by each Party each day and exchanged with the other Party. Within ten (10) business days of the end of each month, the previous month’s data shall be reconciled.

## **ARTICLE 12.0: COORDINATED TRANSACTION SCHEDULING**

CTS is addressed in Schedule D to this Agreement and in the ISO-NE and NYISO Tariffs.

## **ARTICLE 13.0: LIABILITY**

### **13.1 Force Majeure**

A Party shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to the other Party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, arising out of or from any act, omission, or circumstance by or in consequence of any act of God, labor disturbance, sabotage, failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, earthquake, explosion, epidemic, breakage or accident to machinery or equipment or any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the Party or property or equipment of others which is deemed under the Operational Control of the Party. A Force Majeure event does not include an act of negligence or Intentional Wrongdoing by a Party. Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder.

A Party suffering a Force Majeure event ("Affected Party") shall notify the other Party ("Non-Affected Party") in writing ("Notice of Force Majeure Event") as soon as reasonably practicable specifying the cause of the event, the scope of commitments under the Agreement affected by the event, and a good faith estimate of the time required to restore full performance. Except for those commitments identified in the Notice of Force Majeure Event, the Affected Party shall not be relieved of its responsibility to fully perform as to all other commitments in the Agreement. If the Force Majeure event continues for a period of more than 90 days from the date of the Notice of Force Majeure Event, the Non-Affected Party shall be entitled, at its sole discretion, to terminate the Agreement.

### **13.2 Liability to Third Parties**

Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

### **13.3 Indemnification**

- (a) Definitions. An "Indemnifying Party" means a Party who holds an indemnification obligation hereunder. An "Indemnitee" means a Party entitled to receive indemnification under this Agreement.

- (b) **Third Party Losses.** Each Party will defend, indemnify, and hold the other Party harmless from all losses, damages, liabilities, obligations, claims, demands, suits, proceedings, recoveries, settlements, costs and expenses, court costs, attorney fees, causes of action, judgments and other obligations (collectively, “Losses”) brought or obtained by any Third Party against such other Party, only to the extent that such Losses arise directly from the:
  - (i) Gross negligence, recklessness, or willful misconduct of the Indemnifying Party or any of its agents or employees, in the performance of this Agreement; except to the extent such Losses arise (i) from gross negligence, recklessness, willful misconduct or breach of contract or law by the Indemnitee or such Indemnitee’s agents or employees, or (ii) as a consequence of strict liability imposed as a matter of law upon the Indemnitee, or such Indemnitee’s agents or employees; or
  - (ii) Breach of the Parties’ obligations in Article 6 hereof.
- (c) **Process.** The Indemnitee shall give Notice to the Indemnifying Party as soon as reasonably practicable after the Indemnitee becomes aware of the indemnifiable Losses or any claim, action or proceeding that may give rise to an indemnification. Such notice shall describe the nature of the Losses or proceeding in reasonable detail, explain how the Losses relate to the performance of this Agreement, and shall indicate, if practicable, the estimated amount of the Losses that has been sustained by the Indemnitee. A delay or failure of the Indemnitee to provide the required notice shall release the Indemnifying Party (i) from any indemnification obligation to the extent that such delay or failure materially and adversely affects the Indemnifying Party’s ability to defend such claim or materially and adversely increases the amount of the indemnifiable Losses, and (ii) from any responsibility for any costs or expenses of the Indemnitee in the defense of the claim during such period of delay or failure.
- (d) Indemnification shall be limited to the extent that the liability of the Indemnitee would be limited by any applicable law.

#### **13.4 Liability Between the Parties**

The Parties’ duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither Party, its directors, officers, trustees, employees or agents, shall be liable to the other Party for any Losses, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from that Party’s performance or nonperformance under this Agreement, except to the extent that the Party is found liable for gross negligence or willful misconduct, in which case the Party responsible shall be liable only for direct and ordinary damages and not for any incidental, consequential, punitive, special, exemplary or indirect damages.

This section shall not limit amounts required to be paid for Emergency Energy under Schedule C to this Agreement. This section shall not apply to adjustments or corrections for errors in invoiced amounts due under Schedule C to this Agreement.

### **13.5 Liability for Interruptions**

Except as set forth herein, neither Party shall be liable to the other Party for any Losses or damage, whether direct, indirect, incidental, punitive, special, exemplary or consequential, resulting from an occurrence on the circuits and system that are under the Operational Control of the other Party and which results in damage to or renders inoperative such circuits and system, or the separation of the systems in an Emergency, or interrupts or diminishes service, or increases, decreases or in any way affects for whatever length of time the voltage or frequency of the energy delivered hereunder to the other Party.

#### **ARTICLE 14.0: APPLICABLE LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

### **ARTICLE 15.0: LICENSE AND AUTHORIZATION**

The agreements and obligations expressed herein are subject to such initial and continuing governmental permission and authorization as may be required. Each Party shall be responsible for securing and paying for any approvals required by it from any regulatory agency of competent jurisdiction relating to its participation in this Agreement and will reasonably cooperate with the other Party in seeking such approvals.

### **ARTICLE 16.0: ASSIGNMENT**

This Agreement shall inure to the benefit of, and be binding upon and may be performed by, the successors and assigns of the Parties hereto respectively, but shall not be assignable by either Party without the written consent of the other.



## **ARTICLE 17.0: AMENDMENT**

### **17.1 Review of Agreement**

The terms of this Agreement are subject to review for potential amendment at the request of either Party. If, consequent to such review, the Parties agree that any of the provisions hereof, or the practices or conduct of either Party impose an inequity, hardship or undue burden upon the other Party, or if the Parties agree that any of the provisions of this Agreement have become obsolete or inconsistent with changes related to the Interconnection Facilities, the Parties shall endeavor in good faith to amend or supplement this Agreement in such a manner as will remove such inequity, hardship or undue burden, or otherwise appropriately address the cause for such change. Any amendment of this Agreement by the Parties must be done in accordance with Section 17.2.

### **17.2 Authorized Representatives**

No amendment of this Agreement shall be effective unless effected by written instrument duly executed by the Parties' authorized representatives. For the purposes of this Section, an authorized person refers to individuals designated as such by Parties in their respective corporate by-laws.

## **ARTICLE 18.0: NOTICES**

Except as otherwise agreed from time to time, any notice, invoice or other communication which is required by this Agreement to be given in writing, shall be sufficiently given at the earlier of the time of actual receipt or deemed time of receipt if delivered personally to a senior official of the Party for whom it is intended or electronically transferred or sent by registered mail, addressed as follows:

In the case of the NYISO to:

New York Independent System Operator, Inc.  
10 Krey Boulevard  
Rensselaer, New York 12144  
Attention: Vice President of Operations

In the case of ISO-NE to:

ISO New England Inc.  
One Sullivan Road  
Holyoke, Massachusetts 01040-2841  
Attention: Vice President of System Operations

or delivered to such other person or electronically transferred or sent by registered mail to such other address as either Party may designate for itself by notice given in accordance with this Section or delivered by any other means agreed to by the Parties hereto.

Any notice, or communication so mailed shall be deemed to have been received on the third business day following the day of mailing, or if electronically transferred shall be deemed to have been received on the same business day as the date of the electronic transfer, or if delivered personally shall be deemed to have been received on the date of delivery or if delivered by some other means shall be deemed to have been received as agreed to by the Parties hereto.

The use of a signed facsimile of notices and correspondence between the Parties related to this Agreement shall be accepted as proof of the matters therein set out. Follow-up with hard copy by mail will not be required unless agreed to by the Coordination Committee.

## **ARTICLE 19.0: DISPUTE RESOLUTION**

In the event of a dispute arising out of or relating to this Agreement (a “Dispute”) that is not resolved by the representatives of the Parties who have been designated under Section 7.1 of this Agreement within 7 days of the reference to such representatives of such Dispute, each Party shall, within 14 days’ written notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party’s rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within 30 days of its referral to them (or within such longer period as the senior officers mutually agree to in writing), or do not mutually agree to submit their Dispute for binding or non-binding arbitration by the Federal Energy Regulatory Commission’s Dispute Resolution Service, then the Parties shall request that the Federal Energy Regulatory Commission’s Dispute Resolution Service mediate their efforts to resolve the Dispute. At any point in the mediation process, either Party may terminate the mediation and may pursue any and all remedies available to it at law or in equity.

Neither the giving of notice of a Dispute, nor the pendency of any Dispute resolution process as described in this Section shall relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement. Notwithstanding the requirements of this Section, either Party may terminate this Agreement in accordance with its provisions, or pursuant to an order of FERC or a court at equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

## **ARTICLE 20.0: REPRESENTATIONS**

### **20.1 Good Standing**

Each Party represents and warrants that it 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.

### **20.2 Authority to Enter Into Agreement**

Each Party represents and warrants that it 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 such Party, enforceable against such Party in accordance with its terms.

### **20.3 Organizational Formation Documents**

Each Party represents and warrants that the execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, bylaws, operating agreement, or agency agreement of such Party, or any judgment, license, permit, regulatory order, or governmental authorization applicable to such Party.

### **20.4 Regulatory Authorizations**

Each Party represents and warrants that it has, or applied for, all regulatory authorizations necessary for it to perform its obligations under this Agreement.

### **ARTICLE 21.0: EFFECTIVE DATE AND TERM**

Subject to the conditions of Article 13.0 (License and Authorization) above, this Agreement shall take effect as of the date that all of the following have occurred: (i) upon the execution hereof by both Parties on the date set forth above; and (ii) acceptance or approval by the FERC. This Agreement shall continue in force until terminated in accordance with this Article.

This Agreement may be terminated at any time by mutual agreement in writing. It may also be terminated by either Party with prior written notice of at least ninety (90) days to the other Party of its intention to terminate.

## **ARTICLE 22.0: MISCELLANEOUS**

### **22.1 Performance**

The failure of a Party to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any right held by such Party. Any waiver on any specific occasion by either Party shall not be deemed a continuing waiver of such right, nor shall it be deemed a waiver of any other right under this Agreement.

### **22.2 Agreement**

This Agreement, including all Schedules and Attachments hereto, is the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous understandings or agreements, oral or written, with respect to the subject matter of this Agreement.

### **22.3 Governmental Authorizations**

This Agreement, including its future amendments is subject to the initial and continuing Federal Energy Regulatory Commission authorizations required to establish, operate and maintain the Interconnection Facilities as herein specified. Each Party shall take all actions necessary and reasonably within its control to maintain all rights and Federal Energy Regulatory Commission approvals required to perform its respective obligations under this Agreement.

If one Party determines that it is required to self-report a potential violation to the Commission's Office of Enforcement regarding its compliance with this Agreement or the administration of CTS, the reporting Party shall inform, and provide a copy of the self-report to the other Party. Any such report provided by one Party to the other shall be Confidential Information. Each Party shall make reasonable efforts to cooperate and assist in remedying any such violation, to the extent such assistance is necessary to resolve the matter and to the extent doing so is consistent with maintaining the Party's legal privilege.

### **22.4 Unenforceable Provisions**

If any provision of this Agreement is deemed unenforceable, the rest of the Agreement shall remain in effect and the Parties shall negotiate in good faith and seek to agree upon a substitute provision that will achieve the original intent of the Parties.

### **22.5 Execution**

This Agreement may be executed in multiple counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same Agreement, and shall become binding when all counterparts have been signed by each of the Parties and delivered to each Party hereto. Delivery of an executed signature page counterpart by telecopier shall be as effective as delivery of a manually executed counterpart.

## **22.6 Regulatory Authority**

If any Regulatory Authority having jurisdiction (or any successor boards or agencies), a court of competent jurisdiction or other governmental entity with the appropriate jurisdiction (collectively, the "Regulatory Bodies") issues a rule, regulation, law or order that has the effect of cancelling, changing or superseding any term or provision of this Agreement, including changes to section headings or numbering (the "Regulatory Requirement"), then this Agreement will be deemed modified to the extent necessary to comply with the Regulatory Requirement. Notwithstanding the foregoing, if the Regulatory Authority materially modifies the terms and conditions of this Agreement and such modification(s) materially affect the benefits flowing to one or both of the Parties, as determined by either of the Parties within twenty (20) business days of the receipt of the Agreement as materially modified, the Parties agree to attempt in good faith to negotiate an amendment or amendments to this Agreement or take other appropriate action(s) so as to put each Party in effectively the same position in which the Parties would have been had such modification not been made. In the event that, within sixty (60) days or some other time period mutually agreed upon by the Parties after such modification has been made, the Parties are unable to reach agreement as to what, if any, amendments are necessary and fail to take other appropriate action to put each Party in effectively the same position in which the Parties would have been had such modification not been made, then either Party shall have the right to unilaterally terminate this Agreement forthwith.

## **22.7 Headings**

The headings used for the Articles and Sections of this Agreement are for convenience and reference purposes only, and shall not be construed to modify, expand, limit, or restrict the provisions of this Agreement.

**IN WITNESS WHEREOF**

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed in duplicate as of the day and year first written above.

NEW YORK INDEPENDENT SYSTEM OPERATOR

By Rick Gonzales Date: March 4, 2021

Ricardo T. Gonzales, Senior Vice President and Chief Operating Officer

ISO NEW ENGLAND INC.

By [Signature] Date: March 4, 2021

Vinod Chakravarty, Vice President and Chief Operating Officer



### **Schedule A: Description of Interconnection Facilities**

The Coordination Agreement between ISO-NE and the NYISO covers the New England – NYISO Interconnection Facilities under the Operational Control of the NYISO and ISO-NE.

ISO-NE and NYISO shall jointly develop and maintain an ‘ISO-NE / NYISO List of Interconnection Facilities’ (including a description of the associated Interties and metering points) and post the most current mutually agreed upon list on their respective public websites. The Parties may jointly revise the list by mutual written agreement. After the Parties mutually agree to changes, ISO-NE and NYISO shall post an updated list on their respective websites. The ISO-NE / NYISO List of Interconnection Facilities shall not be modified if either Party objects to a proposed change. The most current list developed by mutual agreement shall remain the official version of the list and neither Party shall knowingly post a list that includes changes that are not the product of mutual agreement.

There are three (3) ISO-NE/NYISO Interconnections: the “NY/NE Northern AC Interconnection,” the Northport-Norwalk Harbor Cable (“NNC Interconnection”), and the Cross Sound Cable (“CSC Interconnection”). For each Interconnection, NYISO and ISO-NE have identified respective associated Interties, Intertie metering points, and external nodes for scheduling and pricing purposes.

For Operational Control purposes, the point of demarcation for each of the Interconnections is the point at which the Interconnection (and its individual Interties) crosses the New England-New York State boundary, except as otherwise noted in the ISO-NE / NYISO List of Interconnection Facilities. The external nodes associated with each of the Interconnections are listed in Table 1 of Attachment A of Schedule C of this Agreement.

## **Schedule B: Procedures for Development and Authorization of Operating Instructions**

### **Overview**

Operating Instructions (a) will be developed and recorded by the Parties, with assistance from the Coordination Committee, in accordance with this Schedule B, (b) will be contained in a document separate from this Agreement, and (c) may be modified by the Parties, with assistance from the Coordination Committee, without amending this Agreement.

The Parties, with assistance from the Coordination Committee, shall jointly develop Operating Instructions and review them at least annually. The Parties, with assistance from the Coordination Committee, shall submit draft material to one another for review and comment. The Parties, with assistance from the Coordination Committee, shall provide comment on the draft material promptly. The Parties, with assistance from the Coordination Committee, shall promptly provide such information as may reasonably be required in connection with establishing, or reviewing, the material. The Coordination Committee shall be responsible for approving final versions of Operating Instructions.

In the event that any conflicts arise or are made apparent to a Party regarding any Operating Instructions, they shall notify the other Party and engage the Coordination Committee, if necessary, to resolve such conflicts.

The Coordination Committee will periodically review applicable ISO-NE and NYISO individual procedures and processes to determine any benefits of sharing these procedures and processes. These benefits may be for the purpose of training or to satisfy Reliability Standards. The Coordination Committee will determine how best to share these individual procedures and processes.

A list of Operating Instructions and applicable ISO-NE and NYISO individual procedures will be maintained by the Coordination Committee.

Outlined below are the key principles and items of methodology to be observed while the Parties, with assistance from the Coordination Committee, are engaged in developing Operating Instructions, and issuing them to their respective operations staff.

### **Principles**

Given that the Parties' respective operations staff benefit from following a single instruction for all aspects of their execution of interconnected operations, it is an acceptable practice to combine this content to achieve the single Operating Instructions for use by a respective Party's operations staff. The preferred methodology when appropriate is to use the NPCC Criteria, Guides and Procedures for the coordination and operation of the interconnected Transmission Systems. When the NPCC documentation is insufficient to accomplish this task separate instructions will be developed in accordance with this Schedule.

Each Party shall coordinate the issuance internally of any Operating Instructions developed and agreed to by the Parties, with assistance from the Coordination Committee, to ensure that their respective operations staff has these

Operating Instructions. In addition, annual review of the Operating Instructions and the Parties' internal procedures associated with the Operating Instructions shall be conducted by the Parties, with assistance from the Coordination Committee, to ensure consistency.

Operating Instructions, when approved by the Parties, shall be binding on the Parties insofar as they relate to the Interconnection Facilities until they expire, are changed, deleted, or superseded by authority of the Parties, with assistance from the Coordination Committee.

### **Items of Methodology**

By mutual agreement of the Coordination Committee, one of the Parties shall be designated by the Coordination Committee to control the revision process of the Operating Instruction from the initial drafting of material through to the conversion of the Operating Instruction into its final form.

### **Schedule C: Emergency Energy Transactions Schedule**

WHEREAS, ISO-NE, as the regional transmission organization for the New England Transmission System and the administrator of the New England markets, arranges for the sale and purchase of Emergency capacity and energy on behalf of Market Participants with neighboring Balancing Authority Areas, all in accordance with the ISO-NE Tariff, which includes the Open Access Transmission Tariff and ISO-NE market rules;

WHEREAS, ISO-NE is the responsible for, among other matters, procuring and acting as supplier of last resort of ancillary services (including arranging for the sale and purchase of Emergency capacity and energy with neighboring Balancing Authority Areas), in accordance with the ISO-NE Tariff;

WHEREAS, the NYISO, as the independent system operator of the New York Transmission System and the administrator of the New York wholesale electricity markets, arranges for the sale and purchase of Emergency capacity and energy on behalf of Market Participants with neighboring Balancing Authority Areas, all in accordance with the NYISO Tariffs;

WHEREAS, the NYISO is the administrator of the NYISO Tariffs and is responsible for, among other matters, procuring and acting as supplier of last resort of ancillary services (including arranging for the sale and purchase of Emergency capacity and energy with neighboring Balancing Authority Areas), in accordance with the NYISO Tariffs;

WHEREAS, either of the Parties may, from time to time, have insufficient Operating Reserve available on the respective systems that they operate, or need to supplement available resources to cover sudden and unforeseen circumstances such as loss of equipment or forecast errors, and such conditions could result in the need to arrange for the purchase of Emergency Energy for Reliability reasons;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties mutually agree as follows:

## **ARTICLE I**

### **1.0 DELIVERY POINT**

The Delivery Point for energy delivered pursuant to the terms of this Schedule shall be at one of three points of Interconnection between the NYISO Balancing Authority Area and the ISO-NE Balancing Authority Area, and at such other points of Interconnection as may be established.

These three points of Interconnection are as follows: (1) the NY/NE Northern AC Interconnection<sup>1</sup>; (2) the NNC Interconnection; and (3) the Cross Sound Cable (CSC) Interconnection, which is a HVDC facility.

Unless otherwise agreed by the Coordination Committee, the price for energy for an hour delivered pursuant to this Schedule shall include all transmission costs of delivering such energy to the Delivery Point in that hour, and the Party taking delivery of such energy for the hour shall be responsible for all transmission costs beyond the Delivery Point for that hour.

<sup>1</sup> The NY/NE Northern AC *Interconnection*, as defined in *Schedule A – Interconnection Facilities* (“*Schedule A*”) to the Coordination Agreement between ISO-NE Inc and the NYISO Inc.

## **ARTICLE II**

### **2.0 CHARACTERISTICS OF EMERGENCY ENERGY**

2.1 All Emergency Energy made available under this Schedule shall be three phase, 60 Hz alternating current at operating voltages established at the Delivery Point in accordance with system requirements and appropriate to the Interconnection Facilities or other such characteristics as may be agreed upon by the Parties.

## **ARTICLE III**

### **3.0 NATURE OF SERVICE**

3.1 ISO-NE and the NYISO shall, to the maximum extent each deems consistent with the safe and proper operation of its system, the furnishing of economical, dependable and satisfactory services by its participants, and the obligations of its participants to other parties, make available to the other Party when a system Emergency exists on the other Party's system, Emergency Energy from its system's available generating capability in excess of the system's load requirements (i.e., load requirements alone, not load plus reserve requirements) up to the transfer limits in use between the two Balancing Authority Areas. Emergency Energy is provided in cases of emergency outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve. Normally, a Party requests Emergency Energy from the other Party as a last resort, when market-based real-time energy transactions are not available, or not

available in a timely fashion in order to maintain its ten-minute reserve requirement. At the time the Emergency Energy sale is being initiated, the Party delivering such

Emergency Energy shall describe the Emergency Energy transaction as being one of the following: (1) “delivered out of ten-minute reserve”; (2) “delivered out of thirty-minute reserve” where such a delivery could reasonably be expected to be recalled if the Party delivering the Emergency Energy needed the generation for a reserve pick-up or other Emergency; or (3) “delivered above and beyond ten-minute and thirty-minute reserves” where the Party delivering such Emergency Energy is normally expected to be able to continue delivering the energy following a reserve pick-up.

- 3.2 The Parties are participants in the NPCC and are expected to comply with NPCC Criteria, Guides and Procedures. Such NPCC Criteria, Guides and Procedures include “Emergency Operation Criteria” (Document A-3), which describes the basic factors to be considered by a Balancing Authority Area in formulating plans and procedures to be followed in an Emergency. A principle of operation in this NPCC Criteria is that upon receiving a request for assistance to mitigate an Emergency, a Balancing Authority Area would provide “maximum reasonable assistance” to a neighboring Balancing Authority Area. Such reasonable assistance would not normally require the shedding of firm load.
- 3.3 Normally, the Party experiencing or anticipating an Emergency would request Emergency Energy from the other Party in accordance with this Schedule and applicable NPCC Criteria, Guides and Procedures after all market-based real-time transactions have been scheduled, unless there is an immediate need for such Emergency Energy in order to maintain system Reliability.
- 3.4 In the event a Party is unable to provide Emergency Energy to the other when needed, but there is energy available from a Third Party Balancing Authority Area supplier, the Party will use reasonable efforts to acquire and transmit such energy to the other Party where feasible.

## **ARTICLE IV**

### **4.0 RATES AND CHARGES**

- 4.1 The charge for Emergency Energy delivered to the NYISO or to ISO-NE shall be as set forth in Attachment A, attached hereto.
- 4.2 Should activations of reserve sharing be required by either of the Parties, inadvertent interchanges will intentionally be accumulated with each Balancing Authority Area providing assistance. In accordance with the NPCC “Procedures for Shared Activation of Ten Minute Reserve” (Document C-12), such inadvertent accumulations shall be treated as part of ordinary inadvertent energy.

## **ARTICLE V**

### **5.0 MEASUREMENT OF ENERGY INTERCHANGED**

- 5.1 All energy supplied at the Delivery Point shall be metered. The metered amounts shall be adjusted for actual losses to the Delivery Point on each of the Interconnection Facilities. This adjustment will be done to compensate for the difference in location between the Delivery Point and the meter.
- 5.2 Any properly designated representative of either of the Parties hereto shall have access, through coordination with the meter owner, during normal business hours, to all of the billing meters for the purpose of reading the same. The accuracy of the meters shall be verified by proper tests periodically and at any other time upon reasonable notice given by either of the Parties to the other, and each of the Parties shall be entitled to have a representative present at such verification, subject to coordination with the meter owner. In the event errors greater than +/-2% should be discovered, retroactive billing adjustments, if any, shall be determined by the Coordination Committee.

## **ARTICLE VI**

### **6.0 BILLING AND PAYMENT**

- 6.1 The procedure for rendering and payment of invoices for transactions pursuant to this Schedule shall be as set out hereunder unless otherwise agreed by the Coordination Committee.
- 6.2 The Party delivering energy pursuant to this Schedule shall promptly prepare, or cause to be prepared, and render an invoice to the other Party covering all transactions conducted under the terms of this Schedule. All transactions will be billed based on the schedule of energy agreed to by the Parties.
- 6.3 All invoices rendered by a Party shall be payable by the other Party in currency of the United States of America by electronic bank transfer within five (5) business days after the issuance of an invoice (the "Due Date").
- 6.4 If the rendering of an invoice is unavoidably delayed, a Party may issue an interim invoice based on estimated charges. Each invoice shall be subject to adjustment for any errors in calculation, meter readings, estimating or otherwise. Any such billing adjustments shall be made as promptly as practical, but in no event later than six months after issuing the invoice.
- 6.5 Any amount not paid by the Due Date shall be subject to interest, calculated from the due date of the invoice to the date of payment, in accordance with the methodology specified for interest on refunds in the FERC's regulations at 18 C.F.R. § 35.19a (a) (2) (iii).
- 6.6 If any invoice remains unpaid by a Party for thirty (30) days after the Due Date, the Party rendering the invoice may, in addition to all other remedies available to it, and after giving the other Party at least five days written notice of its intention to do so, present

the issue in question to that Party's Board of Directors. The Party's Board of Directors shall contact the other Party's Board of Directors or its designee to develop a solution to a billing Dispute pursuant to Article 17 of this Agreement. The Boards of Directors may also choose to submit the billing Dispute to a form of alternative Dispute resolution to which the Boards of Directors may agree. Such action shall not be construed as a breach of contract by the Party rendering the invoice and shall not relieve the other Party of its obligations to pay for energy in accordance with the provisions of this Schedule.

- 6.7 The applicable provisions of this Schedule shall continue in effect after termination of this Schedule to the extent necessary to provide for final billing, billing adjustments, payments and disposition of any claims outstanding.
- 6.8 Each Party warrants that it has, or will have, the agreements and procedures in place to ensure the collection of payments from its participants for the delivery of Emergency Energy to it from the other Party.

## **ARTICLE VII**

### **7.0 RECORDS**

- 7.1 Each Party hereto shall keep or cause to be kept complete and accurate records and memoranda of its operations hereunder and shall maintain such data as may be necessary to determine with reasonable accuracy any item required hereunder. With respect to invoicing records, each Party shall maintain or cause to be maintained such records, memoranda and data for the current calendar year plus the previous calendar year. The Coordination Committee shall have the right to examine all such records and memoranda that are not confidential in so far as may be reasonably necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs relating to transactions hereunder.



**Attachment A**  
**To the Emergency Energy Transactions Schedule**

**Emergency Energy Pricing**

In accordance with the Emergency Energy Transactions Schedule between the NYISO and ISO-NE, the charge for Emergency Energy delivered to the Delivery Point by the NYISO or ISO-NE to the other shall be as defined within this Attachment A.

**A.1. Direct NYISO/ISO-NE Emergency Energy Transaction**

These are requests made by either the NYISO or ISO-NE to receive Emergency Energy in support of Emergency conditions and to protect Reliability in the event that there is a need for energy on its system that could not be supplied through the market.

The charge for Emergency Energy shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge and the second part incorporates any Transmission Charge reasonably associated with the delivery of the Emergency Energy to the Delivery Point.

**The Energy Charge portion of the Emergency Energy Charge (for an hour)**

**For NYISO as the delivering Party:**

The Energy Charge portion of the Emergency Energy Charge for an hour equals the sum of the Energy Charges for each real-time interval in the hour. The Energy Charge for each real-time interval =

(Emergency Energy supplied in the real-time interval in megawatt hour(s) (“MWh”))  
\* (Delivering Party’s Cost of Energy in \$/MWh)  
\* 110%

The Cost of Energy shall be the NYISO final real-time Locational Based Marginal Price (“LBMP”) at the external node associated with the Delivery Point (as used in the NYISO market system for energy exports from the NYISO Balancing Authority Area into the New England Balancing Authority Area, as such pricing node is defined in NYISO Tariffs and as summarized in Table 1), for the real-time interval of the Emergency Energy delivery. For purposes of this calculation, a real-time LBMP for an interval is set to \$0.00 if the real-time LBMP in that interval was negative.

**For ISO-NE as the delivering Party:**

The Energy Charge portion of the Emergency Energy Charge for an hour equals the sum of the Energy Charges for each five minute settlement interval in the hour \* 110%. For purposes of this calculation:

- (1) The Energy Charge for a five-minute settlement interval equals the amount of Emergency Energy (in MWh) scheduled in the settlement interval at the external node associated with the Delivery Point (as used in the New England market system for energy exports from the New England Balancing Authority Area into the NYISO Balancing Authority Area), adjusted for any curtailment, multiplied by the Cost of Emergency Energy in the settlement interval.
- (2) The Cost of Emergency Energy in a five-minute settlement interval equals the LMP at the external node associated with the Delivery Point for the settlement interval.

For purposes of this calculation, an LMP in a settlement interval is set to \$0.00 if the LMP in the settlement interval was negative.

**Table 1**

<b>Delivery Points and Associated Pricing Nodes, as Modeled by the Delivering Party</b>		
	External Nodes for Pricing Node for the Delivering Party (as modeled in the Delivering Party's system)	
Delivery Point	Delivering Party: ISO-NE	Delivering Party: NYISO
NY/NE Northern AC Interconnection  (excludes the NNC (or 1385 Cable) Intertie)	.I.ROSETON 345 1 (4011)	N.E._GEN_SANDY PD (24062)
NNC Interconnection	.I.NRTHPORT 1385 (4017)	NPX_1385_GEN (323591)
CSC Interconnection	.I.SHOREHAM138 99 (4014)	NPX_GEN_CSC (323557)

**The Transmission Charge portion of the Emergency Energy Charge (for an hour)**

The Transmission charge portion of the Emergency Energy Charge to the Delivery Point for an hour shall equal the actual ancillary services costs and any transmission costs reasonably associated with the delivery of such Emergency Energy for an hour by the delivering Party to the Delivery Point pursuant to the applicable tariff of the delivering Party, as filed with and accepted by the governmental agency with jurisdiction over such tariff.

## **A.2. NYISO/ISO-NE Emergency Energy Transaction From Third Party Balancing Authority Area Supplier**

These are requests made by NYISO or ISO-NE to deliver Energy to the other to address system balancing or other Reliability conditions present on the exporting system, which could not be accomplished through the market.

The charge for Emergency Energy supplied to a Party from a Third Party Balancing Authority Area supplier shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge, which in this case includes the total charge (energy and transmission) that the Third Party Balancing Authority Area supplier charges for delivery of the Emergency Energy to the delivering Party's Balancing Authority Area border. The second part of the formula incorporates any Transmission Charges reasonably associated with the delivery of the Emergency Energy by the delivering Party through its system to the Delivery Point. It is expected that that all such Third Party Balancing Authority Area supplier charges will be in accordance with rates filed and accepted by the governmental body with jurisdiction over such rates.

### **The Energy Charge portion of the Emergency Energy Charge (for an hour)**

The Energy Charge portion of the Emergency Energy Charge for an hour =  
(Emergency Energy supplied in the hour in MWh)  
\* (Third Party Balancing Authority Area supplier's total charge for such energy in \$/MWh)

(Note: 10% adder does not apply to pricing of Emergency Energy from Third Party Balancing Authority Area suppliers.)

### **The Transmission Charge portion of the Emergency Energy Charge (for an hour)**

The Transmission Charge portion of the Emergency Energy Charge to the Delivery Point for an hour shall equal the actual ancillary services costs and any transmission costs reasonably associated with the delivery of such energy for an hour to the Delivery Point pursuant to the applicable tariff of the delivering Party, as filed with and accepted by the governmental agency with jurisdiction over such tariff. Transmission costs would include, but not be limited to, any costs for congestion and losses that are associated with the delivery of such Emergency Energy through the delivering Party's Balancing Authority Area for an hour to the Delivery Point, as calculated by the amount of Emergency Energy supplied multiplied by: (1) when NYISO is the delivering Party, (the NYISO real-time LBMP of the external node at which the Emergency Energy exits the NYISO Balancing Authority Area minus the NYISO real-time LBMP of the external node at which the Emergency Energy enters the NYISO Balancing Authority Area); or (2) when ISO-NE is the delivering Party, (the ISO-NE real-time LMP of the external node at which the Emergency Energy exits the ISO-NE Balancing Authority Area minus the ISO-NE real-time LMP of the external node at which the Emergency Energy enters the ISO-NE Balancing Authority Area).

### **Schedule D: Coordinated Transaction Scheduling**

WHEREAS, ISO-NE, as the regional transmission organization for the New England Transmission System and the administrator of the New England wholesale electricity markets, schedules the sale of energy by its Market Participants to, and the purchase of energy by its Market Participants from, neighboring Balancing Authority Areas, all in accordance with the ISO-NE Tariff, which includes the Open Access Transmission Tariff and ISO-NE market rules;

WHEREAS, ISO-NE is the administrator of the ISO-NE Tariff and is responsible for, among other matters, ensuring sufficient reserves are available to provide reliable service in its Balancing Authority Area, in accordance with the ISO-NE Tariff;

WHEREAS, the NYISO, as the independent system operator of the New York Transmission System and the administrator of the New York wholesale electricity markets, schedules the sale of energy by its Market Participants to, and the purchase of energy by its Market Participants from, neighboring Balancing Authority Areas, all in accordance with the NYISO Tariffs;

WHEREAS, the NYISO is the administrator of the NYISO Tariffs and is responsible for, among other matters, ensuring sufficient reserves are available to provide reliable service in its Balancing Authority Area, in accordance with the NYISO Tariffs;

WHEREAS, Coordinated Transaction Scheduling will improve interregional scheduling efficiency by taking into account relative price differences between the regions and scheduling bids and offers on a 15 minute basis at CTS Enabled Interfaces; and

WHEREAS, the Parties desire to schedule energy between their Balancing Authority Areas more efficiently, while continuing to ensure that each Party will maintain sufficient Operating Reserve available on its respective system to ensure the reliable operation thereof;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties mutually agree as follows:

## **ARTICLE I**

### **1.0 OVERVIEW OF COORDINATED TRANSACTION SCHEDULING**

Coordinated Transaction Scheduling or “CTS” is an external transaction scheduling process implemented by the Parties at designated CTS Enabled Interfaces that allow real-time energy transactions to be scheduled based on a Market Participant’s willingness to purchase energy at a source External Proxy Bus (in the NECA, or in the NYCA) and sell it at a sink External Proxy Bus in the other Control Area if the forecasted price at the sink minus the forecasted price at the corresponding source is greater than or equal to the bid price. The rules set forth in this Schedule D only apply at CTS Enabled Interfaces.

In accordance with the terms of this Schedule D and the Parties’ respective tariffs, CTS Interface Bids are ordinarily evaluated on a 15-minute basis utilizing forecasted real-time prices and forecasted system information from NYISO and forecasted real-time prices and forecasted system information from ISO-NE. The evaluation will be performed by the NYISO’s Real-Time Commitment (RTC) optimization consistent with the rules specified in the NYISO Services Tariff and this Schedule D.

As part of the iterative CTS process, NYISO will share forward looking RTC interchange schedules with ISO-NE and these schedules will be used by ISO-NE as an input to develop a new set of forecasted prices and system information, which ISO-NE will then provide to NYISO for use in the next RTC optimization.

In accordance with Section 4 below, the RTC optimization will determine the External Interface Congestion component of the RTC LMP at a CTS Enabled Interface, which will subsequently be incorporated into the Parties’ real-time settlement LMPs.

Wheel-through transactions across a CTS Enabled Interface will be scheduled on an hourly basis. Wheels through the NYCA will use decremental or sink price cap bids at CTS Enabled Interfaces. Wheels through the NECA will use hourly CTS Interface Bids at CTS Enabled Interfaces for scheduling by the NYISO.

The Parties agree that CTS and its components will operate in accordance with this Schedule D and the terms of the Parties’ respective tariffs.

## **ARTICLE II**

### **2.0 SUBMITTAL OF CTS INTERFACE BIDS**

#### **2.1 CTS Interface Bid Submittal by New England Responsible Settlement Parties and their Representatives**

NYISO is hosting the platform used by both New York and New England Responsible Settlement Parties to submit CTS Interface Bids. New York RSPs shall submit and confirm bids at CTS Enabled Interfaces in accordance with the NYISO Tariffs.

Authorized New England RSPs shall have access to the bidding platform for purposes of submitting bids at CTS Enabled Interfaces between the NECA and the NYCA. Such access will be provided under equivalent terms and conditions to New York RSPs.

On an hourly or more frequent basis ISO-NE shall provide NYISO with: (a) a list of all New England RSPs that are authorized to submit or confirm bids at CTS Enabled Interfaces and (b) identification information for each representative (*i.e.*, an individual) that is authorized to submit or confirm bids at CTS Enabled Interfaces on behalf of a New England RSP. Only representatives designated by ISO-NE shall be permitted access to the platform that is used to submit bids at CTS Enabled Interfaces on behalf of a New England RSP. NYISO shall verify the authorization of a New England RSP and its representative at the time a bid is submitted, confirmed, modified or deleted. If it has been more than two hours since the NYISO last received from ISO-NE an updated list of all authorized New England RSPs and identification information for each representative that is authorized to submit or confirm bids at CTS Enabled Interfaces on behalf of a New England RSP, then NYISO shall not allow any New England RSP to access the platform that is used to submit bids at CTS Enabled Interfaces until an updated list is received.

In the event NYISO is not able to implement a new or changed status in a timely fashion, NYISO will inform ISO-NE of any delay it is aware of and the reason for the delay, and will implement the new or changed status as soon as possible.

## 2.2 Confirmation of New England Responsible Settlement Parties

A representative submitting an initial or revised CTS Interface Bid, or a bid to schedule a wheel through the NYCA at a CTS Enabled External Proxy Bus must belong to an authorized RSP in either NYISO or ISO-NE. In that submittal, the representative must identify the participating RSP in the other area. The other participating RSP must confirm the submittal of the CTS Interface Bid or bid to wheel through the NYCA, in order for the bid to be valid. A CTS Interface Bid or a bid to wheel through the NYCA can be withdrawn by either participating RSP; no confirmation is required.

An RSP may establish a Confirmed Trust Relationship with another RSP such that the required confirmation will be automatically granted for any submittal of a CTS Interface Bid or bid to wheel through the NYCA at a CTS Enabled External Proxy Bus that is submitted by the trusted RSP and includes both RSPs as parties to the transaction. Upon representative action to submit, update or revoke a Confirmed Trust Relationship, NYISO shall verify that (i) the submittal identifies two authorized RSPs, one in New York and one in New England and (ii) the representative belongs to the RSP that is granting the Confirmed Trust Relationship to the other RSP.

Upon representative action to submit or confirm an initial or revised CTS Interface Bid or bid to wheel through the NYCA, or to withdraw a CTS Interface Bid or bid to wheel through the NYCA at a CTS Enabled External Proxy Bus, the NYISO shall verify that (i) the submittal identifies two valid RSPs, one in New York and one in New England, and (ii) the representative belongs to an RSP that is identified on the submittal. If a Confirmed Trust Relationship exists between the two authorized RSPs and the action is taken by a representative that is associated

with a trusted RSP to submit or confirm an initial or revised CTS Interface Bid or bid to wheel through the NYCA, the bid shall be deemed submitted and confirmed, or the revision confirmed.

Upon receiving ISO-NE's notice of suspension or termination of a New England RSP, which ISO-NE shall do consistent with its authority under the ISO-NE Tariff, NYISO will promptly:

1. cease honoring Confirmed Trust Relationships associated with the suspended or terminated New England RSP;
2. within the real-time market day on which NYISO receives the instruction from ISO-NE, remove the suspended or terminated New England RSP's bids at CTS Enabled Interfaces that are offered in the NECA to NYCA direction;
3. within the real-time market day on which NYISO receives the instruction from ISO-NE, remove bids at CTS Enabled Interfaces that are offered in the NECA to NYCA direction that include the New England RSP as a trusted RSP;
4. for all real-time market days subsequent to the real-time market day on which NYISO receives the instruction from ISO-NE, remove all of the suspended or terminated New England RSP's bids at CTS Enabled Interfaces; and
5. for all real-time market days subsequent to the real-time market day on which NYISO receives the instruction from ISO-NE, remove all bids at CTS Enabled Interfaces that include the suspended or terminated New England RSP as a trusted RSP.

The five changes enumerated above will be effectuated prospectively. The Parties will not effectuate changes one through three for a real-time market hour in which RSPs are no longer able to submit or modify bids.

ISO-NE will curtail the e-tags for the transactions associated with the bids NYISO is required to remove under the rules set forth above.

In the event NYISO is not able to implement a new or changed status that is addressed in this Section 2.2 in a timely fashion, NYISO will inform ISO-NE of any delay it is aware of and the reasons for the delay, and will implement the new or changed status as soon as possible.

If the NYISO is unable to verify that the required confirmations have been received, then the CTS Interface Bid or bid to wheel through the NYCA shall not be considered in the RTC optimization.

If the NYISO is not able to validate an RSP or a representative, then that entity or person will not be able to submit, modify, confirm or delete a CTS Interface Bid or a bid to wheel through the NYCA.

### **ARTICLE III**

#### **3.0 CALCULATION OF ISO-NE SUPPLY PRICE POINTS**

Each quarter-hour, ISO-NE shall calculate a set of forecast energy prices at its External Proxy Buses for each CTS Enabled Interface corresponding to varying interchange levels on that interface. The results will be provided to NYISO as increasing MW-price pairs, where the MW value represents a net interchange level on the CTS Enabled Interface and the price value represents ISO-NE's forecast of its real-time LMP for its External Proxy Bus at that net interchange MW level. ISO-NE will provide no fewer than one and no more than 11 MW-price pairs for each of ten consecutive quarter-hour intervals, which are referred to as the "ISO-NE Supply Price Points."

The ISO-NE Supply Price Points are created with a forward-looking, security-constrained economic dispatch system that co-optimizes energy and reserve requirements. This forward-looking co-optimization will assume the same units are committed as are previously committed, or scheduled to be committed, in ISO-NE's real-time production system. The energy from currently uncommitted fast-start generation will also be considered for dispatch in the forward-looking co-optimization. ISO-NE Supply Price Points shall be calculated using the current production data for load forecasts, active transmission constraints, state estimator data, Market Participant energy re-offers, wind forecasts, forecasted net interchange on all Interconnections (including forward looking RTC interchange schedules provided by NYISO), and operator updates to resource limits.

### **ARTICLE IV**

#### **4.0 SCHEDULING EXTERNAL TRANSACTIONS AT CTS ENABLED INTERFACES**

##### **4.1 Evaluation of CTS Interface Bids**

The RTC will use the CTS Interface Bids and the ISO-NE Supply Price Points to economically schedule the CTS Interface Bids and determine the net interchange schedules. The economic scheduling of the CTS Interface Bids will be performed simultaneously with the scheduling of internal NYCA resources and external transactions at other NYCA Interconnections.

For an RTC optimization that schedules hourly CTS Interface Bids, the RTC will use the ISO-NE Supply Price Points for each 15-minute interval of the hour. An hourly CTS Interface Bid will be scheduled if it is economic for the hour.

For an RTC optimization that schedules CTS Interface Bids at 15-minute intervals, the RTC optimization will use ISO-NE Supply Price Points that have been adjusted to account for the hourly RTC external transaction schedules established at CTS Enabled Interfaces, including any scheduled Emergency Energy.



When there are multiple CTS Interface Bids at the same bid price but not all of them can be economically scheduled, the CTS Interface Bids with the same price will be scheduled pro-rata.

The RTC optimization incorporates Ramp Limits and Transfer Limits in the manner described in Section 5 of this Schedule D to economically schedule CTS Interface Bids and shall determine: (1) the net interchange schedule for each CTS Enabled Interface, (2) the RTC LMP for each CTS Enabled External Proxy Bus, and (3) the External Interface Congestion at each CTS Enabled Interface.

#### 4.2 External Interface Congestion Price Assignment

The RTC optimization will determine the External Interface Congestion at an External Proxy Bus for a CTS Enabled Interface if the net interchange schedule is limited in the RTC solution due to one or more of the following four reasons: (i) there are more economic transactions offered in a common direction (import or export) than the Transfer Limit of the External Proxy Bus can accommodate, or (ii) there are fewer economic transactions offered in a common direction (import or export) than the Transfer Limit requires, or (iii) the NYCA (system-wide) Ramp Limit prevents the RTC from scheduling one or more external transactions at the External Proxy Bus consistent with the economics of the underlying bids, or (iv) a Ramp Limit prevents the RTC from scheduling one or more external transactions consistent with the economics of the underlying bids (collectively, the “External Proxy Bus Constraints”).

Whenever an External Proxy Bus Constraint at a CTS Enabled Interface is limiting in the RTC optimization, the External Interface Congestion at the External Proxy Bus will be assigned, in whole or in part, as set forth below.

**ISO-NE Limiting:** If the RTC optimization is limited by a Transfer Limit determined by an ISO-NE Operating Reserve limitation, an ISO-NE minimum generation limitation, or an ISO-NE capacity deliverability limit, including when the Transfer Limit is adjusted in accordance with Section 5.4 of this Schedule D to accommodate the Ramp Limit while implementing one of these limitations, then the portion of the External Interface Congestion associated with the External Proxy Bus Constraint shall be assigned to ISO-NE.

**NYISO Limiting:** If the RTC optimization is limited by NYCA-wide Ramp Limits, then the portion of the External Interface Congestion associated with the External Proxy Bus Constraint shall be assigned to NYISO.

**NYISO and ISO-NE Limiting:** If the RTC optimization is limited by any Ramp Limit or Transfer Limit that is not specifically addressed in the “ISO-NE Limiting” or “NYISO Limiting” paragraphs above, or by any Transfer Limit or Ramp Limit that results from an operator override, as described in Section 5.2.5 of this Schedule D, the portion of the External Interface Congestion for a CTS Enabled Interface that is associated with an External Proxy Bus Constraint shall be assigned to both Parties equally.

The RTC solution may be limited by multiple External Proxy Bus Constraints simultaneously. If this occurs, the foregoing rules will apply to each External Proxy Bus Constraint.

If there are not sufficient CTS Interface Bid MWs offered to achieve a Transfer Limit, RTC will schedule the available MWs. In these circumstances, RTC will determine the External Interface Congestion at the External Proxy Bus based on the NYISO's Transmission Shortage Costs as defined in the NYISO Tariff.

In order to provide consistent price signals between their respective real-time energy markets, the Parties shall each incorporate the foregoing process into the real-time settlement LMP at their External Proxy Bus for each CTS Enabled Interface.

## **ARTICLE V**

### **5.0 CTS ENABLED INTERFACE OPERATING RULES**

#### **5.1 CTS Enabled Interface Ramp Limits**

The default quarter-hour Ramp Limit for the NY/NE Northern AC Interconnection will be mutually agreed to by the Parties and posted on the NYISO's OASIS.

The default top-of-the-hour Ramp Limit for the NY/NE Northern AC Interconnection (for use when quarter-hour scheduling is unavailable) will be mutually agreed to by the Parties and posted on the NYISO's OASIS.

In real-time operations, when necessary to protect reliability, the Parties may mutually agree to temporarily change the Ramp Limit(s) at any CTS Enabled Interface. The Parties shall restore the modified Ramp Limit to the posted default Ramp Limit as soon as reliable system operations permit and it is practicable to do so.

#### **5.2 Transfer Limits Reflecting Reliability Conditions**

A Transfer Limit sets the minimum or maximum net interchange that can be scheduled on a CTS Enabled Interface in the RTC solution. Factors that can set the Transfer Limits include the following:

1. normal scheduling limits;
2. Operating Reserve limitations;
3. minimum generation limitations;
4. capacity requests;
5. operator overrides.

##### ***5.2.1 Normal Scheduling Limits***

The normal scheduling limit for a CTS Enabled Interface is the amount of electric power that can normally be transferred over a CTS Enabled Interface. The Parties may mutually agree to change the normal scheduling limits that are used at CTS Enabled Interfaces due to

transmission outages, generation outages or other changes in system conditions. In the event the change to a normal scheduling limit is planned in advance, the Parties will make reasonable efforts to change the values in time to be included in the clearing of their respective day-ahead energy markets and be publicly posted prior to implementation. For the real-time operating day, ISO-NE will send its normal scheduling limits at each CTS Enabled Interface to the NYISO via the electronic data exchange to cover the same ten consecutive quarter-hour intervals as ISO-NE's Supply Price Points.

#### *5.2.2 Operating Reserve Limitations*

If one Control Area experiences an Operating Reserve deficiency, the other Control Area is not obligated to go deficient in its reserves of the same or a higher quality product, but may go deficient in a lower-quality reserve product in order to prevent an Operating Reserve deficiency of a higher quality reserve product in the other Control Area. To ensure these mutual reliability objectives can be satisfied, the Parties may modify the Transfer Limits in certain conditions as described below.

The RTC optimization procures reserves to meet the NYISO's reserve requirements and prices shortages of reserves using the NYISO's Operating Reserve demand curves. The RTC does not have information on the amount of Operating Reserve in the NECA. Therefore, at CTS Enabled Interfaces, ISO-NE will use the electronic data exchange to provide to NYISO both the ISO-NE Supply Price Points and Transfer Limit values that reflect the net interchange required to meet ISO-NE's 10-minute and 30-minute reserve requirements. When calculated, these values will reflect the net interchange required to meet ISO-NE's 10-minute and 30-minute reserve requirements for the same ten consecutive quarter-hour intervals for which ISO-NE's Supply Price Points are provided. ISO-NE will calculate these Transfer Limit values for each interval based on the Operating Reserve surplus in the NECA when applying the forecasted RTC net interchange on the CTS Enabled Interface. For the purposes of Schedule D, the ISO-NE Transfer Limit associated with the 10-minute reserve requirement will always be less restrictive than the Transfer Limit associated with the ISO-NE 30-minute reserve requirement. When ISO-NE sends Transfer Limits that are associated with Operating Reserve requirements, the ISO-NE Supply Price Points must also reflect those expected reserve shortage prices. RTC will evaluate whether the ISO-NE Transfer Limit would preclude NYISO from meeting its reserve requirements for an equal or higher quality reserve product. If so, RTC may adjust the Transfer Limit in accordance with Section 5.3 of this Schedule D, based on the principles set forth in the preceding paragraph.

#### *5.2.3 Minimum Generation Limitations*

The RTC optimization dispatches the NYISO system's internal generation as needed when the NYCA approaches minimum generation conditions. The RTC does not have information to assess minimum generation conditions within the NECA. Therefore, at CTS Enabled Interfaces, ISO-NE will use the electronic data exchange to provide to NYISO Transfer Limit values that reflect the net interchange level beyond which ISO-NE cannot further dispatch down internal generation while maintaining reliable operations. When ISO-NE sends Transfer Limits for this purpose, the ISO-NE Supply Price Points must also reflect these requirements.

ISO-NE shall not send, and NYISO is not required to enforce, a minimum generation Transfer Limit that would require the NYCA to accept energy from the NECA.

ISO-NE shall not send both a minimum generation Transfer Limit and Operating Reserve Transfer Limits at the same time.

#### *5.2.4 Capacity Transfer Limits*

##### *Day-Ahead Coordination*

NYISO will provide its day-ahead operating plan to ISO-NE. Once ISO-NE determines that it expects to count on capacity resources located in New York to meet its reserve requirements, ISO-NE shall inform NYISO of the expected capacity call.

##### *Real-Time Coordination*

###### *ISO-NE Capacity Requests at CTS Enabled Interfaces:*

ISO-NE may request delivery of energy from capacity resources located in the NYCA that have obligations in the ISO-NE capacity market over a CTS Enabled Interface. The ISO-NE operator will call the NYISO operator to initiate the capacity request. Upon receiving the request, the NYISO operator will confirm what amount of the capacity request is deliverable based on projected transmission constraints (“Capacity Deliverable to ISO-NE”). If the Capacity Deliverable to ISO-NE is non-zero, RTC will determine the ISO-NE capacity that is available based on offers submitted by NYCA generators that have sold their capacity to ISO-NE and are projected to be available in real-time, subject to any real-time derates (“Capacity Available to ISO-NE”).

Transactions to wheel capacity through the NYCA will be excluded from the ISO-NE/NYISO capacity request process.

###### *NYISO Capacity Requests at CTS Enabled Interfaces:*

If the NYISO projects the ISO-NE real-time capacity request could cause the NYISO to become capacity deficient, the NYISO may request delivery of energy associated with capacity resources located in ISO-NE that have an obligation in the NYISO capacity market over a CTS Enabled Interface. The NYISO operator will call the ISO-NE operator to initiate the capacity request. The NYISO will require that its eligible New England-based capacity submit CTS Interface Bids to be evaluated by RTC. It will be up to the supplier of New England-based capacity to ensure that the resource(s) backing capacity transactions are available to deliver their capacity to New York when they are called on to do so. At the time of the request, the ISO-NE operator will determine whether all or any part of the generation supporting the capacity is available and deliverable (“Capacity Available to NYISO”).

Section 5.3 of this Schedule D sets forth how capacity data and Operating Reserve limitations are used to establish a Transfer Limit.

### 5.2.5 *Operator Override Transfer Limits*

Real-time system conditions may require that a NYISO or ISO-NE operator override the Transfer Limit to establish the flow that can be transferred over a CTS Enabled Interface in a reliable manner. Except when necessary to protect reliability, an operator override shall not be used to submit limits that can be submitted via the electronic data exchange.

## 5.3 Establishing Transfer Limits for RTC

RTC determines a net interchange for each interval that must be a value between an upper bound and lower bound. In this section, the high Transfer Limit is the upper bound on that range and the low Transfer Limit is the lower bound on that range. The rules in this Section 5.3 detail how the inputs from Section 5.2, which are first tested against the criteria set forth in Section 7.2, are used to determine the high and low Transfer Limits in RTC for each quarter-hour interval. For purposes of this Section 5.3, a positive value represents flow from New England to New York, and a negative value represents flow from New York to New England. The values associated with an ISO-NE capacity request, Capacity Deliverable to ISO-NE and Capacity Available to ISO-NE are all negative.

1. When a Minimum Generation Transfer Limit is provided by ISO-NE in accordance with Section 5.2.3, that value is the low Transfer Limit at a CTS Enabled Interface.
2. When ISO-NE provides Operating Reserve Transfer Limits but has not requested capacity from NYISO, the following rules are applied to determine the high Transfer Limit at a CTS Enabled Interface:
  - a) If the ISO-NE 30-minute Operating Reserve Transfer Limit is greater than or equal to zero, then:
    - i. If enforcing the ISO-NE 30-minute Operating Reserve Transfer Limit is projected to cause the NYISO to have a deficiency of 10-minute Operating Reserve, the high Transfer Limit is the minimum value that is not projected to result in a NYISO 10-minute Operating Reserve deficiency;
    - ii. Otherwise the high Transfer Limit is the ISO-NE 30-minute Operating Reserve Transfer Limit.
  - b) If the ISO-NE 30-minute Operating Reserve Transfer Limit is less than zero, then:
    - i. If enforcing the ISO-NE 30-minute Operating Reserve Transfer Limit is projected to cause the NYISO to have a deficiency of 30-minute Operating Reserve but is not projected to cause the NYISO to have a deficiency of 10-minute Operating Reserve, then the high Transfer Limit is the lesser of (a) the minimum value that is not projected to result in a NYISO 30-minute Operating Reserve deficiency, or (b) zero;

- ii. If enforcing the ISO-NE 30-minute Operating Reserve Transfer Limit is projected to cause the NYISO to have a deficiency of 10-minute Operating Reserve, then the high Transfer Limit is the minimum value that is not projected to result in a NYISO 10-minute Operating Reserve deficiency;
  - iii. Otherwise the high Transfer Limit is the ISO-NE 30-minute Operating Reserve Transfer Limit.
- 3. When ISO-NE has requested capacity from NYISO, the high Transfer Limit at a CTS Enabled Interface shall be the greater of:
  - a) the ISO-NE 30-minute Operating Reserve Transfer Limit, or
  - b) [the minimum of (i) the total quantity of CTS Interface Bids backing Capacity Available to NYISO or (ii) the Capacity Available to NYISO] plus [the maximum of (iii) the ISO-NE capacity request, (iv) the Capacity Deliverable to ISO-NE or (v) the Capacity Available to ISO-NE].
- 4. When system conditions require that either a low or high Transfer Limit be overridden by the NYISO or ISO-NE operator to establish the flow that can be transferred over a CTS Enabled Interface in a reliable manner, the override shall establish the low or high Transfer Limit.
- 5. Otherwise, the NYISO shall use the normal scheduling Transfer Limit at a CTS Enabled Interface, as described in Section 5.2.1.

5.4. Interaction Between Transfer Limits and Ramp Limits

- a) Except as provided in 5.4(b), when the NYISO's RTC is provided Transfer Limits that would cause it to develop net interchange schedules at a CTS Enabled Interface with ISO-NE that exceed the Ramp Limits, RTC will reset the provided Transfer Limits to ensure the agreed Ramp Limits are not exceeded.
- b) If any Transfer Limit, other than a normal scheduling limit, is implemented via an operator override, then RTC shall permit the agreed Ramp Limits to be exceeded in order to enforce the Transfer Limit.

**ARTICLE VI**

**6.0 SETTLEMENT PROVISIONS**

ISO-NE shall settle CTS Interface Bids and other bids and offers scheduled at CTS Enabled Interfaces with its Market Participants in accordance with the rules set forth in the ISO-NE Tariff.

The NYISO shall settle CTS Interface Bids and other bids scheduled at CTS Enabled Interfaces, with its Market Participants in accordance with the rules set forth in the NYISO Tariffs.

Each Party shall address settlement-related corrections and disputes regarding that Party's settlement of CTS transactions in accordance with the settlement correction and dispute resolution provisions set forth in that Party's tariff(s).

Each Party agrees to provide support, including information and data that isn't otherwise available to the other Party, when the requested information is necessary to assist the requesting Party in addressing a settlement (but not price) correction or a settlement-related dispute between the requesting Party and one or more of its Market Participants regarding the settlement of CTS transactions.

If an erroneous price is determined at a CTS Enabled External Proxy Bus, independent of any price correction process ISO-NE may utilize, the NYISO shall follow the price correction process set forth in Attachment E to its Market Administration and Control Area Services Tariff.

If an erroneous price is determined at a CTS Enabled External Proxy Bus, independent of any price correction process NYISO may utilize, ISO-NE shall follow the price correction process set forth in the ISO-NE Tariff.

## **ARTICLE VII**

### **7.0 NON-STANDARD CTS OPERATION**

#### **7.1 Permitted Modifications to ISO-NE Supply Price Points**

In the event NYISO does not receive the ISO-NE Supply Price Points before it commences the RTC optimization, then the last set of ISO-NE Supply Price Points used to perform an RTC optimization will be used in the RTC optimization to determine the net interchange schedule until the NYISO receives and successfully validates a new set of ISO-NE Supply Price Points.

If one or more quarter-hour intervals within the ISO-NE Supply Price Points fail the NYISO's input checks, the last set of ISO-NE Supply Price Points used to perform an RTC optimization will be used in the RTC optimization.

When ISO-NE Supply Price Points do not cover the full quantity (in MWs) of bids that are evaluated by RTC, then the last pricing point on either end of the ISO-NE Supply Price Points will be extended by NYISO to cover all the bids and offers that are evaluated by RTC.

#### **7.2 Permitted Modifications to ISO-NE Transfer Limits**

In the event NYISO does not receive ISO-NE Transfer Limits or operator override values have not been entered before an RTC optimization commences, then the last set of ISO-NE Transfer Limits used to perform an RTC optimization will be used in the current RTC optimization.

If one or more quarter-hour intervals within the ISO-NE Transfer Limits fail any of the NYISO's input checks, including the input checks listed below, the last set of ISO-NE Transfer Limits used to perform an RTC optimization will be used in the RTC optimization.

- A Minimum Generation Transfer Limit and Operating Reserve Transfer Limits will not be sent at the same time.
- The Minimum Generation Transfer Limit will be less than or equal to zero.
- If an ISO-NE 10-minute Operating Reserve Transfer Limit is provided, an ISO-NE 30-minute Operating Reserve Transfer Limit will also be provided.
- The ISO-NE 30-minute Operating Reserve Transfer Limit will be less than the ISO-NE 10-minute Operating Reserve Transfer Limit.

### 7.3 Hourly Scheduling Under CTS

The Parties may agree to temporarily employ hourly scheduling in RTC on a CTS Enabled Interface when necessary to ensure or preserve system reliability or when not able to implement schedules as expected due to software or communication issues.

## **ARTICLE VIII**

### **8.0 JOINT ENERGY SCHEDULING SYSTEM CUSTOMER SERVICE; MAINTENANCE; SUSPENSION OF CTS; COOPERATION**

#### 8.1 Joint Energy Scheduling System Customer Service

The NYISO developed and maintains the Joint Energy Scheduling System (“JESS”) platform that both New York RSPs and New England RSPs use to submit bids at CTS Enabled Interfaces.

1. Each Party is the primary customer service contact for its respective Market Participants.
2. ISO-NE will have read-only access to bids associated with New England Market Participants at CTS Enabled Interfaces on the JESS platform.

#### 8.2 Maintenance

Subject to reasonable expectations, it is the Parties’ goal that the data links, software, and other systems necessary to implement CTS are available continuously. The Parties agree to employ regular maintenance, including scheduled maintenance outages when needed, to meet that goal.

In the event of a problem with a data link, software, computational system or data system, the responsible Party will use reasonable efforts to promptly address the problem. The Parties shall work together and shall keep each other informed regarding the problem and its resolution.

The Parties shall inform each other in advance of any scheduled testing activities or maintenance outages that will affect a CTS Enabled Interface. Notice shall be provided sufficiently in advance to allow each ISO to inform its Market Participants of any impacts on the operation of CTS.



### 8.3 Suspension of CTS

The Parties may suspend the scheduling of CTS transactions at CTS Enabled Interfaces due to: (1) the inability of the NYISO to receive bids for a CTS Enabled Interface; (2) a failure or outage of the data link between the Parties that prevents the timely exchange of information necessary to implement CTS transactions; (3) the actual or suspected failure of any software, computational, or data system that is necessary to implement CTS transactions; (4) the need to verify the functionality of the tools that are necessary to implement CTS; or (5) when necessary to ensure or preserve NYISO or ISO-NE system reliability.

A Party that determines that any of the foregoing conditions have occurred shall, as soon as practicable, notify the other Party.

The Parties shall resolve issues causing the failure or outage of the data link, software, computational systems, or data systems as soon as possible, and will use reasonable efforts to promptly address the problem. The Parties shall work together and shall keep each other informed regarding the problem and its resolution. The Parties shall resume implementation of CTS following, as applicable, the successful testing of the data link or relevant system(s) after the inability to receive offers or bids, failure, or condition is resolved, or after the resolution of the system reliability issue.

When CTS is suspended the Parties shall mutually agree to interchange schedules at CTS Enabled Interfaces.

### 8.4 Cooperation

The Parties will cooperate to review the data and mutually identify or resolve errors and anomalies. If one Party determines that it is required to self-report a potential violation to the Commission's Office of Enforcement regarding its compliance with this Schedule D, the reporting Party shall inform, and provide a copy of the self-report to the other Party. Any such report provided by one Party to the other shall be Confidential Information.

## **ARTICLE IX**

### **9.0 CTS CHANGE MANAGEMENT PROCESS**

#### 9.1 Notice

Prior to materially changing any tariff language, software or process that is directly involved in implementing this Schedule D, the Party desiring the change shall notify the other Party's data exchange contact appointed under the Coordination Agreement, in writing or via email, of the proposed change. The notice shall include a complete and detailed description of the proposed change, the reason for the proposed change, and the impacts the proposed change is expected to have on the implementation of CTS.

## 9.2 Opportunity to Request Additional Information

Following receipt of the Notice described in Section 9.1, the receiving Party may make reasonable requests for additional information/documentation from the other Party. This may include a request by a Party to be involved in the testing of the changes. Absent mutual agreement of the Parties, the submission of a request for additional information under this Section shall not delay the obligation to timely note any objection pursuant to Section 9.3, below.

## 9.3 Objection to Change

Within ten business days after receipt of the Notice described in Section 9.1 (or within such longer period of time as the Parties mutually agree), the receiving Party may notify in writing or via email the other Party of its disagreement with the proposed change. Any such notice must specifically identify and describe the concern(s) that required the receiving Party to object to the described change.

## 9.4 Implementation of Change

The Party proposing a change to a process that is directly involved in implementing this Schedule D shall not implement such change until (a) it receives written or email notification from the other Party that the other Party concurs with the change, or (b) the receiving Party fails to notify in writing or via email the other Party of its disagreement with the proposed change within the notice period specified in Section 9.3, or (c) completion of any dispute resolution process initiated pursuant to this Agreement.

# **ARTICLE X**

## **10.0 AUDITS, CERTIFICATION AND TESTING**

Each Party shall provide to the other Party the results of any certification or audit it procures regarding CTS-related software functions, subject to the following conditions: (1) the disclosure may be limited to the portions of the certification or audit that addresses the CTS-related software, and need only include the portions of the certification or audit that address the CTS-related functioning of the software; (2) if the providing Party indicates that the certification or audit is Confidential Information it shall be treated as such by the receiving party; and (3) this provision does not require a Party to disclose information that is subject to a legal privilege.

Before CTS is implemented, and upon any material changes to any components thereof, the Parties shall test the processes and component software.

Each Party shall, at its sole expense, take appropriate actions to address any actual or apparent breach of cyber security related to CTS, and shall provide prompt notification to the other Party of any such incident.

Each party will undertake an annual Service Organization Controls report that covers CTS process-related controls prepared and opined by its external auditors in accordance with Statement on Standards for Attestation Engagements No. 16 or AICPA/CICA Principles and

Criterion for System Reliability (SSAE 16 engagement). The NYISO report will include controls related to the Joint Energy Scheduling System bidding platform.

Each Party shall promptly provide to the other Party the results of its annual Service Organization Controls report, subject to the following conditions: (1) the disclosure may be limited to the portions of the report or audit that address CTS, and need only include the portions of the report or audit that address CTS; (2) if the providing Party indicates that the certification or audit is Confidential Information it shall be treated as such by the receiving party; and (3) this provision does not require a Party to disclose information that is subject to a legal privilege.

## **38      Attachment FF – Generator Deactivation Process**

## 38.1 Definitions

Whenever used in the **Short-Term Reliability Process** requirements in this Section 38 with initial capitalization, the following terms shall have the meaning specified in this Section

38.1. Terms used in this Section 38 with initial capitalization that are not defined in this Section

38.1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the ISO OATT or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

**Developer:** A person or entity, including a Transmission Owner, sponsoring or proposing a solution to a Short-Term Reliability Process Need pursuant to this Attachment FF.

**Generator Deactivation Assessment:** The ISO's analysis, in coordination with the Responsible Transmission Owner(s), of whether a Generator Deactivation Reliability Need will result from a Generator becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Except when the ISO elects to assess the reliability impacts of a Generator's ICAP Ineligible Forced Outage outside the quarterly STAR, a Generator Deactivation Assessment will be a component of a STAR.

**Short-Term Assessment of Reliability Start Date:** The date on which the ISO next commences a STAR after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete. If a Market Participant's Generator enters into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, then the Short-Term Assessment of Reliability Start Date is the date on which the ISO next commences a STAR; except (i) when the ISO determines that it should commence a stand alone Generator Deactivation Assessment based on the potential for an immediate reliability need to arise (*see* Section 38.3.4), or (ii) when the ISO is able to and elects to add a Generator that is in an ICAP Ineligible Forced Outage to a STAR that has already begun. Under either exception [(i) or (ii)], the Short-Term Assessment of Reliability Start Date is the date on which the Generator entered an ICAP Ineligible Forced Outage.

**Generator Deactivation Notice:** The form set forth in Section 38.24 (Appendix A) of this Attachment FF.

**Generator Deactivation Reliability Need:** A condition identified by the ISO in a STAR or a Generator Deactivation Assessment as a violation or potential violation of one or more Reliability Criteria and applicable local criteria. Violations and potential violations identified in a STAR are only Generator Deactivation Reliability Needs if the need can be resolved, in whole or in part, by the continued availability or operation of an Initiating Generator. A Generator Deactivation Reliability Need is a type of Short-Term Reliability Process Need.

**Generator Owner:** (a) the entity or entities that have executed an RMR Agreement and assumed ultimate responsibility for the operation of an RMR Generator and its participation in the ISO

Administered Markets; (b) the entity or entities that have indicated their willingness to execute an RMR Agreement and assume ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets by submitting a filing to FERC proposing a rate for providing RMR service or seeking to recover the cost of Capital Expenditures; or (c) the entity or entities that possess ultimate responsibility for the operation of an Interim Service Provider and its participation in the ISO Administered Markets. The Generator Owner may be a Market Party and/or a Market Participant, may include one or more Market Parties and/or Market Participants, or may participate in the ISO Administered Markets by and through one or more Market Parties and/or Market Participants.

**Initiating Generator:** A Generator with a nameplate rating that exceeds 1 MW that submits a Generator Deactivation Notice for purposes of becoming Retired or entering into a Mothball Outage or that has entered into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, which action is being evaluated by the ISO in accordance with its Short-Term Reliability Process requirements in this Section 38 of the ISO OATT.

**Interim Service Provider:** A Generator that must remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181<sup>st</sup> day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date. A Generator that submitted a Generator Deactivation Notice to be Retired is an Interim Service Provider even if the ISO authorizes the Generator to be deactivated, if the ISO or a Responsible Transmission Owner requires the step-up transformer(s) and/or other system protection equipment to remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181<sup>st</sup> day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date, or (d) the date on which the generating unit(s) deactivate. Interim Service Providers are compensated in accordance with Rate Schedule 8 to the ISO Services Tariff.

**Market Party:** Any person or entity that is, or proposes or plans (including any participant therein,) a project that would be, a buyer or a seller in, or that makes bids or offers to buy or sell in, or that schedules or seeks to schedule Transactions with the ISO in or affecting any of the ISO Administered Markets, or any combination of the foregoing.

**Near-Term Reliability Need:** A Generator Deactivation Reliability Need that the ISO determines will arise within three years of the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date; or a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need that the ISO determines will arise within three years of the posting of the STAR in which the need is identified.

**New York State Bulk Power Transmission Facilities ("BPTFs"):** Defined in Section 31.1.1 of the OATT.

**Reliability Need:** Defined in Section 31.1.1 of the OATT.

**Reliability Planning Process:** The term shall have the meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT.

**Responsible Transmission Owner:** The Transmission Owner or Transmission Owners designated by the ISO pursuant to this Attachment FF: (i) to conduct the necessary reliability studies to review the impact of a Generator's proposed deactivation on the reliability of the non-BPTFs that are part of the New York State Transmission System, (ii) to prepare a Short-Term Reliability Process Solution and, if required, a conceptual permanent solution to address a Short-Term Reliability Process Need, and (iii) to proceed with a Short-Term Reliability Process Solution if directed to do so by the ISO. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the ISO identifies a Short-Term Reliability Process Need and/or that owns a transmission facility on which a Reliability Need arises.

**RMR Service Offer:** An offer submitted to the ISO by a Generator to provide RMR service.

**RMR Start Date:** The date an RMR Generator begins participating, offering, and operating in the ISO Administered Markets pursuant to the ISO Tariff rules that apply to RMR Generators and the terms of an RMR Agreement.

**Short-Term Assessment of Reliability (STAR):** The ISO's assessment, in coordination with the Responsible Transmission Owner(s), of whether a Short-Term Reliability Process Need will result from a Generator becoming Retired, entering into a Mothball Outage, a Generator being unavailable due to an ICAP Ineligible Forced Outage, or from other changes to the availability of Resources or to the New York State Transmission System. The ISO performs STARs on a quarterly basis, commencing on the dates specified in ISO Procedures.

**Short-Term Reliability Process Need:** A Generator Deactivation Reliability Need or a condition identified by the ISO in a STAR as a violation or potential violation of one or more Reliability Criteria on the BPTF.

**Short-Term Reliability Process:** The process set forth in this Attachment FF by which the ISO evaluates and addresses the reliability impacts resulting from both: (i) Generator Deactivation Reliability Need(s), and/or (ii) other Reliability Needs on the BPTFs that are identified in a STAR.

**Short-Term Reliability Process Solution:** A solution to address a Short-Term Reliability Process Need, which may include (i) an Initiating Generator, (ii) a solution proposed pursuant to Section 38.4, or (iii) a Generator identified by the ISO pursuant to Section 38.5.

**Viable and Sufficient:** Term that describes a proposed Short-Term Reliability Process Solution that the ISO has determined in accordance with Section 38.6 to be viable and sufficient to satisfy the identified Short-Term Reliability Process Need individually or in conjunction with other solutions.

## **38.2 Scope of Short-Term Reliability Process**

The Short-Term Reliability Process includes within its scope the ISO's review of Generator deactivations to address any identified Generator Deactivation Reliability Needs and the ability for the ISO to address other Reliability Needs on the BPTF that are identified in a STAR. The STAR will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process, and the ISO will review key study assumptions with its stakeholders.

The Short-Term Reliability Process set forth in this Attachment FF establishes the process by which the ISO will address a Generator Deactivation Reliability Need that results from a Generator that has a nameplate rating that exceeds 1 MW becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Pursuant to this process, the ISO will first determine through a STAR (or possibly a Generator Deactivation Assessment for Generators in an ICAP Ineligible Forced Outage) whether a Generator Deactivation Reliability Need would result from a Generator's deactivation. If the STAR or Generator Deactivation Assessment identifies a Generator Deactivation Reliability Need that arises three years or less after the conclusion of the 365 day prior notice period set forth in Section 38.3.1 below, then the ISO will solicit and evaluate market-based and regulated Short-Term Reliability Process Solutions to address the need, including, but not limited to, entering into an RMR Agreement with the Initiating Generator. Generator Deactivation Reliability Needs that arise more than three years after the conclusion of the 365 day prior notice period will only be addressed using this Short-Term Reliability Process if the identified needs cannot timely be addressed through the ISO's Reliability Planning Process. Rules addressing cost allocation for Short-Term Reliability Process Solutions are set forth in Section 38.22. Rules addressing cost



recovery for Short-Term Reliability Process Solutions are set forth in Section 38.23, Rate Schedules 14 and 16 to the ISO OATT, and Rate Schedule 8 to the ISO Services Tariff.

The Short-Term Reliability Process enables the ISO to perform STARs to assess reliability concerns that should not wait for the next Reliability Needs Assessment to be conducted, and to procure solutions to identified Short-Term Reliability Process Needs. In addition to evaluating the reliability impacts of Generator deactivations, the ISO can assess the reliability impacts of other changes to the availability of Resources and to the New York State Transmission System in a STAR. STARs are performed on a quarterly basis. Each STAR looks out five years from its start date. Each STAR will use the most recent base cases from the Reliability Planning Process (year 1 through year 5), updated in accordance with ISO Procedures for the Reliability Planning Process, and the ISO will review key study assumptions with its stakeholders.

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 Generator Deactivation Reliability Needs, or (b) the posting of a completed STAR for other Reliability Needs on the BPTF, will be addressed using this Short-Term Reliability Process. 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 this Short-Term Reliability Process if an identified Reliability Need cannot timely be addressed through the ISO's Reliability Planning Process.

If the Market Participant that administers a Generator's participation in the ISO Administered Markets is a different entity than the entity that possesses the ultimate decision-

making authority concerning the deactivation, retirement and/or outage or repair of a Generator that has a nameplate rating that exceeds 1 MW, then (i) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or outage or repair of the Generator must agree, as part of the registration of the Generator with the ISO for participation in the ISO Administered Markets, that it will be subject to and comply with the requirements of this Attachment FF, and (ii) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or repair of the Generator shall, along with the Market Participant, be subject to all of the requirements in this Attachment FF that apply to a Market Participant, Market Party, Generator Owner or a Generator.

### **38.3 Generator Deactivation Requirements**

#### **38.3.1 Requirements for Initiating Generator Seeking to Be Retired or Enter into Mothball Outage**

38.3.1.1 A Market Participant must provide the ISO with a minimum of 365 days prior notice (such period beginning after its Generator Deactivation Notice has been determined to be complete by the ISO, as explained in Section 38.3.1.4 below) before its Generator that has a nameplate rating that exceeds 1 MW may be Retired or enter into a Mothball Outage; except for Generators reclassified as Retired pursuant to Sections 5.18.2.3.1 or 5.18.3.3.1 of the ISO Services Tariff, or as provided for an RMR Generator under an RMR Agreement.

38.3.1.2 The Market Participant shall provide this notice to the ISO by submitting a Generator Deactivation Notice in the form set forth in Appendix A to this Attachment FF, along with all information required by that form, the supporting certification from a duly authorized officer, and the information required for an Initiating Generator in accordance with Sections 38.25.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF.

38.3.1.3 The Market Participant must specify in the Generator Deactivation Notice its proposed date for its Generator that has a nameplate rating that exceeds 1 MW to be Retired or enter into a Mothball Outage.

38.3.1.4 The 365-day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run on the date the ISO commences the next STAR after it issues a written notice to the Market Participant indicating that the Generator Deactivation Notice, including the supporting information and certification, is complete. For purposes of this

Attachment FF, “complete” shall mean sufficiently complete for the ISO to begin its review of the reliability impacts that would result from a Generator being Retired or entering into a Mothball Outage under this Attachment FF, to review as required by Sections 38.7 and 38.8 the information provided in accordance with Appendix B of this Attachment FF, and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

38.3.1.5 Within ten (10) business days of receiving a Generator Deactivation Notice, the ISO shall review the notice form, along with the supporting information and affidavit submitted with it, and will inform the Market Participant whether its submission is complete or whether additional information is required. The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information to determine whether the Market Participant’s notice is complete. Within ten (10) business days of the ISO receiving all additional information it requested, the ISO will inform the Market Participant whether its submission is complete, or whether further information is needed. Upon its determination that a submitted Generator Deactivation Notice is complete, the ISO will concurrently notify the Generator and post a notice on its website that the Generator Deactivation Notice has been determined to be complete, and the Generator’s deactivation will be included in the next STAR that the ISO commences.

38.3.1.6 If one of the two Generators in a CSR enters a Mothball Outage but the other CSR Generator continues operating, the remaining Generator may continue

to participate as a Generator in a CSR unless or until the Generator in the  
Mothball Outage becomes Retired.

### **38.3.2 Requirements for Initiating Generator that Has Entered into ICAP Ineligible Forced Outage and Generator Deactivation Assessment**

Within 20 days of a Market Participant's Generator that has a nameplate rating that exceeds 1 MW entering into an ICAP Ineligible Forced Outage, the Market Participant shall submit the information required for an Initiating Generator in accordance with Sections 38.25.2 and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF. It shall also provide the information required by Section 38.25.4 of Appendix B of this Attachment FF.

Distinct from the Initiating Generator's obligation to timely submit required information to the ISO that is set forth above, when a Generator that has a nameplate rating that exceeds 1 MW enters an ICAP Ineligible Forced Outage the ISO shall determine whether it will (a) immediately commence a Generator Deactivation Assessment to review the deactivation of the Initiating Generator, or (b) if practicable, add the Initiating Generator to a STAR that is already in progress, or (c) include the Initiating Generator in the next STAR it commences. The ISO will make its determination based on the expected likelihood of identifying a Generator Deactivation Reliability Need, and the expected immediacy of any need that may arise. The ISO shall consult with the Responsible Transmission Owner(s) to the extent feasible before reaching its determination. The ISO will notify the Initiating Generator and post a notice on its website specifying whether it will immediately commence a Generator Deactivation Assessment to review the deactivation of the Initiating Generator, add the Initiating Generator to a STAR that is already in progress, or include the Initiating Generator in the next STAR it commences.

If one of the two Generators in a CSR enters an ICAP Ineligible Forced Outage but the other CSR Generator continues operating, the remaining Generator may continue to participate

as a Generator in a CSR unless or until the Generator in the ICAP Ineligible Forced Outage becomes Retired.

### **38.3.3 Continuing Obligation for Market Participants and Market Parties to Respond to ISO Information Requests**

Following the submission of a complete Generator Deactivation Notice or the entry of its Generator into an ICAP Ineligible Forced Outage, the Market Participant (which is also a Market Party) is subject to a continuing obligation to promptly submit any additional information requested by the ISO in connection with the ISO's evaluation under this Attachment FF or to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information it receives to determine whether the information provided is sufficient to permit the ISO to perform its duties under this Attachment FF (including but not limited to the calculation of an Interim Service Provider rate and/or an Availability and Performance Rate), and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff. Within ten (10) business days of the ISO receiving all of the additional information it requested, the ISO will inform the Market Participant whether its submission is sufficient, or whether further information is needed.

### **38.3.4 Immediate Reliability Need**

The ISO may take immediate action to implement an interim solution to maintain reliability if the ISO determines that a Short-Term Reliability Process Need may not be timely addressed through the normal Short-Term Reliability Process. To maintain reliability in such circumstances, the ISO may abbreviate, as necessary, the time periods and requirements set forth in this Attachment FF and make any necessary filings with the Commission.

To address an immediate Short-Term Reliability Process Need the ISO may pay the demonstrated costs in excess of \$100,000 that a Market Party or Generator Owner incurs to repair or replace a damaged step-up transformer and/or other system protection equipment. Such costs may be recovered as Capital Expenditures in accordance with the requirements of Sections 38.17.3 and 38.17.4 of this Attachment FF to the ISO OATT even if the Generator is not eligible to be an Interim Service Provider because it is in an ICAP Ineligible Forced Outage. If the cost of returning a damaged step-up transformer and/or other system protection equipment is not expected to exceed \$100,000, then the Generator Owner shall promptly return the step-up transformer and/or other system protection equipment designated by the ISO to service without additional recompense.

### **38.3.5 Performance of STAR or Generator Deactivation Assessment**

38.3.5.1 The ISO performs STARs on a quarterly basis, commencing on the dates specified in ISO Procedures. Following the quarterly Short-Term Assessment of Reliability Start Date, the ISO will perform, in coordination with the Responsible Transmission Owner(s) identified by the ISO, a Generator Deactivation Assessment concerning the Initiating Generator(s) that have complete Generator Deactivation Notices (*see* Section 38.3.1.4 above). Except when the ISO is assessing a potential immediate reliability need, one or more Generator Deactivation Assessment(s) will be performed together as components of a STAR. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs that would result from the Generator that has a nameplate rating that exceeds 1 MW being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. The

Responsible Transmission Owner(s) will conduct the necessary reliability studies to review the impact on the reliability of the non-BPTFs that are part of the New York State Transmission System, which studies the ISO will review and verify.

In addition to reviewing Generator deactivations, STARs will also (or alternatively) assess the potential BPTF reliability impacts of other changes to the availability of Resources or to the New York State Transmission System in accordance with ISO Procedures for the Reliability Planning Process. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs, which may include assistance from the Responsible Transmission Owner(s).

For the STAR or Generator Deactivation Assessment, the ISO will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process. The study period for a stand-alone Generator Deactivation Assessment will be the four years following the conclusion of the 365-day notice period. The study period for a STAR will be the five years following the Short-Term Assessment of Reliability Start Date. For both types of assessments, the ISO will review key study assumptions with its stakeholders.

38.3.5.2 As part of the assessment, the ISO shall review whether any potential Short-Term Reliability Process Need can be addressed through the adoption of alternative ISO or Transmission Owner operating procedures or by updates to Local Transmission Owner Plans, other than an agreement with the Generator addressed in the Generator Deactivation Notice or a Generator already in a



Mothball Outage, an ICAP Ineligible Forced Outage, or that has been mothballed since before May 1, 2015.

38.3.5.3 Within ninety days of the Short-Term Assessment of Reliability Start Date, the ISO shall concurrently notify the Initiating Generator(s) and post on its website the results of the STAR or Generator Deactivation Assessment. The assessment will specify: (i) whether one or more Short-Term Reliability Process Need(s) would arise, and (ii) whether the retention of one or more Initiating Generator(s) would resolve, in whole or in part, one or more Short-Term Reliability Process Need(s), and (iii) whether the ISO has determined that any Short-Term Reliability Process Need can be timely addressed in the current or next planning cycle of the biennial Reliability Planning Process, or must be addressed using this Short-Term Reliability Process. The Short-Term Reliability Process will conclude if the STAR or Generator Deactivation Assessment: (i) does not identify a Short-Term Reliability Process Need, or (ii) states that a Short-Term Reliability Process Need identified in the assessment will be addressed in the Reliability Planning Process. The STAR or Generator Deactivation Assessment will also state whether a Generator Deactivation Reliability Need is only a reliability need on non-BPTFs for which solely the Responsible Transmission Owner may propose a regulated transmission Short-Term Reliability Process Solution. Any Generator that the ISO determines is Viable and Sufficient may participate as a Short-Term Reliability Process Solution to part or all of a Short-Term Reliability Process Need, including a Generator Deactivation Reliability Need arising only on the non-BPTFs.

38.3.5.4 If a Short-Term Reliability Process Need is identified in a STAR that could be resolved by two or more Initiating Generators that each seek to deactivate prior to the conclusion of the 365 day notice period, then the ISO shall temporarily retain as Interim Service Providers the Initiating Generator(s) necessary to resolve the Short-Term Reliability Process Need. The ISO shall determine which Initiating Generators to retain as Interim Service Providers based on the date on which each Initiating Generator's Generator Deactivation Notice was determined to be complete by the ISO; retaining the necessary Generator(s) that completed their Generator Deactivation Notice last. However, the ISO shall not retain more Initiating Generators as Interim Service Providers than are necessary to resolve a Short-Term Reliability Process Need.

### **38.3.6 Near-Term Reliability Needs**

38.3.6.1 As part of the STAR or Generator Deactivation Assessment, the ISO will determine whether any Short-Term Reliability Process Need identified in the assessment is a Near-Term Reliability Need. Any Generator that the ISO determines is Viable and Sufficient may participate as a Short-Term Reliability Process Solution to part or all of a Near-Term Reliability Need, including a Generator Deactivation Reliability Need arising only on non-BPTFs.

38.3.6.2 If the ISO determines that a Short-Term Reliability Process Need is a Near-Term Reliability Need, the ISO shall:

38.3.6.2.1 Include an explanation in the STAR or Generator Deactivation Assessment of the Near-Term Reliability Need in sufficient detail, including the

reliability criteria violations and system conditions, to allow stakeholders to understand the need and why it is time sensitive.

38.3.6.2.2 Provide to stakeholders and post on its website a full and supported written explanation of the ISO's decision to solicit a regulated, non-generation Short-Term Reliability Process Solution solely from a Responsible Transmission Owner, including an explanation of the other transmission and non-transmission options that the ISO considered, but concluded would not sufficiently address the Near-Term Reliability Need, the circumstances that generated the need, and an explanation of why the need was not identified earlier.

38.3.6.2.3 Provide the appropriate stakeholder working group a reasonable opportunity to provide comments to the ISO on the written explanation and publicly post any written comments that the ISO receives on its web site.

38.3.6.3 The ISO shall maintain and post on its website a list of all transmission solutions selected by the ISO in prior years to be built in response to Near-Term Reliability Needs for which the ISO designated solely the Responsible Transmission Owner to propose a regulated Short-Term Reliability Process Solution. The list must include the Near-Term Reliability Need, the identity of the designated Responsible Transmission Owner, the transmission solution selected by the ISO, its in-service date, and the date on which the Responsible Transmission Owner energized or otherwise implemented the transmission solution. The ISO shall file the list with the Commission as an informational filing in January of each year covering the designations of the prior calendar year,

if the ISO selected a Responsible Transmission Owner's regulated transmission solution to a Near-Term Reliability Need in the prior year.

### **38.3.7 Deactivation Prior to the Expiration of the 365-Day Notice Period**

If: (i) the ISO determines in a STAR or Generator Deactivation Assessment either that a Short-Term Reliability Process Need would not be resolved, in whole or in part, by the continued availability or operation of an Initiating Generator, or that the need can be timely addressed in the ISO's Reliability Planning Process, and (ii) the Market Participant indicated in the Generator Deactivation Notice an interest in deactivating its Generator earlier than the completion of the 365-day notice period, then the ISO will notify the Market Participant when its Generator has completed all required ISO administrative processes and procedures, and may be Retired or enter into a Mothball Outage, which deactivation date shall be no earlier than 91 days after the Short-Term Assessment of Reliability Start Date. The ISO's issuance of a final physical withholding determination shall occur in accordance with Section 23.4.5.6 of Attachment H of the ISO Services Tariff.

### **38.4 Solicitation of Short-Term Reliability Process Solutions to a Short-Term Reliability Process Need**

38.4.1 If the ISO determines in its STAR or Generator Deactivation Assessment that a Short-Term Reliability Process Need should be addressed in the Short-Term Reliability Process, the ISO shall solicit Short-Term Reliability Process Solutions to address the need. The ISO shall issue one solicitation seeking solutions to all of the Short-Term Reliability Process Needs identified in a STAR. A Developer must submit a proposed Short-Term Reliability Process Solution within sixty (60) days of the ISO's request.

The solicitation process set forth in this Section 38.4 is not the process for offering a Market Participant's Generator that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015 as a proposed Short-Term Reliability Process Solution. Such Generator may be offered as a Short-Term Reliability Process Solution by submitting a statement of intent to participate as a proposed Short-Term Reliability Process Solution in accordance with Section 38.5 and satisfying the other requirements of that Section.

#### **38.4.2 In response to the ISO's solicitation of proposed Short-Term Reliability Process Solutions:**

38.4.2.1 The Responsible Transmission Owner must submit a proposed Short-Term Reliability Process Solution. The proposed solution must, to the extent practicable, completely address the Short-Term Reliability Process Need and satisfy the project information requirements in Sections 31.2.4.4.1, 31.2.4.4.2, and 31.2.6.5.1.1 of Attachment Y of the ISO OATT. The Responsible Transmission

Owner's proposed Short-Term Reliability Process Solution may include transmission, demand response, or generation resources; *provided, however*, only the ISO may enter into an RMR Agreement with a Generator to address the Short-Term Reliability Process Need. The Responsible Transmission Owner may only allocate and recover under the ISO OATT the costs of a transmission solution in accordance with the requirements in Sections 38.22 and 38.23. If a Generator Deactivation Reliability Need is only a reliability need on non-BPTFs, then the Responsible Transmission Owner must submit a permanent Short-Term Reliability Process Solution. If the ISO determines, after considering input from the Responsible Transmission Owner, that the Responsible Transmission Owner's proposed Short-Term Reliability Process Solution is an interim solution, then the Responsible Transmission Owner must also submit a conceptual permanent solution to address the Short-Term Reliability Process Need.

38.4.2.2 Any Developer may submit a proposed market-based Short-Term Reliability Process Solution. A market-based Short-Term Reliability Process Solution may include generation, transmission, or demand response solutions and must satisfy the project information requirements in Section 31.2.4.6 of Attachment Y of the ISO OATT. Market-based solutions are not eligible for cost recovery under Rate Schedule 8 to the ISO Services Tariff, or Rate Schedules 14 or 16 to the ISO OATT.

38.4.2.3 Any Developer may submit a proposed new Generator that requires an RMR Agreement to operate as a temporary Short-Term Reliability Process Solution. A proposed new Generator that requires an RMR Agreement must

satisfy the project information requirements in Sections 31.2.4.8.1 and 31.2.4.8.2 of Attachment Y of the ISO OATT.

38.4.2.4 Any Developer that has been determined to be qualified under Section 31.2.4.1.1.2 of Attachment Y to the ISO OATT may submit a proposed regulated transmission Short-Term Reliability Process Solution, unless: (i) the Short-Term Reliability Process Need is a Near-Term Reliability Need, or (ii) the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs as stated by the ISO in the STAR or Generator Deactivation Assessment pursuant to Section 38.3.5.3. The proposed regulated transmission solution must satisfy the project information requirements in Sections 31.2.4.8.1, 31.2.4.8.2, and 31.2.6.5.1.1 of Attachment Y of the ISO OATT.

38.4.2.5 If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then for purposes of Sections 38.4.2.1, 38.4.2.2, and 38.4.2.4 of this Attachment FF, an Interregional Transmission Project (as defined in Section 31.1.1 of the ISO OATT), may be proposed as a Short-Term Reliability Process Solution. Interregional Transmission Projects proposed as Short-term Reliability Process Solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of this Attachment FF, 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 (defined in Section 31.1.1 of the OATT).

38.4.3 As part of its submission of its proposed Short-Term Reliability Process Solution, a Developer shall provide the information required for each proposed Short-Term Reliability Process Solution in accordance with Sections 38.25.3, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF. It shall also provide the information required by Section 38.25.4 of Appendix B of this Attachment FF.

38.4.4 Short-Term Reliability Process Solutions proposed under this Section 38.4 shall strive to be compatible with permanent market-based solutions and regulated solutions identified in the CSPP, as applicable. A permanent regulated solution may proceed in parallel with an interim solution selected in this Attachment FF.

38.4.5 The ISO may disclose to Market Participants and other interested parties the Short-Term Reliability Process Solution and plans proposed pursuant to this Section 38.4; *provided, however*, that the ISO will maintain as confidential the following information if designated as “Confidential Information”: (i) a Responsible Transmission Owner’s conceptual permanent solution, except for its proposed project type, general geographic location, and in-service date; (ii) the information required to be maintained as confidential for a market-based solution pursuant to Sections 31.2.12.4 and 31.2.12.5 of Attachment Y to the ISO OATT, and (iii) any non-public financial qualification information submitted in accordance with Section 31.2.4.1.1.1.3 of Attachment Y of the ISO OATT.

#### **38.4.6 Application Fee and Study Deposit**

38.4.6.1 When the ISO performs a selection process among regulated transmission solutions, any Developer that proposes a regulated transmission Short-Term



Reliability Process Solution to address the Short-Term Reliability Process Need shall submit to the ISO, at the same time it provides the project information required pursuant to Section 38.4.2, a non-refundable application fee of \$10,000 and a study deposit of \$100,000, which shall be applied to study costs and subject to refund as described in this Section 38.4.6.

38.4.6.2 If the ISO performs a selection process among regulated transmission solutions, the ISO shall charge, and a Developer proposing a regulated transmission Short-Term Reliability Process 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 among transmission solutions to address the Short-Term Reliability Process Need, 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 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.

38.4.6.3 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 38.4.6 that exceeds outstanding amounts that the ISO has incurred in evaluating that Developer's proposed transmission solution, including interest on the refunded amount calculated in accordance with Section 35.19a(a)(2) of FERC's regulations. 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.

38.4.6.4 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 calculated in accordance with Section 35.19a(a)(2) of FERC's regulations.

**38.4.7 Including Identified Short Term Reliability Process Solutions in Subsequent STARs and Generator Deactivation Assessments**

38.4.7.1 Short-Term Reliability Process Needs that have been identified in a STAR or a Generator Deactivation Assessment and that are in the process of being resolved shall continue to be included in subsequent STARs to identify possible changes in the scope, scale or nature of the need.

38.4.7.2 Solutions to Short-Term Reliability Process Needs will be included in subsequent STARs and Generator Deactivation Assessments when they satisfy the Reliability Planning Process base case development and inclusion rules set forth in ISO Procedures.

### **38.4.8 Change in Scope, Scale or Nature of Short-Term Reliability Process Need After Solicitation Issued**

38.4.8.1 If the ISO determines that the scope, scale or nature of a Short-Term Reliability Process Need for which it has already solicited Short-Term Reliability Process Solutions in accordance with Sections 38.4 and 38.5 of this Attachment FF changed in a subsequent STAR, Generator Deactivation Assessment or Reliability Needs Assessment, then the ISO may:

- (a) select one or more of the proposed Short-Term Reliability Process Solution(s) that address the changed scope, scale or nature of the Short-Term Reliability Process Need that the ISO identified from the solutions that the ISO received in response to its solicitation; or
- (b) reject all of the proposals it received, withdraw the solicitation it issued, return all fees and deposits it received to Developers except for monies the ISO owes to third-party contractors for their assistance in assessing a proposal or proposals, and issue a new solicitation in accordance with Sections 38.4 and 38.5 of this Attachment FF that reflects the updated Short-Term Reliability Process Need; or
- (c) select one or more of the proposed Short-Term Reliability Process Solution(s) that partially address the changed scope, scale or nature of the Short-Term Reliability Process Need, and issue a new, additional solicitation covering only the unaddressed, incremental Short-Term Reliability Process Need that is not expected to be resolved by the Short-Term Reliability Process Solution(s) that the ISO has already selected.

### **38.5 Review and Notification of Generator(s) Currently in an Outage State**

If the ISO determines that a Market Participant's Generator that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015, may be capable of satisfying in whole or in part a Short-Term Reliability Process Need, the ISO will notify the Market Participant that its Generator is under review to determine whether it can satisfy the Short-Term Reliability Process Need as a possible Short-Term Reliability Process Solution. Within ten (10) days of the ISO's issuance of a written notification (including an email), a Market Participant that is interested in offering its Generator as a Short-Term Reliability Process Solution to address the identified Reliability Need shall inform the ISO in writing whether it intends to offer its Generator as a Short-Term Reliability Process Solution. A Market Participant that submits a statement of intent to offer its Generator shall provide to the NYISO within twenty (20) days of submitting its statement of intent the information required for a Generator identified under this Section 38.5 in accordance with Sections 38.25.3.1, 38.25.3.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF if it has not previously provided such information to the ISO. If the Market Participant has previously provided such information for the relevant Generator, then it shall update all such information, including, but not limited to, the updates required by Section 38.25.4 of Appendix B of this Attachment FF.

Notwithstanding whether a Market Participant submitted a statement of intent to offer its Generator as a Short-Term Reliability Process Solution, the ISO may request at any time that a Market Participant submit the information required for a Generator identified under this Section 38.5 in accordance with Sections 38.25.3.1, 38.25.3.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF or any updates to previously submitted information addressing its

Generator, which information must be submitted within twenty (20) days of the NYISO's request.

When the return to service of a Generator in a Mothball Outage or an ICAP Ineligible Forced Outage is the Short-Term Reliability Process Solution, the return to service procedures set forth in Section 5.18.4 of the ISO Services Tariff shall apply.

### **38.6 Viability and Sufficiency Evaluation of Proposed Short-Term Reliability Process Solutions and Monitoring of Selected Short-Term Reliability Process Solutions**

38.6.1 The ISO shall evaluate all proposed Short-Term Reliability Process Solutions and, if applicable, shall evaluate the conceptual permanent solution provided by the Responsible Transmission Owner pursuant to Section 38.4.2.1 to determine whether each is viable and sufficient to satisfy individually, or in conjunction with other solutions, the Short-Term Reliability Process Need. The ISO shall perform this viability and sufficiency evaluation consistent with the requirements set forth in Sections 31.2.5.3 and 31.2.5.4 of Attachment Y of the ISO OATT. The ISO shall coordinate with the Responsible Transmission Owner(s), as necessary, in performing its evaluation.

38.6.2 If the ISO determines that there are adequate Viable and Sufficient market-based or demand response Short-Term Reliability Process Solutions to satisfy completely the identified Short-Term Reliability Process Need, the ISO will conclude the Short-Term Reliability Process under this Attachment FF. As part of its final Short-Term Reliability Process report, the ISO shall present the results of its viability and sufficiency assessment to interested parties if the Short-Term Reliability Process has been concluded because there are adequate market-based or demand response Short-Term Reliability Process Solutions to satisfy completely the Short-Term Reliability Process Need.

**38.6.3 Monitoring of Selected Short-Term Reliability Process Solutions**—the ISO will monitor the development of all Short-Term Reliability Process Solutions, including market-based and demand response solutions, to confirm that

they continue to develop consistent with the conditions, actions, or schedules for  
the projects in accordance with ISO Procedures.



## **38.7 ISO Review of Information**

38.7.1 **Cost, Revenue and System Impact Information.** The ISO shall review, verify and/or validate to the extent necessary the information provided in accordance with Sections 38.3, 38.4, and 38.5 and Appendix B of this Attachment FF. The ISO's review, verification and/or validation, as applicable, of the financing cost of each capital expense that the ISO determines is necessary in accordance with Good Utility Practice shall consider the market interest rate available to the Market Party or the Generator Owner (as appropriate).

38.7.2 The ISO may reject, and may require a Market Party or Generator Owner to re-submit, or substantiate information (including estimates) that the ISO determines is not adequately supported or otherwise verifiable. The Market Party or the Generator Owner shall promptly provide any additional information that the ISO may request, and update and revise information previously provided, and provide new information as set forth in Section 38.25.4 of Appendix B of this Attachment FF. Upon the ISO's prior notice, the Market Party or the Generator Owner shall make qualified representatives available to answer the ISO's question(s) and otherwise facilitate the ISO's review of the information. The NYISO may terminate its consideration of a proposed Short-Term Reliability Process Solution if a Market Party or Generator Owner fails to provide requested information.

38.7.3 **Market Power Information.** The Market Participant or the Generator Owner shall provide the ISO with any information that the ISO determines it requires in order to assess market impacts under Section 23 of Attachment H of

the ISO Services Tariff. The primary focus of the NYISO's review will be Sections 23.4.5.6 (physical withholding) and/or 23.6 (energy market participation rules) of Attachment H of the ISO Services Tariff.

**38.7.4 ISO Notification to Market Participant or Generator Owner.** The ISO shall notify the Market Participant or the Generator Owner, in writing, when the ISO has received all of the data and information it requires to perform its duties under both (a) this Attachment FF and (b) Section 23 of Attachment H of the ISO Services Tariff.

**38.7.4.1** The notice that the ISO provides to a Market Participant (which is also a Market Party) or to the Generator Owner that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not absolve the Market Party or the Generator Owner of its affirmative and continuing obligation under Section 38.25.4 of Appendix B to this Attachment FF to supplement and update information and data it has submitted to the ISO when a material change in facts or circumstances occurs that makes the previously submitted information insufficient or inaccurate.

**38.7.4.2** The notice that the ISO provides to a Market Participant or Generator Owner that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not bar the ISO from asking additional questions of the Market Participant or the Generator Owner, nor does it excuse the Market Participant or the Generator Owner from its continuing obligation to promptly

respond to ISO requests for information or data in accordance with Sections  
38.3.3 and 38.7 of this Attachment FF.

## **38.8 Determining RMR Avoidable Costs**

38.8.1 Determinations pursuant to this section are solely for purposes of determining the RMR Avoidable Cost of Initiating Generators and Generators that are determined to be a Viable and Sufficient Short-Term Reliability Process Solution to a Short-Term Reliability Process Need. The ISO shall determine the cost (net of estimated revenues, as applicable) of each Initiating Generator and of each Viable and Sufficient Short-Term Reliability Process Solution to a Short-Term Reliability Process Need that responds to the ISO's request for Short-Term Reliability Process Solutions in accordance with Sections 38.4 and 38.5. The ISO may also determine the costs of Viable and Sufficient Short-Term Reliability Process Solutions that do not respond to the ISO's request for Short-Term Reliability Process Solutions. The ISO's determination for a Generator shall be its "RMR Avoidable Costs." The ISO shall use the costs, revenues, and other information submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8 and Appendix B of this Attachment FF that it verifies and/or validates, as applicable. If the ISO cannot verify and/or validate, as applicable, a cost or revenue submitted by a Market Party or Generator Owner, the ISO shall substitute an estimated value. The ISO's cost determinations pursuant to this Section shall be for the shorter of (i) the duration of the Short-Term Reliability Process Need identified by the ISO in its request for Short-Term Reliability Process Solutions, and (ii) the period identified by the ISO that an Initiating Generator or Viable and Sufficient Short-Term Reliability Process Solution can satisfy the Short-Term Reliability Process Need.

38.8.1.1 Cost savings due to an Initiating Generator's continuation of service.

Costs submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8, or Appendix B of this Attachment FF that arise out of an agreement that contains a cost, premium, or fee to terminate the agreement in whole or in part prior to the anticipated RMR Start Date, or commencement of service as a Short-Term Reliability Process Solution, shall be reduced by the cost, premium or fee that would have been incurred had the Generator ceased operations on a date identified in the Generator Deactivation Notice, or such other date associated with performing service as a Short-Term Reliability Process Solution.

38.8.1.2 For each transmission project that is proposed in accordance with this Attachment FF, the ISO shall calculate the net costs that would be incurred to provide the service identified in the Developer's response to the ISO's request for Short-Term Reliability Process Solutions, considering any costs the Developer otherwise had a contractual or regulatory obligation to incur.

38.8.1.3 The ISO shall identify as "Capital Expenditures" the purchase or non-operational lease of, or modification to real property or assets (including, but not limited to, land, buildings, and equipment) that (a) are necessary to permit an Initiating Generator or Viable and Sufficient Short-Term Reliability Process Solution to provide service to satisfy, in whole or in part, the Short-Term Reliability Process Need identified in the ISO's request for Short-Term Reliability Process Solutions, (b) have a useful life greater than one year, and (c) are not otherwise included in the ISO's calculation of RMR Avoidable Costs. The ISO shall also identify the reasonably anticipated date the Capital Expenditure will be

placed into service, or otherwise integrated into the Short-Term Reliability Process Solution.

38.8.1.4 Revenue Calculation. As a component to the ISO's calculation of the total net cost of each Initiating Generator and Viable and Sufficient Short-Term Reliability Process Solution, the ISO shall calculate the estimated revenues thereof.

38.8.1.4.1 If an Initiating Generator or other Generator that has been determined to be a Viable and Sufficient Short-Term Reliability Process Solution has a contract pursuant to which it provides energy, capacity, or ancillary services, the ISO shall also, for the period of such contract, calculate the estimated revenues for the provision of energy, capacity or ancillary services thereunder.

38.8.2 The ISO shall seek comment from the Market Monitoring Unit on matters relating to the inputs and the calculations performed pursuant to Section 38.8. The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 38.18.1 of this Attachment FF and in Section 30.4.6.8.6 of Attachment O to the ISO Services Tariff.

## **38.9 RMR Service Offers**

38.9.1 If: (i) there is only one Generator that is a Viable and Sufficient Short-Term Reliability Process Solution to a Short-Term Reliability Process Need, or (ii) there are multiple Generators that are a Viable and Sufficient Short-Term Reliability Process Solutions to a Short-Term Reliability Process Need that are all owned or controlled by the same Generator Owner, then the ISO shall provide to that individual Generator or Generator Owner, as applicable, its RMR Avoidable Cost and an opportunity for it to enter into the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF to the ISO OATT. If there is more than one Generator that is a Viable and Sufficient Short-Term Reliability Process Solution for a Reliability Need and the Generators are not all owned or controlled by the same Generator Owner, the ISO shall notify each such Generator that responded to the ISO's request for Short-Term Reliability Process Solutions that it has been determined to be a Viable and Sufficient Short-Term Reliability Process Solution that the ISO is requesting RMR Service Offers to provide service pursuant to an RMR Agreement.

38.9.2 The ISO shall concurrently post on its website that it has issued a request for RMR Service Offers.

38.9.3 The ISO's notice to each Generator of a request for RMR Service Offers shall include (a) the Generator's RMR Avoidable Costs determined pursuant to Section 38.8, and separately identify the Capital Expenditure amount that is included in the RMR Avoidable Costs and the reasonably anticipated date the Capital Expenditure will be placed into service, or otherwise integrated into the

Generator, (b) the duration of the period for which the ISO determined the Generator was viable and sufficient to meet (in whole or in part) the Short-Term Reliability Process Need, (c) the deadline by which offers must be received by the ISO, and (d) any other information that must be provided in the Generator's response in accordance with ISO Procedures.

38.9.4 Offers in response to a request for RMR Service Offers shall (A) state the price at which the Generator is willing to enter into an RMR Agreement with (i) an Availability and Performance Rate or (ii) an Owner Developed Rate for which the Generator would be seeking approval from the Commission, (B) separately state the anticipated timing and cost of each Capital Expenditure that is included in the offer, (C) if any provision of the Form of Reliability Must Run Agreement set forth in Appendix C of Attachment FF to the ISO OATT is incompatible with the Generator's ability to provide service absent a modification to a term or condition, provide a blackline marking any and all changes that are necessary to permit the Generator to provide RMR service, and explain why, absent such changes, the Generator would be unable to provide RMR service, (D) state the duration for which the Generator is being made available to provide the RMR service (which shall be no longer than the duration the ISO determined the Generator is a viable and sufficient solution,) and specify whether the offer would be the same for any shorter period of time, and (E) state whether the offer is for less than or equal to the generator's full cost of service. The offer must be executed by a duly authorized officer with authority to bind the Market Party or Generator Owner to an RMR Agreement. The ISO will not consider offers that



indicate they are for an amount greater than the Generator's full cost of service.

The ISO shall exclude from consideration offers that are received after the  
deadline.

### **38.10 ISO Selection of Solution to Address Short-Term Reliability Process Need**

38.10.1 An Initiating Generator and other Viable and Sufficient Short-Term Reliability Process Solutions are eligible for selection by the ISO to address a Short-Term Reliability Process Need. In selecting a solution to address a Short-Term Reliability Process Need the ISO will first consider the expected impact of any Viable and Sufficient market-based or demand response Short-Term Reliability Process Solutions it identifies on the scope of the need. Prior to the ISO making its selection pursuant to this Section 38.10, the ISO may enter into an RMR Agreement with one or more Generators, if necessary, to provide the ISO sufficient time to complete the selection process.

A Viable and Sufficient transmission solution selected by the ISO shall be eligible for cost allocation in accordance with Section 38.22 and cost recovery in accordance with Section 38.23. An Initiating Generator or another Viable and Sufficient generation solution selected by the ISO shall be eligible to enter into an RMR Agreement with the ISO in accordance with Section 38.11.

38.10.1.1 If the ISO determines that there is a Viable and Sufficient permanent transmission solution that completely satisfies the Short-Term Reliability Process Need, the ISO may select that solution.

38.10.1.2 If the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs, in addition to selecting any interim solution it determines is necessary, the ISO will select a Viable and Sufficient permanent transmission Short-Term Reliability Process Solution.

If a Generator Deactivation Reliability Need arises on non-BPTFs, it shall be resolved in the Short-Term Reliability Process. Other reliability needs that arise on non-BPTFs may be reported in a STAR for informational purposes.

38.10.1.3 If, following completion of the identification of solutions pursuant to Sections 38.10.1 and 38.10.1.1 or 38.10.1.2, there remains a Short-Term Reliability Process Need, then the ISO shall perform the selection process set forth in Sections 38.10.2 through 38.10.5.

### **38.10.2 Selection Process if a Viable and Sufficient Transmission Solution Is Available**

38.10.2.1 This solution selection process is designed to ensure that executing an RMR Agreement with a Generator is a last resort to addressing a Short-Term Reliability Process Need. The ISO will select a Viable and Sufficient transmission solution to address the Short-Term Reliability Process Need if:

(i) there are one or more Viable and Sufficient transmission solutions, and (ii) none of the Viable and Sufficient generation solutions have a “distinctly higher net present value” than a transmission solution. If the ISO is selecting between and among Viable and Sufficient transmission solutions, the ISO will perform its selection based on the degree to which each transmission solution satisfies the metrics set forth in Section 38.10.4.

38.10.2.1.1 If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then the ISO shall, in performing its evaluation of transmission solutions that are proposed as Short-Term Reliability Process Solution, do so consistent with the following tariff requirements from

Attachment Y of the ISO OATT: Sections 31.2.2.7 (Consequences for Other Regions), 31.2.6.3 (Evaluation of System Impact of Proposed Regulated Transmission Solution), and 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).

When the ISO addresses a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near Term Reliability Need in the Short-Term Reliability Process, interested parties may invoke the Dispute Resolution Procedure set forth in Section 11 of the ISO Services Tariff to resolve any disputes.

38.10.2.1.2 When the ISO addresses a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near Term Reliability Need in the Short-Term Reliability Process, and the ISO is selecting among proposed transmission solutions to address the need, the ISO shall prepare and present to stakeholders a draft Short-Term Reliability Process Report for review and comment. The draft report shall describe the transmission Short-Term Reliability Process Solution(s) the ISO proposes to select and explain the reasons supporting the ISO's proposed selection(s). The ISO shall review stakeholder comments on the draft report prior to finalizing its selection of Short-Term Reliability Process Solution(s) in the final Short-Term Reliability Process Report it issues in accordance with Section 38.10.5 of this Attachment FF.

### **38.10.2.2 Determining if a Solution has a “Distinctly” Higher Net Present Value**

A Short-Term Reliability Process Solution has a “distinctly” higher net present value if it is the Viable and Sufficient solution with the lowest reasonably calculated net cost to consumers to meet the identified Reliability Need until the permanent solution can be implemented. A generation solution has a “distinctly” higher net present value than a transmission solution if, after accounting for the accuracy range of each transmission project cost estimate and generation revenue estimate using the confidence interval the ISO selects, the ISO determines that the range of net present values of the generation solution is higher than the range of the net present values of the transmission solution. If there is an overlap between the ranges of net present values between a generation solution and a transmission solution, then the generation solution does not have a distinctly higher net present value than the transmission solution. If the ISO determines that a generation solution has a distinctly higher net present value than a transmission solution, then both solutions will be considered in accordance with Section 38.10.2.4 of this solution selection process.

The net present value of a generation solution is the present value of the difference between the generation solution’s offered service cost and its expected market revenues for the expected duration of an RMR Agreement. The net present value of a transmission solution is the present value of the difference between the transmission solution’s estimated costs and its expected market revenues (if any).

To account for the accuracy of cost estimates in comparing the net present values of Viable and Sufficient generation and transmission solutions, the NYISO will:

1. Undertake reasonable efforts to validate the information submitted in the time available; and

2. Determine an accuracy range for each solution's estimated, submitted and verified costs, including the assumptions used to develop the cost estimate based on (i) the age, operating status and technology type of each generation or transmission solution, (ii) the assumptions used to develop each cost estimate, and (iii) data from credible independent resources, including but not limited to consultants hired by the ISO.

### **38.10.2.3 Multi-Element Solutions**

If there are no Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution, but the transmission solution or combination of transmission solutions selected by the ISO only partially satisfy the duration or the size of the Short-Term Reliability Process Need, then the ISO may supplement the partial transmission solution with one or more Viable and Sufficient generation solutions that will be eligible to enter into an RMR Agreement with the ISO. The ISO will select the supplemental Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service Offers from more than one Generator, results in the highest net present value solution to the Short-Term Reliability Process Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT when selecting a generation solution. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance, and market impacts and the size of the Generators when selecting the generation component of a multi-element solution.

Alternatively, the ISO may select a Viable and Sufficient generation solution in place of a multi-element solution that includes transmission if it determines that the generation solution has

a distinctly higher net present value than the combination of partial transmission and generation solutions the ISO might otherwise select under this Section 38.10.2.3. The ISO shall choose between a multi-element solution that includes transmission and a generation solution that has a distinctly higher net present value than the multi-element solution using the selection criteria specified in Section 38.10.2.4.

38.10.2.4      Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution will be considered when the ISO selects the solution or combination of solutions to address the Short-Term Reliability Process Need based on: (i) the net present value of each solution calculated in accordance with Section 38.8 and 38.9, and (ii) the degree to which each solution satisfies the metrics set forth in Section 38.10.4.

### **38.10.3      Selection Process if a Viable and Sufficient Transmission Solution Is Not Available**

If there is not a Viable and Sufficient transmission solution, the ISO will select among the Viable and Sufficient generation solutions as follows. The ISO will select the Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service Offers from more than one Generator, results in the highest net present value solution to the Short-Term Reliability Process Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance and market impacts, and the size of the Generators.

#### **38.10.4 Metrics for Evaluating Solution to Address Short-Term Reliability Process Need**

The ISO will consider the following metrics in its evaluation of each Viable and Sufficient solution, as applicable:

- 38.10.4.1 The capital cost estimates for the proposed transmission Short-Term Reliability Process Solution or the cost information submitted by the Initiating Generator or the generation Short-Term Reliability Process Solution, including the accuracy of the proposed estimates.
- 38.10.4.2 The cost per MW ratio of the proposed transmission Short-Term Reliability Process Solution or the RMR Service Offers of the Initiating Generator or the generation Short-Term Reliability Process Solution. 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 Short-Term Reliability Process Need, in MW, with the additional improvement, in MW, that the proposed solution offers beyond serving the Short-Term Reliability Process 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.
- 38.10.4.3 The expandability of the proposed 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.
- 38.10.4.4 The operability of the proposed 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.

38.10.4.5 The performance of the proposed solution. The ISO will consider how the proposed solution may affect the utilization of the system (e.g. interface flows, percent loading of facilities).

38.10.4.6 The extent to which the Developer of a proposed transmission Short-Term Reliability Process Solution or each generation Short-Term Reliability Process Solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider, as applicable, whether the Developer or Market Participant: (i) already possesses property rights or the rights of way necessary to implement the solution; (ii) has completed a transmission routing study or Generator siting study, which (a) identifies, for transmission, 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 or siting and for acquiring property rights.

38.10.4.7 The potential issues associated with delay in constructing the proposed transmission Short-Term Reliability Process Solution or in entering or in returning to service the Initiating Generator or a generation Short-Term Reliability Process Solution, consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

38.10.4.8 The impact on other pending Short-Term Reliability Process Needs, other system reliability needs, and pending solutions to those needs.

### **38.10.5 Short-Term Reliability Process Report**

If the ISO selects a transmission solution proposed by a Responsible Transmission Owner in response to a Near-Term Reliability Need, then: (i) the ISO shall post on its website and present to stakeholders a preliminary written determination indicating its proposed selection of a solution or combination of solutions, along with a reasoned explanation regarding why the particular generator and/or transmission solutions were selected; (ii) the ISO will provide stakeholders an opportunity to submit written comments, which will be posted on the ISO's website, and (iii) the ISO will consider stakeholder comments before making its final selection in the Short-Term Reliability Process Report.

Otherwise, the ISO shall post on its website a written determination indicating its selection of a solution or combination of solutions, along with a reasoned explanation regarding why particular generation and/or transmission solutions were selected. The ISO will review the results of its determination with stakeholders.

Finally, 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 or alternative regulated response) that was selected as a Short-Term Reliability Process  
Solution.

### **38.11 Entry into RMR Agreements**

38.11.1 The ISO may enter into an RMR Agreement for service from one or more of the Generators that the ISO selected in accordance with Section 38.10 that can individually, or in conjunction with other Viable and Sufficient Short-Term Reliability Process Solutions, satisfy the identified Reliability Need. If multiple Generators are capable of satisfying in whole or in part the identified Reliability Need, the ISO may execute an RMR Agreement with the Generator, or more than one Generator that the ISO selected pursuant to Section 38.10, provided that the RMR Service Offer accepts the Availability and Performance Rate, does not exceed the RMR Avoidable Costs determined by the ISO, and that the amount of Capital Expenditures in any given year included in the RMR Service Offer does not exceed 10,000,000 U.S. Dollars if a non-nuclear Generator, and 25,000,000 U.S. Dollars if a nuclear Generator. If the RMR Service Offer satisfies the stated requirements, but the amount of Capital Expenditures in any given year included in the RMR Service Offer exceeds the applicable limit in the preceding sentence, then the ISO may accept the RMR Service Offer conditioned upon the Commission approving the Capital Expenditure amount. If the RMR Service Offer exceeds the RMR Avoidable Costs determined by the ISO, and if there are no modifications, or only modifications which the ISO has determined are reasonable, to the *Form of Reliability Must Run Agreement* set forth in Appendix C of this Attachment FF, then the ISO will identify the Generator, and the ISO and the Generator Owner will submit filings to the Commission in accordance with Section 38.11.5. If a Generator's RMR Service Offer is lower than the other

RMR Service Offers but the Generator's proposed revisions to the *Form of Reliability Must Run Agreement* are not acceptable to the ISO, then the ISO may proceed to enter into an RMR Agreement, in accordance with this section, with one or more Generator(s) that submitted the next best offer or offers pursuant to Section 38.10.3.

38.11.2 The ISO will tender to the Generator Owner(s) of the selected Generator(s) the *Form of Reliability Must Run Agreement* set forth in Appendix C of this Attachment FF. The term of the RMR Agreement will be determined by the ISO based on: (i) the in-service date of the conceptual permanent solution to the identified Reliability Need submitted by the Responsible Transmission Owner(s) pursuant to Section 38.4.2.1, and (ii) any modifications to the scope and timing of the Short-Term Reliability Process Need resulting from circumstances including information provided by the NYPSC (or other agency or authority with jurisdiction over the implementation or siting of non-generation Short-Term Reliability Process Solutions), information provided by the Responsible Transmission Owner, the ISO's identification of market-based solutions, and RMR Agreements entered into between the ISO and other Generators. If the Short-Term Reliability Process Need is identified pursuant to a STAR or a Generator Deactivation Assessment, the effective date of the RMR Agreement shall be no earlier than the completion of the applicable 365-day notice period, except as provided in Section 38.3.4 of this Attachment FF.

### **38.11.3 Filing of Executed RMR Agreement**

The ISO will submit an RMR Agreement, including a proposed Availability and Performance Rate, to the Commission pursuant to Section 205 of the Federal Power Act if the ISO and Generator Owner agree on the terms and conditions of the RMR Agreement, Generator Owner accepts the Availability and Performance Rate calculated by the ISO for its Generator, and the ISO and Generator Owner execute the RMR Agreement. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Generator Owner have mutually agreed to.

### **38.11.4 Filing of Unexecuted RMR Agreement by ISO and Capital Expenditures in Excess of Annual Limit by Generator Owner**

The ISO will submit an RMR Agreement, including a proposed Availability and Performance Rate, to the Commission pursuant to Section 205 of the Federal Power Act if the ISO and Generator Owner agree on the terms and conditions of the RMR Agreement and Generator Owner accepts the Availability and Performance Rate calculated by the ISO for its Generator. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Generator Owner have mutually agreed to. Generator Owner shall submit a filing pursuant to Section 205 of the Federal Power Act in addition to the ISO's filing of the RMR Agreement that proposes the inclusion of the costs of certain Capital Expenditures in the Availability and Performance Rate that exceed the U.S. Dollar limits specified in Section 38.11.1, which filing shall be consistent with the terms and conditions of service proposed in the RMR Agreement that the ISO submits, and shall track the format of the RMR Agreement that the ISO submits.

### **38.11.5 Filing of Unexecuted RMR Agreement and Generator Owner Developed Rate**

If the ISO and Generator Owner agree on the terms and conditions of the RMR Agreement, but Generator Owner rejects the Availability and Performance Rate calculated by the ISO for its Generator and proposes an Owner Developed Rate, the ISO will submit an unexecuted RMR Agreement to the Commission pursuant to Section 205 of the Federal Power Act that sets forth the agreed upon terms and conditions of the RMR Agreement. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Generator Owner have mutually agreed to. Generator Owner shall submit a separate filing to the Commission pursuant to Section 205 of the Federal Power Act that proposes an "Owner Developed Rate," which filing shall be consistent with the terms and conditions of service proposed in the RMR Agreement the ISO submitted and shall track the format of the RMR Agreement the ISO submitted.

38.11.6 As part of its submission of an executed RMR Agreement pursuant to 38.11.3 or an unexecuted RMR Agreement pursuant to Sections 38.11.4 or 38.11.5, the ISO will include: (i) a description of the methodology and results of the reliability studies that identified a Short-Term Reliability Process Need requiring a Short-Term Reliability Process Solution, which description will specify identified violations of Reliability Criteria and local criteria and describe the impacted criteria, and (ii) a description of the alternative solutions evaluated by the ISO and why the term of the RMR Agreement is appropriate in light of these alternative solutions.

## **38.12 Developer's Responsibility Following Selection of Its Transmission Solution**

### **38.12.1 Responsible Transmission Owner's Obligation to Develop and Construct a Short-Term Reliability Process Solution**

The Responsible Transmission Owner must develop and construct its proposed Short-Term Reliability Process Solution if it is selected by the ISO pursuant to Section 38.10. The Responsible Transmission Owner shall be entitled to the full recovery of all reasonably incurred costs, including a reasonable return on investment and any applicable incentives, related to the development, construction, operation, and maintenance of the selected transmission Short-Term Reliability Process Solution, as set forth in Section 38.23.

### **38.12.2 Developer's Responsibility to Obtain Necessary Approvals and Authorizations**

38.12.2.1 Upon the selection of a Developer's transmission Short-Term Reliability Process Solution pursuant to Section 38.10, the ISO will inform the Developer that it should submit the selected Short-Term Reliability Process Solution to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to the site, construct, and operate the project, if such approvals are required. In response to the ISO's request, the Developer shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies) to the extent such authorization has not already been requested or obtained.

38.12.2.2 If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws its authorization of the selected transmission Short-Term Reliability Process Solution, the Developer may recover all of the necessary and reasonable costs it incurred and commitments made up to the final federal, state or local regulatory decision, including



reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 38.22 the ISO OATT, except as otherwise determined by the Commission. The ISO shall recover such costs in accordance with Section 38.23.

### **38.12.3 Development Agreement**

As soon as reasonably practicable following the ISO's selection of a transmission Short-Term Reliability Process Solution, the ISO shall tender to the Developer that proposed the selected transmission Short-Term Reliability Process Solution a draft Development Agreement, with draft appendices completed by the ISO to the extent practicable, for review and completion by the Developer. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement for its Reliability Planning Process, which is in Appendix C in Section 31.7 of Attachment Y of the ISO OATT, as amended by the ISO to reflect the Short-Term Reliability Process.

The ISO and the Developer shall finalize the Development Agreement and appendices as soon as reasonably practicable after the ISO's tendering of the draft Development Agreement. For purposes of finalizing the Development Agreement, the ISO and Developer shall develop the description and dates for the milestones necessary to develop and construct the selected project by the required in-service date identified in the STAR or Generator Deactivation Assessment, including the milestones for obtaining all necessary authorizations. Any milestone that requires action by a Connecting Transmission Owner or Affected System Operator identified pursuant to

Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

If the ISO or the Developer determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own, or following the Developer's request in writing that the agreement be filed unexecuted. If the Development Agreement is executed by both parties, the ISO shall file the agreement with the Commission for its acceptance within ten (10) Business Days after the execution of the Development Agreement by both parties. If the Developer requests that the Development Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within ten (10) Business Days of receipt of the request from the Developer. The ISO will draft, to the extent practicable, the portions of the Development 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 Developer 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. Upon the ISO's and the Developer's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission, the ISO and the Developer shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modification by the Commission. The Connecting Transmission Owner(s) and Affected System Operator(s) that are identified in Attachment P of the ISO OATT in connection with the selected transmission Short-Term Reliability Process Solution shall act in good faith in timely performing their obligations that are required for the Developer to satisfy its obligations under the Development Agreement.

#### **38.12.4 Process for Addressing Inability of Developer to Complete Selected Transmission Short-Term Reliability Process Solution**

38.12.4.1 The ISO may take the action set forth in this Section 38.12.4 if: (i) the ISO has selected a regulated transmission Short-Term Reliability Process Solution, and (ii) one of the following events occur: (A) the Developer that proposed the transmission solution does not execute the Development Agreement or does not request that it be filed unexecuted with the Commission as described in Section 38.12.3, or (B) an effective Development Agreement is terminated under the terms of the agreement prior to the completion of the term of the agreement.

38.12.4.2 If the Development Agreement has been filed with and accepted by the Commission, the ISO shall, upon terminating the Development Agreement under the terms of the agreement, file a notice of termination with the Commission.

38.12.4.3 If the ISO determines that it must identify a solution to the Short-Term Reliability Process Need prior to the next planning cycle of the biennial Reliability Planning Process, the ISO may take one or more of the following actions to address a Short-Term Reliability Process Need based on the particular circumstances: (i) address the Short-Term Reliability Process Need in the next Short-Term Reliability Process, (ii) address the Short-Term Reliability Process Need as an immediate reliability need pursuant to Section 38.3.4, (iii) direct the Developer to continue with the development of its Short-Term Reliability Process Solution for completion beyond the in-service date required to address the Short-Term Reliability Process Need, or (iv) request that the Responsible Transmission

Owner complete the selected Short-Term Reliability Process Solution if it is an alternative transmission Short-Term Reliability Process Solution.

38.12.4.4 If the Responsible Transmission Owner agrees to complete the selected alternative transmission Short-Term Reliability Process Solution, the Responsible Transmission Owner and the Developer that proposed the selected solution shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of Developer's rights-of-way under law, conveyance, or contract, and (iii), if the Developer is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the Responsible Transmission Owner and the Developer will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

### **38.13 Interim Service Providers**

38.13.1 At the time the ISO issues its STAR, the ISO shall inform an Initiating Generator that requested a deactivation date prior to the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date (a) whether the Initiating Generator will be permitted to deactivate or will need to remain in service for the 365 day notice period that follows the Short-Term Assessment of Reliability Start Date; and if an Initiating Generator that submitted a Generator Deactivation Notice to retire ~~is~~ permitted to deactivate prior to the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date, (b) whether the step-up transformer(s) and/or other system protection equipment will be required to remain in service for the 365 day notice period that follow the Short-Term Assessment of Reliability Start Date.

38.13.2 If the NYISO does not authorize an Initiating Generator to deactivate by the latest of: (a) the 181<sup>st</sup> day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the date on which the Initiating Generator indicated it wanted to deactivate in its Generator Deactivation Notice, then for the remainder of the 365 day notice period that follow the Short-Term Assessment of Reliability Start Date, the Initiating Generator shall be an Interim Service Provider, subject to the following rules and exceptions.

An Initiating Generator that submitted a Generator Deactivation Notice to be Retired shall be an Interim Service Provider, even if the ISO authorized the

generating unit(s) to be deactivated, if the ISO or a Responsible Transmission Owner requires the step-up transformer(s) and/or other system protection equipment to remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181<sup>st</sup> day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date, or (d) the date on which the generating unit(s) deactivate. Under this alternative, after the generating unit(s) deactivate the Initiating Generator will be an Interim Service Provider to the extent its step-up transformer(s) and/or other system protection equipment that the ISO designates are required to remain in service for the 365 days that follow the Short-Term Assessment of Reliability Start Date, subject to the following rules and exceptions.

**38.13.2.1 Interim Service Providers shall be compensated in accordance with Rate Schedule 8 to the ISO Services Tariff.**

38.13.2.1.1 Rate Schedule 8 to the Services Tariff sets forth rules to calculate Interim Service Provider compensation for Initiating Generators that are required to remain in-service, or for the continued operation of step-up transformer(s) and/or other system protection equipment following the deactivation of a Generator that submitted a Generator Deactivation Notice to be Retired. The ISO shall use the costs, revenues, and other information submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8 and Appendix B of this Attachment FF that it verifies and/or validates, as applicable to calculate an Interim Service Provider's rate. If

the ISO cannot verify and/or validate, as applicable, a cost or revenue submitted by a Market Party, the ISO shall substitute an estimated value.

38.13.2.1.1.1 Interim Service Providers that deactivate their Generator but are required to keep their step-up transformer(s) and/or other system protection equipment that the ISO designates in-service for the 365 days that follow the Short-Term Assessment of Reliability Start Date will be compensated for the demonstrated *RMRAvoidCost* of maintaining the designated facilities in-service in accordance with Section 15.8.6 of Rate Schedule 8 to the Services Tariff.

38.13.2.2 Generators are not eligible to be Interim Service Providers while they are in an ICAP Ineligible Forced Outage. Generators in an ICAP Ineligible Forced Outage are required to keep their step-up transformer(s) and other system protection equipment in service unless or until (i) they are given permission, in writing, to deactivate the facilities by the ISO, or (ii) the step-up transformer(s) and/or other system protection equipment is damaged and would require either an expenditure of more than \$100,000, or more than 365 days, to repair and return to service, or (iii) the Generator becomes Retired.

38.13.2.3 Generators in a Mothball Outage are required to keep their step-up transformer(s) and other system protection equipment in service for the duration of the Mothball Outage unless they are given permission, in writing, by the ISO to deactivate the facilities for the duration of the Mothball Outage. Generators are not eligible for compensation as an Interim Service Provider to keep their step-up transformer(s) and other system protection equipment in service during a Mothball Outage.

38.13.2.4 The ISO may allow a Generator or its step-up transformer(s) and system protection facilities that the ISO determined needed to remain in service as an Interim Service Provider to deactivate prior to the conclusion of the 365 day notice period if the ISO provides at least 60 days prior notice that the Generator may deactivate, or that the Generator's step-up transformer(s) and system protection facilities may be deactivated. After the conclusion of this notice period, the Generator or its step-up transformer(s) and system protection facilities will be permitted to deactivate, and the Generator will no longer be an Interim Service Provider.

38.13.2.5 The ISO may allow a Generator or its step-up transformer(s) and system protection facilities that the ISO determined needed to remain in service as an Interim Service Provider to deactivate prior to the conclusion of the 365 day notice period if the Generator or the Generator's step-up transformer(s) and protection facilities experience a Forced Outage of ten days or greater duration, and the ISO provides at least 30 days prior notice that the Generator or its step-up transformer(s) and system protection facilities may deactivate. After the conclusion of this notice period, the Generator or its step-up transformer(s) and system protection facilities will be permitted to deactivate, and the Generator will not be an Interim Service Provider.

38.13.2.6 Generators that remain in service to operate as Interim Service Providers must comply with the RMR Generator Energy and Ancillary Service Market Participation Rules that are set forth in Section 23.6 of the ISO Services Tariff.



38.13.2.7 Generators that remain in service to operate as Interim Service Providers that have Capacity Resource Interconnection Rights, pursuant to the applicable provisions of Attachments S, X, Z, or HH to the ISO OATT, must take all required actions to qualify as an Installed Capacity Supplier pursuant to Section 5.12 of the ISO Services Tariff. Generators that remain in service to operate as Interim Service Providers must also comply with the rules that are set forth in Sections 5.14.1.1 and 15.8.6 of the ISO Services Tariff.

38.13.2.8 A Generator that was an Interim Service Provider that has deactivated and that wants to return to participating in any of the ISO Administered Markets while it is eligible to receive market-based rates must give the ISO at least 60 days advance notice of its desire to return to the ISO Administered Markets in order to permit the ISO to determine a repayment obligation (if any) in accordance with Services Tariff Rate Schedule 8, and an associated credit requirement in accordance with Sections 26.4 and 26.5 of the ISO Services Tariff.

38.13.2.9 A Generator that is an Interim Service Provider that wants to continue participating in the ISO Administered Markets while it is eligible to receive market-based rates (after it is no longer an Interim Service Provider and when it is not operating pursuant to an RMR Agreement) must give the ISO at least 30 days advance notice of its desire to continue participating in the ISO Administered Markets in order to permit the ISO to determine and impose a repayment obligation (if any) in accordance with Services Tariff Rate Schedule 8, and an associated credit requirement in accordance with Sections 26.4 and 26.5 of the ISO Services Tariff.

## **38.14 Initiating Generator's Failure to Timely Deactivate**

- 38.14.1 A Market Participant's Generator that satisfies the requirements to be Retired or enter into a Mothball Outage may be Retired or enter into a Mothball Outage, as applicable, within 365 days of: (i) the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date, or (ii) the date specified in the Generator Deactivation Notice for the Generator to be Retired or enter into a Mothball Outage if the Market Participant provided greater than 365 days prior notice. If the Generator is not Retired or does not enter into a Mothball Outage within this time period, the Market Participant must submit a new Generator Deactivation Notice and satisfy anew the requirements of Sections 38.3.1 before the Generator may be Retired or enter into a Mothball Outage.
- 38.14.2 If (i) a Market Participant rescinds its Generator Deactivation Notice, or (ii) a Market Participant's Generator has not Retired or entered into a Mothball Outage within the timeframes described in Section 38.14.1 and is not operating under an RMR Agreement, the Market Participant must reimburse the ISO and the Responsible Transmission Owner(s) the actual costs that each incurred in performing their responsibilities under this Section 38 in response to the Market Participant's submission of a Generator Deactivation Notice, including any costs associated with using contractors. In the event that a Market Participant rescinds its Generator Deactivation Notice before the ISO posts the results of the Generator Deactivation Assessment conducted under Section 38.3.5, the ISO will not thereafter post the results of said assessment.

38.14.2.1 ISO and Responsible Transmission Owner(s) study costs shall be charged to Market Participants that fail to timely deactivate a Generator or that rescind a Generator Deactivation Notice as follows:

**ISO Short-Term Reliability Process Costs**—the total, actual costs incurred by the ISO to perform its responsibilities under this Section 38, including but not limited to the ISO’s cost of using contractors, shall be assigned in equally divided portions to the ISO and to each Initiating Generator that had the reliability impacts of its deactivation studied in the relevant STAR. Each Market Participant that failed to timely deactivate a Generator or that rescinded a Generator Deactivation Notice will be charged the portion of the total ISO costs assigned to the relevant Generator.

**Responsible Transmission Owner(s) Short-Term Reliability Process Costs**—the total, actual costs incurred by each Responsible Transmission Owner to perform its responsibilities under this Section 38, including but not limited to that Transmission Owner’s cost of using contractors, shall be assigned in equally divided portions to each Initiating Generator that had the reliability impacts of its deactivation studied by that Transmission Owner in the relevant STAR. Each Market Participant that failed to timely deactivate a Generator or that rescinded a Generator Deactivation Notice will be charged the portion of the Transmission Owner’s costs assigned to the relevant Generator.

**Generator-Specific Assessment**—the costs incurred by the ISO and by the Responsible Transmission Owner(s) to perform their responsibilities under this Section 38 in response to the Market Participant’s submission of a Generator

Deactivation Notice shall be assigned to the Generator that is the subject of a Generator Deactivation Assessment that is not performed as a component of a STAR.

38.14.3 If the Initiating Generator was an Interim Service Provider and (i) it rescinds its Generator Deactivation Notice, or (ii) it has not Retired or entered into a Mothball Outage within the timeframes described in Section 38.14.1 and is not operating under an RMR Agreement, then the Initiating Generator may also be subject to a repayment obligation pursuant to Section 15.8.7 of Rate Schedule 8 to the ISO Services Tariff.

### **38.15 Halting of Regulated Transmission Short-Term Reliability Process Solution**

38.15.1 The ISO may determine to halt a regulated transmission Short-Term Reliability Process Solution that the ISO has selected pursuant to Section 38.10 to address a Short-Term Reliability Process Need if: (a) a Market Participant rescinds the Generator Deactivation Notice that resulted in the Generator Deactivation Reliability Need, (b) the Market Participant's Generator has not Retired or entered into a Mothball Outage within the timeframes described in Section 38.14.1 and is not operating under an RMR Agreement, (c) the Short-Term Reliability Process Need has been otherwise addressed or eliminated (*e.g.*, a market-based solution that satisfies the Short-Term Reliability Process Need has commenced operation), or (d) the scope, scale or nature of the Short-Term Reliability Process Need has changed. In making its determination whether to halt a transmission Short-Term Reliability Process Solution under this Section 38.15.1, the ISO will consider, among other things: (i) whether the Developer has executed a Development Agreement or requested that it be filed unexecuted with the Commission; (ii) the status of the Developer's progress against the milestones in the Development Agreement (*e.g.*, completion of engineering design, procurement of major equipment and materials, execution of key contracts, completion of project financing, obtaining Site Control, commencing physical construction, including excavation and pouring for foundations or the installation or erection of improvements); (iii) the status of Developer's obtaining required permits or authorizations; (iv) whether the Short-Term Reliability Process Solution is an interim or permanent project; and (v) the operational and

performance benefits of the Short-Term Reliability Process Solution. If the ISO determines to halt a regulated transmission Short-Term Reliability Process Solution, it will notify the Developer of the project and post the notice on its website. If a selected regulated transmission Short-Term Reliability Process Solution is halted by the ISO, all of the costs incurred and commitments made by the Developer up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, will be recoverable by the Developer in accordance with Section 38.23 and the cost recovery mechanism in Rate Schedule 16 of the ISO OATT.

38.15.2 Notwithstanding Section 38.15.1, the ISO shall not halt a regulated transmission Short-Term Reliability Process Solution once the Developer: (i) has received its Article VII certification or other applicable siting permits or authorizations under New York State law or (ii) if permitting or regulatory approval is not required, has commenced physical construction of the Short-Term Reliability Process Solution, including excavation and pouring for foundations or the installation or erection of improvements.

## **38.16 RMR Generator Additional Costs**

### **38.16.1 Proposed Additional Costs**

During the performance of an RMR Agreement, the Generator Owner of one or more RMR Generators shall promptly notify the ISO of an event that (a) could not reasonably have been foreseen at the time the rate in the RMR Agreement was executed, and that (b) it reasonably expects may require it to incur costs that in the aggregate exceed the lesser of (x) \$250,000, and (y) five (5) percent of the annual RMR Avoidable Costs excluding the cost of Capital Expenditures, that (i) it can reasonably demonstrate was not among the costs (A) submitted to the ISO prior to the execution of an RMR Agreement with an Availability and Performance Rate, or (B) within the categories of costs submitted to the Commission in a petition for an Owner Developed Rate, and (ii) are necessary to incur in order for the RMR Generator to be able to continue to perform its obligations under the RMR Agreement after the event (a “Notice of Event of Proposed Additional Cost”).

If the NYISO informs an Initiating Generator that submitted a Generator Deactivation Notice that the Generator or its step-up transformer(s) and/or other system protection equipment will need to remain in service as an Interim Service Provider for the 365 day period that follow the Short-Term Assessment of Reliability Start Date, the Generator Owner of the Initiating Generator shall promptly notify the ISO of an event (a) that occurred after the Generator Deactivation Notice was submitted, but prior to the conclusion of the 365 day notice period, and (b) that could not reasonably have been foreseen at the time the Generator Deactivation Notice was submitted; where (i) Generator Owner reasonably expects it will be required to incur unanticipated costs that, in the aggregate, will exceed \$100,000 to operate for the remainder of the 365 day notice period, and (ii) incurring the costs is necessary for the Generator to be able to

perform or continue to perform as an Interim Service Provider after the event (also a “Notice of Event of Proposed Additional Cost”).

Following its submission of the required Notice of Event of Proposed Additional Cost, the Generator Owner shall promptly notify the ISO of, and provide updates addressing the following: (i) the reason(s) why the expense was or must be incurred, (ii) viable alternatives to incurring the expense, (iii) actions examined or taken to avoid the need to incur the expense, and to minimize the expense, (iv) the potential impact on the RMR Generator’s or Interim Service Provider’s ability to perform its obligations if the expense is not incurred, (v) the estimated and actual costs of the proposed expense, (vi) the plan specifying the schedule and timing of any planned action or expenditure, (vii) an explanation and supporting documentation of how that plan compares with the Generator Owner’s past similar actions and protocols, (viii) whether each cost is associated solely with the RMR Generator or Interim Service Provider, or are for services or functions shared with other units or businesses; and if a shared cost, the Generator Owner shall identify the other entities with which the cost is shared, the entity that allocates the cost to it, and accounting protocols and methodology used to allocate the units and businesses across which the cost is allocated.

38.16.1.1 If the cost of returning an RMR Generator to service does not exceed the lesser of (x) \$250,000, and (y) five (5) percent of the annual RMR Avoidable Costs excluding the cost of Capital Expenditures, then the Generator Owner shall promptly return the RMR Generator to service without additional recompense.

38.16.1.2 If the cost of returning an Interim Service Provider to service (which may be the cost of repairing and returning step-up transformer(s) and/or other system protection equipment if the generating unit(s) were permitted to deactivate) is not



expected to exceed \$100,000, then the Generator Owner shall promptly return the Generator to service without additional recompense.

### **38.16.1.3 ISO Identification of Proposed Additional Costs**

If the ISO determines that the Notice of Event of Proposed Additional Cost was timely provided and each of the requirements in Subsections (a) and (b) of Section 38.16.1 have been met, and the information required by Subsections (i) through (viii) has been provided, it shall be a “Proposed Additional Cost.”

### **38.16.2 Proposed Additional Cost Eligibility for Recovery**

38.16.2.1 The ISO shall review, verify, and/or validate the information provided by the Generator Owner for a Proposed Additional Cost. The ISO may require the Generator Owner to re-submit or to submit additional information to support statements and costs that the ISO determines are not adequately supported or otherwise verifiable. A “Substantiated Additional Cost” shall mean a Proposed Additional Cost that the ISO has either verified is the actual cost, or verified and validated the estimated cost information received from the Generator Owner, provided that (a) the Generator Owner demonstrates it took measures to minimize the expense, or if the ISO determines that the Generator Owner did not demonstrate it took such steps, such amount estimated by the ISO that would be the expense had the RMR Generator or Interim Service Provider taken measures to reduce it, and (b) it is or was necessary for the Generator Owner to incur these costs for the RMR Generator to perform its obligations under the RMR Agreement or for the Interim Service Provider to be able to operate all required facilities during the 365 day period that follows the Short-Term Assessment of

Reliability Start Date; provided the ISO has not issued a notice of shut-down (or similar notice) to Generator Owner for the RMR Generator pursuant to the RMR Agreement or to Generator Owner of the Interim Service Provider pursuant to Section 38.13.2.4 or 38.13.2.5 of this Attachment FF. If the cost information provided by the Generator Owner cannot be verified and validated by the ISO, the ISO shall substitute the amount it reasonably determines. The ISO shall also identify if the Substantiated Additional Costs, or a component thereof, is a Capital Expenditure by using the applicable criteria set forth in Section 38.8.1.3. The ISO shall notify the Generator Owner of its determination regarding whether Proposed Additional Costs are Substantiated Additional Costs.

38.16.2.2 The ISO shall seek comment from the Market Monitoring Unit on its review of Proposed Additional Costs and determinations of Substantiated Additional Costs. The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 38.18.1 of this Attachment FF and in Section 30.4.6.8.6 of Attachment O of the ISO Services Tariff.

**38.16.3 ISO's Authority to Recover and Pay Substantiated Additional Costs that Are Capital Expenditures to RMR Generators with Availability and Performance Rates**

This Section shall apply only to RMR Agreements with an Availability and Performance Rate. If a Substantiated Additional Cost is determined by the ISO to be a Capital Expenditure and it does not exceed 10,000,000 U.S. Dollars if a non-nuclear Generator, or 25,000,000 U.S. Dollars if a nuclear Generator, on the basis of the total expenditure needed to address the event that resulted in the Notice of Event of Proposed Additional Cost, then the ISO may recover the Substantiated Additional Cost that is a Capital Expenditure pursuant to OATT Rate Schedule 14

and pay that amount to Generator Owner in accordance with (a) the rules in Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying pursuant to the authority granted in this section.

**38.16.4 ISO's Authority to Recover and Pay Substantiated Additional Costs that are Capital Expenditures to Interim Service Providers**

This Section shall apply only to Interim Service Providers. If a Substantiated Additional Cost is determined by the ISO to be a Capital Expenditure and it does not exceed 1,000,000 U.S. Dollars, on the basis of the total expenditure needed to address the event that resulted in the Notice of Event of Proposed Additional Cost, then the ISO may recover the Substantiated Additional Cost that is a Capital Expenditure pursuant to OATT Rate Schedule 14 and pay that amount to Generator Owner in accordance with (a) the rules in Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying pursuant to the authority granted in this section.

**38.16.5 Owner May Request Commission Approval for Recovery of Additional Costs**

If the Owner makes such a filing, it shall also submit the ISO's determinations pursuant to Sections 38.16.1.2 and 38.16.2.1 with its filing, or promptly after receipt of either determination. The ISO shall only be obligated to pay the Owner under this section if (a) the Commission determines that the cost filed for the RMR Generator or Interim Service Provider is eligible for recovery as a Proposed or Substantiated Additional Cost, and (b) the Commission approves the specific amount and authorizes its recovery. If the Proposed or Substantiated Additional Cost that the Commission authorizes payment of is for a Capital Expenditure, the ISO

will pay in accordance with (a) the rules in Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. If the Proposed or Substantiated Additional Cost that the Commission authorizes payment of is an Avoidable Cost that is not a Capital Expenditure, then payment directed by a Commission order shall be made in accordance with Rate Schedule 8 to the ISO Services Tariff.

### **38.17 Payment of Capital Expenditures to RMR Generators and Interim Service Providers**

- 38.17.1 Capital Expenditures that are specifically identified (including an estimated cost and estimated in-service date) in a Commission-accepted Availability and Performance Rate or in a Commission-accepted Owner Developed Rate are eligible for recovery in accordance with the rules set forth in Section 38.17, Section 23.6.5 of the ISO Services Tariff, Rate Schedule 8 of the ISO Services Tariff, Schedule 14 of the ISO OATT, and any relevant Commission order.
- 38.17.2 Capital Expenditures that are Proposed Additional Costs or Substantiated Additional Costs are eligible for recovery in accordance with the rules set forth in Sections 38.16 and 38.17 of the ISO OATT, Section 23.6.5 of the ISO Services Tariff, Rate Schedule 8 of the ISO Services Tariff, Schedule 14 of the ISO OATT, and any relevant Commission order.
- 38.17.3 The ISO may agree to permit an Interim Service Provider to recover the cost of Capital Expenditures during the 365 day period that follows the Short-Term Assessment of Reliability Start Date if (a) recovery is authorized as an Additional Cost under Section 38.16 of the ISO OATT, or (b) the Capital Expenditure is necessary to permit the Interim Service Provider to address the Reliability Need, and Generator Owner enters into a written agreement with the ISO in which the Generator Owner commits that the Capital Expenditure will be completed and placed in-service by a specified date or within a range of dates that fall within the 365 day period that follows the Short-Term Assessment of Reliability Start Date.

#### **38.17.4 ISO Authority to Authorize Capital Expenditures**

If the ISO determines that (a) Capital Expenditures are necessary for a Generator to provide service under an RMR Agreement, and (b) work on one or more of the Capital Expenditures must commence in advance of Commission action in order to timely, or more timely, address a Short-Term Reliability Process Need, then the ISO may authorize the Generator Owner to spend up to 10,000,000 U.S. Dollars if a non-nuclear Generator, or 25,000,000 U.S. Dollars if a nuclear Generator, in total, to develop the Capital Expenditure(s) in advance of receiving an order from the Commission. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is authorizing pursuant to the authority granted in this Section. The ISO may recover the cost of such a Capital Expenditure pursuant to Schedule 14 of the ISO OATT and pay the Generator Owner in accordance with (i) the rules in this Section 38.17, and (ii) Rate Schedule 8 to the ISO Services Tariff. If the Commission issues an order rejecting the proposed Capital Expenditure, then the Generator Owner shall cease work on the Capital Expenditure and take reasonable efforts to minimize the costs it incurs. Reimbursement of a rejected Capital Expenditure shall be limited to actual costs incurred, including reasonable wind-down costs, shall be subject to the dollar limits set forth in this section, and shall be reviewed in accordance with Section 38.17.7 below. Allowed wind-down costs shall be reimbursed as additional Avoidable Costs that are not Capital Expenditures. ISO review pursuant to Section 38.17.7 shall include consideration of whether the Generator Owner timely ceased developing a Capital Expenditure and made reasonable efforts to minimize its wind-down costs.

For an Interim Service Provider, if the ISO determines that (x) the requirements of Section 38.17.3 have been satisfied, and (y) the Capital Expenditure does not exceed 1,000,000 U.S. Dollars on the basis of the total expenditure needed, then the ISO may recover the Capital

Expenditure pursuant to OATT Rate Schedule 14 and pay that amount to Generator Owner in accordance with (a) the rules in this Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the ISO Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying to an Interim Service Provider pursuant to the authority granted in this section.

### **38.17.5 Early Termination of RMR Agreement**

If the Generator Owner is working to complete a Capital Expenditure consistent with an accepted RMR Agreement or consistent with an approved or accepted Proposed Additional Cost or Substantiated Additional Cost and the RMR Agreement is terminated early because (x) the Short-Term Reliability Process Need is resolved sooner than expected, or (y) the RMR Generator suffers a forced outage that would require significant costs to repair, or (z) for any other reason that does not involve an uncured Generator Owner default under the RMR Agreement or the RMR Generator failing to satisfy one or more of the operating standards described in Sections 38.19.4(A) and (B) below, and if Generator Owner ceased work on the Capital Expenditure and made reasonable efforts to minimize the costs it incurred, then, following review, the ISO shall recover the actual costs the Generator Owner incurred to construct the Capital Expenditure and to wind-down its work on the Capital Expenditure pursuant to Schedule 14 of the ISO OATT and pay Generator Owner in accordance with (a) the rules in this Section 38.17, and (b) Rate Schedule 8 to the ISO Services Tariff. Allowed wind-down costs shall be reimbursed as additional Avoidable Costs that are not Capital Expenditures. ISO review pursuant to Section 38.17.7 below shall include consideration of whether the Generator Owner timely ceased developing a Capital Expenditure and made reasonable efforts to minimize its wind-down costs.

**38.17.6 The ISO shall not reimburse Interim Service Providers for Capital**

Expenditures that are not completed and placed in service during the 365 day period that follows the Short-Term Assessment of Reliability Start Date. The ISO shall not pay wind-down costs to Interim Service Providers. Subject to the foregoing requirements, the ISO's obligation to pay for Capital Expenditures that are not timely completed in accordance with the written agreement between the Generator Owner and the ISO that is described in Section 38.17.3 shall be addressed in that agreement. Even if a Capital Expenditure by an Interim Service Provider or potential Interim Service Provider is not eligible for compensation under Sections 38.17.3 or 38.17.6, the ISO may agree to pay Capital Expenditure costs that were incurred during the 365 day period that follows the Short-Term Assessment of Reliability Start Date in an RMR Agreement.

**38.17.7 ISO Review of Actual Costs Incurred Prior to Commencing Payment**

After the Generator Owner expends money for an allowed or accepted Capital Expenditure, including expenditures that may be eligible for recovery under Sections 38.17.4 and 38.17.5 above, it shall submit to the ISO copies of original documentation of the expenditure (including the financing costs) and an explanation of any difference between the estimated amount and the actual expenditure. If Generator Owner submits an actual total amount for a Capital Expenditure that is five (5) percent or more above (a) the estimate that was used by the ISO to develop an Availability and Performance Rate or to authorize recovery of a Substantiated Additional Cost; or (b) the estimate that was presented to the Commission to recover Capital Expenditure costs that exceed the dollar thresholds specified in Section 38.11.1, in an Owner Developed Rate, or in a request by the Generator Owner to recover a Proposed or Substantiated



Additional Cost; or (c) an appropriate portion of the estimate provided pursuant to (a) or (b) if the Capital Expenditure was not completed plus wind-down costs (if any), then the Generator Owner shall demonstrate to the ISO that reasonable efforts were made to expend the least amount necessary. The ISO shall review, verify and/or validate the actual expenditure provided by the Generator Owner. The ISO may require the Generator Owner to re-submit, information that the ISO determines is not adequately supported or otherwise verifiable. The amount due for Capital Expenditure shall be equal to the amount verified and validated by the ISO as the actual expenditure. If the ISO cannot verify and/or validate, as applicable, the information the Generator Owner provides, or if the ISO determines that reasonable efforts were not made to expend the least amount necessary, then compensation for the Capital Expenditure shall only be due after the Generator Owner submits its Capital Expenditure to the Commission and the Commission determines the amount to be paid.

38.17.7.1 If the Commission specified the amount that it authorized to be recovered for a particular Capital Expenditure in an order, then the ISO shall permit the Generator Owner to recover the actual amount verified and validated by the ISO, up to the limit(s) specified in the Commission order.

### **38.17.8 ISO Payment and Recovery of Authorized or Accepted Capital Expenditures**

38.17.8.1 The ISO shall commence paying for Capital Expenditures as soon as practicable after (i) the capital asset that is a Capital Expenditure (a) has been placed into service, or otherwise integrated into the Generator, or (b) was not placed into service solely due to the ISO instructing the RMR Generator to halt implementation of the Capital Expenditure, or issuing a Notice of Shut-down or terminating the RMR Agreement after costs had already been incurred; and

(ii) the amount paid by the Owner is verified and /or validated, as applicable, by the ISO as described in Section 38.17.7, or is determined by the Commission.

38.17.8.2 The ISO shall implement a repayment schedule in accordance with the formula specified in Section 38.17.8.2.1 below for each Capital Expenditure that will permit the Capital Expenditure to be completely repaid by the end date specified in Section 2.2.5 of the *Form of Reliability Must Run Agreement* set forth in Appendix C of this Attachment FF or by the equivalent date specified in an RMR Agreement that is not a *Form of Reliability Must Run Agreement*, or by the conclusion of the 365 day notice period if the ISO is repaying an allowed Capital Expenditure to an Interim Service Provider. If an RMR Agreement terminates prior to the end date that is specified in the RMR Agreement, then the ISO may continue repaying any Capital Expenditures the Generator Owner remains eligible to receive until that end date.

#### 38.17.8.2.1 Repayment Schedule for Capital Expenditures

For each Capital Expenditure *CapEx Monthly Payment* is the amount that Generator Owner is permitted to recover each month:

$$\text{CapEx Monthly Payment} = \frac{\text{Verified CapEx}_{g,k}}{M_{E-k}}$$

Where:

*Verified CapEx*<sub>g,k</sub> = the amount due for a Capital Expenditure, verified and validated by the ISO as an actual expenditure for Generator *g*.

Month *k* is the month in which Repayment of a Capital Expenditure commences.

Month *E* is the month that includes the end date specified in Section 2.2.5 in the *Form of Reliability Must Run Agreement* or by the equivalent date specified in an RMR

Agreement that is not a *Form of Reliability Must Run Agreement* for Generator  $g$ , or the conclusion of the 365 day notice period for an Interim Service Provider.

$M_{E-k}$  = the number of months from month  $k$  to month  $E$ , including month  $k$  and month  $E$ .

- 38.17.8.3 The ISO shall pay the Generator Owner amounts due for Capital Expenditures as a component of RMR Avoidable Costs (for an RMR Agreement with an Availability and Performance Rate or an Interim Service Provider) or RMR Cost (for an RMR Agreement with an Owner Developed Rate) under Rate Schedule 8 to the ISO Services Tariff. The ISO shall recover the cost of Capital Expenditures from RMR LSEs in accordance with Schedule 14 to the OATT.
- 38.17.8.4 Unless the Commission issues an order instructing it to pay, the ISO shall not pay the cost of Capital Expenditures that Section 23.6.5.2 of the ISO Services Tariff prohibits it from paying, even if the Capital Expenditures might otherwise be payable under the rules specified in this Attachment FF.
- 38.17.8.5 A Generator Owner that recovers the cost of Capital Expenditures may be required to repay to the ISO the depreciated value of the Capital Expenditure costs it recovered before the RMR Generator or Interim Service Provider at or for which the Capital Expenditure was incurred is permitted to be offered into or scheduled in the ISO Administered Markets. See Section 15.8.7 of Rate Schedule 8 to the Services Tariff.

### **38.18 Market Monitoring Unit Review of Determinations**

- 38.18.1 The ISO shall seek comments from the Market Monitoring Unit on matters relating to the inputs and the calculations the ISO performed pursuant to Section 38.8 of this Attachment FF.
- 38.18.2 The ISO shall seek comments from the Market Monitoring Unit on its review of Proposed Additional Costs and its determinations of Substantiated Additional Costs under Section 38.16 of this Attachment FF.
- 38.18.3 Concurrent with the ISO or a Generator filing with the Commission an RMR Agreement pursuant to Sections 38.11.3, 38.11.4 or 38.11.5, the Market Monitoring Unit shall publish a report. The report shall review the ISO's determination of the highest net present value offer (or more than one offer) to provide RMR service in accordance with Sections 38.8, 38.9 and 38.10. In the event that cost alone did not provide for a clear delineation between two or more RMR Service Offers, the report shall also review the ISO's consideration of the Generator Owner's proposed changes to the *Form of Reliability Must Run Agreement* and the operational, performance and market impacts, and the size of the Generators. If the RMR Agreement contains RMR Avoidable Costs and an Availability and Performance Rate, the report shall also review the inputs to, and ISO's calculation of, the RMR Avoidable Costs and the Availability and Performance Rate.
- 38.18.4 The responsibilities of the Market Monitoring Unit that are addressed in this Section 38.18 are also addressed in Section 30.4.6.8.6 of Attachment O of the ISO Services Tariff.

### **38.19 Terminating RMR Agreements**

- 38.19.1 Each RMR Agreement shall include an end date. RMR Agreements may incorporate a different end date for each RMR Generator that operates pursuant to the RMR Agreement.
- 38.19.2 RMR Agreements that include more than one RMR Generator shall permit the ISO to terminate the RMR Agreement for an RMR Generator without requiring the ISO to terminate the RMR Agreement for any or all of the other RMR Generator(s) that are operating pursuant to the same RMR Agreement.
- 38.19.3 The ISO shall timely terminate an RMR Agreement for an RMR Generator when that RMR Generator is no longer needed to address identified Short-Term Reliability Process Need(s).
- 38.19.4 The ISO may terminate an RMR Agreement for an RMR Generator under any of the following circumstances: (A) if the RMR Generator fails to satisfy any of the minimum operating standards specified in the RMR Agreement; (B) if the RMR Generator repeatedly fails to operate as requested when it is called upon by the ISO or by a Transmission Owner to address one or more of the identified Short-Term Reliability Process Need(s) the RMR Generator is being retained to address; (C) when the RMR Generator suffers a forced outage that will prevent it from being available for 180 or more days to address the identified Short-Term Reliability Process Need(s) that the RMR Generator is being retained to address; or (D) if significant Additional Costs arise (*see* Section 38.16) that make the RMR Generator more expensive than other solutions to the identified Short-Term Reliability Process Need(s).

**38.20      Reserved**

## **38.21      Reserved**

### **38.22 Cost Allocation Methodology for Short-Term Reliability Process**

The cost allocation mechanism under this Section 38.22 sets forth the basis for allocating costs associated with: (i) a Responsible Transmission Owner's transmission Short-Term Reliability Process Solution proposed in accordance with Section 38.4 and, if applicable, its conceptual permanent transmission Short-Term Reliability Process Solution, (ii) a Developer's transmission Short-Term Reliability Process Solution selected by the ISO to address a Short-Term Reliability Process Need pursuant to Section 38.10, or (iii) a Generator operating under an RMR Agreement to address a Short-Term Reliability Process Need. The ISO shall implement the specific cost allocation methodology set forth in this Section 38.22 of this Attachment FF in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1 of Attachment Y.

The formula is applicable to the ISO's share of the costs of an Interregional Transmission Project proposed as a regulated transmission solution to an identified Short Term Reliability Process Need in accordance with Section 38.4.2.5 of Attachment FF. The formula is not applicable to that portion of the cost of a regulated transmission reliability project that is, pursuant to, as applicable, Section 25.7.12 of Attachment S or Section 40.13.12 of Attachment HH to the ISO OATT, paid for with funds (1) previously committed by or collected from Interconnection Customers through their acceptance of a Project Cost Allocation for System Deliverability Upgrades required for the interconnection of generation projects, Class Year Transmission Projects, or Cluster Study Transmission Projects, or (2) funds collected as a Highway Facilities Charge pursuant to Rate Schedule 12 of the ISO OATT.

This Section 38.22 establishes the allocation of the costs related to resolving Short-Term Reliability Process Needs resulting from resource adequacy, BPTF thermal transmission



security, local transmission security for a Generator Deactivation Reliability Need, dynamic stability, and short circuit issues. Costs will be allocated in accordance with the following hierarchy: (i) resource adequacy pursuant to Section 38.22.1, (ii) BPTF thermal transmission security pursuant to Section 38.22.2, (iii) BPTF voltage security pursuant to Section 38.22.3, (iv) local transmission security for a Generator Deactivation Reliability Need pursuant to Section 38.22.4, (v) dynamic stability pursuant to Section 38.22.5, and (vi) short circuit pursuant to Section 38.22.6.

### 38.22.1 Resource Adequacy Reliability Solution Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 38.22, 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:

$$\text{Resource Adequacy Cost Allocation}_i = \left[ \frac{\text{LCRdef}_i}{\text{Soln Size}} + \left( \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}} + \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{l=1}^m \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_l)} * \frac{\text{Soln Cldef}}{\text{Soln Size}} \right) \right] *$$

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,  $SolnCIdef$  is the  $CIdef$  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 38.22.

Three step cost allocation methodology for regulated reliability solutions:

### **38.22.1.1 Step 1 - LCR Deficiency**

38.22.1.1.1 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.

38.22.1.1.2 Prior to the LOLE calculation, voltage constrained interfaces will be recalculated to determine the resulting transfer limits when the LCRdef MW are added.

38.22.1.2 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.

38.22.1.2.1 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.

38.22.1.2.2 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:

$$Allocation_i = \left[ \frac{Coincident\ Peak_i * (1 + IRM - LCR_i)}{\sum_{k=1}^n Coincident\ Peak_k * (1 + IRM - LCR_k)} * \frac{Soln\ STWdef}{Soln\ Size} \right] * 100\%$$

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.

38.22.1.3 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.

38.22.1.3.1 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.

38.22.1.3.2 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.

38.22.1.3.3 Bounded Regions are assigned cost responsibility for the compensatory MW, defined as Cidef, needed to reach an LOLE of 0.1.

38.22.1.3.4 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.

38.22.1.3.5 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.

38.22.1.3.6 The CIdf 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:

$$\text{Allocation}_i = \left[ \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{i=1}^m \text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)} * \frac{\text{SolnCIdef}}{\text{Soln Size}} \right] * 100\%$$

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, SolnCIdef is the CIdf for the applicable project and Soln\_Size represents the total compensatory MW addressed by the applicable project.

## 38.22.2 BPTF Thermal Transmission Security Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 38.22, 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 38.22.1, 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.

#### **38.22.2.1 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 Short-Term Reliability Process 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 Short-Term Reliability Process Need. The sign (positive or negative) of the nodal distribution factor represents the direction of flow.

#### **38.22.2.2 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 Short-Term Reliability Process Need due to the Load.

#### **38.22.2.3 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 Short-Term Reliability Process 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.

#### **38.22.2.4 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 Short-Term Reliability Process 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.

#### **38.22.2.5 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.

#### **38.22.2.6 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 Short-Term Reliability Process 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 Generator Deactivation 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.

#### **38.22.2.7 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:

$$BPTF\ Thermal\ Cost\ Allocation_j = \frac{SZ\_AllocFlow_j}{\sum_{k=1}^m SZ\_AllocFlow_k} \times \frac{SolnBTSdef}{Soln\_Size}$$

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.



### **38.22.2.8 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:

- Present Value of Cost (X) = PV Cost (X) = Cost (X) / (1+D)<sup>N(X)</sup>
  - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / (1+D)<sup>N(Y)</sup>
  - Overload X weighting factor = PV Cost (X)/[PV Cost (X) + PV Cost (Y)]
  - Overload Y weighting factor = PV Cost (Y)/[PV Cost (X) + 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)<sup>6.25</sup> = 63.635 Million

PV Cost (Y) = 25/(1+0.075)<sup>4.75</sup> = 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%

### 38.22.2.9 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%.

### 38.22.3 BPTF Voltage Security Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 38.22.1 and BPTF thermal transmission security cost allocation in accordance with Section 38.22.2, 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.

### 38.22.4 Local Transmission Security Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 38.22.1, the BPTF thermal transmission security cost

allocation in accordance with Section 38.22.2, and BPTF voltage security cost allocation in accordance with Section 38.22.3, there remains a non-BPTF thermal security issue or a non-BPTF voltage security issue, the ISO will allocate the costs of resolving the local security issue(s) to the Subzones that contribute to the local security issue(s). This local transmission security step will only apply for the allocation of the costs of a Short-Term Reliability Process Solution to a Generator Deactivation Reliability Need.

38.22.4.1 The Subzone in which the receiving terminal of the non-BPTF facility is located is assigned cost responsibility for the megawatt portion of the solution needed to eliminate the non-BPTF thermal issue(s), defined as LocalThermalMW. If multiple non-BPTF thermal issues in multiple Subzones are addressed by the solution, the LocalThermalMW will be allocated on a Load-ratio share to each identified Subzone as follows:

$$Local\ Thermal\ Cost\ Allocation_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^m Coincident\ Peak_k} \times \frac{LocalThermalMW}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones that are subject to local thermal cost allocation; Coincident Peak is for the total peak load for each Subzone; LocalThermalMW is for the megawatt portion of the solution needed to eliminate the non-BPTF thermal issue(s); and Soln\_Size represents the total compensatory MW addressed by the solution.

38.22.4.2 If there remains a voltage issue after consideration of LocalThermalMW, then the cost responsibility for the megawatt portion of the solution necessary to resolve the voltage issue(s), defined as LocalVoltageMW, will be allocated on a Load-ratio share to each Subzone to which each bus with a voltage issue is connected, as follows:

$$\text{Local Voltage Cost Allocation}_j = \frac{\text{Coincident Peak}_j}{\sum_{k=1}^m \text{Coincident Peak}_k} \times \frac{\text{LocalVoltageMW}}{\text{Soln\_Size}}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones that are subject to local voltage cost allocation; Coincident Peak is for the total peak Load for each Subzone; LocalVoltageMW is for the megawatt portion of the RMR Agreement necessary to resolve the voltage issue(s); and Soln\_Size represents the total compensatory MW addressed by the solution.

### 38.22.5 Dynamic Stability Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 38.22.1, BPTF thermal transmission security cost allocation in accordance with Section 38.22.2, BPTF voltage security cost allocation in accordance with Section 38.22.3, and local transmission security cost allocation for a Generator Deactivation Reliability Need in accordance with Section 38.22.4, 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:

$$\text{Dynamic Stability Cost Allocation}_j = \frac{\text{Coincident Peak}_j}{\sum_{k=1}^m \text{Coincident Peak}_k} \times \frac{\text{DynamicMW}}{\text{Soln\_Size}}$$

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.

### **38.22.6 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.



### **38.23 Cost Recovery for Short-Term Reliability Process**

38.23.1 The Responsible Transmission Owner or the Developer that proposes a transmission Short-Term Reliability Process Solution that is selected by the ISO pursuant to Section 38.10 to address a Short-Term Reliability Process Need shall be entitled to full recovery of all reasonably incurred costs, including a reasonable return on investment and any applicable incentives, related to the development, construction, operation and maintenance of the transmission Short-Term Reliability Process Solution. The Responsible Transmission Owner shall also be entitled to recover its costs for developing its proposed transmission Short-Term Reliability Process Solution and, if applicable, its conceptual permanent Short-Term Reliability Process Solution, whether or not such solutions were selected by the ISO. The Responsible Transmission Owner or Developer will recover its costs in accordance with Schedule 16 of this ISO OATT, or as determined by the Commission. The period for cost recovery will be determined by the Commission and will begin if and when the Short-Term Reliability Process Solution is completed or halted, or as otherwise determined by the Commission. The NYISO does not provide cost recovery related to projects undertaken by Transmission Owners through their Local Transmission Owner Planning Processes pursuant to Sections 31.1.3 and 31.2.1 of Attachment Y of the ISO OATT.

38.23.2. If a selected regulated transmission Short-Term Reliability Process Solution is halted by the ISO, all of the costs incurred and commitments made by the Developer up to that point, including reasonable and necessary expenses



incurred to implement an orderly termination of the project, will be recoverable by the Developer in accordance with Schedule 16 of the ISO OATT.

38.23.3 If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws authorization, for the selected transmission Short-Term Reliability Process Solution, the Developer may recover all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations. The ISO shall recover such costs in accordance with Schedule 16 of the ISO OATT.

38.23.4 If a Market Participant's Generator is operating under an RMR Agreement pursuant to Section 38.11 to address a Short-Term Reliability Process Need, the Market Participant will be paid in accordance with Rate Schedule 8 of the ISO Services Tariff. The ISO will recover costs related to RMR Agreements from LSEs in accordance with Schedule 14 of the ISO OATT.

38.23.5 With the exception of a Generator operating under an RMR Agreement, costs related to non-transmission regulated Short-Term Reliability Process Solutions to Short-Term Reliability Process Needs will be recovered by Responsible Transmission Owners or Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law.

## **38.24 Appendix A – Generator Deactivation Notice Form**

### **38.24.1 Instructions**

38.24.1.1 Before a Generator with a nameplate rating that exceeds 1 MW may be Retired or enter into a Mothball Outage, the Market Participant must satisfy the requirements set forth in Attachment FF to the OATT, including submitting to the NYISO a completed Generator Deactivation Notice using the form set forth in this Appendix A of Attachment FF to the OATT, and providing the information required by Appendix B of Attachment FF to the OATT.

38.24.1.2 In accordance with the requirements set forth in Section 38.3.1 of Attachment FF to the OATT and ISO Procedures, the Market Participant shall submit to the NYISO via electronic mail (a) the Generator Deactivation Notice form to [generator\\_retirement@nyiso.com](mailto:generator_retirement@nyiso.com) and (b) all information required by Appendix B of Attachment FF to NYISO Stakeholder Services, to the attention of the Director of Market Mitigation and Analysis.

38.24.1.3 The NYISO will review the information received pursuant to Section 38.3.1.5 of the OATT to determine whether it is complete. The NYISO will notify the Market Participant to provide any additional information that is required in order for the Generator Deactivation Notice to be determined to be complete.

38.24.1.4 The 365 day notice period applicable to a Generator(s) proposing to be Retired or enter into a Mothball Outage will begin to run on the date of the next quarterly Short-Term Assessment of Reliability (STAR) that commences at least one day after the date on which NYISO issues a written notice to the Market Participant indicating that the Generator Deactivation Notice (including the information received and supporting certification) are complete.

38.24.1.5 The Market Participant has a continuing obligation to timely submit additional information pursuant to Section 38.25.4 of Appendix B, under Attachment FF to the NYISO OATT, and as otherwise required under the ISO Tariffs. All such information shall be sent to NYISO Stakeholder Services, to the attention of the Director of Market Mitigation and Analysis.

### **38.24.2 Submitting Entity's Information**

38.24.2.1 Name of entity submitting notice:

\_\_\_\_\_ (“submitting entity”)

38.24.2.2 Submitting entity's interest in and relationship with Generator(s) (check all that apply):

☐ Owner (and if part owner, percent) of Generator(s)

- ☐ Operator of Generator(s)  
☐ Market Participant  
☐ Other \_\_\_\_\_

If the submitting entity is not both the owner and operator, provide the following information for (a) the owner, (b) the operator, (c) Market Participant, and (d) the submitting entity:

38.24.2.3 State of organization or incorporation:

\_\_\_\_\_

38.24.2.4 Contact information

Name of contact person and alternate contact person, title, relationship to the submitting entity, mailing address, e-mail address, office phone number, and cell phone number:

### **38.24.3 Identity of Generator(s) Subject to Generator Deactivation Notice**

Location:

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Revenue Meter Location(s) (Use PTIDs):

### **38.24.4 Proposed Generator Deactivation**

38.24.4.1 The Generator Deactivation Notice is for the Generator(s) (check one):

- ☐ to be Retired  
☐ to enter into a Mothball Outage.

38.24.4.2 If the submitting entity is proposing to enter the Generator(s) into a Mothball Outage, please check the box below to acknowledge that the Generator(s) is able to return to service within 180 days.

☐ Generator(s) is able to return to service within 180 days

Please note: If the submitting entity believes that there is good cause for why a Generator will not be able to return to service within 180 days, the

submitting entity must separately provide for each such Generator the proposed number of days for return and supporting information to the NYISO for review. The NYISO will determine whether the information provided satisfies the requirements of Section 5.18.3.2 of the ISO Services Tariff. If the Generator Deactivation Notice is for more than one Generator, and the response to this subsection 38.24.4.2 is not the same for all Generators, specify by Unit Name and PTID which Generators are able and which are not able to return to service within 180 days.

38.24.4.3 If the submitting entity is proposing to enter the Generator(s) into a Mothball Outage, please check the box below to acknowledge that the step-up transformer(s) and other system protection equipment will continue to be operational during the Mothball Outage.

☐ The step-up transformer(s) and other system protection equipment will continue to be operational during the Mothball Outage.

38.24.4.4 If the submitting entity is proposing for the Generator(s) to be Retired on a date other than 365 days after the Generator Deactivation Assessment Start Date (as that term is defined in Section 38.1 of Attachment FF to the NYISO OATT), the desired retirement date is: [day] of [month] of [year].

38.24.4.5 If the submitting entity is proposing for the Generator(s) to enter into a Mothball Outage on a date other than 365 days after the Generator Deactivation Assessment Start Date, the desired date to enter into a Mothball Outage is: [day] of [month] of [year]. The submitting entity proposes to resume operation and participation in the ISO Administered Markets on: [day] of [month] of [year].

### **38.24.5 Acknowledgments**

By submitting the Generator Deactivation Notice, the submitting entity acknowledges:

- After the NYISO determines that the Generator Deactivation Notice is complete, the NYISO will post a notice of that determination (and will notify the submitting entity.)
- If the submitting entity rescinds this Generator Deactivation Notice after the NYISO determines it to be complete, the submitting entity must reimburse the NYISO and the relevant New York Transmission Owner(s) in accordance with Section 38.14.2 of Attachment FF of the NYISO OATT the actual costs that each incurred in performing their responsibilities under Attachment FF of the NYISO OATT and Section 23.4.5.6 of the ISO Services Tariff in response to the submitting entity's submission of this Generator Deactivation Notice, including any costs associated with using contractors.

**38.24.6 Submitted By:**

**Certification**

The undersigned certifies that he or she is an officer of the submitting entity, that he or she is authorized to execute this Certification and submit this Generator Deactivation Notice on behalf of the submitting entity, and that the information and statements contained herein (including any and all attachments, and information required by Appendix B of Attachment FF to the NYISO OATT submitted herewith,) and in this certification are true and correct to the best of his or her information, knowledge and belief, having conducted due diligence.

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **38.25 Appendix B – Short-Term Reliability Process Cost, Revenue, and Other Information Requirements**

### **38.25.1 Overview of Information Requirements**

This Appendix B governs the information that must be received by the ISO from Market Parties for Short-Term Reliability Process Solutions, including Initiating Generators, Short-Term Reliability Process Solutions proposed pursuant to Section 38.4 of Attachment FF, and Generators that have submitted a statement of intent or are otherwise required by the ISO to submit this information pursuant to 38.5 of this Attachment FF. The term “information” as used in this Appendix B and in Attachment FF includes all sources and types of information and data. The information required by this Appendix shall be separately stated from and is in addition to the information requirements for Generators in certain outages set forth in Section 5.18 of the ISO Services Tariff, the information required by the ISO pursuant to Section 23.4.5.6 of the ISO Services Tariff, and the Short-Term Reliability Process project information requirements set forth in Section 38.4 of this Attachment FF. If the information required by this Appendix does not exist on the date due to the ISO, the Market Party shall promptly provide it to the ISO if and when it does exist in whole or in part.

### **38.25.2 Information Requirements Applicable to Initiating Generators**

38.25.2.1 The Market Party for an Initiating Generator must submit the information specified below, and any other information specified by the ISO on the section of its website identified for RMR Information Requirements, in the form and manner directed by the ISO. The items and their costs identified for (a) through (d), and (e) in this Section shall include only those costs necessary for the Initiating Generator to operate in

accordance with Good Utility Practice for the duration of the relevant information period  
(as set forth in Section 38.25.8).

- (a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations, and requirements, separately stating the financing cost (*e.g.*, interest and fees) for each item;
- (b) Fixed operating and maintenance costs;
- (c) Variable operating and maintenance costs, such as fuel, emissions, and start up costs, and other costs identified by the ISO in accordance with ISO Procedures; and if there is any difference between the submitted information and the information in the ISO's Reference Level System at the time of the submission, and an explanation of the reason for the difference;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) The cost of expenditures other than those identified in (a) through (d) of this section that are necessary for the Generator to operate;
- (f) All information pertaining to the capital structure of the Generator and its financing structure, the sources of capital, financing agreements, and dividend payout schedules;
- (g) If the Generator Deactivation Notice is for the Generator to be Retired, (a) all existing agreements and proposals pertaining to the cost of opportunities that would be foregone if the Generator is not retired, such agreements being for the reuse, repurposing, or distribution of the real property of or on which the unit is located, its personal property or appurtenances; and (b) all agreements that contain a cost, premium, or fee for termination of all or a portion thereof;
- (h) If the Generator is in an ICAP Ineligible Forced Outage or is Mothballed, and the Generator Deactivation Notice is for a retirement prior to the expiration of the period set forth in Section 5.18 of the ISO Services Tariff, the costs that are necessary to enable the Generator to return to service; and
- (i) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the construction of, investment in, upgrade to, or operation of the Generator.

38.25.2.2 For each item of cost or revenue, the Market Party shall specify whether it can be avoided, in whole or in part or diminished, if the Generator (a) ceases operations in the manner specified in its Generator Deactivation Notice, or (b) does not resume service

from an ICAP Ineligible Forced Outage or Mothball Outage state. For each cost that can be avoided, the Market Party shall specify how it plans to do so and the potentially viable options examined to minimize the cost.

**38.25.3 Information Requirements Applicable to Short-Term Reliability Process Solutions Proposed Pursuant to Section 38.4 and Generators that Submit Statements of Intent or that Are Otherwise Required to Provide Information Pursuant to Section 38.5**

38.25.3.1 The Market Party for a Short-Term Reliability Process Solution proposed pursuant to Section 38.4, or for a Generator that submitted a statement of intent or that is otherwise required by the ISO to provide the information in Appendix B pursuant to Section 38.5, shall submit the information identified below, and any other information specified by the ISO on the ISO's website, in the form and manner directed by the ISO.

38.25.3.2 If a Market Party has submitted a statement of intent to offer its Generator, or if the ISO otherwise requires the Market Party to provide the information in Appendix B regarding the Generator pursuant to Section 38.5, then the Market Party shall submit the information set forth in Section 38.25.2.1 and 38.25.2.2.

38.25.3.3 If a proposed Short-Term Reliability Process Solution is a new Generator, the Market Party shall submit those costs necessary for the Generator to be sited, permitted, and constructed, and the information below. The items and their costs identified for (a) through (d) in this Section shall include only those costs necessary for the Generator to operate in accordance with Good Utility Practice for the duration of the relevant information period.

- (a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations, and requirements, separately stating the financing cost (*e.g.*, interest and fees) for each item;
- (b) Fixed operating and maintenance costs;



- (c) Variable operating and maintenance costs;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) All information pertaining to the capital structure of the Generator and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules;
- (f) All existing agreements and proposals pertaining to opportunity costs that would be foregone if the Generator served as a Short-Term Reliability Process Solution; and
- (g) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the construction of, investment in, upgrade to, or operation of the proposed Short-Term Reliability Process Solution or Generator.

38.25.3.4 If a proposed Short-Term Reliability Process Solution is a transmission project, the Market Party shall provide:

- (a) Capital expenses, including the following elements:
  - (i) Capital expenses necessary to comply with federal or state environmental or safety requirements, separately stating the financing cost (*e.g.*, interest and fees) for each item;
  - (ii) Worksheets setting forth all relevant material and labor cost assumptions. These assumptions should be itemized, and should include the following elements:
    - (A) equipment, including, to the extent applicable and available, sub-itemized estimates for equipment associated with each of the following categories: (i) the proposed project; (ii) interconnection facilities (including Attachment Facilities and Direct Assignment Facilities); and (iii) System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, and Distribution Upgrades
    - (B) engineering and design work
    - (C) permitting
    - (D) site acquisition
    - (E) procurement
    - (F) construction work

- (G) other commissioning work;
- (iii) For each category or sub-category of cost estimate, a quantification of cost variance, including an assumed plus/minus range around the capital cost estimate.
- (b) Fixed operating and maintenance costs;
- (c) Variable operating and maintenance costs;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) The cost of expenditures other than those identified in (a) through (d) of this Section that are necessary to enable the project to operate, including any costs to obtain right of way, siting, and other federal, state and local permits;
- (f) All information pertaining to the capital structure of the project and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules;
- (g) All existing agreements and proposals pertaining to opportunity costs that would be foregone if the project served as a Short-Term Reliability Process Solution; and
- (h) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenue related to the construction of, investment in, upgrade to, or operation of the project.

#### **38.25.4 Obligation to Submit Further Information**

Market Parties for Short-Term Reliability Process Solutions, including Initiating Generators, Short-Term Reliability Process Solutions proposed pursuant to Section 38.4, Generators that submitted a statement of intent pursuant to Section 38.5, and Generators otherwise required to provide the information in Appendix B pursuant to Section 38.5, shall provide any new information, and shall update and revise information previously submitted to the ISO in accordance with Sections 38.25.2 or 38.25.3, (i) no more than fifteen days after (a) a material change (or a series of changes that results in a material change) in (I) the physical condition of a proposed or potential Short-Term Reliability Process Solution or any aspect of its proposal, or (II) the information previously submitted, (b) an event occurring that makes any

element of the information submitted materially inaccurate, (c) actual cost information becoming available where estimated information had been provided, (d) changes to costs based on physical events or regulatory developments that might reasonably be expected to impact planned operations, and also (ii) promptly upon the request of the ISO for any other information. The obligation to provide information pursuant to this Section 38.25.4 shall cease (a) for any proposed or potential Short-Term Reliability Process Solution (other than an Initiating Generator) on the earlier of the date (x) the ISO provides notice that a Short-Term Reliability Process Solution is not needed, (y) the request for Short-Term Reliability Process Solutions is withdrawn, or (z) that the ISO determines a Short-Term Reliability Process Solution other than it is expected to satisfy the Short-Term Reliability Process Need, and (b) for any Initiating Generator, upon the earlier of the date that (x) it withdraws its Generator Deactivation Notice if it stated it was a notice of retirement, or (y) it permanently retires.

38.25.5        The Market Party shall provide the ISO the actual costs and revenues for each item in Sections 38.25.2 through 38.25.4 to the greatest extent practicable. If actual costs and revenues are not available, the Market Party shall provide estimated costs and revenues along with a description of how the estimates were prepared. The Market Party must identify and describe the accounting protocols used to identify or determine all actual and estimated costs and revenues.

38.25.6        For each cost identified under Subsections (a), (b), (d) and (e) of Sections 38.25.2.1, 38.25.3.1, 38.25.3.4, or 38.25.3.5, or Subsections (a), (b) and (d) of Section 38.25.3.3, the Market Party shall provide a detailed plan specifying the schedule and timing of the planned action and expenditure, and if it is an existing Resource, an explanation and supporting documentation of how that plan compares to the Market

Party's past similar expenditures, actions, and protocols. The Market Party shall also specify the terms in any contracts associated with (a) avoidable capital expenses, normal maintenance, extraordinary maintenance and repairs, or variable costs that contain a cost, premium, and/or fee for termination of the agreement in whole or for a portion thereof, and shall provide a copy of the contract and documents pertinent to the calculation of the early termination premium, cost, and fee, and (b) revenues, and shall provide a copy of the contract and documents pertinent to the calculation of the revenues, and the historic revenues.

38.25.7 The Market Party shall specify whether each cost is associated solely with the individual unit(s) of the Generator, or a component of the transmission project, or whether the cost is for services or functions shared with other units or businesses. If a cost is a shared cost, the Market Party shall identify the other entities with which the cost is shared, the entity that allocates the cost to it; and the accounting protocols and methodology used in the allocation of the costs, and across which units and business the cost is allocated.

### **38.25.8 Information Periods**

38.25.8.1 Information provided under Sections 38.25.2.1 and 38.25.2.2 shall encompass one year periods, for the five (5) years prior to and (a) if by an Initiating Generator or a Generator that submits a statement of intent pursuant to Section 38.5 for six (6) years from the date of the initial provision of information, and each annual update thereto, and (b) if by a Generator that did not provide a statement of intent, but is required to provide information by the ISO pursuant to 38.5, for the number of years identified by the ISO in the notification provided pursuant to 38.5 of Attachment FF.

38.25.8.2 Information provided by proposed Short-Term Reliability Process Solutions, other than an Initiating Generator or a Generator that has submitted a statement of intent or is otherwise required to provide information in Appendix B pursuant to Section 38.5, shall encompass one year periods, from the date of the initial provision of information for the period identified in the request for Short-Term Reliability Process Solutions.

38.25.8.3 For the financing cost of any mandatory capital expense, the Market Party shall provide information and data for: (a) the one-year period beginning on the estimated date of expenditure for the item of capital expense; and in addition (b) the period beginning on the estimated date of expenditure for the item of capital expense and ending, respectively, (i) if an Initiating Generator or a Generator that submitted a statement of intent pursuant to Section 38.5 two years, three years, four years, five years, and six years, from the date of the Generator Deactivation Notice or statement of intent (but excluding data and information beyond the date that is six years from the Generator Deactivation Notice or statement of intent); (ii) if a Generator that did not provide a statement of intent, but is required to provide information by the ISO pursuant to Section 38.5, for the number of years identified by the ISO in the notification provided pursuant to Section 38.5, from the date of its initial submission of information in accordance with Section 38.25.3, and (iii) if a proposed Short-Term Reliability Process Solution (other than an Initiating Generator or a Generator that has submitted a statement of intent or its otherwise required by the ISO to provide information pursuant to Section 38.5), for the duration of the Short-Term Reliability Process Need identified by the ISO in its request for Short-Term Reliability Process Solutions.

## **38.26      Appendix C - Form of Reliability Must Run Agreement**

## **FORM OF RELIABILITY MUST RUN AGREEMENT**

### **Table of Contents**

#### **RELIABILITY MUST RUN AGREEMENT RECITALS**

#### **ARTICLE 1 - DEFINITIONS AND RULES OF INTERPRETATION**

- 1.1 Definitions.
- 1.2 Interpretation.
- 1.3 Construction.

#### **ARTICLE 2 – TERM**

- 2.1 Start Date, FERC Effective Date and Term.
- 2.2 Termination.
- 2.3 Survival.

#### **ARTICLE 3 - RIGHTS AND OBLIGATIONS**

- 3.1 In General.
- 3.2 Insurance.
- 3.3 Contracts, Permits and Orders.
- 3.4 Testing.
- 3.5 Energy Market Participation.
- 3.6 RMR Generator Reference Levels.
- 3.7 Capacity Market Participation.
- 3.8 Restoration Services and Voltage Support Services.
- 3.9 Self-Scheduling.

#### **ARTICLE 4 - COMPENSATION AND SETTLEMENT**

- 4.1 In General.
- 4.2 Recovery of Variable Costs.
- 4.3 Recovery of RMR Avoidable Costs.
- 4.4 Availability Incentive.
- 4.5 Performance Incentive.
- 4.6 Owner Developed Rate.
- 4.7 Penalties.
- 4.8 Wind-Down Costs.

#### **ARTICLE 5 - MARKET MONITORING**

- 5.1 Market Power Mitigation.

#### **ARTICLE 6 - REPORTING AND AUDIT**

- 6.1 Information Access.
- 6.2 Books and Records; Audit Rights.

## ARTICLE 7 - RESOURCE OPERATION AND MAINTENANCE

- 7.1 Planned Outages.
- 7.2 Forced Outages.
- 7.3 Minimum Operating Standards.
- 7.3.3 Operation to Address the Reliability Need Standard.

## ARTICLE 8 - FORCE MAJEURE EVENTS

- 8.1 Definition of Force Majeure Event.
- 8.2 Notice of Force Majeure Event.
- 8.3 Effect of Force Majeure Event.
- 8.4 Remedial Efforts.

## ARTICLE 9 - DISPUTE RESOLUTION AND REMEDIES

- 9.1 Dispute Resolution.
- 9.2 Liability and Indemnification.
- 9.3 Specific Performance.
- 9.4 Termination for Default.
- 9.5 Waiver.
- 9.6 No Third-Party Beneficiaries.
- 9.7 Remedies Cumulative.

## ARTICLE 10 - COVENANTS OF THE PARTIES

- 10.1 ISO represents and warrants to Owner as follows:
- 10.2 Owner represents and warrants to ISO as follows:

## ARTICLE 11 - MISCELLANEOUS PROVISIONS

- 11.1 Assignment.
- 11.2 Notices.
- 11.3 Parties' Representatives.
- 11.4 Effect of Invalidation, Modification, or Condition.
- 11.5 Amendments.
- 11.6 Governing Law.
- 11.7 Entire Agreement.
- 11.8 Independent Contractors.
- 11.9 Counterparts.
- 11.10 Confidentiality.
- 11.11 Further Assurances.
- 11.12 Submittal to the Commission.

## EXHIBIT A - OWNER'S REPRESENTATIVES

## EXHIBIT B - ISO'S REPRESENTATIVES

## SCHEDULE 1 Description of Reliability Need

## SCHEDULE 2 Planned Outage Schedule for First Year of Operation as an RMR Generator,

**CONTAINS CONFIDENTIAL INFORMATION**



## RELIABILITY MUST RUN AGREEMENT

This RELIABILITY MUST RUN AGREEMENT (“Agreement”) is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, among \_\_\_\_ {fill in names and types of legal entity or entities} (collectively, “Owner”), and the New York Independent System Operator, Inc., a New York not-for-profit corporation (“ISO”).

### RECITALS

Owner owns and has operational control over \_\_\_\_\_ (PTID No. \_\_\_\_\_), a \_\_\_\_ MW electrical Generator together with appurtenant facilities and structures, located at \_\_\_\_\_ (a/the “RMR Generator”). {If the station is comprised of more than one unit, describe all units at the station, including their MW and PTIDs, and then identify each unit or sets of units that is a distinct “RMR Generator” under this Agreement}.

The ISO is the Independent System Operator for New York and is responsible for the operation of the New York Control Area (“NYCA”) to ensure reliability and for the administration of the ISO Administered Markets.

Owner submitted a Generator Deactivation Notice [to mothball or to retire] each RMR Generator, which the ISO determined was complete on [ISO to fill-in date]. The 365 Day Notice Period concludes or concluded on [date one year from the Short-Term Assessment of Reliability Start Date].

The ISO has concluded that the RMR Generator[s] will be needed for reliability purposes during the Term of this Agreement. Schedule 1 to this Agreement contains a description of the Short-Term Reliability Process Need (for purposes of this Agreement, a “Reliability Need”) that the RMR Generator[s] are being kept in service to address.

The Parties have agreed: [ALT. 1, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS, OWNER ACCEPTS THE APR, AND THE PARTIES EXECUTE THE AGREEMENT (i) that the ISO shall submit this executed Agreement, including the proposed Availability and Performance Rate (“APR”), to the Federal Energy Regulatory Commission (“FERC”) in a Federal Power Act (“FPA”) Section 205 filing on the Parties’ behalf;] [ALT. 2, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS, OWNER ACCEPTS THE APR, BUT THERE ARE CAPITAL EXPENDITURES THAT REQUIRE FERC APPROVAL (i) that the ISO shall submit this Agreement to the Federal Energy Regulatory Commission (“FERC”), including the agreed-to components of a proposed Availability and Performance Rate (“APR”), in a Federal Power Act (“FPA”) Section 205 filing on the Parties’ behalf, and that Owner shall submit a separate FPA Section 205 filing that is consistent with the terms and conditions of service proposed in this Agreement, and that tracks the format of this Agreement, proposing the inclusion of the cost of certain Capital Expenditures in the APR;] [ALT. 3, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS BUT OWNER REJECTS THE APR AND SUBMITS AN OWNER DEVELOPED RATE (i) that the ISO shall submit this unexecuted Agreement that sets forth the Parties’ agreed-upon terms and conditions of service to the Federal Energy Regulatory Commission (“FERC”), in a Federal Power Act (“FPA”) Section

205 filing on the Parties' behalf, and that Owner shall submit a separate FPA Section 205 filing proposing an Owner Developed Rate that is consistent with the terms and conditions of service proposed in this Agreement, and that tracks the format of this Agreement;] and (ii) to enter into this Agreement to establish the terms and conditions under which each RMR Generator shall be obligated to offer and provide Energy, Ancillary Services and Unforced Capacity to the ISO Administered Markets; and (iii) [to set certain components of the Availability and Performance Rate ("APR") that determines the payments by which Owner shall recover the avoidable and variable costs of each RMR Generator, and makes available possible monthly and seasonal incentive payments based on each RMR Generator's availability to operate and its performance when scheduled to operate] OR [to incorporate the Owner Developed Rate that is ultimately accepted by FERC].

NOW THEREFORE, in consideration of the agreements and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound by this Agreement as of its Start Date, the Parties covenant and agree as follows:

## **ARTICLE 1 - DEFINITIONS AND RULES OF INTERPRETATION**

### **1.1 Definitions.**

Except for the terms defined below and in the attached schedules, capitalized terms shall be as defined in the ISO Tariffs. The definitions set forth below are only intended for use in this Agreement and shall not be relied upon to interpret the ISO's Tariffs.

1.1.1 "365 Day Notice Period" means the 365 days that follow the Short-Term Assessment of Reliability ("STAR") Start Date.

1.1.2 "Additional Costs" has the meaning set forth in Section 4.3.3 of this Agreement.

1.1.3 "Affiliate" has the meaning set forth in Section 2.1 of the Services Tariff.

1.1.4 "Ancillary Services" means services necessary to support the transmission of Energy from Generators to Loads, while maintaining reliable operation of the NYS Power System in accordance with Good Utility Practice and Reliability Rules. Ancillary Services that RMR Generators may be able to provide include Voltage Support Service, Regulation Service, Operating Reserve Service (including Spinning Reserve, 10-Minute Non-Synchronized Reserves and 30-Minute Reserves), and Restoration Services (black start).

1.1.5 "Availability & Performance Rate" or "APR" means the compensation that an RMR Generator is eligible to receive in accordance with Sections 15.8.1, 15.8.2, 15.8.3 and 15.8.4 of Rate Schedule 8 to the ISO's Services Tariff during the Term of this Agreement. The APR consists of a daily calculation that is developed to permit an RMR Generator to recover its avoidable costs and variable costs, plus the opportunity to periodically earn financial incentives

for availability to the markets and for performing consistent with the ISO's dispatch when scheduled.

1.1.6 "Capital Expenditures" has the meaning set forth in Section 38.8.1.3 of the OATT.

1.1.7 "Contract" means any agreement, commitment, policy, document or similar instrument creating mutual obligations among two or more parties.

1.1.8 "FERC Effective Date" has the meaning set forth in Section 2.1 of this Agreement.

1.1.9 "Force Majeure Event" has the meaning set forth in Section 8.1 of this Agreement.

1.1.10 "Forced Outage" has the meaning set forth in Section 2.6 of the Services Tariff.

1.1.11 "FPA" means the Federal Power Act (16 U.S.C. § 791a).

1.1.12 "Generator Deactivation Notice" has the meaning set forth in Section 38.1 of the OATT.

1.1.13 "Short-Term Assessment of Reliability Start Date" has the meaning set forth in Section 38.1 of the OATT.

1.1.14 "Governmental Authority" means the government of any nation, state or other political subdivision thereof, including any entity lawfully exercising executive, military, legislative, judicial, regulatory, or administrative functions of or pertaining to a government.

1.1.15 "ISO Procedures" has the meaning set forth in Section 2.9 of the Services Tariff.

1.1.16 "ISO Tariffs" means the ISO's Market Administration and Control Area Services Tariff ("Services Tariff") and the ISO's Open Access Transmission Tariff ("OATT") collectively.

1.1.17 “Law” means any law, treaty, code, rule, regulation, or order or determination of an arbitrator, court or other Governmental Authority, or any license, permit, certificate, authorization, qualification, or approval granted by a Governmental Authority, each as amended, modified, supplemented or replaced from time to time, to the extent binding on a Party or any of its property.

1.1.18 “Market Mitigation and Analysis Department” or “MMA” has the meaning set forth in Section 30.2 of the Services Tariff.

1.1.19 “Market Monitoring Unit” or “MMU” has the meaning set forth in Section 30.2 of the Services Tariff.

1.1.20 “Month” means the period beginning at hour beginning zero on the first day of the calendar month and ending at hour beginning zero of the first day of the next succeeding calendar month.

1.1.21 “Notice of Forced Outage” has the meaning set forth in Section 7.2.3 of this Agreement.

1.1.22 “Notice of Event of Proposed Additional Cost” has the meaning set forth in Section 38.16.1 of the OATT.

1.1.23 “Notice of Shut-down” has the meaning set forth in Section 7.2.5 of this Agreement.

1.1.24 “Order” means any determination, command, mandate or similar directive made by a Governmental Authority.

1.1.25 “Owner” has the meaning set forth in the preamble of this Agreement and, where applicable and appropriate, includes Owner’s agent, assignee and/or designee.

1.1.26 “Owner-Developed Rate” means a rate that Owner filed with the Federal Energy Regulatory Commission (“FERC”) under Section 205 of the Federal Power Act, including any modifications required by FERC in its Order accepting the rate for filing. An Owner Developed Rate is different from the ISO-developed Availability & Performance Rate. The charges that the ISO pays pursuant to an Owner Developed Rate are represented by the “RMRCost” term that is used in Rate Schedule 8 to the Services Tariff.

1.1.27 “Party” means either the ISO or Owner, as the context requires. “Parties” means ISO and Owner.

1.1.28 “Permit” means any license, certificate, authorization, qualification, or similar approval granted by a Governmental Authority empowering the grantee to do some act.

1.1.29 “Planned Outage” means a planned interruption, in whole or in part, to the availability of a Generator to permit Owner to perform maintenance and repair of the Generator.

1.1.30 “Reference Level” means the ISO’s best estimate of an RMR Generator’s incremental marginal costs, and of an RMR Generator’s physical capabilities. The ISO determines Reference Levels in accordance with the requirements of its Market Power Mitigation Measures that are set forth in Section 23 of its Services Tariff. This term does not include UCAP Offer Reference Levels.

1.1.31 “RMR Avoidable Costs” has the meaning set forth in Section 1.18 of the OATT.

1.1.32 “RMR Generator” has the meaning set forth in Section 1.18 of the OATT.

1.1.33 “Shut-down Date” has the meaning set forth in Section 7.2.9 of this Agreement.

1.1.34 “Start Date” has the meaning set forth in Section 2.1 of this Agreement.

1.1.35 “Substantiated Additional Cost” has the meaning set forth in Section 38.16.2.1 of the OATT.

1.1.36 “Term” has the meaning set forth in Section 2.1 of this Agreement.

## **1.2 Interpretation.**

In this Agreement, unless otherwise indicated or otherwise required by the context, the following rules of interpretation shall apply:

1.2.1 Reference to and the definition of any document (including this Agreement, an ISO Tariff or the ISO Procedures) shall be deemed a reference to such document as it may be amended, supplemented, revised or modified from time to time, and to any document that is a successor thereto but only to the extent the amendment or other modification is not prohibited by this Agreement or the ISO’s Tariffs.

1.2.2 The table of contents, article and section headings, and other captions in this Agreement are for the purpose of reference only and do not limit or affect its meaning.

1.2.3 Defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders.

1.2.4 The terms “include,” “includes,” or “including” when used herein shall not be considered limitations.

## **1.3 Construction.**

1.3.1 The Parties shall comply with the ISO’s Tariffs, as they may be amended from time to time.

1.3.2 This Agreement has been drafted by the Parties hereto and shall not be construed against any Party as the sole drafter.





## **ARTICLE 2 – TERM**

### **2.1 Start Date, FERC Effective Date and Term.**

2.1.1 This Agreement shall become effective at the beginning of the hour beginning zero, on [the first day of a month] (the “Start Date”) and shall terminate at the end of the operating hour beginning 23 as of the date of the termination of the [last] RMR Generator as provided in Section 2.2 (“Term”). The [Parties or filing Party] request[s] that FERC set the date that this Agreement shall become legally effective under the FPA (the “FERC Effective Date”) to be consistent with the Start Date.

2.1.2 Following the ISO’s submission to FERC of an executed or unexecuted Agreement: (a) commencing on the proposed Start Date the Parties shall implement and comply with the Agreement, subject to any condition or modification directed by FERC, and (b) if the Parties agree, then Owner may begin incurring costs for Capital Expenditures that are included in the Agreement for recovery pending FERC action.

### **2.2 Termination.**

This Agreement may be terminated as follows:

2.2.1 Conclusion of Reliability Need. ISO may unilaterally terminate this Agreement as to [the/an] RMR Generator effective upon ninety (90) days written notice to Owner if ISO determines that [the/an] RMR Generator is no longer or will no longer be needed to meet a Reliability Need. The ninety (90) day notice may be issued by ISO at any time. If two or more RMR Generators are subject to this Agreement, the Agreement shall be terminated with respect to one or more individual RMR Generators that are no longer needed to meet a Reliability Need. Concurrent with the ISO’s notice to [the/an] RMR Generator, the ISO shall inform the New

York Public Service Commission that the RMR Generator will not be needed to meet a Reliability Need after the conclusion of the ninety (90) day notice period.

2.2.2 Termination for cause. ISO may unilaterally terminate this Agreement as to [the/an] RMR Generator effective upon thirty (30) days written notice to Owner if [the/an] RMR Generator does not satisfy the Minimum Availability Standard set forth in Section 7.3.1 of this Agreement, or if [the/an] RMR Generator fails to satisfy the Minimum Performance Standard set forth in Section 7.3.2 of this Agreement, or if [the/an] RMR Generator fails to satisfy the Operation to Address the Reliability Need Standard set forth in Section 7.3.3 of this Agreement. If two or more RMR Generators are subject to this Agreement, the Agreement may be terminated with respect to one or more individual RMR Generators that have failed to satisfy a Minimum Operating Standard. The consequences of termination for cause are addressed in Section 2.2.7 of this Agreement and in Section 23.6.5 of the Services Tariff.

2.2.3 This Agreement may also be terminated for an RMR Generator as provided in Section 7.2.9 (Forced Outages), and Section 9.4 (Termination for Default).

2.2.4 This Agreement terminates as of the date that there are no longer any RMR Generators that are subject to the Agreement.

2.2.5 If this Agreement is not terminated earlier, except as set forth in Section 2.3 hereof, it shall terminate at the end of hour beginning 23 on [the End Date, which shall be the last day of a month], unless the Parties agree in writing to extend the Term because the Reliability Need has not been resolved yet.

2.2.6 Events upon termination or expiration of this Agreement. Events that will occur upon the termination or expiration of this Agreement include the following: (a) the ISO will cease

paying the APR or Owner Developed Rate (however, in some limited circumstances, the ISO may continue paying Owner for Capital Expenditures, *see* Section 4.3.2 below, or may pay wind-down costs in accordance with Section 4.8 below), (b) the RMR Generator will not be prohibited by the ISO Tariffs or this Agreement from entering a Mothball Outage or becoming Retired, consistent with the status that was indicated in a Generator Deactivation Notice and used to determine the RMR Generator's RMR Avoidable Costs or Owner Developed Rate, although such action may be subject to an audit and review, and a penalty under Sections 23.2.4.1.1, 23.3.1.1 and 23.4.5.6 of the Services Tariff; (c) where appropriate, the ISO will inform the New York State Public Service Commission that the RMR Generator will no longer be needed to meet a Reliability Need; and (d) if Owner wants an RMR Generator to continue participating in the ISO Administered Markets following the conclusion of an RMR Agreement, then Owner must provide notice to the ISO in accordance with Section 2.2.9 below and timely post adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff.

2.2.6.1 If the status that was indicated in a Generator Deactivation Notice and used to determine the RMR Generator's RMR Avoidable Costs or Owner Developed Rate is Retired, then Owner may elect to temporarily enter an Inactive Reserves state for up to sixty (60) days following the conclusion of an RMR Agreement before it must Retire or elect to continue participating in the ISO Administered Markets by submitting a Notice of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates in accordance with Section 2.2.9 of this Agreement, timely posting adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff and repaying the cost of any Capital Expenditures and other above market revenues in accordance

with the requirements of Rate Schedule 8 to the ISO's Services Tariff that are due. This provision does not excuse the twenty-one (21) day prior notice requirement that applies to all Notices of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates.

2.2.6.2 Owner shall decide whether a Generator that returned from a mothball or ICAP Ineligible Forced Outage to become an RMR Generator will enter a Mothball Outage or become Retired at the conclusion of its participation in the RMR Agreement. Alternatively, Owner may elect to have such a Generator continue participating in the ISO Administered Markets by submitting a Notice of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates in accordance with Section 2.2.9 of this Agreement and timely posting adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff. This provision does not excuse the twenty-one (21) day prior notice requirement that applies to all Notices of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates.

2.2.7 Consequence of termination of this Agreement (a) by the ISO "for cause" (*see* Section 2.2.2), or (b) due to a default by Owner (*see* Section 9.4). If the ISO terminates this Agreement for cause, or if this Agreement is terminated due to the default of Owner, following the termination date, consistent with Section 23.6.5.2 of the Services Tariff the ISO shall not be obligated by this Agreement to, and shall not continue to pay for, any Capital Expenditure that was incurred at or for a terminated RMR Generator. This includes Capital Expenditures that were included in the RMR Avoidable Cost component of an RMR Generator's APR or in an Owner Developed Rate, that were authorized for recovery as Substantiated Additional Costs by the ISO, or that were otherwise reviewed and accepted by FERC.

2.2.8 Providing notice of cancellation to FERC. The ISO shall file all required notices of cancellation with FERC, and shall seek to make such cancellations effective on the date of termination under this Agreement.

2.2.9 Notice of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates following the conclusion of this Agreement. Owner shall provide the ISO with notice at least twenty-one (21) days in advance of the date this Agreement will terminate for an RMR Generator, identifying the RMR Generator(s) that Owner intends will continue participating in the ISO Administered Markets following the conclusion of this Agreement. If Owner intends to reduce the scope of a (former) RMR Generator's participation in the ISO Administered Markets following the conclusion of this Agreement, it may so inform the ISO in its notice. Following the conclusion of this Agreement, the ISO shall not permit Energy, Ancillary Services or Unforced Capacity to be offered into or scheduled in the ISO Administered Markets from a former RMR Generator unless and until (a) adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff is timely posted, and (b) all obligations under Rate Schedule 8 to the Services Tariff to repay Capital Expenditures and other above market revenues are being complied with.

## **2.3 Survival.**

Notwithstanding the termination of this Agreement, the Parties shall continue to be bound by the provisions of this Agreement which by their nature are intended to, and shall, survive such termination, including Sections 3.2.4 (Refund of Insurance Proceeds), 3.3.7 (Inform Subsequent Purchaser of Repayment Obligations), 4.3.4 (Obligation to Repay Capital Expenditures and Other Above Market Revenues), 4.7 (Penalties), 4.8 (Wind-Down Costs), 6.2 (Books and Records, Audit Rights), 7.2.8 (Refund of Insurance Proceeds), 9.2.1 and 9.2.2 (Liability),

9.2.3 (Indemnification), and 11.10 (Confidentiality). The ISO shall continue to apply Services  
Tariff Rate Schedule 8 and OATT Rate Schedule 14 when addressing any remaining charges,  
payments, credits or revenues earned or owed pursuant to this Agreement.

## **ARTICLE 3 - RIGHTS AND OBLIGATIONS**

### **3.1 In General.**

3.1.1 During the Term, the Owner shall operate, maintain, offer and administer each RMR Generator in accordance with (a) the ISO Tariffs, (b) this Agreement, and (c) the ISO Procedures. If Owner identifies an apparent conflict between the rules it is expected to follow, it should promptly contact the ISO to resolve the concern.

3.1.2 Except as otherwise limited by this Agreement, including Section 11.1 hereof, Owner may designate one or more agents to perform its obligations under this Agreement. Actions taken by Owner's agents are considered actions by Owner. Owner shall require its agents to comply with the terms and conditions of this Agreement, and Owner shall remain primarily liable for the performance of its agents. Owner hereby ratifies and confirms all actions undertaken by its agents on behalf of Owner.

3.1.3 Owner is responsible for performing all billing obligations for each RMR Generator irrespective of whether or not it is the registered billing organization for each RMR Generator. Owner may designate or change the registered billing organization Owner relies on to fulfill these obligations in accordance with ISO Procedures.

### **3.2 Insurance.**

3.2.1. At all times during the Term, Owner shall maintain insurance, written for amounts and by insurance companies acceptable to the ISO. Owner's insurance shall include (a) All Risk Property Insurance against "all risks" of physical loss or damage to the RMR Generator(s), (b) Commercial General Liability Insurance for personal injury, bodily injury, including death and property damage, and (c) Umbrella Liability Insurance.



3.2.2. Owner shall cause its insurance providers to issue endorsements (a) waiving all rights of subrogation in favor of ISO, its directors, officers, agents and employees, and (b) naming ISO as a cancellation notice recipient for all coverages.

3.2.3 Prior to the Start Date, Owner shall provide certificates of insurance for all insurance required in this Agreement. Owner shall also provide ISO with written notice of renewals, or any material changes in, or cancellation of, any required insurance policy or endorsement, no later than ten (10) days prior to the effective date thereof, including a revised certificate of insurance with evidence providing details sufficient to demonstrate Owner's continuous and uninterrupted coverage.

3.2.4 If Owner receives insurance proceeds from an insurance policy that Owner identified as an avoidable cost, and if Owner does not use those insurance proceeds to repair or improve the RMR Generator, then Owner shall make a reconciliation ("true-up") filing with the FERC and pay all such insurance proceeds to ISO that exceed the amount actually expended by the Owner to repair or improve the RMR Generator. The ISO shall distribute any insurance proceeds it receives pursuant to the requirements of this Section 3.2.4 consistent with Section 6.14.6.1 of Rate Schedule 14 to the ISO OATT.

### **3.3 Contracts, Permits and Orders.**

3.3.1 Providing Contracts and Permits affecting each RMR Generator when requested by the ISO. Owner shall promptly provide a complete, up-to-date copy of any Contract, Permit or Order the ISO requests that: (a) addresses the ownership or control of an RMR Generator, (b) is relevant to determining the costs and revenues of an RMR Generator (including the cost of a repair, addition or modification), (c) addresses the operation of an RMR Generator, or (d) could impact the availability, production or sale of Energy, Unforced Capacity, or Ancillary Services

from an RMR Generator. If a Contract, Permit or Order that the ISO requests is in the process of being renewed, extended, modified or re-negotiated, Owner shall so inform the ISO when it provides the requested Contract, Permit or Order to the ISO.

3.3.2 Consistent with Section 5.12.4(c) of the Services Tariff, Owner shall not enter into any Contracts during the Term of this Agreement that would impair or otherwise diminish the ability of an RMR Generator to perform the requirements of this Agreement or of the ISO's Tariffs or Procedures, nor will Owner cause or authorize other entities to enter into a Contract that would prevent an RMR Generator from operating consistent with the requirements of this Agreement or of the ISO's Tariffs or Procedures.

3.3.3 Consistent with Sections 5.12.7, 5.12.8, 23.4.5.8 and 23.6.1.1 of the Services Tariff and Sections 3.5 and 3.7 of this Agreement, during the Term of this Agreement Owner shall offer all of the Energy and Ancillary Services that each RMR Generator is capable of producing directly to the ISO Administered Markets, and shall offer all of each RMR Generator's Unforced Capacity in each ICAP Spot Market Auction, unless Owner is precluded from doing so by a Contract that was in effect before Owner executed this Agreement, but only to the extent and for the duration of the obligation under such Contract.

3.3.4 Owner shall submit a summary of the key terms and conditions of all Contracts (1) that were executed prior to the execution of this Agreement, and (2) that prevent all or any portion of the Energy or Ancillary Services that one or more RMR Generator(s) are capable of producing, or prevent all or any portion of one or more RMR Generator(s) Unforced Capacity, from being offered directly to the ISO Administered Markets to FERC, along with this Agreement as part of the Federal Power Act Section 205 filing that includes this Agreement and

an APR or an Owner Developed Rate. Owner's submission must list all of the parties to each Contract and specifically identify all Affiliates with which it executed Contracts.

3.3.4.1 The following RMR Generators are subject to Contracts that predate the execution of this Agreement that affect the quantity of Energy, Ancillary Services or Unforced Capacity that will be offered directly to the ISO Administered Markets by each identified RMR Generator:

[OWNER TO ADD/PROVIDE ONE OR MORE TABLES THAT INCLUDE THE INFORMATION REQUIRED IN THE COLUMNS BELOW, SPECIFICALLY IDENTIFYING ANY AFFILIATES.]

RMR Generator Description of Contract Obligation Date Contract was Executed or Last  
Renewed End Date of Contract Other Parties to Contract

3.3.5 During the Term of this Agreement, Owner shall not enter into, modify, extend or renew any Contract to sell Energy, Ancillary Services or Unforced Capacity from an RMR Generator in a manner that is inconsistent with Owner's obligation to offer all of the Energy, Ancillary Services each RMR Generator is capable of producing, and to offer all of each RMR Generator's Unforced Capacity, directly to the ISO Administered Markets. The prohibition applies to the renewal of Contracts that are temporarily accommodated under Section 3.3.3 of this Agreement.

3.3.6 Transfer of ownership or control during the Term. [The/An] RMR Generator that is the subject of this Agreement may not be sold or leased, and control over [the/an] RMR Generator may not be transferred to a different entity during the Term of this Agreement unless:

(a) the sale or lease receives any necessary regulatory approvals, including FERC approval under Section 203 of the FPA; (b) Owner and the entity that is purchasing or leasing the RMR

Generator fully comply with all ISO Procedures that address the transfer of Generators; (c) the purchaser or lessee satisfies the ISO's credit requirements, (d) the purchaser or lessee becomes an ISO Customer, and (e) the purchaser or lessee agrees, in writing, to assume all of Owner's obligations under this Agreement. If the transfer is temporary, or does not include the full capability of the RMR Generator owned or controlled by Owner, then Owner shall retain all of its obligations under this Agreement and the ISO Tariffs, and the purchaser or lessee shall become subject to Owner's obligations under this Agreement and the ISO Tariffs.

3.3.7       Obligation to inform subsequent purchaser of an RMR Generator of obligation to repay cost of Capital Expenditures and other above market revenues, less depreciation, prior to re-entering ISO Administered Markets. If Owner sells an RMR Generator or an interest in an RMR Generator, during or following the Term of this Agreement, then Owner shall inform any and all purchasers of any Capital Expenditures and other above market revenues that must be repaid in accordance with Rate Schedule 8 to the ISO's Services Tariff in order for the ISO to permit Energy, Ancillary Services or Unforced Capacity to be offered into, or to be scheduled in, the ISO Administered Markets from the (former) RMR Generator following the conclusion of this Agreement with regard to that Generator.

### **3.4       Testing.**

3.4.1. RMR Generators shall timely comply with all ISO requirements that are necessary for an RMR Generator to provide a product or service it is required to provide under the ISO's Tariffs or this Agreement. When necessary, Owner shall arrange in advance with the ISO, in accordance with the ISO's Outage Scheduling Manual, to self-schedule an RMR Generator in order to perform a required test.

3.4.2. If, prior to or during the 365 Day Notice Period, an RMR Generator that is required to

provide Voltage Support Services under Section 3.8 of this Agreement did not perform all testing that would be required to permit the RMR Generator to provide Voltage Support in the ISO Administered Markets during the Term of this Agreement, then the ISO shall require the RMR Generator to promptly test and shall permit the RMR Generator to provide Voltage Support in the ISO Administered Markets during the Term of this Agreement, consistent with Section 15.2 of the Services Tariff.

### **3.5 Energy Market Participation.**

In accordance with Sections 23.6.1.1 through 23.6.1.5 of the Services Tariff, Owner shall offer for sale into the Day-Ahead and Real-Time Markets all of the Energy and Ancillary Services each RMR Generator is capable of providing by submitting ISO-committed flexible Bids (offers) at or below (equally or less restrictive than for physical parameters) the Reference Levels that are currently on-file with the ISO and approved for use by the ISO's MMA. RMR Generators that are not Installed Capacity Suppliers, or that have not sold all of their Unforced Capacity, must still be offered into the Energy and Ancillary Services markets consistent with this obligation. *See also* Services Tariff Sections 5.12.7 and 5.12.8.

Consistent with Section 23.6.1.1 of the Services Tariff, Owner shall offer Energy, Operating Reserves and Regulation at prices that are equal to or less than each RMR Generator's ISO-approved Reference Levels. Consistent with Sections 23.6.3.1 through 23.6.3.3 of its Services Tariff, the ISO will mitigate dollar-denominated Bids that exceed an RMR Generator's currently effective Reference Levels and will perform all other Tariff-authorized mitigation.

Consistent with Sections 23.3.1.4.6.1 and 23.6.2.5 of the Services Tariff, Owner shall timely submit fuel price updates and fuel type updates to the ISO so that they can be incorporated to develop accurate Reference Levels for each RMR Generator. Submission of an inaccurate fuel

price update or fuel type update may require the ISO to assess a financial penalty in accordance with Section 23.4.3.3.3 of the Services Tariff, or may result in the ISO's referral of Owner's failure to submit accurate fuel cost information to its Market Monitoring Unit for possible referral to FERC's Office of Enforcement.

Owner is not required to submit hourly offers in the Real-Time Market for an RMR Generator that is not capable of being committed by the ISO's Real-Time Commitment ("RTC") if the RMR Generator was not committed Day-Ahead. If such an RMR Generator was committed Day-Ahead, Owner shall offer the RMR Generator into the Real-Time Market for the hours of its Day-Ahead schedule and for additional real-time hours consistent with the RMR Generator's operating capabilities. Owner is required to timely respond to a Supplemental Resource Evaluation ("SRE") or an Out-of-Merit ("OOM") commitment request issued by the ISO or by a Transmission Owner for an RMR Generator. *See Services Tariff Sections 23.6.1.1.4 and 23.6.1.1.5.*

If and to the extent an RMR Generator is not available, or is not fully available, Owner shall timely notify the ISO of the outage or derate in accordance with ISO Procedures and accurately reflect each RMR Generator's availability in its Bids. If an RMR Generator's Variable Costs change as a result of the derate, then Owner must contact the ISO's MMA Department to request changes to the RMR Generator's Reference Levels. *See Services Tariff Sections 23.6.1.1.6.*

### **3.6 RMR Generator Reference Levels.**

3.6.1 In advance of the execution of this Agreement the ISO, Owner and the ISO's External Market Monitoring Unit performed a thorough review of each RMR Generator's Reference Levels consistent with Section 23.6.2.3 of the Services Tariff. Before it executed this Agreement, Owner reviewed and is aware of the Reference Levels that the ISO determined for

each RMR Generator that is subject to this Agreement. During the Term of this Agreement changes to an RMR Generator's Reference Levels shall only be made consistent with Section 23.6.2 of the Services Tariff.

3.6.2 Changes to an RMR Generator's variable costs for purposes of providing Energy, Reserves and Regulation shall be addressed via modifications to the RMR Generator's Reference Levels using the adjustment process set forth in Section 23 of the Services Tariff. Owner is responsible for ensuring that an RMR Generator's fuel costs and Reference Levels remain accurate and up-to-date. If Owner fails to provide updated information to the ISO on a timely basis mitigation, including financial penalties, may be applied in accordance with Section 23 of the Services Tariff. Failure to timely update RMR Generator information could also violate FERC's regulations. *See* 18 CFR § 1c.2(a)(2).

### **3.7 Capacity Market Participation.**

3.7.1 Each RMR Generator shall perform all obligations that an Installed Capacity Supplier of its resource type is required to perform under the Services Tariff and in accordance therewith.

3.7.2 Except as set forth in Section 3.3.3 above, during the Term of this Agreement Owner shall offer all of an RMR Generator's Unforced Capacity directly into each ICAP Spot Market Auction at \$0.00/KwMonth.

[ALTERNATE LANGUAGE If the RMR Generator has a pre-existing bilateral contract that satisfies the requirements of Section 3.3.3 of this Agreement, add to Section 3.7.2: For the Obligation Procurement Period of months [ ] through [ ] (the "bilateral period"), the RMR Generator shall offer {insert UCAP MW obligation and offer price consistent with the bilateral agreement}, and (a) for any Unforced Capacity in excess of such

amount and for any Obligation Procurement Period beyond the bilateral period, the Unforced Capacity shall be offered at a price of \$0.00/KwMonth.]

### **3.8 Restoration Services and Voltage Support Services.**

3.8.1 Each RMR Generator that provided Restoration Services (including black start service) at any time during the most recent previous twelve (12) months that it participated in the ISO Administered Markets must provide Restoration Services during the Term of this Agreement unless Owner demonstrates to the ISO that an RMR Generator is not presently capable of providing Restoration Services.

[State whether each RMR Generator will provide Restoration Services or identify the RMR Generators that will provide Restoration Services.]

3.8.2 Each RMR Generator that provided Voltage Support Service at any time during the most recent previous twelve (12) months that it participated in the ISO Administered Markets must provide Voltage Support Service during the Term of this Agreement unless Owner demonstrates to the ISO that an RMR Generator is not presently capable of providing the service.

[State whether each RMR Generator will provide Voltage Support or identify the RMR Generators that will provide Voltage Support.]

### **3.9 Self-Scheduling.**

Owner is expected to offer each RMR Generator into the NYISO's Energy and Ancillary Service markets using the ISO-committed flexible bid mode at its Reference Levels for economic scheduling. However, Owner may request permission to self-schedule an RMR Generator for operational and maintenance considerations, including required testing or for fuel management purposes. The ISO may accept or reject the requested self-schedule in its sole discretion.



Variable Costs during ISO-approved self schedules will be the self-scheduled RMR Generator's  
Reference Levels.

## ARTICLE 4 - COMPENSATION AND SETTLEMENT

### 4.1 In General.

In lieu of receiving market compensation Owner shall receive the APR that FERC accepted for filing, [*or* Owner shall receive an Owner Developed Rate that Owner submitted to FERC under Section 205 of the Federal Power Act and that FERC accepted for filing,] including any modifications required by FERC.

[ALTERNATIVE LANGUAGE IS INCLUDED SO THAT THE *PRO FORMA* AGREEMENT CAN BE USED FOR AN AVAILABILITY AND PERFORMANCE RATE OR FOR AN OWNER DEVELOPED RATE.]

There are four components to the APR: RMR Avoidable Costs, Variable Costs, the Availability Incentive and the Performance Incentive. Each component of the APR is explained below and a rate is set forth for each component below.

The ISO will pay the APR in accordance with Rate Schedule 8 to its Services Tariff. RMR Avoidable Costs and Variable Costs are calculated daily and paid on a weekly basis. The Performance Incentive (if any) is paid on a monthly basis. The Availability Incentive (if any) is paid on a seasonal basis. When necessary, Penalties are assessed on monthly invoices.

[OWNER DEVELOPED RATE ALTERNATIVE LANGUAGE. THERE ARE TWO COMPONENTS TO AN OWNER DEVELOPED RATE. THE FIRST COMPONENT IS VARIABLE COSTS, WHICH IS DETERMINED IN THE SAME MANNER AS VARIABLE COSTS ARE DETERMINED UNDER THE APR. THE SECOND COMPONENT IS THE FERC AUTHORIZED COMPONENT. THE FERC AUTHORIZED COMPONENT EFFECTIVELY REPLACES THE RMR AVOIDABLE COST COMPONENT OF THE APR

WITH THE COSTS THAT FERC AUTHORIZES FOR RECOVERY IN AN ORDER ISSUED PURSUANT TO SECTION 205 OF THE FEDERAL POWER ACT. BECAUSE AN OWNER DEVELOPED RATE IS EXPECTED TO EXCEED AN RMR GENERATORS RMR AVOIDABLE COSTS, NO AVAILABILITY OR PERFORMANCE INCENTIVES ARE AVAILABLE.

THE ISO WILL PAY AN OWNER DEVELOPED RATE IN ACCORDANCE WITH RATE SCHEDULE 8 TO ITS SERVICES TARIFF. FERC AUTHORIZED COSTS AND VARIABLE COSTS SHALL BE CALCULATED DAILY AND PAID ON A WEEKLY BASIS.]

In addition to setting forth the APR for each RMR Generator, this Agreement sets forth the obligation, or references the obligation in the ISO Tariffs, of RMR Generators that are subject to an APR to pay penalties prescribed by the ISO's Tariffs, each RMR Generator's obligation to repay the cost of Capital Expenditures and other above market revenues that were paid for under an APR or under an Owner Developed Rate, if and when the RMR Generator returns to the ISO-Administered Markets following the conclusion of this Agreement, the circumstances under which the ISO will continue to repay Capital Expenditures after an RMR Generator's obligation to provide service under this Agreement ends and the RMR Generator becomes Retired or enters a Mothball Outage, and the circumstances under which the ISO will pay wind-down costs to RMR Generators whose RMR Agreements are terminated early by the ISO due to the conclusion of the Reliability Need.

## **4.2 Recovery of Variable Costs.**

Variable Costs are the incremental costs an available RMR Generator incurs to produce Energy or Ancillary Services. Variable Costs may change frequently; for example, when fuel prices change.

### **4.2.1. Cost of Providing Energy, Operating Reserves and Regulation**

Consistent with Rate Schedule 8 to the Services Tariff, Owner shall be compensated on a weekly basis for providing Energy, Operating Reserves and Regulation based on the lesser of (a) the Bids that were submitted for an RMR Generator, or (b) the Reference Levels that are in place for an RMR Generator. The ISO will not compensate an RMR Generator for unscheduled overproduction that exceeds Compensable Overgeneration, as defined in the Services Tariff.

The ISO develops Reference Levels in accordance with Section 23 of its Services Tariff. The process the ISO uses to develop Reference Levels for each RMR Generator is described in Section 3.6 of this Agreement. The rules for changing a Reference Level that applies to an RMR Generator are set forth in Sections 23.3.1.4 and 23.6.2 of the Services Tariff.

### **4.2.2 Costs of Providing Voltage Support and Restoration Services**

Voltage Support and Restoration Services (black start) are components of an RMR Generator's Variable Costs. Consistent with Rate Schedule 8 to the Services Tariff, Owner shall be compensated on a weekly basis for providing Voltage Support and/or Restoration Services.

When determining the compensation an RMR Generator is eligible to receive for Voltage Support and/or Restoration Services the ISO shall treat each RMR Generator's cost of providing either service as being equal to the Tariff-authorized compensation that the ISO pays Generators for providing the service. RMR Generators that require additional or different compensation to provide Voltage Support or Restoration Services must file at FERC and obtain a different rate

from FERC for providing these services.

### **4.3 Recovery of RMR Avoidable Costs.**

RMR Avoidable Costs are the fixed costs that would be avoided if an RMR Generator were to exit the ISO Administered Markets in the manner described in the Generator Deactivation Notice (to enter a Mothball Outage or become Retired), including, but not limited to, mandatory capital expenditures, fixed operating and maintenance costs, and forgone opportunity costs, determined by the ISO in accordance with Rate Schedule 8 to the Services Tariff and Section 38.8 of Attachment FF to the OATT, but not including variable costs and any other cost that may be included in the RMR Generator's Reference Level.

The RMR Generator-specific rates set forth below identify when each RMR Generator's RMR Avoidable Costs will change, and the amount of each change, or the expected amount of the change for Capital Expenditures. The RMR Avoidable Cost component of RMR Generator's APR may change on specific dates, or when specified milestones are met, such as the entry into service of a Capital Expenditure. In addition to the expected changes in RMR Avoidable Costs specified below, an RMR Generator's RMR Avoidable Costs may change due to the need for unexpected extraordinary maintenance or repairs (Additional Expenses) during the Term of this Agreement.

#### **4.3.1 Generator-Specific RMR Avoidable Costs.**

The RMR Avoidable Costs each RMR Generator that is providing service under an APR is authorized to recover are set forth in the table(s) below. However, the Capital Expenditures identified in the table(s) below are only estimates. The ISO will instead use the actual costs incurred for each Capital Expenditure to determine the APR, in accordance with Section 38.17 of Attachment FF to the OATT, as explained in Section 4.3.2 of this Agreement.

[FOR EACH RMR GENERATOR, ADD A TABLE SPECIFYING (1) THE INITIAL RMR AVOIDABLE COST (IDENTIFYING THE SIGNIFICANT COST COMPONENTS), (2) DATES WHEN, AND/OR SPECIFIC MILESTONES WHEN AVOIDABLE COSTS WILL CHANGE, SPECIFYING HOW MUCH THE COSTS WILL CHANGE (OR ARE EXPECTED TO CHANGE, WHEN THE MILESTONE IS THE IN-SERVICE DATE OF A CAPITAL EXPENDITURE) ON EACH DATE/AT EACH MILESTONE AND BRIEFLY STATING THE REASON FOR EACH CHANGE.]

[ADDITIONAL COSTS THAT ARE FILED FOR FERC REVIEW/ACCEPTANCE SHOULD BE ADDED TO THESE TABLES.]

#### **4.3.2 Capital Expenditures.**

Capital Expenditures are purchases, non-operational leases of or modifications to real property and/or assets (including, but not limited to, land, buildings and equipment) that (a) are required for the continued operation of one or more RMR Generator(s) during the term of an RMR Agreement, (b) have a useful life greater than one year, and (c) are not otherwise included in the NYISO's calculation of RMR Avoidable Costs. Consistent with Section 38.17.1 of Attachment FF to the OATT, each Capital Expenditure must be distinctly identified in the tables set forth in Section 4.3.1 of this Agreement for RMR Generators that are receiving an APR, or in Section 4.6 of this Agreement for RMR Generators that are being compensated pursuant to an Owner Developed Rate. An expected cost and an expected in-service or completion date must be specified for each Capital Expenditure.

4.3.2.1 Submission of Capital Expenditures in initial FERC filing(s) by ISO and/or Owner. Consistent with Section 38.11 of Attachment FF to the OATT, Capital Expenditures of \$10 million per year or less (or \$25 million per year or less for nuclear-powered RMR Generators)

(hereafter, the “10/25 *per annum* limit”) may be included in an executed RMR agreement with an APR that is filed by the ISO for FERC’s review. If Capital Expenditures that exceed the 10/25 *per annum* limit are necessary in any year of the Term of this Agreement, then Owner must file separately at FERC to recover any Capital Expenditure costs that exceed the 10/25 *per annum* limit. Owner Developed Rates must separately delineate Capital Expenditures so that the cost of Capital Expenditures can be recovered in accordance with the rules set forth in Section 38.17 of Attachment FF to the OATT.

4.3.2.2 ISO review of Capital Expenditures prior to commencing reimbursement. In accordance with Section 38.17.7 of the OATT the ISO is required to verify and validate Owner’s actual expenditures. If the actual cost of a Capital Expenditure exceeds the estimate set forth in Section 4.3.1 of this Agreement by more than five (5) percent, or exceeds the Substantiated Additional Cost that was verified and validated by the ISO or the Proposed Additional Cost that was approved by FERC by more than five (5) percent, then the ISO must also review the reasonableness of the expenditure. To the extent the ISO is not able to verify and validate an expense, or if the ISO is not able to determine that the actual cost of an expenditure that exceeded the estimate presented to the ISO or to the Commission by more than five (5) percent was reasonable, then Owner must present its Capital Expenditure costs to FERC for recovery.

4.3.2.3 Reimbursement of Capital Expenditures. Consistent with Section 38.17.8.1 of the OATT, the ISO will not provide initial financing for Capital Expenditures. When an authorized or accepted Capital Expenditure enters service or is otherwise integrated into an RMR Generator, the ISO will commence reimbursing Owner for the actual, demonstrated cost of the Capital Expenditure following completion of the review process described below. Consistent with Sections 38.17.8.2 and 38.17.8.2.1 of the OATT, the ISO will reimburse Owner for each Capital

Expenditure on an accelerated basis, repaying the cost of Capital Expenditures by the End Date specified in Section 2.2.5 of this Agreement.

4.3.2.4 Development of Capital Expenditures on an expedited basis. In accordance with the requirements of Section 38.16.3 of the OATT (addressing Substantiated Additional Costs incurred during the Term of this Agreement) and Section 38.17.4 of the OATT (addressing development of a Capital Expenditure in advance of FERC action on Owner's or ISO's initial filing), when it is necessary to commence development of one or more Capital Expenditures before FERC has issued a ruling on Owner's authority to recover the cost of that or those Capital Expenditure(s), the ISO has authority to reimburse Owner for the actual costs that Owner demonstrated that it reasonably incurred constructing the Capital Expenditures up to limits of \$10 million or less (or \$25 million or less for nuclear-powered RMR Generators). Capital Expenditure costs that are authorized by the ISO pursuant to Section 38.16.3 of the OATT count toward the 10/25 *per annum* limit described in Section 4.3.2.1 above. Capital Expenditure costs that are authorized by the ISO pursuant to Section 38.17.4 of the OATT are not subject to the 10/25 *per annum* limit. Instead, the ISO may authorize additional expenditures of up to \$10 million (or \$25 million for nuclear-powered RMR Generators) each time an extraordinary event requires Owner to incur Substantiated Additional Costs. *See* Section 4.3.3 below.

4.3.2.5 ISO Approval to commence development of Capital Expenditures. In order to improve coordination between ISO and Owner, and to reduce the potential for Owner to incur costs developing a Capital Expenditure that is not needed, Owner shall obtain written approval from the ISO before it commences development of a Capital Expenditure that is scheduled to enter service more than one year after the Start Date specified in Section 2.1 of this Agreement.



4.3.2.6 Reimbursement of costs of Capital Expenditures that are not completed. If FERC issues an Order rejecting recovery of the cost of one or more Capital Expenditure(s), or if the ISO instructs Owner to cease work on a Capital Expenditure, then consistent with Sections 38.17.4, 38.17.5 and 38.17.7 of the OATT, Owner shall promptly cease its efforts and take reasonable steps to minimize any additional costs it incurs. If this Agreement is terminated early for an RMR Generator for reasons other than Owner's default or the RMR Generator's failure to satisfy one of the Minimum Operating Standards set forth in Section 7.3 of this Agreement, then the ISO shall reimburse the cost of Capital Expenditures that Owner was working to complete, subject to the requirements of Sections 38.17.5 and 38.17.7 of the OATT.

#### **4.3.3 Additional Costs.**

During the Term of this Agreement an RMR Generator that is providing service under an APR or an Owner Developed Rate may require additional Capital Expenditures or other RMR Avoidable Costs that could not have been reasonably anticipated, and are not included in or scheduled to be recovered as components of an RMR Generators RMR Avoidable Costs, or its Owner Developed Rate or its Variable Costs (hereafter, "Additional Costs").

Before it may permit recovery of Additional Costs, the ISO must first determine that (1) the Additional Costs could not have been reasonably anticipated by Owner and included in this RMR Agreement, and (2) the Additional Costs are necessary for the RMR Generator to continue to provide reliable service during the Term. The complete set of rules the ISO must follow when administering Proposed Additional Costs and Substantiated Additional Costs are set forth under Section 38.16 of the OATT.

For an RMR Generator that is providing service under an APR, the ISO is authorized by Section 38.16.3 of the OATT to allow up to \$10 million (or up to \$25 million for nuclear-powered RMR

Generators) per event in actual, incurred and verified additional Capital Expenditures to be recovered as Substantiated Additional Costs. As with any Capital Expenditure, the ISO must limit recovery of such Substantiated Additional Costs to the actual, demonstrated costs incurred and may not begin repaying the Substantiated Additional Costs until the necessary addition, maintenance or repair is completed or enters service. The ISO shall submit an informational filing to FERC informing FERC of any Substantiated Additional Costs it includes in an RMR Generator's APR.

Consistent with Section 38.16.5 of the OATT, Additional Costs (a) that involve RMR Avoidable Costs that are not Capital Expenditures, or (b) that exceed the ISO's authority to authorize, or (c) that the ISO is not able to verify or validate, or (d) that exceeded the cost estimate provided to the ISO or to FERC by more than 5 percent, and where the ISO is not able to determine that Owner made reasonable efforts to expend the least amount necessary, or (e) any Substantiated Additional Costs that an RMR Generator that is subject to an Owner Developed Rate must incur, are not eligible for recovery under this Agreement unless and until they are filed with and accepted by FERC.

**4.3.4 Requirement to Repay Capital Expenditures and Other Above Market Revenues in Accordance with Services Tariff Rate Schedule 8 in Order for the ISO to Permit a Former RMR Generator to Produce Energy, Ancillary Services or Unforced Capacity, and Associated Credit Obligations.**

If, pursuant to the terms of an RMR agreement, the ISO reimbursed all or a portion of the cost of a Capital Expenditure that was incurred to permit an RMR Generator to provide service during the Term of the RMR Agreement, and the Generator is no longer the subject of this RMR Agreement or any other RMR Agreement, and is not an Interim Service Provider, then in order for the ISO to permit the Generator to be offered into or be scheduled in the ISO Administered

Markets, the cost of all Capital Expenditures that the ISO paid to enable the RMR Generator to provide service under an RMR Agreement, less depreciation, may be required to be repaid to the ISO, over time, in accordance with the rules set forth in Rate Schedule 8 to the Services Tariff. If, pursuant to the terms of an RMR Agreement, the ISO paid an RMR Generator a rate that provided revenues in excess of the revenues the Generator would have earned if it had been participating in the ISO Administered Markets at market-based rates (using the market participation, commitment, scheduling and dispatch that occurred in the ISO Administered Markets during the Term of the RMR Agreement to perform the comparison), and the Generator is no longer the subject of this RMR Agreement or any other RMR Agreement, and is not an Interim Service Provider, then in order for the ISO to permit the Generator to be offered into or be scheduled in the ISO Administered Markets, the difference between the revenues the RMR Generator received under an RMR Agreement (including money provided to reimburse Capital Expenditures) and the revenues the Generator would have earned if it had been participating in the ISO Administered Markets at market-based rates (taking into account applicable depreciation and the time value of money) may be required to be repaid to the ISO, over time, in accordance with the rules set forth in Rate Schedule 8 to the Services Tariff.

The ISO shall only allow a former RMR Generator to participate in the ISO Administered Markets if it is meeting all of its credit and repayment obligation(s), or has fully satisfied its repayment obligation(s). Otherwise, the ISO shall not permit Energy, Ancillary Services or Unforced Capacity to be offered into or scheduled in the ISO Administered Markets from the former RMR Generator.

The repayment obligation applies when a former RMR Generator is participating in the ISO Administered Markets while it is eligible to receive market-based rates, until the obligation has

been fully repaid. The repayment obligation is not imposed while a former RMR Generator or former Interim Service Provider is in a Mothball Outage or ICAP Ineligible Forced Outage, or is Retired. If a former RMR Generator or former Interim Service Provider returns from being Retired, or from being in a Mothball Outage or ICAP Ineligible Forced Outage, to participate in the ISO Administered Markets while it is eligible to receive market-based rates, then the ISO will recalculate and reinstate an updated repayment obligation in accordance with Rate Schedule 8 to its Services Tariff.

A former RMR Generator that returns to participating in the ISO Administered Markets at market-based rates must re-complete the Short-Term Reliability Process before it will be permitted to exit the ISO Administered Markets. Until the former RMR Generator enters a Mothball Outage or becomes Retired, it may continue to accrue repayment obligations in accordance with Rate Schedule 8 to the Services Tariff.

If Owner notices an RMR Generator's return to the ISO Administered Markets consistent with Section 2.2.9 of this Agreement, but it has not timely posted adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff, then the ISO shall not permit the Generator to submit offers or receive schedules and shall place the unit in Inactive Reserve for up to sixty (60) days. If Owner has not met its obligation to post adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff at the end of the sixty (60) days, then the ISO shall place the Generator in the state that it originally noticed (mothballed or retired). If the Generator returned from a mothball to provide RMR service, then the ISO shall return the Generator to a Mothball Outage. If the Generator returned from an ICAP Ineligible Forced Outage to provide RMR service, then the ISO shall place the Generator in a Mothballed Outage or Retired state, at

Owner's election.

#### **4.4 Availability Incentive.**

The baseline used to calculate the Availability Incentive each RMR Generator that is being compensated under an APR is eligible to recover is set forth in the table below. The incentive shall be calculated in accordance with Rate Schedule 8 to the Services Tariff. The ISO shall use each RMR Generator's actual availability and the baseline specified in the table below to determine the incentive (if any) it shall pay for availability over a six-month Capability Period.

[ADD TABLE SPECIFYING THE AVAILABILITY BASELINE FOR EACH RMR GENERATOR.]

#### **4.5 Performance Incentive.**

The baseline used to calculate the Performance Incentive each RMR Generator that is being compensated under an APR is eligible to recover is set forth in the table below. The incentive shall be calculated in accordance with Rate Schedule 8 to the Services Tariff. The ISO shall use each RMR Generator's actual performance and the baseline specified in the table below to determine the incentive (if any) it shall pay for performance each month.

[ADD TABLE SPECIFYING THE PERFORMANCE BASELINE FOR EACH RMR GENERATOR.]

#### **4.6 Owner Developed Rate.**

Owner Developed Rates may not exceed an RMR Generator's full cost of service. Owner must separately file its Owner Developed Rate for FERC review and acceptance.

If Owner has agreed to follow, and the ISO has separately filed the *pro forma* terms and conditions of service, then the ISO shall incorporate the accepted Owner Developed Rate,

including any modifications instructed by FERC, into this Agreement after FERC issues an Order accepting the Owner Developed Rate.

The costs each RMR Generator is authorized to recover under an Owner Developed Rate are explained below (using the explanation(s) provided by Owner) and set forth in the table(s) below. The table(s) below must distinctly identify and set forth the estimated cost of each Capital Expenditure, and the date on which each Capital Expenditure is expected to enter service.

The rules for recovering the cost of Capital Expenditures under an Owner Developed Rate, including the rules that apply if an RMR Generator continues to, or returns to participate in the ISO-Administered Markets following the conclusion of this Agreement, are the same rules that apply to Generators that are compensated pursuant to an APR. *See* Section 4.3.2 of this Agreement.

RMR Generators that are compensated pursuant to an Owner Developed Rate are not eligible to receive an Availability Incentive or a Performance Incentive. RMR Generators that are compensated pursuant to an Owner Developed Rate must obtain FERC approval to recover Substantiated Additional Costs.

[OWNER TO ADD EXPLANATION OF PROPOSED OWNER-DEVELOPED RATE THAT IS CONSISTENT WITH THE REQUIREMENTS OF THIS AGREEMENT AND THE ISO'S TARIFFS, INCLUDING BUT NOT LIMITED TO THE RULES FOR IMPLEMENTING RMR RATES THAT ARE SET FORTH IN RATE SCHEDULE 8 TO THE SERVICES TARIFF AND THE RULES IN SECTION 38.17 OF THE OATT ADDRESSING THE RECOVERY OF CAPITAL EXPENDITURES. OWNER SHALL INCLUDE ONE OR MORE TABLES THAT SPECIFY THE RATE THAT WILL APPLY TO EACH RMR GENERATOR.]

#### **4.7 Penalties.**

Each RMR Generator that is providing service under an APR is subject to all of the potential penalties, sanctions, deficiency charges and any similar charges, except for under-generation penalties (collectively, for purposes of this paragraph, “penalties”), that may apply to Generators under the ISO Tariffs. *Provided, however,* that the total amount of penalties that can be assessed to an RMR Generator that is providing service under an APR shall be capped at the total, cumulative amount of Performance Incentive payments and Availability Incentive payments computed by the ISO to be due to that RMR Generator through the end of the month in which one or more penalties are charged.

RMR Generators that are compensated pursuant to an Owner Developed Rate are subject to all of the potential penalties, sanctions, deficiency charges and any similar charges, including under-generation penalties, that may be assessed to Generators under the ISO Tariffs, without limitation.

#### **4.8 Wind-Down Costs.**

If the ISO terminates this Agreement early due to the conclusion of the Reliability Need prior to the end of the Term of this Agreement (*see* Section 2.2.1 above), then the ISO shall pay any demonstrated, actual additional wind-down costs that Owner must incur to place an RMR Generator in a Mothballed Outage or Retired state at the conclusion of this Agreement because the ISO terminated the Agreement early, in accordance with Sections 38.17.5 and 38.17.7 of the OATT. The ISO shall not pay such costs if a (former) RMR Generator continues to participate in the ISO Administered Markets following the conclusion of this Agreement. If Owner does not agree with the ISO’s determination of the actual additional costs it had to incur due to the ISO’s early termination of this Agreement, then Owner may submit a filing to FERC under Section 205

of the FPA seeking recovery of additional costs it will incur due to the ISO's early termination of this Agreement. The ISO may pay wind-down fees after the termination of this Agreement pursuant to Services Tariff Rate Schedule 8 and recover them from the (former) RMR LSEs under OATT Rate Schedule 14.



## **ARTICLE 5 - MARKET MONITORING**

### **5.1 Market Power Mitigation.**

Although this Agreement requires the submission of Energy and Ancillary Service Bids for the RMR Generator(s) at fuel-adjusted Reference Levels, nothing herein shall preclude the ISO from applying any provision of its Market Power Mitigation Measures (Section 23 of the Services Tariff) to Owner, any Affiliate of Owner, the RMR Generator, or any other resources of Owner or of any Affiliate of Owner, including (a) the mitigation of Bids submitted for RMR Generators that are covered by this Agreement, and (b) conducting audits and reviews and imposing penalties pursuant to Sections 23.2.4.1.1, 23.3.1.1 and 23.4.5.6 of the Services Tariff.

The ISO's assessment of financial penalties, sanctions, deficiency charges and the like, for failure to comply with the Market Power Mitigation Measures or other provisions of the ISO's Tariffs, are addressed in Section 4.7 of this Agreement.

## **ARTICLE 6 - REPORTING AND AUDIT**

### **6.1 Information Access.**

Owner shall maintain and shall promptly make available to ISO upon request, any books, records, documents or information in its possession or control that are necessary for ISO to:

(a) audit, determine, substantiate or verify any of the costs that Owner has incurred, or that Owner is permitted to recover under this Agreement and the ISO Tariffs, and (b) carry out its responsibilities under this Agreement and its Tariffs.

### **6.2 Books and Records; Audit Rights.**

6.2.1 During the Term and for six (6) years thereafter (or for a longer term, if necessary to permit the ISO to repay the cost of a Capital Expenditure and other above market revenues that a former RMR Generator is required to repay under Rate Schedule 8 to the ISO's Services Tariff), Owner shall keep detailed and accurate books and records, together with any supporting documents, pertaining to (a) the performance of its obligations under this Agreement, (b) the operation of each RMR Generator, including its availability, performance and Variable Costs, and (c) all components that went into developing the APR or the Owner-Developed Rate, including all adjustments thereto, Capital Expenditures and Substantiated Additional Costs.

6.2.2 Subject to the confidentiality requirements in Section 11.10 of this Agreement, Owner shall provide or make such books and records (including copies and extracts) available to ISO for inspection and audit at any time, upon reasonable notice.

## **ARTICLE 7 - RESOURCE OPERATION AND MAINTENANCE**

### **7.1 Planned Outages.**

7.1.1 First year of RMR operation. The ISO and Owner have developed a planned outage schedule covering the first year of each RMR Generator's operation under this Agreement. The agreed upon schedule is included as Confidential Schedule 2 to this Agreement. The ISO will accommodate limited, reasonable changes to the agreed planned outage schedule requested by Owner, so long as such changes will not interfere with the ability of the RMR Generator to meet the Reliability Need. Planned outage schedules for subsequent years will be developed in accordance with this Article 7.

7.1.2 Owner shall be entitled to take the RMR Generator out of operation or reduce the net capability of the RMR Generator during ISO-approved Planned Outages, in accordance with the schedule for Planned Outages as established and implemented pursuant to the ISO's Outage Scheduling Manual. The ISO may amend or cancel ISO-approved Planned Outages if necessary to protect system reliability. Consistent with Section 4.4 of this Agreement and Section 15.8.3 of Rate Schedule 8 to the Services Tariff, Planned Outages may reduce the Availability Incentive (if any) paid to an RMR Generator. Performance Incentives can be earned when an RMR Generator is scheduled in real-time.

7.1.3 The ISO and the MMU shall monitor deviations from each RMR Generator's historic planned outage schedules. Owner shall promptly respond to ISO and MMU requests for explanations, information and data regarding or supporting outage schedules.

## **7.2 Forced Outages.**

7.2.1 Generally. Owner shall be entitled to take the RMR Generator out of operation or reduce the net capability of the RMR Generator upon the occurrence of a Forced Outage.

Consistent with Section 4.4 of this Agreement and Section 15.8.3 of Rate Schedule 8 to the Services Tariff, Forced Outages may reduce the Availability Incentive (if any) paid to an RMR Generator. Performance Incentives can be earned when an RMR Generator is scheduled in real-time.

7.2.2 The ISO and the MMU shall monitor deviations from each RMR Generator's historic forced outage rate. Owner shall promptly respond to ISO and MMU requests for explanations, information and data regarding or supporting forced outages, including the time required to return from a Forced Outage.

7.2.3 Notice of Forced Outage. In the event of a Forced Outage that is anticipated to last for more than ten (10) days, in addition to any other notification obligation arising under the ISO Tariffs and Procedures, Owner shall promptly notify the ISO, in accordance with the Outage Scheduling Manual, in writing that a Forced Outage has occurred and estimate its duration (a "Notice of Forced Outage").

7.2.4 Notice of Proposed Additional Costs. Owner shall also submit a Notice of Proposed Additional Costs to the ISO if it expects that costs that exceed the lesser of (a) \$250,000, or (b) five (5) percent of annual RMR Avoidable Costs (excluding Capital Expenditures), will need to be incurred to return the RMR Generator to service, and if it satisfies the other requirements of Section 38.16.1 of the OATT. If the cost of returning an RMR Generator to service does not exceed the lesser of (a) \$250,000, or (b) five (5) percent of annual RMR Avoidable Costs,

excluding Capital Expenditures, then Owner shall promptly return the RMR Generator to service without additional recompense, consistent with Section 38.16.1.1 of the OATT.

7.2.5 Notice of Shut-down. As soon as reasonably practicable after the date of a Notice of Forced Outage but in no event greater than thirty (30) days from the start of such Forced Outage, either Party may, after assessing the nature, expected duration, and expected incurrence of Proposed Additional Costs or Substantiated Additional Costs, notify the other in writing of its determination that the RMR Generator shall, subject to the provisions of Section 7.2.9 of this Agreement, be Shut-down (a “Notice of Shut-down”) and if such notice applies to the entire RMR Generator that this Agreement should be terminated with regard to the affected RMR Generator.

7.2.6 In the event that an RMR Generator is Shut-down, Owner shall only be entitled to receive the APR or Owner Developed Rate through the Shut-down Date for that RMR Generator. However, the ISO may continue to repay the cost of Capital Expenditures incurred at the shut-down Generator in accordance with Section 4.3.2 of this Agreement and Section 38.17.5 of the OATT. With respect to a Shut-down applying only to some of the units that together comprise an RMR Generator, this Agreement shall remain in full force and effect with respect to the remaining unit(s).

7.2.7 Restoration following Owner Notice of Shut-down. With respect to a Notice of Shut-down made by Owner, if within thirty (30) days of receipt of Owner’s Notice of Shut-down ISO provides written notice to Owner that it is willing to allow or support (as appropriate) recovery of any Substantiated Additional Costs that may be required to recover from such Forced Outage in accordance with Section 4.3.3 of this Agreement and Sections 38.16.2.1, 38.16.3, 38.16.5 and 38.17.2 of the OATT, Owner agrees that it will, with reasonable dispatch, take the action

requested by ISO, *i.e.*, not Shut-down the RMR Generator, take all actions necessary to obtain any required FERC approval, and incur the costs necessary to return the RMR Generator to service from such Forced Outage, subject to reimbursement by the ISO in accordance with Section 4.3.3 of this Agreement and Sections 38.17.7 and 38.17.8 of the OATT.

7.2.8 Owner is obligated to use its best efforts to minimize any costs it must incur, and the Substantiated Additional Costs that the ISO reimburses Owner for will be subject to offset by any proceeds from any and all third-party sources, including insurance proceeds, paid to Owner to return the RMR Generator from the Forced Outage. If Owner receives insurance proceeds or other compensation after the ISO pays Owner's Substantiated Additional Costs, then Owner shall make a subsequent reconciliation ("true-up") filing with the FERC and refund any payments to ISO for Substantiated Additional Costs that exceed the amount actually expended by the Owner, after offsets. The ISO shall distribute any insurance proceeds or other compensation it receives pursuant to the requirements of this Section 7.2.8 consistent with Section 6.14.6.1 of Rate Schedule 14 to the OATT.

7.2.9 Shut-down Date. With respect to a Notice of Shut-down issued by ISO pursuant to Section 7.2.5, the "Shut-down Date" shall be the end of hour beginning 23 at the end of the month that includes the date that is the later of (a) ten (10) days after the receipt of such Notice of Shut-down by the Owner, or (b) sixty (60) days after the Forced Outage began. With respect to a Notice of Shut-down issued by Owner pursuant to Section 7.2.5, the Shut-down Date shall be the end of the month that includes the date that is the later of (x) thirty (30) days after the receipt of such Notice of Shutdown by ISO, or (y) sixty (60) days after the Forced Outage began, unless ISO has agreed to pay Owner's Substantiated Additional Costs in accordance with Section 7.2.7, in which case no Shut-down Date will have occurred with respect to such Notice of Shut-down.

As of the Shut-down Date, Owner may place the former RMR Generator in an ICAP Ineligible Forced Outage or reclassify the former RMR Generator's status to Retired.

### **7.3 Minimum Operating Standards.**

The requirements set forth below specify the Minimum Availability, Minimum Performance and Operation to Address the Reliability Need Standards that each RMR Generator is expected to achieve in order to continue to be entitled to compensation under this Agreement, including recovery of the cost of Capital Expenditures and Additional Costs.

#### **7.3.1 Minimum Availability Standards.**

The ISO developed the Minimum Availability Standard(s) set forth below for each RMR Generator based on (a) the RMR Generator's historical performance, (b) any deferred maintenance, repair or capital expenditure costs that are included in RMR Avoidable Costs for an RMR Generator that can reasonably be expected to improve the RMR Generator's availability, and (c) other factors that are specific to the particular RMR Generator for which the Minimum Availability Standard was developed.

[ADD TABLE WITH THE MINIMUM AVAILABILITY STANDARD THAT THE ISO WILL APPLY TO EACH RMR GENERATOR THAT IS SUBJECT TO THE RMR AGREEMENT.]

#### **7.3.2 Minimum Performance Standards.**

The ISO developed the Minimum Performance Standard(s) set forth below for each RMR Generator based on (a) the RMR Generator's historical performance when scheduled to operate in real-time by the ISO, (b) any deferred maintenance, repair or capital expenditure costs that are included in RMR Avoidable Costs for an RMR Generator that can reasonably be expected to improve the RMR Generator's performance, and (c) other factors that are specific to the particular RMR Generator for which the Minimum Performance Standard was developed.

[ADD TABLE WITH THE MINIMUM PERFORMANCE STANDARD THAT THE ISO  
WILL APPLY TO EACH RMR GENERATOR THAT IS SUBJECT TO THE RMR  
AGREEMENT.]

### **7.3.3 Operation to Address the Reliability Need Standard.**

If an RMR Generator fails to operate as requested when it is called upon by the ISO or by a Transmission Owner to address the Reliability Need that is described in Schedule 1 to this Agreement on three or more occasions over the Term of this Agreement, then the ISO may terminate this Agreement as to that RMR Generator.



## **ARTICLE 8 - FORCE MAJEURE EVENTS**

### **8.1 Definition of Force Majeure Event.**

“Force Majeure Event” shall mean a cause or occurrence preventing a Party from performing its obligations under this Agreement, which cause or occurrence is beyond the reasonable control of the Party affected, not reasonably foreseeable by such Party, not due to an act or omission of the Party affected, and which could not have been avoided by the exercise of reasonable diligence.

A Force Majeure Event shall not include any economic hardship, the cost of or inability to procure fuel, or changes in market conditions that affect the price of energy or transmission.

### **8.2 Notice of Force Majeure Event.**

If any Party is unable to perform its obligations under this Agreement due to a Force Majeure Event, the Party that is unable to perform shall promptly notify the other Party of this occurrence, the effect on its performance, the nature of any corrective action needed, its efforts to remedy its inability to perform, and when it estimates it will be able to resume performance. Thereafter the nonperforming Party shall update that information as reasonably necessary.

### **8.3 Effect of Force Majeure Event.**

If a Force Majeure event results in a Forced Outage then Sections 7.2.1. through 7.2.9 of this Agreement shall apply. If a Force Majeure Event prevents a Party from complying with any one or more obligations under this Agreement, that inability to comply will not constitute a default if (a) that Party uses reasonable efforts to remediate the Force Majeure Event in accordance with Section 8.4, and (b) that Party complies with its notice obligations under Section 8.2.

#### **8.4 Remedial Efforts.**

If a Force Majeure Event occurs, the Party unable to perform by reason of that Force Majeure Event shall use reasonable efforts to resume its performance under this Agreement as soon as practicable, to mitigate the consequences of the Force Majeure Event, and to limit damages to the other Party; provided that no Party shall be required to settle any strike, walkout, lockout, or other labor dispute on terms which, in the Party's sole discretion, are contrary to its interests.

## **ARTICLE 9 - DISPUTE RESOLUTION AND REMEDIES**

### **9.1 Dispute Resolution.**

The Parties shall make reasonable efforts to settle any dispute arising out of or in connection with this Agreement. The process and timeframe for Owner to challenge invoices related to this Agreement is set forth in Section 7.4 of the Services Tariff. For all other disputes, the Parties shall designate officers or other senior representatives to confer and attempt to resolve a dispute on an informal basis within two (2) calendar days after receiving written notice of a dispute. If the Parties are unable to resolve the dispute by mutual agreement within ten (10) business days after receiving written notice of a dispute (such period may be extended by the mutual, written agreement of the Parties), then the dispute may be referred to FERC's Dispute Resolution Division by either Party.

### **9.2 Liability and Indemnification.**

9.2.1 Liability of ISO. The ISO shall not be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability or otherwise, to Owner or any third party or other person for any damages whatsoever arising or resulting from any actions or omissions by ISO in performing its obligations under this Agreement, except to the extent ISO is found liable for gross negligence or willful misconduct, in which case ISO will only be liable for direct damages.

9.2.2 Liability of Owner. Except as set forth in Section 4.7 (Penalties) of this Agreement, or as set forth in the ISO's Tariffs, in no event shall Owner be liable to ISO for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs

arising out of, or connected in any way with the performance or non-performance of this Agreement except to the extent Owner is found liable for gross negligence or willful misconduct.

9.2.3 Indemnification. Owner shall indemnify, defend and save harmless the ISO and its directors, officers, employees and agents from any and all damages, losses, claims and liabilities by or to third parties arising out of or resulting from the performance by ISO under this Agreement or the actions or omissions of Owner in connection with this Agreement, except in cases of gross negligence or willful misconduct by the ISO or its directors, officers, employees or agents.

### **9.3 Specific Performance.**

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms and that monetary damages alone, even if available, would not be an adequate remedy. It is accordingly agreed that the Parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at Law or in equity.

### **9.4 Termination for Default.**

If any Party shall fail to perform any material obligation imposed on it by this Agreement and that obligation has not been suspended pursuant to this Agreement, the other Party, at its option, may terminate this Agreement by giving the Party in default written notice setting out specifically the circumstances constituting the default and declaring its intention to terminate this Agreement. If the Party receiving the notice does not within ten (10) days after receiving the notice, remedy the default, the Party not in default shall be entitled by a further written notice to terminate this Agreement. The Party not in default shall have a duty to mitigate damages. Termination of this

Agreement pursuant to this Section 9.4 shall be without prejudice to the right of any Party to collect any amounts due to it under this Agreement.

**9.5 Waiver.**

The failure to exercise any remedy or to enforce any right provided in this Agreement or applicable Law shall not constitute a waiver of such remedy or right or of any other remedy or right. A Party shall be considered to have waived any remedies or rights only if the waiver is in writing. A waiver given by a Party will be applicable only to the specific instance for which it is given.

**9.6 No Third-Party Beneficiaries.**

Except as is specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, confers any rights or remedies under, or by reason of, this Agreement on any persons other than the Parties and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligations or liability of any third party, nor give any third person any rights of subrogation or action against any Party.

**9.7 Remedies Cumulative.**

The rights and remedies of the Parties are cumulative and not alternative.

## **ARTICLE 10 - COVENANTS OF THE PARTIES**

### **10.1 ISO represents and warrants to Owner as follows:**

10.1.1 The ISO is a validly existing corporation with full authority to enter into this Agreement.

10.1.2 The ISO has full power and authority to enter into this Agreement and perform all of the ISO's obligations, representations, warranties, and covenants under this Agreement.

10.1.3 The ISO has taken all necessary measures to have the execution and delivery of this Agreement authorized, and upon the execution and delivery of this Agreement, this Agreement shall be a legally binding obligation of the ISO.

10.1.4 The ISO has all regulatory authorizations necessary for it to perform its obligations under this Agreement.

10.1.5 The execution, delivery, and performance of this Agreement are within ISO's powers and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party, or any Law applicable to it.

### **10.2 Owner represents and warrants to ISO as follows:**

10.2.1 Owner is duly organized, validly existing and in good standing under the Laws of the jurisdiction under which it is organized, and is authorized to do business in New York.

10.2.2 Owner has full power and authority to enter into this Agreement and to perform (directly, or through its agents and assigns that are authorized pursuant to Section 11.1 of this Agreement) all of Owner's duties, obligations, representations, warranties, and covenants under this Agreement, including the power to offer Energy, Unforced Capacity, and Ancillary Services

from each RMR Generator, and to operate, maintain, and administer each RMR Generator, all in accordance with (a) the ISO Tariffs, (b) this Agreement, and (c) the ISO Procedures.

10.2.3 Owner has taken all necessary measures to have the execution and delivery of this Agreement authorized, and upon the execution and delivery of this Agreement, this Agreement shall be a legally binding obligation of Owner.

10.2.4 Owner possesses, or has applied for, all regulatory authorizations, necessary for it to perform its obligations under this Agreement.

10.2.5 The execution, delivery, and performance of this Agreement are within the Owner's powers and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party, or any Law applicable to it.

10.2.6 Owner is not in violation of any Laws, ordinances, or governmental rules, regulations or Order of any Governmental Authority or arbitration board materially affecting the performance of this Agreement.

10.2.7 Owner is not bankrupt, does not contemplate becoming bankrupt nor, to its knowledge, will become bankrupt.

10.2.8 Owner is an ISO Customer [and an ISO Transmission Customer,] and acknowledges that it has reviewed and is familiar with the ISO Tariffs.

10.2.9 Owner acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the Term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Owner's performance of its obligations under this Agreement.

## **ARTICLE 11 - MISCELLANEOUS PROVISIONS**

### **11.1 Assignment.**

A Party shall not assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party. Any such assignment or delegation made without such written consent shall be null and void. Upon any assignment made in compliance with this Section 11.1, this Agreement shall inure to and be binding upon the successors and assigns for the assigning Party.

### **11.2 Notices.**

Except as otherwise expressly provided in this Agreement or required by Law, all notices, consents, requests, demands, approvals, authorizations and other communications provided for in this Agreement shall be in writing and shall be sent by personal delivery, certified mail, return receipt requested, facsimile transmission, electronic mail, or by recognized overnight courier service, to the intended Party at such Party's address set forth below. All such notices shall be deemed to have been duly given and to have become effective: (a) upon receipt if delivered in person, by facsimile, or by electronic mail; (b) two days after having been delivered to an air courier for overnight delivery; or (c) seven days after having been deposited in the United States mail as certified or registered mail, return receipt requested, all fees pre-paid, addressed to the applicable addresses set forth below. Each Party's address for notices shall be as follows (subject to change by notice in accordance with the provisions of this Section 11.2):

If to Owner:



[OFFICER NAME]

[OFFICER TITLE]

[STREET ADDRESS]

[CITY, STATE, ZIP]

[PHONE NUMBER]

[FAX NUMBER]

[E-MAIL ADDRESS]

If to ISO:

[OFFICER NAME]

[OFFICER TITLE]

10 Krey Boulevard

Rensselaer, New York 12144

[PHONE NUMBER]

[FAX NUMBER]

[E-MAIL ADDRESS]

With a copy to:

[INSERT LEGAL CONTACT]

The persons designated to receive Notice for a Party may be modified by providing Notice to the other Party of a change.

### **11.3 Parties' Representatives.**

Owner and the ISO shall ensure that throughout the Term of this Agreement, duly appointed representatives are available for communications between the Parties. The representatives shall have full authority to deal with all day-to-day matters arising under this Agreement. Acts and omissions of representatives shall be deemed to be acts and omissions of the Party. Owner and ISO shall be entitled to assume that the representatives of the other Party are at all times acting within the limits of the authority given by the representatives' Party. Owner's representatives shall be identified on Exhibit A. The ISO's representatives shall be identified on Exhibit B. The Parties may at any time replace their representatives by sending the other Party a revision to its respective Exhibit.

### **11.4 Effect of Invalidation, Modification, or Condition.**

Each covenant, condition, restriction, and other term of this Agreement is intended to be, and shall be construed as, independent and severable from each other covenant, condition, restriction, and other term. If any covenant, condition, restriction, or other term of this Agreement is held to be invalid or otherwise modified or conditioned by any Governmental Authority, the invalidity, modification, or condition of such covenant, condition, restriction, or other term shall not affect the validity of the remaining covenants, conditions, restrictions, or other terms hereof. If an invalidity, modification, or condition has a material impact on the rights and obligations of the

Parties, the Parties shall make a good faith effort to renegotiate and restore the benefits and burdens of this Agreement as they existed prior to the determination of the invalidity, modification, or condition.

## **11.5 Amendments.**

Amendments or modifications of this Agreement may be made only by a written instrument duly executed by all Parties, or through a filing with FERC under Section 206 of the FPA. Mutually agreed to amendments or modifications shall become effective only after the Parties have received any authorizations required from FERC. The Parties agree to negotiate in good faith any amendments to this Agreement that are needed to reflect the intent of the Parties as expressed herein and to reflect any changes to the design of the ISO Administered Markets that are approved by the Commission from time to time. Alternatively, either Party shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 of the FPA and FERC's rules and regulations thereunder. The Parties agree that any such filing shall not be subject to the "public interest" application of the just and reasonable standard of review as clarified in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008) and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n*, 130 S. Ct. 693, 700 (2010). Each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered.

Nothing in this Section 11.5 shall be interpreted to require the ISO's concurrence before Owner may submit a filing under Section 205 of the FPA to propose an initial rate to FERC, or to recover costs that Owner (or an RMR Generator) is specifically authorized to submit or to seek to recover under Sections 38.1 to 38.17 of the OATT. Nothing in this Section 11.5 shall be

interpreted to require Owner's concurrence before the ISO may submit a filing under Section 205 of the FPA to comply with the requirements of its Tariffs, or to submit a filing in accordance with Sections 2.2.8 or 4.6 of this Agreement.

#### **11.6 Governing Law.**

This Agreement shall be governed by and construed under the Laws of the State of New York without regard to conflicts of laws principles.

#### **11.7 Entire Agreement.**

This Agreement, as well as any appendices, schedules, exhibits or other attachments hereto, which are incorporated by reference herein and made a part hereof, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, undertakings, agreements and understandings.

#### **11.8 Independent Contractors.**

Owner and ISO acknowledge that as between Owner and ISO there is an independent contractor relationship, and that nothing in this Agreement shall create any association, joint venture, partnership, or principal/agent relationship between the Parties. Neither Owner nor ISO shall have any right, power, or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

#### **11.9 Counterparts.**

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same agreement.

#### **11.10 Confidentiality.**

Confidential Information or Protected Information identified as such by a Party and provided to the other Party pursuant to this Agreement shall be governed by the confidentiality provisions in the Code of Conduct, contained in Attachment F of the OATT, and the confidentiality provisions in the Market Monitoring Plan, contained in Attachment O of the Services Tariff, subject to the following:

11.10.1 Nothing herein or therein shall limit the right of a Party to file a copy of this Agreement with the Commission, without redaction, to the extent that Law, regulation, or agency Order makes such filing necessary or appropriate.

11.10.2 Notwithstanding anything in this Agreement to the contrary, if during the course of an investigation or otherwise, the Commission requests that a Party (the “responding Party”) provide to it information that has been designated by the other Party to be treated as confidential under this Agreement, the responding Party shall provide the requested information to the FERC or its staff within the time provided for in the request for information. The responding Party shall, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the FERC and its staff and that the information be withheld from public disclosure.

#### **11.11 Further Assurances.**

The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as may be reasonably necessary to carry out the provisions and purposes of this Agreement.

## **11.12 Submittal to the Commission.**

The Parties acknowledge and agree [ALT. 1, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS AND OWNER ACCEPTS THE APR that the ISO shall submit the executed Agreement to the FERC, including the proposed APR, in a FPA Section 205 filing on the Parties' behalf;] [ALT. 2, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS, OWNER ACCEPTS THE APR, BUT THERE ARE CAPITAL EXPENDITURES THAT REQUIRE FERC APPROVAL (i) that the ISO shall submit this Agreement to the FERC, including the agreed-to components of the proposed APR, in a FPA Section 205 filing on the Parties' behalf, and that Owner will submit a separate FPA Section 205 filing that is consistent with the terms and conditions of service proposed in this Agreement, and that tracks the format of this Agreement, proposing the inclusion of the cost of certain Capital Expenditures in the APR;] [ALT. 3, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS BUT OWNER REJECTS THE APR AND SUBMITS AN OWNER DEVELOPED RATE that the ISO shall submit the Parties' agreed-upon terms and conditions of service to the FERC, in a FPA Section 205 filing on the Parties' behalf, and that Owner will submit a separate FPA Section 205 filing proposing an Owner Developed Rate that is consistent with the terms and conditions of service proposed in this Agreement and that tracks the format of this Agreement.]

Following the ISO's submission to FERC of an executed or unexecuted Agreement, the Parties will implement and comply with this Agreement in accordance with Section 2.1.2 hereof.

**IN WITNESS WHEREOF**, this Agreement has been executed as of the date first above written.

[OWNER NAME]

By: \_\_\_\_\_

Name:

Title:

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

By: \_\_\_\_\_

Name:

Title:

## **EXHIBIT A - OWNER'S REPRESENTATIVES**

[OWNER TO PROVIDE]



## **EXHIBIT B - ISO'S REPRESENTATIVES**

[NAME OF NYISO OFFICER WITH AUTHORITY TO EXECUTE AN RMR AGREEMENT]

[OFFICER TITLE] New York Independent System Operator, Inc.

10 Krey Boulevard

Rensselaer, New York 12144

## **38.27      Appendix D – Responsible Generator Party Certification**

## RESPONSIBLE GENERATOR PARTY CERTIFICATION

<b>Date (“Effective Date”)</b>	
<b>Responsible Generator Party (“RGP”)</b>	
Capitalized terms used and not otherwise defined herein shall have the meaning ascribed in the NYISO’s Open Access Transmission Tariff (“ <b>OATT</b> ”) or its Market Administration and Control Area Services Tariff (“ <b>Services Tariff</b> ”), as context requires, (together “ <b>NYISO Tariffs</b> ”).	

WHEREAS, the RGP is the entity that is ultimately responsible for making determinations concerning outages affecting and the repair of and/or the deactivation or retirement of one or more generating facilities seeking to participate in or participating in the ISO Administered Markets (“**Outage and/or Deactivation Authority**”);

WHEREAS, Section 5.18 of the Services Tariff (Generator Outages and Generator Obligations While in These Outages) and Section 38 (Short-Term Reliability Process) of the OATT (or any successor provisions), and related NYISO Tariff rules implementing the NYISO’s outage state and generator deactivation requirements, establish certain requirements concerning outages affecting, the repair of, and the deactivation or retirement of generating facilities participating in the ISO Administered Markets;

WHEREAS, the RGP seeks to register or to renew its registration of a generating facility or generating facilities for which it has Outage and/or Deactivation Authority to participate in the ISO Administered Markets.

NOW, THEREFORE, in consideration of the foregoing, I, the undersigned, in my capacity as a duly authorized representative of the RGP named above, hereby certify, acknowledge, and agree, understanding that the NYISO is relying on these representations and agreements, that the RGP shall comply with the following requirements (“**Certification**”).

1. Generator. “Generator” shall mean the generating facility or facilities for which the RGP has Outage and/or Deactivation Authority and that are seeking to participate or are participating in the ISO Administered Markets. The generating facility or facilities shall be identified by the RGP in Schedule A to this Certification. The RGP shall specify in Schedule A for each Generator: the Generator Name, Generator PTID, the nameplate rating of the Generator, and whether the RGP’s Outage and/or Deactivation Authority concerns (i) outages affecting and the repair of the Generator, (ii) the deactivation or retirement of the Generator, or (iii) both.
2. Effective Date. This Certification shall take effect on the Effective Date indicated above, and shall last until terminated in accordance with the terms of this Certification (“**Term**”).
3. RGP Outage State Obligations. As of the Effective Date, and for the Term of this Certification, the RGP assumes the obligation to comply with the requirements of Section 5.18 of the Services Tariff, or any successor provisions, for the Generator(s) identified in Schedule A for

which it is responsible. The RGP assumes the obligation to comply with the requirements of Section 5.18 of the Services Tariff that apply to any of a Market Participant, Market Party, Generator Owner, and/or a Generator, including, but not limited to, the requirements that address providing prior notice and information to the NYISO.

- (a) However, if a Generator identified in Schedule A is only participating in the ISO-Administered Markets as a facility in an Aggregation then, for so long as the Generator is only participating in the ISO-Administered Markets as a facility in an Aggregation, the RGP is not required to comply with the requirements of Section 5.18 of the Services Tariff for that Generator.

4. RGP Generator Deactivation Obligations. As of the Effective Date, and for the Term of this Certification, the RGP assumes the obligation to comply with the requirements of Section 38 of the OATT, or any successor provisions, for the Generator(s) identified in Schedule A that have a nameplate rating greater than 1 MW for which it is responsible. The RGP assumes the obligation to comply with the requirements of Section 38 of the OATT that apply to any of a Market Participant, Market Party, Generator Owner, and/or a Generator, including, but not limited to, the requirements that address providing prior notice and information to the NYISO.

5. Representations and Warranties. RGP represents and warrants to the NYISO that (i) it possesses the Outage and/or Deactivation Authority specified in Schedule A for each of the listed Generators, (ii) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation, (iii) it has the legal power to execute and deliver this Certification and to perform in accordance with its terms, (iv) all necessary actions have been taken to authorize the execution and delivery of this Certification and performance in accordance with its terms, (v) this Certification is a legal, valid, and binding obligation, and (vi) there is no action or proceeding pending or, to its knowledge, threatened before any court, arbitrator, or governmental agency that may materially adversely affect its ability to perform its obligations under this Certification.

6. Changes to RGP's Outage and/or Deactivation Authority. If the RGP no longer has the Outage and/or Deactivation Authority for a Generator as identified in Schedule A, the RGP shall notify the NYISO within ten (10) days of such change by submitting an update to Schedule A and shall provide the NYISO with the name of the entity that now possesses Outage and/or Deactivation Authority for the Generator. If the RGP acquires Outage and/or Deactivation Authority for a new or additional Generator the RGP shall provide the NYISO with an updated Schedule A within ten (10) days of obtaining such authority that identifies the additional Generator(s) and provides the information required in Section 1 above. Upon the NYISO's request, the RGP shall review and provide any updates necessary to correct the information in its Schedule A within ten (10) days.

7. Default. In the event the RGP does not timely comply with the requirements of Section 5.18 of the Services Tariff or Section 38 of the OATT, as applicable, the NYISO may submit one or more public filings informing the Federal Energy Regulatory Commission ("FERC") and/or the New York Public Service Commission ("NYPS") of the default and asking the appropriate agency(ies) to exercise their authority to require the RGP to promptly remedy the default.

8. Termination.

- (i) This Certification may be terminated by the mutual agreement, in writing, of the NYISO and the RGP.
- (ii) This Certification may be unilaterally terminated by RGP submitting a notice of termination, in writing, to the NYISO after RGP accurately notifies the NYISO under Section 6 that it no longer has the Outage and/or Deactivation Authority for any New York Control Area Generator.

9. Communications. Notices and other communications given pursuant to this Certification shall be in writing, shall be deemed effective when received, and shall be delivered by hand, facsimile or email (in each case, with confirmation of receipt of delivery) or by certified mail to the following addresses:

a. If to the NYISO:

The New York Independent System Operator, Inc.  
10 Krey Boulevard  
Rensselaer, NY 12144  
Attention: Registration Coordinator

E-mail: Customer\_Registration@nyiso.com

b. If to RGP:

[RGP to insert contact information.]

10. Amendment and Waiver. The terms and provisions of this Certification may not be amended or waived without the prior written consent of both the NYISO and the RGP.

11. Severability. Should any provision of this Certification be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

12. Governing Law. This Certification shall be governed by the laws of the State of New York without regard to conflict of laws principles (other than Section 5-1401 of the New York General Obligations Law).

13. Execution. A signed copy of this Certification delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Certification.

***[Remainder of page intentionally left blank; Signature page follows]***

IN WITNESS WHEREOF, the undersigned has executed this Certification as of the date written above.

**RESPONSIBLE GENERATOR PARTY**

Signature:

Print Name:

Title:



**Schedule A**

**GENERATORS SUBJECT TO RESPONSIBLE GENERATOR PARTY CERTIFICATION**

<b>Generator Name</b>	<b>Generator PTID</b>	<b>Nameplate Rating of Generator</b>	<b>RGP Has Ultimate Responsibility Concerning Outages Affecting and Repair of Generator (Yes/No)</b>	<b>RGP Has Ultimate Responsibility Concerning Deactivation or Retirement of Generator (Yes/No)</b>

**Schedule A Submission Date:**



**39      Attachment GG –      Reserved for future use**

## **40      Attachment HH – Standard Interconnection Procedures**

## **40.1 Definitions**

Whenever used in these Standard Interconnection Procedures with initial capitalization, the following terms shall have the meanings specified in this Section 40.1. Terms used in these procedures with initial capitalization that are not defined in this Section 40.1 shall have the meanings specified in Section 1 of the ISO OATT, Section 22.1 of Attachment P to the ISO OATT, Section 25.1.2 of Attachment S of the ISO OATT, Section 30.1 of Attachment Z to the ISO OATT, Appendix 1 to Attachment Z to the ISO OATT, or in Article 2 of the ISO Services Tariff.

**10 kW Inverter Process** shall mean the procedure for evaluating an Interconnection Request for a certified inverter-based Generating Facility no larger than 10 kW that uses the Section 40.23 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions as set forth in Appendix 12.

**Acceptance Notice** shall mean the notice by which an Interconnection Customer communicates to the ISO its decision to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Additional SDU Study** shall mean a study that an Interconnection Customer may elect to pursue if the Class Year Deliverability Study or Cluster Study Deliverability Study identifies the need for a new System Deliverability Upgrade (*i.e.*, a System Deliverability Upgrade not previously identified and cost allocated in a Class Year Study or Cluster Study and not substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a prior Class Year Study or Cluster Study) that requires additional study.

**Additional SDU Study Decision Period** shall mean the period of time following the Additional SDU Study during which an Interconnection Customer must elect whether to accept the Project Cost Allocation and pay cash or post Security for the System Deliverability Upgrades identified for its Project in accordance with the requirements in Section 40.15.

**Affected System** shall mean an electric system within the New York Control Area other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Interconnection Customer** shall mean any entity that submits an interconnection request for a generating facility to a transmission system other than the New York State Transmission System that may cause the need for Affected System Network Upgrades on the New York State Transmission System.

**Affected System Network Upgrades** shall mean the additions, modifications, and upgrades to the New York State Transmission System required to accommodate Affected System Interconnection Customer's proposed interconnection to a transmission system other than the New York State Transmission System.

**Affected System Operator** shall mean the entity that operates an Affected System. Affected System Operator includes the Affected Transmission Owners.

**Affected System Queue Position** shall mean the Queue Position of an Affected System Interconnection Customer in the ISO's Queue in accordance with Section 40.8.3.3 of this Attachment HH.

**Affected System Study** shall mean the ISO's evaluation of the impacts on the New York State Transmission System of Affected System Interconnection Customers' proposed interconnection(s) to another region's transmission system and the ISO's identification of any required Affected System Network Upgrades, as described in Section 40.8.3 to this Attachment HH.

**Affected System Study Agreement** shall mean the agreement contained in Appendix 6 to this Attachment HH that is made between the ISO and Affected System Interconnection Customer to conduct an Affected System Study pursuant to Section 40.8.3 to this Attachment HH.

**Affected System Study Report** shall mean the report issued by the ISO following completion of an Affected System Study pursuant to Section 40.8.3.7 to this Attachment HH.

**Affected Transmission Owner** shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the ISO OATT, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, Affected Network Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment HH or Attachment P to the ISO OATT.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Councils** shall mean the Electric Reliability Organization, the NPCC, and the NYSRC.

**Applicable Reliability Requirements** shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of this Attachment HH; 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 Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Application Fee** shall mean the non-refundable fee an Interconnection Customer must submit with its Interconnection Request or CRIS-Only Request pursuant to Section 40.5.5.1.3 to this Attachment HH.

**Application Window** shall mean the time period set forth in Section 40.5.3 to this Attachment HH.

**Attachment Facilities** shall mean the Connecting Transmission Owner's Attachment Facilities and the Interconnection Customer's Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Generating Facility or Cluster Study Transmission Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Facility to the New York State Transmission System or Distribution System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades.

**Balancing Authority** shall mean an entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

**Balancing Authority Area** shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Cluster Study by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator, or Interconnection Customer; described in Section 40.2.6 of this Attachment HH.

**Business Day** shall mean Monday through Friday, excluding federal holidays.

**Byway** shall mean all transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

**Calendar Day** shall mean any day including Saturday, Sunday or a federal holiday. If a deadline that is established in Calendar Days in this Attachment HH does not end on a Business Day, the deadline will be extended to the next Business Day.

**Capacity Region** shall mean one of four subsets of the Installed Capacity statewide markets comprised of: (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).

**Capacity Resource Interconnection Service ("CRIS")** shall mean the service provided by the ISO to Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with the requirements in

this Attachment HH; such service being one of the eligibility requirements for participation as an ISO Installed Capacity Supplier.

**Class Year** shall mean the group of Projects included in any particular Class Year Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in Attachments S, X, and Z. Class Year 2023 shall be the final Class Year that is subject to a Class Year Study.

**Class Year Interconnection Facilities Study (“Class Year Study”)** shall mean the last of the successive interconnection studies conducted in the ISO’s Standard Large Facility Interconnection Procedures for proposed interconnections of Small Generating Facilities (if applicable), Large Generating Facilities, and Class Year Transmission Projects with the New York State Transmission System or with the Distribution System in accordance with the requirements in Attachments S, X, and Z to the ISO OATT. The Class Year Study for Class Year 2023 shall be the final Class Year Study conducted by the ISO.

**Cluster** shall mean a group of one or more Projects with validated Interconnection Requests and CRIS-Only Requests that are studied together for the purpose of conducting a Cluster Study.

**Cluster Baseline Assessment (“CBA”)** shall mean an assessment, conducted by the ISO in cooperation with Market Participants, to identify the System Upgrade Facilities and Distribution Upgrades that Transmission Owners are expected to need during the time period covered by the assessment to comply with Applicable Reliability Requirements and to reliably meet the load growth and changes in load pattern projected for the New York Control Area. For purposes of applying the requirements in this Attachment HH, the term Cluster Baseline Assessment include the Annual Transmission Baseline Assessment when the term refers to the assessment performed for a Class Year Study.

**Cluster Project Assessment (“CPA”)** shall mean an assessment, conducted by the ISO in cooperation with Market Participants, to determine the System Upgrade Facilities and Distribution Upgrades required for each Project included in this assessment to interconnect to the New York State Transmission System or Distribution System in compliance with Applicable Reliability Requirements and the NYISO Minimum Interconnection Standard. For purposes of applying the requirements in this Attachment HH, the term Cluster Project Assessment includes the Annual Transmission Reliability Assessment when the term refers to the assessment performed for a Class Year Study.

**Cluster Study** shall mean the study conducted, as applicable, by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner’s Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility or Cluster Study Transmission Project with the New York State Transmission System or with the Distribution System. The Cluster Study includes the Phase 1 Study and the Phase 2 Study.

**Cluster Study Agreement** shall mean the form of agreement contained in Appendix 3 to this

Attachment HH for conducting the Cluster Study.

**Cluster Study CRIS Project** shall mean a Cluster Study Project with an executed Cluster Study Agreement entering a Cluster Study for a CRIS evaluation, that thereby becomes one of the group of Cluster Study Projects included in the Cluster Study Deliverability Study. A Cluster Study CRIS Project may be a CRIS-Only Cluster Study Project that is entering a Cluster Study only for a CRIS evaluation, or it may be a Project seeking both ERIS and CRIS.

**Cluster Study Deliverability Study** shall mean an assessment, conducted by the ISO in cooperation with Market Participants, to determine whether System Deliverability Upgrades are required for Cluster Study CRIS Projects under the NYISO Deliverability Interconnection Standard.

**Cluster Study Project** shall mean a project with a validated Interconnection Request or CRIS-Only Request that thereby becomes one of the group of Projects included in the particular Cluster for that Cluster Study Process.

**Cluster Study Project List** shall mean the list of Cluster Study Projects with validated Interconnection Requests or CRIS-Only Requests that the ISO posts during the Customer Engagement Window in accordance with the requirements in Section 40.7.2.

**Cluster Study Process** shall mean the following processes, conducted in sequence: the Application Window; the Customer Engagement Window (including the Physical Infeasibility Screening and Scoping Meetings therein); the Phase 1 Study; the Phase 2 Study; and, if applicable, the Additional SDU Study.

**Cluster Study Process Start Date** shall mean the date upon which the ISO will open the Application Window for a given Cluster Study Process, which date shall be determined pursuant to Section 40.5.1 of this Attachment HH.

**Cluster Study Transmission Project** shall mean an Interconnection Customer'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 (1) the Interconnection Customer 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 Interconnection Customer 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 Cluster Study Transmission Project without having to re-dispatch generation. Cluster Study Transmission Projects shall not include Attachment Facilities, Distribution Upgrades, Network Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades. The term Cluster Study Transmission Project shall include those transmission projects that were classified as a Class Year Transmission Project in the ISO's Standard Large Facility Interconnection Procedures and satisfied the requirements to complete a Class Year Study for purposes of applying the post-interconnection study requirements

applicable to a Cluster Study Transmission Project in this Attachment HH, except as otherwise indicated in this Attachment HH.

**Cluster Study Report** shall mean the report issued following completion of the Phase 2 Study pursuant to Section 40.11.7 to this Attachment HH.

**Clustering** shall mean the process whereby the impact to the New York State Transmission System of a group of Affected System Interconnection Customers which projects are interconnecting to another region are studied together, instead of serially, for the purpose of conducting the Affected System Study.

**Commercial Operation** shall mean the status of a Facility that has commenced generating or transmitting electricity for sale, excluding electricity generated or transmitted during Trial Operation.

**Commercial Operation Date** of a Facility shall mean the date on which the Facility commences Commercial Operation, notice of which must be provided by the Interconnection Customer to the ISO and Connecting Transmission Owner in the form provided in Appendix E-2 to the Standard Interconnection Agreement.

**Commercial Operation Incentive Payment Amount** shall mean the amount a Payment Eligible Project is eligible to receive from the Withdrawal Penalty Fund collected for a particular Cluster Study Process if it enters Commercial Operation pursuant to Section 40.6.5.2.5.

**Confidential Information** shall mean any information that is defined as confidential by Section 40.24.1 to this Attachment HH..

**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 ISO OATT, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Interconnection Agreement.

**Connecting Transmission Owner's Attachment Facilities** shall mean all facilities and equipment owned, controlled or operated by the Connecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Connecting Transmission Owner's Attachment Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone System Upgrade Facilities, or System Upgrade Facilities. For purposes of applying the requirements in this Attachment HH, Connecting Transmission Owner's Attachment Facilities shall include facilities that were categorized as Connecting Transmission Owner's Interconnection Facilities under the ISO's Small Generator Interconnection Procedures and facilities that were categorized as Connecting Transmission Owner's Attachment Facilities under the ISO's Standard Large Generator Interconnection Procedures.



**Contingent Facilities** shall mean those Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades associated with Cluster Study Projects upon which the Facility's Cluster Study Project Cost Allocations are dependent, and if delayed or not built, could impact the actual costs and timing of the Facility's Project Cost Allocation for System Upgrade Facilities or System Deliverability Upgrades.

**Contingent Project** shall mean an Interconnection Request or CRIS-Only Request that an Interconnection Customer submits during the Application Window of the Cluster Study Process pursuant to Section 40.5.4.1 for a Project that is simultaneously participating in the prior, ongoing Class Year Study, Cluster Study Process, Additional SDU Study, or Small Generator facilities study.

**Contribution Percentage** shall mean the ratio of a Project's measured impact or pro rata contribution to a System Upgrade Facility, Distribution Upgrade, or System Deliverability Upgrades, as applicable, identified in the Cluster Project Assessment, to the sum of the measured impacts or pro rata contributions of all the Projects in the same Cluster Study that have at least a de minimus impact or contribution to the System Upgrade Facility or Distribution Upgrade.

**Cost Estimate Update** shall have the meaning set forth in Section 40.6.3.5.3.2.

**CRIS-Only Cluster Study Project** shall mean a project that is participating in a Cluster Study Process solely to obtain CRIS or an increase in CRIS. For purposes of applying the requirements in this Attachment HH, the term CRIS-Only Cluster Study Project when used in connection with the Class Year Interconnection Facilities Study requirements in Attachment X and S of the OATT shall mean a Class Year Project that participated in a Class Year solely to request CRIS or an increase in CRIS.

**CRIS-Only Request** shall mean Interconnection Customer's request, in the form of Appendix 2 to this Attachment HH, to solely obtain CRIS or an increase in CRIS. For purposes of applying the requirements in this Attachment HH, the term CRIS-Only Request when used in connection with the Class Year Interconnection Facilities Study requirements in Attachment X and S of the OATT shall mean a Class Year Project's request to participate in a Class Year solely to request CRIS or an increase in CRIS.

**CTOAF and SUF Project Cost Allocation** shall have the meaning set forth in Section 40.15.1 to this Attachment HH.

**Customer Engagement Window** shall mean the time period set forth in Section 40.7.1 of this Attachment HH.

**Deliverable MW** shall have the meaning set forth in Section 40.15.1 to this Attachment HH.

**Dispute Resolution** shall mean the procedure described in Section 40.24.5 to this Attachment HH for resolution of a dispute between the Parties.

**Distribution System** shall mean the Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the ISO's Standard

Interconnection Procedures in this Attachment HH under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** shall mean the modifications or additions to the existing Distribution System at or beyond the Point of Interconnection that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard. Distribution Upgrades do not include Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Effective Date** shall mean the date on which the Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Multiparty Standard Upgrade Construction Agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

**Electric Reliability Organization ("ERO")** shall mean the North American Electric Reliability Corporation or its successor organization.

**Energy Duration Limitation** shall have the meaning set forth in Section 5.12.14 of the ISO Services Tariff.

**Energy Resource Interconnection Service ("ERIS")** shall mean the service provided by the ISO to interconnect the Interconnection Customer's Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System, in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Generating Facility or Cluster Study Transmission Project, pursuant to the terms of the ISO OATT.

**Engineering & Procurement (E&P) Agreement** shall mean an agreement that authorizes Connecting Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

**Environmental Law** shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

**ERO Planning Standards** shall mean the transmission system planning standards of the Electric Reliability Organization.

**Existing System Representation** shall mean the representation of the New York State Power System developed as specified in Section 40.10.3 of this Attachment HH.

**Expedited Deliverability Study** shall mean a study conducted by the ISO or a third party consultant to determine the extent to which an existing or proposed facility satisfies the NYISO Deliverability Interconnection Standard at its requested CRIS level without the need for System Deliverability Upgrades. The schedule and scope of the study is defined in Sections 40.19.1 and 40.13.1.2 of this Attachment HH.

**Expedited Deliverability Study Agreement** shall mean the agreement contained in Appendix 8 to this Attachment HH to conduct an Expedited Deliverability Study pursuant to Section 40.19.3 of this Attachment HH.

**External Affected System** shall mean an electric system outside of the New York Control Area that may be affected by the proposed interconnection.

**External Affected System Operator** shall mean the entity that operates an External Affected System.

**External CRIS Rights** shall mean a determination of deliverability within the Rest of State Capacity Region (*i.e.*, Load Zones A-F), awarded by the ISO for a term of five (5) years or longer, to a specified number of Megawatts of External Installed Capacity that satisfy the requirements set forth in Section 40.13.11 to Attachment HH, and that can be certified in a Bilateral Transaction used for the NYCA and not a Locality, or sold into the NYCA for an Installed Capacity auction and not in an Installed Capacity auction for a Locality.

**External-to-ROS Deliverability Rights** shall have the meaning set forth in Section 2.5 of the ISO Services Tariff.

**Facility** shall mean either a Generating Facility or a Cluster Study Transmission Project.

**Facility Modification Request** shall mean an Interconnection Customer's request to modify its Facility in the form of Appendix 5 to this Attachment HH.

**Fast Track Process** shall mean the procedure for evaluating an Interconnection Request for a certified Generating Facility that meets the eligibility requirements of Section 40.23.1 of the Attachment HH and includes the Section 40.23 screens, customer options meeting, and optional supplemental review.

**Fast Track Request** shall mean a request in the form of Appendix 13 to this Attachment HH to enter the Fast Track Process set forth in Section 40.23 to this Attachment HH.

**Final Decision Period** shall mean the period of time following the conclusion of the Phase 2 Study during which an Interconnection Customer must elect whether to accept its Project Cost Allocation and provide the related cash or post Security for, as applicable, the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades identified for its Project in accordance with the requirements in Section 40.15.

**Final Decision Round** shall mean the final round of ISO-communicated cost estimates and Interconnection Customer responses in, as applicable, the Final Decision Period or Additional SDU Study Decision Period, in which all remaining eligible Interconnection Customers issue an Acceptance Notice and provide cash or post Security.

**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.

**Generating Facility** shall mean Interconnection Customer's device(s) for the production and/or storage for later injection of electricity identified in the Interconnection Request or CRIS-Only Request, but shall not include: the Interconnection Customer's Attachment Facilities or Distribution Upgrades. A facility comprised of multiple Generators will be treated as a single Generating Facility if the facility proposed in the Interconnection Request or CRIS-Only Request is comprised of multiple Generators behind a single Point of Interconnection, even if such Generators are different technology types.

**Generating Facility Capacity** shall mean the net seasonal capacity of the Generating Facility or the aggregate net seasonal capacity of the Generating Facility consisting of more than one device for a production and/or storage for later injection.

**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 practices, 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 be 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, 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 Interconnection Customer, the ISO, Affected System Operator, Affected Transmission Owner, Connecting Transmission Owner, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**Headroom** shall mean the functional or electrical capacity of the System Upgrade Facility or the electrical capacity of the System Deliverability Upgrade that is in excess of the functional or electrical capacity actually used by the Interconnection Customer's Project.

**Headroom Security** shall have the meaning set forth in Section 40.17.1.5 to this Attachment HH.

**Heatmap** shall mean the ISO's publicly posted interactive visual representation of estimated incremental injection capacity available at each point of interconnection and related table of metrics in accordance with the requirements in Section 40.4.1.

**Highway** shall mean 115 kV and higher transmission facilities that comprise the following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central East/Total East, and UPNY-ConEd, and their immediately connected, in series, Bulk Power System facilities in New York State. Each interface shall be evaluated to determine additional "in series" facilities, defined as any transmission facility higher than 115 kV that (a) is located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation in zones or systems adjacent to the upstream zone or zones which define the interface is shifted to the aggregate of generation in zones or systems adjacent to the downstream zone or zones which define the interface. In determining "in series" facilities for Dysinger East and West Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in ISO Procedures.

**Initial Decision Round** shall mean the 30 calendar day period of, as applicable, the Final Decision Period or Additional SDU Study Decision Period within which an Interconnection Customer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the first Project Cost Allocation issued by the ISO to the Interconnection Customer.

**Initial Backfeed Date** shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Attachment Facilities to obtain back feed power. Initial Backfeed Date shall include the term In-Service Date as that term is used in Attachments S, X, and Z to the ISO OATT.

**Interconnection Customer** shall mean any entity, including the Connecting Transmission Owner or any of its affiliates or subsidiaries, that submits an Interconnection Request or CRIS-Only Request that is subject to the application of the Standard Interconnection Procedures as set forth in Section 40.2.3 of this Attachment HH or elects to enter an Expedited Deliverability Study. For purposes of applying the requirements in this Attachment HH, an Interconnection Customer shall include an entity that was categorized as a Developer under the ISO's Standard Large Facility Interconnection Procedures or as an Interconnection Customer under the ISO's Small Generator Interconnection Procedures.

**Interconnection Customer's Attachment Facilities** shall mean all facilities and equipment, as identified in Appendix A of the Interconnection Agreement, that are located between the Generating Facility or Cluster Study Transmission Project and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or Distribution System. Interconnection Customer's Attachment Facilities are sole use facilities. For purposes of

applying the requirements in this Attachment HH, Interconnection Customer's Attachment Facilities shall include facilities that were categorized as Developer's Attachment Facilities under the ISO's Standard Large Facility Interconnection Procedures or Interconnection Customer's Interconnection Facilities under the ISO's Small Generator Interconnection Procedures.

**Interconnection Request** shall mean Interconnection Customer's request, in the form of Appendix 1 to this Attachment HH, to interconnect a new Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project that is interconnected with the New York State Transmission System or with the Distribution System. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Interconnection may be considered a single Generating Facility, provided the Interconnection Request identifies a single Interconnection Customer. An Interconnection Request submitted pursuant to the ISO's Standard Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the ISO's Small Generator Interconnection Procedures in Attachment Z to the ISO OATT shall be subject to the transition requirements set forth in Section 40.3.1 to this Attachment HH.

**IRS** shall mean the Internal Revenue Service.

**Local System Upgrade Facilities** shall mean the System Upgrade Facilities necessary to physically interconnect a proposed Project to the Connecting Transmission Owner's transmission system, consistent with applicable interconnection and system protection design standards. Local System Upgrade Facilities include any electrical facilities required to make the physical connection (*e.g.*, a new ring bus for a line connection or facilities required to create a new bay for a substation connection). Local System Upgrade Facilities also include any system protection or communication facilities that may be required for protection of the Connecting Transmission Owner's and/or Affected Transmission Owner's transmission facility (line or substation) involved in the interconnection. Local System Upgrade Facilities do not include System Upgrade Facilities required to mitigate any adverse reliability impact(s) of the Project(s) identified through analysis such as power flow, short circuit, or stability (*e.g.*, replacement of a circuit breaker at a nearby substation that becomes overdutied as a result of the Project(s)).

**Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with an equal or later Queue Position

**Merchant Transmission Facility** shall mean an Interconnection Customer'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, Distribution Upgrades, Network Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Metering Equipment** shall mean all metering equipment installed or to be installed at the Generating Facility or Cluster Study Transmission Project pursuant to the Standard Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

**Minor Modification** shall mean, for purposes of the Fast Track Process requirements, modifications that will not have a material adverse impact on the cost or timing of any Interconnection Request.

**Multiparty Affected System Study Agreement** shall mean the agreement contained in Appendix 7 to this Attachment HH that is made among the ISO and multiple Affected System Interconnection Customers to conduct an Affected System Study pursuant to Section 40.8.3 of this Attachment HH.

**Non-Acceptance Event** shall have the meaning set forth in Section 40.15.2.9 of this Attachment HH.

**Non-Acceptance Notice** shall mean the notice by which an Interconnection Customer communicates to the ISO its decision not to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Notice of Dispute** shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Interconnection Procedures, the Standard Interconnection Agreement, the Standard Upgrade Construction Agreement, or the Multiparty Standard Upgrade Construction Agreement, or its performance.

**Notice of SDUs Requiring Additional Study** shall have the meaning set forth in Section 40.14.1 of this Attachment HH.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NPCC Basic Design and Operating Criteria** shall mean the transmission system design and operating criteria of the Northeast Power Coordinating Council.

**NYISO Deliverability Interconnection Standard** shall mean the standard that must be met, unless otherwise provided in this Attachment HH, by (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Cluster Study Transmission Project; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 40.18.4 to Attachment HH. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in this Attachment HH, pay cash or post Security for any System Deliverability Upgrades identified for its Project in the Cluster Study Deliverability Study.

**NYISO Load and Capacity Data Report** shall mean the annual ISO survey of power demand and supply in New York State, published pursuant to Section 6-106 of the Energy Law of New York State.

**NYISO Minimum Interconnection Standard** shall mean the reliability standard that must be met by any Generating Facility or Cluster Study Transmission Project that is subject to the Standard Interconnection Procedures that is proposing to connect to the New York State Transmission System or to the Distribution System to obtain ERIS. The standard is designed to ensure reliable access by the proposed Project to the New York State Transmission System or to the Distribution System, as applicable. The standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**NYSRC Reliability Rules** shall mean the reliability rules of the New York State Reliability Council.

**Other Interfaces** shall mean the following interfaces into Capacity Regions: Lower Hudson Valley *i.e.*, Rest of State (Load Zones A-F) to Lower Hudson Valley (Load Zones G, H and I); New York City *i.e.*, Lower Hudson Valley (Load Zones G, H and I) to New York City (Load Zone J); and Long Island *i.e.*, Lower Hudson Valley (Load Zones G, H and I) to Long Island (Load Zone K), and the following Interfaces between the NYCA and adjacent Control Areas: PJM to NYISO, ISO-NE to NYISO, Hydro-Quebec to NYISO, and Norwalk Harbor (Connecticut) to Northport (Long Island) Cable.

**Overage Cost** shall mean the dollar amount by which the total cost of, as applicable, System Upgrade Facilities, Distribution Upgrades, and/or System Deliverability Upgrades identified in the Cluster Project Assessment exceeds the total cost of System Upgrade Facilities considered in the Cluster Baseline Assessment for the same Cluster for a given Cluster Study.

**Overage Cost Percentage** shall mean the ratio of the Overage Cost to the total cost of System Upgrade Facilities, Distribution Upgrades, or System Deliverability Upgrades, as applicable, identified in the Cluster Project Assessment.

**Party or Parties** shall mean, as applicable, the ISO, Interconnection Customer, Affected System Interconnection Customer, Connecting Transmission Owner, Affected System Operator, Affected Transmission Owner, or any combination of the above.

**Payment Eligible Project** shall mean a Cluster Study Project eligible to recover certain study costs from the Withdrawal Penalty Funds collected by the ISO for that Cluster Study Process as defined in Section 40.6.5.2.2.

**Pending Project** shall have the meaning set forth in Section 40.5.4.1.1 to this Attachment HH.

**Permissible Technological Advancement** shall mean advancements to turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Interconnection Request, provided that such advancements result in electrical performance that is equal or better than the electrical performance prior to the technological change and do not (i) increase the capability of the Facility by more than two (2) megawatts, (ii) change the generation technology or fuel type of the Facility, (iii) have a material adverse impact on the New York State Transmission System or Distribution System, and (iv) degrade the electrical characteristics of the generating equipment proposed in the Interconnection Request (*e.g.*, the ratings, impedances, efficiencies, capabilities, and performance of the equipment under steady state and dynamic conditions).



**Phase 1 Cost Estimates Summary Report** shall mean the ISO report that summarizes the cost estimates identified in the Phase 1 Studies performed by the Connecting Transmission Owners and Affected Transmission Owners.

**Phase 1 Entry Decision Period** shall mean the period of time following the conclusion of the Customer Engagement Window during which an Interconnection Customer must satisfy the requirements for its Cluster Study Project to enter the Phase 1 Study or be withdrawn. The Phase 1 Entry Decision Period requirements are set forth in Section 40.7.5 to this Attachment HH.

**Phase 1 Study** shall mean the first part of the Cluster Study as set forth in Section 40.10 in which the Connecting Transmission Owners and Affected Transmission Owners will perform design and engineering studies to identify the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities required to reliably interconnect the Cluster Study Project with the New York State Transmission System or Distribution System in accordance with Applicable Reliability Requirements and to provide cost estimates for and a preliminary schedule to construct the facilities.

**Phase 1 Study Start Date** shall mean the start date for the Phase 1 Study process as set forth in Section 40.10.1.

**Phase 2 Entry Decision Period** shall mean the period of time following the conclusion of the Phase 1 Study during which an Interconnection Customer must satisfy the requirements for its Cluster Study Project to enter the Phase 2 Study or be withdrawn. The Phase 2 Entry Decision Period requirements are set forth in Section 40.10.8 to this Attachment HH.

**Phase 2 Study** shall mean the second part of the Cluster Study as set forth in Sections 40.11, 40.12, and 40.13 in which the ISO will identify the System Upgrade Facilities and Distribution Upgrades required for the reliable interconnection of Cluster Study Projects to the New York State Transmission System or to the Distribution System in compliance with the NYISO Minimum Interconnection Standard and, for Cluster Study Projects requesting CRIS, will assess their requested CRIS in compliance with the NYISO Deliverability Interconnection Standard and identify any required System Deliverability Upgrades. The Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator will determine the cost estimates for and a preliminary schedule to construct the facilities, along with updating, as needed, the identification of and cost estimates of the facilities identified in the Phase 1 Study.

**Phase 2 Study Start Date** shall mean the start date for the Phase 2 Study process as set forth in Section 40.11.1.

**Physical Infeasibility** shall have the meaning set forth in Section 40.7.3.2 to this Attachment HH.

**Physical Infeasibility Screening** shall mean the assessment performed by the applicable Transmission Owner during the Customer Engagement Window of whether the proposed interconnection of a Cluster Study Project is Physically Infeasible. The Physical Infeasibility Screening requirements are set forth in Section 40.7.3 to this Attachment HH.

**Point of Change of Ownership** shall mean the point where the Interconnection Customer's Attachment Facilities connect to the Connecting Transmission Owner's Attachment Facilities, as set forth in Appendix A to the Standard Interconnection Agreement.

**Point of Interconnection** shall mean the point where the Attachment Facilities connect to the New York State Transmission System or to the Distribution System, as set forth in Appendix A to the Standard Interconnection Agreement.

**Pre-Application Report** shall mean the report issued following an Interconnection Customer's completion of the Pre-Application Request Form pursuant to Section 40.4.2 of this Attachment HH.

**Pre-Application Request Form** shall mean a request in the form of Appendix 4 to this Attachment HH for a Pre-Application Report.

**Project** shall mean the proposed facility as described in a single Interconnection Request or CRIS-Only Request, to the extent permitted by this Attachment HH. For facilities not subject to the ISO's Standard Interconnection Procedures in Attachment HH to the ISO OATT, the Project refers to the facility as described in a single Cluster Study Agreement or Expedited Deliverability Study Agreement, to the extent permitted by this Attachment HH.

**Project Cost Allocation** shall mean the dollar figure estimate for an Interconnection Customer's share of the cost of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities required for the reliable interconnection of its Project to the New York State Transmission System or to the Distribution System and/or the share of the cost of the System Deliverability Upgrades required for the Interconnection Customer's Project to meet the NYISO Deliverability Interconnection Standard.

**Proportional Impact Method** shall mean the technical analysis conducted by the ISO to determine the degree to which each Facility in the Cluster Study contributes to the need for a specific System Upgrade Facility, Distribution Upgrade, or System Deliverability Upgrade as set forth in Section 40.12.2 to this Attachment HH.

**Provisional Interconnection Service** shall mean interconnection service provided by the ISO associated with interconnecting the Interconnection Customer's Facility to the New York State Transmission System (or Distribution System as applicable) and enabling the transmission system to receive electric energy from the Facility at the Point of Interconnection, pursuant to the terms of the Provisional Interconnection Agreement and, if applicable, the ISO OATT.

**Provisional Standard Interconnection Agreement** shall mean the interconnection agreement for Provisional Interconnection Service established between the ISO, Connecting Transmission Owner(s) and the Interconnection Customer. This agreement shall take the form of the Standard Interconnection Agreement, modified for provisional purposes and type of facility.

**Queue** shall mean the ISO's list of: (i) projects that possess an Interconnection Request or CRIS-Only Request participating in the ISO's Standard Interconnection Procedures set forth in this Attachment HH, (ii) projects with a valid Transmission Interconnection Application participating in the Transmission Interconnection Procedures in Attachment P to the ISO OATT, (iii) projects

with a valid Study Request participating in Section 3.7 of the ISO OATT, (iv) load projects submitted in accordance with Section 3.9 of the ISO OATT, (v) projects subject to an Affected System Study, and (vi) projects that prior to the effective date of the Standard Interconnection Procedures were participating in the ISO's Standard Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the Small Generator Interconnection Procedures in Attachment Z to the ISO OATT and retain their Queue Position in accordance with the transition requirements set forth in Section 40.3 to this Attachment HH.

**Queue Position** shall mean the unique number and/or letter designation in the Queue for a valid Interconnection Request, CRIS-Only Request, Study Request, Load request, or Transmission Interconnection Application that satisfies the applicable requirements for inclusion in the Queue.

**Readiness Deposits** shall mean Readiness Deposit 1 and Readiness Deposit 2.

**Readiness Deposit 1** shall mean a deposit paid by Interconnection Customer for its Cluster Study Project to enter the Phase 1 Study as set forth in Section 40.7.5 to this Attachment HH.

**Readiness Deposit 2** shall mean a deposit paid by Interconnection Customer for its Cluster Study Project to enter the Phase 2 Study as set forth in Section 40.10.8 to this Attachment HH.

**Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Interconnection Procedures, Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Multiparty Standard Upgrade Construction Agreement, 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.

**Regulatory Limitations** shall mean a federal, state, Tribal, or local law, other than permitting and siting requirements, that makes it infeasible to obtain Site Control prior to an Interconnection Customer's submission of its Interconnection Request as set forth in ISO Procedures.

**Retired** shall mean a Generator that has permanently ceased operating on or after the effective date of Section 5.18 of the ISO Services Tariff either: i) pursuant to applicable notice; or ii) as a result of the expiration of its Mothball Outage or the expiration of its ICAP Ineligible Forced Outage.

**Revised Project Cost Allocation** shall mean the revised dollar figure cost estimate and related information provided by the ISO to an Interconnection Customer following receipt by the ISO of a Non-Acceptance Notice, or upon the occurrence of a Security Posting Default by another member of the respective Cluster.

**Scoping Meeting** shall mean the group meeting during the Customer Engagement Window among representatives of the Interconnection Customers in the Cluster for a given Cluster Study Process, the ISO, Connecting Transmission Owners, and Affected Transmission Owners conducted for the purpose of discussing Interconnection Customers' Interconnection Requests and CRIS-Only Requests and providing available information including any transmission data and earlier study evaluations that would be reasonably expected to impact their proposed interconnections.

**SDU Project Cost Allocation** shall have the meaning set forth in Section 40.15.1 to Attachment HH.

**Security** shall mean, under the interconnection facilities cost allocation rules set out in this Attachment HH, an Interconnection Customer must signify its willingness to pay the Connecting Transmission Owner, Affected Transmission Owner(s), and/or Affected System Operator(s) for the Interconnection Customer's share of the required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades by posting Security for the full amount of the Interconnection Customer's share within a specified time frame. The Security can be 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, Affected Transmission Owner(s), and/or Affected System Operator(s), meeting the requirements of the cost allocation rules in this Attachment HH, and meeting the commercially reasonable requirements of the Connecting Transmission Owner, Affected Transmission Owner(s), and/or Affected System Operator(s).

**Security Posting Default** shall mean a failure by one or more Interconnection Customers to post Security in, as applicable, the Final Decision Period or Additional SDU Study Decision Period, as required by this Attachment HH.

**Site Control** shall mean the necessary land right sufficient to develop, construct, operate, and maintain the Facility over a term of at least ten (10) years from the date of the submission of the Interconnection Request. Site Control may be demonstrated by documentation establishing: (1) ownership of, a leasehold interest in, or a right to develop a site of sufficient size to construct and operate the Facility; (2) an option to purchase or acquire a leasehold site of sufficient size to construct and operate the Facility; or (3) any other documentation that clearly demonstrates the right of Interconnection Customer to occupy a site of sufficient size to construct and operate the Facility. The term "necessary land right" restricts the use of the site for mutually exclusive projects, but does not restrict multi-use applications of the site in addition to its use for the Facility, such as agriculture, ranching, etc. The ISO will maintain acreage requirements and other applicable parameters for each facility type on its OASIS or public website.

**Site Control Deposit** shall mean the deposit provided by the Interconnection Customer to satisfy the Site Control requirement due to a Regulatory Limitation as set forth in Section 40.5.5.1.5.1 to this Attachment HH.

**Stand Alone System Upgrade Facilities** shall mean System Upgrade Facilities that are not part of an Affected System that an Interconnection Customer may construct without affecting day-to-day operations of the New York State Transmission System during their construction. The ISO, the Connecting Transmission Owner, and the Interconnection Customer must agree as to what constitutes Stand Alone System Upgrade Facilities and identify them in Appendix A to the Standard Interconnection Agreement. If the ISO, the Connecting Transmission Owner, and the Interconnection Customer disagree about whether a particular System Upgrade Facility is a Stand Alone System Upgrade Facility, the ISO and the Connecting Transmission Owner must provide the Interconnection Customer a written technical explanation outlining why the ISO and

the Connecting Transmission Owner do not consider the System Upgrade Facility to be a Stand Alone System Upgrade Facility within fifteen (15) Business Days of its determination.

**Standard Interconnection Procedures (“Interconnection Procedures” or “IP”)** shall mean the interconnection procedures applicable to an Interconnection Request or a CRIS-Only Request pertaining to a Generating Facility or Cluster Study Transmission Project that are included in this Attachment HH of the ISO OATT.

**Standard Interconnection Agreement (“IA”)** shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Generating Facility or Cluster Study Transmission Project, that is included in Appendix 15 to this Attachment HH of the ISO OATT. For purposes of applying the requirements in this Attachment HH, the term Standard Interconnection Agreement shall include, as applicable, Standard Large Generator Interconnection Agreement and Small Generator Interconnection Agreement.

**Standard Upgrade Construction Agreement** shall mean the agreement contained in Appendix 16 to this Attachment HH that is made, as applicable, among (i) the ISO, (ii) the Affected System Operator or Affected Transmission Owner, and (iii) the Interconnection Customer or Affected System Interconnection Customer to facilitate the construction of and to set forth cost responsibility for necessary System Upgrades Facilities, System Deliverability Upgrades, or Affected System Network Upgrades on the New York State Transmission System or Distribution System.

**Standard Multiparty Upgrade Construction Agreement** shall mean the agreement contained in Appendix 17 to this Attachment HH that is made, as applicable, among (i) the ISO, (ii) the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner, and (iii) multiple Interconnection Customers or Affected System Interconnection Customers to facilitate the construction of and to set forth cost responsibility for necessary System Upgrade Facilities, System Deliverability Upgrades, or Affected System Network Upgrades on the New York State Transmission System or Distribution System.

**Study Deposit** shall mean the study deposit the Interconnection Customer must submit with its Interconnection Request or CRIS-Only Request pursuant to Section 40.5.5.1.4 to this Attachment HH.

**Subsequent Decision Round** shall mean a seven calendar day period of, as applicable, the Final Decision Period or Additional SDU Study Decision Period, within which an Interconnection Customer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the Revised Project Cost Allocation issued by the ISO to the Interconnection Customer.

**Synchronization Date** shall mean the date upon which the Generating Facility or Cluster Study Transmission Project is initially synchronized and upon which Trial Operation begins, notice of which must be provided by the Interconnection Customer to the ISO and Connecting Transmission Owner in the form of Appendix E-1 of the Standard Interconnection Agreement. Synchronization Date shall include the term Initial Synchronization Date as that term is used in Attachments S, X, and Z to the ISO OATT.

**System Deliverability Upgrades** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Protection Facilities** shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission System from faults or other electrical disturbances occurring at the Generating Facility or Cluster Study Transmission Project and (2) protect the Generating Facility or Cluster Study Transmission Project from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

**System 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnections, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed Project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Transition Cluster Study** shall mean the Cluster Study conducted during the Transition Cluster Study Process.

**Transition Cluster Study Process** shall mean the first Cluster Study Process conducted in accordance with the Standard Interconnection Procedures requirements in this Attachment HH.

**Transition Cluster Study Process Start Date** shall mean the date upon which the ISO will open the Application Window for the Transition Cluster Study Process, which date shall be determined pursuant to Section 40.5.1.1 to this Attachment HH.

**Trial Operation** shall mean the period during which an Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility or Cluster Study Transmission Project prior to Commercial Operation.

**UCAP Deration Factor ("UCDF")** shall have the meaning set forth in Sections 40.13.8.2.1.3 and 40.13.8.2.2.2 of this Attachment HH.

**Upgrades** shall mean the required additions and modifications to the Connecting Transmission Owner's portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades or Distribution Upgrades. Upgrades do not include Attachment Facilities.

**Withdrawal Penalty** shall mean the penalties assessed by the ISO to an Interconnection Customer that chooses to withdraw or is deemed withdrawn by the ISO from the ISO's Queue or whose Generating Facility or Cluster Study Transmission Project does not otherwise reach Commercial Operation. The calculation of the Withdrawal Penalty is set forth in Section 40.6.5.1 to this Attachment HH.

**Withdrawal Penalty Funds** shall mean the amount of the Withdrawal Penalties that the ISO has collected from Cluster Study Projects for a given Cluster Study Process.

## **40.2 Effective Date, Scope, and Application of Standard Interconnection Procedures**

### **40.2.1 Effective Date of Standard Interconnection Procedures**

The Standard Interconnection Procedures set forth in this Attachment HH to the ISO OATT shall be effective on May 2, 2024. Any Interconnection Request or CRIS-Only Request for a Large Generating Facility, Class Year Transmission Project, Small Generating Facility, or Class Year Project in the Queue that was submitted prior to the effective date of the Standard Interconnection Procedures in accordance with the requirements in the Standard Large Facility Interconnection Procedures in Attachment X to the ISO OATT, the Standard Small Generator Interconnection Procedures in Attachment Z to the ISO OATT, and/or the Rules to Allocate Responsibility for the Cost of New Interconnection Facilities in Attachment S to the ISO OATT shall be subject to the transition requirements set forth in Section 40.3.1 to this Attachment HH. As of the effective date, the requirements in Attachments S, X, and Z to the ISO OATT shall no longer apply except as provided in the transition rules in Section 40.3.1 to this Attachment HH or as otherwise provided in this Attachment HH.

### **40.2.2 Scope of Standard Interconnection Procedures**

The ISO shall process Interconnection Requests and CRIS-Only Requests through a Cluster Study Process in accordance with the requirements in this Attachment HH to the ISO OATT. The ISO shall conduct a Cluster Study Process on a recurring, defined basis as established in Section 40.5.1, beginning with a Transition Cluster Study Process. Prior to the commencement of a given Cluster Study Process, an entity may obtain information concerning its proposed interconnection by reviewing the Heatmap as set forth in Section 40.4.1 and by requesting a Pre-Application Report as set forth in Section 40.4.2.

The ISO shall commence a particular Cluster Study Process by opening the Application



Window for that study cycle on the Cluster Study Process Start Date (or the Transition Cluster Study Process Start Date for the Transition Cluster Study) as set forth in Section 40.5.1. To enter a given Cluster Study Process, an Interconnection Customer must submit, as applicable, an Interconnection Request or CRIS-Only Request, including an Application Fee, Study Deposit, and all other required materials, for its Generating Facility, Cluster Study Transmission Project, or CRIS-Only Cluster Study Project during the Application Window as set forth in Section 40.5.4. If the Interconnection Customer submits a valid Interconnection Request or CRIS-Only Request, the Interconnection Request or CRIS-Only Request will be a Cluster Study Project included in the Cluster for that Cluster Study Process. An Interconnection Customer must timely cure any deficiencies identified by the ISO, Connecting Transmission Owner, or Affected Transmission Owner as set forth in Section 40.5.7.

The ISO shall then commence the Customer Engagement Window as set forth in Section 40.7.1. During the Customer Engagement Window, the ISO shall publish the list of all of the Cluster Study Projects in the Cluster for that particular Cluster Study Process as set forth in Section 40.7.2. The Connecting Transmission Owner will also conduct a Physical Infeasibility Screening of the proposed interconnections of the Cluster Study Projects as set forth in Section 40.7.3. Finally, the ISO shall conduct a group Scoping Meeting for the Cluster as set forth in Section 40.7.4. At the conclusion of the Customer Engagement Window, the ISO will commence the Phase 1 Entry Decision Period in which an Interconnection Customer will elect for its Cluster Study Project to proceed to the Phase 1 Study, including posting the Readiness Deposit 1 for its project, or to withdraw its Cluster Study Project from the Queue as set forth in Section 40.7.5. A Cluster Study Project that withdraws may be subject to a Withdrawal Penalty as set forth in Section 40.7.6.

The ISO shall then commence the Phase 1 Study. For purposes of the Phase 1 Study and Phase 2 Study, the ISO will finalize the Existing System Representation in accordance with Section 40.10.3. The Connecting Transmission Owners and Affected Transmission Owners will then perform the Phase 1 Study in accordance with Section 40.10.4 to identify the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities required to reliably interconnect the Cluster Study Project with the New York State Transmission System or Distribution System in accordance with Applicable Reliability Requirements and to provide cost estimates for and a preliminary schedule to construct the facilities. The Phase 1 Study concludes with the ISO's Operating Committee's approval of the Phase 1 Cost Estimates Summary Report.

At the conclusion of the Phase 1 Study, the ISO will commence the Phase 2 Entry Decision Period in which an Interconnection Customer will elect for its Cluster Study Project to proceed to the Phase 2 Study, including posting the Readiness Deposit 2 for its project, or to withdraw its Cluster Study Project from the Queue as set forth in Section 40.10.8. A Cluster Study Project that withdraws may be subject to a Withdrawal Penalty as set forth in Section 40.10.9.

The ISO will then perform the Phase 2 Study as set forth in Section 40.11. The ISO will perform assessments using the Cluster Baseline Assessment and Cluster Project Assessment base cases to identify the System Upgrade Facilities and Distribution Upgrades required for the reliable interconnection of Cluster Study Projects to the New York State Transmission System or to the Distribution System in compliance with the NYISO Minimum Interconnection Standard in accordance with the requirements in Section 40.12. In addition, for Cluster Study Projects requesting CRIS, the ISO will conduct a Cluster Study Deliverability Study to assess their

requested CRIS in compliance with the NYISO Deliverability Interconnection Standard and identify any required System Deliverability Upgrades in accordance with Section 40.13. The Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator will determine the cost estimates for and a preliminary schedule to construct the facilities, along with updating, as needed, the identification of and cost estimates of the facilities identified in the Phase 1 Study. The Phase 2 Study concludes with the ISO's Operating Committee's approval of the Cluster Study Report.

At the conclusion of the Phase 2 Study, the ISO will commence the Final Decision Period in which each Interconnection Customer will elect through iterative decision rounds whether to accept its Project Cost Allocation and pay cash or post Security for the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades identified in the Cluster Study for its Cluster Study Project as set forth in Section 40.15. An Interconnection Customer that accepts its Project Cost Allocation and pays cash or posts Security in the allocated amount for its Cluster Study Project will proceed to the negotiation process for a Standard Interconnection Agreement and any required construction agreements for that project as set forth in Section 40.21. If an Interconnection Customer does not accept its Project Cost Allocation or does not pay cash or post Security in the allocated amount for its Cluster Study Project, the Cluster Study Project will be withdrawn from the Queue and may be subject to a Withdrawal Penalty as set forth in Section 40.15.5. The ISO will perform, if applicable, an Additional SDU Study as set forth in Section 40.14.

An Interconnection Customer may separately elect to enter an Expedited Deliverability Study for purposes of requesting CRIS outside the Cluster Study Process, subject to the eligibility requirements for the Expedited Deliverability Study, in accordance with Section 40.19.

### **40.2.3 Application of Standard Interconnection Procedures**

40.2.3.1 The Standard Interconnection Procedures set forth in this Attachment HH establish the rules for an Interconnection Customer to submit an Interconnection Request or CRIS-Only Request proposing to: (i) interconnect a new Generating Facility or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System, (ii) materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project that is interconnected to the New York State Transmission System or Distribution System, or (iii) solely obtain CRIS or an increases in CRIS.

40.2.3.2 For purposes of Section 40.2.3.1, an increase in the capacity of an existing Facility is a material increase unless the increase (a) is not associated with any equipment changes or is associated with equipment changes determined by the ISO to be non-material; and (b) is an increase in: (i) the baseline ERIS level for a Facility greater than 20 MW that is equal to or less than ten (10) megawatts or five (5) percent, whichever is greater, or (ii) the baseline ERIS level for a Facility 20 MW or smaller that is equal to or less than two (2) megawatts. For purposes of this Section 40.2.3.2, the baseline ERIS level of an existing facility is (a) the greater of (i) the existing Facility's CRIS level determined as a facility pre-dating Class Year 2007 pursuant to Section 40.18.2.5, if applicable; or (ii) the final maximum summer megawatt electrical output studied for the total facility (including all Generators in a facility comprised of multiple Generators) for ERIS in the ISO's interconnection process for the existing Facility; or (b) if neither (a)(i) nor (a)(ii) are applicable, the baseline ERIS level is the value reflected in the Facility's interconnection agreement or other applicable documentation governing the Facility's interconnection; *provided, however*, if the Facility has requested a modification to its facility to decrease its size, and such modification has been deemed nonmaterial by the ISO, the decreased

MW level will be a cap on its baseline ERIS. If the existing Facility is a BTM:NG Resource, the increase in existing capacity will be measured based on the increase from the existing gross capability of the generator to the proposed gross capability of the generator, as modified.

Notwithstanding the above, if the existing Facility is a temperature sensitive unit, the maximum capacity of which varies based on ambient temperature, the increase in existing capacity will be measured based on the largest increase from the existing capacity to the proposed capacity at the same temperature, i.e., at the same temperature along the maximum megawatt electrical output versus temperature curves.

40.2.3.3 The rules in this Attachment HH apply to ERIS and CRIS obtained under this Attachment HH as well as ERIS and CRIS obtained under Attachments S, X, or Z of the ISO OATT.

40.2.3.4 A Transmission Owner that has constructed a reliability-based transmission or distribution system upgrade, or an upgrade pursuant to an order issued by a regulatory body requiring such construction, will not be deemed to be an Interconnection Customer under these rules because of the construction of that upgrade.

40.2.3.5 These Standard Interconnection Procedures do not apply to interconnections made simply to receive power from the New York State Transmission System and/or the Distribution System, nor to interconnections made solely for the purpose of generation with no wholesale sale for resale nor to net metering. These procedures do not apply to interconnections to LIPA's distribution facilities. LIPA will continue to administer the interconnection process for generators connecting to its distribution facilities and perform all required studies on its distribution system under its own tariffs and procedures.

40.2.3.6 An Interconnection Customer seeking to return a Generating Facility to

Commercial Operations after it is Retired must submit a new Interconnection Request as a new facility. An Interconnection Customer returning a Generating Facility to service prior to the expiration or termination of its Mothball Outage or ICAP Ineligible Forced Outage need not submit a new Interconnection Request unless the Generating Facility is making modifications or is increasing its capacity such as would otherwise trigger a new Interconnection Request for an existing Generating Facility.

40.2.3.7 Under the Standard Interconnection Procedures, a request to interconnect a certified Generating Facility (see Appendices 10 and 11 for description of certification criteria) to the Connecting Transmission Owner's Distribution System shall be evaluated under the Fast Track Process in Section 40.23 if the eligibility requirements of Section 40.23.1 are met. If the Generating Facility does not meet the eligibility requirements or does not pass the Fast Track Process, it shall be subject to the Cluster Study Process and may submit an Interconnection Request for the project in the next open Application Window.

40.2.3.8 A request to interconnect a certified inverter-based Generating Facility no larger than 10 kilowatts (kW) shall be evaluated under the Appendix 12 10 kW Inverter Process instead of through the Cluster Study Process. If the Generating Facility does not meet the eligibility requirements or does not pass the Fast Track Process, it shall be subject to the Cluster Study Process and may submit an Interconnection Request for the project in the next open Application Window.

#### **40.2.4 Fee and Deposit Requirements for the Standard Interconnection Procedures**

##### **40.2.4.1 Method for Payment of Cash Fees and Deposits**

An Interconnection Customer must submit any cash fee or cash deposit required under this Attachment HH to the ISO via electronic payment using the method required by the ISO.

#### **40.2.4.2 Deposit Requirement**

As security for the prompt payment of Interconnection Customer's obligation to make payments to the ISO required under this Attachment HH, Interconnection Customer shall provide deposits required by this Attachment HH in an acceptable form in accordance with the requirements in Sections 40.2.4.2.1, 40.2.4.2.2, or 40.2.4.2.3.

##### **40.2.4.2.1 Cash Deposit**

If Interconnection Customer provides cash to the ISO as a deposit, Interconnection Customer's delivery of cash to the ISO shall constitute the grant of a first-priority security interest in the cash in favor of the ISO, and the ISO shall be authorized by such delivery to hold the cash as security and to apply it to the Interconnection Customer's obligations. An Interconnection Customer who delivers cash to the ISO hereunder agrees that the ISO OATT and any other agreements incorporating the terms of the ISO OATT shall for all purposes constitute a security agreement.

##### **40.2.4.2.2 Letter of Credit**

If Interconnection Customer provides a letter of credit to the ISO as a deposit, the letter of credit shall be in a form acceptable to the ISO and issued or guaranteed by an approved U.S. or Canadian commercial bank, or an approved U.S. or Canadian branch of a foreign bank, with a minimum "A" rating from Standard & Poor's, Fitch, Moody's, or Dominion. An Interconnection Customer providing a letter of credit must provide a separate letter of credit for each Interconnection Request and each CRIS-Only Request. An Interconnection Customer's failure to provide an acceptable deposit in an amount sufficient to meet its obligations in Attachment HH fifty (50) days prior to the termination of a letter of credit, which deposit shall be guaranteed to remain in effect for a period of not less than one (1) year, shall be considered a

failure to maintain a deposit under this Attachment HH enabling the ISO to immediately draw upon the full value of the letter of credit or avail itself of all other remedies to which it is entitled under this Attachment HH.

#### **40.2.4.2.3 Surety Bond**

If Interconnection Customer provides a surety bond to the ISO as a deposit, the surety bond shall be in a form acceptable to the ISO, payable immediately upon demand without prior demonstration of the validity of the demand, and issued by a U.S. Treasury-listed surety with a minimum “A” rating from A.M. Best. An Interconnection Customer’s failure to provide an acceptable deposit in an amount sufficient to meet its obligations in Attachment HH fifty (50) days prior to the termination of a surety bond, which deposit shall be guaranteed to remain in effect for a period of not less than one (1) year, shall be considered a failure to maintain a deposit under this Attachment HH enabling the ISO to immediately demand payment of the full value of the surety bond or avail itself of all other remedies to which it is entitled under this Attachment HH.

#### **40.2.5 Comparability**

The ISO shall receive, process and analyze all Interconnection Requests and CRIS-Only Requests in a timely manner as set forth in the Standard Interconnection Procedures. As described herein, the ISO will process and analyze all Interconnection Requests and CRIS-Only Requests with independence and impartiality, in cooperation with and with input from the Interconnection Customers, Connecting Transmission Owners and other Market Participants. The ISO will perform, oversee or review the Cluster Study Process to ensure compliance with the Standard Interconnection Procedures. The ISO shall process and analyze Interconnection Requests and CRIS-Only Requests from all Interconnection Customers, regardless of whether the Generating Facilities or Cluster Study Transmission Projects are owned by a Connecting



Transmission Owner, its subsidiaries or Affiliates, or others.

#### **40.2.6 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 Interconnection Customer upon request. In addition, the ISO shall maintain network models and underlying assumptions within its possession on its secure portion of the ISO website, which shall be accessible through a link from the OASIS. Such network models and underlying assumptions should reasonably represent those used during the most recent Class Year Study or Cluster Study, as applicable, and be representative of current system conditions used in the interconnection studies. All Parties shall treat Confidential Information in accordance with Section 40.24.1 of these Standard Interconnection Procedures. The ISO and Connecting Transmission Owner are permitted to require that Interconnection Customers and password-protected website users sign a non-disclosure agreement before the release of Confidential Information or Critical Energy Infrastructure Information in the Base Case data. The power flow, short circuit and stability data bases and underlying assumptions provided shall be those that the ISO is using in the Cluster Baseline Assessment then in progress, or if such data bases are not available, the data bases from the last completed Cluster Project Assessment conducted prior to the request or posted to the secure portion of the ISO website. In the case of a request from an Interconnection Customer considering or requesting CRIS, the power flow data bases provided shall include the Cluster Project Assessment case from the most recently completed Class Year Deliverability Study or Cluster Study Deliverability Study.

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

Nothing in these Standard Interconnection Procedures shall constitute a request for Transmission Service or confer upon an Interconnection Customer any right to receive Transmission Service. Nothing in these Standard Interconnection Procedures shall constitute a request for, nor agreement to provide, any energy, Ancillary Services or Installed Capacity under the ISO Services Tariff, except to the extent that an Interconnection Customer's election of Capacity Resource Interconnection Service and satisfaction of the NYISO Deliverability Interconnection Standard are prerequisites for the Generating Facility to become a qualified Installed Capacity Supplier and for the Cluster Study Transmission Project to receive Unforced Capacity Deliverability Rights.

#### **40.2.8 Transmission Service Customer Rights**

Nothing in these rules precludes any transmission service customer from receiving transmission service charge credits to the extent the customer is entitled to such credits under FERC policy and precedent.

#### **40.2.9 ISO Data Requirements**

Interconnection Customers and Transmission Owners shall provide the ISO with all data necessary to make the determinations contemplated by these rules.

#### **40.2.10 Limitation of Liability**

All obligations of the ISO or a Transmission Owner pursuant to these Standard Interconnection Procedures are services or associated with services under this ISO OATT and subject to the limitation of liability contained in Section 2.11.3 to the ISO OATT.

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

Nothing in these Standard Interconnection Procedures restricts the rights of any person under the OATT, or the right of any person to file a complaint with the Federal Energy Regulatory Commission under the relevant provisions of the Federal Power Act or the right of a party to and under the ISO/TO Agreement or an Operating Agreement.

#### **40.2.12 Inclusion of Black Start Capability at Generating Facility Larger than 20 MW**

An Interconnection Customer proposing, pursuant to this Attachment HH, to interconnect a new Generating Facility larger than 20 MW to Zone J or to modify – i.e., materially increase (as defined in Section 40.2.3.2 of this Attachment HH) the capacity of or make a material modification to the operating characteristics of – an existing Generating Facility larger than 20 MW already interconnected to Zone J that will commence Commercial Operation after November 1, 2012, shall include black start capability at the Generating Facility; *provided, however*, the Generating Facility shall not be required to include black start capability if:

- (A) the ISO determines that: (i) the inclusion of black start capability at the Generating Facility would not provide a material benefit to system restoration in Zone J, or (ii) the Interconnection Customer has shown good cause for not including black start capability at the Generating Facility, or
- (B) as of November 1, 2012, the Generating Facility has: (i) received one or more draft or final air permits from the appropriate regulatory agency, or (ii) has completed a draft environmental impact statement and submitted it to the appropriate governmental agency for issuance for public comment.

The inclusion of black start capability at a given Generating Facility would provide a material benefit to system restoration in Zone J if, among other things, such action would

improve the speed, adequacy, or flexibility of Consolidated Edison Company of New York, Inc.'s ("Consolidated Edison's") black start and system restoration plan for restoring electric service in Zone J in a safe, orderly, and prompt manner following a major system disturbance that would require Consolidated Edison to undertake system restoration efforts.

To facilitate the ISO's determination regarding material benefit, Consolidated Edison shall at its expense perform contemporaneously with the Phase 1 Study a separate study to examine whether a new or modified Generating Facility would provide a material benefit to system restoration as a black start resource. If changes to the project made subsequent to this study are deemed by the ISO to be significant, Consolidated Edison shall perform a new study at Interconnection Customer's expense. The study will indicate the black start performance measures under Consolidated Edison's black start and system restoration plan and the impact on relevant factors of the Generating Facility having black start capability. Consolidated Edison will provide its study to the ISO and to the Interconnection Customer(s) of the Generating Facility(ies) that were considered in the study, subject to appropriate confidentiality protections. Consolidated Edison may provide the study to other parties that have a direct interest in this matter as well, subject to appropriate confidentiality protections.

If an Interconnection Customer asserts that good cause exists for not including black start capability at a new or modified Generating Facility, it shall provide documentation demonstrating the technical, financial, spatial, and/or other reasons that justify its assertion. Factors that may constitute reasonable justification include, but are not limited to: (i) physical site limitations would unreasonably impair the planned use of the site or prevent the inclusion of black start equipment in addition to the equipment required to properly operate and maintain the proposed Generating Facility; (ii) the cost of adding black start capability would increase the

overall cost of the project to a level that would impair the ability of the Interconnection Customer to secure financing at commercially competitive terms; or (iii) the inclusion of black start capability would prevent Interconnection Customer from obtaining the permits and approvals needed for the project, or result in the imposition of significantly more burdensome permit conditions than would be imposed absent the installation of black start capability.

Interconnection Customer will provide a study to the ISO and Consolidated Edison that supports its claim under this section, subject to appropriate confidentiality protections. Interconnection Customer may provide the study to other parties that have a direct interest in this matter as well, subject to appropriate confidentiality protections.

Any decision by the ISO regarding a new or modified Generating Facility's installation of black start capability pursuant to these provisions shall not be considered precedential or binding on the New York State Board on Electric Generation Siting and the Environment. In the event the New York State Board on Electric Generation Siting and the Environment makes a determination regarding the installation of black start equipment in the course of its siting process under Public Service Law Article 10, the ISO will accept that determination and not make a separate determination hereunder.

## **40.3 Transition Procedures**

### **40.3.1 Transition Procedures for Interconnection Requests and CRIS-Only Requests Submitted Prior to the Effective Date of Standard Interconnection Procedures**

Upon the effective date of the Standard Interconnection Procedures, the ISO shall withdraw from the Queue all existing Interconnection Requests for Large Generating Facilities, Class Year Transmission Projects, Small Generating Facilities, or Class Year Projects and cease its evaluation of all existing CRIS-Only Requests for Class Year Projects that were submitted prior to the effective date of the Standard Interconnection Procedures pursuant to, as applicable, the Standard Large Facility Interconnection Procedures in Attachments S and X of the ISO OATT or the Standard Small Generator Interconnection Procedures in Attachment Z of the ISO OATT, except as provided for in the transition requirements set forth in Sections 40.3.1.1 – 40.3.1.10.

40.3.1.1 The ISO shall retain the Queue Position of a Large Facility or a Small Generating Facility that, as of the effective date of the Standard Interconnection Procedures, (i) has an executed interconnection agreement or an unexecuted interconnection agreement accepted by the Commission, but (ii) has not yet entered Commercial Operation.

40.3.1.2 The ISO shall retain the Queue Position of a Class Year Project or Small Generating Facility that, as of the effective date of the Standard Interconnection Procedures: (A) has either participated in the Class Year Interconnection Facilities Study for Class Year 2021 or a prior Class Year Interconnection Facilities Study or completed a Small Generator facilities study, (B) has either accepted at the conclusion of the Class Year Interconnection Facilities Study its Project Cost Allocation and paid cash or posted Security for its allocated amount or satisfied the requirements of Section 32.3.5.7.1 of Attachment Z to the OATT at the conclusion of its Small Generator facilities study applicable to the cost allocation for its

identified Interconnection Facilities and Upgrades, and (C) is negotiating an interconnection agreement for the Class Year Project or Small Generating Facility or has requested that such interconnection agreement be filed unexecuted with the Commission. For a Class Year Project for Class Year 2021 or prior Class Years or a Small Generating Facility for which the ISO is negotiating with the Interconnection Customer, Connecting Transmission Owner, Affected System Operator, and/or Affected Transmission Owner, as applicable, an interconnection agreement and/or Engineering, Procurement, or Construction Agreement(s) as of the effective date of the Standard Interconnection Procedures, the parties shall continue to negotiate, as applicable, the Standard Large Generator Interconnection Agreement, Small Generator Interconnection Agreement, and/or Engineering, Procurement, or Construction Agreement pursuant to the terms and forms set forth, as applicable, in Attachment X or Attachment Z to the ISO OATT.

#### 40.3.1.3 Class Year Projects in the Class Year Study for Class Year 2023

40.3.1.3.1 The ISO shall retain the Queue Position of a Class Year Project participating in the Class Year Study for Class Year 2023. The ISO shall complete the Class Year Interconnection Facilities Study for Class Year 2023, including invoicing study costs and reconciling final payments and any deposit refunds, pursuant to the requirements for a Class Year Study set forth in Attachments X and S to the ISO OATT.

40.3.1.3.2 The ISO will perform any Additional SDU Study for Class Year 2023 in accordance with the existing requirements for such study in Attachment S to the ISO OATT. If the decision period for the Additional SDU Study is not completed ten (10) Business Days prior to the scheduled Phase 1 Study Start Date for the Transition Cluster Study Process, the ISO shall terminate the Additional SDU Study. If the Additional SDU

Study is terminated and an Interconnection Customer wishes to obtain an SDU Project Cost Allocation for its requested CRIS, the Interconnection Customer may elect to enter a subsequent Cluster Study Process by satisfying the applicable entry requirements for an Interconnection Request or CRIS-Only Request in the Application Window for the Cluster Study Process as set forth in Section 40.5.4 of this Attachment HH.

40.3.1.3.3 Notwithstanding the requirements in Section 30.11.1 of Attachment X and Section 25.6.2.3.2 of Attachment S to the ISO OATT, a Class Year Project that satisfied the regulatory milestone requirement to enter Class Year 2023 or a prior Class Year by submitting a qualifying contract or deposit shall not be subject to withdrawal from the Queue if it has not satisfied the applicable regulatory milestone within six (6) months after the date the ISO tenders its draft interconnection agreement. If the Class Year Project submitted a deposit to satisfy the regulatory milestone requirement, it will remain subject to the requirements and timeframes in Section 25.6.2.3.1 of Attachment S to the ISO OATT concerning the refund of this deposit.

40.3.1.3.4 If: (i) the Class Year Project withdraws, or is deemed withdrawn, prior to the completion of Class Year 2023, or (ii) a Class Year Project does not accept its Project Cost Allocation or does not pay cash or post Security for its allocated amount as determined in Class Year 2023, the Interconnection Request shall be withdrawn from the Queue. If a Class Year Project accepts its Project Cost Allocation and pays cash or posts Security for its allocated amount in Class Year 2023, the ISO shall tender to the Interconnection Customer as soon as practicable following the completion of the Class Year Study a Standard Interconnection Agreement and any required Standard Upgrade Construction Agreement or Multiparty Standard Upgrade Construction Agreement in



accordance with the requirements in Section 40.21 to this Attachment HH. If the Interconnection Customer requests tender of an interconnection agreement prior to the completion of the Class Year Study pursuant to the requirements in Section 30.11.3 of Attachment X to the OATT, the ISO will tender the Standard Interconnection Agreement to the Interconnection Customer.

40.3.1.4 The ISO shall retain the Queue Position of a Small Generating Facility and complete or commence a Small Generator facilities study pursuant to the requirements in Section 40.3.1.4.1 if: prior to the effective date of the Standard Interconnection Procedures either:

- (i) the facilities study has already commenced pursuant to the requirements in 32.3.5 of Attachment Z to the ISO OATT, or
- (ii) the facilities study has not yet commenced, but the following requirements have been satisfied: (A) a system impact study for the Small Generating Facility has been completed that did not identify any non-Local System Upgrade Facilities, (B) the Interconnection Customer executed a Small Generator facilities study agreement tendered by the ISO, (C) Connecting Transmission Owner has confirmed receipt of the complete data provided by the Interconnection Customer that is required for the performance of the applicable study, and (D) the ISO has provided to the Connecting Transmission Owner the final short-circuit base case required for the facilities study.

40.3.1.4.1 If the requirements in either Section 40.3.1.4(i) or (ii) are met, the ISO, in coordination with the Connecting Transmission Owner, shall proceed to commence or complete the facilities study in accordance with the requirements in Attachment Z to the ISO OATT subject to the following conditions unless the

Interconnection Customer informs the ISO to terminate or not commence the facilities study:

(i) If the facilities study is not completed prior to the end of the Application Window for the Transition Cluster Study Process, then the ISO shall terminate the facilities study and shall withdraw the Interconnection Request for the Small Generating Facility from the Queue.

(ii) If the facilities study identifies any non-Local System Upgrade Facilities, then the ISO shall terminate the facilities study and shall withdraw the Interconnection Request for the Small Generating Facility from the Queue.

(iii) If the facilities study is completed, and the Interconnection Customer satisfies the requirements in Attachment Z to be tendered an interconnection agreement, the ISO, Connecting Transmission Owner, and Interconnection Customer will negotiate a Standard Small Generator Interconnection Agreement in accordance with the requirements in Attachment Z to the ISO OATT. If the Small Generating Facility does not satisfy the requirements to be tendered a draft Standard Small Generator Interconnection Agreement following the completion of its facilities study, the ISO shall withdraw the Interconnection Request for the Small Generating Facility from the Queue.

40.3.1.5 If, prior to the effective date of the Standard Interconnection Procedures, an Interconnection Customer's Small Generating Facility that has not satisfied the requirements in Sections 40.3.1.2 or 40.3.1.4 either:

(i) has commenced an optional feasibility study or system impact study for the Small Generating Facility, or

(ii) has: (A) satisfied the requirements, as applicable, in Sections 32.3.2.3, 32.3.4.1, and 32.3.4.3 of Attachment Z to the ISO OATT to commence an optional feasibility study or system impact study, (B) Connecting Transmission Owner has confirmed receipt of the complete data provided by the Interconnection Customer that is required for the performance of the applicable study, and (C) the ISO has provided to the Connecting Transmission Owner the final base case required for the applicable optional feasibility study or system impact study, then the ISO, in coordination with the Connecting Transmission Owner, shall proceed using Reasonable Efforts to commence or complete the applicable study unless the Interconnection Customer informs the ISO not to commence or to terminate the study. The ISO shall retain the Queue Position for the Interconnection Request for the Small Generating Facility for the duration of the study and shall withdraw the Interconnection Request from the Queue upon the completion or termination of the study. If the optional feasibility study or system impact study is not completed prior to the end of the Application Window for the Transition Cluster Study Process, then the ISO shall terminate the study and shall withdraw the Interconnection Request for the Small Generating Facility from the Queue.

40.3.1.5.1 An Interconnection Customer with a Small Generating Facility that is subject to an optional feasibility study or system impact study under Section 40.3.1.5 cannot submit an Interconnection Request for the same project or a project using the same Site Control in the Application Window of the Transition Cluster Study Process until the study performed in accordance with Section 40.3.1.5 is

completed or terminated. An Interconnection Customer may cure such deficiency in its Interconnection Request by informing the NYISO to terminate the ongoing study.

40.3.1.6 If, prior to the effective date of the Standard Interconnection Procedures, an Interconnection Customer's Large Facility that is not participating in the Class Year Study for Class Year 2023 either:

(i) has commenced an Optional Feasibility Interconnection Study, System Reliability Impact Study, or Optional System Reliability Impact Study in accordance with the interim transition procedures set forth in Section 30.5.3 of Attachment X to the ISO OATT, or

(ii) has (A) satisfied the requirements in Section 30.5.3 of Attachment X to commence an Optional Feasibility Interconnection Study, System Reliability Impact Study, or Optional System Reliability Impact Study, (B) Connecting Transmission Owner has confirmed receipt of the complete data provided by the Interconnection Customer that is required for the performance of the applicable study, and (C) the ISO has provided to the Connecting Transmission Owner the final base case required for the applicable study,

then the ISO, in coordination with the Connecting Transmission Owner, shall proceed using Reasonable Efforts to commence or complete the study unless the Interconnection Customer informs the ISO not to commence or to terminate the study. The ISO shall retain the Queue Position for the Interconnection Request for the Large Facility for the duration of the study and shall withdraw the Interconnection Request from the Queue upon the completion or termination of the study. If the Optional Feasibility Interconnection Study, System Reliability Impact Study, or Optional System Reliability Impact Study is not completed prior to the end of the Application Window for the Transition Cluster Study

Process, then the ISO shall terminate the study and shall withdraw the Interconnection Request for the Large Facility from the Queue.

40.3.1.6.1 An Interconnection Customer with a Large Facility that is subject to an Optional Feasibility Interconnection Study, System Reliability Impact Study, or Optional System Reliability Impact Study under Section 40.3.1.6 cannot submit an Interconnection Request for the same project or a project using the same Site Control in the Application Window of the Transition Cluster Study Process until the study performed in accordance with Section 40.3.1.6 is completed or terminated. An Interconnection Customer may cure such deficiency in its Interconnection Request by informing the NYISO to terminate the ongoing study.

40.3.1.7 If the ISO has commenced an Expedited Deliverability Study in accordance with the requirements in Section 25.5.9.2.1 to Attachment S to the ISO OATT that will not be completed prior to the effective date of the Standard Interconnection Procedures, the ISO will withdraw from the Expedited Deliverability Study any Small Generating Facility participating in the study that does not have a completed Small Generator facilities study or is not commencing or continuing with a Small Generator facilities study pursuant to the transition rules in Section 40.3.1.4.

40.3.1.8 If the ISO commenced a system impact study of the Affected System impacts on the New York State Transmission System of a generation project that is interconnecting to another region's transmission system that is not completed prior to the effective date of the Standard Interconnection Procedures, the ISO shall complete the study in accordance with the agreed upon terms of such study. If the study identifies upgrades are required on the New York State Transmission System, the developer may submit a Transmission Interconnection

Application for the upgrade in accordance with the requirements in Attachment P to the ISO OATT and ISO Procedures.

40.3.1.9 For purposes of the performance and the completion or termination of an interconnection study in accordance with Sections 40.3.1.4, 40.3.1.5, or 40.3.1.6, the ISO will perform such studies and invoice study costs and reconcile final payments and any deposit refunds in accordance with the applicable requirements for such study in Attachments X, S, or Z to the ISO OATT unless otherwise indicated in this Section 40.3.1.

40.3.1.10 All projects that remain in the Queue following the effective date of the Standard Interconnection Procedures in accordance with the transition requirements in this Section 40.3.1 shall be subject to the requirements in this Attachment HH to the ISO OATT except as indicated in this Section 40.3.1 or otherwise indicated in this Attachment HH.

#### **40.3.2 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 an Interconnection Request 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 Standard Interconnection Procedures shall be paid by or refunded to the Interconnection Customer, as appropriate. The ISO shall coordinate with the successor transmission provider to complete any Interconnection Request or CRIS-Only Request (including a Cluster Study), as appropriate, that the ISO has begun but has not completed. If the ISO has tendered a draft Standard Interconnection Agreement to the Interconnection Customer but the Interconnection Customer has not either executed that interconnection agreement or requested the filing of an unexecuted

Standard Interconnection Agreement with FERC, unless otherwise provided, the Interconnection

Customer must complete negotiations with the successor transmission provider.

## **40.4 Pre-Application Interconnection Information Available to Prospective Interconnection Customers**

### **40.4.1 Heatmap**

The ISO shall maintain and make publicly available: (1) an interactive visual representation of the estimated incremental injection capacity (in megawatts) available at each point of interconnection on the New York State Transmission System under N-1 conditions, and (2) a table of metrics concerning the estimated impact of a potential Generating Facility on the New York State Transmission System based on a user-specified addition of a particular number of megawatts at a particular voltage level at a particular point of interconnection. At a minimum, for each transmission facility impacted by the user-specified megawatt addition, the following information will be provided in the table: (1) the distribution factor; (2) the megawatt impact (based on the megawatt values of the proposed Generating Facility and the distribution factor); (3) the percentage impact on each impacted transmission facility (based on the megawatt values of the proposed Generating Facility and the facility rating); (4) the percentage of power flow on each impacted transmission facility before the injection of the proposed project; and (5) the percentage power flow on each impacted transmission facility after the injection of the proposed Generating Facility. These metrics must be calculated based on the power flow model of the New York State Transmission System with the transfer simulated from each point of interconnection to the whole New York State Transmission System (to approximate Capacity Resource Interconnection Service), and with the incremental capacity at each point of interconnection decremented by the existing and queued Generating Facilities and with the incremental capacity at each point of injection for a Class Year Transmission Project or Cluster Study Transmission Project (based on the existing or requested interconnection service limit of the generation). The information contained in the Heatmap is solely for information purposes.



An entity seeking ERIIS and/or CRIS must do so pursuant to the requirements in this Attachment HH. These metrics must be updated within thirty (30) Calendar Days after the completion of the latter of the Final Decision Period or the Additional SDU Study Decision Period. This information must be publicly posted, without a password or a fee. The website will define all underlying assumptions, including the name of the most recent Cluster Study used in the Base Case. The ISO will make this information required by this Section 40.4.1 available beginning thirty (30) Calendar Days after the conclusion of the latter of the Final Decision Period or the Additional SDU Study Decision Period for the Transition Cluster Study.

#### **40.4.2 Pre-Application Report**

40.4.2.1 An entity may request a Pre-Application Report for information regarding the proposed interconnection of a Generation Facility or Cluster Study Transmission Project at a particular point on the New York State Transmission System or Distribution System. To request a Pre-Application Report, the entity must submit to the ISO: (i) a fully completed and executed Pre-Application Request Form, in the form set forth in Appendix 4 to this Attachment HH, and (ii) a non-refundable pre-application fee of \$5,000 in cash for each point of interconnection, which fee shall be provided in accordance with Section 40.2.4.1. The requesting entity may request through a single Pre-Application Request Form information concerning up to two points of interconnection. The requesting entity must submit an additional Pre-Application Request Form and applicable fee to request information about additional points of interconnection. An entity may submit a Pre-Application Request Form to the ISO at any time, except for within the period commencing forty-five (45) days prior to, as applicable, the Cluster Study Process Start Date or Transition Cluster Study Process Start Date and through the completion of the Application Window for that Cluster Study Process or Transition Cluster Study Process.

40.4.2.2 Upon the ISO's receipt of a fully completed and executed Pre-Application Request Form and the application fee from the requesting entity, the ISO will provide within five (5) Business Days a copy of the Pre-Application Request Form to the Connecting Transmission Owner. The application fee shall be divided between the ISO and the Connecting Transmission Owner as follows: 25% to the ISO and 75% to the Connecting Transmission Owner.

40.4.2.3 The Transmission Owner will respond to the ISO within five (5) Business Days confirming whether it is the appropriate Connecting Transmission Owner and, if so, identifying any Affected Transmission Owner(s) to the extent known at that time. Upon a Transmission Owner's confirmation that it is the appropriate Connecting Transmission Owner, it will coordinate with the requesting entity and any Affected Transmission Owner(s) to establish a date agreeable to those entities for a pre-application scoping meeting. If the identified Transmission Owner informs the ISO that it is not the appropriate Connecting Transmission Owner or Affected Transmission Owner, the ISO will provide within five (5) Business Days a copy of the Pre-Application Request Form to, as applicable, the appropriate Connecting Transmission Owner. The requesting entity shall execute a confidentiality agreement or non-disclosure agreement with the Connecting Transmission Owner and/or Affected Transmission Owner, if required by the applicable Transmission Owner, prior to the pre-application scoping meeting. The Connecting Transmission Owner shall complete, in coordination with any Affected Transmission Owner(s), and return to the requesting entity the Pre-Application Report within twenty-five (25) Business Days after the pre-application scoping meeting.

40.4.2.4 The Pre-Application Report shall be in the form set forth in Appendix 4 to this Attachment HH. The Connecting Transmission Owner shall, in good faith, complete the Pre-Application Report with the best information available at the time of the report to the extent

readily available data exists. The Pre-Application Report process does not obligate the ISO, Connecting Transmission Owner, or Affected Transmission Owner(s) to conduct a study or perform other analysis of the proposed interconnection of the Facility in the event the data is not readily available. If the Connecting Transmission Owner cannot complete all or some of the Pre-Application Report due to lack of available data, the Connecting Transmission Owner shall provide the requesting entity with a Pre-Application Report that includes the data that is available. The information included in the report is preliminary and non-binding, may be outdated by the time an Interconnection Request is submitted, and does not confer any rights on the part of the requesting entity or any obligations on the ISO, Connecting Transmission Owner, or Affected Transmission Owner(s). If the ISO, in consultation with the relevant Connecting Transmission Owner, determines that the proposed interconnection is not subject to the ISO's Standard Interconnection Procedures, the ISO will inform the requesting entity that its proposed interconnection is not subject to the Standard Interconnection Procedures, and the Connecting Transmission Owner will provide the requesting entity with the Pre-Application Report completed to the extent possible.

40.4.2.5 An entity is not required to request a Pre-Application Report to submit an Interconnection Request for its Facility to the ISO during an Application Window. Notwithstanding a Pre-Application Report, an entity must satisfy the Standard Interconnection Procedures in this Attachment HH to interconnect its Facility to the New York State Transmission System or Distribution System. If the Pre-Application Request Form seeks information about a point of interconnection that is not subject to the Standard Interconnection Procedures, the entity shall follow the applicable state tariff, rules, or procedures regarding generator interconnections.

## **40.5 Cluster Study Process Start Date/Application Window/ Interconnection Requests/ Interconnection Service Options**

### **40.5.1 Start Date for Transition Cluster Study Process and Subsequent Cluster Study Processes**

40.5.1.1 The Transition Cluster Study Process shall commence on the Transition Cluster Study Process Start Date, which shall be August 1, 2024.

40.5.1.2 Each subsequent Cluster Study Process shall commence on the Cluster Study Process Start Date for that Cluster Study Process.

40.5.1.3 For Cluster Study Processes after the Transition Cluster Study Process, the Cluster Study Process Start Date shall be fifteen (15) Calendar Days prior to the scheduled date for the ISO's presentation in the prior study process of the Cluster Study Report for the Operating Committee's approval. The date will be set as follows. Within thirty (30) Calendar Days of the commencement of the Phase 2 Study of the Transition Cluster Study Process or a subsequent Cluster Study Process, the ISO will provide a preliminary schedule for the next Cluster Study Process, including a preliminary Cluster Study Process Start Date, based on the then-scheduled date for the ISO's presentation of the Cluster Study Report to the Operating Committee. Sixty (60) Calendar Days prior to the latest scheduled date of the ISO's presentation of the Cluster Study Report to the Operating Committee, the ISO shall provide the final Cluster Study Process Start Date using that scheduled Operating Committee date.

If the ongoing Cluster Study, including the Final Decision Round of the Final Decision Period, takes longer than scheduled to be completed, then the ISO shall extend the Customer Engagement Window for the next Cluster Study Process by the number of additional days required to complete the prior Cluster Study, including its Final Decision Period.

40.5.1.4 The ISO shall provide notice of the Transition Cluster Study Process Start Date and subsequent Cluster Study Process Start Dates and schedule by: (i) sending notice of the start date and schedule to those registered through the ISO to be on the distribution lists for the NYISO Operating Committee and its subcommittees and (ii) posting notice on its website of the start date.

#### **40.5.2 Transition Cluster Study Process**

The Transition Cluster Study Process shall be conducted in accordance with the requirements for the Cluster Study Process set forth in this Attachment HH except as otherwise indicated in this Attachment HH.

#### **40.5.3 Application Window Duration**

40.5.3.1 The Application Window shall commence, as applicable, on the Transition Cluster Study Process Start Date or Cluster Study Process Start Date.

40.5.3.2 The Application Window shall be a forty-five (45) Calendar Day period for a Cluster Study Process; *provided, however*, the period shall be a seventy-five (75) Calendar Day period for the Transition Cluster Study Process.

#### **40.5.4 Submission of Interconnection Request or CRIS-Only Request in Application Window**

The ISO will only process an Interconnection Request or CRIS-Only Request that is submitted by an Interconnection Customer during an Application Window, except for CRIS-Only Requests to obtain or increase CRIS that are not subject to a Cluster Study Process. An Interconnection Customer may submit an Interconnection Request or CRIS-Only Request for a project that is subject to the Standard Interconnection Procedures as set forth in Section 40.2.3 to join the Cluster evaluated for that particular Cluster Study Process. To submit an

Interconnection Request or CRIS-Only Request, an Interconnection Customer must satisfy the applicable submission requirements in Section 40.5.5.

#### **40.5.4.1 Contingent Projects**

40.5.4.1.1 If a project is participating in a Class Year Study, Cluster Study, Additional SDU Study, or Small Generator facilities study that is ongoing during the Application Window for the next Cluster Study Process (“Pending Project”), then the Interconnection Customer may submit during that Application Window for the next Cluster Study Process an Interconnection Request or CRIS-Only Request for a Cluster Study Project that is the same as its Pending Project (*e.g.*, same technical data, modeling, Point of Interconnection, and site), which project shall be labeled as a “Contingent Project” with its own Queue Position. An Interconnection Customer’s submission of a Contingent Project will not replace, or require the withdrawal, of the Interconnection Request or CRIS-Only Request for the Pending Project.

40.5.4.1.2 The Interconnection Customer must satisfy for the Contingent Project all of the same Interconnection Request or CRIS-Only Request requirements set forth in Section 40.5.5 as are required for an entirely new project, including, but not limited to, satisfying the non-refundable Application Fee, Study Deposit, and Site Control requirements.

40.5.4.1.3 The Contingent Project shall be subject to all of the same requirements in the Cluster Study Process as an entirely new project except as otherwise set forth in Sections 40.5.4.1.3.1 to 40.5.4.1.3.4.

40.5.4.1.3.1 If the Pending Project is a Class Year Project or Cluster Study Project only requesting ERIS:

- (i) if the Interconnection Customer accepts the SUF Project Cost Allocation or the CTOAF and SUF Project Cost Allocation required for the ERIS for the

Pending Project in the Final Decision Round of the applicable Class Year Study or Cluster Study, then the ISO shall withdraw the Contingent Project, and the Contingent Project shall not be assessed a Withdrawal Penalty for this withdrawal; or

(ii) if the Interconnection Customer withdraws the Pending Project prior to the applicable Final Decision Round or does not accept the cost allocation described in subpart (i), then the Contingent Project shall continue as a Cluster Study Project in the new Cluster Study Process, shall be subject to all of the same requirements in the Cluster Study Process as any other project, including the option to modify its Point of Interconnection pursuant to Section 40.7.2.3, and will be subject to any applicable Withdrawal Penalties if it withdraws or is deemed withdrawn.

40.5.4.1.3.2 If the Pending Project is a Class Year Project or Cluster Study Project only requesting CRIS:

(i) if the Interconnection Customer accepts the SDU Project Cost Allocation or Deliverable MWs for the fully requested CRIS amount for the Pending Project in the Final Decision Round of the later of the applicable Class Year Study, Cluster Study, or Additional SDU Study, then the ISO shall withdraw the Contingent Project, and the Contingent Project shall not be assessed a Withdrawal Penalty for this withdrawal; or

(ii) if the Interconnection Customer withdraws the Pending Project prior to the applicable Final Decision Round, does not accept the cost allocation or Deliverable MWs described in subpart (i), or the Additional SDU Study in which

its Pending Project is participating is not completed, then the Contingent Project shall continue as a CRIS-Only Cluster Study Project in the new Cluster Study Process for purposes of obtaining the megawatts of requested CRIS that it did not obtain in the prior study and shall be subject to all of the same requirements in the Cluster Study Process as any other project, including any applicable Withdrawal Penalties if it withdraws or is deemed withdrawn by the ISO.

40.5.4.1.3.3 If the Pending Project is a Class Year Project or Cluster Study Project requesting both ERIS and CRIS:

(i) if the Interconnection Customer (A) accepts the SUF Project Cost Allocation or the CTOAF and SUF Project Cost Allocation for the ERIS for the Pending Project in the Final Decision Round of the later of the applicable Class Year Study, Cluster Study, or Additional SDU Study, and (B) accepts the SDU Project Cost Allocation or the Deliverable MWs required for the fully requested CRIS amount for the Pending Project in the later of the applicable Class Year Study, Cluster Study, or Additional SDU Study, then the ISO shall withdraw the Contingent Project, and the Contingent Project shall not be assessed a Withdrawal Penalty for this withdrawal; or

(ii) if the Interconnection Customer withdraws the Pending Project prior to the applicable Final Decision Round for ERIS or does not accept the cost allocation described in subpart (i)(A), then the Contingent Project shall continue as a Cluster Study Project in the new Cluster Study Process, shall be subject to all of the same requirements in the Cluster Study Process as any other project, including the option to modify its Point of Interconnection pursuant to Section



40.7.2.3, and will be subject to any applicable Withdrawal Penalties if it withdraws or is deemed withdrawn by the ISO, or

(iii) if: (A) the Interconnection Customer accepts the cost allocation for ERIS as described in subpart (i), but (B) does not accept the SDU Project Cost Allocation or the Deliverable MWs required for the fully requested CRIS amount described in subpart (i) or the Additional SDU Study in which its Pending Project is participating is not completed, then the Contingent Project shall be converted into a CRIS-Only Cluster Study Project for its evaluation in the Cluster Study Process for the megawatts of requested CRIS not obtained by the Pending Project in the prior study. In such case, the ISO shall, upon Interconnection Customer's request, refund to Interconnection Customer any refundable cash portion of, or coordinate with Interconnection Customer to amend any letter of credit or surety bond for, any Study Deposit amount, Readiness Deposit(s), and Site Control Deposit that the Interconnection Customer provided for the Contingent Project that are not required for a CRIS-Only Cluster Study Project. If Interconnection Customer informs the ISO that it will not proceed as a CRIS-Only Cluster Study Project prior to electing to enter the Phase 1 Study, then the ISO shall withdraw the project, and the project shall not be assessed a Withdrawal Penalty for this withdrawal.

40.5.4.1.3.4 If the Pending Project is a Small Generating Facility subject to a Small Generator facilities study:

(i) if: (A) the facilities study is completed prior to the end of the Application Window for the Transition Cluster Study Process, and (B) the

Interconnection Customer accepts its cost allocation for the System Upgrade Facilities cost allocation following the issuance of the final report in accordance with Section 32.3.5.7 of Attachment Z, then the ISO shall withdraw the Contingent Project, and the Contingent Project shall not be assessed a Withdrawal Penalty; or

(ii) if: (A) the Interconnection Customer withdraws the Pending Project prior to the completion of the facilities study, (B) the Interconnection Customer does not accept the cost allocation for the Pending Project described in subpart (i), or (C) the facilities study for the Pending Project is not completed prior to the end of the Application Window for the Transition Cluster Study Process and is terminated by the ISO, then the Contingent Project shall continue as a Cluster Study Project in the new Cluster Study Process, shall be subject to all of the same requirements in the Cluster Study Process as any other project, including the option to modify its Point of Interconnection pursuant to Section 40.7.2.3, and will be subject to any applicable Withdrawal Penalties if it withdraws or is deemed withdrawn by the ISO.

#### **40.5.5 Submission Requirements for Interconnection Request or CRIS-Only Request**

40.5.5.1 To submit an Interconnection Request or CRIS-Only Request, an Interconnection Customer must submit to the ISO the following during, and no later than the close of, the Application Window.

40.5.5.1.1 Interconnection Customer must submit, as applicable, (i) a completed Interconnection Request in accordance with Appendix 1 to these Standard Interconnection Procedures, including the required technical data, modeling, and

conceptual one-line project layout, or (ii) a completed CRIS-Only Request in accordance with Appendix 2 to these Standard Interconnection Procedures.

40.5.5.1.2 Interconnection Customer submitting a CRIS-Only Cluster Study

Project must provide documentation demonstrating that it is in service or has completed one of the following, as applicable: a Class Year Study or Cluster Study for ERIS, a completed facilities study for Small Generating Facilities processed under the Small Generator Interconnection Procedures pursuant to Section 40.3.1, or a utility interconnection study if the facility is not subject to the ISO interconnection procedures under Attachment HH.

40.5.5.1.3 Interconnection Customer must submit a non-refundable Application Fee in cash in the amount of \$10,000 in accordance with Section 40.2.4.1; *provided, however*, that the Application Fee shall be \$5,000 for a CRIS-Only Cluster Study Project. The Application Fee shall be divided between the ISO and Connecting Transmission Owner(s) as follows: 75% allocated to the ISO and 25% allocated to the Connecting Transmission Owner; *provided, however*, that for a CRIS-Only Cluster Study Project, 100% of the Application Fee will be allocated to the ISO.

40.5.5.1.4 Interconnection Customer must submit a Study Deposit in accordance with the requirements in Section 40.2.4 in the following amount based on the size of the proposed Facility in the Interconnection Request: (A) \$100,000 for a Facility smaller than 80 MW, (B) \$150,000 for a Facility greater than or equal to 80 MW and smaller than 200 MW, or (C) \$250,000 for a Facility greater than or equal to 200 MW; *provided, however*, that the Study Deposit amount shall be \$50,000 for a CRIS-Only Cluster Study Project. The MW value used to calculate the Study Deposit

amount will be based on the requested ERIIS amount at the Point of Interconnection for the Cluster Study Project. The ISO shall hold the Study Deposit for the duration of Interconnection Customer's participation in the Cluster Study Process, subject to the requirements set forth in Sections 40.6.5, 40.7.6, 40.10.9, 40.15.4, 40.15.5, and 40.24.3 to this Attachment HH.

40.5.5.1.5 Except as set forth in Section 40.5.5.1.5.1, Interconnection Customer:

- (i) must demonstrate with its Interconnection Request through its submission of materials permitted in ISO Procedures full Site Control of the Facility consistent with the acreage and other parameters for the Facility's technology type set forth in ISO Procedures and (ii) include an attestation in the form set forth in ISO Procedures from an officer of the company indicating the amount of acreage covered by these Site Control materials and that such acreage is consistent with the acreage and other parameters for the Facility's technology type set forth in ISO Procedures. If: (i) the Facility is a new technology type not addressed in the ISO Procedures or (ii) the Site Control documentation provided by the Interconnection Customer is for less acreage than required for the Facility's technology type in ISO Procedures, the Interconnection Customer must instead provide under this Section 40.5.5.1.5 an attestation in the form set forth in ISO Procedures from an officer of the company sufficiently describing and explaining the special circumstances of the project that permits a different acreage amount for Site Control than the requirements in the ISO Procedures, along with a licensed professional engineer (electrical or civil) signed and stamped site plan that depicts that the Site Control provided by the Interconnection Customer can support the proposed arrangement of its Facility.

40.5.5.1.5.1 An Interconnection Customer may submit (1) a signed affidavit from an officer of the company indicating that Site Control is unobtainable due to Regulatory Limitations as such term is defined in ISO Procedures; (2) documentation sufficiently describing and explaining the source and effects of such Regulatory Limitations, including a description of any conditions that must be met to satisfy the Regulatory Limitations and the anticipated time by which Interconnection Customer expects to satisfy the regulatory requirements, and (3) a Site Control Deposit of \$10,000 per MW, subject to a minimum of \$500,000 and a maximum of \$2,000,000 in accordance with the requirements in Section 40.2.4.2. The MW value used to calculate the Site Control Deposit amount will be based on the requested ERIS amount at the Point of Interconnection for the Cluster Study Project.

40.5.5.1.5.2 Interconnection Requests from multiple Interconnection Customers for multiple Generating Facilities that share a site must include a contract or other agreement that allows for shared land use.

40.5.5.1.6 Interconnection Customer must indicate whether the Interconnection Request or CRIS-Only Request shall be studied for Energy Resource Interconnection Service and/or for Capacity Resource Interconnection Service, as further detailed in Section 40.5.6 below.

40.5.5.1.7 Interconnection Customer must specify a single Point of Interconnection for the Interconnection Request, except: (i) for a Cluster Study Transmission Project, or (ii) for a Generating Facility proposing to interconnect at two Points of Interconnection within the same Capacity Region.

40.5.5.1.8 An Interconnection Customer that submitted an Interconnection Request for an inverter-based resource that is greater than 20 MW must submit the form set forth in ISO Procedures concerning the attestations required by NYSRC Reliability Rule B.5.

40.5.5.2 The expected Commercial Operation Date of the new Facility or proposed increase in capacity of the existing Facility provided at the time of the submission of the Interconnection Request shall be no more than ten (10) years from the date the Interconnection Request is received by the ISO. Extensions of Commercial Operation Dates are governed by Section 40.6.3.4.

40.5.5.3 Except as permitted by the Contingent Project rules in Section 40.5.4.1, an Interconnection Customer, or an Interconnection Customer and one of its Affiliates, cannot submit an Interconnection Request for a mutually exclusive Cluster Study Project with projects in the Queue or projects proceeding in the same Application Window.

40.5.5.4 An Interconnection Customer that submits to the ISO a Site Control Deposit due to demonstrated Regulatory Limitations must demonstrate that it is taking identifiable steps to satisfy the necessary regulatory requirements from the applicable federal, state, local and/or tribal entities prior to entering the Phase 2 Study. Such deposit will be held by the ISO until Interconnection Customer provides the required Site Control demonstration for its project in the Cluster Study Process. Interconnection Customers facing qualifying Regulatory Limitations must demonstrate full Site Control within one-hundred eighty (180) Calendar Days of the effective date of the Standard Interconnection Agreement.

40.5.5.5 Interconnection Customer shall promptly inform the ISO of any material change to Interconnection Customer's demonstration of Site Control under Section 40.5.5.1.5. If the

ISO determines, based on Interconnection Customer's information, that Interconnection Customer no longer satisfies the Site Control requirement, the ISO shall give Interconnection Customer fifteen (15) Business Days to demonstrate satisfaction with the applicable requirement subject to the ISO's approval. Absent such, the ISO shall deem the Interconnection Request withdrawn pursuant to Section 40.6.4.

40.5.5.6 Interconnection Customer shall submit a separate Interconnection Request for each site unless the Facility is a proposed Facility comprised of multiple Generators behind a single Point of Injection, in which case the Interconnection Customer may submit separate Interconnection Requests or a single Interconnection Request; *provided however*, a multi-unit Facility can only be evaluated under a single Interconnection Request if (1) the Facility is proposed by a single Interconnection Customer; (2) the individual Generators comprising the Facility are co-located behind the same Point of Interconnection; and (3) units in the Facility propose to interconnect at two Points of Interconnection within the same Capacity Region. An Interconnection Customer may submit multiple Interconnection Requests for a single site to the extent permitted by the Site Control requirements in this Attachment HH. The Interconnection Customer must satisfy all Interconnection Request submission requirements for each Interconnection Request even when more than one request is submitted for a single site.

#### **40.5.6 Types of Interconnection Service**

##### **40.5.6.1 Two Types of Service**

Two types of interconnection service may be requested under the Standard Interconnection Procedures: (1) Energy Resource Interconnection Service for interconnection in compliance with the NYISO Minimum Interconnection Standard; and (2) Capacity Resource

Interconnection Service for interconnection in compliance with the NYISO Deliverability Interconnection Standard.

#### **40.5.6.2 Service Elections, Generally**

All Facilities must interconnect in compliance with the NYISO Minimum Interconnection Standard. In addition, Facilities must also comply with the NYISO Deliverability Interconnection Standard before Generating Facilities can become qualified Installed Capacity Suppliers and before Cluster Study Transmission Projects can receive Unforced Capacity Deliverability Rights. An Interconnection Customer initially states its election to be evaluated in the Cluster Study for ERIS alone, or for both ERIS and CRIS, as a part of its Interconnection Request. For Projects comprised of multiple Generators, an Interconnection Customer must request ERIS for the Facility, such ERIS to be allocated among the multiple Generators comprising the Facility as requested by Interconnection Customer in its Interconnection Request; *provided however*, the requested allocation for ERIS for the Intermittent Power Resource in a Co-located Storage Resource cannot exceed the Point of Injection limit plus the full withdrawal capability of the Energy Storage Resource. An existing Generating Facility requesting only CRIS must request CRIS in a Cluster Study or an Expedited Deliverability Study unless it is requesting CRIS pursuant to Section 40.5.6.6.

#### **40.5.6.3 ERIS Elections**

A Facility that obtains ERIS, but not CRIS, will not be permitted to become an eligible Installed Capacity Supplier to receive Unforced Capacity Deliverability Rights. Such a Facility will be eligible to participate only in the Energy and applicable Ancillary Services markets. When an Interconnection Customer elects ERIS, its project will be evaluated in the Cluster Study at full output (i.e., the maximum capacity the Facility is capable of injecting at the Point of



Interconnection), unless the Interconnection Customer requests ERIIS below the full Generating Facility Capacity of a Generating Facility or full facility capacity for a Cluster Study Transmission Project. If the Interconnection Customer requests ERIIS below the full Generating Facility Capacity of the Facility, the ISO shall study the Facility at the requested ERIIS for purposes of Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and associated costs. However, if the maximum capacity that the Facility is capable of injecting at the Point of Interconnection is limited (i.e., through the use of control system, power relay(s), or other similar device settings or adjustments), then the Interconnection Customer must obtain the ISO's and Connecting Transmission Owner's agreement, with such agreement not to be unreasonably withheld, that the manner in which the Interconnection Customer proposes to implement such a limit will not adversely affect the safety and reliability of the New York State Transmission System (or Distribution System as applicable). If the ISO and Connecting Transmission Owner do not agree with the proposed manner to limit output, then the Interconnection Customer can either withdraw its Interconnection Request or modify its Interconnection Request to specify the maximum capacity that the Facility is capable of injecting into the New York State Transmission System (or Distribution System as applicable) without such limitations. The ISO and Connecting Transmission Owner, based on Good Utility Practice and related engineering considerations and after accounting for any control technology proposed by the Interconnection Customer, may require further studies of the Facility at its full output to ensure the safety and reliability of the New York State Transmission System (or Distribution System as applicable), with the additional study costs borne by the Interconnection Customer. The ISO and Connecting Transmission Owner shall provide the Interconnection Customer with an explanation of its determination to perform studies at the Facility's full capacity before

beginning such studies. If the ISO and Connecting Transmission Owner determine that additional System Upgrade Facilities are necessary after the additional studies are complete, the ISO and Connecting Transmission Owner must: (1) specify which additional System Upgrade Facilities costs are based on which studies; and (2) provide a detailed explanation of why the additional System Upgrade Facilities are necessary. The Interconnection Customer may be responsible for additional System Upgrade Facilities and/or additional control technologies, as well as testing and validation of those technologies consistent with Article 6 of its Standard Interconnection Agreement. The necessary control technologies and protection systems, as well as any potential penalties for exceeding the level of ERIS established in the executed, or requested to be filed unexecuted, Standard Interconnection Agreement, shall be set forth in Appendix C of the executed, or requested to be filed unexecuted, Standard Interconnection Agreement.

When an Interconnection Customer interconnects under ERIS only, the Interconnection Customer may at a later date request CRIS in accordance with the Standard Interconnection Procedures.

#### **40.5.6.4 CRIS Elections**

When an Interconnection Customer requests CRIS, the amount of CRIS requested shall be stated in MW of Installed Capacity (“ICAP”), and cannot exceed the permissible levels set forth in Section 40.5.6.5. When an Interconnection Customer elects CRIS, the ISO will evaluate the deliverability of the Facility by applying the test methodology described in Section 40.13; *provided, however*, requests for CRIS for a Facility 2 MW or smaller or for an increase in CRIS permitted by Section 40.5.6.6 will not be evaluated for deliverability under the NYISO Deliverability Interconnection Standard. The ISO will apply this test methodology to identify

the System Deliverability Upgrades, if any, needed to make the Facility deliverable at its requested CRIS MW level and will also identify the MW of Installed Capacity, if any, that are deliverable from the Facility with no System Deliverability Upgrades. A Facility electing CRIS will be able to become a qualified Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights to the extent of its deliverable capacity, once it has paid cash or provided Security for any required System Deliverability Upgrades in accordance with the relevant provisions of Attachment HH to the ISO OATT. An Interconnection Customer qualifying for CRIS will have two CRIS values: one for the summer capability period and one for the winter capability period. The CRIS value, in MW of Installed Capacity, for the summer capability period will be set using the deliverability test methodology and procedures described in Section 40.13 of this Attachment HH. The CRIS value for the winter capability period, also in MW of Installed Capacity, will be set in accordance with Section 40.13.6 of this Attachment HH.

#### **40.5.6.5 Maximum Requested CRIS**

The maximum permissible MW of CRIS an Interconnection Customer may request are subject to the following limitations:

- (i) if the Facility is a proposed BTM:NG Resource, the requested MW level of CRIS cannot exceed its Net ICAP;
- (ii) if the Facility is a proposed Resource with Energy Duration Limitations, the requested MW level of CRIS cannot exceed the minimum of the following: (a) its expected maximum injection capability in MW for the Interconnection Customer-selected duration; (b) the nameplate capacity of the Project (i.e., injection capability of the Project expressed in MW); or (c) the sum of the Project's requested and existing ERIS, as applicable;

- (iii) if the Facility is a Cluster Study Transmission Project requesting External-to-ROS Deliverability Rights, the requested MW level of CRIS cannot exceed the anticipated increase in transfer capability created by its associated Cluster Study Transmission Project;
- (iv) if the Facility is comprised of multiple Generators of the same or different technology type (*e.g.*, Co-located Storage Resource or single technology facility with multiple units, each proposed to be assigned a single PTID), the requested MW level of CRIS must be requested at the Facility level (*i.e.*, corresponding to the Facility as described in the Interconnection Request or CRIS-Only Request, as applicable), and shall be allocated among the multiple Generators, as requested by Interconnection Customer; provided, however, the requested MW level of CRIS cannot exceed the minimum of the following: (a) the expected maximum injection capability in MW for the Facility as described in the Interconnection Request or CRIS-Only Request, as applicable, including all co-located Generators sharing the same injection limit (*e.g.*, the entire Distributed Energy Resource, the entire Co-located Storage Resource or the entire multi-unit single technology resource); *provided, however*, if the Project includes a Resource with Energy Duration Limitation, its expected maximum injection capability in MW is limited by the Interconnection Customer-selected duration); (b) the nameplate capacity of the Facility (*i.e.*, collective injection capability of all units within the proposed Facility expressed in MW); or (c) the sum of the Facility's requested and existing ERIS, as applicable; and

- (v) if the above subsections do not apply to the Facility, the requested MW level of CRIS cannot exceed the nameplate capacity of the Facility.

For existing facilities proposing a modification to add a Generator of the same or different technology co-located at the same Point of Interconnection for which the Interconnection Customer requests CRIS, the collective CRIS of the resources within what will be the modified facility (*e.g.*, the resulting Co-located Storage Resource or Distributed Energy Resource) cannot exceed the injection limit of the co-located units. For a Facility that requests CRIS for part of a multi-unit facility, after combining with another existing or proposed co-located facility, the requested MW level of CRIS cannot exceed the permissible levels of CRIS that may have been requested pursuant to this Section 40.5.6.5 for the entire co-located Facility.

#### **40.5.6.6 Increases In Established CRIS Values**

Any facility with an established CRIS value may at a later date request an increase in CRIS not to exceed the levels permitted by Section 40.5.6.5 of Attachment HH. An increase in CRIS may be requested by submitting (1) a CRIS-Only Request; (2) an Expedited Deliverability Study Request; or (3) a request for up to 2 MW of CRIS during the operating life of a facility in accordance with ISO Procedures, such request not being subject to a deliverability evaluation in a Cluster Study or Expedited Deliverability Study; *provided, however*, such request is subject to the limitations on permissible CRIS MW levels set forth in Section 40.5.6.5 of this Attachment HH, and, for facilities comprised of multiple Generators, this CRIS request is permitted only at the facility level, not at the individual Generator level. A Project that receives a CRIS increase pursuant to this Section 40.5.6.6, to the extent it later combines with another Generator(s) to become a co-located resource (*e.g.*, Co-located Storage Resources or a Distributed Energy Resource), is not eligible for any additional CRIS increase above a single increase up to 2 MW,

without proceeding through a deliverability evaluation in a Cluster Study or Expedited Deliverability Study.

For purposes of this Section 40.5.6.6, an “established CRIS value” for facilities subject to a CRIS set and reset period pursuant to Section 40.18.2.5.4, Section 40.18.2.6.1.1, Section 40.18.2.6.1.2, Section 40.18.2.7.2, or Section 40.18.2.7.3 of Attachment HH to the ISO OATT is the final CRIS value established after the termination of the CRIS set and reset period.

#### **40.5.7 Validation of Interconnection Request or CRIS-Only Request**

##### **40.5.7.1 Acknowledgment and Assessment of Interconnection Request or CRIS-Only Request**

40.5.7.1.1 Within ten (10) Business Days of the ISO’s receipt of an Interconnection Request or CRIS-Only Request submission within an Application Window that includes all of the items required for such request set forth in Section 40.5.5 above (or within fifteen (15) Business Days for the Transition Cluster Study Process), the ISO shall:

- (i) acknowledge receipt of the received Interconnection Request or CRIS-Only Request;
- (ii) confirm whether all of the elements of the Interconnection Request or CRIS-Only Request comply with the requirements in Section 40.5.5; except that for purposes of the validation, the ISO will not review for deficiencies: (i) the Facility model, for which any deficiencies will be addressed pursuant to Section 40.5.7.4, and (ii) any Transmission Owner-specific information submitted by the Interconnection Customer pursuant to Section 40.5.7.3, which information will be reviewed by the applicable Transmission Owner pursuant to Section 40.5.7.3;

- (iii) confirm receipt of the Interconnection Customer's payment of the Application Fee and Study Deposit;
- (iv) identify the Connecting Transmission Owner(s) with which the Facility is proposing to connect and any Affected Transmission Owner(s) that the ISO is aware of;
- (v) make available the information submitted with the Interconnection Request or the CRIS-Only Request and its acknowledgement to the Connecting Transmission Owner(s) and any identified Affected Transmission Owner(s) for their confirmation within the ISO's review period that they are the appropriate Connecting Transmission Owner or Affected Transmission Owner for the Interconnection Request or CRIS-Only Request;
- (vi) if the Interconnection Request is to interconnect to a distribution facility, consult with the Connecting Transmission Owner to determine whether the Standard Interconnection Procedures apply; and
- (vii) notify Interconnection Customer whether the Interconnection Request or CRIS-Only Request is valid or includes any deficiencies.

#### 40.5.7.1.2 Cluster Study Agreement

40.5.7.1.2.1 As soon as practicable after the ISO determines in the Application Window that an Interconnection Request or CRIS-Only Request is valid or within ten (10) Business Days of the ISO making this determination in the Customer Engagement Window, the ISO will tender an executable version of the Cluster Study Agreement for that Interconnection Request or CRIS-Only Request in the form set forth in Appendix 3 to this Attachment HH to the Interconnection Customer, the Connecting Transmission

Owner(s), and any identified Affected Transmission Owner(s) or Affected System

Owners.

40.5.7.1.2.2 The Interconnection Customer, Connecting Transmission Owner(s), and any Affected Transmission Owner(s) or Affected System Operator(s) must execute the Cluster Study Agreement within ten (10) Calendar Days of the NYISO's tender of the agreement.

40.5.7.1.2.3 If the ISO subsequently identifies additional or other Connecting Transmission Owner(s), Affected Transmission Owner(s), or Affected System Operator(s) for the Interconnection Request or CRIS-Only Request, the ISO will tender as soon as practicable an amended version of the Cluster Study Agreement, which the parties must execute within ten (10) Calendar Days of the NYISO's tender of the agreement.

#### **40.5.7.2 Addressing Deficiencies in Interconnection Request or CRIS-Only Request**

40.5.7.2.1 An Interconnection Request or CRIS-Only Request will not be considered to be a valid request until all items in Section 40.5.5 have been received during the Application Window and confirmed by the ISO. If an Interconnection Request or CRIS-Only Request fails to meet the requirements set forth in Section 40.5.5, the ISO shall notify the Interconnection Customer and Connecting Transmission Owner within the time period set forth in Section 40.5.7.1 of the reasons for such failure and that the Interconnection Request or CRIS-Only Request does not constitute a valid request.

40.5.7.2.2 The Interconnection Customer shall provide to the ISO the information required to address a deficiency identified by the ISO in accordance with Section 40.5.7.2.1 or this Section 40.5.7.2.3 within ten (10) Business Days after receipt of such notice (or within



fifteen (15) Business Days for the Transition Cluster Study Process), but no later than the close of the Application Window. The Interconnection Customer's submission shall be limited to addressing the identified deficiency(ies). Within ten (10) Business Days of an Interconnection Customer's submission of the additional information concerning the identified deficiency (or within fifteen (15) Business Days for the Transition Cluster Study), the ISO will review the Interconnection Customer's submitted information and, if it determines the identified deficiency has not been addressed, will notify the Interconnection Customer of the remaining deficiency, which the Interconnection Customer must address in accordance with this Section 40.5.7.2.2. The ISO shall promptly forward such additional information provided by the Interconnection Customer to the Connecting Transmission Owner and Affected Transmission Owner.

40.5.7.2.3 If the ISO determines that Interconnection Customer's Interconnection Request or CRIS-Only Request is valid or that the Interconnection Customer has addressed any deficiencies identified by the ISO within the timeframe set forth in Section 40.5.7.2.2, the ISO shall notify the Interconnection Customer that the Interconnection Request or CRIS-Only Request is valid, and such Interconnection Request or CRIS-Only Request shall proceed as part of the ISO's Queue for further processing pursuant to the procedures in this Attachment HH. If Interconnection Customer fails to submit additional information required by the ISO within the timeframe set forth in Section 40.5.7.2.2 or fails to fully address any deficiencies in its Interconnection Request or CRIS-Only Request prior to the completion of the Application Window, the ISO shall deem the Interconnection Request or CRIS-Only Request withdrawn pursuant to Section 40.6.4 (without the cure period provided in Section 40.6.4). Notwithstanding the ISO's validation of an Interconnection Request, an Interconnection Customer for that Interconnection Request must also satisfy the requirements for any Transmission Owner-specific

technical information in accordance with the requirements in Section 40.5.7.3 and any subsequent information requests in accordance with the requirements in Section 40.5.7.4.

**40.5.7.3 Transmission Owner Review of Interconnection Customer's Submission of Transmission Owner-Specific Technical Information**

40.5.7.3.1 Within ten (10) Business Days of the ISO's notification to the Interconnection Customer that the Interconnection Request for its Cluster Study Project is validated pursuant to Section 40.5.7.2.3, the Interconnection Customer must submit to the Connecting Transmission Owner and Affected Transmission Owner identified for its Cluster Study Project any technical information requested by the Transmission Owner for purposes of Connecting Transmission Owner's and/or Affected Transmission Owner's performance of the Phase 1 Study.

40.5.7.3.2 The Transmission Owner shall review Interconnection Customer's submission of the information submitted pursuant to Section 40.5.7.3.1 and shall identify any deficiencies within fourteen (14) Calendar Days of the Interconnection Customer's provision of such information in accordance with Section 40.5.7.3.1 and within ten (10) Calendar Days of any additional information submission by the Interconnection Customer pursuant to Section 40.5.7.3.3. The Transmission Owner's review of this information request is separate from the ISO's review of the validity of the Interconnection Request.

40.5.7.3.3 If the Transmission Owner identifies any deficiency, Interconnection Customer shall provide additional information to the Transmission Owner to cure such deficiency within ten (10) Calendar Days.

40.5.7.3.4 If the ISO, in consultation with the Connecting Transmission Owner or Affected Transmission Owner, determines that Interconnection Customer has not cured a deficiency in the Transmission Owner-specific information prior to five (5) Business Days of the

scheduled conclusion of the Customer Engagement Window, the Interconnection Request shall be withdrawn pursuant to Section 40.6.4 (without the cure period provided in Section 40.6.4).

#### **40.5.7.4 Subsequent Information Request**

At any time following the ISO's validation of an Interconnection Request or CRIS-Only Request, if the ISO, Connecting Transmission Owner, or Affected Transmission Owner finds: (i) that the technical data provided by Interconnection Customer, including the Facility model, is incomplete or contains errors or (ii) that it requires additional information from Interconnection Customer to perform its responsibilities required under this Attachment HH, then such entity shall request that Interconnection Customer provide such information. Interconnection Customer shall submit such information within ten (10) Business Days of the information request. If Interconnection Customer: (i) fails to timely submit the requested information or (ii) does not address any deficiencies with its Facility model prior to the Scoping Meeting in the Customer Engagement Window, the Interconnection Customer's Interconnection Request or CRIS-Only Request shall be withdrawn from the Queue.

#### **40.5.8 OASIS Posting**

40.5.8.1 The ISO will maintain on its OASIS or a publicly accessible portion of its website a list of all valid Interconnection Requests and CRIS-Only Requests. The list will identify, for each Interconnection Request or CRIS-Only Request, as applicable: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected Initial Backfeed Date, Synchronization Date and Commercial Operation Date; (v) the status of the Interconnection Request or CRIS-Only Request, including Queue Position; (vi) the identity of the Interconnection Customer; (vii) the availability of any studies related to the

Interconnection Request or CRIS-Only Request; (viii) the date of the Interconnection Request; (ix) the type of Facility to be constructed; and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. The ISO shall also post any known deviations in date proposed by the Facility in this Section 40.5.8.1(iv), above. Phase 1 Study reports, the Phase 1 Cost Estimate Summary Report, and the Cluster Study Report shall be posted to the ISO password-protected website as soon as practicable following the conclusion, as applicable, of the Phase 1 Study or Phase 2 Study.

## **40.6 Queue Position/ Modification/ Withdrawal/ Withdrawal Penalties**

### **40.6.1 Queue Position**

#### **40.6.1.1 Assignment of Queue Position**

The ISO shall assign a Queue Position for an Interconnection Customer's Interconnection Request or CRIS-Only Request based upon the date and time of the ISO's receipt during the Application Window of the Interconnection Customer's complete submission of an Interconnection Request or CRIS-Only Request pursuant to Sections 40.5.4 and 40.5.5. If the ISO validates the Interconnection Request or CRIS-Only Request pursuant to Section 40.5.7, then the Interconnection Request or CRIS-Only Request shall retain its assigned Queue Position based on the date and time the submission was originally filed.

#### **40.6.1.2 Higher Queue Position**

A higher "Queue Position" assigned to an Interconnection Request or CRIS-Only Request is one that has been placed "earlier" in the Queue in relation to another Interconnection Request or CRIS-Only Request that is assigned a lower Queue Position. All Interconnection Requests and CRIS-Only Requests submitted and validated in a single Application Window that are a part of a single Cluster for the Cluster Study Process shall be considered equally queued as between the Interconnection Requests and CRIS-Only Requests within the same Cluster; *provided, however*, that an Interconnection Request's individual Queue Position will be used to determine priority as between Interconnection Requests in the same Cluster in the event of a Physical Infeasibility determination as set forth in Section 40.7.3. Interconnection Requests and CRIS-Only Requests that are part of a particular Class Year Study or Cluster Study shall be considered to have a higher Queue Position than Interconnection Requests and CRIS-Only Requests that are part of a subsequent Cluster Study.

#### **40.6.2 Transferability of Queue Position**

An Interconnection Customer may transfer its Queue Position for its Interconnection Request or CRIS-Only Request to another entity only if: (i) such entity acquires the specific Facility identified in the Interconnection Request or CRIS-Only Request, (ii) the Point of Interconnection does not change, (iii) for an Interconnection Request, the acquiring entity demonstrates Site Control for its Project, (iv) the transferring Interconnection Customer is up-to-date on payments to the ISO, and (v) the acquiring entity submits any deposits required for its Interconnection Request or CRIS-Only Request under this Attachment HH. As a result of such a transfer, the acquiring entity shall become the Interconnection Customer of the specific Facility identified in the Interconnection Request or CRIS-Only Request. After such transfer, the ISO will refund to the transferring Interconnection Customer any refundable cash portion of the Study Deposit, Readiness Deposit(s), or Site Control Deposit or provide written authorization for Interconnection Customer to request that the bank cancel any remaining letter of credit or surety bond provided as a deposit.

#### **40.6.3 Modifications**

An Interconnection Customer may request an ISO determination as to whether an Interconnection Customer's proposed modification to any information provided in the Interconnection Request or CRIS-Only Request for its project is permitted or is a Material Modification by submitting to the ISO: (i) a Facility Modification Request in the form of Appendix 5 to these Standard Interconnection Procedures, (ii) a study deposit in cash in the amount of \$10,000, and (iii) any supporting information or documentation required under this Section 40.6.3; *provided, however*, that an Interconnection Customer is not required to provide a study deposit to submit a permitted extension of its Commercial Operation Date pursuant to

Section 40.6.3.4, a change to its Point of Interconnection pursuant to Section 40.6.3.1, a name change for the Cluster Study Project, or a name change for the Interconnection Customer. Any proposed modification to any information provided in the Interconnection Request or CRIS-Only Request must be accompanied by any resulting updates to the models included in such requests to the extent required in the Facility Modification Request. Except as otherwise provided in Section 40.6.3.1, an Interconnection Customer cannot request a modification to the information provided in its Interconnection Request or CRIS-Only Request for its Cluster Study Project during the Application Window until the completion of the later of the Final Decision Period or Additional SDU Study Decision Period in which its Cluster Study Project is participating. Except as otherwise indicated in Section 40.6.3.1, the Interconnection Customer shall retain its Queue Position if its requested modification is permitted in accordance with Sections 40.6.3.4 or is determined not to be Material Modifications pursuant to this Section 40.6.3.

40.6.3.1 Within five (5) Business Days after the ISO posts the Cluster Study Project List during the Customer Engagement Window pursuant to Section 40.7.2, the Interconnection Customer may propose a modification to the Point of Interconnection in its Interconnection Request in accordance with the requirements in Section 40.7.2.3 to this Attachment HH.

40.6.3.2 Upon the ISO's receipt of an Interconnection Customer's Facility Modification Request, 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 Interconnection Customer's complete Facility Modification Request; *provided, however*, that: (i) the ISO will not perform a study for a proposed modification to a Point of

Interconnection pursuant to Section 40.6.3.1; (ii) for a modification subject to the Commercial Operation Date extension requirements in Section 40.6.3.5, the ISO and Connecting Transmission Owner shall assess the proposed modification in accordance with the requirements in 40.6.3.5; and (iii) for a proposed technological change pursuant to Section 40.6.3.7, the ISO shall assess the proposed modification in accordance with the requirements in Section 40.6.3.7. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost in accordance with the requirements in 40.24.3.

40.6.3.3 Prior to making any modification other than those specifically permitted by Section 40.6.3.4, Interconnection Customer shall first request that the ISO evaluate whether such modification is a Material Modification in accordance with the requirements in this Section 40.6.3. In response to Interconnection Customer's request, the ISO shall evaluate the proposed modifications, including performing any studies required by this Section 40.6.3, prior to making them and inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection except the change deemed acceptable under Section 40.6.3.1 or so allowed elsewhere shall constitute a Material Modification. Any change in requested CRIS from the requested CRIS set forth in the Interconnection Request or CRIS-Only Request or any request for CRIS not included in the Interconnection Request (*i.e.*, if the Interconnection Request included only a request for ERIS) or CRIS-Only Request shall constitute a Material Modification. Except as otherwise set forth in Section 40.6.3.1 above, any modification to a



Cluster Study Project during a Cluster Study Process for which it is a member of the Cluster shall constitute a Material Modification. For proposed modifications deemed to be Material Modifications, the Interconnection Customer may withdraw the proposed modification request or proceed with a new Interconnection Request or CRIS-Only Request in a subsequent Cluster Study Process for such modification.

40.6.3.4 Extensions of the proposed Commercial Operation Date will not be Material Modifications if the proposed Commercial Operation Date is within four (4) years from the following date:

40.6.3.4.1 For all Facilities that participated in a Cluster Study Process, the date the Interconnection Customer and all other Interconnection Customers remaining in the Final Decision Period for the Cluster Study provided the required cash or Security in the Final Decision Round of the Final Decision Period (i.e., the completion of the Cluster Study).

40.6.3.4.2 For all Large Facilities and for Small Generating Facilities that participated in a Class Year Interconnection Facilities Study subject to Attachment S to the ISO OATT, the date the Interconnection Customer and all other Interconnection Customers remaining in the Class Year provided the required cash or Security as part of a Class Year Interconnection Facilities Study (i.e., completion of the Class Year).

40.6.3.4.3 For Small Generating Facilities that were subject to the Small Generator Interconnection Procedures in Attachment Z to the ISO OATT and did not

participate in a Class Year Interconnection Facilities Study or Cluster Study,  
the date the ISO tendered the SGIA to the Interconnection Customer.

40.6.3.5 An Interconnection Customer may request an extension of its Commercial Operation Date beyond the limit specified in Section 40.6.3.4 or beyond the limit of a previous extension that the ISO determined was not a Material Modification. Such request for an extension will not be a Material Modification only if the ISO determines that all three components of the extension requirements set forth in Sections 40.6.3.5.1, 40.6.3.5.2, and 40.6.3.5.3 have been met.

40.6.3.5.1 An Interconnection Customer must satisfy the first component of the extension requirements by meeting the requirements set forth in Section 40.6.3.5.1.1, 40.6.3.5.1.2, or 40.6.3.5.1.3 for an extension of its Commercial Operation Date.

40.6.3.5.1.1 Interconnection Customer's requested extension of its Commercial Operation Date for its Facility is on or before May 2, 2028; or

40.6.3.5.1.2 Interconnection Customer demonstrates (via an officer certification) that both: (i) its Facility cannot meet the timeframe in Section 40.6.3.4 or a previously granted extension due to: (A) its technology type, or (B) the sequencing of work on the transmission or distribution system that is beyond its control (e.g., unavailability of required system outages, delays in the completion of facilities included in the base case of the Small Generator facilities study, Class Year Study, or Cluster Study for the Facility that are required for the Facility to enter Commercial Operation at the Point of

Interconnection), and (ii) its project is still progressing to the extent reasonably possible; or

40.6.3.5.1.3 An Interconnection Customer demonstrates (via an officer certification) that it has made reasonable progress in the development of its project against milestones set forth in the Interconnection Agreement or Section 40.6.3.5.2 (*e.g.*, (i) completion of engineering design, (ii) major equipment orders, (iii) commencement and continuation of construction of the Facility and associated Attachment Facilities, Distribution Upgrades, or System Upgrade Facilities, as applicable, (iv) completion of applicable permitting process, (v) application of the applicable primary siting permitting process deemed complete with demonstration that project is on course to obtain final permit in time to meet requested Commercial Operation Date).

40.6.3.5.1.4 Upon the ISO's request, an Interconnection Customer shall promptly provide the ISO with information concerning its demonstration that its project is progressing to the extent reasonably possible pursuant to Section 40.6.3.5.1.2 or has made reasonable progress pursuant to Section 40.6.3.5.1.3.

40.6.3.5.1.5 An Interconnection Customer that relied on its satisfaction of certain milestones to extend its Commercial Operation Date in accordance with the requirements in this Section 40.6.3.5.1 must demonstrate satisfaction of additional milestones for any subsequent requested extensions.

40.6.3.5.2 As the second component of the extension requirements, Interconnection Customer must also provide the ISO with a milestone schedule for the interconnection of the Project that it has agreed upon with the Connecting

Transmission Owner that meets the requested extended Commercial Operation Date. The Connecting Transmission Owner's agreement to the revised milestone schedule shall not be unreasonably withheld.

40.6.3.5.3 As the third component of the extension requirements, the ISO, in consultation with the Connecting Transmission Owner or Affected Transmission Owner, must either determine that: (i) a Cost Estimate Update is not required to update the cost estimates of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, or System Upgrade Facilities identified in the Small Generator facilities study, Class Year Study, or Cluster Study for the Facility, or (ii) if the ISO, in consultation with the Connecting Transmission Owner or Affected Transmission Owner, determines that a Cost Estimate Update is required, the Interconnection Customer must agree in writing that the Cost Estimate Update be performed, that it will be responsible for the costs of such evaluation, and that its extended Commercial Operation Date shall be subject to its acceptance of, and its posting of any additional Security, of any increase in the cost estimate as described in Section 40.6.3.5.3.3.

40.6.3.5.3.1 To determine whether a Cost Estimate Update is required and when such study will be performed, the ISO, in consultation with the Connecting Transmission Owner and/or any Affected Transmission Owner(s), will consider the requested length of the extension, the duration in time since the cost estimates were determined in a Small Generator facilities study, Class Year Study, or Cluster Study, the updated milestone schedule for the Project

agreed upon by the Interconnection Customer and Connecting Transmission Owner, and whether the interconnection facilities are shared with other projects. If the ISO determines, in consultation with the Connecting Transmission Owner and/or any Affected Transmission Owner(s), that a Cost Estimate Update is required, the ISO will provide the Interconnection Customer its basis for requiring such update. The need and timeframe for the update will be included in the interconnection agreement or an amended version of the interconnection agreement for the project, unless the Cost Estimate Update will be performed prior to the execution, or the unexecuted filing, of the interconnection agreement.

40.6.3.5.3.2 The Connecting Transmission Owner or Affected Transmission Owner will perform, at Interconnection Customer's expense, any Cost Estimate Update agreed upon with the Interconnection Customer to update the cost estimates of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, or System Upgrade Facilities identified in the Small Generator facilities study, Class Year Study, or Cluster Study for the Facility. If the Connecting Transmission Owner or Affected Transmission Owner determines that equipment identified in the applicable interconnection study for the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, or System Upgrade Facilities for Interconnection Customer's project is no longer available, the Connecting Transmission Owner or Affected Transmission Owner may, as part of its Cost

Estimate Update, identify and provide the cost estimate for any replacement equipment.

40.6.3.5.3.3 If the Cost Estimate Update identifies revised cost estimates, including for any replacement equipment, the Interconnection Customer will only be permitted to proceed with its requested Commercial Operation Date extension if it accepts within ten (10) Business Days of the conclusion of the Cost Estimate Update its cost allocation for, and provides cash or posts Security to, the Connecting Transmission Owner for, the revised cost estimates. In such case, the updated cost estimates will be included in the interconnection agreement for the project. If the project has an effective interconnection agreement, the parties will amend the agreement to include this information. Any updated cost estimate and Security provided in accordance with this section shall be subject to the Security forfeiture requirements in Section 40.16.1 and the requirements for future cost responsibility set forth in Section 40.16.3.

40.6.3.6 As soon as it becomes apparent to Interconnection Customer that the most recent proposed Initial Backfeed Date posted on the Queue is infeasible, and also prior to the expiration of the proposed Initial Backfeed Date posted on the ISO Queue, Interconnection Customer is obligated to provide the ISO with notice of any proposed extensions of the proposed Initial Backfeed Date, proposed Synchronization Date, or proposed Commercial Operation Date.

40.6.3.7 Technological Change Procedure. A technological change that satisfies the definition of a Permissible Technology Advancement or that the ISO

determines is not a Material Modification under this Technological Change Procedure is a permissible modification that will not result in an Interconnection Customer losing its Queue Position if it elects to proceed with the requested modification.

40.6.3.7.1 An Interconnection Customer seeking to modify its proposed Facility based upon a change to the turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Interconnection Customer's Interconnection Request shall submit, in accordance with Section 40.6.3, a Facility Modification Request, study deposit, and any support relied on by the Interconnection Customer to show that the change is a Permissible Technological Advancement or not a Material Modification. Upon receipt of a Facility Modification Request that identifies a request for a technological change, the ISO, in consultation with the Connecting Transmission Owner(s) to the extent practicable, shall first conduct a review of the technological change and supporting information to determine whether such change constitutes a Permissible Technological Advancement. The ISO shall commence such review within thirty (30) Calendar Days after receiving notice of Interconnection Customer's complete Facility Modification Request. If the Facility Modification Request demonstrates that the proposed technological change satisfies the definition of Permissible Technological Advancement and does not result in a change to the electrical characteristics that is (i) greater than two (2) percent voltage drop at the Point of Interconnection or (ii) greater than 100 amperes short circuit contribution, then no additional study is required and

the technological change shall constitute a Permissible Technological Advancement.

40.6.3.7.2 If the ISO identifies that additional studies are required to determine whether the technological change constitutes a Permissible Technological Advancement, the ISO shall commence and perform any necessary studies to determine whether the electrical performance is equal or better than the electrical performance prior to the technological change and it does not result in adverse reliability concerns. Such additional studies shall be identified and performed based on the ISO's engineering judgment and at the Interconnection Customer's expense. If the Interconnection Customer fails to provide information or data that is required by the ISO to conduct the additional studies, the ISO shall reject the requested technological change; however, the Interconnection Customer may resubmit a Facility Modification Request for the same technological change with the required information.

40.6.3.7.3 If the ISO concludes that the requested technological change does not constitute a Permissible Technological Advancement after completing the additional studies, the ISO shall review whether the technological change would constitute a Material Modification consistent with Section 40.6.3 of this Attachment HH.

40.6.3.7.4 The ISO will complete its review and any additional studies required under this Technological Change Procedure in accordance with the requirements in Section 40.6.3.2. Following completion of the ISO's review and any additional studies, the ISO shall describe the studies that were conducted, if any.



#### **40.6.4 Withdrawal**

40.6.4.1 The Interconnection Customer may withdraw its Interconnection Request or CRIS-Only Request at any time by written notice of such withdrawal to the ISO. In addition, if the Interconnection Customer fails to adhere to all requirements of these Standard Interconnection Procedures, except as provided in Section 40.24.5 (Disputes), the ISO shall deem the Interconnection Request or CRIS-Only Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the Interconnection Customer 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; except that:

(i) for a failure to timely make a payment or submit or maintain a deposit required by Attachment HH, an Interconnection Customer shall have a ten (10) Business Day cure period to submit payment or deposit in an acceptable form to the ISO, and

(ii) the cure period set forth in this Section 40.6.4.1 does not extend specific deadlines set forth in Section 40.5.7.2 for an Interconnection Customer to cure a deficiency in its Interconnection Request or CRIS-Only Request identified by the ISO or in Section 40.5.7.3.3 for an Interconnection Customer to cure a deficiency in its submission of the required Transmission Owner-specific information.

40.6.4.2 Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Interconnection Customer's Interconnection Request or CRIS-Only Request is eliminated from the Queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is

deemed to have withdrawn its Interconnection Request or CRIS-Only Request shall pay to the ISO and Connecting Transmission Owner all costs that the ISO and Connecting Transmission Owner prudently incurred with respect to that Interconnection Request or CRIS-Only Request prior to the receipt of notice described above. The Interconnection Customer must pay all monies due to the ISO and Connecting Transmission Owner before it is allowed to obtain any Cluster Study data or results.

40.6.4.3 If Interconnection Customer withdraws its Interconnection Request or CRIS-Only Request, or is deemed withdrawn by the ISO, pursuant to this Section 40.6.4, the ISO shall (i) update the OASIS Queue posting to remove the Queue Position for the Interconnection Request or CRIS-Only Request, and (ii) conduct a final reconciliation of Interconnection Customer's costs and any applicable Withdrawal Penalties and follow the process set forth in 40.24.3 for returning or cancelling deposits. The ISO shall also refund to the Interconnection Customer the refundable cash portion of the Interconnection Customer's Site Control Deposit, if applicable, or provide written authorization for Interconnection Customer to request that the bank cancel any remaining letter of credit or surety bond provided as a deposit.

40.6.4.4 In the event of such withdrawal, the ISO and Connecting Transmission Owner, subject to non-disclosure arrangements consistent with Section 40.24.1, shall provide, at Interconnection Customer's request, supporting documentation, workpapers, and databases or data that the ISO and Connecting Transmission Owner developed in the preparation of the applicable study conducted up to the date of withdrawal of the Interconnection Request or CRIS-Only Request.

#### **40.6.5 Withdrawal Penalties**

##### **40.6.5.1 Interconnection Requests and CRIS-Only Requests Subject to Withdrawal Penalties**

40.6.5.1.1 If an Interconnection Customer withdraws its Interconnection Request or CRIS-Only Request, or such Interconnection Request or CRIS-Only Request is deemed withdrawn by the ISO, either during the Application Window or during the Customer Engagement Window up to five (5) Business Days after the ISO posts the Cluster Study Project List in the Customer Engagement Window pursuant to Section 40.7.2.2, the Interconnection Request or CRIS-Only Request shall not be subject to a Withdrawal Penalty.

40.6.5.1.2 If an Interconnection Customer withdraws its Interconnection Request or CRIS-Only Request, or such Interconnection Request or CRIS-Only Request is deemed withdrawn by the ISO, after the periods sets forth in Sections 40.6.5.1.1, the Interconnection Request or CRIS-Only Request may be subject to a Withdrawal Penalty as determined based on when in the Cluster Study Process the Interconnection Request or CRIS-Only Request withdraws or is deemed withdrawn by the ISO as detailed in Sections 40.7.6, 40.10.9, and 40.15.5 to this Attachment HH. If the Interconnection Customer has accepted its Project Cost Allocation and paid cash or posted Security in the Final Round of the Final Decision Period or Additional SDU Study Decision Period for any required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrades Facilities, and/or System Deliverability Upgrades, the Interconnection Customer's Security will be subject to the forfeiture requirements in Section 40.16.1.

#### **40.6.5.2 Distribution of Withdrawal Penalties**

40.6.5.2.1 For each Cluster Study Process, the ISO shall hold all Withdrawal Penalty Funds that it has collected from any Cluster Study Project(s) participating in the Cluster for that study that withdraw or are deemed withdrawn by the ISO at or before the completion of the later of: (i) the Final Decision Period or (ii) the Additional SDU Study Decision Period for that

Cluster Study Process. The ISO shall post the balance of Withdrawal Penalty Funds held by the ISO but not yet dispersed on its OASIS or a publicly accessible portion of its website and update this posting on a quarterly basis.

40.6.5.2.2 The ISO shall first use any collected Withdrawal Penalty Funds to offset the study costs of the Cluster Study Process, as applicable, that were incurred by those Interconnection Customers: (i) for the Cluster Study Project(s) in that Cluster that accepted their Project Cost Allocation and paid cash or posted Security (if any required) for any Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and/or System Upgrade Facilities identified in the study process and (ii) for the CRIS-Only Cluster Study Project(s) in that Cluster: (A) that accepted their Deliverable MW or Project Cost Allocation and paid cash or posted Security (if any required) for any System Deliverability Upgrades or (B) that participated in an Additional SDU Study that was not completed for that Cluster Study Process ("Payment Eligible Projects").

40.6.5.2.3 Within one hundred fifty (150) Calendar Days of the completion of the later of, as applicable, the Final Decision Period or Additional SDU Study Decision Period for the Cluster Study Process, the ISO shall refund to the Interconnection Customers of each Payment Eligible Project a share of the Withdrawal Penalty Funds to offset the study costs it incurred in that Cluster Study Process. The ISO shall calculate the refund payment for each individual Payment Eligible Project by dividing the total Withdrawal Penalty Funds amount by the number of Payment Eligible Projects. The ISO shall then provide this refund payment to the Interconnection Customer for each Payment Eligible Project; *provided, however*, that an Interconnection Customer shall not receive from the ISO a higher study refund payment for its

Payment Eligible Project than the total payments it made to the ISO for the actual study costs of the Payment Eligible Project in that particular Cluster Study Process.

40.6.5.2.4 If, after the ISO makes the payments required by Section 40.6.5.2.3, there remains Withdrawal Penalty Funds for that Cluster, the ISO shall then calculate and apply the Commercial Operation Incentive Payment Amount for that Cluster.

40.6.5.2.5 The ISO shall calculate the Commercial Operation Incentive Payment Amount for a Cluster by dividing the remaining Withdrawal Penalty Funds by the total number of Payment Eligible Projects except for CRIS-Only Cluster Study Projects.

40.6.5.2.6 The ISO shall hold the remaining Withdrawal Penalty Funds for the Cluster until the Commercial Operation Incentive Payment Amount has been applied for each Payment Eligible Project, except CRIS-Only Cluster Study Projects, as follows. If a Payment Eligible Project enters Commercial Operation, the ISO shall pay the Interconnection Customer for that Payment Eligible Project the Commercial Operation Incentive Payment Amount. If a Payment Eligible Project withdraws or is deemed withdrawn by the ISO prior to entering Commercial Operation, it shall forfeit at that time its Commercial Operation Incentive Payment Amount, which amount the ISO shall use to offset the ISO's administration costs.

40.6.5.2.7 The following is an example of the distribution of the Withdrawal Penalty Fund pursuant to this Section 40.6.5.2.

40.6.5.2.7.1 Assume at the conclusion of a Cluster Study Process that there are ten Payment Eligible Projects and \$2,000,000 in Withdrawal Penalty Funds. The ISO will first determine the share of study costs that will be refunded to the Payment Eligible Projects by dividing the \$2,000,000 by 10, which results in a refund payment share for each project of \$200,000. The ISO would make this refund payment to each Payment

Eligible Project up to the amount in actual study cost such project paid in that Cluster Study Process. Accordingly, if a Payment Eligible Project only paid \$100,000 in actual study costs during the Cluster Study Process, its refund payment would be limited to \$100,000, and the remaining \$100,000 would be subject to the second stage of the Withdrawal Penalty Fund distribution.

40.6.5.2.7.2 Assume for this second stage, that \$500,000 remained following the study cost refund payments. The ISO would then calculate the Commercial Operation Incentive Payment Amount. This would be calculated as the remaining \$500,000 divided by 10 or a \$50,000 amount for which each Payment Eligible Project would be eligible. Assume 7 of the 10 Payment Eligible Projects entered into Commercial Operation. In such case, those 7 projects would each receive the \$50,000 Commercial Operation Incentive Payment Amount. The remaining \$150,000 associated with the 3 projects that did not enter Commercial Operation would be forfeited and used by the ISO to offset its administration costs.

## **40.7 Customer Engagement Window/ Phase 1 Entry Decision Period**

### **40.7.1 Customer Engagement Window Start Date, Duration, and Scope**

40.7.1.1 The Customer Engagement Window for the Cluster Study Process shall commence on the first Business Day after the end date of the Application Window.

40.7.1.2 The Customer Engagement Window period shall be a seventy (70) Calendar Day period for a Cluster Study Process; except as follows:

(i) for the Transition Cluster Study Process, this period shall complete at the later of: (A) a ninety (90) Calendar Day period and (B) the completion of the Final Decision Period for the Class Year Study for Class Year 2023; and

(ii) for subsequent Cluster Study Processes, this period shall be extended to the extent required by Section 40.5.1.3.

40.7.1.3 During the Customer Engagement Window: (i) the ISO shall complete its review and validation of Interconnection Requests submitted, but not validated, during the Application Window, (ii) the ISO shall post the Cluster Study Project List in accordance with the requirements in Section 40.7.2, (iii) the Connecting Transmission Owner shall perform the Physical Infeasibility Screening of the proposed interconnections of the Cluster Study Projects in accordance with the requirements in Section 40.7.3, and (iv) the ISO shall conduct the Scoping Meeting in accordance with the requirements in Section 40.7.4.

### **40.7.2 Posting of Cluster Study Project List**

40.7.2.1 Within ten (10) Business Days of the commencement of the Customer Engagement Window, the ISO shall post on its OASIS, or a publicly accessible portion of its website, the Cluster Study Project List, which is a list of the validated Interconnection Requests and CRIS-Only Requests for that Cluster. The list shall identify for each Interconnection

Request and each CRIS-Only Request: (1) the requested amount of Energy Resource Interconnection Service and/ Capacity Resource Interconnection Service; (2) the location by county and state; (3) the station or transmission line or lines of the requested Point of Interconnection; (4) the proposed Initial Backfeed Date; (5) the type of Interconnection Service requested; (6) the type of Facility to be constructed, including fuel types, such as coal, natural gas, solar, wind, storage, or combined resource; (7) the number of proposed generator leads; (8) Queue Position; (9) whether the Interconnection Request or CRIS-Only Request is for a Contingent Project; and (10) the applicable Connecting Transmission Owner and any identified Affected Transmission Owners.

40.7.2.2 If an Interconnection Customer withdraws its Interconnection Request or CRIS-Only Request, or such Interconnection Request or CRIS-Only Request is deemed withdrawn by the ISO, during the Customer Engagement Window up to five (5) Business Days after the ISO posts the Cluster Study Project List, the Interconnection Request shall not be subject to a Withdrawal Penalty as set forth in Section 40.7.6.2.

40.7.2.3 Within five (5) Business Days after the ISO posts the Cluster Study Project List, the Interconnection Customer may propose a modification to the Point of Interconnection in its Interconnection Request for its Cluster Study Project other than for a Contingent Project; *provided, however*, that such modification cannot modify the electrical characteristics of its Cluster Study Project. The Interconnection Customer shall submit to the ISO any requested change to the Point of Interconnection through the Facility Modification Request set forth in Appendix 5. If the Interconnection Customer submits a Facility Modification Request requesting to change the Point of Interconnection, then the ISO shall modify the priority designation of the Queue Position assigned to its Interconnection Request pursuant to Section 40.6.1.1 based on the



date and time of the ISO's receipt of the Interconnection Customer's submission of the completed Facility Modification Request form requesting the change and will notify the Connecting Transmission Owner and Affected Transmission Owner of this change when notifying the Interconnection Customer of its modified Queue Position

### **40.7.3 Physical Infeasibility Screening**

40.7.3.1 During the Customer Engagement Window, the Connecting Transmission Owner and any Affected Transmission Owner(s) identified pursuant to Section 40.5.7.1.1 in connection with the proposed interconnection of a Cluster Study Project (except for CRIS-Only Cluster Study Projects) shall review the proposed interconnection of the Cluster Study Project to assess whether the proposed Point of Interconnection is Physically Infeasible as defined in Section 40.7.3.2 and shall provide the ISO their written assessment.

40.7.3.2 An Interconnection Request shall be deemed Physically Infeasible if:

- (1) (i) the substation for the selected Point of Interconnection does not have any available bus positions and (ii) (a) is not expandable electrically or within the existing substation footprint, or (b) adjacent usable vacant land is not available, or (c) proposals by Interconnection Customer are inconsistent with Good Utility Practice or Applicable Reliability Requirements; or
- (2) a viable tie line cable route(s) cannot be established from either the Point of Change of Ownership to the Point of Interconnection or, where these points are the same, a viable route cannot be established within or from the fence line; or
- (3) (i) the project capacity exceeds the ratings of equipment at the substation selected for the Point of Interconnection, (ii) replacement equipment that would be adequately rated for the project capacity is not commercially available from an approved supplier and

within applicable specifications set by the Transmission Owner, and (iii) an alternative upgrade is not physically feasible (e.g., higher voltage Point of Interconnection substation). For purposes of this subpart (3), “commercially available” equipment shall mean equipment manufactured by an approved supplier of a particular Connecting Transmission Owner and conforming with engineering specifications and procedures of the Connecting Transmission Owner. This section does not create an obligation of a Transmission Owner to acquire through eminent domain or otherwise any real property, subject to the Land of Other Property Owners requirements in Section 5.13 of the Standard Interconnection Agreement in Appendix 15 to this Attachment HH.

40.7.3.3 The ISO shall issue a report with the results of the Physical Infeasibility Screening for that Cluster. If, as a result of the Physical Infeasibility Screening or at any time in the Cluster Study Process, the ISO determines, in consultation with the Connecting Transmission Owner or Affected Transmission Owner, that the proposed interconnection of a Cluster Study Project is Physically Infeasible as defined in Section 40.7.3.2, then the ISO shall notify the Interconnection Customer that the proposed interconnection of its Cluster Study Project is Physically Infeasible and shall withdraw the Interconnection Request for the project pursuant to Section 40.6.4.

40.7.3.4 If: (i) more than one Interconnection Request in a Cluster proposes to interconnect at the same Point of Interconnection on the New York State Transmission System or Distribution System and (ii) all of the Interconnection Requests proposing to interconnect at that location are not able in the aggregate to interconnect due to a Physical Infeasibility, then an Interconnection Request with a Queue Position with a higher designated priority shall have priority over an Interconnection Request with a Queue Position with a lower designated priority

(including as between Interconnection Requests within the same Cluster) for access to that Point of Interconnection for purposes of Physical Infeasibility determinations.

40.7.3.5 For purposes of applying Section 40.7.3.4 if one or more of the Cluster Study Projects proposing to interconnect at the same Point of Interconnection are Contingent Projects, the Transmission Owner shall perform two Physical Infeasibility assessments.

40.7.3.5.1 For the first Physical Infeasibility assessment, the Transmission Owner (i) will assume all Pending Projects, including those associated with Contingent Projects, that their associated Pending Projects have accepted their Project Cost Allocation and provided the required cash or Security in, as applicable, the ongoing Class Year Study, Cluster Study, Additional SDU Study, or Small Generator Interconnection Procedures facilities study and (ii) will assess whether, with these Pending Projects assumed in the baseline of the system used in the assessment, there are Physical Infeasibility issues for any remaining Cluster Study Projects that are not Contingent Projects. This first assessment will be used for determining which Interconnection Requests for the Cluster Study Projects that are not Contingent Projects are Physically Infeasible if the Pending Project(s) proceed to accept their Project Cost Allocation and provide the required cash or Security in, as applicable, the ongoing Class Year Study, Cluster Study, Additional SDU Study, or Small Generator Interconnection Procedures facilities study.

40.7.3.5.2 For the second Physical Infeasibility assessment, the Transmission Owner: (i) will assume for all Pending Projects, including those associated with Contingent Projects, that the Pending Projects do not accept their Project Cost Allocation and/or do not provide the required cash or Security in, as applicable, the ongoing Class Year Study, Cluster Study, or Additional SDU Study, or Small Generator Interconnection Procedures facilities study and (ii)

assuming all of the Pending Projects are not used in the baseline of the system used in the assessment, will assess all Cluster Study Projects, including Contingent Projects, equally for their access to the Point of Interconnection and will apply the priority rules in Section 40.7.3.4.

#### **40.7.4 Scoping Meeting**

During the Customer Engagement Window, and after the ISO posts the Physical Infeasibility screening report, the ISO shall hold a group Scoping Meeting with all Interconnection Customers with validated Interconnection Requests and CRIS-Only Requests included in the Cluster for that Cluster Study Process, along with the Connecting Transmission Owners and any Affected Transmission Owner(s) identified in connection with the Interconnection Requests. The ISO will provide notice of the Scoping Meeting by sending notice to the contact list of the Cluster Study Projects included in the Cluster Study Project List and the applicable Connecting Transmission Owners, Affected Transmission Owners, and Affected System Operators. In setting the date for the Scoping Meeting, the ISO will consult with the Transmission Owners concerning the timeframe for completion of the Physical Infeasibility Screening, with the Scoping Meeting to take place no later than the last Business Day before the close of the Customer Engagement Window.

The purpose of the Scoping Meeting shall be to reinforce the roles and responsibilities of all parties in the interconnection process, including to discuss the study scope for the Cluster Study, the schedule, and the work plan, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to discuss the results of the Physical Infeasibility Screening, including summarizing potential Physical Infeasibility issues, and to analyze such information. The ISO, Connecting Transmission Owner, Affected Transmission Owner(s), and Interconnection Customer 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 duration of the meeting shall be sufficient to accomplish its purpose. If the Scoping Meeting consists of more than one Interconnection Customer, the ISO shall issue, no later than fifteen (15) Business Days after the commencement of the Customer Engagement Window, and Interconnection Customer shall execute, a non-disclosure agreement prior to a group Scoping Meeting, which will provide for confidentiality of commercially sensitive information identified in the Scoping Meeting pertaining to any other Interconnection Customers. 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.

#### **40.7.5 Phase 1 Entry Decision Period**

40.7.5.1 The Phase 1 Entry Decision Period for the Cluster Study Process shall commence on the first Business Day after the end date of the Customer Engagement Window.

40.7.5.2 The Phase 1 Entry Decision Period shall be a five (5) Business Day period.

40.7.5.3 A Cluster Study Project will be included in the Phase 1 Study if, during the Phase 1 Entry Decision Period, the Interconnection Customer for the Cluster Study Project:

(i) notifies the ISO of its election for its Cluster Study Project to proceed to the Phase 1 Study;

(ii) submits to the ISO an updated proposed Initial Backfeed Date, an updated proposed Synchronization Date, and an updated proposed Commercial Operation Date; and

(iii) provides the ISO with the Readiness Deposit 1 for its Cluster Study Project in accordance with the requirements in Section 40.2.4.2. The Readiness Deposit 1 shall be \$4,000 per MW based on the requested ERIS amount at the Point of Interconnection for the Cluster

Study Project; *provided, however*, that a CRIS-Only Cluster Study Project is not required to provide Readiness Deposit 1 to proceed to the Phase 1 Study.

#### **40.7.6 Withdrawal and Withdrawal Penalties**

40.7.6.1 If an Interconnection Customer does not satisfy the requirements in Section 40.7.5.3 for the Cluster Study Project to proceed to the Phase 1 Study, then the ISO shall withdraw the Interconnection Request or CRIS-Only Request for the Cluster Study Project from the ISO's Queue pursuant to the Withdrawal requirements in Section 40.6.4.

40.7.6.2 If an Interconnection Customer withdraws the Interconnection Request or CRIS-Only Request for a Cluster Study Project, or the Interconnection Request or CRIS-Only Request is deemed withdrawn by the ISO, from the ISO's Queue during the Customer Engagement Window or at the Phase 1 Entry Decision Period, the Interconnection Customer for the Cluster Study Project, including a CRIS-Only Cluster Study Project, shall pay a Withdrawal Penalty in an amount equal to twenty-five percent (25%) of its initial Study Deposit amount for the project; except for the following:

(i) if the Interconnection Request or CRIS-Only Request was withdrawn or was deemed withdrawn by the ISO during the Customer Engagement Window up to five (5) Business Days after the ISO posted the Cluster Study Project List pursuant to Section 40.7.2.2, then the Cluster Study Project shall not be assessed a Withdrawal Penalty;

(ii) if the ISO determined that the Cluster Study Project cannot move forward due to Physical Infeasibility pursuant to Section 40.7.3, then the Cluster Study Project shall not be assessed a Withdrawal Penalty; and

(iii) if the Interconnection Request or CRIS-Only Request was for: (A) a Contingent Project that was withdrawn by the ISO pursuant to Section 40.5.4.1.3 or (B)

for a Contingent Project that was converted to a CRIS-Only Cluster Study Project and informs the ISO of its election to withdraw prior to the Phase 1 Study pursuant to Section 40.5.4.1.3, then the Interconnection Request or CRIS-Only Request shall not be assessed a Withdrawal Penalty.

40.7.6.2.1 The ISO shall invoice, and Interconnection Customer shall pay, any Withdrawal Penalty as set forth in Section 40.24.3.

40.7.6.3 The ISO shall apply the collected Withdrawal Penalty Funds pursuant to Section 40.6.5.

## **40.8 Affected Systems**

### **40.8.1 Coordination with Affected Systems within the New York Control Area**

40.8.1.1 The ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems within the New York Control Area with Affected System Operators, as soon as they are identified – either by their own accord, by the Connecting Transmission Owner, by the ISO, or by members of the ISO’s Operating Committee or Transmission Planning Advisory Subcommittee of the ISO’s Operating Committee.

40.8.1.2 The ISO will include those results on Affected System Operators’ and Affected Transmission Owners’ systems in the Cluster Study within the time frame specified in these Standard Interconnection Procedures. The ISO will also include results, if available, on other Affected Systems in the New York Control Area. The ISO will invite such Affected System Operators to all meetings held with the Interconnection Customer as required by these Standard Interconnection Procedures. The Interconnection Customer 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 with whom interconnection has been requested in all matters related to the type and/or conduct of studies and the determination of modifications to Affected Systems.

40.8.1.3 Upon completion of a Cluster Study in which an Interconnection Customer accepts its Project Cost Allocation for System Upgrade Facilities and/or System Deliverability Upgrades and pays cash or posts Security for such upgrades as required by this Attachment HH, the ISO will tender, as applicable, a Standard Upgrade Construction Agreement or Standard Multiparty Upgrade Construction Agreement to the Interconnection Customer(s) and Affected



Transmission Owner(s) or Affected System Operator(s) in accordance with the requirements in Section 40.21 to this Attachment HH for the engineering, procurement and construction of the System Upgrade Facilities and/or System Deliverability Upgrades on the Affected System.

40.8.1.4 For identified Affected Transmission Owner(s) of facilities that are electrically adjacent to the Point of Interconnection and that have design criteria, operational criteria, or other local planning criteria applicable to either (1) the substation to which the Interconnection Customer proposes to interconnect; or (2) the substation that will be required to be built to accommodate the interconnection, the ISO shall provide such Affected Transmission Owner(s) with the opportunity to review and provide comments on all study scopes, study reports and drafts thereof for the project, and will be included on communications regarding the project and meetings discussing the project or any of its studies, where such communications or meetings involve the ISO, Interconnection Customer and Connecting Transmission Owner.

#### **40.8.2 Coordination with External Affected Systems**

40.8.2.1 The ISO will identify potential impacts on External Affected Systems during the Customer Engagement Window once the Cluster Study Projects participating in the Cluster for that Cluster Study Process have been confirmed. If the ISO subsequently identifies additional potential impacts on an External Affected System during its performance of the Cluster Study, the ISO will notify the External Affected System Operator of the impacts.

40.8.2.2 At the time of initial notification, the ISO must provide an impacted Interconnection Customer with a list of potential Affected Systems, along with relevant contact information for such systems.

40.8.2.3 The ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on External Affected Systems with External Affected

System Operators. Interconnection Customer will cooperate with the ISO and External Affected System Operator in all matters related to the conduct of studies and the determination of modifications to the External Affected Systems.

### **40.8.3 Study of Impacts to New York State Transmission System of an Affected System Interconnection Customer's Proposed Interconnection to Another Region's Transmission System**

#### **40.8.3.1 Applicability**

This Section 40.8.3 outlines the duties of the ISO when it receives notification that an Affected System Interconnection Customer's proposed interconnection to another region's transmission system may impact the New York State Transmission System. If the New York State Transmission System may be impacted by a proposed interconnection on another region's transmission system, the ISO shall cooperate with the other region in all matters related to the conduct of studies and the determination of modifications to the New York State Transmission System.

#### **40.8.3.2 Response to Initial Notification**

##### **40.8.3.2.1 Response to Initial Notification**

When the ISO receives initial notification based on the applicable interconnection study or restudy in another region that an Affected System Interconnection Customer's proposed interconnection to another region's transmission system may impact the New York State Transmission System, the ISO must respond in writing within twenty (20) Business Days whether it intends to conduct an Affected System Study. By fifteen (15) Business Days after the ISO responds with its affirmative intent to conduct an Affected System Study, the ISO shall share with Affected System Interconnection Customer(s) and its host region a

non-binding good faith estimate of the cost and the schedule to complete the Affected System Study.

#### 40.8.3.2.2 Response to Notification of Restudy

Within five (5) Business Days of receipt of notification of a restudy of the applicable interconnection study in another region, the ISO will send written notification to Affected System Interconnection Customer(s) involved in the restudy and the host transmission provider that the ISO intends to delay a planned or in-progress Affected System Study until after completion of the restudy. If the ISO decides to delay the Affected System Study, it is not required to meet its obligations under this Section 40.8.3 until the time that it receives notification from the host transmission provider that the restudy is complete. If the ISO decides to move forward with its Affected System Study despite the restudy, then it must meet all of the requirements in this Section 40.8.3.

#### **40.8.3.3 Affected System Queue Position**

The ISO must assign an Affected System Queue Position to Affected System Interconnection Customer(s) that require(s) an Affected System Study. Such Affected System Queue Position shall be assigned based upon the date of execution of the Affected System Study Agreement. Consistent with Section 40.8.3.7, the ISO shall study the Affected System Interconnection Customer(s) that are all interconnecting in a particular region via Clustering, and all Affected System Interconnection Customers studied in the same Cluster under Section 40.8.3.7 shall be equally queued. For Affected System Interconnection Customers that are equally queued, the Affected System Queue Position shall have no bearing on the assignment of Affected System Network Upgrades identified in the applicable Affected System Study. The

costs of the Affected System Network Upgrades shall be allocated among the Affected System Interconnection Customers in accordance with Section 40.8.3.9.

**40.8.3.4 Affected System Study Agreement/Multiparty Affected System Study Agreement.**

Unless otherwise agreed, the ISO shall provide to Affected System Interconnection Customer(s) an Affected System Study Agreement or Multiparty Affected System Study Agreement, in the form of Appendix 6 or Appendix 7 to this Attachment HH, as applicable, within ten (10) Business Days of the ISO sharing the schedule for the Affected System Study per Section 40.8.3.2.

The ISO shall invoice the Affected System Interconnection Customer(s) for the actual cost of the Affected System Study in accordance with the invoicing requirements in Section 40.24.3. The ISO shall notify Affected System Interconnection Customer's host region of any failure to pay.

**40.8.3.5 Execution of Affected System Study Agreement/Multiparty Affected System Study Agreement.**

Affected System Interconnection Customer(s) shall execute the Affected System Study Agreement/Multiparty Affected System Study Agreement, deliver the executed agreement to the ISO, and provide the Affected System Study deposit in the amount of \$100,000 in accordance with the requirements in Section 40.2.4 within ten (10) Business Days of receipt. If the ISO notifies Affected System Interconnection Customer(s) that it will delay the Affected System Study pursuant to Section 40.8.3.2.2, Affected System Interconnection Customer(s) are neither required to execute and return the previously tendered Affected System Study/Multiparty Affected System Study Agreement nor provide the Affected System Study deposit for the previously tendered Affected System Study/Multiparty Affected System Study Agreement.

If Affected System Interconnection Customer does not provide all required technical data when it delivers the Affected System Study Agreement/Multiparty Affected System Study Agreement, the ISO shall notify the deficient Affected System Interconnection Customer, as well as its host region, of the technical data deficiency within ten (10) Business Days of the receipt of the executed Affected System Study Agreement/Multiparty Affected System Study Agreement, and the deficient Affected System Interconnection Customer shall cure the technical data deficiency within ten (10) Business Days of receipt of the notice: *provided, however*, that such deficiency does not include failure to deliver the executed Affected System Study Agreement/Multiparty Affected System Study Agreement or deposit for the Affected System Study Agreement/Multiparty Affected System Study Agreement. If Affected System Interconnection Customer does not cure the technical data deficiency within the cure period or fails to execute the Affected System Study Agreement/Multiparty Affected System Study Agreement or provide the deposit, the Affected System Interconnection Customer shall lose its Affected System Queue Position.

#### **40.8.3.6 Scope of Affected System Study**

40.8.3.6.1 The Affected System Study will use the most recent Annual Transmission Reliability Assessment or Cluster Project Assessment available at the time of the commencement of the Affected System Study. The ISO shall coordinate with the Affected System Interconnection Customer(s)' host region as necessary to align to the extent possible the network system modeling between the regions for purposes of the Affected System Study.

40.8.3.6.2 For the Affected System Study, the ISO shall first evaluate the impact that any Affected System Interconnection Customer's proposed interconnection to another region's transmission system will have on the reliability of the New York State Transmission System and

identify any required Affected System Network Upgrades, to the extent not Physically Infeasible.

The Affected System Study shall consist, as applicable, of a power flow, stability, and short circuit analysis. The Affected System Study will state the assumptions upon which it is based; state the results of the analyses; and provide the potential impediments to Affected System Interconnection Customer's receipt of interconnection service on its host region's transmission system, 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 ISO will notify the Affected System Interconnection Customer(s) and its host region of this preliminary information. The Affected System Study will not assess deliverability. The ISO has no obligation to study impacts of Affected System Interconnection Customers of which it is not notified.

40.8.3.6.3 If the Affected System Study identifies needs that require Affected System Network Upgrades, the ISO will next perform, as applicable, short circuit/fault duty, steady state (thermal and voltage), and stability analysis to identify the Affected System Network Upgrades that are required for the reliability of the New York State Transmission System in accordance with the NYISO Transmission Interconnection Standard (as defined in Attachment P to the ISO OATT). For purposes of determining necessary Affected System Network Upgrades, the Affected System Study shall consider the level of interconnection service requested in megawatts by Affected System Interconnection Customer, unless otherwise required to study the full generating facility capacity due to safety or reliability concerns. The Affected System Study, as applicable, shall determine a +30%/-15% estimate of the costs of the equipment, engineering and design work, procurement and construction work and commissioning of the Affected System Network Upgrades identified in the Affected System Study in accordance with Good Utility

Practice and, for each of these cost categories, shall specify and estimate the cost of the required work. The Affected System Study will calculate cost estimates based on the assumption that the activities for which the cost estimates are calculated are performed by the Affected Transmission Owner or Affected System Operator and shall be subject to reasonable exclusions (*e.g.*, environmental, subsurface conditions, permitting, site acquisition costs).

The ISO will allocate the costs of any Affected System Network Upgrades to the Affected System Interconnection Customer(s) in accordance with the Cluster Project Assessment rules in Section 40.12.2. The Affected System Study shall provide a list of the required Affected System Network Upgrades with a dollar figure for each Affected System Interconnection Customer's allocated share of the costs of the Affected System Network Upgrades as determined in accordance with Section 40.8.3.9. The Affected System Study shall also include a preliminary schedule showing the estimated time required to complete the engineering and design, procurement, construction, installation and commissioning phases for the required Affected System Network Upgrades identified in the study.

During the Affected System Study, the ISO shall update and refine the description of Affected System Network Upgrades identified pursuant to Section 40.8.3.6.2, including the equipment, work and related cost and time estimates necessary to construct the required Affected System Network Upgrades, and identify any additional Affected System Network Upgrades that are necessary in accordance with the NYISO Transmission Interconnection Standard (as defined in described in Attachment P) based on, among other things, changes in the Base Case since the ISO's determination pursuant to Section 40.8.3.6.2.

#### **40.8.3.7 Affected System Study Procedures**

The ISO shall use Clustering in conducting the Affected System Study and shall use existing studies to the extent practicable, when multiple Affected System Interconnection Customers that are part of a single Cluster may cause the need for Affected System Network Upgrades. The ISO shall complete the Affected System Study and provide the Affected System Study Report to Affected System Interconnection Customer(s) and its host region within three hundred (300) Calendar Days after the receipt of (i) the completed Affected System Study Agreement without any deficiencies and related study deposit from Affected System Interconnection Customer(s); and (ii) the network system model(s) from its host region. If during a clustered Affected System Study one or more Affected System Interconnection Customers withdraw, or are deemed withdrawn by the ISO, from the Affected System Study, the ISO may toll the three hundred (300) Calendar Day period for that Affected System Study for any remaining Affected System Interconnection Customers by up to sixty (60) Calendar Days to enable the ISO to update its study work in light of the withdrawn projects.

At the request of Affected System Interconnection Customer, the ISO shall notify Affected System Interconnection Customer as to the status of the Affected System Study. If the ISO is unable to complete the Affected System Study within the requisite time period, it shall notify Affected System Interconnection Customer(s) and its host region, and shall provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the ISO shall provide Affected System Interconnection Customer(s) with all supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Affected System Study, subject to confidentiality arrangements consistent with Section 40.24.1.



The ISO must study an Affected System Interconnection Customer using the Energy Resource Interconnection Service modeling standard used for Interconnection Requests on its own transmission system, regardless of the level of interconnection service that Affected System Interconnection Customer is seeking from its host region.

#### **40.8.3.8 Meeting with the ISO**

Within ten (10) Business Days of providing the Affected System Study Report to Affected System Interconnection Customer(s), the ISO, Affected System Interconnection Customer(s), and Affected Transmission Owner or Affected System Operator shall meet to discuss the results of the Affected System Study.

#### **40.8.3.9 Affected System Cost Allocation and Decision Period**

The ISO shall allocate the costs of Affected System Network Upgrades identified during the Affected System Study to Affected System Interconnection Customer(s) using the proportional impact method for allocating System Upgrade Facilities set forth in Section 40.12.2 to this Attachment HH.

#### **40.8.3.10 Iterative Decision Period for Project Cost Allocation and Security Posting**

40.8.3.10.1 Within five (5) Business Days after the completion of the meeting set forth in Section 40.8.3.8, the ISO shall commence an iterative decision period process for the Affected System Interconnection Customer(s) consistent with the requirements for conducting the Final Decision Period process in Sections 40.15.2 – 40.15.4 by which the Affected System Interconnection Customer may accept its allocated costs for the Affected System Network Upgrades and pay cash or post Security to the Affected Transmission Owner or Affected System Operator for its allocated amount. If an Affected System Interconnection Customer does not accept its allocated cost or pay cash or post Security for such amount in any of the rounds of the

iterative decision process, its Affected System Queue Position shall be withdrawn consistent with the requirements in Section 40.6.4.

40.8.3.10.2 The iterative decision process will be repeated until none of the remaining eligible Affected System Interconnection Customers provide a Non-Acceptance Notice or commits a Security Posting Default as those terms are defined in 40.15.

40.8.3.10.3 If an Affected System Interconnection Customer accepted its allocated costs for the Affected System Network Upgrades and paid cash or posted Security for the allocated amount in the final decision round of the decision process consistent with the requirements in Section 40.15, including the requirements concerning the posting of Security, then the Affected System Interconnection Customer shall be subject to the Security forfeiture requirements in Section 40.16.1 and the future cost responsibility requirements in Section 40.16.3 for purposes of the Affected System Network Upgrades.

**40.8.3.11 Tender of Standard Upgrade Construction Agreement/Standard Multiparty Upgrade Construction Agreement.**

As soon as practicable after the Affected System Interconnection Customer accepts its cost allocation for any Affected System Network Upgrades and pays cash or post security in accordance with Section 40.8.3.10, the ISO shall tender to Affected System Interconnection Customer(s) and, as applicable, the Affected System Operator or Affected Transmission Owner a Standard Upgrade Construction Agreement/Standard Multiparty Upgrade Construction Agreement, as applicable, in the form of Appendix 16 or 17 to this Attachment HH in accordance with the requirements in Section 40.21 to this Attachment HH.

**40.8.3.12 Restudy.**

If restudy of the Affected System Study is required pursuant to Section 40.8.3.10, the ISO shall notify Affected System Interconnection Customer(s) and conduct such restudy in

accordance with the requirements in Section 40.8.3.10. Any cost of restudy shall be borne by the Affected System Interconnection Customer(s) being restudied.

## **40.9 Cluster Study Overview/ NYISO Minimum Interconnection Standard/ NYISO Deliverability Interconnection Standard/ Cluster Study Cost Allocation Rules Overview**

### **40.9.1 Cluster Study Overview**

The Cluster Study shall consist of:

- (i) the ISO's development of the Existing System Representation used for the Cluster Study as set forth in Sections 40.10.3;
- (ii) the Connecting Transmission Owners' and Affected Transmission Owners' performance of the Phase 1 Study for the Cluster Study Projects as set forth in Section 40.10.4;
- (iii) the Phase 2 Study Entry Decision Period in which Interconnection Customers elect whether to satisfy the requirements for their Cluster Study Projects to proceed to the Phase 2 Study as set forth in Section 40.10.8;
- (iv) the ISO's performance of the Phase 2 Study, in conjunction with the Connecting Transmission Owner and Affected Transmission Owner, for the Cluster Study Projects as set forth in Sections 40.11 through 40.14, including: (A) the ISO's development of the Cluster Baseline Assessment and Cluster Project Assessment used for the Cluster Study as set forth in Section 40.12, (B) the ISO's assessment of the reliable interconnection of the Cluster Study Projects requesting ERIS in accordance with the NYISO Minimum Interconnection Standard as set forth in Section 40.12, (C) the ISO's assessment of the deliverability of Cluster Study Projects, including CRIS-Only Cluster Study Projects, requesting CRIS in accordance with the NYISO Deliverability Interconnection Standard in the Cluster Study Deliverability Study in accordance with Section 40.13, and (D) if applicable, the ISO's performance of an Additional SDU Study in accordance with Section 40.14; and

(v) the Final Decision Period at the conclusion of the Phase 2 Study and, if applicable, the Additional SDU Study Decision Period, at the conclusion of any Additional SDU Study as set forth in Section 40.15.

#### **40.9.2 Timeframes**

40.9.2.1 The timeframe for the ISO's, Connecting Transmission Owners', and Affected Transmission Owners' performance of their responsibilities for the Phase 1 Study and Phase 2 Study will be scheduled for each Cluster Study Process as follows:

(i) The scheduled duration of the Phase 1 Study process will be a one hundred ninety (190) Calendar Day period between the Phase 1 Study Start Date and the ISO's presentation to its Operating Committee for its approval of the Phase 1 Cost Estimates Summary Report. Within this period, the scheduled duration for the key individual components of the Phase 1 Study process are set forth in Section 40.10.

(ii) The scheduled duration of the Phase 2 Study process will be a two hundred seventy (270) Calendar Day period between the Phase 2 Study Start Date and the ISO's presentation of the draft Cluster Study Report to the Operating Committee for its approval. Within this period, the scheduled duration for the key individual components of the Phase 2 Study process are set forth in Section 40.11.

40.9.2.2 If the ISO, Connecting Transmission Owner, or Affected Transmission Owner is unable to complete an individual component of the Cluster Study Process in accordance with that component's timeframe established in this Attachment HH, the entity responsible for performing that component shall complete it as soon as practicable, and the ISO shall notify Interconnection Customers of any anticipated resulting delay in the overall timeframe of, as applicable, the Phase 1 Study or Phase 2 Study. The ISO shall address any failure of the

responsible entity to achieve a study component within a tariff-prescribed time period through the requirements set forth in Section 40.9.3.

### **40.9.3 Study Metrics and Penalties for Study Delays**

#### **40.9.3.1 Metrics and Reporting Obligation**

##### **40.9.3.1.1 Publicly Posted Study Metrics for Cluster Study Process**

40.9.3.1.1.1 Within thirty (30) Calendar Days of the completion of the Phase 2 Entry Decision Period for a given Cluster Study Process, the ISO will post on a publicly accessible portion of its website the following statistics related to processing of Cluster Studies performed in accordance with this Attachment HH:

(A) Number of individual Phase 1 Study reports completed during the Phase 1 Study process for a given Cluster Study Process;

(B) Number of individual Phase 1 Study reports during the Phase 1 Study process for a given Cluster Study Process that were finalized beyond the timeframe set forth in Section 40.10.5 of this Attachment HH;

(C) For each individual Phase 1 Study report completed during the Phase 1 Study for a given Cluster Study Process: (i) the details of the Interconnection Request posting on the ISO's Queue; (ii) the identity of Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable; (iii) the total time (in Calendar Days) from the Phase 1 Study Start Date to the date the ISO provided the applicable Transmission Owner with an updated Cluster Study Project List and the finalized CPA short-circuit base case pursuant to Section 40.10.4.1; (iv) if the total time calculated for Section 40.9.3.1.1.1(C)(iii) is greater than the time period for the ISO to provide the required materials to the applicable Transmission Owner as set forth in Section 40.10.4.1, the

reasons for the delay; (v) the total time (in Calendar Days) from the date the ISO provided to the applicable Transmission Owner with an updated Cluster Study Project List and the finalized CPA short-circuit base case to the date when the applicable Transmission Owner provides the individual final version of the Phase 1 Study report to the ISO and the Interconnection Customer; and (vi) if the total time calculated for Section 40.9.3.1.1.1(C)(v) is greater than the time period set forth in Section 40.10.5 for the Transmission Owner to provide the final report, the reasons for the delay reported to the ISO by the applicable Transmission Owner;

(D) Total time (in Calendar Days) from the Phase 1 Study Start Date to the date when the ISO presents the Phase 1 Cost Estimates Summary Report to the ISO Operating Committee; and

(E) Number of Interconnection Requests or CRIS-Only Requests withdrawn from the ISO's Queue during the period between the commencement of the Customer Engagement Window and the completion of the Phase 2 Entry Decision Period for the given Cluster Study.

For purposes of this section, the Phase 1 Study process includes (i) individual Phase 1 Study reports for each Cluster Study Project, including reports from the Connecting Transmission Owner(s) and any applicable Affected Transmission Owners; and (ii) a Phase 1 Cost Estimates Summary Report compiled by the ISO from cost estimates identified for all Cluster Study Projects in the Phase 1 Study. An individual Phase 1 Study report for a Cluster Study Project is deemed complete on the date upon which the applicable Transmission Owner provides the final version of the study report to the ISO and the Interconnection Customer in accordance with Section 40.10.5. A Phase

1 Cost Estimates Summary Report is deemed complete on the date upon which the Phase 1 Cost Estimates Summary Report is presented to the ISO's Operating Committee in accordance with Section 40.10.6.

Connecting Transmission Owners and Affected Transmission Owners shall timely provide any information reasonably requested by the ISO to complete the study metrics specified in this Section 40.9.3.1.1.

40.9.3.1.1.2 Within thirty (30) Calendar Days of the completion of the Phase 2 Study Final Decision Period for a given Cluster Study Process, the ISO will post on a publicly accessible portion of its website the following statistics related to processing of Cluster Studies performed in accordance with this Attachment HH:

(A) For each updated individual Phase 1 Study report completed during the Phase 2 Study for a given Cluster Study Process: (i) the details of the Interconnection Request posting on the ISO's Queue; (ii) the identity of Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable; (iii) the total time (in Calendar Days) from the Phase 2 Study Start Date to the date the ISO provided the applicable Transmission Owner with an updated Cluster Study Project List and an updated CPA short-circuit base case pursuant to Section 40.11.2.2; (iv) if the total time calculated for Section 40.9.3.1.1.2(A)(iii) is greater than the time period for the ISO to provide the required materials to the applicable Transmission Owner as set forth in Section 40.11.2.2, the reasons for the delay; (v) the total time (in Calendar Days) from the date the ISO provided to the applicable Transmission Owner with an updated Cluster Study Project List and the updated CPA short-circuit base case to the date when the applicable Transmission Owner provides the individual final, updated version of the Phase 1 Study



report to the ISO and the Interconnection Customer; and (vi) if the total time calculated for Section 40.9.3.1.1.2(A)(v) is greater than the time period set forth in Section 40.11.2.2 for the Transmission Owner to provide the final updated report, the reasons for the delay reported to the ISO by the applicable Transmission Owner;

(B) For each individual Phase 2 Study report completed during the Phase 2 Study for a given Cluster Study Process: (i) the details of the Interconnection Request or CRIS-Only Request posting on the ISO's Queue; (ii) the identity of Connecting Transmission Owner(s) and Affected Transmission Owner(s), as applicable; (iii) the total time (in Calendar Days) from the Phase 2 Study Start Date to the date the ISO provided the applicable Transmission Owner with any System Upgrade Facilities, Distribution Upgrades, and System Deliverability Upgrades identified by the ISO for a Cluster Study Project and their major electrical characteristics pursuant to Section 40.11.4.1; (iv) if the total time calculated for Section 40.9.3.1.1.2(B)(iii) is greater than the time period for the ISO to provide the applicable Transmission Owner with the identified upgrades and their major electrical characteristics as set forth in Section 40.11.4.1, the reasons for the delay; (v) the total time (in Calendar Days) from the date the ISO provided to the applicable Transmission Owner the identified upgrades and their major electrical characteristics for a Cluster Study Project to the date when the applicable Transmission Owner provides the individual final version of the Phase 2 Study report to the ISO and the Interconnection Customer; and (vi) if the total time calculated for Section 40.9.3.1.1.2(B)(v) is greater than the time period set forth in Section 40.11.4.3 for the Transmission Owner to provide the final report, the reasons for the delay reported to the ISO by the applicable Transmission Owner;

(C) Total time (in Calendar Days) from the Phase 2 Study Start Date to the date when the ISO presents the summary Cluster Study Report to the ISO's Operating Committee;

(D) Total time (in Calendar Days) for the Phase 1 Study process and Phase 2 Study process of the given Cluster Study Process (excluding the Phase 2 Entry Decision Period); and

(E) Number of Interconnection Requests or CRIS-Only Requests withdrawn from the ISO's Queue during the period between the commencement of the Phase 2 Study and the completion of the Final Decision Period.

For purposes of this section, the Phase 2 Study process is deemed complete on the date upon which the Cluster Study Report is presented to the ISO's Operating Committee.

Connecting Transmission Owners and Affected Transmission Owners shall timely provide any information reasonably requested by the ISO to complete the study metrics specified in this Section 40.9.3.1.2.

#### **40.9.3.1.2 Publicly Posted Study Metrics for Interconnection Requests and CRIS-Only Requests Withdrawn from the Queue**

40.9.3.1.2.1 On an annual basis, the ISO will post on a publicly accessible portion of its website the following statistics, or an update to previously posted statistics, related to the Interconnection Requests and CRIS-Only Requests that withdraw or are deemed withdrawn by the ISO from the Queue for each Cluster Study Process during that prior year in accordance with this Attachment HH:

(A) Number of validated Interconnection Requests and CRIS-Only Requests for a given Cluster Study Process;

(B) Number of Interconnection Requests and CRIS-Only Requests in the Cluster Study Process withdrawn from the Queue after the commencement of the Phase 1 Study, but before commencement of the Phase 2 Study;

(C) Number of Interconnection Requests and CRIS-Only Requests in the Cluster Study Process withdrawn from the Queue after the commencement of the Phase 2 Study, but prior to the completion of the Final Decision Period for the Cluster Study;

(D) Number of Interconnection Requests and, if applicable, CRIS-Only Requests withdrawn from the Queue after the completion of the Final Decision Period for the Cluster Study, but before execution of a Standard Interconnection Agreement or an Interconnection Customer requesting the filing of an unexecuted, new Standard Interconnection Agreement; and

(E) Number of Interconnection Requests and, if applicable, CRIS-Only Requests withdrawn from the Queue after execution of a Standard Interconnection Agreement or an Interconnection Customer requesting the filing of an unexecuted, new Standard Interconnection Agreement.

#### **40.9.3.1.3 Informational Reports of Study Processing Times**

40.9.3.1.3.1 If the combined duration of the Phase 1 Study and Phase 2 Study for a given Cluster Study Process (excluding the Phase 2 Entry Decision Period and Final Decision Period) exceeds the four hundred sixty (460) Calendar Days scheduled for total Phase 1 Study and Phase 2 Study processes, the ISO will file a report with the Commission: describing (i) the reason(s) that the Phase 1 Study exceeded its one hundred ninety (190) Calendar Day schedule for completion and/or the Phase 2 Study exceeded its two hundred seventy (270) Calendar Day schedule for completion; and (ii) steps taken to

remedy these specific issues and, if applicable, prevent such delays in the future. The report must be filed at the Commission within sixty-five (65) Business Days following the completion of the Cluster Study. The ISO will also aggregate the total number of its and Transmission Owners' employee hours and third party consultant hours expended towards the Phase 1 Study and Phase 2 Study for the delayed Cluster Study. The ISO will post this information within sixty-five (65) Business Days following the completion of the Cluster Study. Connecting Transmission Owners and Affected Transmission Owners shall timely provide any information reasonably requested by the ISO to complete the report and the aggregation of employee and consultant hours.

#### **40.9.3.2 Penalties for Failure to Meet Study Deadlines**

40.9.3.2.1 Commencing with the first Cluster Study Process for which penalties may be applied as set forth in Section 40.9.3.2.10, the ISO and/or Transmission Owners shall be subject to a penalty to the extent required in this Section 40.9.3.2 if a Cluster Study or Affected System Study is not completed within the applicable deadline set forth in this Section 40.9.3.2.

40.9.3.2.2 If: (A) the combined duration of the Phase 1 Study process and the Phase 2 Study process (excluding the Phase 2 Entry Decision Period and Final Decision Period) exceeds the four hundred sixty (460) Calendar Days scheduled for the total Phase 1 Study and Phase 2 Study processes as those study process durations are established in Section 40.9.2.1 (the "Total Cluster Study Timeframe") or (B) the duration of the Affected System Study (excluding the final decision period) exceeds the three hundred (300) Calendar Days scheduled for that study as that study process duration is established in Section 40.8.3.7 ("Total Affected System Study Timeframe"), the ISO will take the

following action, unless the study is completed within the ten (10) Business Day grace period set forth in Section 40.9.3.2.8 or within an agreed upon extended period as set forth in Section 40.9.3.2.9:

40.9.3.2.2.1 The ISO will prepare a Draft Penalty Summary within twenty (20)

Business Days of the completion of the Final Decision Period, as applicable, for the Phase 2 Study or Affected System Study that will compute the total penalty amount and the allocation of such penalty amount among the ISO and the Transmission Owners.

40.9.3.2.2.2 The ISO will calculate the penalty amount by multiplying: (i) the daily penalty amount set forth in Section 40.9.3.2.6 by (ii) the number of Business Days that: (A) the Total Cluster Study Timeframe exceeded the combined four hundred sixty (460) Calendar Day scheduled study period and any agreed upon extension(s) as set forth in Section 40.9.3.2.9 or (B) the Total Affected System Study Timeframe exceeded the three hundred (300) Calendar Day scheduled study period and any agreed upon extension(s) as set forth in Section 40.9.3.2.9.

40.9.3.2.2.3 The ISO will allocate the computed penalty amount among itself and each individual Transmission Owner based on the delays of each party in completing the portions of, as applicable, the Phase 1 Study or Phase 2 Study for which each party is explicitly responsible for under this Attachment HH and/or under any contract to implement these responsibilities between the ISO and the applicable Transmission Owner.

40.9.3.2.2.4 The Transmission Owners will have twenty (20) Business Days to

review the Draft Penalty Summary and to provide any comments to the ISO. The

ISO will then have ten (10) Business Days to finalize the Penalty Summary.

40.9.3.2.3 The ISO and/or Transmission Owner must pay the penalty set forth in the Penalty Summary for each late Cluster Study on a pro rata basis per Interconnection Request or CRIS-Only Request to all Interconnection Customer(s) included in the Cluster of the relevant Cluster Study that accepted any required cost allocation identified in the study and paid cash or posted security, if any, for their allocated amount, in proportion to the final study cost for each Interconnection Request or CRIS-Only Request.

40.9.3.2.4 The ISO must pay the penalty set forth in the Penalty Summary for a late Affected Systems Study on a pro rata basis to all Affected System Interconnection Customer(s) included in the relevant Affected System Study that accepted any required cost allocation identified in the study and paid cash or posted security, if any, for their allocated amount, in proportion to each Affected System Interconnection Customer's final study cost.

40.9.3.2.5 The study delay penalty for each late study set forth in Sections 40.9.3.2.3 and 40.9.3.2.4 shall be distributed no later than ninety (90) Business Days after the late study has been completed, unless otherwise indicated in this Section 40.9.3.2. If a Transmission Owner is responsible for paying a penalty amount, it shall make such payment to the ISO within sixty-five (65) Business Days after the late study has been completed if not appealed by the Transmission Owner. The ISO will be responsible for distributing the penalty amount to the applicable Interconnection Customers.

40.9.3.2.6 For penalties assessed in accordance with this Section 40.9.3.2, the penalty amount will be equal to: \$2,000 per Business Day for delays of Cluster Studies beyond the applicable deadline set forth in this Section 40.9.3.2 and \$2,000 per Business Day for delays of Affected System Studies beyond the applicable deadline set forth in this Section 40.9.3.2. The total amount of a penalty assessed under this Section 40.9.3.2 shall not exceed: (a) one hundred percent (100%) of the initial study deposit(s) received for all of the Interconnection Requests and CRIS-Only Requests in the Cluster for Cluster Studies and (b) one hundred percent (100%) of the study deposit(s) that the ISO collects for conducting the Affected System Study.

40.9.3.2.7 The ISO and/or each Transmission Owner may appeal to the Commission any penalties set forth in the Penalty Summary that will be imposed under this Section 40.9.3.2. The Transmission Owner's right to appeal includes the right to challenge the ISO's allocation of penalty amounts in the Penalty Summary. Any such appeal must be filed no later than sixty-five (65) Business Days after the late study has been completed. While an appeal to the Commission is pending, the ISO and/or Transmission Owner shall remain liable for the penalty, but need not distribute the penalty until sixty (60) Calendar Days after the later of: (1) the deadline for filing a rehearing request has ended, if no requests for rehearing of the Commission's order on the appeal have been filed, or (2) the date that the Commission issues a substantive order on any requests for rehearing. The Transmission Owner shall make any penalty payment to the ISO within fifteen (15) Calendar Days of this date. The Commission may excuse the ISO and/or Transmission Owner from penalties under this Section 40.9.3.2 for good cause.

40.9.3.2.8 No penalty will be assessed under this Section 40.9.3.2 where a study is delayed by ten (10) Business Days or less. If the study is delayed by more than ten (10) Business Days, the penalty amount will be calculated from the first Business Day the applicable study misses its deadline.

40.9.3.2.9 If (a) a Cluster Study or Affected System Study will not be completed within the applicable deadline set forth in this Section 40.9.3.2 or an extended deadline for the study established pursuant to this Section 40.9.3.2.9 and (b) unless ten percent (10%) or more of the total number of Interconnection Requests and CRIS-Only Requests included in the relevant Cluster Study or the projects in the Affected System Study vote affirmatively against an extension, the deadline for that study shall be extended thirty (30) Business Days from the original deadline. In such a scenario, no penalty will be assessed for missing the original deadline.

40.9.3.2.10 No penalties shall be assessed until the third Cluster Study Process cycle after the Commission-approved effective date of the Standard Interconnection Procedures (i.e., the second Cluster Study Process following the completion of the Transition Cluster Study Process).

40.9.3.2.11 The ISO must maintain on its OASIS or its public website summary statistics related to penalties assessed under this Section 40.9.3.2, updated quarterly. For each calendar quarter, the ISO must calculate and post (1) the total amount of penalties assessed under this Section 40.9.3.2 during the previous reporting quarter and (2) the highest penalty assessed under this Section 40.9.3.2 paid to a single Interconnection Customer or Affected System Interconnection Customer during the previous reporting quarter. The ISO must post on its OASIS or its website these penalty amounts for each



calendar quarter within thirty (30) Calendar Days of the end of the calendar quarter. The ISO must maintain the quarterly measures posted on its OASIS or its website for three (3) calendar years with the first required posting to be the third Cluster Study Process cycle after the Commission-approved effective date of the Standard Interconnection Procedures (i.e., the second Cluster Study Process following the completion of the Transition Cluster Study Process).

#### **40.9.4 No Prioritization of Cluster Study Projects**

There will be no prioritization of the Projects grouped and studied together in a Cluster Study, except as otherwise indicated in Section 40.6.1.2 or as set forth in Section 40.7.3.4 in the event of a Physical Infeasibility determination. Each Project in a Cluster Study will, with other Projects in the same Cluster Study, 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 Interconnection Customers seeking CRIS, System Deliverability Upgrades required under the NYISO Deliverability Interconnection Standard, in accordance with the rules set forth herein. For purposes of this Section 40.9.4, 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.

#### **40.9.5 Interconnection Facilities Covered by the Cluster Study**

##### **40.9.5.1 Interconnection Standards**

The interconnection facilities covered by the Cluster Study and its cost allocation rules are (i) those required for the proposed project to reliably interconnect to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum

Interconnection Standard for ERIS, and (ii) those required for the project to meet the NYISO Deliverability Interconnection Standard for CRIS.

#### **40.9.5.2 Interconnection Facilities**

The interconnection facilities covered by the Cluster Study and its cost allocation rules include the following types of facilities: Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades.

### **40.9.6 NYISO Minimum Interconnection Standard**

#### **40.9.6.1 Scope and Purpose of Standard**

Each Facility must be evaluated under the NYISO Minimum Interconnection Standard in a Cluster Study.

40.9.6.1.1 The NYISO Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System and to the Distribution System. The NYISO Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed project. Application of these rules, including the Cluster Baseline Assessment and the Cluster Project Assessment, to allocate responsibility for the cost of new transmission facilities to permit interconnection is not intended to affect the NYISO Minimum Interconnection Standard.

40.9.6.1.2 Consequently, the NYISO Minimum Interconnection Standard is not intended to address in any way the allocation of responsibility for the cost of upgrades and other new facilities associated with transmission service and the delivery of power across the Transmission System, the reduction of Congestion,

economic transmission system upgrades, or the mitigation of Transmission

System overloads associated with the delivery of power.

40.9.6.1.3 It is not anticipated that the installation of any interconnection facilities covered by the NYISO Minimum Interconnection Standard will improve the deliverability of power, reduce Congestion, or mitigate overloads associated with the delivery of power. If the installation of any facilities by an Interconnection Customer does improve deliverability, reduce Congestion and create Incremental Transmission Congestion Contracts, or mitigate overloads, then that situation will be handled in accordance with the relevant provisions of the ISO OATT, including Sections 3.7 and 4.5, and applicable FERC precedent.

#### **40.9.7 NYISO Deliverability Interconnection Standard**

##### **40.9.7.1 Scope and Purpose of Standard**

Each proposed or existing facility larger than 2 MW, and each facility with CRIS that requests an increase to its CRIS, must meet the NYISO Deliverability Interconnection Standard before it can receive CRIS or Unforced Capacity Deliverability Rights, unless otherwise provided for in this Attachment HH. For purposes of this Section 40.9.7.1, a facility comprised of multiple Generators is a single “facility.”

40.9.7.1.1 The NYISO Deliverability Interconnection Standard is designed to ensure that the Project is deliverable throughout the New York Capacity Region(s) where the Project will interconnect or is interconnected. The NYISO Deliverability Interconnection Standard is also designed to ensure that the Interconnection Customer of the Project restores the transfer capability of any Other Interfaces degraded by its interconnection.

**40.9.7.1.2** Each Project electing CRIS will be allowed to become an Installed

Capacity Supplier, or will be allowed to receive Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights, in accordance with the rules of the ISO's Installed Capacity market, up to the amount of its deliverable capacity, as that amount is determined in accordance with the rules in this Attachment HH, once the Interconnection Customer of the Project has paid cash or posted Security for any required System Deliverability Upgrades in accordance with the rules in this Attachment HH.

**40.9.8 Overview of Cost Allocation Rules for Cluster Study**

**40.9.8.1 Purpose of the Rules**

As set forth in this Attachment HH, the Cluster Study will (1) allocate responsibility among Interconnection Customers, Transmission Owners, and Load Serving Entities ("LSEs"), as described herein, for the cost of the new interconnection facilities that are required for the reliable interconnection of Projects to the New York State Transmission System and to the Distribution System in compliance with the requirements of the type of interconnection service elected by the Interconnection Customer; and (2) allocate responsibility for the cost of interconnection facilities required for Capacity Resource Interconnection Service and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Section 40.12 of this Attachment HH describes the rules to estimate and allocate responsibility for the cost of the interconnection facilities required for Energy Resource Interconnection Service and interconnection in compliance with the NYISO Minimum Interconnection Standard. Section 40.13 of this Attachment HH describes the rules to estimate and allocate responsibility for the cost of interconnection facilities required for CRIS and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Every Interconnection Customer is responsible

for the cost of the new interconnection 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. In addition, every Interconnection Customer electing CRIS is also responsible for the cost of the interconnection facilities required pursuant to the NYISO Deliverability Interconnection Standard, as that responsibility is determined by these rules.

As described herein, the intent of the cost allocation rules for the Cluster Study in this Attachment HH is that each Interconnection Customer be held responsible for the net impact of the interconnection of its Project on the reliability of the New York State Transmission System. An Interconnection Customer is held responsible for the cost of the interconnection facilities that are required by its Project, facilities that would not be required but for its Project. However, an Interconnection Customer is not responsible for the cost of facilities that are, without considering the impact of its Project, required to maintain the reliability of the New York State Transmission System. Transmission Owners are, in accordance with the ISO OATT and FERC precedent, responsible for the cost of the facilities that are, without considering the impact of Interconnection Customer's Project, required to maintain the reliability of the New York State Transmission System.

#### **40.9.8.2 Attachment Facilities**

Each Interconnection Customer 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.

#### **40.9.8.3 Distribution Upgrades**

Each Interconnection Customer 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.

#### **40.9.8.4 Side Agreements**

These cost allocation rules will not preclude or supersede any binding cost allocation agreements that are executed between or among Interconnection Customers, 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 Interconnection Customer or Transmission Owner who is not a party to such agreement.

#### **40.9.8.5 Costs Covered By Attachment HH**

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.

#### **40.9.8.6 Dispatch Costs**

Interconnection Customers, 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.

#### **40.9.8.7 Transmission Owners' Cost Recovery**

Any Connecting Transmission Owner or Affected Transmission Owner implementation and construction of (i) System Upgrade Facilities as identified in the Cluster Baseline Assessment or Cluster Project Assessment, or (ii) System Deliverability Upgrades as identified in the Cluster Study 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 Transmission Owner's 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.

#### **40.9.9 LIPA's Prospective Assumption of Cluster Study Responsibilities**

##### **40.9.9.1 LIPA Assumption of Cluster Study and Supporting Analyses**

Commencing with the first Cluster Study Process following the Transitional Cluster Study, if LIPA is identified as the Connecting Transmission Owner or an Affected Transmission Owner for an Interconnection Request or CRIS-Only Request participating in the Cluster Study, LIPA will perform the responsibilities established in this Attachment HH, for, as applicable, a Connecting Transmission Owner or Affected Transmission Owner in the performance of the Phase 1 Study, Phase 2 Study, and Additional SDU Study concerning the Interconnection Request or CRIS-Only Request, in accordance with Section 40.9.9.2. LIPA's distribution system is not included within the defined scope of the Distribution System. In the event that it is determined that LIPA's distribution system may be materially affected by a Cluster Study

Project, analysis of the need for any distribution upgrades to address such material impacts shall be undertaken by LIPA as part of the Phase 1 Study and Phase 2 Study established in this Attachment HH, the procedures for which will be adopted pursuant to Section 40.9.9.2.

#### **40.9.9.2 Applicable Procedures**

Unless LIPA's Board of Trustees exercises its authority, under applicable state law, to adopt comparable standards and procedures for LIPA's responsibilities in the performance of the Cluster Study for the Long Island Transmission District, LIPA shall voluntarily follow the Cluster Study procedures set forth in this Attachment HH. For purposes of any comparability procedures for LIPA's responsibilities in the performance of the Cluster Study adopted by LIPA's Board of Trustees, such procedures shall be consistent with the applicable Connecting Transmission Owners and Affected Transmission Owners procedures for the performance of the Phase 1 Study, Phase 2 Study, and Additional SDU Study established in this Attachment HH. Upon adoption by the LIPA Board of Trustees, such procedures for the Cluster Study within the Long Island Transmission District shall be provided to the NYISO for filing with FERC on an informational basis and subject to confirmation that the adopted procedures meet the comparability standard under the Commission's reciprocity policy for the provision of interconnection service by non-jurisdictional utilities.

#### **40.9.9.3 Disputes**

With respect to any dispute arising out of, or relating to, LIPA's performance of its responsibilities under this Attachment HH that is not resolved through the dispute resolution requirements in Section 40.24.5, any succeeding action at law or equity seeking resolution of such dispute that: (i) is within the primary or exclusive jurisdiction of FERC, shall be brought in the first instance at FERC, or (ii) is raised solely within the jurisdiction of LIPA's Board of



Trustees, shall be raised in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules or the United States District Court of the Eastern District of New York, as applicable.

## **40.10 Phase 1 Study Process, Development of System Models, and Phase 2 Entry Decision Period**

### **40.10.1 Phase 1 Study Process Start Date and Duration**

40.10.1.1 The Phase 1 Study process for the Cluster Study Process shall commence on the first Business Day after the end date of the Phase 1 Entry Decision Period.

40.10.1.2 The scheduled duration of the Phase 1 Study process shall be set forth in Section 40.9.2.

40.10.1.3 The Phase 1 Study process period shall conclude with the ISO's Operating Committee's approval of the Phase 1 Cost Estimates Summary Report.

### **40.10.2 ISO Development Work for Cluster Study Existing System Representation and Base Cases**

40.10.2.1.1 The ISO will develop the Existing System Representation in accordance with the requirements in Section 40.10.3. The Existing System Representation is the foundation of the CBA and CPA base cases. The ISO shall develop the Existing System Representation and auxiliary files for a given Cluster Study during the Application Window and Customer Engagement Window for that Cluster Study Process. The Existing System Representation will be completed for a given Cluster Study after the conclusion of the Final Decision Period for the prior Class Year Study or Cluster Study and prior to the commencement of the Phase 1 Study for the ongoing Cluster Study Process.

40.10.2.1.2 Using the Existing System Representation, the ISO will develop the CBA in accordance with the requirements in Section 40.12.1. The CBA evaluates the pre-existing baseline system before the Cluster Study Projects are included and identifies any System Upgrade Facilities and associated cost estimates for the baseline system. The CBA is used to determine the cost allocation of required facilities between Transmission Owners and Cluster

Study Projects. The ISO will commence the development of the CBA base cases (*e.g.*, short-circuit, steady state) for a given Cluster Study during the Application Window and/or the Customer Engagement Window for that Cluster Study Process. The ISO will be responsible for developing and completing each CBA base case. The ISO shall provide Transmission Owners at least five (5) Business Days to review and provide comments on the draft of each CBA base case and at least five (5) Business Days to review and provide comments on any updates the ISO makes to the draft base case to address the Transmission Owner's comments.

40.10.2.1.3 The ISO will develop the CPA in accordance with the requirements in Section 40.12.2. The CPA evaluates the condition of the system with the Cluster Study Projects added to the baseline system, identifies the System Upgrade Facilities required for the Cluster Study Projects collectively, and then performs a design, preliminary engineering, and estimation of costs and time to construct for each System Upgrade Facility. The CPA determines the cost allocation of required facilities among the Cluster Study Projects. The ISO will commence the development of the CPA base cases for a given Cluster Study during the Customer Engagement Window. The ISO will be responsible for developing and completing each CPA base case. The ISO shall provide Transmission Owners at least 5 Business Days to review and provide comments on the draft of each CBA base case and at least 5 Business Days to review and provide comments on any updates the ISO makes to the draft base case to address the Transmission Owner's comments.

### **40.10.3 Existing System Representation**

40.10.3.1 The ISO shall include in the Existing System Representation for purposes of the CBA and CPA for a given Cluster Study or Expedited Deliverability Study:

(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, as applicable, to Class Year Study or Cluster Study cost allocation but for which Class Year Study or Cluster Study cost allocations have not been accepted or for which cash or Security for the allocated amount has not been provided;

(ii) all proposed Projects, together with their associated System Upgrade Facilities and System Deliverability Upgrades, as applicable, that have accepted their cost allocation and paid cash or posted Security for their allocated amount in a prior Class Year Study or Cluster Study cost allocation process or for their facilities study in accordance with the Small Generator Interconnection Procedures in Attachment Z; *provided, however*, that System Deliverability Upgrades where construction has been deferred pursuant to Section 40.13.12.3.1 will only be included if construction of the System Deliverability Upgrades has been triggered under Section 40.13.12.3.1;

(iii) all Affected System Network Upgrades for which the Affected System Interconnection Customer has accepted its cost allocation and paid cash or posted Security in accordance with Section 40.8.3.10;

(iv) 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;

(v) all generation and transmission retirements and derates identified in the NYISO Load and Capacity Data Report as scheduled to occur during the five-year cost allocation study planning period;

(vi) Transmission Projects that are proposed under Attachments Y or FF of the ISO OATT and have met the following milestones prior to the start date of the Customer Engagement Window for that Cluster Study Process: (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, (2) have, if applicable, a completed System Impact Study in accordance with Attachment P to the ISO OATT, and (3) are making reasonable progress under the applicable OATT Attachments Y or FF planning process;

(vii) 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 (if applicable);

(viii) transmission projects that are not subject to the Transmission Interconnection Procedures, the Standard Large Facility Interconnection Procedures, or the Standard 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 before the start date of the Customer Engagement Window for the Cluster Study Process and either (1) have commenced a Facilities Study in accordance with Section 3.7 of the OATT (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 Cluster Study Process Start Date; and

(ix) all other changes to existing facilities – other than changes that are subject to, as applicable, Class Year Study or Cluster Study cost allocation but that have not accepted their Class Year or Cluster Study cost allocation or have not paid cash or posted Security for their accepted cost allocation – that are identified in the NYISO Load and Capacity Data Report or reported before the start date of the Customer Engagement Window for the Cluster Study Process by Market Participants to the ISO as scheduled to occur during the five year cost allocation study planning period.

40.10.3.2 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.

40.10.3.3 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.

40.10.3.4 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.

#### **40.10.4 Phase 1 Study Scope and Procedures**

40.10.4.1 Within five (5) Business Days of the Phase 1 Study Start Date, the ISO will provide to the Connecting Transmission Owners and Affected Transmission Owners an updated Cluster Study Project List and the finalized CPA short-circuit base case. Upon the ISO's

submission of these materials, (i) the Connecting Transmission Owner identified by the ISO pursuant to Section 40.5.7.1.1 on which system a Cluster Study Project proposes to interconnect shall commence and perform a Phase 1 Study for that project, and (ii) any Affected Transmission Owner identified by the ISO pursuant to Section 40.5.7.1.1 which system is impacted by the proposed interconnection of a Cluster Study Project shall commence and perform a separate Phase 1 Study for that project, unless the Affected Transmission Owner indicates that no study is required or agrees with the Connecting Transmission Owner to include its input with the Connecting Transmission Owner's Phase 1 Study report. For the Transition Cluster Study, if, within ten (10) Business Days of the start of the Customer Engagement Window, a Connecting Transmission Owner or Affected Transmission Owner demonstrates to the ISO good cause that it is unable to perform or use a contractor to perform (i) a Phase 1 Study in accordance with the requirements in Sections 40.10.4 and 40.10.5, and/or (ii) the Transmission Owner's responsibilities for the Phase 2 Study in accordance with the requirements in Section 40.11.2.2 and 40.11.4, or (iii) the Transmission Owner's responsibilities for the Additional SDU Study in accordance with the requirements in Section 40.14.2.2, then the ISO will use a third party contractor pursuant to Section 40.24.4 to perform the studies in accordance with the requirements in, as applicable, Sections 40.10.4, 40.10.5, 40.11.2.2, 40.11.4, and 40.14.2.2 provided that the Connecting Transmission Owner or Affected Transmission Owner will use commercially reasonable efforts, and coordinate directly with the ISO or its contractor (as applicable), to support the development of and performance of the studies and the completion of the draft and final studies within the timeframes in, as applicable, Sections 40.10.4, 40.10.5, 40.11.2.2, 40.11.4, and 40.14.2.2. The Phase 1 Studies for all of the Cluster Study Projects participating in a given Cluster shall be performed to the extent practicable on a concurrent basis

during the Phase 1 Study period; *provided, however*, that a Phase 1 Study will not be performed for a CRIS-Only Cluster Study Project.

40.10.4.2 For purposes of the Phase 1 Study, the Connecting Transmission Owner or Affected Transmission Owner shall perform a design and engineering study to identify the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities, along with the related metering, protection, and telecommunication facilities, required to reliably interconnect the Cluster Study Project with the New York State Transmission System or Distribution System in accordance with Applicable Reliability Requirements to the extent such upgrades are not Physically Infeasible. The Phase 1 Study will evaluate any potential control equipment proposed by the Interconnection Customer for requests for ERIS that are lower than the full output of the Facility and will identify any required interconnection facilities for system protection and coordination purposes. The Phase 1 Study will also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment.

40.10.4.3 The Phase 1 Study shall determine a +30%/-15% estimate of the costs of the equipment, engineering and design work, procurement and construction work and commissioning of the required Local System Upgrade Facilities, Distribution Upgrades, and Connecting Transmission Owner's Interconnection Facilities that are identified in the study in accordance with Good Utility Practice and, for each of these cost categories, shall specify and estimate the cost of the work to be done at each substation and/or transmission or, if applicable, distribution line to physically and electrically connect each facility in the Cluster to the New York State Transmission System and Distribution System. The Transmission Owner will calculate cost estimates based on the assumption that the activities for which the cost estimates



are calculated are the responsibility of the Transmission Owner and shall be subject to reasonable exclusions (*e.g.*, environmental, subsurface conditions, permitting, site acquisition costs). The categories of costs excluded from the estimates shall be identified in the Phase 1 Study report and the Standard Interconnection Agreement. The Phase 1 Study shall also include a preliminary schedule showing the estimated time required to complete the engineering and design, procurement, construction, installation and commissioning phases for the required Local System Upgrade Facilities, Distribution Upgrades, and Connecting Transmission Owner's Interconnection Facilities identified in the study.

40.10.4.4 Upon request, the Connecting Transmission Owner or Affected Transmission Owner shall provide each Cluster Study Project for which it has performed a Phase 1 Study supporting documentation, workpapers, and databases or data developed in the preparation of the Phase 1 Study, subject to non-disclosure arrangements consistent with Section 40.24.1.

40.10.4.5 The ISO, Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator, as applicable, may use subgroups in the Phase 1 Study or Phase 2 Study. The criteria used to define and determine subgroups will be set forth in ISO Procedures.

40.10.4.6 Prior to the end of the Application Window of a given Cluster Study Process, the ISO and Transmission Owners shall enter into appropriate agreements concerning the performance of that Cluster Study, which terms shall not be inconsistent with the requirements in this Attachment HH.

#### **40.10.5 Phase 1 Study Reports**

The Connecting Transmission Owner or Affected Transmission Owner shall provide its draft Phase 1 Study report for a Cluster Study Project to the Interconnection Customer and the ISO no later than one hundred fifty (150) Calendar Days after the date the ISO provided it with

the updated Cluster Study Project List and the CPA short-circuit base case pursuant to Section 40.10.4.1. The ISO shall establish a period of at least ten (10) Business Days for the Interconnection Customer, Affected Transmission Owner(s), and the ISO to review and provide comments on the draft report. The Connecting Transmission Owners and Affected Transmission Owners shall review comments and issue a finalized Phase 1 Study report to the ISO no later than one hundred eighty (180) Calendar Days after the date the ISO provided it with the updated Cluster Study Project List and the CPA short-circuit base case pursuant to Section 40.10.4.1.

#### **40.10.6 Stakeholder Review of the Phase 1 Cost Estimates Summary Report**

Following the ISO's receipt of the draft Phase 1 Study reports, the ISO will present a draft Phase 1 Cost Estimates Summary Report that summarizes the cost estimates identified for Cluster Study Projects in the draft Phase 1 Studies to the ISO's Operating Committee's Transmission Planning Advisory Subcommittee. Following its receipt of the finalized Phase 1 Study reports, the ISO will update the draft Phase 1 Cost Estimates Summary Report and present the final Phase 1 Cost Estimates Summary Report to stakeholders for approval at the ISO's Operating Committee.

#### **40.10.7 Preparatory Work for Phase 2 Study**

##### **40.10.7.1 Bus Flow Analysis and Individual Breaker Analysis**

40.10.7.1.1 Within sixty (60) Calendar Days of the Phase 1 Study Start Date, the ISO will provide to the Connecting Transmission Owners the finalized CBA and CPA steady state base cases. Except as otherwise indicated in Section 40.10.7.1.3, upon the ISO's submission of these base cases, the Connecting Transmission Owner shall be responsible for performing the bus flow analysis, as applicable, for its system for purposes of the ISO's thermal analysis for the

Phase 2 Study and coordinating with the ISO for the development of any required solutions within the timeframe set forth in Section 40.10.7.1.4.

40.10.7.1.2 During the Phase 1 Study process, the ISO, in consultation with the Connecting Transmission Owner, will determine whether an assessment of individual breakers on the Connecting Transmission Owner's system is required. Except as otherwise indicated in Section 40.10.7.1.3, upon this determination, the Connecting Transmission Owner shall be responsible for performing the individual breaker analysis for its system for purposes of the ISO's short-circuit analysis for the Phase 2 Study and coordinating with the ISO for the development of any required solutions within the timeframe set forth in Section 40.10.7.1.4.

40.10.7.1.3 A Connecting Transmission Owner may elect for the ISO to perform the bus flow analysis and/or the individual breaker analysis for that Connecting Transmission Owner's system by notifying the ISO of this election within fifteen (15) Business Days of the start date of the Customer Engagement Window. If a Connecting Transmission Owner makes this election, it must provide the ISO with the ratings of its equipment and the one-line diagrams for the Cluster Study Projects proposing to connect to its system within sixty (60) Calendar Days of the Phase 1 Study Start Date to enable the ISO to perform the analysis, provided that the ISO and Connecting Transmission Owner may agree that this information is only required for certain projects. The ISO shall then be responsible for performing the bus flow analysis and/or individual breaker analysis for the Connecting Transmission Owner's system within the timeframe set forth in Section 40.10.7.1.4.

40.10.7.1.4 The Connecting Transmission Owner or ISO, as applicable, may commence the bus flow analysis during the Phase 1 Study and must complete the analysis and the Connecting Transmission Owner must identify any required solutions no later than sixty (60)

Calendar Days after the Phase 2 Study Start Date. The Connecting Transmission Owner or ISO, as applicable, may commence the individual breaker analysis during the Phase 1 Study and must complete the analysis and the ISO must identify any required solutions no later than sixty (60) Calendar Days after the Phase 2 Study Start Date. Within this time period, the Connecting Transmission Owner or ISO performing the analysis must provide the other entity (*i.e.*, the ISO or Connecting Transmission Owner) a period of at least ten (10) Business Days to review and provide comments on the draft results of the analysis.

#### 40.10.7.2 Cost Recovery

To the extent the ISO, Connecting Transmission Owner(s), and Affected Transmission Owners commence study work for the Phase 2 Study during the Phase 1 Study period, Interconnection Customers shall be responsible for such study costs.

### **40.10.8 Phase 2 Entry Decision Period**

40.10.8.1 The Phase 2 Entry Decision Period for the Cluster Study Process shall commence on the first Business Day after the ISO's Operating Committee's approval of the Phase 1 Cost Estimates Summary Report in accordance with Section 40.10.6.

40.10.8.2 The Phase 2 Entry Decision Period shall be a ten (10) Business Day period.

40.10.8.3 A Cluster Study Project shall be included in the Phase 2 Study if, during the Phase 2 Entry Decision Period, the Interconnection Customer for the Cluster Study Project notifies the ISO of its election to proceed to the Phase 2 Study, and, as applicable:

- (i) satisfies the Readiness Deposit 2 requirements for its Cluster Study Project as determined in accordance with Section 40.10.8.4; *provided, however*, that a CRIS-Only Cluster Study Project is not required to provide Readiness Deposit 2 to proceed to the Phase 2 Study; and

(ii) if Interconnection Customer submitted a Site Control Deposit with its

Interconnection Request in lieu of demonstrating Site Control in accordance with Section 40.5.5.1.5.1, Interconnection Customer must satisfy the requirements in Section 40.5.5.4.

40.10.8.4 The Readiness Deposit 2 for a Cluster Study Project is the greater of: (i) the Readiness Deposit 1 amount for the Cluster Study Project, and (ii) 20% of the cost estimate determined in the Phase 1 Study for any Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities for the Cluster Study Project.

40.10.8.4.1 To satisfy the Readiness Deposit 2 requirement for the Cluster Study Project, the Interconnection Customer must submit to the ISO during the Phase 2 Entry Decision Period in accordance with the requirements in Section 40.2.4.2 the incremental difference, if any, between the Readiness Deposit 1 amount that it previously submitted for the project and the Readiness Deposit 2 amount for the project calculated pursuant to this Section 40.10.8.4. If the Readiness Deposit 1 amount for the project is the same as the Readiness Deposit 2 amount calculated pursuant to this Section 40.10.8.4, Interconnection Customer is not required to take any action during the Phase 2 Entry Decision Period to satisfy the Readiness Deposit 2 requirement.

40.10.8.4.2 The Readiness Deposit 1 amount for the Cluster Study Project and the incremental difference for the project, if any, submitted by the Interconnection Customer pursuant to this Section 40.10.8.4 shall, in total, constitute the Readiness Deposit 2 for the Cluster Study Project and replace the Readiness Deposit 1 for the project.

#### **40.10.9 Withdrawal and Withdrawal Penalties**

40.10.9.1 If an Interconnection Customer does not satisfy the requirements in Section 40.10.8.3 for the Cluster Study Project to proceed to the Phase 2 Study, then the ISO shall withdraw the Interconnection Request or CRIS-Only Request for the Cluster Study Project from the ISO's Queue pursuant to the Withdrawal requirements in Section 40.6.4.

40.10.9.2 If an Interconnection Customer withdraws the Interconnection Request or CRIS-Only Request for a Cluster Study Project, or the Interconnection Request or CRIS-Only Request for the Cluster Study Project is deemed withdrawn by the ISO, from the ISO's Queue during the Phase 1 Study or at the Phase 2 Entry Decision Period, the Interconnection Customer for the Cluster Study Project shall pay a Withdrawal Penalty in an amount equal to fifty percent (50%) of its initial Study Deposit and ten percent (10%) of its Readiness Deposit 1 for the project; except for the following:

- (i) a CRIS-Only Cluster Study Project shall only pay a Withdrawal Penalty in the amount of fifty percent (50%) of its initial Study Deposit amount;

- (ii) if the ISO determined that the Cluster Study Project cannot move forward due to Physical Infeasibility pursuant to Section 40.7.3, then the Cluster Study Project shall not be assessed a Withdrawal Penalty; and

- (iii) if the Interconnection Request or CRIS-Only Request was for a Contingent Project that was withdrawn by the ISO pursuant to Section 40.5.4.1.3, then the Interconnection Request or CRIS-Only Request shall not be assessed a Withdrawal Penalty.

40.10.9.3 The ISO shall invoice, and Interconnection Customer shall pay, for any Withdrawal Penalty as set forth in Section 40.24.3.

40.10.9.4 The ISO shall apply the collected Withdrawal Penalty Funds pursuant to  
Section 40.6.5.

## **40.11 Phase 2 Study**

### **40.11.1 Phase 2 Study Process Start Date and Duration**

40.11.1.1 The Phase 2 Study process for the Cluster Study Process shall commence on the first Business Day after the end date of the Phase 2 Entry Decision Period.

40.11.1.2 The duration of the Phase 2 Study process shall be set forth in Section 40.9.2.

40.11.1.3 The Phase 2 Study process period shall conclude with the ISO's Operating Committee's approval of the Cluster Study Report.

### **40.11.2 Phase 2 Study - Scope and Procedures of Energy Resource Interconnection**

#### **Services Analysis**

40.11.2.1 For the Phase 2 Study, for purposes of assessing the requested ERIS for the Cluster Study Projects on a concurrent basis, the ISO shall perform short-circuit/fault duty, steady state (thermal and voltage) and stability analyses using the CBA and CPA base cases to identify the System Upgrade Facilities and Distribution Upgrades required for the reliable interconnection of Facilities to the New York State Transmission System or to the Distribution System in compliance with the NYISO Minimum Interconnection Standard in accordance with the requirements in Section 40.12, to the extent such System Upgrade Facilities and Distribution Upgrades are not Physically Infeasible. The Connecting Transmission Owner and/or ISO, as applicable and in consultation with each other, shall complete within sixty (60) Calendar Days of the Phase 2 Study Start Date in accordance with the requirements in Section 40.10.7.1: (i) the bus flow analysis for the ISO's thermal analysis and the Connecting Transmission Owner's identification of any required solutions and (ii) the individual breaker analysis for the ISO's short-circuit analysis and the ISO's identification of any required solutions.



40.11.2.2 Within five (5) Business Days of the Phase 2 Study Start Date, the ISO will submit to the Connecting Transmission Owner and Affected Transmission Owner an updated Cluster Study Project List and an updated CPA short-circuit model. Upon the ISO's submission of these materials, the Connecting Transmission Owners and Affected Transmission Owners shall within one hundred seventy-five (175) Calendar Days: (i) provide draft updates to the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities identified in the Phase 1 Study for individual Cluster Study Projects and the related cost estimates if there are changes to this equipment and related costs resulting from another Cluster Study Project's withdrawal after the Phase 1 Study, and (ii) perform sensitivity analysis to account for the impacts of Cluster Study Projects withdrawing during the Phase 2 Study. The ISO shall establish a period of at least ten (10) Business Days for the Interconnection Customer, Affected Transmission Owner(s), and the ISO to review and provide comments on any updates to the Phase 1 Study results and for the ISO to review and provide comments on the sensitivity analysis. The Connecting Transmission Owners and Affected Transmission Owners shall review comments and issue finalized updates and sensitivities to the ISO no later than two hundred five (205) Calendar Days after the date the ISO provided it with the updated Cluster Study Project List and the updated CPA short-circuit base case pursuant to this Section

40.11.2.2.

40.11.2.3 The ISO shall also determine as set forth in Section 40.17 any electrical or functional headroom reimbursements from the current Cluster Study to prior Class Year Projects or Cluster Study Projects.

### **40.11.3 Phase 2 Study – Scope of Capacity Resource Interconnection Service Analysis**

40.11.3.1 For the Phase 2 Study, the ISO shall perform a Cluster Study Deliverability Study in accordance with Section 40.13 for the Cluster Study Projects requesting CRIS, including CRIS-Only Cluster Study Projects, on a concurrent basis to assess their reliable interconnection with the requested CRIS in compliance with the NYISO Deliverability Interconnection Standard. The ISO will: (i) assess the amount of requested CRIS that would be deliverable without System Deliverability Upgrades, if any; (ii) identify the System Deliverability Upgrades required to make the requested CRIS fully deliverable, to the extent not Physically Infeasible; and (iii) determine whether an Additional SDU Study for a new System Deliverability Upgrade is required. If a new Additional SDU Study is required as set forth in Section 40.14.1, the ISO shall perform such study in accordance with the requirements in Section 40.14.

### **40.11.4 Determination of Cost Estimates and Schedule for System Upgrade Facilities, Distribution Upgrades, and System Deliverability Upgrades Identified in Phase 2 Study**

40.11.4.1 Within sixty (60) Calendar Days of the Phase 2 Study Start Date, the ISO will submit to the Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator any System Upgrade Facilities, Distribution Upgrades, and System Deliverability Upgrades identified by the ISO in accordance with Sections 40.11.2 and 40.11.3 and their major electrical characteristics. Upon the ISO's submission of the identified upgrades, (i) the Connecting Transmission Owner identified by the ISO pursuant to Section 40.5.7.1.1 on which system a Cluster Study Project proposes to interconnect shall commence and perform a Phase 2 Study for that project as described in this Section 40.11.4, and (ii) any Affected

Transmission Owner or Affected System Operator identified by the ISO pursuant to Section 40.5.7.1.1 which system is impacted by the proposed interconnection of a Cluster Study Project shall commence and perform a separate Phase 2 Study for that project, unless the Affected Transmission Owner or Affected System Operator indicates that no study is required or agrees with the Connecting Transmission Owner to include its input with the Connecting Transmission Owner's Phase 2 Study report.

40.11.4.2 The applicable Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator shall determine a +30%/-15% estimate of the costs of the equipment, engineering and design work, procurement and construction work and commissioning of the required System Upgrade Facilities, Distribution Upgrades, and System Deliverability Upgrades described in Sections 40.11.2.1 and 4.11.3 that are identified by the ISO and, for each of these cost categories, shall specify and estimate the cost of the required work. The Transmission Owner will calculate cost estimates based on the assumption that the activities for which the cost estimates are calculated are performed by the Transmission Owner and shall be subject to reasonable exclusions (e.g., environmental, subsurface conditions, permitting, site acquisition costs). The categories of costs excluded from the estimate shall be identified in the Phase 2 Study report and the Standard Interconnection Agreement. The Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator shall also determine a preliminary schedule showing the estimated time required to complete the engineering and design, procurement, construction, installation and commissioning phases for the required System Upgrade Facilities, Distribution Upgrades, and System Deliverability Upgrades.

40.11.4.3 The Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator shall provide the ISO with a draft Phase 2 Study of the cost estimates and preliminary schedule for the upgrades identified by the ISO within one hundred fifty (150) Calendar Days after the date the ISO provided it with the identified upgrades in accordance with Section 40.11.4.1. The ISO shall establish a period of at least (10) Business Days for the Interconnection Customer, Affected Transmission Owner(s)/Affected System Owners, and the ISO to review and provide comments on the draft Phase 2 Study. The Connecting Transmission Owners and Affected Transmission Owners shall review comments and issue finalized Phase 2 Study to the ISO no later than one hundred eighty (180) Calendar Days after the date the ISO provided it with the identified upgrades in accordance with Section 40.11.4.1.

#### **40.11.5 Phase 2 Study – Additional Requirements**

40.11.5.1 The Phase 2 Study shall evaluate the use of static synchronous compensators, static VAR compensators, advanced power flow control devices, transmission switching, synchronous condensers, voltage source converters, advanced conductors, and tower lifting. The ISO shall evaluate each identified alternative transmission technology and determine whether the above technologies should be used, consistent with Good Utility Practice, Applicable Reliability Requirements, and Applicable Laws and Regulations. The ISO shall include an explanation of the results of the ISO's evaluation for each technology in the Cluster Study Report.

40.11.5.2 The Cluster Study Report will provide a list of the non-Local System Upgrade Facilities and System Deliverability Upgrades required as a result of the Interconnection Requests and CRIS-Only Requests within the Cluster and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

40.11.5.3 The ISO shall coordinate the Phase 2 Study with the Connecting Transmission Owner and Affected Transmission Owners, and with any other Affected System pursuant to Section 40.8. The ISO shall utilize existing studies to the extent practicable in performing the Phase 2 Study, including in performing the CBA, CPA, and Cluster Study Deliverability Study.

40.11.5.4 Upon request, the ISO, Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator shall provide each Cluster Study Project supporting documentation, workpapers, and databases or data developed in the preparation of the Phase 2 Study, subject to non-disclosure arrangements consistent with Section 40.24.1.

#### **40.11.6 Status of Cluster Study Projects**

40.11.6.1 At the completion of the first calendar quarter following the Phase 2 Study Start Date, and at the conclusion of each subsequent calendar quarter, Interconnection Customer shall submit to the ISO an updated proposed Initial Backfeed Date, an updated proposed Synchronization Date, and an updated proposed Commercial Operation Date.

40.11.6.2 At the completion of the first month following the Phase 2 Study Start Date, and at the conclusion of every other month, for each Cluster Study Project not yet in-service, the Cluster Study Project, that Cluster Study Project's Connecting Transmission Owner and each Affected Transmission Owner(s) shall report on the progress of their respective activities to the ISO and to each other. Such reports shall be in a format consistent with, and include the content required by, applicable ISO Procedures.

#### **40.11.7 Stakeholder Review of the Cluster Study Report**

Following the ISO's receipt of the finalized Phase 2 Study reports from the Connecting Transmission Owners, Affected Transmission Owners, and Affected System Operators pursuant to Section 40.11.4, the ISO shall complete the draft Cluster Study Report, which shall include the

results of the Cluster Baseline Assessment, Cluster Project Assessment and Cluster Study Deliverability Study components of the Phase 2 Study. For a Facility comprised of multiple Generators, the Cluster Study Report will identify the allocation of the Cluster Study Project's requested CRIS among its multiple Generators, as applicable. The ISO will present the draft Cluster Study Report to the ISO Operating Committee's Transmission Planning Advisory Subcommittee and Interconnection Project Facilities Study Working Group, and the ISO will then present the draft Cluster Study Report to the ISO's Operating Committee for its approval. Upon the Operating Committee's approval, the Cluster Study Report will be final, subject to any revisions during the Final Decision Period.

#### **40.11.8 Re-Study**

If re-study of the Cluster Study and cost allocation report is required pursuant to Section 40.15.2 and Section 40.15.3, the ISO shall so notify Cluster Study Projects and conduct such re-study in accordance with the requirements of this Attachment HH. Any cost of re-study shall be borne by the Cluster Study Projects being re-studied.

## **40.12 Cluster Baseline Assessment and Cluster Project Assessment**

### **40.12.1 Cluster Baseline Assessment (CBA) for Cost Allocation Between Interconnection Customers and Connecting Transmission Owners**

The cost of System Upgrade Facilities is first allocated between Interconnection Customers and Connecting Transmission Owners in accordance with the rules that are discussed below in this Section 40.12.1. For purposes of this 40.12.1, the requirements applicable to Connecting Transmission Owner also apply to Affected Transmission Owner or Affected System Operator.

40.12.1.1 The cost of System Upgrade Facilities is allocated between Interconnection Customers and Connecting Transmission Owners based upon the results of a Cluster Baseline Assessment of the five-year need for System Upgrade Facilities. The Cluster Baseline Assessment, as described in these rules, will be conducted by the ISO in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Cluster Baseline Assessment. The ISO will have decisional control over the entire Cluster Baseline Assessment. If, at any time, the ISO decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Cluster Baseline Assessment, then the ISO will enter into appropriate contracts with such entities for such input. As it conducts each Cluster Baseline Assessment, the ISO will provide regularly scheduled status reports and working drafts, with supporting data, to the ISO Operating Committee 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 Cluster Baseline Assessment will be

reviewed and approved by the ISO Operating Committee as part of the Cluster Study Report in accordance with 40.11.7. Each Cluster Baseline Assessment is reviewable by the ISO Board of Directors in accordance with provisions of the Commission-approved ISO Agreement.

40.12.1.1.1 The purpose of the Cluster Baseline Assessment is to identify the System Upgrade Facilities that Transmission Owners are expected to need during the five-year period covered by the assessment to reliably meet the load growth and changes in the load pattern projected for the New York Control Area, with cost estimates for the System Upgrade Facilities.

#### **40.12.1.2 Procedure for Cluster Baseline Assessment**

The Cluster Baseline Assessment procedure used to identify the System Upgrade Facilities that will ensure that New York State Transmission System facilities are sufficient to reliably serve existing load and meet load growth and changes in load patterns in compliance with NYSRC Reliability Rules, NPCC Basic Design and Operating Criteria, NERC Planning Standards, ISO rules, practices and procedures, and the applicable Transmission Owner criteria included in FERC Form No. 715 (collectively “Applicable Reliability Requirements”). In order for the ISO to recognize any revisions to Transmission Owner criteria as Applicable Reliability Requirements under this Attachment HH, the Transmission Owner shall present proposed revisions to such criteria to the ISO Operating Committee or one of its subcommittees. To the extent such revised criteria are not inconsistent with Order No. 2003 or the ISO’s interconnection procedures set forth in this Attachment HH to the OATT, the ISO will accept such revised criteria. The procedure will use the Applicable Reliability Requirements in effect when the Cluster Baseline Assessment is commenced. The procedure will be:



40.12.1.2.1 The ISO will first develop the Existing System Representation.

40.12.1.2.2 The ISO will then utilize the Existing System Representation to develop existing system improvement plans with each Transmission Owner. These improvement plans will use ISO data from the annual NYISO Load and Capacity Data Report to project system load growth and changes in load patterns, including those that reflect demand side management, and will identify the System Upgrade Facilities needed year-by-year for the existing system to reliably serve projected load in the Transmission Owner's Transmission District for a five-year period. The ISO will integrate these existing system improvement plans into the Cluster Baseline Assessment to ensure that the System Upgrade Facilities needed for a five-year period are identified on a New York State Transmission System-wide basis. The Cluster Baseline Assessment will identify each anticipated System Upgrade Facility project, its estimated cost, its anticipated in-service date, and the status of the project (in construction, budget approval received, budget approval pending).

40.12.1.2.3 The ISO will identify in the Cluster Baseline Assessment the System Upgrade Facilities needed to reliably meet projected load growth and changes in load pattern without the interconnection of any proposed Cluster Study Projects, except for those proposed Projects included in the Existing System Representation pursuant to Section 40.10.3.

40.12.1.2.4 The ISO will perform thermal, voltage, and stability analyses, as appropriate, to determine the normal and emergency transfer capabilities of the statewide existing system.

40.12.1.2.5 The ISO will rely on the most recent resource reliability analysis of the existing system. If no Reliability Needs are required under the study assumptions used in the most recent resource reliability analysis, the existing system will be deemed to meet Applicable Reliability Requirements for purposes of the Cluster Study.

40.12.1.2.6 If the transmission and generation facilities included in the Existing System Representation, combined with previously approved and accepted System Upgrade Facilities, are insufficient to meet Applicable Reliability Requirements on a year by year basis, then the ISO will develop feasible generic solutions that satisfy the Applicable Reliability Requirements, in accordance with Section 40.12.1.3, below.

40.12.1.2.7 If the existing system meets Applicable Reliability Requirements, the ISO will perform short-circuit analysis to determine whether there is sufficient interrupting capability in the existing system. If there are any breaker overloads, the ISO will determine the System Upgrade Facilities needed to mitigate the short circuit overloads.

40.12.1.2.8 A reassessment of Sections 40.12.1.2.4 through 40.12.1.2.6 shall be reassessed and, to the extent required by Good Utility Practice, repeated if the improvement plan impacts the transmission transfer capability of the system. The results of the short-circuit analysis will be treated in the same manner as the results of thermal, voltage and stability analyses for all purposes under these cost allocation rules.

40.12.1.2.9 Each Cluster Baseline Assessment conducted by the ISO will be reviewed and approved by the ISO Operating Committee, and its effectiveness will be subject to the approval of the ISO Operating Committee. In its report to the ISO Operating Committee, the ISO shall explain its reasons for all of its recommendations.

40.12.1.2.10 Each most recently completed Cluster Baseline Assessment will be reviewed during the next Cluster Study Process by the ISO and updated, as necessary, following the criteria and procedures described herein.

40.12.1.3 In developing solutions as required by Section 40.12.1.3.6, the ISO will, as it develops its own generic solutions, also utilize the following procedures:

40.12.1.3.1 The ISO will first select as generic solutions proposed Cluster Study Projects sufficient to meet Applicable Reliability Requirements on a year by year basis. If a proposed Cluster Study Project is larger than necessary, the ISO shall select that portion or segment of the project that is sufficient to meet but not exceed Applicable Reliability Requirements. If the proposed Cluster Study Project is not capable of being segmented or if the Cluster Study Project cannot meet Applicable Reliability Requirements on a year by year basis, the ISO shall not select it.

40.12.1.3.2 If the generation and transmission facilities included in the Existing System Representation, together with any proposed Cluster Study Projects that qualify as solutions pursuant to Section 40.12.1.3.1, above, are not sufficient to meet Applicable Reliability Requirements, the ISO shall complete the development of its own generic solutions, taking into account any generic

solutions proposed pursuant to Section 40.12.1.3.3, below, for inclusion in the CBA.

40.12.1.3.3 Market Participants may also propose generic solutions for inclusion in the CBA. The Market Participant proposing such solutions shall provide the ISO with all data necessary for the ISO to determine the feasibility of such proposed generic solutions.

40.12.1.3.4 The ISO shall develop and consider alternative sets of proposed generic solutions that fairly represent the range of feasible solutions to Applicable Reliability Requirements.

40.12.1.3.5 The ISO shall determine the feasibility of additional generic solutions developed pursuant to Sections 40.12.1.3.2, 40.12.1.3.3, and 40.12.1.3.4, according to the following criteria:

40.12.1.3.5.1 The ISO shall select only solutions that are based on proven technologies that have actually been licensed and financed, are under construction or have already been built in similar locations.

40.12.1.3.5.2 The ISO shall select as additional generic solutions only facilities that can reasonably be placed in service in time to meet Applicable Reliability Requirements on a year by year basis. In making this determination, the ISO shall consider the size and type of facility, access to fuel, access to transmission facilities, transmission upgrade requirements, construction time, and Good Utility Practice.

40.12.1.3.6 The ISO will submit its proposed generic solutions and the alternatives that it considered to Market Participants and to an independent expert for review

and will make the results of the expert's review available to Market Participants.

The independent expert shall review the feasibility of the proposed generic solutions developed pursuant to Sections 40.12.1.3.2, 40.12.1.3.3, and 40.12.1.3.4, and of generic solutions based on the segmentation of any Cluster Study Project under Section 40.12.1.3.1, according to the criteria set forth in Section 40.12.1.3.5.

40.12.1.3.6.1 If the independent expert concludes that one or more generic solutions is not feasible, the ISO shall eliminate that solution from further review.

40.12.1.3.6.2 If the ISO does not adopt the expert's recommendations, it will state in its report to the ISO Operating Committee its reasons for not adopting those recommendations.

40.12.1.3.7 Subject to Section 4.12.1.3.7.1, below, in the event that more than one generic solution or set of solutions satisfies the feasibility requirement of Section 40.12.1.3.5 and 40.12.1.3.6, the ISO shall compare the System Upgrade Facilities that would be necessary to interconnect each such generic solution and shall adopt the solution that is most consistent with Good Utility Practice. For these purposes, in comparing alternative solutions, a generic solution that satisfies sub-load pocket deficiencies shall normally be selected first.

40.12.1.3.7.1 The ISO shall be responsible for determining whether any generic solution or proposed Cluster Study Project meets Applicable Reliability Requirements.

40.12.1.4 With the exception of those upgrades that were previously allocated to, and accepted by Cluster Study Projects as a part of the Cluster Project Assessment in the Final Decision Round of previous Class Years or Cluster Studies, Interconnection Customers are not responsible for the cost of any System Upgrade Facilities that are identified in the Cluster Baseline Assessment, or any System Upgrade Facilities that resolve in whole or in part a deficiency in the system identified in the Cluster Baseline Assessment.

40.12.1.5 Interconnection Customers are responsible for 100% of the cost of the System Upgrade Facilities that are not already identified in the Cluster Baseline Assessment and are required for their Projects to reliably interconnect to the transmission system in a manner that meets the NYISO Minimum Interconnection Standard. The System Upgrade Facilities necessary to accommodate Cluster Study Projects will be determined by the Phase 1 Study and the Cluster Project Assessment. The criteria and procedures that will be followed to conduct the Cluster Project Assessment are discussed in Section 40.12.2 below.

40.12.1.5.1 If a Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator, or Interconnection Customer elects to construct System Upgrade Facilities that are larger or more extensive than the minimum facilities required to reliably interconnect the proposed Cluster Study Project, and are reasonably related to the interconnection of the proposed project, then the entity that make such election is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Cluster Study Project. If there is Headroom associated with these larger System

Upgrade Facilities and an Interconnection Customer of any subsequent project interconnects and uses the Headroom within ten (10) years of its creation, such subsequent Interconnection Customer shall pay the Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator, or the Interconnection Customer for this Headroom in accordance with these rules, including Section 40.17.

40.12.1.6 The System Upgrade Facilities cost for which an Interconnection Customer is responsible will be determined on a “net” basis; that is, the Interconnection Customer’s System Upgrade Facilities cost will be determined net of the benefits, or System Upgrade Facility cost reductions, that result from the construction and operation of its project and the related upgrades. The net cost responsibility of an Interconnection Customer will not be less than zero. Also, the cost responsibility of the Connecting Transmission Owner for System Upgrade Facilities will be no greater than it would have been without the Interconnection Customer’s project. Specifically, the Connecting Transmission Owner shall not be required to pay (in total) more than 100% of the cost of installing a specific piece of equipment.

40.12.1.6.1 The purpose of this approach is to allocate to the Interconnection Customer the responsibility for the cost of the net impact of its project on the needs of the New York State Transmission System for System Upgrade Facilities. Thus, an Interconnection Customer is responsible for the cost of the System Upgrade Facilities that are required by, or caused by, its project. An Interconnection Customer is not responsible for the cost of System Upgrade

Facilities that would be required anyway, without the construction of its project.

If an Interconnection Customer's project reduces the cost of System Upgrade

Facilities that would be required anyway, that beneficial cost reducing impact will be recognized.

40.12.1.6.2 The net System Upgrade Facilities cost and cost reduction benefits of an Interconnection Customer's project are determined by the ISO by comparing and netting the results of a Cluster Baseline Assessment with the corresponding Cluster Project Assessment in accordance with these rules.

40.12.1.6.3 The net System Upgrade Facilities cost and cost reduction benefits of an Interconnection Customer's project are comprised of those costs and cost reduction benefits caused by (1) the construction of System Upgrade Facilities not contained in the Cluster Baseline Assessment, and (2) eliminating or reducing the need for the construction of System Upgrade Facilities contained in the Cluster Baseline Assessment, due to the construction of System Upgrade Facilities associated with the proposed project.

40.12.1.6.4 The Interconnection Customer's net cost responsibility will be determined using constant dollars. That is, when netting the cost of System Upgrade Facilities required for its project, as identified in the Cluster Project Assessment, with those identified in the Cluster Baseline Assessment, the cost of System Upgrade Facilities in the out-years of the Cluster Baseline Assessment and the out-years of the Cluster Project Assessment will be discounted to a current year value for netting. The cost of out-year System Upgrade Facilities will be



discounted to a current value using the weighted average cost of capital of the Connecting Transmission Owner.

#### **40.12.2 Cluster Project Assessment (CPA) for Cost Allocation Among Interconnection Customers**

The Interconnection Customer's share of the cost of System Upgrade Facilities is allocated among Interconnection Customers based upon the ISO Cluster Project Assessment. The Cluster Project Assessment will be conducted by the ISO to ensure New York State Transmission System compliance with Applicable Reliability Requirements. The ISO will conduct the Cluster Project Assessment, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Cluster Project Assessment. The ISO will have decisional control over the entire Cluster Project Assessment. If, at any time, the ISO decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Cluster Project Assessment, then the ISO will enter into appropriate contracts with such entities for such input. As it conducts each Cluster Project Assessment, the ISO will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee 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 Cluster Project Assessment will be reviewed and approved by the Operating Committee as part of the Cluster Study Report in accordance with Section 40.11.7. Each Cluster Project Assessment is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

40.12.2.1 The Cluster Project Assessment for each Cluster Study will identify the System Upgrade Facilities required for all Cluster Study Projects, with cost

estimates for the System Upgrade Facilities. The System Upgrade Facilities identified through the Cluster Project Assessment will only be those System Upgrade Facilities that are not already included in a Cluster Baseline Assessment. If a Distribution Upgrade is identified in the Cluster Project Assessment, the ISO shall apply the same requirements applicable to System Upgrade Facilities in this Section 40.12.2 to the Distribution Upgrade.

40.12.2.2 For each Cluster Project Assessment, the ISO will utilize the Existing System Representation used for the corresponding Cluster Baseline Assessment.

40.12.2.3 In the case of a new System Upgrade Facility that has a functional capacity not readily measured in amperes or other discrete electrical units, such as a System Upgrade Facility dedicated to system protection, the *pro rata* impact of each project in the Cluster Study on the reliability of the transmission system will be based upon the number of Projects in the Cluster Study contributing to the need for the new System Upgrade Facility. The *pro rata* impact of each project in the Cluster Study needing such a new System Upgrade Facility will be equal. Accordingly, the *pro rata* contribution of each of the Projects to the need for the new System Upgrade Facility will be equal to  $(1/a)$ , where “a” is the total number of Projects in the Cluster needing the new System Upgrade Facility.

40.12.2.4 In the case of a new System Upgrade Facility that has a capacity readily measured in amperes or other discrete electrical units, the impact of each project in the Cluster Study will be stated in terms of its *pro rata* contribution to the total electrical impact on each individual System Upgrade Facility in the Cluster Study of all Projects that have at least a *de minimus* impact, as described in Section

40.12.2.5 of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the transmission problem primarily causing the need for the individual System Upgrade Facility.

40.12.2.4.1 Contribution to short-circuit current for interrupting duty beyond the rating of equipment.

40.12.2.4.2 Contribution to MW loading on the critical element for thermal overloads under the test conditions that cause the need for a System Upgrade Facility. MW contribution will be calculated by multiplying the associated distribution factor by the declared maximum MW of the project. The distribution factor is calculated by *pro rata* displacement of New York System load by the added generation.

40.12.2.4.3 Contribution to voltage drop on the most critical bus for voltage problems. A critical bus will be defined as representative for voltage conditions during a specific contingency. The *pro rata* impact of each project is measured as the ratio of the voltage drop at the critical bus caused by the project when none of the other Projects are represented, to the voltage drop at the critical bus when all of the Projects in the Cluster Study are represented.

40.12.2.4.4 Contribution to transient stability problems as measured by the fault current calculated for the most critical stability test that is causing the need for the System Upgrade Facility.

40.12.2.5 For each individual electrical impact standard listed in subsections

40.12.2.5.1.1 through 40.12.2.5.1.4 below, an Interconnection Customer will not be responsible for the cost associated with a corresponding System Upgrade Facility if its project's contribution is less than the *de minimus* impacts defined

below. The costs of Projects that would otherwise have been allocated to certain Interconnection Customers' Projects but for the sub-*de minimus* impact exemption, shall be allocated 100 % to the other Interconnection Customers in the Class Year according to their *pro rata* contribution.

40.12.2.5.1 *De minimus* impact is defined in terms of any one of the factors listed below in this subsection. Examples of computations used to determine *de minimus* impact are shown in ISO Procedures.

40.12.2.5.1.1 **Short Circuit Contribution:** Equal to or greater than 100 amperes of the existing rating of the equipment that needs to be replaced.

40.12.2.5.1.2 **Thermal Loadings:** Equal to or greater than 10 MW on the most limiting monitored element under the most critical contingency that is causing the need for transmission improvements.

40.12.2.5.1.3 **Voltage Effects:** Equal to or greater than 2% of the voltage drop occurring with all Cluster Study Projects at the most critical bus.

40.12.2.5.1.4 **Stability Effects:** Equal to or greater than 100 amperes of the fault current for the most critical stability test that is causing the need for the System Upgrade Facility.

40.12.2.6 The *pro rata* contribution of each project in the Cluster Study to each of the System Upgrade Facilities identified in the Cluster Project Assessment shall be determined as follows.

40.12.2.6.1 First, in accordance with Section 40.12.1.6 of these rules, the total cost of System Upgrade Facilities identified in the Cluster Project Assessment is compared and netted with the total cost of System Upgrade Facilities identified in

the Cluster Baseline Assessment. If the total cost of System Upgrade Facilities identified in the Cluster Project Assessment does not exceed the total cost of System Upgrade Facilities identified in the Cluster Baseline Assessment, then there is no cost to be allocated among Cluster Study Projects.

40.12.2.6.2 If the total cost of System Upgrade Facilities identified in the Cluster Project Assessment does exceed the total cost of System Upgrade Facilities identified in the Cluster Baseline Assessment by some amount, then this amount (“Overage Cost”) is a cost to be allocated among Cluster Study Projects. Appendix 9 to this Attachment HH sets out an example of an allocation of Overage Cost among Cluster Study Projects.

40.12.2.6.3 The Overage Cost represents a percentage of the total cost of System Upgrade Facilities identified in the Cluster Project Assessment (“Overage Cost Percentage”).

40.12.2.6.4 Each System Upgrade Facility identified in the Cluster Project Assessment has a cost specified for it in the Cluster Project Assessment.

40.12.2.6.5 The *pro rata* contribution of each project in the Cluster Study to a System Upgrade Facility identified in the Cluster Project Assessment represents a percentage contribution to the need for that System Upgrade Facility (“Contribution Percentage”).

40.12.2.6.6 An individual Cluster Study Project’s *pro rata* responsibility for the cost of each System Upgrade Facility identified in the Cluster Project Assessment is the product of (a) the Overage Cost Percentage; (b) the Cluster Study Project’s Contribution Percentage for the particular System Upgrade Facility; and (c) the

cost of the particular System Upgrade Facility as specified in the Cluster Project Assessment.

40.12.2.6.7 If the least cost solution identified is to install one System Upgrade Facility (*e.g.*, a series reactor) rather than replacing a number of System Upgrade Facilities (*e.g.*, breakers), the ISO staff will determine each Cluster Study Project's Contribution Percentage by calculating what each Cluster Study Project's *pro rata* contribution would have been on the System Upgrade Facilities not replaced (*e.g.*, breakers) and applying that percentage to the System Upgrade Facility that is installed (*e.g.*, series reactor).

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

### **40.13.1 Cluster Study Deliverability Study and Non-Cluster Study Expedited Deliverability Study**

An Interconnection Customer requesting CRIS for a Project larger than 2 MW may elect to enter either the Cluster Study Process pursuant to the requirements in Section 40.5.4 to this Attachment HH or an Expedited Deliverability Study pursuant to the requirements in Section 40.19 to this Attachment HH; *provided, however*, that an Interconnection Customer may not be evaluated in both studies simultaneously (*i.e.*, an Interconnection Customer with CRIS being evaluated in a Cluster Study Process may not enter an Expedited Deliverability Study for evaluation of the same CRIS request until the Cluster Study has completed).

A Cluster 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 Cluster 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. An Interconnection Customer evaluated in an Expedited Deliverability Study and deemed undeliverable at its full amount of requested CRIS may (1) enter a Cluster Study Process in a subsequent Application Window in accordance with the requirements in Section 40.5 to obtain a Project Cost Allocation for required System Deliverability Upgrades; or (2) enter into a subsequent Expedited Deliverability Study or a Cluster Study Process with the same or different CRIS request.

#### **40.13.1.1 Cost Allocation Among Interconnection Customers in a Cluster**

Each Project in a Cluster Study Deliverability Study – *i.e.*, a Cluster Study 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 Cluster for the Cluster Study will be allocated among the Projects in the Cluster based on the *pro rata* impact of each Cluster Study CRIS Project on the deliverability of the New York State Transmission System, that is, the *pro rata* contribution of each Project in the Cluster Study Deliverability Study to the total cost of each of the System Deliverability Upgrades identified in the Cluster Study Deliverability Study. In addition to this allocation of cost responsibility for System Deliverability Upgrades among the Projects in a Cluster, the cost of certain Highway System Deliverability Upgrades will be shared with Load Serving Entities and subsequent Interconnection Customers, as described below in Section 40.13.12 of these rules.

#### **40.13.1.2 Expedited Deliverability Study**

The Expedited Deliverability Study shall be performed concurrently for all Projects that meet the entry requirements set forth in Section 40.19 of this Attachment HH as a combined Expedited Deliverability Study.

#### **40.13.2 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 Byways, Highways or Other Interfaces.



#### **40.13.2.1 Byways**

The Interconnection Customer of a Cluster Study 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 Cluster Study CRIS Project deliverable in accordance with these rules. The System Deliverability Upgrades on the Byway(s) will be identified by the ISO, with input from the Connecting Transmission Owner and from the Affected Transmission Owner(s), in the Cluster Study 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. An Interconnection Customer 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 an Interconnection Customer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the Interconnection Customer's proportionate share is zero. If an Interconnection Customer elects to accept its proportionate share of any Incremental TCCs resulting from the System Deliverability Upgrade, the Interconnection Customer shall be the Primary Holder of such Incremental TCCs. If an Interconnection Customer 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 Interconnection Customers that pay for the use of Headroom pursuant to this Attachment HH on a System Deliverability Upgrade that has been awarded Incremental TCCs. Incremental TCCs that are declined or terminated by an Interconnection Customer 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 40.17.1.4.3 of this Attachment HH.

An Interconnection Customer paying to upgrade a Byway will be eligible to receive Headroom payments in accordance with these rules. A subsequent Interconnection Customer 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 Interconnection Customer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the subsequent Interconnection Customer's proportionate share is zero. If an Interconnection Customer 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 Interconnection Customer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Interconnection Customer that initially paid for the System Deliverability Upgrade in proportion to the Headroom payments received by such Interconnection Customer from the subsequent Interconnection Customer making such Headroom payments. If an Interconnection Customer 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 Interconnection Customer 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 Interconnection Customer that initially paid for the System Deliverability Upgrade from the subsequent Interconnection Customer making such Headroom payments. If a subsequent Interconnection Customer elects to accept its proportionate share of any Incremental TCCs, the subsequent Interconnection Customer 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 Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs. If a subsequent Interconnection Customer 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.

#### **40.13.2.2 Highways**

The Interconnection Customer of a Cluster Study CRIS Project will pay an allocated share of the cost of the System Deliverability Upgrades to any Highway needed to make the Cluster Study Project deliverable in accordance with these rules. The System Deliverability Upgrades on the Highway or Highways, and the Interconnection Customer'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 Cluster Study 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. An Interconnection Customer 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 an Interconnection Customer will not be entitled to receive any

Incremental TCCs if the whole number value determined by the ISO for the subsequent Interconnection Customer's proportionate share is zero. If an Interconnection Customer elects to accept its proportionate share of any Incremental TCCs resulting from the Highway System Deliverability Upgrade, the Interconnection Customer shall be the Primary Holder of such Incremental TCCs. If an Interconnection Customer 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 Interconnection Customers that pay for the use of Headroom pursuant to this Attachment HH on a Highway System Deliverability Upgrade that has been awarded Incremental TCCs. Incremental TCCs that are declined or terminated by an Interconnection Customer 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 40.17.1.4.3 of this Attachment HH.

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 40.13.12 of this Attachment HH, 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.

An Interconnection Customer 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 40.13.12 of this Attachment HH. If Load Serving Entities have funded a portion of a Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH, 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 Interconnection Customer 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 Interconnection Customer will not be entitled to receive any Incremental TCCs if the whole number value determined by the ISO for the Interconnection Customer's proportionate share is zero. If: (i) an Interconnection Customer 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 40.13.12 of this Attachment HH; and (iii) the Interconnection Customer 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 Interconnection Customer is eligible to receive will be made available by reducing the Incremental TCCs related to the System Deliverability Upgrade held by the Interconnection Customer that initially funded the System Deliverability Upgrade in proportion to the Headroom payments received by such Interconnection Customer from the subsequent Interconnection Customer making such Headroom payments. If: (i) an Interconnection Customer 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 40.13.12 of this Attachment HH; and (iii) the Interconnection Customer 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 Interconnection Customer 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 Interconnection Customer that initially paid for the System Deliverability Upgrade from the subsequent Interconnection Customer making such Headroom payments. If Load Serving Entities have funded a portion of a Highway System Deliverability Upgrade pursuant to Section 40.13.12 of this Attachment HH, any Incremental TCCs that a subsequent Interconnection Customer 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 Interconnection Customer elects to accept its proportionate share of any Incremental TCCs, the subsequent Interconnection Customer 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 Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs. If a subsequent Interconnection Customer 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.



#### **40.13.2.3 Other Interfaces**

If the Cluster Study CRIS Project degrades the transfer capability of any one of the Other Interfaces below the transfer capability identified in the current CBA, then the Interconnection Customer 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 CBA. 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.

#### **40.13.3 Capacity Regions**

40.13.3.1 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 Cluster Study Project must only be deliverable, at its requested CRIS MW, throughout each of the Capacity Regions in which the Project is interconnected or is interconnecting, or, if requesting CRIS for External-to-ROS Deliverability Rights, throughout the Rest of State Capacity Region. For example, a proposed Cluster Study Project from an external Control Area 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).

40.13.3.2 A proposed Cluster Study Transmission Project internal to the NYCA that is requesting CRIS for Unforced Capacity Deliverability Rights must be deliverable both throughout the Capacity Region to which it proposes to inject Energy and throughout the Capacity Region from which it proposes to withdraw Energy. For example, a Cluster Study Transmission Project that proposes to withdraw Energy from the Rest of State Capacity Region (*i.e.*, Load Zones A-F) and inject Energy into New York City (*i.e.*, Load Zone J) must demonstrate deliverability throughout the Rest of State Capacity Region and demonstrate deliverability throughout the New York City Capacity Region.

#### **40.13.4 Participation in Capacity Markets**

40.13.4.1 An Interconnection Customer, 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 HH. An Interconnection Customer must enter a Cluster Study Deliverability Study or Expedited Deliverability Study in order to obtain CRIS, unless otherwise provided for in this Attachment HH. The MW amount of CRIS requested by an Interconnection Customer, stated in MW of Installed Capacity ("ICAP"), cannot exceed the MW levels specified in Section 40.5.6.5 of this Attachment HH. All requests for CRIS must be in tenths of a MW.

The ISO will perform the Cluster Study 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 Cluster Study 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 Cluster Study 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, an Interconnection Customer must: (i) be found fully deliverable at the requested CRIS level in an Expedited Deliverability Study or (ii) in a Cluster Study, either (1) accept its deliverable MW in a Cluster Study or Expedited Deliverability Study; or (2) pay cash or post Security, in accordance with these rules, for the System Deliverability Upgrades needed for its Project to be deliverable at the requested level of CRIS.

#### **40.13.5 The Pre-Existing System**

Where the Existing System Representation demonstrates deliverability issues, an Interconnection Customer 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 deliverability issues.

#### **40.13.6 CRIS Values**

Through a Class Year Study, an Interconnection Customer may elect no CRIS, partial CRIS, or full CRIS for its Project by satisfying the applicable sections of this Attachment HH. Through an Expedited Deliverability Study, an Interconnection Customer 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 40.5.6.5 of this Attachment HH, shall be allocated among the multiple Generators, and shall be allocated among the multiple Generators, as requested by Interconnection Customer (to the extent permissible under Section 40.5.6.5 of this Attachment HH). 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 in accordance with Section 40.11.7.

The Project's CRIS value for the Summer Capability Period will be set using the deliverability test methodology and procedures described below. The Project's CRIS value for the Winter Capability Period will be determined by the applicable process below:

**40.13.6.1 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.

40.13.6.1.1 For facilities with Summer CRIS, 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.

40.13.6.1.2 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.

40.13.6.2 Upon an increase to a Project's Summer CRIS pursuant to a permissible increase in Summer CRIS under Sections 40.5.6.6 or 40.18.3 of this Attachment HH (increases in CRIS not requiring a Class Year Study) or pursuant to an increase in Summer CRIS evaluated in a Cluster Study for which an Interconnection Customer 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 40.13.6.1, wherein the Summer CRIS MW will be the increased Summer CRIS MW.

#### **40.13.7 Deliverability Study Procedures**

##### **40.13.7.1 Cluster Study Deliverability Study Procedures**

The ISO will conduct the Cluster Study 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 Cluster Study Deliverability Study. The ISO will have

decisional control over the entire Cluster Study Deliverability Study. If, at any time, the ISO decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Cluster Study 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. As it conducts each Cluster Study Deliverability Study, the ISO will provide regularly scheduled status reports and working drafts, with supporting data, to the ISO Operating Committee or an ISO 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 Cluster Study Deliverability Study will be reviewed and approved by the ISO Operating Committee when the ISO Operating Committee approves the CPA for the same Cluster Study in accordance with Section 40.11.7. Each Cluster Study Deliverability Study is reviewable by the ISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

If the ISO determines that an Additional SDU Study is required pursuant to Section 40.14 of this Attachment HH, the ISO will notify all Cluster Study Projects that such Additional SDU Study will be conducted, with such notice to be provided as soon as practicable after the ISO receives notice from Interconnection Customers in response to the Notice of SDUs Requiring Additional Study pursuant to Section 40.14.1 of this Attachment HH.

#### **40.13.7.2 Expedited Deliverability Study Procedures**

The ISO 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 will have decisional

control over the entire Expedited Deliverability Study. If, at any time, the ISO 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. As it conducts each Expedited Deliverability Study, the ISO will provide regularly scheduled status reports and working drafts, with supporting data, to the ISO Operating Committee or an ISO 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 ISO 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.

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

##### **40.13.8.1 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 Cluster Study through ensuring the deliverability of each Cluster Study CRIS Project, in the Capacity Region(s) where the Project interconnects. This is accomplished in the Expedited Deliverability Study through ensuring the deliverability of each Cluster Study CRIS Request, in the Capacity Region where the Project interconnects.

#### **40.13.8.2 NYCA Deliverability Testing Methodology**

##### **40.13.8.2.1 Cluster Study**

40.13.8.2.1.1 The current CBA for the Cluster Study, 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 Cluster Study CRIS Projects will be evaluated on an aggregate Cluster 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.

40.13.8.2.1.2 Each entity requesting External CRIS Rights may request in the Application Window through a CRIS-Only Request, in the form of Appendix 2 to this Attachment HH a certain number of MW to be evaluated for deliverability pursuant to Section 40.13.11 of this Attachment HH. The MW of an entity requesting External CRIS Rights will not be derated for the deliverability analysis.

40.13.8.2.1.3 Each Interconnection Customer 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 40.6.5 of this Attachment HH. The MW requested by an Interconnection Customer will represent Installed Capacity, and will be derated for the deliverability analysis, as set forth in this Section

40.13.8.2.1.3. The CRIS MW requested by a Resource with an Energy Duration Limitation will represent Installed Capacity based on the Interconnection Customer-selected duration (*i.e.*, its expected maximum injection capability in



MW hours for the Interconnection Customer-selected duration). The CRIS MW requested by a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights will represent Installed Capacity at the point of injection. 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.

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is calculated for each resource using a UCAP Deration Factor (“UCDF”). The UCDF used is an average value based on historical performance on a Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF for all generators that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources) or Limited Control Run of River Hydro is the average EFORD. All generators that are not Intermittent Power Resources or Limited Control Run of River Hydro in the same Capacity Region will use the same UCDF. The UCDF for Intermittent Power Resources and Limited Control Run of River Hydro will be calculated based on historical production data by resource type in accordance with ISO Procedures.

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 will 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 CBA, the UCDF will be applied to their CRIS level.

The CRIS MW requested by a Cluster Study Transmission Project or held by an existing facility with Unforced Capacity Deliverability Rights will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 40.13.8.2.1.13.

Existing CRIS that will be modeled in the Cluster Study shall include: existing CRIS for facilities not being evaluated in the Cluster Study regardless of outage state, unless (1) that CRIS will expire no later than twelve (12) months (*i.e.*, three hundred sixty-five (365) Calendar Days) after the Phase 1 Study Start Date, except where the facility has provided notice of a proposed CRIS transfer anticipated to be finalized no later than twelve (12) months (*i.e.*, three hundred sixty-five (365) Calendar Days) of the Phase 1 Study Start Date; or (2) the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration. For purposes of this Section 40.13.8.2.1.3, “existing CRIS” for Projects that have undergone, as applicable, a prior Class Year Study or Cluster Study deliverability evaluation is CRIS obtained upon completion of a Class Year Study or Cluster Study through which the Interconnection Customer 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 CRIS that is obtained upon completion of an Expedited Deliverability Study through which the Interconnection Customer was deemed to have accepted its Deliverable MW in an Expedited Deliverability Study completed prior to the Phase 1 Study Start Date.

40.13.8.2.1.4 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.

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

40.13.8.2.1.6 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.

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

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

40.13.8.2.1.9 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 ISO 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 ISO OATT, and (v) any External CRIS Rights awarded pursuant to Section 40.13.11 of this Attachment HH, either as a result of the conversion of grandfathered rights over the Quebec (via Chateauguay) Interface or as a result of a Cluster Study Deliverability Study, until, as of the Phase 1 Study Start Date, the time available to renew the External CRIS Rights has expired, as described in Section 40.18.2.4 of this Attachment HH.

40.13.8.2.1.10 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.

40.13.8.2.1.11 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.

40.13.8.2.1.12 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 ISO OATT.

40.13.8.2.1.13 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. For a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in the Capacity Region.) 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, considering generator derate factors described in Section 40.13.8.2.1.3 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.

40.13.8.2.1.14 For Highway interfaces, the Cluster Study Projects in the current Cluster Study 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 (2%) of the

transfer capability identified in the CBA and results in an increase to the NYCA LOLE determined for the CBA of .01 or more. The Cluster Study 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 CBA, would not occur but for the Cluster CRIS Projects.

#### **40.13.8.2.2 Expedited Deliverability Study**

40.13.8.2.2.1 The current Class Year CPA, 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 projects in the Expedited Deliverability Study 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.

40.13.8.2.2.2 Each Interconnection Customer 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 40.5.6.5 of this Attachment HH. The MW requested by an Interconnection Customer will represent Installed Capacity, and will be derated for the deliverability analysis, as set forth in this Section

40.13.8.2.2.2. The CRIS MW requested by a Resource with an Energy Duration Limitation will represent Installed Capacity based on the Interconnection Customer-selected duration (*i.e.*, its expected maximum injection capability in

MW hours for the Interconnection Customer-selected duration). The CRIS MW requested by a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights will represent Installed Capacity at the point of injection. 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.

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is calculated for each resource using a UCAP Deration Factor (“UCDF”). The UCDF used is an average value based on historical performance on a Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF for all generators that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources) or Limited Control Run of River Hydro is the average EFORD. The UCDF for Intermittent Power Resources and Limited Control Run of River Hydro will be calculated based on historical production data by resource type in accordance with ISO Procedures. 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 will not impact the UCDF of the Project.

The CRIS MW requested by a Cluster Study Transmission Project or held by an existing facility with Unforced Capacity Deliverability Rights will not be

derated at the point of injection (*i.e.*, sink) for the deliverability analysis.

However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 40.13.8.2.2.13.

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

40.13.8.2.2.3 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 (i) the CRIS will expire no later than four (4) months (*i.e.*, one hundred twenty (120) Calendar Days) after the Expedited Deliverability Study Start Date, except where the facility has provided notice of a proposed CRIS transfer anticipated to be finalized no later than four (4) months (*i.e.*, one hundred twenty (120) Calendar Days) after the Expedited Deliverability Study Start Date; or (ii) the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration; and (2) CRIS requested by Projects in, as applicable, the Class Year Study(ies) or Cluster Study(ies) pending during the Expedited Deliverability Study. For purposes of this Section 40.13.8.2.2.3, “existing CRIS” is CRIS that has not expired and CRIS that has been obtained by Projects through Attachment HH. For Projects that undergo a Class Year Study or Cluster Study deliverability evaluation, “existing



CRIS,” is CRIS obtained, upon completion of a Class Year Study or Cluster Study through which the Interconnection Customer 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 Interconnection Customer was deemed to have accepted its deliverable MW.

40.13.8.2.2.4 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.

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

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

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

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

40.13.8.2.2.9 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 ISO 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 ISO OATT, (v) any External CRIS Rights awarded pursuant to Section 40.13.11, either as a result of the conversion of grandfathered rights over the Quebec (via Chateaugay) Interface or as a result of a Class Year Deliverability Study or a Cluster Study 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 40.18.2.4.

40.13.8.2.2.10 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.

40.13.8.2.2.11 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.

40.13.8.2.2.12 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 ISO OATT.

40.13.8.2.2.13 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. For a Cluster Study Transmission Project seeking Unforced Capacity Deliverability Rights, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in 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 40.13.8.2.2.2 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.

40.13.8.2.2.14 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 (2%) of the transfer capability identified in the CPA. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

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

##### **40.13.9.1 Cluster Study Deliverability Test Methodology for Other Interfaces**

The Cluster Study Projects in the current Cluster Study 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 (2%) of the transfer capability of the Other Interface identified in the CBA. Each Interconnection Customer will be responsible for its *pro rata* Cluster 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 Cluster Study CRIS Projects but only to the extent that the degradation of transfer capability on the Other Interfaces, compared to that measured in the current CBA for the Cluster Study, would not occur but for the aggregate impact of the Cluster Study Projects. Where two or more Projects contribute to the degradation of the transfer capability of an Other Interface, each Project Interconnection Customer 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 Cluster Study.

##### **40.13.9.2 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 (2%) of the transfer capability of the Other Interface identified in the CBA. To the extent possible, the ISO will determine partial CRIS, if any, for any applicable Project in the Expedited Deliverability Study.

#### **40.13.10 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 40.13.8 and 40.13.9 of this Attachment HH, but not as a part of the Cluster Study Deliverability Study. As described in detail in Section 5.12.2 of the ISO 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 ISO 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.

#### **40.13.11 CRIS Rights for External Installed Capacity**

An entity, by following the procedures and satisfying the requirements described in this Section 40.13.11, 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 40.13.10 of this Attachment HH, (2) the annual deliverability determination applied in the import limit setting process described in Section 5.12.2.2 of the ISO Services Tariff, or (3) to the allocation of import rights described in ISO Procedures.

#### **40.13.11.1 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.

##### **40.13.11.1.1 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.

40.13.11.1.1.1 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”).

40.13.11.1.1.2 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.

40.13.11.1.1.3 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).

#### **40.13.11.1.2 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.

40.13.11.1.2.1 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.

40.13.11.1.2.2 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.

40.13.11.1.2.3 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 HH are defined in the ISO 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).

40.13.11.1.2.4 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 ISO Services Tariff.

**40.13.11.1.3 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 40.13.11.1.1 and 40.13.11.1.2, 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.

40.13.11.1.3.1 Within a given Award Period and each subsequent renewal of an Award Period pursuant to Section 40.18.2.4 herein, for the first three (3) 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 40.13.11.1.4.2 below. Nothing in this Section 40.13.11.1.3 shall be construed to limit or diminish any provision in the Market Power Mitigation Measures or the Market Monitoring Plan.

#### **40.13.11.1.4 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 Cluster Study Deliverability Study, both as described herein.

40.13.11.1.4.1 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 ISO Services Tariff.

40.13.11.1.4.2 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 a Cluster Study Process. To make such a request an entity must submit a CRIS-Only Request in accordance with Section 40.2 of this Attachment HH.

40.13.11.1.4.2.1 Upon satisfaction of the CRIS-Only Request requirements in Section 40.2.3 of this Attachment HH, the entity requesting External CRIS Rights for its External Installed Capacity is made a Cluster Study Project.

40.13.11.1.4.2.2 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 Cluster Study exceed the import limit, established pursuant to ISO procedures, for the applicable External Interface that is in effect on the Phase 1 Study 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.

40.13.11.1.4.2.3 The Cluster Study Deliverability Study report will include an SDU Project Cost Allocation and a Deliverable MW number for the entity's External Installed Capacity.

40.13.11.1.4.2.4 The entity will have the same decision alternatives as other Cluster Study Projects participating in the Cluster Study 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 Cluster Study Deliverability Study.

40.13.11.1.4.2.5 If the entity accepts its SDU Project Cost Allocation, it must pay cash or provide Security for the System Deliverability Upgrades, like any other Cluster Study Project.

40.13.11.1.4.2.6 If the entity accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrades as required by this Attachment HH, 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 System Deliverability Upgrades pursuant to Section 40.21.

40.13.11.1.4.2.7 By the end of the Initial Decisional Round of the Final Decision Period (*i.e.*, thirty (30) days from ISO Operating Committee approval of the Cluster Study 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.

40.13.11.1.4.2.8 If the entity satisfies the requirements described in this Section 40.13.11.1.4, the entity will obtain External CRIS Rights for the number of MW determined to be deliverable, made deliverable through a System Deliverability Upgrade (with an accepted SDU Project Cost Allocation), or deemed deliverable through a commitment to pay for a System Deliverability Upgrade.

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

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

40.13.12.2 If the portion of the System Deliverability Upgrades required to make one or more Cluster Study CRIS Projects in a Cluster Study deliverable is less than ninety percent (90%) of the total size (measured in MW) of the Highway System Deliverability Upgrade, the Interconnection Customer(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 Cluster Study Projects in the current Cluster Study Deliverability Study may share in the cost of these System Deliverability Upgrades, on the same basis. Projects in the current Cluster Study 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 Interconnection Customers, as described in this Section 40.13.12. The Interconnection Customer 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 HH) meeting the commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s) for the Interconnection Customer's proportionate share of the cost of the upgrade. The amount(s) of cash or Security that an Interconnection Customer must provide to its Connecting Transmission Owner and any Affected Transmission Owners will be included in the Cluster Study Deliverability Study report. If the Interconnection Customer

chooses to provide Security, its allocated cost will be increased by an annual construction-focused inflation index. The Interconnection Customer will update its Security on an annual basis to reflect this increase. Except for this adjustment for inflation, the cost allocated to the Interconnection Customers will not be increased if the estimated cost of the Highway System Deliverability Upgrade increases. However, the costs allocated to subsequent Interconnection Customers will be based on a current cost estimate of the Highway System Deliverability Upgrade project.

40.13.12.3 If requesting CRIS, the Cluster Study Project in the current Cluster Study Deliverability Study 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 Interconnection Customer 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 ninety percent (90%) threshold discussed in Section 40.13.12.2 above – will be constructed and funded either (i) according to Sections 40.13.12.3.1 and 40.13.12.3.2 below, or (ii) according to Section 40.13.12.3.3 below.

40.13.12.3.1 When a threshold of sixty percent (60%) of the most current cost estimate of the System Deliverability Upgrade has been paid or posted as Security by

Interconnection Customers, 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.

40.13.12.3.2 The actual cost of the Highway System Deliverability Upgrade project described above that was paid for by Interconnection Customers 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*, that 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 40.16.3.4 of this Attachment HH, within the control of a Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade.

40.13.12.3.3 If the ISO 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 40.13.12.3.1, the CSPP transmission upgrade will be constructed as determined in the CSPP or the Short-Term Reliability Process, as applicable. Funds collected from Interconnection Customers (pursuant to Section 40.13.12.2, above) will be used to cover a portion of the regulated solution costs to the extent that the funds collected from Interconnection Customers 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 Interconnection Customers for System Deliverability Upgrades are insufficient to cover the entire cost of the CSPP transmission upgrades, the Interconnection Customers’ contribution to the System Deliverability Upgrades allocated to the CSPP transmission upgrades will not



exceed the Interconnection Customers' respective Project Cost Allocations for the System Deliverability Upgrade. To the extent funds collected from Interconnection Customers 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 Interconnection Customers' 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 Interconnection Customers.

40.13.12.4 If an Interconnection Customer has accepted its Project Cost Allocation, the Interconnection Customer may elect before the construction of an identified Highway System Deliverability Upgrade is commenced, to be retested for deliverability by entering a Cluster Study. The Interconnection Customer's cost responsibility for System Deliverability Upgrades shall not increase as a result of such retesting. It may decrease or be eliminated. If the Interconnection Customer's Project is found to be deliverable without the System Deliverability Upgrades previously identified, the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner will terminate Interconnection Customer's Security posting, or will return the Interconnection Customer's cash payment with the interest earned.

40.13.12.5 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, an Interconnection Customer

electing to receive its proportionate share of such Incremental TCCs, as further described in Section 40.13.2.2 of this Attachment HH, will receive its proportionate share of such Incremental TCCs.

40.13.12.5.1 Load Serving Entities required by this Section 40.13.12 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 40.13.2.2 of this Attachment HH. 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.

40.13.12.6 As new generators, Class Year Transmission Projects, and Cluster Study Transmission Projects come on line and use the Headroom on System Deliverability Upgrades created by a prior Highway System Deliverability Upgrade, the Interconnection Customers of those new facilities will reimburse the

prior Interconnection Customers or will compensate the Load Serving Entities who funded the System Deliverability Upgrades for use of the Headroom created by the prior Interconnection Customers and Load Serving Entities in accordance with Sections 40.17.1.4 and 40.17.1.5 of these rules.

40.13.12.6.1 In accordance with Section 40.13.2.2 of this Attachment HH, as subsequent Interconnection Customers make Headroom payments to prior Interconnection Customers and if a subsequent Interconnection Customer 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 Interconnection Customers; *provided, however*, that Incremental TCCs that were previously deemed reserved and are transferred to a subsequent Interconnection Customer will become effective on the first day of the Capability Period that commences following the next Centralized TCC Auction conducted after the subsequent Interconnection Customer makes the necessary Headroom payment and elects to receive its proportionate share of Incremental TCCs.

40.13.12.6.2 In accordance with Section 40.13.2.2 of this Attachment HH, as subsequent Interconnection Customers 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 Interconnection Customer 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 Interconnection Customer.

#### 40.13.12.7 The Transmission Owner responsible for constructing a System

Deliverability Upgrade or an Interconnection Customer 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 Cluster Study CRIS Project in the Cluster Study Deliverability Study, provided that those upgrades are reasonably related to the Cluster Study 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.

#### **40.13.13 Agreements for the Engineering, Procurement, and Construction of System Deliverability Upgrades**

40.13.13.1 If a System Deliverability Upgrade on the Connecting Transmission Owner's system is cost allocated to an Interconnection Customer and such Interconnection Customer accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the Standard Interconnection Agreement among the Interconnection Customer, Connecting Transmission Owner, and ISO will provide for the engineering, procurement and construction of such System Deliverability Upgrade.

40.13.13.2 If a System Deliverability Upgrade on an Affected System is cost allocated to an Interconnection Customer and such Interconnection Customer accepts its SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the ISO shall tender to the Interconnection Customer and Affected System Operator a Standard Upgrade Construction Agreement in accordance with the requirements in Section 40.21 to this

Attachment HH to provide for the engineering, procurement and construction of the System Deliverability Upgrades on the Affected System.

40.13.13.3 If a System Deliverability Upgrade is cost allocated to multiple Interconnection Customers and multiple Interconnection Customers accept their SDU Project Cost Allocation and pays cash or posts Security for the System Deliverability Upgrade, the ISO shall tender to the Interconnection Customer(s) and, as applicable, Affected System Operator or Connecting Transmission Owner, a Standard Multiparty Upgrade Construction Agreement to provide for the engineering, procurement and construction of the System Deliverability Upgrade.

## **40.14 Additional SDU Studies**

### **40.14.1 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 or Cluster Study and not substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a Class Year Study or Cluster Study), the ISO will notify all members of the ISO Operating Committee's Interconnection Projects Facilities Study Working Group that the ISO has made such a determination, with such notice to be provided as soon as practicable after the ISO presents the preliminary Cluster Study 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 the Interconnection Customers of those Cluster Study Projects for which the ISO has identified System Deliverability Upgrades requiring Additional SDU Studies. Each Interconnection Customer to which such notice is issued shall respond to the ISO within ten (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. The option Interconnection Customer elects will be evaluated in the Additional SDU Study. If the Interconnection Customer 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 Cluster Study. If the ISO does not receive the Interconnection Customer's election by the deadline, the Interconnection Customer (1) will be deemed to have 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 Cluster Study.

#### **40.14.2 Additional SDU Studies**

40.14.2.1 If no Interconnection Customer of a Cluster Study Project to which the Notice of SDUs Requiring Additional Study is issued elects to proceed with such additional studies, the Cluster Study will proceed to the Final Decision Period set forth in Section 40.15 of this Attachment HH. Alternatively, if any Interconnection Customer of a Cluster Study Project to which the Notice of SDUs Requiring Additional Study is issued elects to proceed with such additional studies, the Cluster Study will proceed to the Final Decision Period set forth in Section 40.15 of this Attachment HH; *provided, however*, that the Additional SDU Study will be performed separate and apart from the Cluster Study; *provided further* that pursuant to Section 40.15.2 of this Attachment HH, an Interconnection Customer that elects to proceed with an Additional SDU Study must proceed with the Final Decision Period with the rest of the Cluster for that Cluster Study for its CTOAF and SUF Project Cost Allocation, its SDU Project Cost Allocation for any other System Deliverability Upgrades, and Deliverable MW, if any.

40.14.2.2 The ISO will submit to the Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator any System Deliverability Upgrades identified by the ISO in the Additional SDU Study. Upon the ISO's submission of the identified System Deliverability Upgrades, the applicable Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator shall determine a +30%/-15% estimate of the costs of the equipment, engineering and design work, procurement and construction work and commissioning of the required System Deliverability Upgrades that are identified by the ISO in accordance with Good Utility Practice and, for each of these cost categories, shall specify and

estimate the cost of the required work. The Transmission Owner will calculate cost estimates based on the assumption that the activities for which the cost estimates are calculated are performed by the Transmission Owner and shall be subject to reasonable exclusions (*e.g.*, environmental, subsurface conditions, permitting, site acquisition costs). The Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator shall also determine a preliminary schedule showing the estimated time required to complete the engineering and design, procurement, construction, installation and commissioning phases for the required System Deliverability Upgrades.

40.14.2.3 Following the ISO's receipt of the final cost estimates and preliminary schedules from the Connecting Transmission Owners, Affected Transmission Owners, and Affected System Operators pursuant to Section 40.14.2.2, the ISO shall complete the draft Additional SDU Study report. The ISO will present the draft Additional SDU Study report to the ISO Operating Committee's Transmission Planning Advisory Subcommittee and Interconnection Project Facilities Study Working Group. The ISO will then present the draft Additional SDU Study report to the ISO's Operating Committee for its approval. Upon the ISO Operating Committee's approval, the Additional SDU Study report will be final. If more than one System Deliverability Upgrade is addressed in an Additional SDU Study for a given Cluster Study Process, the ISO may develop and present a separate Additional SDU Study report and conduct a separate Additional SDU Study Decision Period for each individual System Deliverability Upgrade.

40.14.2.4 If an Additional SDU Study report is approved by the ISO Operating Committee prior to or at the same time as the Cluster Study Report is approved by the ISO Operating Committee, the ISO will perform a combined Final Decision Period and Additional



SDU Study Decision Period. If an Additional SDU Study report is approved by the ISO Operating Committee: (i) after the Cluster Study Report is approved by the ISO Operating Committee but (ii) at least sixty (60) Calendar Days prior to the scheduled Phase 1 Study Start Date, the ISO will commence a separate Additional SDU Study Decision Period pursuant to Section 40.15.2 of this Attachment HH. The ISO shall terminate the Additional SDU Study if: (i) there is not sufficient time to commence the Additional SDU Study Decision Period pursuant to this Section 40.14.2.4, (ii) the Additional SDU Study report is not approved by the ISO Operating Committee prior to ten (10) Business Days prior to the scheduled Phase 1 Study Start Date for the subsequent Cluster Study Process, or (iii) the Additional SDU Study Decision Period is not completed prior to ten (10) Business Days prior to the scheduled Phase 1 Study Start Date for the subsequent Cluster Study Process.

40.14.2.5 If an Interconnection Customer is part of an Additional SDU Study: (i) that does not complete in time for the Interconnection Customer to proceed to the Additional SDU Study Decision Period pursuant to Section 40.15.2 of this Attachment HH or (ii) for which the Additional SDU Study Decision Period is terminated, the following provisions apply:

- (1) The Interconnection Customer may later request, any number of times, to enter a subsequent Cluster Study (*i.e.*, a Cluster Study subsequent to the one in which the Additional SDU Study was triggered) or an Expedited Deliverability Study and be evaluated for CRIS.
- (2) To enter a subsequent Cluster Study, the Interconnection Customer must satisfy the applicable entry requirements for an Interconnection Request or CRIS-Only Request in the Application Window for the Cluster Study Process set forth in Section 40.5.4 of this Attachment HH. To enter an Expedited Deliverability

Study, the Interconnection Customer must satisfy the entry requirements set forth in Section 40.19.2 of this Attachment HH.

## **40.15 Final Decision Period / Additional SDU Study Decision Period**

### **40.15.1 ISO Provision of Description and Project Cost Allocation of Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades**

The ISO shall provide the Interconnection Customer of each Cluster Study Project with a dollar figure for its share of the cost of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities required for the reliable interconnection of the Project to the New York State Transmission System ("CTOAF and SUF Project Cost Allocation"). The ISO shall also provide the Interconnection Customer of each Cluster Study Project requesting CRIS with (i) a dollar figure for its share of the cost of the System Deliverability Upgrades required for the megawatt level of CRIS requested for the Cluster Study Project ("SDU Project Cost Allocation"), and (ii) the number of megawatts of Installed Capacity, if any, that are deliverable from the Cluster Study Project with no new System Deliverability Upgrades ("Deliverable MW"). The ISO shall also provide a dollar figure for the total cost of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades required for interconnection of the Cluster Study Project, as well as a description of the required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades, their expected in-service date, and a plan for their installation that is sufficient to verify these dollar figures. The ISO shall also provide a dollar figure for the total cost of all Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities required by Projects in the Cluster Study and a dollar figure for the total cost of the System Deliverability Upgrades necessary to support the level of CRIS requested by each Cluster Study Project. Each Cluster Study Project will be

given the Project Cost Allocation(s) and, Deliverable MW, if any associated with its Interconnection Service evaluation election, as soon as practicable prior to the submittal of the Cluster Study Report with the Cluster Project Assessment and Cluster Study Deliverability Study to the ISO Operating Committee.

**40.15.2 Decision Rounds in the Final Decision Period for the Cluster Study and the Additional SDU Study Decision Period for the Additional SDU Study**

40.15.2.1 Each Interconnection Customer shall provide notice to the ISO, in writing and via electronic mail, stating whether it shall accept (an “Acceptance Notice”) or not accept (a “Non-Acceptance Notice”) the Project Cost Allocation(s) and Deliverable MW, if any, reported to it by the ISO for its Cluster Study Project:

(i) within thirty (30) Calendar Days – the Initial Decision Round – following, as applicable, (1) approval of the final Cluster Study Report with the Cluster Project Assessment and Cluster Study Deliverability Study by the ISO Operating Committee in accordance with Section 40.11.7; or (2) approval of the final Additional SDU Study report by the ISO Operating Committee in accordance with Section 40.14.2.3, or

(ii) if applicable, within seven (7) Calendar Days – the Subsequent Decision Round – following the ISO’s issuance of a revised Cluster Study report or a revised Additional SDU Study report, as applicable, and accompanying Revised Project Cost Allocation and revised Deliverable MW report, as defined in and pursuant to Section 40.15.3.

40.15.2.2 An Interconnection Customer for a Cluster Study Project that is a multi-unit facility may not submit separate notices for separate portions of the Cluster Study Project (*e.g.* a Cluster Study Project that is a Co-located Storage Resource may not submit an Acceptance Notice for one of its resources and a Non-Acceptance Notice for the co-located resource).

40.15.2.3 Failure to notify the ISO by the prescribed deadline as to whether an Interconnection Customer accepts or rejects its Project Cost Allocation and Deliverable MW, if any, will be deemed a Non-Acceptance Notice. Each Interconnection Customer may respond with either an Acceptance Notice or a Non-Acceptance Notice to each Project Cost Allocation and Deliverable MW reported to it by the ISO. An Acceptance Notice for Projects not yet in-service must also include a confirmed Initial Backfeed Date and Commercial Operation Date, subject to the limitations set forth in Section 40.6.3.4.

40.15.2.4 An Interconnection Customer that requests to be evaluated for CRIS may accept both its SDU Project Cost Allocation and its CTOAF and SUF Project Cost Allocation. Alternatively, that Interconnection Customer, if it accepts its CTOAF and SUF Project Cost Allocation, may provide a Non-Acceptance Notice for its SDU Project Cost Allocation and at the same time accept, or not accept its Deliverable MW. Or, as another alternative, that same Interconnection Customer may elect to interconnect taking ERIS by providing an Acceptance Notice only for its CTOAF and SUF Project Cost Allocation.

40.15.2.5 An Interconnection Customer that accepts a CTOAF and SUF Project Cost Allocation and/or an SDU Project Cost Allocation will not be provided with the option to accept a Revised Project Cost Allocation following a Subsequent Decision Round unless the Revised Project Cost Allocation provides for (1) an increase of greater than ten percent (10%) in the CTOAF and SUF Project Cost Allocation or the SDU Project Cost Allocation; or (2) a decrease in the Interconnection Customer's Deliverable MW.

40.15.2.6 If the ISO commences an Additional SDU Study Decision Period separate from the Final Decision Period in accordance with Section 40.14.2, an Interconnection Customer in the Additional SDU Study must, in the Initial Decision Round or Subsequent Decision

Round(s) of the Final Decision Period for the Cluster Study in which the Additional SDU Study was triggered: (1) accept its CTOAF and SUF Project Cost Allocation and proceed with its Additional SDU Study; or (2) reject its CTOAF and SUF Project Cost Allocation and be withdrawn from both the Cluster Study and the Additional SDU Study.

40.15.2.7 As soon as practicable following the end of the Initial Decision Round and any Subsequent Decision Round, as applicable, but not later than two (2) Business Days following the end of such decision round, the ISO shall report to the ISO Operating Committee, all of the Acceptance Notices and Non-Acceptance Notices that were received during that decision round. For any Project that fails to provide a confirmed Initial Backfeed Date and Commercial Operation Date in its Acceptance Notice or that provides a proposed Initial Backfeed Date or Commercial Operation Date with its Acceptance Notice that is beyond the time period permissible by Section 40.6.3.4, the ISO's Queue will reflect the latest possible permissible date, even if that requires the ISO to reject and modify the proposed Initial Backfeed Date or Commercial Operation Date provided in the Cluster Study Project's Acceptance Notice. Subsequent modifications to a Project's Initial Backfeed Date or Commercial Operation Date are governed by Section 40.6.3.4.

40.15.2.8 If, following the Initial Decision Round or any Subsequent Decision Round, each and every Interconnection Customer that remains eligible at that time provides Acceptance Notice(s), each Interconnection Customer must signify its willingness to pay the Connecting Transmission Owner and Affected Transmission Owner(s) for its share of the required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades that it accepted by (i) satisfying Headroom payment/security posting obligations, if any, as specified in Section 40.17.1.5 and (ii)

paying cash or posting Security in accordance with these rules, for the full amount of its respective Project Cost Allocation within five (5) Business Days after the end of the Initial Decision Round or Subsequent Decision Round, as applicable. Security shall be posted to cover the period ending on the date on which full payment is made to the Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator, as applicable for the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities, and the date(s) on which full payment is made to the Connecting Transmission Owner or Affected Transmission Owner(s) for the System Deliverability Upgrades; *provided, however*, that Security may be posted with a term as short as one year, so long as such Security is replaced no later than fifteen (15) Business Days before its stated expiration. In the event Security is not replaced as required in the preceding sentence, the Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator, shall be entitled to draw upon the Security and convert it to cash, which cash shall be held by the Connecting Transmission Owner or Affected Transmission Owner for the account of the Interconnection Customer. The round of the Final Decision Period or Additional SDU Study Decision Period, as applicable, in which no remaining eligible Interconnection Customers issue a Non-Acceptance Notice or commits a Security Posting Default shall be the final round for that Cluster Study or Additional SDU Study (the "Final Decision Round").

40.15.2.9 At the end of the Initial Decision Round or any Subsequent Decision Round, if one or more of the Interconnection Customers with Cluster Study Projects participating in that decision period provides Non-Acceptance Notice (such event a "Non-Acceptance Event"), then the Interconnection Customer of every Cluster Study Project participating in that round shall be relieved of its obligation to pay cash or post Security in connection with that

version of its Project Cost Allocation for Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades. In addition, following the Initial Decision Round or any Subsequent Decision Round, if all Interconnection Customers for Cluster Study Projects participating in the round provide Acceptance Notices under the Cluster Study Deliverability Study, the CPA or both, but one or more of the Interconnection Customer fails to pay cash or post the Security required hereunder (such event a "Security Posting Default"), then the beneficiaries of the payments and Security posted by the Interconnection Customers that did pay or post Security (*e.g.*, the Connecting Transmission Owners and Affected Transmission Owners) shall surrender the cash and posted Security to the respective Interconnection Customers immediately. The Connecting Transmission Owners or Affected Transmission Owner(s) shall not make any draws or encumbrances on any cash or posted Security unless and until cash has been paid and Security has been posted by all Interconnection Customers that issued Acceptance Notices in the Final Decision Round.

40.15.2.10 Following the Initial Decision Round, or any Subsequent Decision Round, if a Non-Acceptance Event or a Security Posting Default shall have occurred with respect to the CPA, the ISO will withdraw the Interconnection Customer that provided the Non-Acceptance Notice or committed the Security Posting Default with respect to the CTOAF and SUF Project Cost Allocation from the Cluster Study and the Queue pursuant to Section 40.6.4 and subject to the Withdrawal Penalties set forth in Section 40.6.5. If an Interconnection Customer provides an Acceptance Notice and posts the required Security for the CTOAF and SUF Project Cost Allocation for its Cluster Study Project or has done so in a prior Class Year Interconnection Facilities Study or Cluster Study, but provides a Non-Acceptance Notice with respect to the SDU



Project Cost Allocation for its Cluster Study Project, it may provide an Acceptance Notice for its Deliverable MW and interconnect taking CRIS at that level. If the Interconnection Customer either (i) provides a Non-Acceptance Notice with respect to both the SDU Project Cost Allocation and Deliverable MW for its Cluster Study Project, or (ii) commits a Security Posting Default with respect to the SDU Project Cost Allocation for its Cluster Study Project, then the ISO shall remove the Cluster Study Project from the Class Year Deliverability Study or Additional SDU Study, as applicable, but, if in the Cluster Study, it may continue to participate in the CPA and interconnect taking ERIS if the Interconnection Customer provides an Acceptance Notice and posts the required Security for its CTOAF and SUF Project Cost Allocation. The Interconnection Customer electing to interconnect taking ERIS may later request, any number of times, to enter a Cluster Study or Expedited Deliverability Study and be evaluated for CRIS, subject to the Cluster Study entry requirements set forth in Section 40.5.4 and the Expedited Deliverability Study entry requirements set forth in Section 40.19.2 of this Attachment HH. The Interconnection Customer's Cluster Study Project may not request to be re-evaluated for ERIS. Once a Cluster Study Project is evaluated for CRIS in a later Cluster Study or Expedited Deliverability Study, the Interconnection Customer for that project may elect to accept either its SDU Project Cost Allocation or its Deliverable MW, or the Interconnection Customer may provide a Non-Acceptance Notice for both its SDU Project Cost Allocation and its Deliverable MW and continue its interconnection taking ERIS. If the Interconnection Customer does provide a Non-Acceptance Notice for both the SDU Project Cost Allocation and Deliverable MW for its Cluster Study Project and continues taking ERIS, the Interconnection Customer may later request for its Cluster Study Project to enter a Cluster Study or Expedited Deliverability Study, subject to the Cluster Study entry requirements set forth in Section 40.5.4

and Expedited Deliverability Study entry requirements set forth in Section 40.19.2 of this Attachment HH, and be evaluated again for CRIS. If, however, an Interconnection Customer provides a Non-Acceptance Notice or commits a Security Posting Default for the CTOAF and SUF Project Cost Allocation for the Cluster Study Project, that Cluster Study Project shall be removed from both the CPA and, if applicable, the Class Year Deliverability Study, and the ISO shall withdraw that Interconnection Customer's Interconnection Request pursuant to Section 40.6.4 and subject to the Withdrawal Penalties set forth in Section 40.6.5.

40.15.2.11 Whenever Projects are removed from a Cluster Project Assessment, Cluster Study Deliverability Study, or Additional SDU Study, the ISO will notify the remaining Interconnection Customers still included in the Cluster Project Assessment, Cluster Study Deliverability Study, or Additional SDU Study, as applicable.

### **40.15.3 Revised Study Results**

Immediately following receipt of Non-Acceptance Notices for any SDU Project Cost Allocations or CTOAF and SUF Project Cost Allocations or Deliverable MW, or upon the occurrence of a Security Posting Default, the ISO shall update the Cluster Study results or Additional SDU Study results for those remaining Interconnection Customers that continue to be included in the then-current Cluster Project Assessment, Cluster Study Deliverability Study, or Additional SDU Study, as applicable, to reflect the impact of Non-Acceptance Notices and any Security Posting Default. The updated Cluster Study or Additional SDU Study, as applicable, shall include updated CTOAF and SUF Project Cost Allocations and updated SDU Project Cost Allocations (each a "Revised Project Cost Allocation") together with a revised Deliverable MW report. The updated Cluster Study shall be issued as soon as practicable, but in no event later than fourteen (14) Calendar Days following the occurrence of the Non-Acceptance Event or the

Security Posting Default that necessitated development of the Revised Project Cost Allocations and revised Deliverable MW report. The ISO shall also provide the additional dollar figures relating to total cost for Interconnection Customers in the Cluster Study or Additional SDU Study, as applicable, and the related information, described in Section 40.15.1, above. Following the issuance of the revised Cluster Project Assessment, Cluster Study Deliverability Study, or Additional SDU Study, as applicable, and the issuance of Revised Project Cost Allocations and the revised Deliverable MW, each remaining Interconnection Customer shall provide notice to the ISO within seven (7) Calendar Days whether it will accept its respective Revised Project Cost Allocation and revised Deliverable MW.

#### **40.15.4 Completion of Final Decision Period/Additional SDU Study Decision Period and Refund of Interconnection Customer's Deposits**

40.15.4.1 The process set forth in Sections 40.15.2 through 40.15.3 shall be repeated until none of the remaining eligible Interconnection Customers in the Cluster Study or Additional SDU Study, as applicable, provides a Non-Acceptance Notice or commits a Security Posting Default.

40.15.4.2 After the ISO's final reconciliation of the Interconnection Customer's costs incurred in the Cluster Study Process pursuant to Section 40.24.3 and Interconnection Customer's payment of all invoices, the ISO will proceed with the return and cancellation process in Section 40.24.3 for the Study Deposit and Readiness Deposit 2 if:

(i) an Interconnection Customer for a Cluster Study Project accepts its CTOAF and SUF Project Cost Allocation and pays cash or posts Security for that allocated amount in the Final Decision Round of the Final Decision Period; or

(ii) an Interconnection Customer for a CRIS-Only Cluster Study Project: (A) accepts its SDU Project Cost Allocation or Deliverable MWs and pays cash or posts Security for any

allocated amount in the Final Decision Round of, as applicable, the Final Decision Period or Additional SDU Study Decision Period, or (B) participated in an Additional SDU Study that was not completed in the Cluster Study Process pursuant to Section 40.14.2.

#### **40.15.5 Withdrawal Penalties**

40.15.5.1 If: (i) an Interconnection Customer withdraws the Interconnection Request or CRIS-Only Request for its Cluster Study Project, or the Interconnection Request or CRIS-Only Request for its Cluster Study Project is deemed withdrawn by the ISO, from the ISO's Queue during the Phase 2 Study, the Final Decision Period, the Additional SDU Study, or the Additional SDU Study Decision Period, except for a CRIS-Only Cluster Study Project that is withdrawn because the Additional SDU Study it participated in was not completed in the Cluster Study Process;

(ii) an Interconnection Customer does not accept the CTOAF and SUF Project Cost Allocation for its Cluster Study Project or does not pay cash or post Security for the allocated amount in the Final Decision Period; or

(iii) an Interconnection Customer does not accept the SDU Project Cost Allocation for its CRIS-Only Cluster Study Project or does not pay cash or post Security for the allocated amount in, as applicable, the Final Decision Period or Additional SDU Study Decision Period (except for an Additional SDU Study that is not completed during the Cluster Study Process),

then the Interconnection Customer for the Cluster Study Project shall pay a Withdrawal Payment in an amount equal to one hundred percent (100%) of the initial Study Deposit amount for the project and twenty percent (20%) of the Readiness Deposit 2 for the project; except for the following:

(A) a CRIS-Only Cluster Study Project shall only pay a Withdrawal Penalty in the amount of one hundred percent (100%) of its initial Study Deposit amount;

(B) if the ISO determined that the Cluster Study Project cannot move forward due to Physical Infeasibility pursuant to Section 40.7.3, then the Cluster Study Project shall not be assessed a Withdrawal Penalty;

(C) if the Interconnection Request or CRIS-Only Request was for a Contingent Project that was withdrawn by the ISO pursuant to Section 40.5.4.1.3, then the Interconnection Request or CRIS-Only Request shall not be assessed a Withdrawal Penalty; and

(D) if the CTOAF and SUF Project Cost Allocation amount is greater than 50% higher than the amount determined in Phase 1 for the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities required for the Cluster Study Project, then the Cluster Study Project shall only pay a Withdrawal Penalty in the amount of one hundred percent (100%) of its initial Study Deposit amount and shall not pay a Withdrawal Penalty based on any of its Readiness Deposit 2.

40.15.5.2 The ISO shall invoice, and Interconnection Customer shall pay, for any Withdrawal Penalty as set forth in Section 40.24.3.

40.15.5.3 The ISO shall apply the collected Withdrawal Penalty Funds pursuant to Section 40.6.5.

## **40.16 Forfeiture of Security/ Future Cost Responsibility**

### **40.16.1 Forfeiture of Security**

40.16.1.1 With the exception of the requirement in Section 40.15.2.9 that cash and Security shall be surrendered back to the issuing Interconnection Customer in connection with another Interconnection Customer's Security Posting Default, once an Interconnection Customer has accepted a Project Cost Allocation(s) or Revised Project Cost Allocation(s) in the Final Decision Round of the Final Decision Period or Additional SDU Study Decision Period, as the case may be, and paid cash or posted Security for that amount, such cash payment and Security shall be irrevocable and shall be subject to forfeiture as provided herein in the event that the Interconnection Customer that paid cash or posted the Security subsequently terminates or abandons development of its Project.

40.16.1.1.1 For Projects that accepted a Project Cost Allocation(s) or Revised Project Cost Allocation(s) in the Final Decision Round of the Final Decision Period for a Class Year Study or Additional SDU Study Decision Period completed prior to May 2, 2024, any cash and Security previously posted on a terminated Project will be subject to forfeiture to the extent necessary to defray the cost of the System Upgrade Facilities and System Deliverability Upgrades required for the Projects included in the Annual Transmission Reliability Assessment, Class Year Deliverability Study, or Additional SDU Study, as applicable, but only as described in Section 40.16 and its applicable subsections of this Attachment HH.

40.16.1.1.2 For Projects that accepted a Project Cost Allocation(s) or Revised Project Cost Allocation(s) in the Final Decision Round of the Final Decision Period for a Class Year Study, Cluster Study or Additional SDU Study Decision Period after May 2, 2024, any cash and Security previously posted on a terminated Project will be subject to forfeiture to the extent

necessary to defray the cost of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or Network Upgrade Facilities required for other projects evaluated in a Class Year Study, Cluster Study under this Attachment HH, or in a study performed under OATT Section 3.7, OATT Section 3.9, or Attachment P to the OATT, the base cases of which included the Interconnection Customer's Project and its associated Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades, as applicable, as determined by the ISO upon withdrawal of the Interconnection Customer's Project, but only as described in Section 40.16.3 below.

40.16.1.2 Security for Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades constructed by the Interconnection Customer (*i.e.*, facilities for which the Interconnection Customer elects the option to build or constructs with the agreement of the Connecting Transmission Owner or Affected Transmission Owner) shall be reduced after discrete portions of the facilities have been completed, such reductions to be based on cost estimates from the Cluster Study, subject to: (i) review by the Connecting Transmission Owner or Affected Transmission Owner with which Security is posted, (ii) transfer of ownership to the Connecting Transmission Owner or Affected Transmission Owner, as applicable of all subject property, free and clear of any liens, and (iii) transfer of title and any transferable equipment warranties reasonably acceptable to the Connecting Transmission Owner or Affected Transmission Owner with which Security is posted.

40.16.1.3 For Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades constructed by the

Connecting Transmission Owner or Affected Transmission Owner, Security shall be reduced after discrete portions of the facilities have been completed by the Transmission Owner and paid for by the Interconnection Customer, on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner or Affected Transmission Owner pursuant to an E&P Agreement or Standard Interconnection Agreement, subject to the Connecting Transmission Owner's or Affected Transmission Owner's review and approval.

#### **40.16.2 No Interconnection Customer Responsibility for Future Upgrades**

Once an Interconnection Customer has posted Security for its share of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and System Upgrade Facilities required for its project, and paid cash or posted Security for its share of the System Deliverability Upgrades required for its project, then, except as provided in Section 40.16.3 of these rules, that Interconnection Customer has no further responsibility for the cost of additional Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades that may be required in the future.

40.16.2.1      The Interconnection Agreement will reflect the Interconnection Customer's responsibility for the cost of new Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades, as that responsibility has been determined in accordance with these rules.

40.16.2.2      The cost of those additional Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades needed for future interconnection projects will be



shared between future Interconnection Customers and Transmission Owners, and allocated among future Interconnection Customers, in accordance with the rules.

#### **40.16.3 Interconnection Customer's Future Cost Responsibility**

Once an Interconnection Customer, (i) for a Class Year Project or Cluster Study Project, has accepted a Project Cost Allocation or Revised Project Cost Allocation, as the case may be, in the Final Decision Round of the Final Decision Period or Additional SDU Study Decision Period, as applicable, and paid cash or posted Security for that amount, (ii) for a Small Generating Facility, has accepted its cost allocation and paid cash or posted security pursuant to Section 32.3.5.7 of Attachment Z to the OATT, or (iii) has accepted revised costs estimates identified in a Cost Estimate Update and provided cash or posted Security in the revised amount in accordance with Section 40.6.3.5.3.3, then the accepted figure caps the Interconnection Customer's maximum potential responsibility for the cost of Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades required for its Project, except as discussed below.

40.16.3.1 If: (i) the portion of the Highway System Deliverability Upgrades required to make the Interconnection Customer's generator, Class Year Transmission Project, or Cluster Study Transmission Project deliverable is less than 90% of the total size of the Highway System Deliverability Upgrade identified for the Interconnection Customer's Project, and (ii) Interconnection Customer elects to commit to pay for its proportionate share of the Highway System Deliverability Upgrade by posting Security instead of paying cash, then the Interconnection Customer's allocated cost of the Highway System Deliverability Upgrade will be increased during the period of construction deferral by application of a

construction inflation adjustment, as discussed in Section 40.13.12.2 of these rules. When deferred construction of the Highway System Deliverability Upgrade commences, the Interconnection Customer will be responsible for actual costs in excess of the secured amount only when the excess results from changes to the operating characteristics of the Interconnection Customer's Project. If the portion of the System Deliverability Upgrades for a Highway System Deliverability Upgrade required to make one or more generators or Class Year Transmission Projects, or Cluster Study Transmission Projects deliverable is ninety percent (90%) or more of the total size (measured in MW) of the System Deliverability Upgrades, construction is not deferred, and those Interconnection Customer will be responsible for actual costs in excess of the secured amount in accordance with the rules in Sections 40.16.3.2 and 40.16.3.4 of this Attachment HH.

40.16.3.2 If the actual cost of the Interconnection Customer's share of required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades is less than the agreed-to and secured amount, the Interconnection Customer is responsible only for the actual cost figure.

40.16.3.3 If the actual cost of the Interconnection Customer's share of required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades would be greater than the agreed-to and secured amount because other Projects have been expanded, accelerated, otherwise modified, or terminated, including Transmission

Projects evaluated pursuant to Attachment P to the ISO OATT and their required upgrades, as identified pursuant to Attachment P to the ISO OATT, then the Interconnection Customer is responsible only for the agreed-to and secured amount for its Project. The additional cost is covered by the Interconnection Customers of the modified Projects, in accordance with these cost allocation rules, or by the drawing on the cash that has been paid and the Security that has been posted for terminated Projects, depending on the factors that caused the additional cost. Forfeitable cash and Security will be drawn on only as needed for this purpose, and only to the extent that the terminated Project associated with that Security has caused additional cost.

40.16.3.4 If the actual cost of the Interconnection Customer's share of required Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades is greater than the agreed-to and secured amount because of circumstances that are not within the control of the Connecting Transmission Owner or Affected Transmission Owner(s) (such as, for example: (i) changes to the design or operating characteristics of the Project that impact the scope or cost of related Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades; (ii) any costs that were not within the scope of the Class Year Study, Cluster Study, or Additional SDU Study, as applicable, that subsequently become known as part of the final construction design, including costs related to detailed design studies such as electro-magnetic transient analyses and subsynchronous resonance analyses; or

(iii) cost escalation of materials or labor, or changes in the commercial availability of physical components required for construction), the cost cap shall be adjusted by any such amount, and the Interconnection Customer or the Load Serving Entity will pay the additional costs to the Connecting Transmission Owner or Affected Transmission Owner(s) as such costs are incurred by each of them. However, to the extent that some or all of the excess cost is due to factors within the control of the Connecting Transmission Owner or the Affected Transmission Owner(s) (such as, for example, additional construction man-hours due to Connecting Transmission Owner or the Affected Transmission Owner(s) management, or correcting equipment scope deficiencies due to Connecting Transmission Owner or the Affected Transmission Owner(s) oversights), then that portion of the excess cost will be borne by the Connecting Transmission Owner or the Affected Transmission Owner(s). Disputes between the Interconnection Customer and the Connecting Transmission Owner or Affected Transmission Owner concerning costs in excess of the agreed-to and secured amount will be resolved by the parties in accordance with the terms and conditions of the applicable interconnection or construction agreement.

## **40.17 Headroom**

### **40.17.1 Headroom Accounting**

If, pursuant to these rules, an Interconnection Customer, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator, or Load Serving Entity (each an “Entity”) pays for any Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades, or for any Attachment Facilities or Distribution Upgrades that are later determined to be Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades, that create “Headroom,” and pays for the Headroom that is created, then that Entity will be paid the depreciated cost of that Headroom by the Interconnection Customer of any subsequent Project that interconnects and uses the Headroom within the applicable period of time following the creation of the Headroom, as specified in Section 40.17.1.3 herein. The ISO will depreciate Headroom cost in accordance with Section 40.17.1.3 herein.

40.17.1.1 Interconnection Customers of terminated Projects who have paid for Headroom with forfeited cash or Security instruments, as well as Interconnection Customers of completed Projects who have paid for Headroom, will be repaid in accordance with these rules.

40.17.1.2 The Interconnection Customer of the subsequent Project shall pay the prior Entity as soon as the cost responsibilities of the subsequent Interconnection Customer are determined in accordance with these rules. In the case of Headroom created by Load Serving Entity funding Highway System Deliverability Upgrades pursuant to Schedule 12 of the ISO OATT, the Interconnection Customer of the subsequent Project shall pay the Connecting Transmission Owner, and any Affected Transmission Owner(s) or Affected System Operator, that are receiving

or will receive Load Serving Entity funding for the Highway System

Deliverability Upgrades pursuant to Schedule 12 of the ISO OATT. Upon receipt of the Interconnection Customer's Headroom payment, the Connecting Transmission Owner and any Affected Transmission Owner(s) or Affected System Operator, will make the rate adjustment(s) called for by Section 6.12.4.1.3 of Schedule 12 of the ISO OATT.

40.17.1.3 The ISO will determine the depreciated cost of the Distribution Upgrades, System Upgrade Facilities and/or System Deliverability Upgrades associated with the Entity-created Headroom using one of the following two methods:

40.17.1.3.1 In all cases except the case of Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will use the FERC-approved depreciation schedule applied to comparable facilities by the Connecting Transmission Owner or the applicable Affected Transmission Owner or Affected System Operator. The ISO will depreciate the Headroom cost annually, starting with the year when the Headroom account is first established.

40.17.1.3.2 In the case of Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will use the FERC-approved depreciation schedule applied to the particular Highway System Deliverability Upgrades by the Connecting Transmission Owner or the applicable Affected Transmission Owner or Affected System Operator pursuant to Schedule 12 of the ISO OATT. The ISO will depreciate the Headroom cost annually, starting with the year the Highway System Deliverability Upgrade is placed in

service. If a Cluster Study Deliverability Study or Additional SDU Study determines that an Interconnection Customer in such study uses Headroom on such a Highway System Deliverability Upgrade before the Highway System Deliverability Upgrade has been placed in service, the ISO will calculate the Headroom use payment obligation of the Interconnection Customer using the undepreciated cost of the Headroom.

40.17.1.4 Entity-created Headroom will be measured by the ISO in accordance with these rules. The use that a subsequent Project makes of Entity-created Headroom will also be measured by the ISO in accordance with these rules.

40.17.1.4.1 In the case of Headroom on Distribution Upgrades, System Upgrade Facilities that have an excess functional capacity not readily measured in amperes or other discrete electrical units, the use that each subsequent Project makes of the Entity-created Headroom will be measured solely by using the total number of Projects in the current and prior Cluster Studies and Class Years needing or using the System Upgrade Facility.

40.17.1.4.1.1 The use that each Project in a subsequent Cluster Study makes of Headroom on such a Distribution Upgrade or System Upgrade Facility will be measured as an amount equal to  $(1/b)$ , where “b” is the total number of Projects in all prior and current Cluster Studies and Class Years using the System Upgrade Facility.

40.17.1.4.1.2 Each Interconnection Customer in a subsequent Cluster Study that uses Headroom on such a Distribution Upgrade or System Upgrade Facility will make a Headroom payment to all prior Interconnection Customers that have previously

made payments for that Distribution Upgrade or System Upgrade Facility, both the prior Interconnection Customers that have previously made Headroom payments and the Interconnection in the first Class Year or Cluster Study, as applicable, that paid for the original installation of the Distribution Upgrade or System Upgrade Facility. The amount of the Headroom payment to each prior Interconnection that each Interconnection Customer in a subsequent Cluster Study must make for its use of Headroom on such a Distribution Upgrade or System Upgrade Facility will be an amount equal to  $c/(b) \times (d)$ , where “c” is the depreciated cost of the Distribution Upgrade or System Upgrade Facility at the time of the subsequent Cluster Study, “b” is the total number of Projects in all prior and current Class Years and Cluster Studies using the Distribution Upgrade or System Upgrade Facility, and “d” is the total number of Projects in all the prior Class Years and Cluster Studies that have previously made payments for the Distribution Upgrade or System Upgrade Facility, both Headroom payments and payments for original installation.

40.17.1.4.2 In the case of Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades that have an excess capacity readily measured in amperes or other discrete electrical units, the use the subsequent Project makes of the Entity-created Headroom will be measured in terms of the electrical impact of the subsequent Project, as that electrical impact is determined by the ISO in accordance with these rules.

40.17.1.4.3 The ISO will publish accounts showing the Headroom for each Interconnection Customer and other Entities, and will update those accounts to



reflect the impact of subsequent Projects. With the exception of Headroom on Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will close the Headroom account of an Entity when the electrical values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.

40.17.1.4.3.1 In the case of Headroom on Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the ISO OATT, the ISO will close the Headroom account of the Load Serving Entity when the MW value in the account is reduced to zero, or at the end of the useful financial life of the Highway System Deliverability Upgrades, whichever occurs first.

40.17.1.4.4 If a subsequent Interconnection Customer uses up all the Headroom of an earlier Entity, and also triggers the need for a new Distribution Upgrade, System Upgrade Facility or System Deliverability Upgrade, then the subsequent Interconnection Customer will pay the Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator for the new Distribution Upgrade. System Upgrade Facility or System Deliverability Upgrade, but will not pay the earlier Entity for the Headroom used up or the account extinguished. However, the earlier Entity will get a new Headroom account and a *pro rata* share of the Headroom in the new Distribution Upgrade, System Upgrade Facility or System Deliverability Upgrade purchased by the subsequent Interconnection Customer. The economic value of this *pro rata* share will be equal to the

economic value of the earlier Entity's Headroom account that was extinguished by the subsequent Interconnection Customer.

40.17.1.5 The Interconnection Customer of the subsequent Project shall pay the prior Entity within the five (5) business day period specified in Section 40.15.2.8 of this Attachment HH. Headroom obligations related to a Distribution Upgrade or System Upgrade Facility that has been fully constructed must be satisfied by cash payment. All remaining Headroom obligations may be satisfied by a form of "Headroom Security" – 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 prior Entity, meeting the requirements of these cost allocation rules, and meeting the respective commercially reasonable requirements of the prior Entity. Headroom Security shall be posted to cover the period ending on the date on which full payment is made to the prior Entity for the Headroom obligation; *provided, however*, that Headroom Security may be posted with a term as short as one year, so long as such Headroom Security is replaced no later than fifteen (15) business days before its stated expiration. In the event Headroom Security is not replaced as required in the preceding sentence, the prior Entity shall be entitled to draw upon the Headroom Security and convert it to cash, which cash shall be held by the prior Entity for the account of the Interconnection Customer.

#### **40.17.2 Headroom Account Adjustments in the CBA**

In addition to the adjustments made by the ISO in Headroom accounts to reflect the impact of subsequent Projects, the ISO will make other adjustments to Headroom accounts when

preparing for each Cluster Baseline Assessment. The ISO will make these adjustments to reflect the impact of changes in the Existing System Representation modeled for the Cluster Baseline Assessment that result from the installation, expansion or retirement of generation and transmission facilities for load growth and changes in load patterns. Such changes in the Existing System Representation can also result from changes in these rules or the criteria, methods, or software used to apply these rules.

40.17.2.1 No compensation will be paid as a result of these changes to the Existing System Representation. However, the ISO will adjust the ratios of dollars to electrical values in each Entity's account to maintain the economic value of the Entity's account that existed before the changes were made in the Existing System Representation.

40.17.2.2 The ISO will make no adjustments to Headroom accounts for the impact of subsequent generic solutions, except in those cases where the generic solution is a Cluster Study Project and the adjustment is made to reflect the impact of the Cluster Study Project.

### **40.17.3 Rate Base Facilities**

With the exception of Interconnection Customer's use of Headroom created by Load Serving Entity funding of Highway System Deliverability Upgrades pursuant to Schedule 12 of the ISO OATT, Interconnection Customers are not charged for their use of any rate base facilities, except to the degree applicable as customers taking service in accordance with the rates, if any, that apply to those facilities.

## **40.18 CRIS Retention, Expiration, Transfer and External CRIS**

### **40.18.1 ERIS Election and future Evaluation for CRIS**

Whenever an Interconnection Customer elects to interconnect taking ERIS only, that Interconnection Customer may, at any later date, ask the ISO to evaluate the Interconnection Customer's Facility for CRIS by applying in accordance with the requirements in this Attachment HH to include the Interconnection Customer's Facility in (1) the next Cluster Study Process and the Cluster Study Deliverability Study to be conducted for that Cluster Study; or (2) the next open Expedited Deliverability Study.

### **40.18.2 CRIS Rights**

#### **40.18.2.1 Retaining CRIS Status**

Facilities awarded CRIS pursuant to this Attachment HH, as allocated among the facilities' individual units, as applicable, will retain such CRIS to the extent specified in Sections 40.18.2.2 and 40.18.2.3 of this Attachment HH, regardless of subsequent changes to the transmission system or the transfer of facility ownership. Facilities awarded CRIS pursuant to this Attachment HH that withdraw, or are deemed withdrawn by the ISO, from the ISO's Queue will not receive any CRIS awarded to the facility through that Queue Position.

#### **40.18.2.2 Full CRIS Termination**

Subject to the requirements set forth in Sections 40.18.2.2.1 through 40.18.2.2.2 and the subsections therein, CRIS will be terminated in full upon request by the facility owner or due to three continuous years of the facility being CRIS-inactive, except as provided in Sections 5.18.2.3.2, 5.18.3.3.2, and 5.18.5 of the ISO Services Tariff. The effective date of CRIS termination pursuant to this Section 40.18.2.2 will be the date the ISO has completed processing the termination request and provided notice of same to the requesting facility owner.

**40.18.2.2.1 Voluntary termination.** A facility that (a) is Retired or in a Mothball Outage or (b) is in an ICAP Ineligible Forced Outage, and has been assessed in a STAR or a Generator Deactivation Assessment where the ISO, in coordination with the Responsible Transmission Owner(s), determined that a Generator Deactivation Reliability Need will not result from the facility's deactivation, may elect to relinquish its CRIS, before that CRIS would otherwise expire under this Attachment HH, upon notification to the ISO by submitting its request in accordance with ISO Procedures. Relinquishment of CRIS under this Section 40.18.2.2.1 may only be in full (*i.e.*, the facility may not elect to relinquish only a portion of its CRIS).

**40.18.2.2.2 Termination for CRIS-Inactive Facilities.** CRIS will terminate in full after three continuous years of being CRIS-inactive, as defined in Section 40.18.2.2.2.1, except as provided in Sections 5.18.2.3.1, 5.18.2.3.2, and 5.18.5 of the ISO Services Tariff.

40.18.2.2.2.1 For the purpose of the rules in this Section 40.18.2.2.2, once a facility with CRIS has synchronized, it becomes CRIS-inactive on the last day of the month for which it fails to (i) offer any capacity into ISO capacity auctions, and/or (ii) certify any capacity as an Installed Capacity Supplier through a Bilateral Transaction(s) or Export of capacity to an External Control Area, except as provided in Sections 40.18.2.2.2.1.1 and 40.18.2.2.2.1.2 below.

40.18.2.2.2.1.1 A facility that has synchronized before February 29, 2020, and was not CRIS-inactive under the previously effective rules due to its activity as a load modifier, will be considered CRIS-inactive no earlier than February 29, 2020, based on its activity on and after that date.

40.18.2.2.2.1.2 A facility that has synchronized before February 29, 2020, but never offered capacity into ISO capacity auctions or certified capacity through a bilateral prior to February 29, 2020, will be considered CRIS-inactive no earlier than February 29, 2020, based on its activity on and after that date.

40.18.2.2.2.2 In the case of a CRIS-inactive facility, the facility's CRIS terminates three years after the facility becomes CRIS-inactive, except as provided in Sections 5.18.2.3.2, 5.18.3.3.2, and 5.18.5 of the ISO Services Tariff, unless the CRIS-inactive facility takes one of the following actions before the end of the three-year period: (1) returns to service and participates in an ISO capacity auction or bilateral transactions or (2) transfers CRIS to another facility as permitted by Sections 40.18.3 and 40.18.4 of this Attachment HH.

#### **40.18.2.3 Partial CRIS Termination**

40.18.2.3.1 For a facility other than a facility that has Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights (*i.e.*, Generators internal to the NYCA), CRIS utilization is the MW sum for a given month of the Installed Capacity Equivalent of UCAP: (1) offered into ISO capacity auctions; (2) certified through a Bilateral Transaction(s); and (3) exported to an External Control Area. If its CRIS utilization ratio (*i.e.*, ratio of the monthly CRIS utilization to its total applicable seasonal CRIS value) falls at or below 0.9 for every month for three consecutive years, measured on a forward rolling basis from July 3, 2023, the facility's CRIS will be reduced to the MW level of its existing CRIS values multiplied by the sum of (1) its maximum utilization ratio for any month within the prior three-year period and (2) 0.05, rounded to the nearest tenth of a MW. For purposes of calculating CRIS utilization pursuant to this Section 40.18.2.3.1, any months during which a facility is in a Mothball Outage

or ICAP Ineligible Forced Outage are excluded and not considered as part of the three-year period for determining CRIS utilization. If a facility returns to service from a Mothball Outage or an ICAP Ineligible Forced Outage, the three (3)-year period for determining CRIS utilization will not restart, but will resume from the point when the facility entered the Mothball Outage or the ICAP Ineligible Forced Outage. For example, if after two (2) consecutive years of a CRIS utilization ratio at or below 0.9, a facility enters an ICAP Ineligible Forced Outage, then the three-year period does not continue during the ICAP Ineligible Forced Outage but resumes the first month the facility is eligible to participate in the ICAP market as determined by Section 5.18.2.2 of the ISO Services Tariff.

40.18.2.3.2 For a facility with CRIS that has Unforced Capacity Deliverability Rights or External-to-ROS Deliverability Rights (“UDR/EDR transmission facility”), if during the three years from the Synchronization Date of the UDR/EDR transmission facility the facility has not demonstrated, consistent with ISO Procedures, that it is capable of delivering MW of Energy to the NYCA interface equivalent to its MW of CRIS, its CRIS MW will be reduced to the maximum MW of Energy the UDR/EDR transmission facility has demonstrated it is capable of delivering to the NYCA interface pursuant to ISO Procedures of any month during this three-year period. For purposes of this Section 40.18.2.3.2, a UDR/EDR transmission facility is capable of delivering Energy to the NYCA interface if it demonstrates deliverability as required by ISO Procedures to be eligible to sell capacity for a particular month, in accordance with the requirements based on the Control Area where the External Installed Capacity Supplier is electrically located.

#### **40.18.2.4 Term of External CRIS Rights**

40.18.2.4.1 The initial term of External CRIS Rights, whether based on a Contract or Non-Contract Commitment, will be for an Award Period of no less than five (5) years.

40.18.2.4.2 An entity holding External CRIS Rights may renew those rights for one or more subsequent terms, as described below:

40.18.2.4.2.1 An entity holding External CRIS Rights based on a Contract Commitment may renew its External CRIS Rights, provided that the ISO receives from the entity a request to renew on or before the date specified in Section 40.18.2.4.2.3 indicating that the entity has renewed its bilateral contract to supply External Installed Capacity for an additional term of no less than five (5) years. If the entity does so, then that entity's External CRIS Rights will be renewed for the same additional term, without any further evaluation of the deliverability of the External Installed Capacity covered by the renewed bilateral contract.

40.18.2.4.2.2 An entity holding External CRIS Rights based on a Non-Contract Commitment may renew its External CRIS Rights, provided that the ISO receives from the entity a request to renew on or before the date specified in Section

40.18.2.4.2.3. Any Non-Contract Commitment renewal must be for an additional term of no less than five (5) years. If the entity does so, then that entity's External CRIS Rights will be renewed for the same additional term, without any further evaluation of the deliverability of the External Installed Capacity associated with the Non-Contract Commitment.

40.18.2.4.2.3 Requests for renewal of External CRIS Rights must comply with ISO Procedures and be received by the ISO on or before a date defined by the earlier



of: (i) six months prior to the expiration date of the Contract or Non-Contract Commitment, or (ii) one month prior to the closing of the Application Window that is prior to the start of the last Summer Capability Period within the current Award Period or renewal of an Award Period.

40.18.2.4.3 External CRIS Rights will terminate at the end of the effective Award Period or renewal of an Award Period if those rights have not been renewed for an additional term, pursuant to the process described above.

#### **40.18.2.5 CRIS for Facilities Pre-Dating Class Year 2007**

40.18.2.5.1 For facilities pre-dating Class Year 2007, *i.e.*, facilities interconnected or completely studied for interconnection before the projects in Class Year 2007, the facility shall qualify for CRIS service so long as (i) it is not retired (*e.g.*, identified as retired in a NYISO Load and Capacity Data Report prior to October 5, 2008, (ii) its interconnection agreement is not terminated, and (iii) the facility begins commercial operations within three years of the Commercial Operation Date or comparable commencement date specified in its initial interconnection agreement filing.

40.18.2.5.2 A Generator or merchant transmission facility pre-dating Class Year 2007 without an interconnection agreement on October 5, 2008, or one with an initial interconnection agreement filing that does not specify a Commercial Operation Date or any comparable commencement date, shall qualify for CRIS so long as it is not retired (*e.g.*, identified as retired in a NYISO Load and Capacity Data Report) prior to October 5, 2008 and it begins Commercial Operation within three (3) years of its in-service date specified in the 2008 NYISO Load and Capacity Data Report.

40.18.2.5.3 For Generators pre-dating Class Year 2007, the CRIS capacity level will be set at the maximum DMNC level achieved during the five most recent Summer Capability Periods prior to October 5, 2008, even if that DMNC value exceeds nameplate MW.

40.18.2.5.4 For a Generator pre-dating Class Year 2007 and not having DMNC levels recorded for five Summer Capability Periods prior to October 5, 2008, its CRIS capacity level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods until it has DMNC levels recorded for five Summer Capability Periods. Prior to the establishment of the Generator's first DMNC value for a Summer Capability Period, the Generator's CRIS level will be set at nameplate MW.

40.18.2.5.5 The CRIS capacity level for intermittent resources pre-dating Class Year 2007 will be set at nameplate MW, and the CRIS capacity level for controllable lines pre-dating Class Year 2007 will be set at the MW of Unforced Capacity Deliverability Rights awarded to them.

40.18.2.5.6 Existing Generators that are eligible for CRIS under this Section 40.18.2.5 that wish to obtain CRIS pursuant to this provision must request CRIS within 60 days of May 19, 2016; CRIS cannot be obtained under this Section 40.18.2.5 if not requested by such date.

#### **40.18.2.6 CRIS for Facilities Not Subject to ISO Interconnection Procedures**

All facilities that wish to become eligible to participate as Installed Capacity Suppliers pursuant to the requirements of Section 5.12 of the ISO Services Tariff, must have CRIS, even if the facility is not or was not, when interconnected, subject to the ISO's interconnection procedures.

Facilities not subject to the ISO's interconnection procedures may obtain CRIS rights by (i) entering a Class Year Deliverability Study, Cluster Study Deliverability Study or Expedited

Deliverability Study and satisfying the NYISO Deliverability Interconnection Standard or (ii) satisfying the requirements set forth in Section 40.18.2.6.1. For a facility subject to this Section 40.18.2.6 that has obtained CRIS on or before February 29, 2020, its CRIS will terminate four (4) years after February 29, 2020, if the Interconnection Customer has failed to provide notice to the ISO that the facility has synchronized. For a facility subject to this Section 40.18.2.6 that obtains CRIS after February 29, 2020, its CRIS will terminate four (4) years after the facility obtains CRIS, if the Interconnection Customer fails to provide notice to the ISO that the facility has synchronized.

40.18.2.6.1 A facility not subject to the ISO's interconnection procedures set forth in the then-applicable Attachments X and Z to the ISO OATT was eligible to obtain CRIS without being evaluated under the NYISO Deliverability Interconnection Standard if it met the following requirements (i) if the facility had not commenced Commercial Operation, it must have completed all required interconnection studies and have had an effective interconnection agreement by May 19, 2016, (ii) if the facility had commenced Commercial Operation by May 19, 2016, it must have had an effective interconnection agreement and must not have been out-of-service for more than three (3) consecutive years; (iii) if the facility was not, when first interconnected, subject to the ISO's then-applicable interconnection procedures set forth in Attachments X and Z to the ISO OATT, and (iv) the facility owner must have requested CRIS within sixty (60) days of May 19, 2016. The CRIS level for a facility that qualified for CRIS under this Section 40.18.2.6.1 was set in accordance with Section 40.18.2.6.1.1 and 40.18.2.6.1.2.

#### **40.18.2.6.1.1 BTM:NG Resource**

A BTM:NG Resource's initial CRIS level will be set at its Net-ICAP level. The CRIS level will be set, and reset if necessary, at the maximum Net-ICAP level achieved during successive Summer Capability Periods until the facility has Net-ICAP levels recorded for five Summer Capability Periods. The five-year CRIS set and reset period begins with the first Summer Capability Period, following receipt of an initial CRIS value, for which the BTM:NG Resource's Net-ICAP calculation incorporates a demonstrated Average Coincident Host Load. The final CRIS level will be the highest Net-ICAP recorded for the Summer Capability Period during the five-year set and reset period, excluding the initial CRIS level.

The five-year CRIS set and reset period will terminate early, before five Net-ICAP values have been recorded if any of the following conditions occurs: (i) the BTM:NG Resource ceases to qualify as a BTM:NG Resource pursuant to Section 5.12.1 of the ISO Services Tariff; (ii) the BTM:NG Resource elects to participate as another type of Installed Capacity Supplier, other than as a BTM:NG Resource; or (iii) the BTM:NG Resource's Net ICAP is equal to or less than zero for a Capability Period. Upon an early termination of the five-year CRIS set and reset period, the final CRIS value will be determined based on the available data from the CRIS set and reset period up to the point of early termination – *i.e.*, the highest Net-ICAP value recorded during the CRIS set and reset period prior to the point of early termination.

#### **40.18.2.6.1.2 Facilities Other than BTM:NG Resources**

Prior to the establishment of the Generator's first DMNC value for a Summer Capability Period, the Generator's CRIS level will be set at nameplate MW. The CRIS level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer

Capability Periods until the facility has DMNC levels recorded for five Summer Capability Periods.

#### **40.18.2.7 CRIS for BTM:NG Resources**

40.18.2.7.1 If meter data is available for both the Load and the Generator, the initial CRIS that can be requested is limited to the demonstrated Net-ICAP. If meter data is not available for either the Load or the Generator of the BTM:NG Resource, the initial CRIS that can be requested is limited to the Net-ICAP calculation set forth in Section 5.12.1 of the ISO Services Tariff. The initial CRIS level will set at the CRIS MW level: (i) evaluated in, as applicable, the Cluster Study Deliverability Study and (ii) either found to be deliverable or for which the Interconnection Customer accepted its Project Cost Allocation and posted Security for any required System Deliverability Upgrades.

40.18.2.7.2 The CRIS level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods, not to exceed the initial CRIS level, until the facility has DMNC levels recorded for five Summer Capability Periods – *i.e.*, the initial CRIS level will act as a cap through the set and reset period and for the final CRIS level. The final CRIS level will be the highest Net-ICAP recorded for the Summer Capability Period during the five-year set and reset period, excluding the initial CRIS level.

40.18.2.7.3 The five-year CRIS set and reset period will terminate early, before five Net-ICAP values have been recorded if any of the following conditions occurs: (i) the BTM:NG Resource ceases to qualify as a BTM:NG Resource pursuant to Section 5.12.1 of the Services Tariff; (ii) the BTM:NG Resource elects to participate as another type of Installed Capacity Supplier, other than as a BTM:NG Resource; or (iii) the BTM:NG Resource's Net ICAP is equal to or less than zero for a Capability Period. Upon an early termination of the five-year CRIS set

and reset period, the final CRIS value will be determined based on the available data from the CRIS set and reset period up to the point of early termination – *i.e.*, the highest Net ICAP value recorded during the CRIS set and reset period prior to the point of early termination.

### **40.18.3 Transfer of Deliverability Rights - Same Location**

40.18.3.1 A facility with CRIS (“transferor facility”) may, on or after its Synchronization Date, transfer some or all of its CRIS to a facility at the same electrical location (“transferee facility”), provided that (1) the transferee facility must be operational before the CRIS of the transferor facility terminates pursuant to Section 40.18.2 of this Attachment HH; and (2) the transferor facility, if it is Retired, in a Mothball Outage or is in an ICAP Ineligible Forced Outage, has been assessed in a STAR or a Generator Deactivation Assessment where the ISO, in coordination with the Responsible Transmission Owner(s), determined that a Generator Deactivation Reliability Need will not result from the Facility’s deactivation. For purposes of this Section 40.18.3, “same electrical location” means that the facilities are interconnecting to the same transmission bus at the same kV level. The transferee facility, if it has not already synchronized (*i.e.*, reached its Synchronization Date), will only acquire the transferred CRIS once transferee facility has synchronized (*i.e.*, reached its Synchronization Date). CRIS is stated in MW of Installed Capacity. In the case of transfers between the same or different resource types, those MW of Installed Capacity will be adjusted by the derate factor applicable to the transferor facility (based on the asset-class derate factors used in the most recent Class Year Deliverability Study or Cluster Study Deliverability Study) before the transfer and, following the transfer, will be readjusted to MW of Installed Capacity in accordance with the derate factor applicable to the transferee facility (based on the asset-class derate factors used in the most recent Class Year Deliverability Study or Cluster Study Deliverability Study). In the case of a

Distributed Energy Resource (DER), CRIS rights are requested and awarded at the DER level, not at the individual asset level or at the Aggregation level, and therefore, may only be transferred at the DER level under this Section 40.18.3.

40.18.3.2 For purposes of calculating the period of time a facility is CRIS inactive pursuant to Section 40.18.2.2.2 of this Attachment HH, the period of time the facility is CRIS inactive prior to the transfer does not impart to the transferee facility (*i.e.*, if the transferor facility had been CRIS inactive for two years prior to the transfer, that two years does not transfer with the transferred CRIS. The transferee's CRIS is reset for purposes of Section 40.18.2.2.2).

40.18.3.3 If the transferor facility remains active (*i.e.*, as ERIIS-only or with less than its original MW level of CRIS), it must submit a transfer notification form to the ISO in accordance with ISO Procedures before August 1 for the requested transfer to become effective at the later of the start of the next Capability Year (*i.e.*, May 1) or the Synchronization Date of the transferee facility. If transferee facility does not reach its Synchronization Date before the end of the next Capability Year (*i.e.*, April 30), the transfer will not be effective, and the CRIS will remain with the transferor. A transferor facility that does not satisfy the above requirements must deactivate prior to transferring its CRIS.

40.18.3.4 If the transferor facility is located in a Mitigated Capacity Zone, it may obtain a final physical withholding determination pursuant to Section 23.4.5.6.5 of the MST. If the transferee facility is located in a Mitigated Capacity Zone and is not an Excluded Facility, pursuant to Section 23.2 of the MST, the transferee facility must, pursuant to Section 23.4.5.7 of the MST, obtain a Buyer-Side Mitigation determination for the transfer to become effective as soon as the start of the next capability month after the date upon which the last of the following

occurs: the transferee obtains a Buyer-side Mitigation determination, if applicable; the transferor obtains a physical withholding determination, if applicable; and the facility meets all other applicable requirements in this Section 40.18.3; *provided however*, that if the same-location CRIS transferor elects to remain active (*i.e.*, as ERIS-only or with less than its original MW level of CRIS), such Buyer-Side Mitigation determination must be obtained before August 1 of the current Capability Year for the transfer to become effective at the later of the start of the next Capability Year (*i.e.*, May 1) or the Synchronization Date of the transferee facility.

#### **40.18.4 Transfer of Deliverability Rights - Different Locations**

CRIS may also be transferred on a bilateral basis between an existing facility within the NYCA (“transferor facility”) and a new facility at a different location within the NYCA (“transferee facility”) to the extent that the transferee facility is found to be deliverable with the transferred. The transferee facility may contract with an existing facility with CRIS to transfer some or all of the existing facility’s CRIS. The transferee facility will be allowed to acquire these rights if it meets the requirements set forth below:

- 40.18.4.1 The transferee must submit an Interconnection Request or CRIS-Only Request in a Cluster Study. CRIS will be stated in MW of Installed Capacity. In the case of transfers between different resource types, those MW of Installed Capacity will be adjusted by the derate factor applicable to the existing facility before the transfer and, following the transfer, will be readjusted to MW of Installed Capacity in accordance with the derate factor applicable to the new project. All derate factors will be based on the asset-class derate factors in the current Cluster Study Deliverability Study.



- 40.18.4.1.1 The ISO will evaluate the deliverability of the Cluster Study Projects together, with no transfers, to determine the extent to which transferee facilities in the Cluster for that Cluster Study are deliverable without the proposed transfers.
- 40.18.4.1.2 The ISO will then reduce the output of all transferor facilities to see if the new facility counterparties benefit, *i.e.*, their undeliverable capacity is made deliverable, from the proposed transfers; *provided, however*, the transferor facilities will be reduced only to the extent that their reduction does not adversely impact the deliverability of Cluster Study Projects that are not parties to the proposed transactions.
- 40.18.4.1.3 If the deliverability test conducted by the ISO shows that the transferee facilities in the Cluster for that Cluster Study are fully or partially deliverable with these reductions of the established facility counterparties, then the transferee facilities will be given five business days to notify the ISO as to whether transfer transaction is final or not. If any proposed transactions are not finalized, then Sections 40.18.4.1.1 and 40.18.4.1.2 will be repeated until all proposed transactions have been terminated or finalized.
- 40.18.4.2 For each finalized transaction, the transferor facility will be modeled in the Cluster Study at its reduced output level (current level less CRIS finally transferred adjusted by the applicable derate factors). The Deliverability of Cluster Study Projects not parties to finalized transactions may benefit, but will not be adversely affected, by those transactions.

40.18.4.3 The transferor facility will be restricted in future capacity sales up to levels consistent with the CRIS rights that were transferred to the new project counterparty.

40.18.4.4 The transferee facility will only acquire the transferred CRIS once the transferee facilities becomes operational at the levels necessary to utilize those rights, provided that (1) the transferee facility must be operational before the CRIS of the transferor facility terminates pursuant to Section 40.18.2 of this Attachment HH; and (2) the transferor facility, if it is Retired, in a Mothball Outage or is in an ICAP Ineligible Forced Outage, has been assessed in a STAR or a Generator Deactivation Assessment where the ISO, in coordination with the Responsible Transmission Owner(s), determined that a Generator Deactivation Reliability Need will not result from the Facility's deactivation.

If the transferor facility is located in a Mitigated Capacity Zone, it may be subject to a final physical withholding determination pursuant to Section 23.4.5.6.1 of the ISO Services Tariff. If the transferee facility is located in a Mitigated Capacity Zone and is not an Excluded Facility, pursuant to Section 23.2 of the ISO Services Tariff, the transferee facility must, pursuant to Section 23.4.5.7 of the ISO Services Tariff, obtain a Buyer-Side Mitigation determination. Transfers may become effective as soon as the start of the next capability month after the date upon which the last of the following occurs: the transferee obtains a Buyer-Side Mitigation determination, if applicable the transfer is found deliverable as described above in Sections 40.18.4.1.1, 40.18.4.1.2 and

40.18.4.1.3, and the facility meets all other applicable requirements in Sections 40.18.4.1 and 40.18.4.1.3.

For purposes of calculating the period of time a facility is CRIS inactive pursuant to Section 40.18.2.2.2 of this Attachment HH, the period of time the facility is CRIS inactive prior to the transfer does not impart to the transferee facility (*i.e.*, if the transferor facility had been CRIS inactive for two years prior to the transfer, that two years does not transfer with the transferred CRIS. The transferee's CRIS is reset for purposes of Section 40.18.2.2.2).

#### **40.18.5 Transfer of External CRIS Rights**

A holder of External CRIS Rights may transfer some or all of the Contract or Non-Contract CRIS MW that it holds to another entity, provided that the following requirements are met:

40.18.5.1 The entity to receive the External CRIS Rights must, prior to the transfer, make either (i) a Contract Commitment of External Installed Capacity satisfying the requirements of Section 40.13.11.1.1 of this Attachment HH, or (ii) a Non-Contract Commitment of External Installed Capacity satisfying the requirements of Section 40.13.11.1.2 of this Attachment HH; and

40.18.5.2 The External Installed Capacity of the entity to receive the External CRIS Rights must use the same External Interface(s) used by the External Installed Capacity of the entity currently holding the External CRIS Rights; and

40.18.5.3 The transfer must be for the remaining duration of the Award Period or renewal of an Award Period currently effective for the External CRIS Rights to be transferred; and

40.18.5.4 If the holder of External CRIS Rights transfers some, but not all of its CRIS MW, the number of CRIS MW transferred must be such that, following the transfer, both the holder and the entity receiving External CRIS Rights satisfy the applicable requirements of Section 40.13.11.1.1 and 40.13.11.1.2 of this Attachment HH; and

40.18.5.5 The transfer must take place on or before the earlier of:

40.18.5.5.1 Six months prior to the expiration date of the Contract or Non-Contract Commitment of the entity currently holding the External CRIS Rights to be transferred; or

40.18.5.5.2 One month prior to the closing of the Application Window that is prior to the start of the last Summer Capability Period within the current Award Period or renewal of an Award Period.

## **40.19 Expedited Deliverability Study Procedures**

### **40.19.1 Study Start Date**

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*, that an Expedited Deliverability Study may not commence during the period between the posting of, as applicable, the draft Class Year Study or Phase 2 Cluster Study report for Operating Committee approval and commencement of the next Phase 1 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 or Cluster Study decision and settlement period, the Expedited Deliverability Study will begin on the first Business Day after ten (10) Calendar Days following the Cluster Study Process Start Date that immediately follows the above-described Class Year or Cluster Study 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.

### **40.19.2 Study Entry Requirements and Schedule**

In order to become eligible to enter an Expedited Deliverability Study, an Interconnection Customer 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 Cluster Study 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 or Cluster

Study for ERIS, a completed facilities study for Small Generating Facilities processed under the Small Generator Interconnection Procedures pursuant to Section 40.3.1, or a utility interconnection study if the facility is not subject to the ISO interconnection procedures under Attachment HH. As set forth in Section 40.13.1, a Project may not be evaluated in both the Cluster Study Process and an Expedited Deliverability Study simultaneously (i.e., an Interconnection Customer with CRIS being evaluated in a Cluster Study Process may not enter an Expedited Deliverability Study for evaluation of the same CRIS request until the Cluster Study has completed. An Interconnection Customer with CRIS being evaluated in an Expedited Deliverability Study may not enter a Cluster Study Process for evaluation of the same CRIS request until the Expedited Deliverability Study has completed).

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 40.19.3 of this Attachment HH 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 for all members of the Expedited Deliverability Study: (1) the executed Expedited Deliverability Study Agreement; (2) the \$30,000 Expedited Deliverability Study deposit required by Section 40.19.3 of this Attachment HH; and (3) the technical data required by Section 40.19.3 of this Attachment HH.

### **40.19.3 Expedited Deliverability Study Agreement and Invoicing of Study Costs**

40.19.3.1 As soon as practicable after an Interconnection Customer 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 8 to this Attachment HH. When the ISO tenders an Expedited Deliverability Study Agreement to an Interconnection Customer, 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 Interconnection Customer 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 Interconnection Customer, the ISO shall provide to the Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Expedited Deliverability Study.

40.19.3.2 Within ten (10) Business Days after the ISO tenders the Expedited Deliverability Study Agreement, the Interconnection Customer shall complete the Expedited Deliverability Study Agreement and deliver the completed agreement to the ISO. Interconnection Customer 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 40.5.6.5 of this Attachment HH. Interconnection Customer 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 in accordance with the requirements in Section 40.2.4.

40.19.3.3 The Interconnection Customer, 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 completed Expedited Deliverability Study Agreement, the required technical data, and the required deposit from the Interconnection Customer. The ISO

shall provide a copy of the fully executed Expedited Deliverability Study Agreement to the Interconnection Customer and Connecting Transmission Owner.

40.19.3.4 The ISO shall invoice the Interconnection Customer in accordance with the requirements in Section 40.24.3.

#### **40.19.4 No Prioritization of Projects in an Expedited Deliverability Study**

There will be no prioritization of the Projects grouped and studied together in an Expedited Deliverability Study. 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 40.19.4, 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.

#### **40.19.5 Expedited Deliverability Study Procedures**

The ISO shall perform the Expedited Deliverability Study in accordance with the requirements for an Expedited Deliverability Study in Section 40.13 of this Attachment HH. 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 Interconnection Customer 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 Interconnection Customer 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 Interconnection Customer, the ISO, Connecting Transmission Owner, and Affected System Operator(s) shall meet with the Interconnection Customer 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 40.19.2 of this Attachment HH; *provided, however*, an Expedited Deliverability Study report shall not proceed to the Operating Committee between Operating Committee approval of a Class Year Study or Phase 2 Study and commencement of the next Phase 1 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 or Phase 2 Study. After Operating Committee approval of the Expedited Deliverability Study report, the Interconnection Customer 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 or Cluster Study proceeds to the final decision and settlement period and a Class Year Project or Cluster Study 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 Phase 1 Study.

At the request of an Interconnection Customer subject to an Expedited Deliverability Study, 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 Interconnection Customer 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 Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Upon request, the ISO shall provide the Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Expedited Deliverability Study, subject to non-disclosure arrangements consistent with Section 40.24.1.

#### **40.19.6 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 Interconnection Customer in the Expedited Deliverability Study shall provide notice to the ISO, in writing 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 an Interconnection Customer 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 Cluster Study Projects, in writing via electronic mail, all of the decisions submitted by Interconnection Customers in the Expedited Deliverability Study.

At the end of the Expedited Deliverability Study Initial Decision Period, if one or more of the Interconnection Customers provides an Expedited Deliverability Study Non-Acceptance Notice (such event an “Expedited Deliverability Study Non-Acceptance Event”), the

Interconnection Customer 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 Interconnection Customers 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 Interconnection Customer shall be deemed to have accepted its respective Deliverable MW identified in the revised Expedited Deliverability Study report.

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

Prior to executing a Standard Interconnection Agreement, an Interconnection Customer may, in order to advance the implementation of its interconnection request, and Connecting Transmission Owner shall offer the Interconnection Customer, 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 Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of these Standard Interconnection Procedures. The E&P Agreement is an optional procedure, and it will not alter the Interconnection Customer’s Queue Position or Initial Backfeed Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer and to make advance payments or provide other satisfactory security for such costs. The Interconnection Customer shall, in accordance with Attachment HH to the ISO OATT, 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 Interconnection Customer withdraws its Interconnection Request or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer 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 Interconnection Customer any amounts paid by the Interconnection Customer for such

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

## **40.21 Standard Interconnection Agreement (IA)/ Standard Upgrade Construction Agreement/ Standard Multiparty Upgrade Construction Agreement**

### **40.21.1 Tender**

40.21.1.1 Except as set forth in Section 40.21.4, as soon as practicable upon (i) completion of the decision process in, as applicable, the Final Decision Period, Additional SDU Study Decision Period, or Affected System Study and (ii) Interconnection Customer's satisfaction of the cost allocation and Security posting requirements described in, as applicable, Section 40.8.3.10 or 40.15, the ISO shall tender, as applicable:

(i) a draft Standard Interconnection Agreement to the Interconnection Customer and Connecting Transmission Owner in the form of the ISO's Commission-approved Standard Interconnection Agreement, which is in Appendix 15 to this Attachment HH, together with draft appendices completed to the extent practicable;

(ii) a draft Standard Upgrade Construction Agreement to an Interconnection Customer and an Affected System Operator or Affected Transmission Owner for the engineering, procurement, and construction of System Upgrade Facilities or System Deliverability Upgrades identified on an Affected System in connection with either the evaluation of an Interconnection Customer's Interconnection Request or CRIS-Only Request in the Cluster Study Process or the results of an Affected System Study for an Affected System Interconnection Customer; the draft agreement will be in the form of the ISO's Commission-approved Standard Upgrade Construction Agreement, which is in Appendix 16 to this Attachment HH, together with draft appendices completed to the extent practicable; and/or

(iii) a draft Standard Multiparty Upgrade Construction Agreement to two or more Interconnection Customers and an Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner for the engineering, procurement, and construction of System

Upgrade Facilities or System Deliverability Upgrades identified on an Affected System or Connecting Transmission Owner's system in connection with either the evaluation of two or more Interconnection Customers' Interconnection Request(s) or CRIS-Only Request(s) in the Cluster Study Process or the results of an Affected System Study for two or more Affected System Interconnection Customers; the draft agreement will be in the form of the ISO's Commission-approved Standard Multiparty Upgrade Construction Agreement, which is in Appendix 17 to this Attachment HH, together with draft appendices completed to the extent practicable.

#### **40.21.2 Negotiation**

The ISO, the Interconnection Customer(s), and, as applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner shall finalize the appendices and negotiate concerning any disputed provisions of the draft Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Standard Multiparty Upgrade Construction Agreement and its appendices subject to the time limitation specified below in this Section 40.21.2. If the Interconnection Customer (or the Interconnection Customers acting jointly in the case of a Standard Multiparty Upgrade Construction Agreement) determines that negotiations of the applicable agreement are at an impasse, it may request termination of the negotiations at any time after tender of the draft agreement pursuant to Section 40.21.1 and request submission of the unexecuted agreement to FERC or initiate Dispute Resolution procedures pursuant to Section 40.24.5. If the Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted agreement or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request or CRIS-Only Request. Unless otherwise agreed by

the Parties, if the Interconnection Customer has not executed the agreement, requested filing of an unexecuted agreement, or initiated Dispute Resolution procedures pursuant to Section 40.24.5 within one hundred eighty (180) days of tender of the draft agreement, it shall be deemed to have withdrawn its Interconnection Request or CRIS-Only Request.

**40.21.2.1 Delay in Standard Interconnection Agreement Execution, or Filing Unexecuted, to Await Affected System Study Report from External Affected System**

If Interconnection Customer has not received its Affected System Study Report from the External Affected System Operator prior to the date that it would be required to execute its Standard Interconnection Agreement (or request that its Standard Interconnection Agreement be filed unexecuted) pursuant to Section 40.21.2, the ISO shall, upon request of Interconnection Customer, extend this deadline to thirty (30) Calendar Days after Interconnection Customer's receipt of the Affected System Study Report. If Interconnection Customer, after delaying the Standard Interconnection Agreement execution or requesting unexecuted filing to await the Affected System Study Report, decides to proceed to the Standard Interconnection Agreement execution, or requests unexecuted filing, without those results, it may notify ISO of its intent to proceed with Standard Interconnection Agreement execution (or request that its Standard Interconnection Agreement be filed unexecuted) pursuant to Section 40.21.3. If the ISO determines that further delay to the Standard Interconnection Agreement execution date would cause a material impact on the cost or timing of an equal- or lower-queued Interconnection Customer, the ISO must notify Interconnection Customer of such impacts and set the deadline to execute the Standard Interconnection Agreement (or



request that the Standard Interconnection Agreement be filed unexecuted) to thirty (30) Calendar Days after such notice is provided.

#### **40.21.2.2 Identification of Contingent Facilities**

The ISO shall identify Contingent Facilities through the Cluster Study, and specify such Contingent Facilities in the Standard Interconnection Agreement. The method for identifying Contingent Facilities shall be sufficiently transparent as to why the ISO identifies Contingent Facilities and how they relate to the Cluster Study Project. Consistent with the analyses performed in the Cluster Study under Section 40.12, the ISO shall evaluate the impact on short circuit, thermal, voltage, or stability of unbuilt Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades associated with Cluster Study Projects. The ISO shall identify those unbuilt facilities in the Cluster Baseline Assessment and the Cluster Project Assessment against which the Cluster Study Project is evaluated as Contingent Facilities if the impact on short circuit, thermal, voltage, or stability of the unbuilt facilities exceeds the de minimis standards set forth in Sections 40.12.2.5.1.1 through 40.12.2.5.1.4. An Interconnection Customer may also request the ISO to provide the estimated costs and estimated in-service completion time of each identified Contingent Facility when this information is readily available and not commercially sensitive.

#### **40.21.3 Execution and Filing**

The ISO will not tender the execution version or file an unexecuted version of the IA until it has confirmed receipt of the following (unless the grounds for the unexecuted filing is one of the requirements in this Section 40.21.3):

(i) Interconnection Customer's demonstration of continued Site Control pursuant to Section 40.5.5.1.5; and

(ii) Interconnection Customer has provided the ISO and Connecting Transmission Owner with reasonable evidence that one or more of the following milestones in the development of the Facility, at the Interconnection Customer's election, has been achieved (unless such milestone is inapplicable due to characteristics of the Facility): (a) the execution of a contract for the supply or transportation of fuel to the Generating Facility; (b) the execution of a contract for the supply of cooling water to the Generating Facility; (c) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Generating Facility; (d) execution of a contract (or comparable evidence) for the sale of electric energy or capacity from the Generating Facility; or (e) application for an air, water, or land use permit. The Interconnection Customer(s) shall either: (i) execute originals of the tendered execution version of the agreement, which number will be based on the number of parties to the agreement, and return them to the ISO and, as applicable, Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner; or (ii) request in writing that the ISO and, as applicable, Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner file with FERC the applicable agreement in unexecuted form.

As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered agreement from the other parties (if the agreement does not conform with a Commission-approved standard form of the agreement agreement) or the request to file the agreement unexecuted, the ISO and, if applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner shall file the agreement with FERC. The ISO will draft the portions of the agreement and appendices that are in dispute

and assume the burden of justifying any departure from the pro forma agreement and appendices. The ISO will provide its explanation of any matters as to which the Parties disagree and support for the costs that, as applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner proposes to charge to the Interconnection Customer(s) under the agreement. An unexecuted agreement should contain terms and conditions deemed appropriate by the ISO for the Interconnection Request or CRIS-Only Request. The Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner, as applicable, will provide in the 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 the design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted agreement, they may proceed pending Commission action.

#### **40.21.4 Negotiation and Execution of Standard Interconnection Agreement Prior to Completion of the Cluster Study**

At the request of the Interconnection Customer, the ISO and Connecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the Standard Interconnection Agreement and its appendices at any time after the Interconnection Customer satisfies the requirements to enter the Phase 2 Study. If the Standard Interconnection Agreement is executed prior to the completion of the Cluster Study Process, the Interconnection Customer must agree, in the Standard Interconnection Agreement, that in, as applicable, the Final Decision Period or Additional SDU Study Decision Period for that Cluster Study, it will accept the Project Cost Allocation and post Security for any Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, or System Upgrade Facilities that are identified and cost allocated in the Cluster Study even if such Project Cost Allocations exceed the estimates

included in the Standard Interconnection Agreement and include equipment not identified in the Standard Interconnection Agreement.

The Interconnection Customer executing a Standard Interconnection Agreement prior to the completion of a Cluster Study cannot participate as an Installed Capacity Supplier until after the Cluster Study is completed and (1) the project is deemed deliverable and accepts its Deliverable MW; or (2) the Interconnection Customer accepts its Project Cost Allocation and pays cash or posts Security for any required System Deliverability Upgrades, unless CRIS was otherwise obtained under this Attachment HH.

To the extent that upgrades or cost estimates in the Cluster Study differ from the amounts or descriptions in the Standard Interconnection Agreement, the Interconnection Customer shall work with the ISO and Connecting Transmission Owner to promptly amend the agreement as needed to incorporate the updated amounts or descriptions.

For purposes of this Section 40.21.4, a Standard Interconnection Agreement includes a Provisional Standard Interconnection Agreement and its appendices requested pursuant to Section 40.22.3 of this Attachment HH.

#### **40.21.5 Commencement of Interconnection Activities**

If the Parties execute the Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Standard Multiparty Upgrade Construction Agreement, the ISO, the Interconnection Customer(s), and, as applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner shall perform their respective obligations in accordance with the terms of the agreement, subject to modification by FERC. Upon submission of an unexecuted agreement in accordance with Section 40.21.3, the Parties shall promptly comply with the unexecuted agreement, subject to modification by FERC.

#### **40.21.6 Termination of the Standard Interconnection Agreement**

The classification of a Facility as Retired or a Class Year Transmission Project or Cluster Study Transmission Project permanently ceasing Commercial Operation will be grounds for the termination of its interconnection agreement. The ISO will file with the Federal Energy Regulatory Commission a notice of termination of the interconnection agreement as soon as practicable after the Large Generating Facility is Retired or the Class Year Transmission Project or Cluster Study Transmission Project permanently ceases commercial operation. The termination of a non-conforming *pro forma* interconnection agreement will be effective only upon acceptance by the Federal Energy Regulatory Commission of the notice of termination and proposed effective date. Upon the effective date of the termination of the interconnection agreement, access to the Point of Interconnection of the Generating Facility will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures.

## **40.22 Construction of Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades**

### **40.22.1 Schedule**

The Connecting Transmission Owner and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of the Connecting Transmission Owner's Attachment Facilities, the System Upgrade Facilities, and the System Deliverability Upgrades. If the System Upgrade Facilities or System Deliverability Upgrades involve Affected Transmission Owners, the Affected Transmission Owner and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of such upgrades.

### **40.22.2 Construction Sequencing**

#### **40.22.2.1 General**

In general, the Initial Backfeed Date of the Interconnection Customer in each Cluster Study seeking interconnection to the New York State Transmission System will determine the sequence of construction of System Upgrade Facilities and System Deliverability Upgrades.

#### **40.22.2.2 Advance Construction of System Upgrade Facilities and System Deliverability Upgrades that are an Obligation of an Entity other than the Interconnection Customer**

An Interconnection Customer with an interconnection agreement, in order to maintain its Initial Backfeed Date, may request that the Connecting Transmission Owner advance to the extent necessary the completion of System Upgrade Facilities and System Deliverability Upgrades that: (i) were assumed, as applicable, in the Cluster Study or Class Year Study for such Interconnection Customer, (ii) are necessary to support such Initial Backfeed Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the New York State Transmission

System, in time to support such Initial Backfeed Date. Upon such request, Connecting Transmission Owner will use Reasonable Efforts to advance the construction of such System Upgrade Facilities and System Deliverability Upgrades to accommodate such request; provided that the Interconnection Customer commits in writing to pay Connecting Transmission Owner any associated expediting costs.

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

An Interconnection Customer with an interconnection agreement, in order to maintain its Initial Backfeed Date, may request that the Connecting Transmission Owner advance to the extent necessary the completion of System Upgrade Facilities and System Deliverability Upgrades that: (i) are necessary to support such Initial Backfeed 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 Initial Backfeed Date. Upon such request, Connecting Transmission Owner will use Reasonable Efforts to advance the construction of such System Upgrade Facilities and System Deliverability Upgrades to accommodate such request; provided that the Interconnection Customer commits in writing to pay Connecting Transmission Owner any associated expediting costs.

**40.22.3 Provisional Interconnection Service**

Subject to the requirements of Section 40.21.4, prior to the completion of the Cluster Study and prior to completion of requisite Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Distribution Upgrades, or System Protection Facilities, the Interconnection Customer may request an evaluation for Provisional Interconnection Service. The ISO, in conjunction with the Connecting Transmission Owner(s), shall determine, through

available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if the Interconnection Customer interconnects without modifications to the Facility or the New York State Transmission System (or Distribution System as applicable). The ISO, in conjunction with the Connecting Transmission Owner, shall determine whether any Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities, which are necessary to meet Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, are in place prior to the commencement of interconnection service from the Facility. Where available studies indicate that the Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities are required for the interconnection of a new, modified and/or expanded Facility but such facilities are not currently in place, the ISO, in conjunction with the Connecting Transmission Owner, will perform a study, at Interconnection Customer's expense, to confirm the facilities that are required for Provisional Interconnection Service. The maximum permissible output of the Facility in the Provisional Standard Interconnection Agreement shall be studied, at Interconnection Customer's expense, and updated annually. The ISO shall issue the study's findings in writing to Interconnection Customer and Connecting Transmission Owner(s). Following a determination by the ISO, in conjunction with the Connecting Transmission Owner, that Interconnection Customer may reliably provide Provisional Interconnection Service, the ISO shall tender to Interconnection Customer and Connecting Transmission Owner, a Provisional Standard Interconnection Agreement. The ISO, Interconnection Customer, and Connecting Transmission Owner may execute the Provisional Standard Interconnection Agreement, or Interconnection Customer may request the filing of an unexecuted Provisional Standard Interconnection Agreement with the



Commission. Interconnection Customer shall assume all risk and liabilities with respect to changes between the Provisional Standard Interconnection Agreement and the Standard Interconnection Agreement, including changes in output limits and the cost responsibilities for the Attachment Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or System Protection Facilities.

## **40.23 Fast Track Process**

### **40.23.1 Applicability**

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Generating Facility with a Connecting Transmission Owner's Distribution System if the Generating Facility's capacity does not exceed the size limits identified in the table below. Generating Facilities below these limits are eligible for review under the Fast Track Process. However, eligibility for the Fast Track Process is distinct from the Fast Track Process itself, and eligibility does not imply or indicate that a Generating Facility will pass the Fast Track Process screens in Section 40.23.2.1 below or the supplemental review screens in Section 40.23.4.4 below.

To the extent the Fast Track Request is withdrawn or deemed withdrawn by the ISO, the Interconnection Customer may submit an Interconnection Request in a Cluster Study Application Window.

Eligibility for the Fast Track Process is determined based upon the generator type, the size of the generator, voltage of the line and the location of and type of line at the Point of Interconnection. All Facilities connecting to lines greater than 69 kilovolt (kV) are ineligible for the Fast Track Process regardless of size. All synchronous and induction machines must be no larger than 2 MW to be eligible for the Fast Track Process, regardless of location. For certified inverter-based systems, the size limit varies according to the voltage of the line at the proposed Point of Interconnection. Certified inverter-based Facilities located within 2.5 electrical circuit miles of a substation and on a mainline (as defined in the table below) are eligible for the Fast Track Process under the higher thresholds according to the table below. In addition to the size threshold, the Interconnection Customer's proposed Generating Facility must meet the codes,

standards, and certification requirements of Appendices 10 and 11 of these procedures, or the ISO, in consultation with the Connecting Transmission Owner, has to have reviewed the design or tested the proposed Generating Facility and is satisfied that it is safe to operate.

Fast Track Eligibility for Inverter-Based Systems		
Line Voltage	Fast Track Eligibility Regardless of Location	Fast Track Eligibility on a Mainline <sup>1</sup> and $\leq 2.5$ Electrical Circuit Miles from Substation <sup>2</sup>
$< 5$ kV	$\leq 500$ kW	$\leq 500$ kW
$\geq 5$ kV and $< 15$ kV	$\leq 2$ MW	$\leq 3$ MW
$\geq 15$ kV and $< 30$ kV	$\leq 3$ MW	$\leq 4$ MW
$\geq 30$ kV and $\leq 69$ kV	$\leq 4$ MW	$\leq 5$ MW

<sup>1</sup> For purposes of this table, a mainline is the three-phase backbone of a circuit. It will typically constitute lines with wire sizes of 4/0 American wire gauge, 336.4 kcmil, 397.5 kcmil, 477 kcmil and 795 kcmil.

<sup>2</sup> An Interconnection Customer can determine this information about its proposed interconnection location in advance by requesting a Pre-Application Report pursuant to Section 40.4.2.

#### **40.23.2 Initial Review**

Within 15 Business Days after the ISO notifies the Interconnection Customer it has received a complete Fast Track Request in the form set forth in Appendix 13 to this Attachment HH, the ISO, in consultation with the Connecting Transmission Owner, shall perform an initial review using the screens set forth below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the determinations under the screens.

##### **40.23.2.1 Screens**

40.23.2.1.1 The proposed Generating Facility's Point of Interconnection must be on a portion of the Connecting Transmission Owner's Distribution System.

40.23.2.1.2 For interconnection of a proposed Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Generating Facility, on the circuit shall not exceed 15% of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Connecting Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

40.23.2.1.3 For interconnection of a proposed Generating Facility to the load side of spot network protectors, the proposed Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5% of a spot network's maximum load or 50 kW.<sup>1</sup>

<sup>1</sup> A spot network is a type of Distribution System found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, Donald Fink, McGraw Hill Book Company.)

40.23.2.1.4 The proposed Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10% to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

40.23.2.1.5 The proposed Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5% of the short circuit interrupting capability; nor shall the interconnection be

proposed for a circuit that already exceeds 87.5% of the short circuit interrupting capability.

40.23.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Connecting Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

<b>Primary Distribution Line Type</b>	<b>Type of Interconnection to Primary Distribution Line</b>	<b>Result/Criteria</b>
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

40.23.2.1.7 If the proposed Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Generating Facility, shall not exceed 20 kW.

40.23.2.1.8 If the proposed Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.

40.23.2.1.9 The Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units

located in the general electrical vicinity (*e.g.*, three or four transmission busses from the point of interconnection).

40.23.2.1.10 No construction of facilities by the Connecting Transmission Owner on its own system shall be required to accommodate the Generating Facility.

40.23.2.2 If the proposed interconnection passes the screens, the Fast Track Request shall be approved and the ISO will provide the Interconnection Customer and the Connecting Transmission Owner a draft interconnection agreement within five Business Days after the determination.

40.23.2.3 If the proposed interconnection fails the screens, but the ISO, in consultation with the Connecting Transmission Owner, determines that the Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the ISO shall provide the Interconnection Customer and the Connecting Transmission Owner a draft interconnection agreement within five Business Days after the determination. To the extent appropriate, the ISO shall notify any Affected System or Connecting Transmission Owner prior to the determination to allow for potential input by the Affected System or Connecting Transmission Owner. For purposes of this section, Affected System may include the portions of the New York State Transmission System that may be potentially affected.

40.23.2.4 If the proposed interconnection fails the screens, but the ISO, in consultation with the Connecting Transmission Owner, does not or cannot determine from the initial review that the Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards

unless the Interconnection Customer is willing to consider Minor Modifications or further study, the ISO shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

#### **40.23.3 Customer Options Meeting**

If the ISO, in consultation with the Connecting Transmission Owner, determines the Fast Track Request cannot be approved without: (1) Minor Modifications at minimal cost, (2) a supplemental study or other additional studies or actions, or (3) incurring significant cost to address safety, reliability, or power quality problems, the ISO shall notify the Interconnection Customer of that determination within five Business Days after the determination and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the ISO's determination, the ISO shall offer to convene a customer options meeting with the Interconnection Customer and the Connecting Transmission Owner to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine, in consultation with the Connecting Transmission Owner, what further steps are needed to permit the Generating Facility to be connected safely and reliably. At the time of notification of the ISO's determination, or at the customer options meeting:

40.23.3.1 The Connecting Transmission Owner shall offer to perform facility modifications or Minor Modifications to the Connecting Transmission Owner's electric system (*e.g.*, changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Connecting Transmission Owner's electric system. If the Interconnection Customer agrees to pay for the modifications to the Connecting Transmission Owner's electric system, the ISO will provide the Interconnection Customer and

the Connecting Transmission Owner with a draft interconnection agreement within ten Business Days of the customer options meeting; or

40.23.3.2 The ISO shall offer to perform a supplemental review in accordance with Section 40.23.4 and provide a non-binding good faith estimate of the costs of such review.

#### **40.23.4 Supplemental Review**

40.23.4.1 To accept the offer of a supplemental review, the Interconnection Customer shall agree in writing and submit a deposit – in accordance with the requirements in Section 40.2.4 – to the ISO for the estimated costs of the supplemental review in the amount of the good faith estimate of the costs of such review by the ISO, in consultation with the Connecting Transmission Owner, both within 15 Business Days of the offer. If the written agreement and deposit have not been received by the ISO within that timeframe, the Fast Track Request shall be withdrawn by the ISO.

40.23.4.2 The Interconnection Customer may specify the order in which the ISO, in consultation with the Connecting Transmission Owner, will complete the screens in Section 40.23.4.4.

40.23.4.3 The Interconnection Customer shall be responsible for the ISO's and the Connecting Transmission Owner's actual costs for the supplemental review conducted by the ISO in accordance with the requirements in Section 40.24.3.

40.23.4.4 Within 30 Business Days following receipt of the deposit for a supplemental review, the ISO, in consultation with the Connecting Transmission Owner, shall: (1) perform a supplemental review using the screens set forth



below; (2) notify in writing the Interconnection Customer of the results; and (3) include with the notification copies of the analysis and data underlying the ISO's and Connecting Transmission Owner's determination under the screens. Unless the Interconnection Customer provided instructions for how to respond to the failure of any of the supplemental review screens below at the time the Interconnection Customer accepted the offer of supplemental review, the ISO shall notify the Interconnection Customer following the failure of any of the screens, or if it is unable to perform the screen in Section 40.23.4.4.1, within two Business Days of making such determination to obtain the Interconnection Customer's permission to: (1) continue evaluating the proposed interconnection under this Section 40.23.4.4 or (2) terminate the supplemental review upon withdrawal of the Fast Track Request by the Interconnection Customer.

40.23.4.4.1 Minimum Load Screen: Where 12 months of line section minimum load data (including onsite load but not station service load served by the proposed Generating Facility) are available, can be calculated, can be estimated from existing data, or can be determined from a power flow model, the aggregate generating facility capacity on the line section is less than 100% of the minimum load for all line sections bounded by automatic sectionalizing devices upstream of the proposed Generating Facility. If minimum load data is not available, or cannot be calculated, estimated or determined, the ISO, in consultation with the CTO, shall include the reason(s) that it is unable to calculate, estimate or determine minimum load in its supplemental review results notification under Section 40.23.4.4.

40.23.4.4.1.1 The type of generation used by the proposed Generating Facility will be taken into account when calculating, estimating, or determining circuit or line section minimum load relevant for the application of this screen. Solar photovoltaic (PV) generation systems with no battery storage use daytime minimum load (*i.e.*, 10 a.m. to 4 p.m. for fixed panel systems and 8 a.m. to 6 p.m. for PV systems utilizing tracking systems), while all other generation uses absolute minimum load.

40.23.4.4.1.2 When this screen is being applied to a Generating Facility that serves some station service load, only the net injection into the Connecting Transmission Owner's electric system will be considered as part of the aggregate generation.

40.23.4.4.1.3 The ISO, in consultation with the Connecting Transmission Owner will not consider as part of the aggregate generation for purposes of this screen generating facility capacity known to be already reflected in the minimum load data.

40.23.4.4.2 Voltage and Power Quality Screen: In aggregate with existing generation on the line section: (1) the voltage regulation on the line section can be maintained in compliance with relevant requirements under all system conditions; (2) the voltage fluctuations is within acceptable limits as defined by Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or utility practice similar to IEEE Standard 1453; and (3) the harmonic levels meet IEEE Standard 519 limits.

40.23.4.4.3 Safety and Reliability Screen: The location of the proposed Generating Facility and the aggregate generation capacity on the line section do not create

impacts to safety or reliability that cannot be adequately addressed without application of the Cluster Study Process. The ISO, in consultation with the Connecting Transmission Owner, shall give due consideration to the following and other factors in determining potential impacts to safety and reliability in applying this screen.

- 40.23.4.4.3.1 Whether the line section has significant minimum loading levels dominated by a small number of customers (*e.g.*, several large commercial customers).
- 40.23.4.4.3.2 Whether the loading along the line section is uniform or even.
- 40.23.4.4.3.3 Whether the proposed Generating Facility is located in close proximity to the substation (*i.e.*, less than 2.5 electrical circuit miles), and whether the line section from the substation to the Point of Interconnection is a mainline rated for normal and emergency ampacity.
- 40.23.4.4.3.4 Whether the proposed Generating Facility incorporates a time delay function to prevent reconnection of the generator to the system until system voltage and frequency are within normal limits for a prescribed time.
- 40.23.4.4.3.5 Whether operational flexibility is reduced by the proposed Generating Facility, such that transfer of the line section(s) of the Generating Facility to a neighboring distribution circuit/substation may trigger overloads or voltage issues.
- 40.23.4.4.3.6 Whether the proposed Generating Facility employs equipment or systems certified by a recognized standards organization to address technical issues such as, but not limited to, islanding, reverse power flow, or voltage quality.

40.23.4.5 If the proposed interconnection passes the supplemental screens in Sections 40.23.4.4.1, 40.23.4.4.2, and 40.23.4.4.3 above, the Fast Track Request shall be approved and the ISO will provide the Interconnection Customer and the Connecting Transmission Owner with an executable interconnection agreement with the timeframes established in Sections 40.23.4.5.1 and 40.23.4.5.2 below. If the proposed interconnection fails any of the supplemental review screens, the Fast Track Request shall be withdrawn by the ISO.

40.23.4.5.1 If the proposed interconnection passes the supplemental screens in Sections 40.23.4.4.1, 40.23.4.4.2, and 40.23.4.4.3 above and does not require construction of facilities by the Connecting Transmission Owner on its own system, the interconnection agreement shall be provided within ten Business Days after the notification of the supplemental review results.

40.23.4.5.2 If interconnection facilities or Minor Modifications to the Connecting Transmission Owner's system are required for the proposed interconnection to pass the supplemental screens in Sections 40.23.4.4.1, 40.23.4.4.2, and 40.23.4.4.3 above, and the Interconnection Customer agrees to pay for the modifications to the Connecting Transmission Owner's electric system, the interconnection agreement, along with a non-binding good faith estimate for the interconnection facilities and/or Minor Modifications, shall be provided to the Interconnection Customer within 15 Business Days after receiving written notification of the supplemental review results.

40.23.4.5.3 If the proposed interconnection would require more than interconnection facilities or Minor Modifications to the Connecting Transmission Owner's system

to pass the supplemental screens in Sections 40.23.4.4.1, 40.23.4.4.2, and 40.23.4.4.3 above, the ISO shall notify the Interconnection Customer, at the same time it notifies the Interconnection Customer with the supplemental review results, that the Fast Track Request shall be withdrawn by the ISO from the Queue.

## **40.24 Miscellaneous**

### **40.24.1 Confidentiality**

Certain information exchanged by the Parties during the administration of these Standard Interconnection Procedures shall constitute confidential information (“Confidential Information”) and shall be subject to this Section 40.24.1.

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the ISO Code of Conduct contained in Attachment F to the ISO OATT.

If requested by either Party receiving information, the Party supplying information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

#### **40.24.1.1 Scope**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential

Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the Standard Interconnection Agreement; or (6) is required, in accordance with Section 40.24.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the Standard Interconnection Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

#### **40.24.1.2 Release of Confidential Information**

No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 40.24.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 40.24.1.

#### **40.24.1.3 Rights**

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to another Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

#### **40.24.1.4 No Warranties**

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

#### **40.24.1.5 Standard of Care**

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under these procedures or its regulatory requirements, including the ISO OATT and ISO Services Tariff. The ISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the ISO OATT.

#### **40.24.1.6 Order of Disclosure**

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of the Standard Interconnection Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will



use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

#### **40.24.1.7 Remedies**

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's breach of its obligations under this Section 40.24.1. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this Section 40.24.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the breach of this Section 40.24.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 40.24.1.

#### **40.24.1.8 Disclosure to FERC, its Staff, or a State**

Notwithstanding anything in this Section 40.24.1 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these Standard Interconnection Procedures or the ISO OATT, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential

and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Parties to the Standard Interconnection Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner consistent with applicable state rules or regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

40.24.1.9 Subject to the exception in Section 40.24.1.8 of these Standard Interconnection Procedures, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the supplying Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under these Standard Interconnection Procedures, the ISO OATT or ISO Services Tariff. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the

disclosing Party agrees to promptly notify the other Parties in writing and agrees to assert confidentiality and cooperate with the other Parties in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

40.24.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).

40.24.1.11 The ISO and Connecting Transmission Owner shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

#### **40.24.2 Delegation of Responsibility**

The ISO may use the services of subcontractors as it deems appropriate to perform its obligations under these Standard Interconnection Procedures. The ISO shall remain primarily liable to the Interconnection Customer for the performance of such subcontractors and compliance with its obligations under these Standard 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.

#### **40.24.3 Payments and Invoicing**

##### **40.24.3.1 Obligation to Pay Costs under Standard Interconnection Procedures**

40.24.3.1.1 The ISO shall charge and Interconnection Customer shall pay the actual costs of the study work of the Cluster Study Process incurred by the ISO and Transmission Owner under these Standard Interconnection Procedures, after the Interconnection Customer has submitted its Interconnection Request or CRIS-

Only Request. In the event an Interconnection Customer withdraws its Interconnection Request or CRIS-Only Request, or its Interconnection Request or CRIS-Only Request is deemed withdrawn by the ISO, prior to the commencement of the Phase 1 Study, Interconnection Customer must pay the ISO the actual costs of processing its Interconnection Request or CRIS-Only Request.

40.24.3.1.2 The ISO shall charge and Interconnection Customer shall pay the actual costs of the study work of an Expedited Deliverability Study performed pursuant to Section 40.19, an Affected System Study performed pursuant to Section 40.8.3, a Fast Track Process supplemental review performed pursuant to Section 40.23.4, or review of a Facility Modification Request pursuant to Section 40.6.3.2, which costs are incurred by the ISO and Transmission Owners under these Standard Interconnection Procedures.

#### **40.24.3.2 Study Cost Allocation**

##### **40.24.3.2.1 Cluster Study Process Cost Allocation**

40.24.3.2.1.1 Cluster Study Projects shall be responsible for Cluster Study costs in the following manner: (1) each Cluster Study Project shall pay the actual cost of studying the Attachment Facilities and Distribution Upgrades for its own facility; (2) each Cluster Study Project shall pay the actual cost of studying Local System Upgrade Facilities for its own facility; and (3) each Cluster Study Project shall pay an equal share of all other Cluster Study costs (*i.e.*, those not related to Attachment Facilities, Distribution Upgrades or Local System Upgrade Facilities).

40.24.3.2.1.2 With respect to the costs of studying the Attachment Facilities and Distribution Upgrades referenced above, if more than one Cluster

Study Project contributes to the need for particular Attachment Facilities or Distribution Upgrades, those Cluster Study Projects shall share equally in the cost to study those Attachment Facilities or Distribution Upgrades.

40.24.3.2.1.3 With respect to the costs of studying the Local System Upgrade Facilities referenced above, if more than one Cluster Study Project contributes to the need for particular Local System Upgrade Facilities, those Cluster Study Projects shall share equally in the cost to study those Local System Upgrade Facilities.

40.24.3.2.1.4 Notwithstanding the above study cost allocation requirements, no Interconnection Customer electing to be evaluated only for ERIS shall be responsible for any cost of any CRIS evaluation in the Cluster Study, and any Cluster Study Project that elects, pursuant to Section 40.6.4.1, to withdraw from the Cluster Study, withdraw its CRIS request, or elect to have no System Deliverability Upgrade identified to make the project deliverable at its level of requested CRIS, shall not be responsible for the costs of any additional detailed studies required for System Deliverability Upgrades.

#### **40.24.3.2.2 Expedited Deliverability Study Process Cost Allocation**

Each project participating in an Expedited Deliverability Study shall pay an equal share of the study costs for the study.

#### **40.24.3.2.3 Affected System Study Process Cost Allocation**

Each project participating in an Affected System Study shall pay an equal share of the Affected System Study costs required for the identification of the need for any Affected Network Upgrade Facilities. With respect to the costs of

identifying any Affected System Network Upgrades, if more than one project contributes to the need for particular Affected System Network Upgrade, those projects shall share equally in the cost to study the Affected System Network Upgrade.

#### **40.24.3.2.4 Fast Track Process Supplemental Review**

The entity for which the ISO performs a supplemental review under the Fast Track Process in accordance with Section 40.23.4 shall be responsible for the study costs concerning the supplemental review.

#### **40.24.3.2.5 Facility Modification Request Study**

The entity for which the ISO performs a study in response to its Facility Modification Request in accordance with Section 40.6.3.2 shall be responsible for the study costs concerning the Facility Modification Request.

### **40.24.3.3 Obligation to Pay Withdrawal Penalties and Application of Withdrawal Penalties**

40.24.3.3.1 The ISO shall charge, and Interconnection Customer shall pay, any Withdrawal Penalty assessed under Sections 40.6.5, 40.7.6, 40.10.9, and 40.15.5. Any Withdrawal Penalty is in addition to the Interconnection Customer's responsibility to pay for costs described in Section 40.24.3.1.

40.24.3.3.2 A Withdrawal Penalty that is calculated as a percentage of a Study Deposit amount will be calculated using the initial Study Deposit amount provided by the Interconnection Customer with its Interconnection Request or CRIS-Only Request, regardless of whether the ISO has had to draw on the Study Deposit to recover any study costs that Interconnection Customer has not paid.

40.24.3.3.3 The ISO shall apply the collected Withdrawal Penalty Funds pursuant to Section 40.6.5.

40.24.3.3.4 The ISO shall not be liable for unpaid Withdrawal Penalties and may not collect them from other Interconnection Customers or Transmission Customers.

#### **40.24.3.4 Invoicing and Payment**

40.24.3.4.1 The ISO shall invoice the Interconnection Customer monthly for the costs described in Section 40.24.3.1. The ISO shall invoice for Withdrawal Penalties after they are assessed.

40.24.3.4.2 The Interconnection Customer shall pay the invoiced amount to the ISO within thirty (30) calendar days of the ISO's issuance of the invoice. Except as otherwise provided in Section 40.24.3.4.5, if the Interconnection Customer does not pay its invoice within the timeframe described above, it shall be subject to withdrawal pursuant to Section 40.6.4 to this Attachment HH.

40.24.3.4.3 This section applies to deposits provided under this Attachment HH with the exception of Site Control Deposits. The ISO shall hold deposits provided by Interconnection Customer until settlement of the final invoices. If Interconnection Customer has not paid all invoices, including invoices for Withdrawal Penalties, the NYISO shall (i) recover any unpaid costs described in Section 40.24.3.1 from Interconnection Customer's deposits and then (ii) recover any Withdrawal Penalties from Interconnection Customer's deposits. After the ISO has recovered all unpaid costs and penalties, if any, from Interconnection Customer's deposits, the ISO will (i) refund to the Interconnection Customer any remaining refundable cash portion of its deposits, and (ii) provide written

authorization for Interconnection Customer to request that the bank cancel any remaining letter of credit or surety bond provided as a deposit.

40.24.3.4.4 Any invoices for the Cluster Study must be submitted to the ISO within sixty (60) days of completion of the subject Interconnection Study and shall include a detailed and itemized accounting of the incurred cost of the study work for the Cluster Study. After the conclusion of the Cluster Study Process or if, prior to the conclusion of the Cluster Study Process, the Interconnection Customer withdraws or is withdrawn by the ISO from the Queue, the ISO shall issue a final invoice to Interconnection Customer, which Interconnection Customer shall pay within the timeframe set forth in Section 40.24.3.4.2.

40.24.3.4.5 In the event of an Interconnection Customer's dispute over invoiced amounts, the Interconnection Customer 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 Interconnection Customer fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform any study work on behalf of the Interconnection Customer's Interconnection Request, CRIS-Only Request, or other study request under this Attachment HH. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 40.24.5 to this Attachment HH. Within thirty (30) Calendar Days after resolution of the dispute, the Interconnection Customer will pay the ISO any amounts due with interest actually earned on such amounts.



40.24.3.4.6 Neither the ISO nor Transmission Owner shall be obligated to perform or continue to perform any study work on behalf of an Interconnection Customer's Interconnection Request, CRIS-Only Request, or other study request under this Attachment HH unless Interconnection Customer has paid all undisputed amounts in compliance with Section 40.24.3.4.5.

#### **40.24.4 Third Parties Conducting Studies**

The ISO, Connecting Transmission Owner, Affected Transmission Owner, and Affected System Operator may utilize a Transmission Owner or other third party to perform its respective obligations under the Cluster Study Process. In all cases, use of a third party shall be in accord with Article 26 of the Standard Interconnection Agreement (Subcontractors), limited to situations where the ISO determines that doing so will help maintain or accelerate the Cluster Study, and the relevant ISO OATT procedures and protocols as would apply if the ISO were to conduct the Cluster Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes.

#### **40.24.5 Disputes**

##### **40.24.5.1 Submission**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with the Standard Interconnection Agreement, these Standard Interconnection Procedures, or their performance (a "Dispute"), such Party shall provide the other Parties with written notice of the Dispute ("Notice of Dispute"). If the ISO is not identified as a party to the Dispute, the Party providing the Notice of Dispute shall also provide this notice to the ISO for the ISO to participate solely for purposes of assisting the other Parties in resolving the claim or dispute. Such Dispute shall be referred to a designated senior representative of each Party for resolution

on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Parties' receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the Standard Interconnection Agreement.

#### **40.24.5.2 External Arbitration Procedures**

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrators so chosen shall within twenty (20) Calendar Days select one of them to chair the arbitration panel. In each case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; *provided, however*, that in the event of a conflict between the Arbitration Rules and the terms of this Section 40.24.5, the terms of this Section 40.24.5 shall prevail.

#### **40.24.5.3 Arbitration Decisions**

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Standard Interconnection Agreement and Standard Interconnection Procedures and shall have no power to modify or change any provision of the Standard Interconnection Agreement and Standard Interconnection Procedures in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades.

#### **40.24.5.4 Costs**

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties.

#### **40.24.5.5 Non-Binding Dispute Resolution Procedures**

If a Party has submitted a Notice of Dispute pursuant to Section 40.24.5.1 and the Parties are unable to resolve the claim or dispute through unassisted or assisted negotiations within the thirty (30) Calendar Days provided in that section, and the Parties cannot reach mutual

agreement to pursue the Section 40.24.5 arbitration process, a Party may request that the ISO engage in non-binding Dispute Resolution pursuant to this section by providing written notice to the ISO (“Request for Non-Binding Dispute Resolution”). Such Request for Non-Binding Disputes Resolution shall contain: (i) the name of the Party making the request, (ii) an indication of the Interconnection Customer, Connecting Transmission Owner, Affected Transmission Owner, and/or other potentially affected parties, to the extent known, (iii) a description of the dispute with sufficient detail to apprise the ISO, Interconnection Customer, Connecting Transmission Owner, Affected Transmission Owner, and/or other potentially affected parties the nature of the claim, (iv) copies of any materials that the Interconnection Customer has relied on to support its initial Notice of Dispute pursuant to Section 40.24.5.1, if applicable, and (v) citations to the ISO Tariffs and other relevant materials upon which the Party’s dispute relies. Conversely, any Party may file a Request for Non-Binding Dispute Resolution pursuant to this section without first seeking mutual agreement to pursue the Section 40.24.5 arbitration process. The process in Section 40.24.5.5 shall serve as an alternative to, and not a replacement of, the Section 40.24.5 arbitration process. Pursuant to this process, the ISO must within thirty (30) Calendar Days of receipt of the Request for Non-Binding Dispute Resolution appoint a neutral decision-maker that is an independent subcontractor that shall not have any current or past substantial business or financial relationships with either Party. Any individual appointed as a neutral decision-maker shall make known to the disputing parties any such disqualifying relationship or interest and a new neutral decision-maker shall be appointed, unless express written consent is provided by each Party to the dispute.

Unless otherwise agreed by the Parties, the neutral decision-maker shall render a decision within sixty (60) Calendar Days of appointment and shall notify the Parties in writing of such

decision and reasons therefore. This neutral decision-maker shall be authorized only to interpret and apply the provisions of the Standard Interconnection Procedures and Standard Interconnection Agreement and shall have no power to modify or change any provision of the Standard Interconnection Procedures and Standard Interconnection Agreement in any manner. The result reached in this process is not binding, but, unless otherwise agreed, the Parties may cite the record and decision in the non-binding dispute resolution process in future dispute resolution processes, including in a Section 40.24.5 arbitration, or in a Federal Power Act section 206 complaint. Each Party shall be responsible for its own costs incurred during the process and the cost of the neutral decision-maker shall be divided equally among each Party to the dispute.

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

##### **40.24.6.1 Connecting Transmission Owners and Affected Transmission Owner(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 Transmission Owner(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 this Standard Interconnection Agreement and Standard Interconnection Procedures, neither the ISO nor Connecting Transmission Owner shall be required to provide interconnection service to Interconnection Customer, nor shall any Connecting Transmission Owner or Affected Transmission Owner be required to construct System Upgrade Facilities or System Deliverability Upgrades, pursuant to this Standard Interconnection Agreement and Standard Interconnection Procedures, if the provision of such interconnection service or such construction would jeopardize the tax-exempt status of any Tax-Exempt Bonds or impair the ability of Connecting Transmission Owner or Affected Transmission Owner(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.

#### **40.24.6.2 Alternate Procedures for Requesting Interconnection Service**

If a Connecting Transmission Owner or Affected Transmission Owner(s) determines that the provision of interconnection service requested by an Interconnection Customer would jeopardize the tax-exempt status of any Tax-Exempt Bond(s) used to finance its facilities that would be used in providing such interconnection service, or impair its ability to issue future tax-exempt obligations, Connecting Transmission Owner or Affected Transmission Owner(s) shall advise the Interconnection Customer and the ISO within thirty (30) Calendar days of receipt of the Interconnection Request.

The Interconnection Customer thereafter may renew its request for interconnection using the process specified in Section 40.5 of the ISO OATT.

## **40.25 Appendices to Attachment HH**

#### 40.25.1 APPENDIX 1 TO ATTACHMENT HH

### INTERCONNECTION REQUEST

1. The undersigned Interconnection Customer submits this request to interconnect its Facility with the New York State Transmission System or Distribution System pursuant to the Standard Interconnection Procedures in the ISO OATT.
2. This Interconnection Request is for [insert project name]: \_\_\_\_\_

\_\_\_\_\_, which is

(check one of the following):

- ☐ A proposed new Generating Facility
- ☐ A proposed multi-unit Generating Facility
- ☐ A proposed new BTM:NG Resource
- ☐ A proposed new Cluster Study Transmission Project
- ☐ A material modification to a proposed or existing facility (*e.g.*, an increase in the capacity of an existing facility beyond the permissible de minimis increases permitted under Section 40.2.3 of Attachment HH to the ISO OATT)

If capacity addition to an existing facility, please describe: \_\_\_\_\_

\_\_\_\_\_

3. Is this Project mutually exclusive with another project proposed by the Interconnection Customer or its Affiliate in the current ongoing Small Generator Facilities Study, Class Year Study, or Cluster Study?

☐ Yes ☐ No

Indicate the Queue Position \_\_\_\_\_

If yes, is the Interconnection Customer submitting the Project as a Contingent Project in accordance with Section 40.5.4.1? ☐ Yes ☐ No

4. Does this Project have ongoing Optional Feasibility Study, System Impact Study, or System Reliability Impact Study?

☐ Yes ☐ No



Indicate the Queue Position \_\_\_\_\_

5. Will the Generating Facility be used for any of the following?

Net Metering? Yes \_\_\_ No\_\_\_

To supply power other than to others through wholesale sales over the New York State?

Yes \_\_\_ No\_\_\_

To participate in the wholesale market exclusively through a DER Aggregation?

Yes \_\_\_ No\_\_\_

To Supply Power to a Host Load? Yes \_\_\_ No\_\_\_

6. Legal Name of the Interconnection Customer (or, if an individual, individual's name) (must be a single individual or entity):

Name of Interconnection Customer : \_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

7. Address and coordinates of the proposed new Facility site (to the extent known) or, in the case of an existing Facility, the name and specific location of that existing facility: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. Requested Point of Interconnection and coordinates of the proposed Point(s) of Interconnection:

POI (name of the substation name (specify PSSE bus number) or

transmission/distribution line name and number (specify from/to PSSE bus number and

circuit number)): \_\_\_\_\_

Coordinates of the POI (*i.e.*, Latitude and Longitude) : \_\_\_\_\_

Distances from the POI to the remote substations: \_\_\_\_\_

Nearby streets, roads, intersections: \_\_\_\_\_

9. MW nameplate rating: \_\_\_\_\_ at \_\_\_\_\_ degrees F (if temperature sensitive)

Requested Interconnection Service:

MW of requested ERIS at the POI (maximum summer or winter net MW, whichever is greater): \_\_\_\_\_

(NOTE: An Interconnection Customer may request ERIS below the Generating Facility Capability Generating Facilities and the full facility capacity for Cluster Study Transmission Projects subject to the requirements and limitations set forth in Section 40.5.6.2 of Attachment HH to the ISO OATT).

- If requesting ERIS for a multi-unit facility, specify the requested ERIS for each Generator: \_\_\_\_\_
- For temperature sensitive resources:

Maximum summer net (net MW at the POI) which can be achieved at 90 degrees F: \_\_\_\_\_

Maximum winter net (net MW at the POI) which can be achieved at 10 degrees F : \_\_\_\_\_

- MW of requested increase in ERIS of an existing facility, as calculated from the baseline ERIS (as defined in Section 40.2.3 of Attachment HH – for temperature-sensitive machines, provide the summer and winter MW vs. temperature curves for both gross MW and net MW corresponding to the requested net MW values provided above): \_\_\_\_\_

MW of requested CRIS at the POI: \_\_\_\_\_

- If requesting CRIS for a multi-unit facility, specify the requested CRIS for each Generator: \_\_\_\_\_

I

- For a Resource with Energy Duration Limitations that is requesting CRIS, indicate the maximum injection capability over the selected duration (*e.g.*, 10 MWh over 4 hours): \_\_\_\_\_
- If requesting a CRIS transfer, indicate the transferor PTID(s), MW amount and, for a multi-unit Generating Facility, the specific Generator from which and to which the transfer is proposed: \_\_\_\_\_

10. If a Cluster Study Transmission Project, which of the following forms of CRIS does the Interconnection Customer intend to request:

\_\_\_\_\_ Unforced Capacity Deliverability Rights

\_\_\_\_\_ External-to-Rest of State Deliverability Rights

11. General description of the proposed Project, including at a minimum the following:

\_\_\_\_\_  
\_\_\_\_\_

- One set of metering is required for each generation connection to the new ring bus or existing Connecting Transmission Owner station. Number of generation connections: \_\_\_\_\_

- On the one-line diagram indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)  
\_\_\_\_\_

- On the one-line diagram indicate the location of auxiliary power. (Minimum load on CT/PT) Amps  
\_\_\_\_\_

- Will an alternate source of auxiliary power be available during CT/PT maintenance?  
\_\_\_\_\_ Yes \_\_\_\_\_ No

- Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation?  
\_\_\_\_\_ Yes \_\_\_\_\_ No

- Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

(If yes, indicate on one-line diagram).

- What type of control system or PLC will be located at the Interconnection Customer Attachment Facilities?

\_\_\_\_\_

- What protocol does the control system or PLC use?

\_\_\_\_\_

- Provide the POI site plan layout, depicting the Facility, station, transmission line, and property line.

\_\_\_\_\_

- Physical dimensions of the proposed interconnection station.

\_\_\_\_\_

- Bus length from generation to interconnection station.

\_\_\_\_\_

- Line length from interconnection station to Connecting Transmission Owner's transmission line.

\_\_\_\_\_

- Type (overhead or underground) of line(s) from the proposed Facility to Point(s) of Interconnection.

\_\_\_\_\_

- Number of line(s) from the proposed Facility to Point(s) of Interconnection.

\_\_\_\_\_

- Number of conductors per phase of line(s) from the proposed Facility to Point(s) of Interconnection.

\_\_\_\_\_

- Tower number observed in the field. (Painted on tower leg):

\_\_\_\_\_

- Number of third-party easements required for transmission lines, if known:
- 

12. Attach a conceptual breaker one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

The conceptual breaker one-line diagram is a representation of electrical components that are connecting into the NYSTS or Distribution System as applicable. This conceptual breaker one-line diagram should include, at a minimum:

- The Project name, and the Interconnection Customer name on the diagram;
- The facility address (specific location of the Facility);
- The number of inverters or generator units (type, nameplate rating MW and MVA), and configuration of the Facility;
- The Facility's electrical components (*i.e.*, generation, transformers (GSU, PSU, current transformer, and potential transformers), breakers, switches, cables/lines/feeders (including assumed numbers of conductors per phase), compensation, FACTs, auxiliary load, buses, etc.) as described in NYISO Reliability Analysis Data Manual;
- The capability and voltage levels of the electrical components, their connection to each other and to the New York State Transmission System or Distribution System;
- The Point of Interconnection (name of the substation name (specify the bus) or transmission/distribution line name and number); and
- References to other diagram sheets if there is more than one diagram sheet (*i.e.*, use references to indicate how the diagrams are interconnected).

Acronyms used in the conceptual breaker one-line diagram should follow ANSI Standard Device Numbers & Common Acronyms.

13. A workable Project power flow, short circuit, transient stability modeling data and supporting documentation (as set forth in Attachment A) must be provided with this Interconnection Request form.

14. Proposed Initial Backfeed Date (Month/Year): \_\_\_\_\_

Proposed Synchronization Date (Month/Year): \_\_\_\_\_

Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_

15. \$10,000 non-refundable Application Fee must be submitted with this Interconnection Request form in accordance with Section 40.5.5.1.3 of Attachment HH.

16. A Study Deposit must be submitted with this Interconnection Request form pursuant to Section 40.5.5.1.4 of Attachment HH.

17. Evidence of Site Control as specified in the Section 40.5.5.1.5 of Attachment HH (check one):

\_\_\_\_\_ a. Is attached to this Interconnection Request, provides full Site Control for the following number of acres: \_\_\_\_\_, and includes an attestation in the form set forth in ISO Procedures from an officer of the company: (i) indicating the amount of acreage covered by the provided Site Control materials and (ii) that such acreage is consistent with the acreage and other parameters for the Facility's technology type set forth in ISO Procedures; or

\_\_\_\_\_ b. Is attached to this Interconnection Request and provides for Site Control for a new technology type not addressed in ISO Procedures or for less acreage than required for the Facility's technology type as set forth in ISO Procedures.

If b. is selected, Interconnection Customer must submit the following with this Interconnection Request in accordance with the requirements in Section 40.5.5.1.5 of Attachment HH:

(1) an attestation in the form set forth in ISO Procedures from an officer of the company sufficiently describing and explaining the special circumstances of the project that permits a different acreage amount for Site Control than the requirements in the ISO Procedures; and

(2) a licensed Professional Engineer (electrical or civil) signed and stamped site plan that depicts that the Site Control provided by the Interconnection Customer can support the proposed arrangement of its Facility.

\_\_\_\_\_ c. Interconnection Customer is providing a Site Control Deposit due to Regulatory Limitation.

If c. is selected, Interconnection Customer must provide the following with this Interconnection Request in accordance with the requirements in Section 40.5.5.1.5.1 of Attachment HH:

(1) a signed affidavit from an officer of the company indicating that Site Control is unobtainable due to Regulatory Limitations as such term is defined in ISO Procedures;

(2) documentation sufficiently describing and explaining the source and effects of such Regulatory Limitations, including a description of any

conditions that must be met to satisfy the Regulatory Limitations and the anticipated time by which Interconnection Customer expects to satisfy the regulatory requirements, and

(3) a Site Control Deposit of \$10,000 per MW, subject to a minimum of \$500,000 and a maximum of \$2,000,000.

18. For an inverter-based resource that is greater than 20 MW, attach the form set forth in ISO Procedures concerning the attestations required by NYSRC Reliability Rule B.5\_\_\_\_\_

19. By submitting this Interconnection Request:

Interconnection Customer represents and warrants that the information and materials it provides with this Interconnection Request are accurate and complete as of the time of this submission.

Interconnection Customer acknowledges that it will be required to execute a Cluster Study Agreement with the NYISO, Connecting Transmission Owner, and any identified Affected Transmission Owner(s) or Affected System Owner(s) following the validation of this Interconnection Request.

Interconnection Customer acknowledges and agrees that it shall pay the study costs incurred under the requirements of the NYISO's Standard Interconnection Procedures in Attachment HH to the NYISO OATT and ISO Procedures in connection with this Interconnection Request, including any study costs that are incurred prior to the full execution of the Cluster Study Agreement for this Interconnection Request.

*[This Interconnection Request to be signed by an officer of the Interconnection Customer or a person authorized to sign for the Interconnection Customer]*

Signature: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

### DETAILED GENERATING FACILITY DATA

(Additional data may be required at subsequent stages of the Cluster Study Process)

1. \_\_\_\_\_ D

Describe the composition of assets (including MW level) within the Generating Facility, including load reduction assets (*e.g.*, 50 MW wind facility, 20 MW Energy Storage Resource and a load reduction resource with a maximum of 1 MW of load reduction):

\_\_\_\_\_

2. \_\_\_\_\_ M

Maximum Injection Capability of entire Generating Facility over 1 hour:

\_\_\_\_\_

3. \_\_\_\_\_ I

If the facility includes a Resource with Energy Duration Limitations, indicate the maximum injection capability for the entire Generating Facility over the selected duration (*e.g.*, 100 MW over 4 hours): \_\_\_\_\_

4. \_\_\_\_\_ P

Provide the following information for each unit within the Generating Facility:

Resource/Fuel type:

\_\_\_ Solar

\_\_\_ Wind

\_\_\_ Hydro

\_\_\_ Hydro Type (*e.g.* Run-of-River): \_\_\_\_\_

\_\_\_ Diesel

\_\_\_ Natural Gas

\_\_\_ Fuel Oil

\_\_\_ Other (state type) \_\_\_\_\_

Generator Nameplate Rating: \_\_\_\_\_ MW (Typical)

MVA \_\_\_\_\_ at °F \_\_\_\_\_ Voltage (kV) \_\_\_\_\_

Maximum Reactive Power at Rated Power Leading (MVAR): \_\_\_\_\_



Minimum Reactive Power at Rated Power Lagging (MVAR): \_\_\_\_

Customer-Site Load: \_\_\_\_\_MW

Existing load? Yes \_\_\_\_ No\_\_\_\_

If existing load with metered load data, provide coincident Summer peak load:

\_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load, together with supporting documentation for such estimated value:

\_\_\_\_\_

Typical Reactive Load: \_\_\_\_\_MVAR

Generator manufacturer, model name & number: \_\_\_\_\_

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Nameplate Output Power Rating (for IBRs, at the inverter terminal)

Nameplate Output Power Rating in MW: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Nameplate Output Power Rating in MVA: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

**If solar**, total number of solar panels in solar farm to be interconnected pursuant to this

Interconnection Request: \_\_\_\_\_

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

**If wind**, total number of generators in wind farm to be interconnected pursuant to this

Interconnection Request: \_\_\_\_\_

Generator Height: Single phase \_\_\_\_\_ Three Phase \_\_\_\_\_

Wind Model Type: \_\_\_\_Type 1 \_\_\_\_ Type 2 \_\_\_\_ Type 3 \_\_\_\_ Type 4

**If an Energy Storage Resource or a Resource with Energy Duration Limitations:**

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Energy storage capability (MWh): \_\_\_\_\_

Minimum Duration for full discharge (i.e., injection) (Hours): \_\_\_\_

Minimum Duration for full charge (i.e., withdrawal) (Hours): \_\_\_\_\_

Maximum withdrawal from the system (i.e., when charging) (MW): \_\_\_\_\_

Maximum sustained hour injection in MW hours (calculated at the Minimum Duration for full discharge): \_\_\_\_\_

Primary frequency response operating range for electric storage resource: \_\_\_\_\_

Minimum State of Charge: \_\_\_\_\_ (%)

Maximum State of Charge: \_\_\_\_\_ (%)

5. Attach modeling data files:\*

- Power Flow model \_\_\_\_\_
- Short circuit model \_\_\_\_\_
- Dynamic models \_\_\_\_\_

\*PSSE files must be in *.raw* or *.sav* and *.dyr* format. ASPEN files must be in *.olr* format.

6. For a non-synchronous Generating Facility, Interconnection Customer shall provide: (1) a validated user-defined root mean squared (RMS) positive sequence dynamics model; (2) an appropriately parameterized generic library RMS positive sequence dynamics model, including model block diagram of the inverter control and plant control systems, as set forth in the ISO Procedures or a model otherwise approved by the Western Electricity Coordinating Council, that corresponds to Interconnection Customer's Generating Facility; and (3) if applicable, a validated electromagnetic transient model if the ISO performs an electromagnetic transient study as part of the interconnection study process. A user-defined model is a set of programming code created by equipment manufacturers or developers that captures the latest features of controllers that are mainly software based and represents the entities' control strategies but does not necessarily correspond to any generic library model. Interconnection Customer must also demonstrate that the model is validated by providing evidence that the equipment behavior is consistent with the model behavior (*e.g.*, an attestation from Interconnection Customer that the model accurately represents the entire Generating Facility; attestations from each equipment manufacturer that the user defined model accurately represents the component of the Generating Facility; or test data).

**ADDITIONAL INFORMATION REQUESTED FOR CLUSTER STUDY  
TRANSMISSION PROJECTS**

Description of proposed project:

- a. General description of the equipment configuration and kV level:

---

---

- b. Transmission technology and manufacturer (*e.g.*, HVDC VSC):

---

---

**ADDITIONAL INFORMATION REQUESTED FOR FACILITIES  
SEEKING ERIIS BELOW FULL OUTPUT**

Describe any injection-limiting equipment if the facility is requesting ERIIS below its full output:

---

---

## 40.25.2 APPENDIX 2 TO ATTACHMENT HH

### CRIS-ONLY REQUEST

1. The undersigned Interconnection Customer who submits this request is proposing to develop or own a proposed or an existing Facility requesting Capacity Resource Interconnection Service ("CRIS").
2. Legal Name of the Interconnection Customer (or, if an individual, individual's name) (must be a single individual or entity):

Name of Interconnection Customer : \_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

3. Type of CRIS-Only Request:

\_\_\_\_ CRIS or increased CRIS for an existing facility

\_\_\_\_ CRIS or increased CRIS for a facility that is not existing but has ERIS

\_\_\_\_ Different location CRIS Transfer (skip to question 13)

\_\_\_\_ External CRIS Rights Request (skip to question 14)

4. Queue Position/PTID No./TO or NYSIR queue no. (if applicable): \_\_\_\_\_

5. Project/facility name: \_\_\_\_\_

6. Is this Project mutually exclusive with another project proposed by the Interconnection Customer or its Affiliate in the current ongoing Expedited Deliverability Study, Class Year Study, or Cluster Study?

\_\_\_\_ Yes

\_\_\_\_ No

If yes:

Indicate the Queue Position/PTID No./TO or NYSIR queue no. (if applicable): \_\_\_\_\_

Is the Interconnection Customer submitting the Project as a Contingent Project in accordance with Section 40.5.4.1? \_\_\_\_ Yes \_\_\_\_ No

7. Address or location of the proposed new Facility site (to the extent known) or, in the case of an existing Facility, the name and specific location of that existing facility: \_\_\_\_\_

8. MW nameplate rating: \_\_\_\_\_ at \_\_\_\_\_ ° F (if temperature sensitive)

MW of requested CRIS at the POI: \_\_\_\_\_

- If requesting CRIS for a multi-unit facility, specify the requested CRIS for each Generator: \_\_\_\_\_ I
- For a Resource with Energy Duration Limitations that is requesting CRIS, indicate the maximum injection capability over the selected duration (*e.g.*, 10 MWh over 4 hours) \_\_\_\_\_

9. If a Cluster Study Transmission Project, which of the following forms of CRIS does the Interconnection Customer intend to request:

\_\_\_\_ Unforced Capacity Deliverability Rights

\_\_\_\_ External-to-Rest of State Deliverability Rights

10. General description of the proposed Project (*e.g.*: describe type/size/number/general configuration of the proposed generator units, transmission, transformers, feeders, lines leading to the proposed point of interconnection(s), breakers, etc.):

11. Attach a conceptual breaker one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

The conceptual breaker one-line diagram is a representation of electrical components that are connecting into the NYSTS or Distribution System as applicable. This conceptual breaker one-line diagram should include, at a minimum:

- The Project name, and the Interconnection Customer name on the diagram;

- The facility address (specific location of the Facility);
- The number of inverters or generator units (type, nameplate rating MW and MVA), and configuration of the Facility;
- The Facility's electrical components (*i.e.*, generation, transformers (GSU, PSU, current transformer, and potential transformers), breakers, switches, cables/lines/feeders, compensation, FACTs, auxiliary load, buses, etc.) as described in NYISO Reliability Analysis Data Manual;
- The capability and voltage levels of the electrical components, their connection to each other and to the New York State Transmission System or Distribution System;
- The Point of Interconnection (name of the substation name (specify the bus) or transmission/distribution line name and number); and
- References to other diagram sheets if there is more than one diagram sheet (*i.e.*, use references to indicate how the diagrams are interconnected).

Acronyms used in the conceptual breaker one-line diagram should follow ANSI Standard Device Numbers & Common Acronyms.

12. A workable Project power flow, short circuit, transient stability modeling data and supporting documentation (as set forth in Attachment A) must be provided with this CRIS-Only Request form.

13. Proposed Initial Backfeed Date (Month/Year): \_\_\_\_\_

Proposed Synchronization Date (Month/Year): \_\_\_\_\_

Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_

14. If requesting a CRIS transfer, indicate the following:

- Submitting Entity (Transferor)'s Contact Information
  - Organization name: \_\_\_\_\_
  - Address: \_\_\_\_\_
  - Phone Number: \_\_\_\_\_
  - Email: \_\_\_\_\_
- Receiving Entity (Transferee)'s Contact Information

- Organization name:\_\_\_\_\_
- Address:\_\_\_\_\_
- Phone Number:\_\_\_\_\_
- Email:\_\_\_\_\_
- Queue No., if applicable:\_\_\_\_\_
- Type of Transfer (Check One)
  - \_\_\_\_ Partial CRIS Transfer (CRIS MW to be Transferred:\_\_\_\_\_)
  - \_\_\_\_ Full CRIS Transfer (CRIS MW to be Transferred:\_\_\_\_\_)
- Transferor Facility's New CRIS MW post-transfer:\_\_\_\_\_
- Receiving Entity/Transferee Facility's New CRIS MW post-transfer:\_\_\_\_\_
- Anticipate date of Transfer, if approved:\_\_\_\_\_
- Transferor Facility Information (for a multi-unit Generating Facility, the specific Generator from which the transfer is proposed)
  - Transferor facility  
PTID(s):\_\_\_\_\_
  - Transferor facility's electrical location (*i.e.*, Point of Interconnection):\_\_\_\_\_
  - Transferor facility's Current CRIS MW: \_\_\_\_\_
- Transferee Facility Information (for a multi-unit Generating Facility, the specific Generator to which the transfer is proposed)
  - Transferee facility's PTID(s):\_\_\_\_\_
  - Transferee facility's electrical location:\_\_\_\_\_
  - MW nameplate rating: \_\_\_\_\_ at \_\_\_\_\_ ° F (if temperature sensitive)
  - Transferee facility's current CRIS MW:\_\_\_\_\_

15. If requesting External CRIS, indicate the following:

- \_\_\_\_ Years (term of the requested Award Period (minimum five (5) years)).

- \_\_\_\_\_ MW of External CRIS requested for each month of Summer Capability Period. The same number of MW must be supplied for all months of each Summer Capability Period throughout the Award Period.
- \_\_\_\_\_ MW of External CRIS requested each month of Winter Capability Period (cannot exceed MW committed for Summer Capability Period). None required, but if Requestor does commit MW to any month of Winter Capability Period, Requestor must specify months requested below.
  - \_\_\_\_ November
  - \_\_\_\_ December
  - \_\_\_\_ January
  - \_\_\_\_ February
  - \_\_\_\_ March
  - \_\_\_\_ April
- The External Interface(s) to be used for the External ICAP:
- A Requestor may request external CRIS rights by making either a contract commitment or a non-contract commitment for the award period. A requestor must indicate the type of its commitment, as follows:
  - \_\_\_\_\_ Contract commitment; or
  - \_\_\_\_\_ Non-contract commitment.

16. Detailed generating facility data specified in Attachment A must be submitted with this CRIS-Only Request form.

17. \$5,000 non-refundable Application Fee must be submitted with this CRIS-Only Request form in accordance with Section 40.5.5.1.3 of Attachment HH.

18. A \$50,000 Study Deposit must be submitted with this CRIS-Only Request form pursuant to Section 40.5.5.1.4 of Attachment HH.

19. By submitting this CRIS-Only Request:

Interconnection Customer represents and warrants that the information and materials it provides with this CRIS-Only Request are accurate and complete as of the time of this submission.

Interconnection Customer acknowledges that it will be required to execute a Cluster Study Agreement with the NYISO, Connecting Transmission Owner, and any identified Affected Transmission Owner(s) or Affected System Owner(s) following the validation of this CRIS-Only Request.



Interconnection Customer acknowledges and agrees that it shall pay the study costs incurred under the requirements of the NYISO's Standard Interconnection Procedures in Attachment HH to the NYISO OATT and ISO Procedures in connection with this CRIS-Only Request, including any study costs that are incurred prior to the full execution of the Cluster Study Agreement for this CRIS-Only Request.

*[This CRIS-Only Request to be signed by an officer of the Interconnection Customer or a person authorized to sign for the Interconnection Customer]*

Signature: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

## ATTACHMENT A

### DETAILED GENERATING FACILITY DATA

**(Not Applicable for CRIS Transfer and External CRIS Rights Requests)**  
**(Additional data maybe required at subsequent stages of the Cluster Study Process)**

1. D  
Describe the composition of assets (including MW level) within the Generating Facility, including load reduction assets (*e.g.*, 50 MW wind facility, 20 MW Energy Storage Resource and a load reduction resource with a maximum of 1 MW of load reduction):  

---
2. M  
Maximum Injection Capability of entire Generating Facility over 1 hour:  

---
3. I  
If the facility includes a Resource with Energy Duration Limitations, indicate the maximum injection capability for the entire Generating Facility over the selected duration (*e.g.*, 100 MW over 4 hours):  

---
4. P  
Provide the following information for each unit within the Generating Facility:

Resource/Fuel type:

☐ Solar

☐ Wind

☐ Hydro ☐ Hydro Type (*e.g.* Run-of-River): 

---

☐ Diesel

☐ Natural Gas

☐ Fuel Oil

\_\_\_ Other (state type)\_\_\_

Generator Nameplate Rating: \_\_\_\_\_MW (Typical)

MVA \_\_\_\_\_ °F \_\_\_\_\_ Voltage (kV)\_\_\_\_\_

Maximum Reactive Power at Rated Power Leading (MVAR): \_\_\_\_

Minimum Reactive Power at Rated Power Lagging (MVAR): \_\_\_\_

Customer-Site Load: \_\_\_\_\_MW

Existing load? Yes \_\_\_\_ No\_\_\_\_

If existing load with metered load data, provide coincident Summer peak load:

\_\_\_\_\_  
If new load or existing load without metered load data, provide estimated coincident Summer peak load, together with supporting documentation for such estimated value:

\_\_\_\_\_  
Typical Reactive Load: \_\_\_\_\_MVAR

Generator manufacturer, model name & number: \_\_\_\_\_

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Nameplate Output Power Rating in MW:\* (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Nameplate Output Power Rating in MVA: (Summer)\_\_\_\_\_(Winter) \_\_\_\_\_

\* The Nameplate Output Power Rating is at the inverter terminal for IBRs

**If solar**, total number of solar panels in solar farm to be interconnected pursuant to this CRIS-

Only Request: \_\_\_\_\_

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

**If wind**, total number of generators in wind farm to be interconnected pursuant to this CRIS-

Only Request: \_\_\_\_\_

Generator Height: Single phase\_\_\_\_\_Three Phase\_\_\_\_\_

Wind Model Type: \_\_\_\_Type 1 \_\_\_\_ Type 2 \_\_\_\_ Type 3 \_\_\_\_ Type 4

**If an Energy Storage Resource or a Resource with Energy Duration Limitations:**

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Energy storage capability (MWh): \_\_\_\_\_

Minimum Duration for full discharge (*i.e.*, injection) (Hours): \_\_\_\_\_

Minimum Duration for full charge (*i.e.*, withdrawal) (Hours): \_\_\_\_\_

Maximum withdrawal from the system (*i.e.*, when charging) (MW): \_\_\_\_\_

Maximum sustained hour injection in MW hours (calculated at the Minimum Duration for full discharge): \_\_\_\_\_

Primary frequency response operating range for electric storage resource: \_\_\_\_\_

Minimum State of Charge: \_\_\_\_\_ (%)

Maximum State of Charge: \_\_\_\_\_ (%)

5. Attach modeling data files:\*

- Power Flow model \_\_\_\_\_
- Short circuit model \_\_\_\_\_
- Dynamic models \_\_\_\_\_

\* PSSE files must be in *.raw* or *.sav* and *.dvr* format. ASPEN files must be in *.olr* format.

**ADDITIONAL INFORMATION REQUESTED FOR CLUSTER STUDY  
TRANSMISSION PROJECTS**

Description of proposed project:

- a. General description of the equipment configuration and kV level:

---



---

- b. Transmission technology and manufacturer (*e.g.*, HVDC VSC):

---



---

### 40.25.3 APPENDIX 3 TO ATTACHMENT HH

#### CLUSTER STUDY AGREEMENT

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”), 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”), \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York (“Connecting Transmission Owner”), and, if applicable, \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York (“Affected Transmission Owner/Affected System Operator”). Each individual Interconnection Customer, NYISO, Connecting Transmission Owner, and Affected Transmission Owner/Affected System Operator may be referred to as a “Party,” or collectively as the “Parties.” *[If more than one Connecting Transmission Owner, Affected Transmission Owner, or Affected System Operator, to insert additional entity placeholder in preamble.]*

#### RECITALS

**WHEREAS**, Interconnection Customer has submitted [an Interconnection Request/a CRIS-Only Request] proposing to [interconnect a new Generating Facility or Cluster Study Transmission Project/materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project//solely obtain Capacity Resource Interconnection Service (“CRIS”) or External CRIS /an increase in Capacity Resource Interconnection Service (“CRIS”)]; and

**WHEREAS**, Interconnection Customer is requesting through its [Interconnection Request/ CRIS-Only Request] for its Cluster Study Project to obtain [Energy Resource Interconnection Service (“ERIS”)/ERIS and Capacity Resource Interconnection Service (“CRIS”)/only Capacity Resource Interconnection Service (“CRIS”)/ only External Capacity Resource Interconnection Service (“CRIS”)/ an increase in Capacity Resource Interconnection Service (“CRIS”)] pursuant to Attachment HH to the NYISO’s Open Access Transmission Tariff (“OATT”).

**WHEREAS**, Interconnection Customer has submitted all of the items required for a complete [Interconnection Request/ CRIS-Only Request] for its Cluster Study Project, including all fees and deposits, as set forth in Section 40.5 to Attachment HH to the ISO OATT; and

**WHEREAS**, the NYISO has validated the Interconnection Customer’s [Interconnection Request/ CRIS-Only Request] for its Cluster Study Project submitted during the Application Window or Customer Engagement Window for the Cluster Study and identified the applicable Connecting Transmission Owner; and

**WHEREAS**, the NYISO has identified or may subsequently identify any Affected Transmission Owner(s)/Affected System Operator(s) which Affected System is impacted by the proposed interconnection of the Cluster Study Project.

**NOW, THEREFORE,** in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Section 40.1 of Attachment HH to the ISO OATT.
- 2.0 This Agreement will become effective upon the execution of the Interconnection Customer, Connecting Transmission Owner, the ISO, and any Affected Transmission Owner(s)/Affected System Operator(s) initially identified in connection with the ISO's validation of the Interconnection Request. If the ISO subsequently identifies potential impacts of the Cluster Study Project on the Affected System of an Affected Transmission Owner/Affected System Operator that require study under the Cluster Study Process, the Parties agree to amend this Agreement to include the applicable Affected Transmission Owner(s)/Affected System Owner(s).
- 3.0 Interconnection Customer elects for its Cluster Study Project to be evaluated for [ERIS/ERIS and CRIS/CRIS only/ External CRIS only/ an increase in CRIS] in the Cluster Study, and the NYISO, Connecting Transmission Owner, Interconnection Customer, and any Affected Transmission Owner(s)/Affected System Operator(s) shall perform their responsibilities for the Cluster Study consistent with the requirements in Attachment HH to the ISO OATT. The terms of the Attachment HH to the ISO OATT, as applicable, are hereby incorporated by reference herein, as such OATT requirements may be amended from time to time.
- 4.0 Interconnection Customer shall provide to the NYISO, Connecting Transmission Owner, and Affected Transmission Owner(s)/Affected System Owner(s) as applicable, the information required by the [Interconnection Request/ CRIS-Only Request] and any other information required by Attachment HH to the ISO OATT in accordance with timeframes set forth in Attachment HH to the ISO OATT.
- 5.0 The Interconnection Customer shall provide any deposits and satisfy any entry requirements required at each decision period within the Cluster Study Process in accordance with the requirements in Attachment HH to the ISO OATT for its Cluster Study Project to continue to be assessed in the Cluster Study. Interconnection Customer shall be responsible for any Withdrawal Penalties assessed to its Cluster Study Project in accordance with Attachment HH to the ISO OATT. The time for completion of the components of the Cluster Study is specified in Attachment HH to the ISO OATT.
- 6.0 For an Interconnection Customer seeking ERIS, (i) the Phase 1 Study report shall provide a description, estimated cost of, and preliminary schedule for the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, and Local System Upgrade Facilities required to interconnect the facility to the New York State Transmission System (or Distribution System, as applicable) in accordance with the requirements in Section 40.10 of Attachment HH to the ISO OATT and (ii) the Cluster Study Report shall provide a description, estimated cost of, and preliminary schedule for the System Upgrade Facilities required to interconnect the facility to the New York State Transmission System (or Distribution System, as applicable) in accordance with the

requirements in Sections 40.11, 40.12, and 40.15 of Attachment HH to the ISO OATT.

- 7.0 For an Interconnection Customer seeking CRIS, the Cluster Study Report (i) shall identify whether System Deliverability Upgrades are required for the facility to be fully deliverable at its requested level of CRIS; and (ii) shall provide a description and estimated cost of any required System Deliverability Upgrades in accordance with the requirements in Sections 40.11, 40.12, 40.13, 40.14, and 40.15 of Attachment HH to the ISO OATT.
- 8.0 For an Interconnection Customer with a Cluster Study Project which interconnection impacts an External Affected System, the Interconnection Customer shall be responsible for satisfying any NYISO and External Affected System Operator requirements, including Interconnection Customer's cost responsibility, concerning the assessment of such impacts on the External Affected System and its responsibility for any required Affected System Network Upgrades.
- 9.0 Interconnection Customer shall be responsible for the actual costs incurred, as applicable by NYISO, Connecting Transmission Owner, Affected Transmission Owner(s)/Affected System, and any third-party contractors for the Cluster Study Process, as computed on a time and materials basis in accordance with the rates attached hereto. The ISO shall invoice the Interconnection Customer, and Interconnection Customer shall pay the invoiced amounts to NYISO, in accordance with the requirements in Section 40.24.3 of Attachment HH to the ISO OATT. The NYISO shall continue to hold the deposits until settlement of the final invoice, including invoicing for any Withdrawal Penalties applicable to the Cluster Study Project, in accordance with the requirements in Section 40.24.3.
- 10.0 Miscellaneous.
- 10.1 Accuracy of Information. Except as Interconnection Customer may otherwise specify in writing when they provide information to NYISO, Connecting Transmission Owner, and Affected Transmission Owner(s)/Affected System Owner(s) under this Agreement, Interconnection Customer represents and warrants that the information it provides to NYISO, Connecting Transmission Owner, and Affected Transmission Owner(s)/Affected System Owner(s) shall be accurate and complete as of the date the information is provided. Interconnection Customer shall promptly provide NYISO, Connecting Transmission Owner, and Affected Transmission Owner(s)/Affected System Owner(s) with any additional information needed to update information previously provided to the extent permitted under Attachment HH to the ISO OATT.
- 10.2 Disclaimer of Warranty. In preparing the components of the Cluster Study, the Party preparing such study component and any subcontractor consultants employed by it shall have to rely on information provided by the other Parties, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the Party preparing a component of the Cluster Study nor any subcontractor consultant employed by that Party 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 its component of the Cluster Study. Interconnection Customer 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.

- 10.3 **Limitation of Liability.** The NYISO, Connecting Transmission Owner, Affected Transmission Owner(s)/Affected System Owner(s), or any subcontractor consultants engaged by the party shall not be liable for direct damages, including money damages or other compensation, for its actions or omissions in performing its obligations under this Agreement, except to the extent its act or omission is found to result from its gross negligence or willful misconduct. In no event shall any Party or its subcontractor consultants 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 Cluster Study or any reliance on the Cluster Study, including any of its components, by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement, except as otherwise set forth in Attachment HH to the ISO OATT.
- 10.4 **Third-Party Beneficiaries.** Without limitation of Sections 10.2 and 10.3 of this Agreement, Interconnection Customer further agrees that subcontractor consultants employed by NYISO, Connecting Transmission Owner, and Affected Transmission Owner(s)/Affected System Owner(s) to conduct or review, or to assist in the conducting or reviewing, a component of the Cluster Study shall be deemed third party beneficiaries of these Sections 10.2 and 10.3.
- 10.5 **Term and Termination.** This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 10.5, shall continue in effect until the later of: (i) the completion of the Final Decision Round for the later of the Final Decision Period at the conclusion of the Phase 2 Study or the Additional SDU Study Decision Period, (ii) the ISO's receipt of final invoices from an External Affected System Operator concerning the External Affected System Operator's assessment, if applicable, of the impact of the Cluster Study Project on the External Affected System, and (iii) the final reconciliation of any payments, deposits, and Withdrawal Penalties concerning the Cluster Study Project in accordance with the requirements in Attachment HH to the ISO OATT. Interconnection Customer or NYISO may terminate this Agreement upon the later of (i) the withdrawal of the Interconnection Customer's project from the NYISO's Queue pursuant to Section 40.6.4 of Attachment HH, and (ii) the final reconciliation of any payments, deposits, and Withdrawal Penalties in accordance with the requirements in Attachment HH to the ISO OATT.



- 10.6 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.
- 10.7 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.
- 10.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 10.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 10.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 10.11 Independent Contractor. NYISO, Connecting Transmission Owner, and Affected Transmission Owner(s)/Affected System Owner(s) shall at all times be deemed to be independent contractors and none of their employees or the employees of their subcontractors shall be considered to be employees of the other Parties or the Interconnection Customer as a result of this Agreement.
- 10.12 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.
- 10.13 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 WHEREOF**, 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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Interconnection Customer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name(s) of Affected Transmission Owner(s)/Affected System Operator(s)]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## 40.25.4 APPENDIX 4 TO ATTACHMENT HH

### PRE-APPLICATION REQUEST FORM

#### 1. Instructions

Pursuant to Section 40.4.2 of Attachment HH to the NYISO Open Access Transmission Tariff, a prospective Interconnection Customer (“Requestor”) may request a Pre-Application Report from the NYISO regarding the proposed interconnection of a Generating Facility or Cluster Study Transmission Project at a particular point on the New York State Transmission System or Distribution System. To request a Pre-Application Report, Requestor must complete and execute this request form and submit the form to the NYISO via the NYISO Interconnection Projects Portal, along with submitting a non-refundable fee of \$5,000 for each Point of Interconnection (POI). Requestor must provide a substantive answer to each of the questions in this request form and should not specify that the requested information is “to be determined” or “not available.” Requestor should direct any questions regarding the requested information and the completion of this form to:

Designated Contact Person:	Stakeholder Services IP Support Team
Telephone Number:	518-356-6060, Option#2
E-Mail Address:	stakeholder_services_ipsupport@nyiso.com

Requestor shall submit the fee electronically via wire transfer. Wiring instructions are provided in the NYISO Interconnection Projects Portal.

Upon its confirmation of a completed request form and its receipt of the required fee, the NYISO will send the request form to the relevant Connecting Transmission Owner for completion of the Pre-Application Report in the form set forth in Appendix A to this request form. The Connecting Transmission Owner shall complete this report to the extent readily available data exists. If the ISO, in consultation with the relevant Connecting Transmission Owner, determines that the interconnection, as proposed, does not appear to be subject to the NYISO’s interconnection procedures under the NYISO OATT, (1) the NYISO will inform the Requestor that its proposed interconnection is not subject to the NYISO’s interconnection procedures, and (2) the Connecting Transmission Owner will provide the Requestor with the Pre-Application Report set forth in Appendix A that is completed to the extent possible. The Pre-Application Report is non-binding and does not confer any rights or obligations.

Notwithstanding its request for a Pre-Application Report, a Requestor must still successfully complete the interconnection requirements set forth in Attachment HH to the NYISO OATT to interconnect to the New York State Transmission System or Distribution System, to the extent that the NYISO OATT is applicable to the proposed interconnection.

## 2. Project Overview

<b>Project Name:</b>		
<b>Requestor:</b>	Name:	
	Address:	
<b>Contact Person:</b>	Name:	
	Email:	
	Phone #:	
<b>Project Type</b>	(e.g., generation, transmission, combined resource)	
<b>Energy Source(s):</b>	(e.g, solar, wind, energy storage, etc.)	
<b>Nameplate Size:</b>	MW:	MVA:

For storage facility:

<b>Capacity (MWh):</b>	
<b>Max Charging (MWh/hr):</b>	
<b>Max Discharging (MWh/hr):</b>	
<b>Max aggregate injection (hybrid) (MWh/hr):</b>	

If combined resource, will storage charge from grid? (Yes/No): \_\_\_\_\_

Estimated Initial Backfeed Date: \_\_\_\_\_

## 3. Proposed POI(s) and Project Location:

Connecting Transmission Owner (CTO), if known:

Affected Transmission Owner(s), if known:

### a. Primary POI

<b>Station Name:</b>	
<b>Line Name:</b>	

POI Location (Decimal Lat / Long): \_\_\_\_\_

Expected POI Voltage (34.5 kV, 115 kV, etc): \_\_\_\_\_

☐ Conceptual or Breaker Level One Line Diagram Provided

### b. Secondary POI

<b>Station Name:</b>	
<b>Line Name:</b>	

POI Location (Decimal Lat / Long): \_\_\_\_\_

Expected POI Voltage (34.5 kV, 115 kV, etc): \_\_\_\_\_

☐ Conceptual or Breaker Level One Line Diagram Provided

**c. Project Location:**

☐ Map identifying the location of project in relation to proposed POI(s) (*e.g.*, preliminary general layout, property boundaries, etc.)

**4. New or Existing Service:**

New Service Requested (yes or no): \_\_\_\_\_

If No, and there is existing service, provide:

Customer Account Number: \_\_\_\_\_

Site Load:

	Minimum (kW)	Maximum (kW)
<b>Current</b>		
<b>Proposed</b>		

If known, will the facility be used for the following:

- ☐ Net Metering
- ☐ To supply power only to the Requestor
- ☐ To supply power to others through wholesale sales over the New York State Transmission System or Distribution System.

**5. Additional Information:**

☐ Is the project an uprate to a project in the current Queue or an existing facility.

If yes, provide description:

---



---



---



---

Additional Information or Comments:

---



---

---

**6. Requestor Signature**

I hereby certify that, to the best of my knowledge, all the information provided in this Pre-Application Request Form is true and correct.

Requestor:\_\_\_\_\_ Date:\_\_\_\_\_

## APPENDIX A PRE-APPLICATION REPORT

This Pre-Application Report has been completed based on readily available data. The information provided is preliminary and non-binding and does not confer any rights on the part of the Requestor or obligations on the part of the Connecting Transmission Owner. Information is provided based on applicability to the proposed Point(s) of Interconnection (“POI(s)”).

### 1. Project

This Pre-Application Report is for the following proposed project:

---



---

### 2. Proposed Primary POI

#### a. Transmission or Distribution Line

Line Name	Utility Line Id Number	Bus Numbers and Circuit Id Number (PSS/e From/To)	Voltage (kV)

☐ FERC Jurisdictional Distribution

☐ Networked

☐ Radial

Ratings (MVA):

	Normal	LTE	STE
Summer			
Winter			

Terminal End Stations:

Name	Distance to POI (miles)

For a Generation Facility or Cluster Study Transmission Project and sub-transmission or distribution POIs:

Circuit Loading (MW):

<b>Peak</b>	
<b>Minimum</b>	

Generation (MW):

<b>Existing</b>	
<b>Proposed</b>	

Additional information (*e.g.*, potential new substation bus configuration, transmission constraints, planned transmission upgrades, parallel lines, breaker rating, existing/known constraints):

---



---



---



---

**b. Substation**

<b>Name</b>	<b>PSS/e Bus Number</b>	<b>Voltage (kV)</b>

☐ FERC Jurisdictional Distribution

Substation Connected Line Ratings (MVA):

<b>Line Information</b>		<b>Summer</b>			<b>Winter</b>		
<b>Line Name</b>	<b>Utility Line Id Number</b>	<b>Normal</b>	<b>LTE</b>	<b>STE</b>	<b>Normal</b>	<b>LTE</b>	<b>STE</b>

For a Generation Facility or Cluster Study Transmission Project and sub-transmission or distribution POIs:

Customer Load (MW):

<b>Peak</b>	
-------------	--



<b>Minimum</b>	
----------------	--

Generation (MW):

<b>Existing</b>	
<b>Proposed</b>	

Additional information (e.g., known physical feasibility issues, available breaker positions; planned transmission upgrades, breaker rating, existing/known constraints):

---



---



---



---

### 3. Proposed Secondary POI

#### a. Transmission or Distribution Line

<b>Line Name</b>	<b>Utility Line Id Number</b>	<b>Bus Numbers and Circuit Id Number (PSS/e From/To)</b>	<b>Voltage (kV)</b>

☐ FERC Jurisdictional Distribution

☐ Networked

☐ Radial

Ratings (MVA):

	<b>Normal</b>	<b>LTE</b>	<b>STE</b>
<b>Summer</b>			
<b>Winter</b>			

Terminal End Stations:

<b>Name</b>	<b>PSS/e Bus Number</b>	<b>Distance to POI (miles)</b>

For a Generation Facility or Cluster Study Transmission Project and sub-transmission or distribution POIs:

Circuit Loading (MW):

<b>Peak</b>	
-------------	--

<b>Minimum</b>	
----------------	--

Generation (MW):

<b>Existing</b>	
<b>Proposed</b>	

Additional information (e.g., potential new substation bus configuration, transmission constraints, planned transmission upgrades, parallel lines, breaker rating, existing/known constraints):

---



---



---



---

**b. Substation**

<b>Name</b>	<b>PSS/e Bus Number</b>	<b>Voltage (kV)</b>

☐ FERC Jurisdictional

Substation Connected Line Ratings (MVA):

<b>Line Information</b>		<b>Summer</b>			<b>Winter</b>		
<b>Line Name</b>	<b>Utility Line Id Number</b>	<b>Normal</b>	<b>LTE</b>	<b>STE</b>	<b>Normal</b>	<b>LTE</b>	<b>STE</b>

For a Generation Facility or Cluster Study Transmission Project and sub-transmission or distribution POIs:

Customer Load (MW):

<b>Peak</b>	
<b>Minimum</b>	

Generation (MW):

<b>Existing</b>	
<b>Proposed</b>	

Additional information (*e.g.*, known physical feasibility issues, available breaker positions, planned transmission upgrades breaker rating, existing/known constraints):

---

---

---

---

## 40.25.5 APPENDIX 5 TO ATTACHMENT HH

### FACILITY MODIFICATION REQUEST

1. The undersigned Interconnection Customer submits this request to modify: (i) an Interconnection Request for a Facility currently in the NYISO's Queue or (ii) an existing Facility that (a) is currently in commercial operation or (b) has an executed interconnection agreement.

2. Queue Position or PTID No. (if applicable): \_\_\_\_\_

Project/Facility Name: \_\_\_\_\_

3. Nature of proposed modification (check all that apply):

\_\_\_ Change in Project name

\_\_\_ Change in Interconnection Customer name

\_\_\_ Change in Point of Interconnection pursuant to Section 40.6.3.1 of Attachment HH

\_\_\_ Change in Electric Output (MW) of the Facility

\_\_\_ Modification of Technical Parameters of Facility's Technology and Transformer Impedances

\_\_\_ Modification to Interconnection Configuration

\_\_\_ Technological Change or Advancement

\_\_\_ Extension of Commercial Operation Date

\_\_\_ Other Modification Not Listed Above

4. Description of proposed modification:

---

---

---

---

5. Submit a \$10,000 study deposit (except for a requested modification for a project name change, Interconnection Customer name change, change to Point of Interconnection pursuant to Section 40.6.3.1 of Attachment HH, or a permitted extension of a Commercial Operation Date pursuant to Section 40.6.3.4 of Attachment HH).

6. Attach a revised conceptual breaker one-line diagram and a project location geo map, as applicable, including for a proposed change to a Point of Interconnection.
7. If the modification is a decrease in the facility capacity or requested interconnection service, provide an explanation for the decrease, including a description of the injection-limiting equipment with all the necessary parameters of such equipment, as applicable:

---



---



---



---



---

8. Proposed modification to an Interconnection Request due to a technological advancement, which includes advancements to turbines, inverters, or plant supervisory controls or other similar advancements to the existing technology proposed in the Interconnection Request

- a. If the modification is due to a technological advancement to the technology originally proposed, detail the proposed configuration of the technological advancement and the manner of installation:

---



---



---



---



---

- b. Provide the parameters associated with the proposed technological advancement:

Parameter	Before Application of Proposed Technological Advancement	After Application of Proposed Technological Advancement
Total Project MVA		
MVA/Unit		
Subtransient Impedance ( $R'' + jX''$ ) or equivalent fault current limit for inverter-based technology		
Total Project MW		

MW/Unit		
Total Project MVar Capability		
Mvar Capability/Unit		
Unit kV		
Total Project Power Factor		
Unit Power Factor		
Unit Dynamic Model		
Associated Device(s) Dynamic Model		
Any applicable parameter that will change		
Total Project Single Line Diagram		

- c. If any of the above parameters would change due to the proposed technological advancement, demonstrate that the proposed incorporation of the technological advancement would result in electrical performance that is equal to or better than the electrical performance expected prior to the technology change and not cause any reliability concerns (*i.e.*, not have a material adverse impact on the transmission system with regard to short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response). Provide support, including any completed studies, that demonstrate that the technological advancement is permissible and/or non-material under Section 40.6.3.7 of Attachment HH to the OATT.

---



---



---



---

9. For a change to the Commercial Operation Date (COD) of the proposed Facility, provide the following:

- a. Original Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_
- b. Revised Proposed Commercial Operation Date (Month/Year): \_\_\_\_\_
- c. For a proposed change four (4) years or more beyond the date for extending the Commercial Operation Date permitted by Section 40.6.3.4 to Attachment HH), Interconnection Customer shall indicate that it is requesting an extension (by checking):

\_\_\_\_\_ on or before May 2, 2028;

\_\_\_\_\_ due to its technology type;

\_\_\_\_\_ due to the sequencing of work on the transmission or distribution system that is beyond its control; or

\_\_\_\_\_ through demonstration of reasonable progress.

The Interconnection Customer shall attach, if applicable, an officer certification and supporting documentation making the demonstrations required in Section 40.6.3.5.1.2 or 40.6.3.5.1.3 of Attachment HH to the OATT for its requested extension.

The Interconnection Customer shall also attach the milestone schedule agreed upon with the Connecting Transmission Owner that meets the requested extended Commercial Operation Date.

10. As it relates to the requested modification of an Interconnection Request or an existing facility, provide any updates to data required in the Interconnection Request – “Detailed Generating Facility Data” or provided during completed stages of the interconnection study process.

---

---

---

Attach modeling data files<sup>21</sup>:

- Power flow model
- Short circuit model
- Dynamic model

11. The NYISO, in consultation with the Connecting Transmission Owner(s), may request additional information, if necessary, to further assess the proposed modification.

---

<sup>21</sup> PSSE files require in .raw or .sav and .dyr format. ASPEN files are required as .olr format.

## **Attachment A to Appendix 5 –FACILITY MODIFICATION REQUEST Terms and Conditions of a Facility Modification Request**

These terms and conditions for the review and/or study of a request to modify a proposed Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project or a material modification to an existing Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project consistent with the Interconnection Request dated \_\_\_\_\_ (“Studies”), including any project modifications reviewed and approved by the NYISO, (“the Project”) and submitted by \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”), set forth the respective obligations between Interconnection Customer 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”) (hereinafter the “Terms and Conditions”). By signing below, Interconnection Customer confirms its understanding and acceptance of the Terms and Conditions.

### **RECITALS**

**WHEREAS**, Interconnection Customer is proposing to develop the Project; and

**WHEREAS**, Interconnection Customer requests NYISO to evaluate whether the proposed modification to its [Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project/proposing a capacity addition to an existing Generating Facility, Cluster Study Transmission Project, or Class Year Transmission Project] set forth in the Facility Modification Request would constitute a Material Modification and/or a Permissible Technological Advancement, as applicable, under Attachment HH to the NYISO’s Open Access Transmission Tariff (“OATT”).

**NOW, THEREFORE**, in consideration of and subject to the terms and conditions contained herein, Interconnection Customer and NYISO agree as follows:

- 1.0 When used in these Terms and Conditions, with initial capitalization, the terms specified shall have the meanings indicated in Section 40.1 of Attachment HH to the ISO OATT.
- 2.0 Interconnection Customer requests NYISO to evaluate whether the proposed modification would constitute a Material Modification and/or a Permissible Technical Advancement, as applicable, and if an additional study(ies) is required pursuant to Section 40.6.3.2 and/or Section 40.6.3.7 of Attachment HH to the OATT, NYISO shall perform, or cause to be performed, a study(ies) consistent with Attachment HH to the OATT.
- 3.0 The scope of the study(ies) shall be subject to the description and assumptions set forth in the Facility Modification Request and the data contained therein or provided upon the request of the NYISO.
- 4.0 For requested modifications other than a technological advancement, the NYISO shall



commence any necessary additional studies as soon as practicable, but in no event later than thirty (30) Calendar Days after receiving the Facility Modification Request, study deposit, and all necessary data, except as otherwise indicated in Section 40.6.3.2 to Attachment HH. NYISO shall provide a determination of whether the modifications proposed in the Facility Modification Request would constitute a Material Modification for purposes of Section 40.6.3.3 of Attachment HH to the OATT.

- 5.0 Interconnection Customer shall provide a deposit of \$10,000 with the Facility Modification Request, except for a requested modification for a project name change, Interconnection Customer name change, change to Point of Interconnection pursuant to Section 40.6.3.1 of Attachment HH, or a permitted extension of a Commercial Operation Date pursuant to Section 40.6.3.4 of Attachment HH.
- 6.0 Interconnection Customer shall be responsible for the actual costs incurred by NYISO and any subcontractor hired to perform study work, as computed on a time and materials basis in accordance with the rates provided to the Interconnection Customer at the time that the NYISO notifies the Interconnection Customer that a study(ies) is required to complete its Facility Modification Request. The ISO shall invoice the Interconnection Customer, and Interconnection Customer shall pay the invoiced amounts, in accordance with the requirements in Section 40.24.3 of Attachment HH to the ISO OATT. NYISO shall continue to hold any amounts on deposit, if applicable, until settlement of the final invoice in accordance with the requirements in Section 40.24.3 of Attachment HH.
- 7.0 Miscellaneous.
  - 7.1 Accuracy of Information. Except as Interconnection Customer may otherwise specify in writing when it provides information to NYISO under these Terms and Conditions, Interconnection Customer represents and warrants that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Interconnection Customer shall promptly provide NYISO with any additional information needed to update information previously provided to the extent permitted by Attachment HH to the ISO OATT.
  - 7.2 Disclaimer of Warranty. In preparing the Studies, NYISO and any subcontractor consultants hired by it shall have to rely on information provided by Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither NYISO nor any subcontractor consultant hired by NYISO 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 Studies performed under these Terms and Conditions. Interconnection Customer 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.

- 7.3 **Limitation of Liability.** The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall NYISO or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with these Terms and Conditions or the Studies performed or any reliance on the Studies by Interconnection Customer or third parties, even if NYISO or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any NYISO or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under these Terms and Conditions, except as otherwise set forth in Attachment HH to the ISO OATT.
- 7.4 **Third-Party Beneficiaries.** Without limitation of Sections 7.2 and 7.3 under these Terms and Conditions, Interconnection Customer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the study(ies) requested under the Facility Modification Request shall be deemed third-party beneficiaries of these Sections 7.2 and 7.3 under these Terms and Conditions.
- 7.5 **Term and Termination.** The obligations to conduct the Studies and under these Terms and Conditions shall be effective from the date hereof and, unless earlier terminated under these Terms and Conditions, shall continue in effect until the Study(ies) is completed or Interconnection Customer provides a written request to withdraw its Facility Modification Request. Interconnection Customer or NYISO also may terminate their obligations under these Terms and Conditions upon the withdrawal of Interconnection Customer's Interconnection Request under Section 40.6.4 of Attachment HH.
- 7.6 **Governing Law.** These Terms and Conditions and any study performed thereunder 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.
- 7.7 **Severability.** In the event that any part of these Terms and Conditions are deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from these Terms and Conditions and the obligations under these Terms and Conditions shall continue in full force and effect as if each part was not contained herein.
- 7.8 **Amendment.** No amendment, modification, or waiver of any term or condition hereof shall be effective unless set forth in writing and signed by Interconnection Customer and NYISO hereto.
- 7.9 **Survival.** All warranties, limitations of liability, and confidentiality provisions

provided herein shall survive the expiration or termination hereof.

- 7.10 Independent Contractor. Interconnection Customer agrees that 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 Interconnection Customer as a result of performing any work under these Terms and Conditions.
- 7.11 No Implied Waivers. The failure of Interconnection Customer or NYISO to insist upon or enforce strict performance of any of the provisions of these Terms and Conditions 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.
- 7.12 Successors and Assigns. The obligations under these Terms and Conditions, and each and every term and condition hereof, shall be binding upon and inure to the benefit of Interconnection Customer and NYISO and their respective successors and assigns.

**IN WITNESS THEREOF**, Interconnection Customer has agreed to accept and be bound by the Terms and Conditions by its duly authorized officers or agents execution on the day and year first below written.

---

**[Insert name of Interconnection Customer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## 40.25.6 APPENDIX 6 to ATTACHMENT HH

### TWO-PARTY AFFECTED SYSTEM STUDY AGREEMENT

**THIS 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 \_\_\_\_\_ (“Affected System Interconnection Customer”) 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”). Affected System Interconnection Customer and NYISO each may be referred to as a “Party,” or collectively as the “Parties.”

### RECITALS

**WHEREAS**, Affected System Interconnection Customer is proposing to develop a *[description of generating or transmission facility or generating or transmission capacity addition to an existing generating or transmission facility]* consistent with the interconnection request submitted by Affected System Interconnection Customer to *[name of host region]*, dated \_\_\_\_\_, for which *[name of host region]* found impacts on the New York State Transmission System;

**WHEREAS**, Affected System Interconnection Customer desires to interconnect the *[generating or transmission facility]* with *[name of host region]*’s transmission system;

**WHEREAS**, the NYISO received notice that Affected System Interconnection Customer’s proposed interconnection to *[name of host region]*’s transmission system may impact the New York State Transmission System, indicated its affirmative intent to conduct an Affected System Study, and provided this Agreement to the Affected System Interconnection Customer for its execution; and

**WHEREAS**, the Affected System Interconnection Customer has executed and delivered the Agreement, provided all required technical data, and submitted the \$100,000 study deposit in accordance with the requirements in Sections 40.8.3.4 and 40.8.3.5 of Attachment HH to the ISO OATT.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified, but not otherwise defined herein, shall have the meanings indicated in Section 40.1 of Attachment HH to the ISO OATT, or if not defined therein, in the ISO OATT.
- 2.0 Affected System Interconnection Customer requests, and the NYISO shall perform or cause to be performed an Affected System Study, and any required re-study, in accordance with the requirements in Section 40.8.3 of Attachment HH to the ISO OATT. The terms of Section 40.8.3 of Attachment HH to the ISO OATT are hereby incorporated herein by reference, as such OATT requirements may be amended from time to time.

- 3.0 The scope of the Affected System Study shall be subject to the assumptions set forth in Attachment A to this Agreement. The NYISO shall have no obligation to study impacts of Affected System Interconnection Customers of which it is not notified.
- 4.0 The Affected System Study will be based upon the technical information provided by Affected System Interconnection Customer and *[name of host region]*. The NYISO reserves the right to request additional technical information from Affected System Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Affected System Study, and Affected System Interconnection Customer shall provide such information in accordance with the requirements in Section 40.8.3 of Attachment HH.
- 5.0 The Affected System Study shall in accordance with the requirements in Section 40.8.3.6: (i) identify whether any Affected System Network Upgrades are required to address the impact of the Affected System Interconnection Customer's proposed interconnection to another region on the reliability of the New York State Transmission System and (ii) determine any required Affected System Network Upgrades, including the estimated cost and a preliminary schedule for the Affected System Network Upgrades.
- 6.0 Study Deposit and Study Costs
  - 6.1 Affected System Interconnection Customer shall provide a study deposit in the amount of \$100,000 with the executed Agreement in accordance with Section 40.8.3.5 of Attachment HH to the ISO OATT.
  - 6.2 Affected System Interconnection Customer shall be responsible for the actual costs incurred by the NYISO and any subcontractor, including Affected Transmission Owner or Affected System Operator, hired to perform study work, as computed on a time and materials basis in accordance with the rates attached as Appendix B hereto, including any re-study work. The ISO shall invoice the Affected System Interconnection Customer, and Affected System Interconnection Customer shall pay the invoiced amount, in accordance with the requirements in Section 40.24.3 of Attachment HH to the ISO OATT. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice in accordance with the requirements in Section 40.24.3.
- 7.0 Upon completion of the Affected System Study, the NYISO will deliver the Affected System Study Report to the Affected System Interconnection Customer and *[name of host region]* and will meet with the Affected System Interconnection Customer to discuss the study results in accordance with the requirements in Section 40.8.3.8 to Attachment HH. Following completion of this meeting, the ISO will commence an iterative decision process in accordance with the requirements in Section 40.8.3.10 by which an Interconnection Customer may accept its allocated costs for any Affected System Network Upgrades and pay cost or post Security to the Affected Transmission Owner or Affected System Operator for these facilities.
- 8.0 Miscellaneous.

- 8.1 Accuracy of Information. Except as Affected System Interconnection Customer may otherwise specify in writing when it provides information to the NYISO under this Agreement, Affected System Interconnection Customer represents and warrants that to the best of its knowledge and belief the information it has provided or subsequently provides to the NYISO is and shall be accurate and complete as of the date the information is provided. Affected System Interconnection Customer shall promptly provide the NYISO with any additional information needed to update information previously provided to the extent permitted by Attachment HH to the ISO OATT.
- 8.2 Disclaimer of Warranty. In performing the Affected System Study or re-study, the NYISO and any subcontractor consultants engaged by the NYISO will have to rely on information provided by Affected System Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the NYISO nor any subcontractor consultant engaged by the NYISO 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 Affected System Study or re-study. Affected System Interconnection Customer acknowledges that it has not relied on any representations or warranties by the NYISO or its subcontractor consultants not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 8.3 Limitation of Liability. The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall either Party or its subcontractor consultants 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 Affected System Study or re-study or any reliance on the Affected System Study or re-study by either Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall either Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement, except as otherwise indicated in Attachment HH to the ISO OATT.
- 8.4 Third-Party Beneficiaries. Without limitation of Sections 8.2 and 8.3 of this Agreement, Affected System Interconnection Customer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the Affected System Study or re-study of the Interconnection Request shall be deemed third party beneficiaries of these Sections 8.2 and 8.3.

- 8.5 **Term and Termination.** This Agreement shall be effective from the date hereof and, unless earlier terminated in accordance with this Section 8.5, shall continue in effect until the later of: (i) the Affected System Study and re-study and the final iterative decision period is completed and (ii) the Affected System Interconnection Customer makes its final payment under this Agreement and is refunded any remaining portion of its study deposit. The Affected System Interconnection Customer or NYISO may terminate this Agreement upon the withdrawal of the Affected System Interconnection Customer's Queue Position from the NYISO Queue or upon the ISO's receipt of notice that the Affected System Interconnection Customer's project has been withdrawn from the region in which it proposes to interconnect.
- 8.6 **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.
- 8.7 **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.
- 8.8 **Counterparts.** This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 8.9 **Amendment.** No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 8.10 **Survival.** All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 8.11 **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 the Affected System Interconnection Customer as a result of this Agreement.
- 8.12 **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.
- 8.13 **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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*[Insert name of Affected System Interconnection Customer]*

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Queue Position No. \_\_\_\_



**Attachment A to Appendix 6  
Two-Party Affected System Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE AFFECTED SYSTEM STUDY**

The Affected System Study will be based upon the following assumptions:

*[Assumptions to be completed by Affected System Interconnection Customer and NYISO]*

**Attachment B to Appendix 6  
Two-Party Affected System Study Agreement**

**RATES USED FOR CONDUCTING THE AFFECTED SYSTEM STUDY**

*[Rates to be inserted by ISO.]*

## 40.25.7 APPENDIX 7 to ATTACHMENT HH

### MULTIPARTY AFFECTED SYSTEM STUDY AGREEMENT

*[If more than two Affected System Interconnection Customers are subject to this Agreement, additional placeholders will be added to the preamble, recitals, and signature block as needed to account for the additional Affected System Interconnection Customers.]*

**THIS AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Affected System Interconnection Customer”); \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Affected System Interconnection Customer”); 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”). Affected System Interconnection Customers and NYISO each may be referred to as a “Party,” or collectively as the “Parties.” Except as otherwise indicated in this Agreement, Affected System Interconnection Customers each may be referred to as “Affected System Interconnection Customer” or collectively as the “Affected System Interconnection Customers.”

### RECITALS

**WHEREAS**, Affected System Interconnection Customers are proposing to develop *[description of generating and/or transmission facilities or generating and/or transmission capacity additions to an existing generating or transmission facility]* consistent with the interconnection requests submitted by Affected System Interconnection Customer to *[name of host region]*, dated \_\_\_\_\_, for which *[name of host region]* found impacts on the New York State Transmission System;

**WHEREAS**, Affected System Interconnection Customers desire to interconnect their *facilities* with *[name of host region]*’s transmission system;

**WHEREAS**, the NYISO received notice that Affected System Interconnection Customers’ proposed interconnection to *[name of host region]*’s transmission system may impact the New York State Transmission System, indicated its affirmative intent to conduct an Affected System Study, and provided this Agreement to the Affected System Interconnection Customers for their execution; and

**WHEREAS**, each Affected System Interconnection Customer has executed and delivered the Agreement, provided all required technical data, and submitted the \$100,000 study deposit in accordance with the requirements in Sections 40.8.3.4 and 40.8.3.5 of Attachment HH to the ISO OATT.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified, but not otherwise defined herein, shall have the meanings indicated in Section 40.1 of Attachment HH to the ISO OATT, or if not defined therein, in the ISO OATT.
- 2.0 Affected System Interconnection Customers request, and the NYISO shall perform or cause to be performed an Affected System Study, and any required re-study, in accordance with the requirements in Section 40.8.3 of Attachment HH to the ISO OATT. The terms of Section 40.8.3 of Attachment HH to the ISO OATT are hereby incorporated herein by reference, as such OATT requirements may be amended from time to time.
- 3.0 The scope of the Affected System Study shall be subject to the assumptions set forth in Attachment A to this Agreement. The NYISO shall have no obligation to study impacts of Affected System Interconnection Customers of which it is not notified.
- 4.0 The Affected System Study will be based upon the technical information provided by Affected System Interconnection Customers and *[name of host region]*. The NYISO reserves the right to request additional technical information from Affected System Interconnection Customers as may reasonably become necessary consistent with Good Utility Practice during the course of the Affected System Study, and Affected System Interconnection Customers shall provide such information in accordance with the requirements in Section 40.8.3 of Attachment HH.
- 5.0 The Affected System Study shall in accordance with the requirements in Section 40.8.3.6: (i) identify whether any Affected System Network Upgrades are required to address the impact of the Affected System Interconnection Customers' proposed interconnection to another region on the reliability of the New York State Transmission System and (ii) determine any required Affected System Network Upgrades, including the estimated cost and a preliminary schedule for the Affected System Network Upgrades.
- 6.0 Study Deposit and Study Costs
  - 6.1 Affected System Interconnection Customers shall each provide a study deposit in the amount of \$100,000 with the executed Agreement in accordance with Section 40.8.3.5 of Attachment HH to the ISO OATT.
  - 6.2 Affected System Interconnection Customers shall be responsible for the actual costs incurred by the NYISO and any subcontractor, including Affected Transmission Owner or Affected System Operator, hired to perform study work, as computed on a time and materials basis in accordance with the rates attached as Appendix B hereto, including any re-study work. The ISO shall invoice each Affected System Interconnection Customers, and each Affected System Interconnection Customer shall pay the invoiced amount, in accordance with the requirements in Section 40.24.3 of Attachment HH to the ISO OATT. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice in accordance with the requirements in Section 40.24.3.
- 7.0 Upon completion of the Affected System Study, the NYISO will deliver the Affected System Study Report to the Affected System Interconnection Customers and *[name of*

*host region]* and will meet with the Affected System Interconnection Customers to discuss the study results in accordance with the requirements in Section 40.8.3.8 to Attachment HH. Following completion of this meeting, the ISO will commence an iterative decision process in accordance with the requirements in Section 40.8.3.10 by which each Interconnection Customer may accept its allocated costs for any Affected System Network Upgrades and pay cost or post Security to the Affected Transmission Owner or Affected System Operator for these facilities.

## 8.0 Miscellaneous.

- 8.1 Accuracy of Information. Except as an Affected System Interconnection Customer may otherwise specify in writing when it provides information to the NYISO under this Agreement, Affected System Interconnection Customer represents and warrants that to the best of its knowledge and belief the information it has provided or subsequently provides to the NYISO is and shall be accurate and complete as of the date the information is provided. Affected System Interconnection Customers shall promptly provide the NYISO with any additional information needed to update information previously provided to the extent permitted by Attachment HH to the NYISO OATT.
- 8.2 Disclaimer of Warranty. In performing the Affected System Study or re-study, the NYISO and any subcontractor consultants engaged by the NYISO will have to rely on information provided by Affected System Interconnection Customers, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the NYISO nor any subcontractor consultant engaged by the NYISO 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 Affected System Study or re-study. Each Affected System Interconnection Customer acknowledge that it has not relied on any representations or warranties by the NYISO or its subcontractor consultants not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 8.3 Limitation of Liability. The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall either Party or its subcontractor consultants 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 Affected System Study or re-study or any reliance on the Affected System Study or re-study by either Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall either Party or its

subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under this Agreement, except as otherwise indicated in Attachment HH to the ISO OATT.

- 8.4 Third-Party Beneficiaries. Without limitation of Sections 8.2 and 8.3 of this Agreement, Affected System Interconnection Customers further agree that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing, the Affected System Study or restudy of the Interconnection Request shall be deemed third party beneficiaries of these Sections 8.2 and 8.3.
- 8.5 Term and Termination. This Agreement shall be effective from the date hereof and, unless earlier terminated in accordance with this Section 8.5, shall continue in effect until the later of: (i) the Affected System Study and any re-study and the final iterative decision period is completed and (ii) the Affected System Interconnection Customers make the final payment under this Agreement and are refunded any remaining portion of its study deposit. The Affected System Interconnection Customer or NYISO may terminate this Agreement upon the withdrawal of the Affected System Interconnection Customers' Queue Position from the NYISO Queue or upon the ISO's receipt of notice that the Affected System Interconnection Customers' projects have been withdrawn from the region in which it proposes to interconnect.
- 8.6 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.
- 8.7 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.
- 8.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 8.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 8.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 8.11 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 the Affected System Interconnection Customers as a result of this Agreement.

- 8.12 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.
- 8.13 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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*[Insert name of Affected System Interconnection Customer]*

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Queue Position No. \_\_\_\_

*[Insert name of Affected System Interconnection Customer]*

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Queue Position No. \_\_\_\_

**Attachment A to Appendix 7  
Multiparty Affected System Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE  
MULTIPARTY AFFECTED SYSTEM STUDY**

The Affected System Study will be based upon the following assumptions:

*[Assumptions to be completed by Affected System Interconnection Customers and NYISO]*

**Attachment B to Appendix 7  
Multiparty Affected System Study Agreement**

**RATES USED FOR CONDUCTING THE AFFECTED SYSTEM STUDY**

*[Rates to be inserted by ISO.]*

## **40.25.8 APPENDIX 8 TO ATTACHMENT HH**

### **EXPEDITED DELIVERABILITY STUDY AGREEMENT**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and among \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”), 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”), and \_\_\_\_\_ a \_\_\_\_\_ organized and existing under the laws of the State of New York (“Connecting Transmission Owner”). Interconnection Customer, NYISO and Connecting Transmission Owner each may be referred to as a “Party,” or collectively as the “Parties.”

### **RECITALS**

**WHEREAS**, Interconnection Customer is proposing to develop or owns an existing or facility requesting Capacity Resource Interconnection Service (“CRIS”); and

**WHEREAS**, the NYISO has confirmed that the Interconnection Customer has satisfied the eligibility requirements for entering an Expedited Deliverability Study; and

**WHEREAS**, Interconnection Customer has elected to enter an Expedited Deliverability Study in order to obtain or increase CRIS pursuant to Attachment HH to the NYISO’s Open Access Transmission Tariff (“OATT”), as applicable.

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Section 40.1 of Attachment HH to the ISO OATT.
- 2.0 Interconnection Customer elects to be evaluated for CRIS and NYISO shall cause to be performed an Expedited Deliverability Study consistent with Attachment HH to the ISO OATT. The terms of Attachment HH of the OATT are hereby incorporated by reference herein.
- 3.0 The scope of the Expedited Deliverability Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Expedited Deliverability Study report (i) shall identify whether the facility is fully deliverable at its requested level of CRIS; and (ii) if not fully deliverable, shall determine the facility’s deliverable MW.
- 5.0 The Interconnection Customer shall provide a deposit of \$30,000 for the performance of the Expedited Deliverability Study. The time for completion of the Expedited Deliverability Study is specified in Attachment A.
- 6.0 Interconnection Customer shall be responsible for the actual cost incurred by NYISO and



the Connecting Transmission Owner on the Expedited Deliverability Study, as computed on a time and materials basis in accordance with the rates attached hereto. The ISO shall invoice the Interconnection Customer, and Interconnection Customer shall pay the invoiced amounts, in accordance with the requirements in Section 40.24.3 of Attachment HH to the ISO OATT. NYISO shall continue to hold the amounts on deposit until settlement of the final invoice in accordance with the requirements in Section 40.24.3.

## 7.0 Miscellaneous.

- 7.1 Accuracy of Information. Except as Interconnection Customer or Connecting Transmission Owner may otherwise specify in writing when they provide information to NYISO under this Agreement, Interconnection Customer and Connecting Transmission Owner each represent and warrant that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. Interconnection Customer and Connecting Transmission Owner shall each promptly provide NYISO with any additional information needed to update information previously provided to the extent permitted by Attachment HH to the NYISO OATT.
- 7.2 Disclaimer of Warranty. In preparing the Expedited Deliverability Study, the Party preparing such study and any subcontractor consultants employed by it shall have to rely on information provided by the other Parties, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither the Party preparing the Expedited Deliverability Study nor any subcontractor consultant employed by that Party 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 Expedited Deliverability Study. Interconnection Customer 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.
- 7.3 Limitation of Liability. The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall any Party or its subcontractor consultants 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 Expedited Deliverability Study or any reliance on the Expedited Deliverability Study by any Party or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any Party or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay

in performance of its obligations under this Agreement, except as otherwise set forth in Attachment HH to the ISO OATT.

- 7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, Interconnection Customer and Connecting Transmission Owner further agree that subcontractor consultants employed by NYISO to conduct or review, or to assist in the conducting or reviewing, an Expedited Deliverability Study shall be deemed third party beneficiaries of these Sections 7.2 and 7.3.
- 7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect until the Expedited Deliverability Study is completed and approved by the NYISO Operating Committee. Interconnection Customer or NYISO may terminate this Agreement upon the later of (i) the withdrawal of the Interconnection Customer's Interconnection Request from the NYISO Queue, as applicable, or upon the Interconnection Customer's withdrawal of its request to be evaluated in the Expedited Deliverability Study, and (ii) the final reconciliation of any payments and deposits concerning the Expedited Deliverability Study in accordance with the requirements in Attachment HH to the ISO OATT.
- 7.6 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.
- 7.7 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.
- 7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 7.11 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 Interconnection Customer or Connecting Transmission Owner as a result of this Agreement.
- 7.12 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.

7.13 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 WHEREOF**, 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.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert name of Interconnection Customer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **ATTACHMENT A**

### **SCHEDULE FOR CONDUCTING THE EXPEDITED DELIVERABILITY STUDY**

The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to complete the study and issue an Expedited Deliverability Study report to the Interconnection Customer within the four months after of receipt of an executed copy of this Expedited Deliverability Study Agreement:

- Study work (other than data provision and study review) that may be requested of the Transmission Owner by the NYISO is currently not specified, but will be specified in a Study Work Agreement to be developed between the NYISO and Transmission Owner.
- Pursuant to Article 6.0 of this Agreement, the rates for the study work are attached as Exhibit 1.

## ATTACHMENT B

### DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE EXPEDITED DELIVERABILITY STUDY AGREEMENT

1. Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.
2. Specify the MW level of Capacity Resource Interconnection Service ("CRIS") requested; provided however, that CRIS requests are subject to the limits specified in Section 40.5.6.5 of Attachment HH to the ISO OATT.

Evaluation election (MW of requested CRIS) at POI: \_\_\_\_\_

If the Facility will consist of multiple units, specify the requested allocation of the above MW level of requested CRIS:

- I  
f requesting CRIS for a multi-unit Facility, specify the requested CRIS for each Generator: \_\_\_\_\_

For a Resource with Energy Duration Limitations that is requesting CRIS, indicate the maximum injection capability over the selected duration (*e.g.*, 10 MWh over 4 hours): \_\_\_\_\_

3. Proposed Schedule:

Begin Construction Date: \_\_\_\_\_

Initial Backfeed Date Date: \_\_\_\_\_

Synchronization Date Date: \_\_\_\_\_

Generation Testing Date: \_\_\_\_\_

Commercial Operation Date Date: \_\_\_\_\_

4. **Additional Information Required as Part of this Data Form:**

Nameplate MW: \_\_\_\_\_

Nameplate MVA: \_\_\_\_\_

Auxiliary Load: \_\_\_\_\_

For temperature sensitive units, provide MW vs. temp curves and indicate

maximum summer and winter net capability below:

- Maximum summer net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 90 degrees F: \_\_\_\_\_
- Maximum winter net (net MW = gross MW minus auxiliary loads total MW) which can be achieved at 10 degrees F: \_\_\_\_\_

5. Describe any injection-limiting equipment if the facility's existing or requested ERIS is below its full output:

---

---

---

6. In addition to the above information, as applicable, for BTM:NG Resources, please also provide the following information:

Interconnection Customer or Customer-Site Load: \_\_\_\_\_kW (if none, so state)

Existing load? Yes \_\_\_\_ No\_\_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Is the *new or existing load* in the Transmission Owner's service area?

\_\_\_\_\_ Yes \_\_\_\_\_No Local provider: \_\_\_\_\_

## **40.25.9 APPENDIX 9 TO ATTACHMENT HH**

### **ALLOCATION OF OVERAGE COST**

An Example of the Allocation of Overage Cost Among Interconnection Customers for Cluster Study Projects, in accordance with Section 40.12.2.6 of Attachment HH:

- There are five Interconnection Customers projects in a Cluster Study.
- The Cluster Project Assessment (“CPA”) determines that ten (10) System Upgrade Facilities (“SUFs”) are needed to reliably interconnect the Cluster Study Projects, at a total cost of \$30 million.
- The Cluster Baseline Assessment (“CBA”) determines that seven (7) SUFs would be needed to meet Applicable Reliability Requirements without the Cluster Study Projects, at a total cost of \$20 million. (Note: The CBA may have included some generic “projects” identical to or similar to some of the Cluster Study Projects, but not necessarily. Also, some of the SUFs identified by the CBA may be the same as those identified in the CPA, but not necessarily.)

- (1) The total cost of CPA SUFs allocated to the Transmission Owners (“TOs”) is equal to the total cost of the CBA SUFs (\$20 million).
- (2) The total cost of CPA SUFs allocated to the Interconnection Customer, the Overage Cost, is the net of the total cost of the CPA vs. CBA SUFs (\$30 million - \$20 million = \$10 million).
- (3) The ratio of the Overage Cost to the total cost of CPA SUFs, the Overage Cost Percentage, is used to compute the Interconnection Customers’ cost allocations for each CPA SUF. In this example, the Overage Cost Percentage, the ratio, =

$\$10 \text{ million} / \$30 \text{ million} = 1/3$  (The Interconnection Customers pay  $1/3$  the cost of each CPA SUF). Assume the cost of one of the CPA SUFs (SUF No. 1) is \$3 million. The Interconnection Customers' share of the cost of that SUF =  $1/3 \times \$3 \text{ million} = \$1 \text{ million}$ .

- (4) The Interconnection Customers' share of the cost of each CPA SUF is allocated among all the Interconnection Customers that have at least a *de minimus* impact causing the need for that SUF. In this example, the CPA determines that 3 of the 5 Cluster Study Projects have at least a *de minimus* impact causing the need for SUF No. 1.
- (5) The Interconnection Customers' cost of an CPA SUF is allocated to each Interconnection Customer that has at least a *de minimus* impact in accordance with the Contribution Percentage, or ratio of that Interconnection Customer's measured impact, its electrical contribution, to the sum of the measured impact of all the Interconnection Customers that have at least a *de minimus* impact.

In this example, the measured impacts of the three projects are 200, 300, and 500 amps, respectively. Thus, the pro rata shares of the projects' cost of SUF No. 1 are \$200,000, \$300,000, and \$500,000, respectively.



## **40.25.10 APPENDIX 10 TO ATTACHMENT HH**

### **CERTIFICATION CODES AND STANDARDS**

- IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)
- UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems
- IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems
- NFPA 70 (2002), National Electrical Code
- IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems
- IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers
- IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers
- IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors
- IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits
- IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits
- ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)
- IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms  
NEMA MG 1-1998, Motors and Small Resources, Revision 3
- IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems
- NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

## **40.25.11 APPENDIX 11 TO ATTACHMENT HH**

### **CERTIFICATION OF EQUIPMENT PACKAGES FOR GENERATING FACILITIES**

- 1.0 Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if: (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in Appendix 10 to this Attachment HH, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

#### **40.25.12 APPENDIX 12 TO ATTACHMENT HH**

##### **APPLICATION, PROCEDURES, AND TERMS AND CONDITIONS FOR INTERCONNECTING A CERTIFIED INVERTER-BASED GENERATING FACILITY NO LARGER THAN 10 KW (“10 KW INVERTER PROCESS”)**

- 1.0 The Interconnection Customer (“Customer”) completes the Interconnection Request (“Application”) and submits it to the ISO. The ISO will send a copy to the Connecting Transmission Owner.
- 2.0 The ISO acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The ISO, in consultation with the Connecting Transmission Owner, evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The ISO, in consultation with the Connecting Transmission Owner, verifies that the Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the SGIP. The ISO has 15 Business Days to complete this process. Unless the ISO, in consultation with the Connecting Transmission Owner, determines and demonstrates that the Generating Facility cannot be interconnected safely and reliably, the ISO approves the Application and returns it to the Customer, with a copy to the Connecting Transmission Owner. Note to Customer: Please check with the ISO before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the ISO and sends a copy to the Connecting Transmission Owner. Prior to parallel operation, the ISO, in consultation with the Connecting Transmission Owner, may inspect the Generating Facility for compliance with standards which may include a Connecting Transmission Owner witness test, and may schedule appropriate metering replacement, if necessary. The Customer shall cooperate with the ISO and the Connecting Transmission Owner to assure that the required inspection, witness test and/or metering replacement are completed within the timeframes outlined below.
- 6.0 The ISO notifies the Customer in writing that interconnection of the Generating Facility is authorized. If the witness test is not satisfactory, the Connecting Transmission Owner has the right to disconnect the Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Connecting Transmission Owner is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion, unless the Connecting Transmission Owner and Customer agree otherwise. If the Connecting Transmission Owner does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.
- 7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Customer). If another entity is responsible for interfacing with the ISO

and Connecting Transmission Owner, that contact information must be provided on the Application.

- 8.0 Ownership Information – Enter the legal names of the owner(s) of the Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.
- 9.0 UL1741 Listed – This standard (“Inverters, Converters, and Controllers for Use in Independent Power Systems”) addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This “listing” is then marked on the equipment and supporting documentation.
- 10.0 The ISO is available to help resolve any disputes that may arise out of the proposed interconnection, in accordance with the procedures set forth in Section 40.24.5 of Attachment HH to the ISO OATT.

## **APPLICATION FOR INTERCONNECTING A CERTIFIED INVERTER-BASED GENERATING FACILITY NO LARGER THAN 10KW**

This Application is considered complete when it provides all applicable and correct information required below. Per Section 40.5.5.1.5 of Attachment HH, documentation of Site Control must be submitted with the Interconnection Request. Additional information to evaluate the Application may be required.

### Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

### Interconnection Customer

Name of Interconnection Customer: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

### Point of Contact

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Owner of the Facility (include % ownership by any electric utility): \_\_\_\_\_

### Generating Facility Information

Location (if different from above): \_\_\_\_\_

Electric Service Company: \_\_\_\_\_

Account Number: \_\_\_\_\_

Inverter Manufacturer: \_\_\_\_\_ Model \_\_\_\_\_

Nameplate Rating: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA) \_\_\_\_\_ (AC Volts)

Single Phase \_\_\_\_\_ Three Phase \_\_\_\_\_

System Design Capacity: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA)

Customer-Site Load: \_\_\_\_\_ MW (if none, so state)

Existing load? Yes \_\_\_ No \_\_\_

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Prime Mover: Photovoltaic ☐ Reciprocating Engine ☐ Fuel Cell ☐

Turbine ☐ Other \_\_\_\_\_

Energy Source: Solar ☐ Wind ☐ Hydro ☐ Diesel ☐ Natural Gas ☐

Fuel Oil ☐ Other (describe) \_\_\_\_\_

Is the equipment UL1741 Listed? Yes \_\_\_ No \_\_\_

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: \_\_\_\_\_ Estimated Initial Backfeed Date: \_\_\_\_\_

The 10kW Inverter Process is available only for inverter-based Generating Facilities no larger than 10kW that meet the codes, standards, and certification requirements of Appendices 10 and 11 of Attachment H to the ISO OATT, or the ISO, in consultation with the Connecting Transmission Owner, has reviewed the design or tested the proposed Generating Facility and is satisfied that it is safe to operate. If the review or testing raises safety issues, the Generating Facility will not be allowed to commence parallel operation until the issues are resolved.

List components of the Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

**Interconnection Customer Signature**

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Generating Facility No Larger than 10kW and return the Certificate of Completion when the Generating Facility has been installed.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

---

**Contingent Approval to Interconnect the Generating Facility**

(For ISO and Connecting Transmission Owner use only)

Interconnection of the Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Connecting Transmission Owner Signature:

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Connecting Transmission Owner waives inspection/witness test Yes\_\_\_ No\_\_\_

ISO Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**Generating Facility Certificate of Completion**

Is the Generating Facility owner-installed? Yes\_\_\_ No \_\_\_

Interconnection Customer: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Location of the Generating Facility (if different from above):

\_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Electrician:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

License number: \_\_\_\_\_

Date Approval to Install Facility granted by the Connecting Transmission Owner:

Inspection:

The Generating Facility has been installed and inspected in compliance with the local

building/electrical code of \_\_\_\_\_

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

\_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

As a condition of interconnection, you are required to send a copy of this form along with a copy of the signed electrical permit to the ISO and the Connecting Transmission Owner (insert contact information below):



Name: \_\_\_\_\_

NYISO: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

City, State ZIP: \_\_\_\_\_

E-mail: \_\_\_\_\_

Name: \_\_\_\_\_

Connecting Transmission Owner: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

City, State ZIP: \_\_\_\_\_

E-mail: \_\_\_\_\_

---

Approval to Energize the Generating Facility (For ISO and Connecting Transmission Owner use only)

Energizing the Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Generating Facility No Larger than 10kW

ISO Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Connecting Transmission Owner Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

## **TERMS AND CONDITIONS FOR INTERCONNECTING AN INVERTER-BASED GENERATING FACILITY NO LARGER THAN 10KW ("TERMS AND CONDITIONS")**

### **1.0 Construction of the Facility**

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Generating Facility when the ISO approves the Interconnection Request (the "Application") and returns it to the Customer.

### **2.0 Interconnection and Operation**

The Customer may operate Generating Facility and interconnect with the Connecting Transmission Owner's Distribution System once all of the following have occurred:

- 2.1 Upon completing construction, the Customer will cause the Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and
- 2.2 The Customer returns the Certificate of Completion to the ISO and the Connecting Transmission Owner, and
- 2.3 The Connecting Transmission Owner has either:
  - 2.3.1 Completed its inspection of the Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Connecting Transmission Owner, at its own expense, within ten Business Days (unless the Parties agree otherwise) after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Connecting Transmission Owner shall provide a written statement that the Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or
  - 2.3.2 If the Connecting Transmission Owner does not schedule an inspection of the Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise), unless the Interconnection Customer has not provided a reasonable opportunity for such inspection; or
  - 2.3.3 The Connecting Transmission Owner waives the right to inspect the Generating Facility.
- 2.4 The Connecting Transmission Owner has the right to disconnect the Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

### 3.0 **Safe Operations and Maintenance**

The Customer shall be fully responsible to operate, maintain, and repair the Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

### 4.0 **Access**

The Connecting Transmission Owner shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Generating Facility at all times. The Connecting Transmission Owner shall provide reasonable notice to the Customer when possible prior to using its right of access.

### 5.0 **Disconnection**

The Connecting Transmission Owner may temporarily disconnect the Generating Facility upon the following conditions, until the conditions no longer exist:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Generating Facility does not operate in the manner consistent with these Terms and Conditions, the ISO OATT and Applicable Reliability Requirements.

5.4 The Connecting Transmission Owner shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

### 6.0 **Indemnification**

The Parties shall at all times indemnify, defend, and save the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the indemnified Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

### 7.0 **Insurance**

The Interconnection Customer and Connecting Transmission Owner shall each follow all applicable insurance requirements imposed by New York State. All insurance policies must be maintained with insurers authorized to do business in New York State, and all policies must be in place ten Business Days prior to the operation of the Inverter-Based Generating Facility. The Interconnection Customer and Connecting Transmission Owner shall notify each other whenever an accident or incident recurs that is covered by such insurance, whether or not such coverage is sought. The Interconnection Customer's insurance requirements shall be specified in an attachment to these Terms and Conditions.

## 8.0 **Limitation of Liability**

Each Party's liability to the other Parties for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall any Party be liable to any other Parties for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

## 9.0 **Termination**

The agreement to operate in parallel shall become effective when executed by the Parties and shall continue in effect until \_\_\_\_\_. The agreement may be terminated earlier under the following conditions:

### 9.1 **By the Customer**

By providing written notice to the NYISO and the Connecting Transmission Owner.

### 9.2 **By the ISO and the Connecting Transmission Owner**

If the Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

### 9.3 **Permanent Disconnection**

In the event this Agreement is terminated, the Connecting Transmission Owner shall have the right to disconnect its facilities or direct the Customer to disconnect its Generating Facility.

### 9.4 **Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require any Party to fulfill rights or obligations that arose under the Agreement.

## 10.0 **Assignment/Transfer of Ownership of the Generating Facility**

This Agreement shall survive the transfer of ownership of the Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the NYISO and the Connecting Transmission Owner.

Interconnection Customer:

Connecting Transmission Owner:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

New York Independent System Operator, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## **40.25.13 APPENDIX 13 TO ATTACHMENT HH**

### **FAST TRACK REQUEST**

A Fast Track Request is considered complete when the Interconnection Customer provides all applicable and correct information required below, together with the required application fee, submitted to the ISO.

#### **A. Preamble and Instructions**

An Interconnection Customer who requests the use of the Fast Track Process for the ISO's assessment of the interconnection of a Generating Facility to the New York State Transmission System or the Distribution System must submit this Fast Track Request to the NYISO. The ISO will send a copy to the Connecting Transmission Owner.

#### **B. Processing Fee or Deposit:**

The application fee for the Fast Track Process shall be a non-refundable \$500 processing fee.

#### **C. Interconnection Customer Information**

Legal Name of the Interconnection Customer (or, if an individual, individual's name) (must be a single individual or entity)

Name of Interconnection Customer:\_\_\_\_\_

Contact Person:\_\_\_\_\_

Mailing Address:\_\_\_\_\_

City:\_\_\_\_\_ State:\_\_\_\_\_ Zip:\_\_\_\_\_

Facility Location (if different from above):\_\_\_\_\_

Telephone : \_\_\_\_\_

E-Mail Address:\_\_\_\_\_

#### **Additional Contact Information**

Contact Name:\_\_\_\_\_

Title:\_\_\_\_\_

Address:\_\_\_\_\_

\_\_\_\_\_

Telephone:\_\_\_\_\_

E-Mail Address:\_\_\_\_\_

#### **D. Application Information**

Will the Generating Facility be used for any of the following?

Net Metering? Yes \_\_\_ No\_\_\_

To Supply Power to the Interconnection Customer? Yes \_\_\_ No\_\_\_

To Supply Power to Others Through Wholesale Sales Over the New York State

Transmission System or Distribution System? Yes \_\_\_ No\_\_\_

To Supply Power to a Host Load? Yes \_\_\_ No\_\_\_

For installations at locations with existing electric service to which the proposed Generating Facility will interconnect, provide:

\_\_\_\_\_  
(Local Electric Service Provider)

\_\_\_\_\_  
(Existing Account Number)

Local Electric Service Provider Contact Name:\_\_\_\_\_

Title:\_\_\_\_\_

Address:\_\_\_\_\_

Telephone:\_\_\_\_\_

E-Mail Address:\_\_\_\_\_

Project Name:\_\_\_\_\_

Project Description: \_\_\_\_\_

Requested Point of Interconnection:\_\_\_\_\_

Coordinates (i.e., latitude and longitude) of the Proposed Point of Interconnection:\_\_\_\_\_

\_\_\_\_\_  
Interconnection Customer's Proposed Initial Backfeed Date:\_\_\_\_\_

Interconnection Customer's Proposed Synchronization Date:\_\_\_\_\_

Interconnection Customer's Proposed Commercial Operation Date:\_\_\_\_\_

## E. Generating Facility Information

Data apply only to the Generating Facility, not the Attachment Facilities.

1. Describe the composition of assets (including MW level) within the facility, including load reduction assets (e.g., 5 MW wind facility, 2 MW Energy Storage Resource and a load reduction resource with a maximum of 1 MW of load reduction):

---



---

2. Maximum Injection Capability of entire Generating Facility over 1 hour:
3. If the facility includes a Resource with Energy Duration Limitations, indicate the maximum injection capability for the entire Generating Facility over the selected duration (e.g., 10 MW over 4 hours):

---



---

4. Provide the following information for each Generator within the Generating Facility:

Energy Source: ☐ Solar ☐ Wind ☐ Hydro ☐ Hydro Type (e.g. Run-of-River): \_\_\_\_\_  
☐ Diesel ☐ Natural Gas ☐ Fuel Oil ☐ Other (state type) \_\_\_\_\_

Generator Nameplate Rating: \_\_\_\_\_ MW (Typical) Generator Nameplate MVAR: \_\_\_\_\_

As applicable, for BTM:NG Resources, please also provide the following information:

Interconnection Customer or Customer-Site Load: \_\_\_\_\_ kW (if none, so state)

Existing load? Yes ☐ No ☐

If existing load with metered load data, provide coincident Summer peak load: \_\_\_\_\_

If new load or existing load without metered load data, provide estimated coincident Summer peak load: \_\_\_\_\_

Is the new load or existing load in the Transmission Owner's service area?

☐ Yes ☐ No Local provider: \_\_\_\_\_

List components of the Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
_____	_____



Generator (or solar collector)

Manufacturer, Model Name & Number: \_\_\_\_\_

Version Number: \_\_\_\_\_

Nameplate Output Power Rating in MW: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Nameplate Output Power Rating in MVA: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_

Individual Generator Reactive Capability in kVAR

Leading: \_\_\_\_\_ Lagging: \_\_\_\_\_

If wind, total number of generators in wind farm to be interconnected pursuant to this

Interconnection Request: \_\_\_\_\_

Generator Height: \_\_\_\_\_ Single phase \_\_\_\_\_ Three Phase \_\_\_\_\_

In addition to the above information, as applicable, for Resources with Energy Duration Limitations, please also provide the following information:

Inverter manufacturer, model name, number, and version: \_\_\_\_\_

Energy storage capability (MWh): \_\_\_\_\_

Minimum Duration for full discharge (i.e., injection) (Hours): \_\_\_\_\_

Minimum Duration for full charge (i.e., withdrawal) (Hours): \_\_\_\_\_

Maximum withdrawal from the system (i.e., when charging) (MW): \_\_\_\_\_

Maximum sustained injection (in MW) over the Interconnection Customer-selected duration:

Primary frequency response operating range for electric storage resource:

Minimum State of Charge: \_\_\_\_\_(%) Maximum State of Charge: \_\_\_\_\_ (%)

If wind, total number of generators in wind farm to be interconnected pursuant to this

Interconnection Request: \_\_\_\_\_

Generator Height: Single phase \_\_\_\_\_ Three Phase \_\_\_\_\_

If an Energy Storage Resource:

Inverter manufacturer, model name, number, and version:

Energy storage capability (MWh):

Minimum Duration for full discharge (i.e., injection) (Hours):

Minimum Duration for full charge (i.e., withdrawal) (Hours):

Maximum withdrawal from the system (i.e., when charging) (MW):

Maximum sustained four-hour injection in MW hours:

Primary frequency response operating range for electric storage resource: \_\_\_\_\_

Minimum State of Charge: \_\_\_\_\_ (%)      Maximum State of Charge: \_\_\_\_\_ (%)

## F. Additional Information

Enclose copy of site electrical one-line diagram showing the configuration of all Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed professional engineer if the Generating Facility is larger than 50 kW.

- I  
s One-Line Diagram Enclosed? \_\_\_\_ Yes \_\_\_\_ No

Enclose copy of any Site Control documentation that indicates the precise physical location of the proposed Generating Facility (e.g., USGS topographic map or other diagram or documentation).

- S  
ite Control Documentation Enclosed? \_\_\_\_ Yes \_\_\_\_ No

- S  
ite Control provided for the following number of acres: \_\_\_\_\_

### **G. Applicant Signature**

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer:

By (signature): \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

## **ATTACHMENT A TO APPENDIX 13 – FAST TRACK REQUEST– Terms and Conditions of Interconnection Study(ies)**

These terms and conditions for the study of a Generating Facility in the Fast Track Process proposed in the Fast Track Request dated \_\_\_\_\_ (“the Project”) and submitted by \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Interconnection Customer”) sets forth the respective obligations between Interconnection Customer 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”) (hereinafter the “Terms and Conditions”). By signing below, Interconnection Customer confirms its understanding and acceptance of the Terms and Conditions.

### **RECITALS**

**WHEREAS**, the Interconnection Customer is proposing the Project; and

**WHEREAS**, desires to use the Fast Track Process to interconnect the Generating Facility with the New York State Transmission System (or the Distribution System, as applicable); and

**WHEREAS**, the Interconnection Customer has requested NYISO to assess the Project under the Fast Track Process;

**NOW, THEREFORE**, in consideration of and subject to the terms and conditions contained herein, the Interconnection Customer and NYISO agree as follows:

- 1.0 When used in under these Terms and Conditions, with initial capitalization, the terms specified shall have the meanings specified in Section 40.1 of the Standard Interconnection Procedures in Attachment HH to the NYISO Open Access Transmission Tariff (“OATT”).
- 2.0 The Interconnection Customer shall elect and NYISO shall cause to be performed, an assessment of the Project in the Fast Track Process, including any supplemental review agreed upon by Interconnection Customer, in accordance with the requirement in Section 40.23 of Attachment HH to the ISO OATT (“Study”). The terms of Attachment HH to the ISO OATT, as applicable, are incorporated by reference herein.
- 3.0 The NYISO’s assessment of the Project in accordance with the Fast Track Process requirements in Section 40.23 of Attachment HH to the ISO OATT in connection with the Fast Track Request and these Terms and Conditions will be based on the technical information provided by the Interconnection Customer in the Fast Track Request. NYISO reserves the right to request additional information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of its assessment. If the Interconnection Customer modifies its designated Point of Interconnection, the Fast Track Request, or the technical information

provided in the Interconnection Request, the time to complete the Study may be extended.

- 4.0 The NYISO shall perform the Fast Track Process assessment of the Project, including any supplemental review agreed upon by Interconnection Customer, in accordance with the requirements in Section 40.23 of Attachment HH to the ISO OATT.
- 5.0 The Interconnection Customer shall provide NYISO with a \$500 application fee for its performance of the Fast Track Process assessment. For purposes of any supplemental review, Interconnection Customer shall provide the NYISO with a deposit in accordance with the requirements in Section 40.23.4 of Attachment HH to the ISO OATT.
- 6.0 For purposes of any supplemental review agreed upon by Interconnection Customer, Interconnection Customer shall be responsible for the actual costs incurred by NYISO and any subcontractor hired to perform study work, as computed on a time and materials basis in accordance with the rates provided to the Interconnection Customer upon its agreement for the supplemental review. The ISO shall invoice Interconnection Customer, and Interconnection Customer shall pay the invoiced amounts, in accordance with the requirements in Section 40.24.3 of Attachment HH to the ISO OATT. The NYISO shall continue to hold any amounts on deposit, if applicable, until settlement of the final invoice in accordance with the requirements in Section 40.24.3 of Attachment HH.
- 7.0 Miscellaneous.
  - 7.1 Accuracy of Information. Except as the Interconnection Customer may otherwise specify in writing when it provides information to NYISO under these Terms and Conditions, the Interconnection Customer represents and warrants that the information it provides to NYISO shall be accurate and complete as of the date the information is provided. The Interconnection Customer shall promptly provide NYISO with any additional information needed to update information previously provided to the extent permitted by Attachment HH to the ISO OATT.
  - 7.2 Disclaimer of Warranty. In preparing the Study, NYISO and any subcontractor consultants hired by it shall have to rely on information provided by the Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither NYISO nor any subcontractor consultant hired by NYISO 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 Studies performed under these Terms and Conditions. The Interconnection Customer 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.

- 7.3 **Limitation of Liability.** The NYISO or any subcontractor consultants engaged by the NYISO shall not be liable for direct damages, including money damages or other compensation, for actions or omissions by the NYISO or a subcontractor consultant in performing its obligations under this Agreement, except to the extent such act or omission by the NYISO or a subcontractor consultant is found to result from its gross negligence or willful misconduct. In no event shall NYISO or its subcontractor consultants be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with these Terms and Conditions or the Study performed or any reliance on the Study by the Interconnection Customer or third parties, even if NYISO or its subcontractor consultants have been advised of the possibility of such damages. Nor shall any NYISO or its subcontractor consultants be liable for any delay in delivery or for the non-performance or delay in performance of its obligations under these Terms and Conditions, except as otherwise set forth in Attachment HH to the ISO OATT.
- 7.4 **Third-Party Beneficiaries.** Without limitation of Sections 7.2 and 7.3 under these Terms and Conditions, the Interconnection Customer further agrees that subcontractor consultants hired by NYISO to conduct or review, or to assist in the conducting or reviewing of, one or more of the Studies requested under the Interconnection Request shall be deemed third-party beneficiaries of these Sections 7.2 and 7.3 under these Terms and Conditions.
- 7.5 **Term and Termination.** The obligations to conduct the Study and under these Terms and Conditions shall be effective from the date hereof and, unless earlier terminated under these Terms and Conditions, shall continue in effect until the later of: (i) the Study is completed in accordance with the requirements in Section 40.23 of Attachment HH to the ISO OATT and (ii) the Interconnection Customer makes the final payment under this Agreement and is refunded any remaining portion of its study deposit. The Interconnection Customer or NYISO may terminate their obligations under these Terms and Agreement upon the withdrawal of the Interconnection Customer's Fast Track Request under the Standard Interconnection Procedures.
- 7.6 **Governing Law.** These Terms and Conditions and any study performed thereunder 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.
- 7.7 **Severability.** In the event that any part of these Terms and Conditions are deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from these Terms and Conditions and the obligations under these Terms and Conditions shall continue in full force and effect as if each part was not contained herein.
- 7.8 **Amendment.** No amendment, modification, or waiver of any term or condition hereof shall be effective unless set forth in writing and signed by the Interconnection Customer and NYISO hereto.

- 7.9 Survival. All warranties, limitations of liability, and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 7.10 Independent Contractor. Interconnection Customer agrees that 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 the Interconnection Customer as a result of performing any work under these Terms and Conditions.
- 7.11 No Implied Waivers. The failure of the Interconnection Customer or NYISO to insist upon or enforce strict performance of any of the provisions of these Terms and Conditions 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.
- 7.12 Successors and Assigns. The obligations under these Terms and Conditions, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Interconnection Customer and NYISO and their respective successors and assigns.

**IN WITNESS THEREOF**, the Interconnection Customer has agreed to accept and be bound by the Terms and Conditions by its duly authorized officers or agents execution on the day and year first below written.

---

**[Insert name of Interconnection Customer]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

#### **40.25.14 APPENDIX 14 TO ATTACHMENT HH – RESERVED**



#### **40.25.15 APPENDIX 15 TO ATTACHMENT HH**

### **STANDARD INTERCONNECTION AGREEMENT**

**(Applicable to Generating Facilities, Class Year Transmission Projects, and Cluster Study  
Transmission Projects)**

**SERVICE AGREEMENT NO. [●]**

**SERVICE AGREEMENT NO. [●]**  
**STANDARD INTERCONNECTION AGREEMENT**  
**AMONG THE**  
**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**  
**AND**  
***[INSERT CONNECTING TRANSMISSION OWNER]***  
**AND**  
***[INSERT INTERCONNECTION CUSTOMER]***  
**Dated as of *[insert execution date]***  
**Facility Project Name: *[insert project name]***  
**Queue Position No(s): *[insert Queue number(s)]***

## TABLE OF CONTENTS

Page Number

### ARTICLE 1. DEFINITIONS

### ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

- 2.1 Effective Date
- 2.2 Term of Agreement
- 2.3 Termination
- 2.4 Termination Costs
- 2.5 Disconnection
- 2.6 Survival

### ARTICLE 3. REGULATORY FILINGS

### ARTICLE 4. SCOPE OF INTERCONNECTION SERVICE

- 4.1 Provision of Service
- 4.2 No Transmission Delivery Service
- 4.3 No Other Services

### ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

- 5.1 Options
- 5.2 General Conditions Applicable to Option to Build
- 5.3 Liquidated Damages
- 5.4 Power System Stabilizers
- 5.5 Design and Equipment Procurement
- 5.6 Construction Commencement
- 5.7 Work Progress
- 5.8 Information Exchange
- 5.9 Other Interconnection Options
- 5.10 Interconnection Customer's Attachment Facilities ("ICAF")
- 5.11 Connecting Transmission Owner's Attachment Facilities Construction
- 5.12 Access Rights
- 5.13 Lands of Other Property Owners
- 5.14 Permits
- 5.15 Early Construction of Base Case Facilities
- 5.16 Suspension
- 5.17 Taxes
- 5.18 Tax Status; Non-Jurisdictional Entities
- 5.19 Modification

### ARTICLE 6. TESTING AND INSPECTION

- 6.1 Pre-Commercial Operation Date Testing and Modifications
- 6.2 Post-Commercial Operation Date Testing and Modifications
- 6.3 Right to Observe Testing
- 6.4 Right to Inspect

### ARTICLE 7. METERING

- 7.1 General
- 7.2 Check Meters
- 7.3 Standards

7.4 Testing of Metering Equipment

7.5 Metering Data

ARTICLE 8. COMMUNICATIONS

8.1 Interconnection Customer Obligations

8.2 Remote Terminal Unit

8.3 No Annexation

ARTICLE 9. OPERATIONS

9.1 General

9.2 NYISO and Connecting Transmission Owner Obligations

9.3 Interconnection Customer Obligations

9.4 Start-Up and Synchronization

9.5 Real and Reactive Power Control and Primary Frequency Response

9.6 Outages and Interruptions

9.7 Switching and Tagging Rules

9.8 Use of Attachment Facilities by Third Parties

9.9 Disturbance Analysis Data Exchange

9.10 Phasor Measurement Units

ARTICLE 10. MAINTENANCE

10.1 Connecting Transmission Owner Obligations

10.2 Interconnection Customer Obligations

10.3 Coordination

10.4 Secondary Systems

10.5 Operating and Maintenance Expenses

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Interconnection Customer's Attachment Facilities

11.2 Connecting Transmission Owner's Attachment Facilities

11.3 System Upgrade Facilities and System Deliverability Upgrades

11.4 Upgrades on Affected Systems and Upgrades Required for Multiple Projects on Connecting Transmission Owner's System or Affected System

11.5 Provision of Security

11.6 Interconnection Customer's Compensation for Emergency Services

11.7 Line Outage Costs

ARTICLE 12. INVOICE

12.1 General

12.2 Final Invoice

12.3 Payment

12.4 Disputes

ARTICLE 13. EMERGENCIES

13.1 Obligations

13.2 Notice

13.3 Immediate Action

13.4 NYISO and Connecting Transmission Owner Authority

13.5 Interconnection Customer Authority

13.6 Limited Liability

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements

14.2 Governing Law

ARTICLE 15. NOTICES

15.1 General

15.2 Billings and Payments

15.3 Alternative Forms of Notice

15.4 Operations and Maintenance Notice

ARTICLE 16. FORCE MAJEURE

ARTICLE 17. DEFAULT

17.1 General

17.2 Right to Terminate

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity

18.2 No Consequential Damages

18.3 Insurance

ARTICLE 19. ASSIGNMENT

ARTICLE 20. SEVERABILITY

ARTICLE 21. COMPARABILITY

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality

22.2 Term

22.3 Confidential Information

22.4 Scope

22.5 Release of Confidential Information

22.6 Rights

22.7 No Warranties

22.8 Standard of Care

22.9 Order of Disclosure

22.10 Termination of Agreement

22.11 Remedies

22.12 Disclosure to FERC, its Staff or a State

22.13 Required Notices Upon Requests or Demands for Confidential Information

ARTICLE 23. INTERCONNECTION CUSTOMER AND CONNECTING TRANSMISSION

OWNER NOTICE OF ENVIRONMENTAL RELEASES

ARTICLE 24. INFORMATION REQUIREMENT

24.1 Information Acquisition

24.2 Information Submission by Connecting Transmission Owner

24.3 Updated Information Submission by Interconnection Customer

24.4 Information Supplementation

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access

25.2 Reporting of Non-Force Majeure Events

25.3 Audit Rights

25.4 Audit Rights Periods

25.5 Audit Results

ARTICLE 26. SUBCONTRACTORS

26.1 General

26.2 Responsibility of Principal

26.3 No Limitation by Insurance

## ARTICLE 27. DISPUTES

27.1 Submission

27.2 External Arbitration Procedures

27.3 Arbitration Decisions

27.4 Costs

27.5 Termination

## ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General

## ARTICLE 29. MISCELLANEOUS

29.1 Binding Effect

29.2 Conflicts

29.3 Rules of Interpretation

29.4 Compliance

29.5 Joint and Several Obligations

29.6 Entire Agreement

29.7 No Third Party Beneficiaries

29.8 Waiver

29.9 Headings

29.10 Multiple Counterparts

29.11 Amendment

29.12 Modification by the Parties

29.13 Reservation of Rights

29.14 No Partnership

29.15 Other Transmission Rights

29.16 Modifications Related to NYISO's Compliance with Order No. 2023

Appendices

## STANDARD INTERCONNECTION AGREEMENT

**THIS STANDARD INTERCONNECTION AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and among: (i) \_\_\_\_\_, a [corporate description] organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Interconnection Customer” with a Facility), (ii) 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”), and (iii) \_\_\_\_\_ a [corporate description] organized and existing under the laws of the State of New York (“Connecting Transmission Owner”). Interconnection Customer, the NYISO, or Connecting Transmission Owner each may be referred to as a “Party” or collectively referred to as the “Parties.”

### RECITALS

**WHEREAS**, NYISO operates the New York State Transmission System and Connecting Transmission Owner owns certain facilities included in the New York State Transmission System;

**WHEREAS**, Interconnection Customer intends to own, lease and/or control and operate the Facility identified in Appendix A to this Agreement; and,

**WHEREAS**, Interconnection Customer, NYISO, and Connecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Facility with the New York State Transmission System;

**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 1 of the ISO OATT, Section 40.1 of Attachment HH of the OATT, the body of the Standard Interconnection Procedures, or the body of this Agreement.

**Affected System** shall mean an electric system within the New York Control Area other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** shall mean the entity that operates an Affected System. Affected System Operator includes the Affected Transmission Owners.

**Affected Transmission Owner** shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the

ISO OATT, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, Affected Network Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment S, or Attachment HH to the ISO OATT.

**Affiliate** shall mean, with respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term “control” shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Councils** shall mean the Electric Reliability Organization, the NPCC and the NYSRC.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District to which the Interconnection Customer’s Facility 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 this Agreement.

**Applicable Reliability Requirements:** shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of this Attachment HH, applied when conducting the Cluster Baseline Assessment and the Cluster Project Assessment; 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 Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Attachment Facilities** shall mean the Connecting Transmission Owner’s Attachment Facilities and the Interconnection Customer’s Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Generating Facility or Cluster Study Transmission Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Facility to the New York State Transmission System or Distribution System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades.

**Balancing Authority** shall mean an entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.



**Balancing Authority Area** shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies or Cluster Study by the NYISO, Connecting Transmission Owner or Interconnection Customer; as described, as applicable, in Section 30.2.3 of the Standard Large Facility Interconnection Procedures or Section 40.2.6 of the Standard Interconnection Procedures.

**Breach** shall mean the failure of a Party to perform or observe any material term or condition 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.

**Capacity Resource Interconnection Service (“CRIS”)** shall mean the service provided by NYISO to Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S or HH to the ISO OATT; such service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier.

**Class Year Interconnection Facilities Study (“Class Year Study”)** shall mean a study conducted by the NYISO or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner’s Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility or Class Year Transmission Project with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT.

**Class Year Transmission Project** shall mean an Interconnection Customer’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 (1) the Interconnection Customer 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 Interconnection Customer 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. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Cluster** shall mean a group of one or more Projects with validated Interconnection Requests that are studied together for the purpose of conducting a Cluster Study.

**Cluster Study** shall mean the study conducted, as applicable, by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility or Cluster Study Transmission Project with the New York State Transmission System or with the Distribution System. The Cluster Study includes the Phase 1 Study and the Phase 2 Study.

**Cluster Study Transmission Project** shall mean an Interconnection Customer'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 (1) the Interconnection Customer 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 Interconnection Customer 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 Cluster Study Transmission Project without having to re-dispatch generation. Cluster Study Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Commercial Operation** shall mean the status of a Facility that has commenced generating or transmitting electricity for sale, excluding electricity generated or transmitted during Trial Operation.

**Commercial Operation Date** of a unit shall mean the date on which the Facility commences Commercial Operation, notice of which must be provided by the Interconnection Customer to the NYISO and Connecting Transmission Owner in the form provided in Appendix E-2 to this Agreement.

**Confidential Information** shall mean any information that is defined as confidential by Article 22 of this Agreement.

**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 ISO OATT, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to this Agreement. For purposes of this Agreement, the Connecting Transmission Owner is set forth in the preamble of this Agreement.

**Connecting Transmission Owner's Attachment Facilities** shall mean all facilities and equipment owned, controlled or operated by the Connecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to this Agreement, including any modifications, additions or upgrades to such facilities and equipment. Connecting Transmission Owner's Attachment Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone System Upgrade Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Contingent Facilities** shall mean those Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades associated with Class Year Projects or Cluster Study Projects upon which the Facility's Class Year Study or Cluster Study Project Cost Allocations are dependent, and if delayed or not built, could impact the actual costs and timing of the Facility's Project Cost Allocation for System Upgrade Facilities or System Deliverability Upgrades.

**Default** shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 17 of this Agreement.

**Distribution System** shall mean the Connecting Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Standard Interconnection Procedures in Attachment HH to the ISO OATT under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** shall mean the modifications or additions to the existing Distribution System at or beyond the Point of Interconnection that are required for the Facility to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard. Distribution Upgrades do not include Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Effective Date** shall mean the date on which this Agreement becomes effective in accordance with Article 2.1 of this Agreement.

**Electric Reliability Organization ("ERO")** shall mean the North American Electric Reliability Corporation or its successor organization.

**Emergency State** shall mean the condition or state that the New York State Power System is in when an abnormal condition occurs that requires automatic or immediate manual action to prevent or limit loss of the New York State Transmission System or Generators that could adversely affect the reliability of the New York State Power System.

**Energy Resource Interconnection Service ("ERIS")** shall mean the service provided by NYISO to interconnect the Interconnection Customer's Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project, pursuant to the terms of the ISO OATT.

**Environmental Law** shall mean Applicable Laws and Regulations relating to pollution or protection of the environment or natural resources.

**Facility** shall mean, as applicable, the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project.

**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq. (“FPA”).

**FERC** shall mean the Federal Energy Regulatory Commission (“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.

**Generating Facility** shall mean Interconnection Customer’s device(s) for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include: the Interconnection Customer’s Attachment Facilities or Distribution Upgrades. A facility comprised of multiple Generators will be treated as a single Generating Facility if the facility proposed in the Interconnection Request is comprised of multiple Generators behind a single Point of Interconnection, even if such Generators are different technology types.

**Generating Facility Capacity** shall mean the net seasonal capacity of the Generating Facility or the aggregate net seasonal capacity of the Generating Facility consisting of more than one device for a production and/or storage for later injection.

**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 practices, 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, 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 Interconnection Customer, NYISO, Affected Transmission Owner, Affected System Operator, Connecting Transmission Owner, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**Initial Backfeed Date** shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Connecting Transmission Owner’s Attachment Facilities to obtain back feed power. Initial Backfeed Date shall include the term In-Service Date as that term is used in Attachments S, X, and Z to the ISO OATT.

**Interconnection Customer** shall mean any entity, including the Connecting Transmission Owner or any of its affiliates or subsidiaries, that proposes to interconnect its Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project with the New York State Transmission System or the Distribution System. For purposes of applying the requirements in this Agreement, an Interconnection Customer shall include an entity that was categorized as a Developer under the NYISO’s Standard Large Facility Interconnection Procedures.

**Interconnection Customer’s Attachment Facilities** shall mean all facilities and equipment that are located between the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project and the Point of Change of Ownership as identified in Appendix A to this Agreement, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project to the New York State Transmission System or Distribution System. Interconnection Customer’s Attachment Facilities are sole use facilities. For purposes of applying the requirements in this Agreement, Interconnection Customer’s Attachment Facilities shall include facilities that were categorized as Developer’s Attachment Facilities under the NYISO’s Standard Large Facility Interconnection Procedures or Interconnection Customer’s Interconnection Facilities under the NYISO’s Small Generator Interconnection Procedures.

**Interconnection Request** shall mean Interconnection Customer’s request, in the form of Appendix 1 to the Standard Interconnection Procedures in Attachment HH to the ISO OATT or Appendix 1 to the Standard Large Facility Interconnection Procedures in Attachment X to the ISO OATT, in accordance with the ISO OATT, to interconnect a new Facility, Class Year Transmission Project, or Cluster Study Transmission Project to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project that is interconnected with the New York State Transmission System or with the Distribution System. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Interconnection may be considered a single Generating Facility, provided the Interconnection Request identifies a single Interconnection Customer.

**IRS** shall mean the Internal Revenue Service.

**ISO Services Tariff** shall mean the NYISO Market Administration and Control Area Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

**ISO OATT** shall mean the NYISO Open Access Transmission Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

**Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with an equal or later Queue Position.

**Metering Equipment** shall mean all metering equipment installed or to be installed at the Facility pursuant to this Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

**New York State Transmission System** shall mean the entire New York State electric 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.

**Notice of Dispute** shall mean a written notice of a dispute or claim pursuant to Article 27.1 of this Agreement that arises out of or in connection with this Agreement or its performance.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYISO Tariffs** shall mean the ISO OATT and ISO Services Tariff.

**NYSRC** shall mean the New York State Reliability Council or its successor organization.

**Party or Parties** shall mean NYISO, Connecting Transmission Owner, or Interconnection Customer or any combination of the above.

**Point of Change of Ownership** shall mean the point where the Interconnection Customer's Attachment Facilities connect to the Connecting Transmission Owner's Attachment Facilities. The Point of Change of Ownership is set forth in Appendix A to this Agreement.

**Point of Interconnection** shall mean the point where the Attachment Facilities connect to the New York State Transmission System or to the Distribution System. The Point of Interconnection is set forth in Appendix A to this Agreement.

**Provisional Interconnection Service** shall mean interconnection service provided by the NYISO associated with interconnecting the Interconnection Customer's Facility to the New York State Transmission System (or Distribution System as applicable) and enabling the transmission system to receive electric energy from the Facility at the Point of Interconnection, pursuant to the terms of the Provisional Standard Interconnection Agreement and, if applicable, the ISO OATT.

**Provisional Standard Interconnection Agreement** shall mean the interconnection agreement for Provisional Interconnection Service established between the NYISO, Connecting Transmission Owner(s), and the Interconnection Customer. This agreement shall take the form of the Standard Interconnection Agreement, modified for provisional purposes and type of facility.

**Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, 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.

**Retired** shall mean a Generator that has permanently ceased operating on or after May 1, 2015 either: i) pursuant to applicable notice; or ii) as a result of the expiration of its Mothball Outage or its ICAP Ineligible Forced Outage.

**Site Control** shall mean the necessary land right sufficient to develop, construct, operate, and maintain the Facility over a term of at least ten (10) years from the date of submission of the Interconnection Request. Site Control may be demonstrated by documentation establishing: (1) ownership of, a leasehold interest in, or a right to develop a site of sufficient size to construct and operate the Facility; (2) an option to purchase or acquire a leasehold site of sufficient size to construct and operate the Facility; or (3) any other documentation that clearly demonstrates the right of Interconnection Customer to occupy a site of sufficient size to construct and operate the Facility. The term “necessary land right” restricts the use of the site for mutually exclusive projects, but does not restrict multi-use applications of the site in addition to its use for the Facility, such as agriculture, ranching, etc. The ISO will maintain acreage requirements and other applicable parameters for each facility type on its OASIS or public website.

**Stand Alone System Upgrade Facilities** shall mean System Upgrade Facilities that are not part of an Affected System that an Interconnection Customer may construct without affecting day-to-day operations of the New York State Transmission System during their construction. The ISO, the Connecting Transmission Owner, and the Interconnection Customer must agree as to what constitutes Stand Alone System Upgrade Facilities and identify them in Appendix A to the Standard Interconnection Agreement. If the ISO, the Connecting Transmission Owner, and the Interconnection Customer disagree about whether a particular System Upgrade Facility is a Stand Alone System Upgrade Facility, the ISO and the Connecting Transmission Owner must provide the Interconnection Customer a written technical explanation outlining why the ISO and the Connecting Transmission Owner do not consider the System Upgrade Facility to be a Stand Alone System Upgrade Facility within fifteen (15) Business Days of its determination.

**Standard Interconnection Agreement (“IA”)** shall mean this agreement, which is the form of interconnection agreement applicable to an Interconnection Request pertaining to a Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project, that is included in Attachment HH of the ISO OATT.

**Standard Interconnection Procedures (“Interconnection Procedures” or “SIP”)** shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Generating Facility or Cluster Study Transmission Project that are included in this Attachment HH of the ISO OATT.

**Standard Large Facility Interconnection Procedures (“Large Facility Interconnection Procedures” or “LFIP”)** shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility or Class Year Transmission Project that are included in Attachment X of the ISO OATT.

**Standard Upgrade Construction Agreement** shall mean the agreement contained in Appendix 16 to Attachment HH that is made, as applicable, among: (i) the ISO, (ii) the Affected System Operator or Affected Transmission Owner, and (iii) the Interconnection Customer or Affected System Interconnection Customer to facilitate the construction of and to set forth cost responsibility for necessary System Upgrades Facilities, System Deliverability Upgrades, or Affected System Network Upgrades on the New York State Transmission System or Distribution System.

**Standard Multiparty Upgrade Construction Agreement** shall mean the agreement contained in Appendix 17 to Attachment HH that is made, as applicable, among (i) the ISO, (ii) the Affected System Operator or Affected Transmission Owner, and (iii) multiple Interconnection Customers or Affected System Interconnection Customers to facilitate the construction of and to set forth cost responsibility for necessary System Upgrade Facilities, System Deliverability Upgrades, or Affected System Network Upgrades on the New York State Transmission System or Distribution System.

**Synchronization Date** shall mean the date upon which the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project is initially synchronized and upon which Trial Operation begins, notice of which must be provided by the Interconnection Customer to the NYISO and Connecting Transmission Owner in the form provided in Appendix E-1. Synchronization Date shall include the term Initial Synchronization Date as that term is used in Attachments S, X, and Z to the ISO OATT.

**System Deliverability Upgrades** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System and Distribution System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

**System Protection Facilities** shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission System from faults or other electrical disturbances occurring at the Facility and (2) protect the Facility from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

**System 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including



such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Trial Operation** shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Facility prior to Commercial Operation.

## **ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION**

### **2.1 Effective Date.**

This Agreement shall become effective upon execution by the Parties, subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The NYISO and Connecting Transmission Owner shall promptly file this Agreement with FERC upon execution in accordance with Article 3.

### **2.2 Term of Agreement.**

Subject to the provisions of Article 2.3, this Agreement shall remain in effect for a period of *[ten (10) years from the Effective Date or such other longer period as the Interconnection Customer may request (Term to be Specified in Individual Agreements)]* and shall be automatically renewed for each successive one-year period thereafter.

### **2.3 Termination.**

#### **2.3.1 Written Notice.**

This Agreement may be terminated:

(i) by the Interconnection Customer after giving the NYISO and Connecting Transmission Owner ninety (90) Calendar Days advance written notice; or

(ii) by the NYISO and Connecting Transmission Owner by providing written notice to Interconnection Customer after, as applicable, the Generating Facility is Retired or the Class Year Transmission Project or Cluster Study Transmission Project permanently ceases Commercial Operation.

#### **2.3.2 Default.**

Any Party may terminate this Agreement in accordance with Article 17.

#### **2.3.3 Compliance.**

Notwithstanding Articles 2.3.1 and 2.3.2, no termination of this Agreement shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to

such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

## **2.4 Termination Costs.**

If a Party elects to terminate this Agreement pursuant to Article 2.3.1 above, the terminating Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Attachment Facilities and equipment) or charges assessed by the other Parties, as of the date of the other Parties' receipt of such notice of termination, that are the responsibility of the terminating Party under this Agreement. In the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

**2.4.1** With respect to any portion of the Connecting Transmission Owner's Attachment Facilities that have not yet been constructed or installed, the Connecting Transmission Owner shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Connecting Transmission Owner shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Connecting Transmission Owner for any or all such costs of materials or equipment not taken by Interconnection Customer, Connecting Transmission Owner shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by the Connecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.

If Interconnection Customer terminates this Agreement, it shall be responsible for all costs incurred in association with Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Attachment Facilities and equipment, and other expenses including any System Upgrade Facilities and System Deliverability Upgrades for which the Connecting Transmission Owner has incurred expenses and has not been reimbursed by the Interconnection Customer.

**2.4.2** Connecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Connecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

**2.4.3** With respect to any portion of the Attachment Facilities, and any other facilities already installed or constructed pursuant to the terms of this Agreement, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

## **2.5 Disconnection.**

Upon termination of this Agreement, Interconnection Customer and Connecting Transmission Owner will take all appropriate steps to disconnect the Interconnection Customer's Facility from the New York State Transmission System or Distribution System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

## **2.6 Survival.**

This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder; including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit Interconnection Customer and Connecting Transmission Owner each to have access to the lands of the other pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

## **ARTICLE 3. REGULATORY FILINGS**

NYISO and Connecting Transmission Owner shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. Any information related to studies for interconnection asserted by Interconnection Customer to contain Confidential Information shall be treated in accordance with Article 22 of this Agreement and Attachment F to the ISO OATT. If the Interconnection Customer has executed this Agreement, or any amendment thereto, Interconnection Customer shall reasonably cooperate with NYISO and Connecting Transmission Owner with respect to such filing and to provide any information reasonably requested by NYISO and Connecting Transmission Owner needed to comply with Applicable Laws and Regulations.

## **ARTICLE 4. SCOPE OF INTERCONNECTION SERVICE**

### **4.1 Provision of Service.**

NYISO will provide Interconnection Customer with interconnection service of the following type for the term of this Agreement.

#### **4.1.1 Product.**

Subject to Article 4.1.2, NYISO will provide [ ]  
Interconnection Service to Interconnection Customer at the Point of Interconnection.

#### **4.1.2 Execution of Agreement Prior to Completion of Class Year Study or Cluster Study.**

If the Agreement, including a Provisional Standard Interconnection Agreement, is executed prior to the completion of, as applicable, the Class Year Study or Cluster Study for the

Facility, Interconnection Customer shall, as applicable: (i) in the Class Year Study decision process accept the Project Cost Allocation and post Security for any System Upgrade Facilities that are identified for the Facility and cost allocated in the Class Year Study, or (ii) in the Cluster Study decision process accept the Project Cost Allocation and post Security for any Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and Distribution Upgrades that are identified for the Facility and cost allocated in the Cluster Study. Interconnection Customer must accept such cost allocation and post the required Security even if the Project Cost Allocation exceeds the estimate included in this Agreement and includes equipment not identified in the Agreement. Unless Interconnection Customer otherwise obtains CRIS in accordance with the requirements in Attachments S or HH to the OATT, Interconnection Customer cannot participate as an Installed Capacity Supplier until after, as applicable, the Class Year Study or Cluster Study is completed and (1) the project is deemed deliverable and Interconnection Customer accepts its Deliverable MWs, or (2) the Interconnection Customer accepts its Project Cost Allocation and posts Security for any required System Deliverability Upgrades. If the upgrades or cost estimates identified in the Class Year Study or Cluster Study or otherwise determined in accordance with Attachments S or HH differ from the amounts and description in this Agreement, the Parties shall amend the Agreement, pursuant to Articles 29.11 and 29.12 of this Agreement, to reflect the results of, as applicable, the Class Year Study or Cluster Study.

**4.1.3 Interconnection Customer** is responsible for ensuring that its actual Facility output matches the scheduled delivery from the Facility to the New York State Transmission System, consistent with the scheduling requirements of the NYISO's FERC-approved market structure, including ramping into and out of such scheduled delivery, as measured at the Point of Interconnection, consistent with the scheduling requirements of the ISO OATT and any applicable FERC-approved market structure.

#### **4.2 No Transmission Delivery Service.**

The execution of this Agreement does not constitute a request for, nor agreement to provide, any Transmission Service under the ISO OATT, and does not convey any right to deliver electricity to any specific customer or Point of Delivery. If Interconnection Customer wishes to obtain Transmission Service on the New York State Transmission System, then Interconnection Customer must request such Transmission Service in accordance with the provisions of the ISO OATT.

#### **4.3 No Other Services.**

The execution of this Agreement does not constitute a request for, nor agreement to provide Energy, any Ancillary Services or Installed Capacity under the ISO Services Tariff. If Interconnection Customer wishes to supply Energy, Installed Capacity or Ancillary Services, then Interconnection Customer will make application to do so in accordance with the ISO Services Tariff.

## **ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION**

### **5.1 Options.**

Unless otherwise mutually agreed to by Interconnection Customer and Connecting Transmission Owner, Interconnection Customer shall select the Initial Backfeed Date, Synchronization Date, and Commercial Operation Date; and either the Standard Option or Alternate Option set forth below, and such dates and selected option shall be set forth in Appendix B hereto. At the same time, Interconnection Customer shall indicate whether it elects to exercise the Option to Build set forth in Article 5.1.3 below. If the dates designated by Interconnection Customer are not acceptable to the Connecting Transmission Owner, the Connecting Transmission Owner shall so notify Interconnection Customer within thirty (30) Calendar Days. Upon receipt of the notification that Interconnection Customer's designated dates are not acceptable to the Connecting Transmission Owner, Interconnection Customer shall notify the Connecting Transmission Owner within thirty (30) Calendar Days whether it elects to exercise the Option to Build if it has not already elected to exercise the Option to Build.

#### **5.1.1 Standard Option.**

The Connecting Transmission Owner shall design, procure, and construct the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities and System Deliverability Upgrades, using Reasonable Efforts to complete the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities and System Deliverability Upgrades by the dates set forth in Appendix B hereto. The Connecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Connecting Transmission Owner reasonably expects that it will not be able to complete the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities and System Deliverability Upgrades by the specified dates, the Connecting Transmission Owner shall promptly provide written notice to Interconnection Customer and NYISO, and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

#### **5.1.2 Alternate Option.**

If the dates designated by Interconnection Customer are acceptable to Connecting Transmission Owner, the Connecting Transmission Owner shall so notify Interconnection Customer and NYISO within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities by the designated dates. If Connecting Transmission Owner subsequently fails to complete Connecting Transmission Owner's Attachment Facilities by the Initial Backfeed Date, to the extent necessary to provide back feed power; or fails to complete System Upgrade Facilities or System Deliverability Upgrades by the Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by Interconnection Customer and Connecting Transmission Owner for such Trial Operation; or fails to complete the System Upgrade Facilities and System Deliverability Upgrades by the

Commercial Operation Date, as such dates are reflected in Appendix B hereto; Connecting Transmission Owner shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, *provided, however*, the dates designated by Interconnection Customer shall be extended day for day for each day that NYISO refuses to grant clearances to install equipment.

### **5.1.3 Option to Build.**

Individual or multiple Interconnection Customer(s) shall have the option to assume responsibility for the design, procurement and construction of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities on the dates specified in Article 5.1.2 if the requirements in this Article 5.1.3 are met. When multiple Interconnection Customers may agree to exercise this option, multiple Interconnection Customers may agree to exercise this option provided (1) all Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities constructed under this option are only required for Interconnection Customers in a single Cluster and (2) all impacted Interconnection Customers execute and provide to the NYISO and Connecting Transmission Owner an agreement regarding responsibilities and payments for the construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities planned to be built under this option. NYISO, Connecting Transmission Owner, and the individual Interconnection Customer or each of the multiple Interconnection Customers must agree as to what constitutes Stand Alone System Upgrade Facilities and identify such Stand Alone System Upgrade Facilities in Appendix A hereto. Except for Stand Alone System Upgrade Facilities, Interconnection Customer shall have no right to construct System Upgrade Facilities or System Deliverability Upgrades under this option.

### **5.1.4 Negotiated Option.**

If the dates designated by Interconnection Customer are not acceptable to the Connecting Transmission Owner, Interconnection Customer and Connecting Transmission Owner shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of all facilities other than the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities if Interconnection Customer elects to exercise the Option to Build under Article 5.1.3. If the two Parties are unable to reach agreement on such terms and conditions, then, pursuant to Article 5.1.1 (Standard Option), Connecting Transmission Owner shall assume responsibility for the design, procurement and construction of all facilities other than the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities if Interconnection Customer elects to exercise the Option to Build.

## **5.2 General Conditions Applicable to Option to Build.**

If Interconnection Customer assumes responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities, the following conditions apply:

### **5.2.1 Interconnection Customer shall engineer, procure equipment, and construct**

the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Connecting Transmission Owner;

**5.2.2** Interconnection Customer's engineering, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities shall comply with all requirements of law to which Connecting Transmission Owner would be subject in the engineering, procurement or construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities;

**5.2.3** Connecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities;

**5.2.4** Prior to the commencement of construction, Interconnection Customer shall provide to Connecting Transmission Owner and NYISO a schedule for construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities, and shall promptly respond to requests for information from Connecting Transmission Owner or NYISO;

**5.2.5** At any time during construction, Connecting Transmission Owner shall have the right to gain unrestricted access to the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities and to conduct inspections of the same;

**5.2.6** At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities not meet the standards and specifications provided by Connecting Transmission Owner, Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities;

**5.2.7** Interconnection Customer shall indemnify Connecting Transmission Owner and NYISO for claims arising from Interconnection Customer's construction of Connecting Transmission Owner's Attachment Facilities, Stand Alone System Upgrade Facilities under procedures applicable to Article 18.1 Indemnity;

**5.2.8** Interconnection Customer shall transfer control of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to the Connecting Transmission Owner;

**5.2.9** Unless Interconnection Customer and Connecting Transmission Owner otherwise agree, Interconnection Customer shall transfer ownership of Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to Connecting Transmission Owner;

**5.2.10** Connecting Transmission Owner shall approve and accept for operation

and maintenance the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities to the extent engineered, procured, and constructed in accordance with this Article 5.2;

**5.2.11** Interconnection Customer shall deliver to NYISO and Connecting Transmission Owner "as built" drawings, information, and any other documents that are reasonably required by NYISO or Connecting Transmission Owner to assure that the Attachment Facilities and Stand Alone System Upgrade Facilities are built to the standards and specifications required by Connecting Transmission Owner; and

**5.2.12** If Interconnection Customer exercises the Option to Build pursuant to Article 5.1.3, Interconnection Customer shall pay the Connecting Transmission Owner the agreed upon amount of [\$ PLACEHOLDER] for the Connecting Transmission Owner to execute the responsibilities enumerated to Connecting Transmission Owner under Article 5.2. The Connecting Transmission Owner shall invoice Interconnection Customer for this total amount to be divided on a monthly basis pursuant to Article 12.

### **5.3 Liquidated Damages.**

The actual damages to Interconnection Customer, in the event the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades are not completed by the dates designated by Interconnection Customer and accepted by the Connecting Transmission Owner pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Connecting Transmission Owner to Interconnection Customer in the event that Connecting Transmission Owner does not complete any portion of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades by the applicable dates, shall be an amount equal to 1/2 of 1 percent per day of the actual cost of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities and System Deliverability Upgrades, in the aggregate, for which Connecting Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities and System Deliverability Upgrades for which the Connecting Transmission Owner has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Connecting Transmission Owner to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this Agreement. Liquidated damages, when Interconnection Customer and Connecting Transmission Owner agree to them, are the exclusive remedy for the Connecting Transmission Owner's failure to meet its schedule.

Further, Connecting Transmission Owner shall not pay liquidated damages to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of the



Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades to take the delivery of power for the Interconnection Customer's Facility's Trial Operation or to export power from Interconnection Customer's Facility on the specified dates, unless Interconnection Customer would have been able to commence use of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades to take the delivery of power for Interconnection Customer's Facility's Trial Operation or to export power from the Interconnection Customer's Facility, but for Connecting Transmission Owner's delay; (2) the Connecting Transmission Owner's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an interconnection agreement with the Connecting Transmission Owner and NYISO, or action or inaction by any other Party, or any other cause beyond Connecting Transmission Owner's reasonable control or reasonable ability to cure; (3) Interconnection Customer has assumed responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities; or (4) the Connecting Transmission Owner and Interconnection Customer have otherwise agreed. In no event shall NYISO have any liability whatever to Interconnection Customer for liquidated damages associated with the engineering, procurement or construction of Attachment Facilities, System Upgrade Facilities or System Deliverability Upgrades.

#### **5.4 Power System Stabilizers.**

Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the requirements identified in the Class Year Study or Cluster Study conducted for Interconnection Customer's Facility. NYISO and Connecting Transmission Owner reserve the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Facility. If the Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify the Connecting Transmission Owner and NYISO.

#### **5.5 Design and Equipment Procurement.**

If responsibility for construction of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, or System Deliverability Upgrades is to be borne by the Connecting Transmission Owner, then the Connecting Transmission Owner shall commence design of the applicable facilities for which it is responsible and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless Interconnection Customer and Connecting Transmission Owner otherwise agree in writing:

**5.5.1** NYISO and Connecting Transmission Owner have completed the Class Year Study or Cluster Study;

**5.5.2** The NYISO has completed the required cost allocation analyses, and Interconnection Customer has accepted its Project Cost Allocation for, as applicable, the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades required for the Facility in accordance with the provisions of Attachment S or HH of the ISO OATT;

**5.5.3** The Connecting Transmission Owner has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B hereto; and

**5.5.4** Interconnection Customer has provided security to the Connecting Transmission Owner for the design and procurement of the applicable facilities in accordance with Article 11.5 by the date(s) specified in Appendix B hereto.

## **5.6 Construction Commencement.**

The Connecting Transmission Owner shall commence construction of the Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

**5.6.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

**5.6.2** Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades;

**5.6.3** The Connecting Transmission Owner has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B hereto; and

**5.6.4** Interconnection Customer has provided security to the Connecting Transmission Owner for the construction of the applicable facilities in accordance with Article 11.5 by the date(s) specified in Appendix B hereto.

## **5.7 Work Progress.**

Interconnection Customer and Connecting Transmission Owner will keep each other, and NYISO, advised periodically as to the progress of their respective design, procurement and construction efforts. Any Party may, at any time, request a progress report from Interconnection Customer or Connecting Transmission Owner. If, at any time, Interconnection Customer determines that the completion of the Connecting Transmission Owner's Attachment Facilities will not be required until after the specified Initial Backfeed Date, Interconnection Customer will provide written notice to the Connecting Transmission Owner and NYISO of such later date upon which the completion of the Connecting Transmission Owner's Attachment Facilities will be required.

## **5.8 Information Exchange.**

As soon as reasonably practicable after the Effective Date, Interconnection Customer and Connecting Transmission Owner shall exchange information, and provide NYISO the same information, regarding the design and compatibility of their respective Attachment Facilities and compatibility of the Attachment Facilities with the New York State Transmission System, and shall work diligently and in good faith to make any necessary design changes.

## **5.9 Other Interconnection Options**

### **5.9.1 Limited Operation.**

If any of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of Interconnection Customer's Facility, NYISO shall, upon the request and at the expense of Interconnection Customer, in conjunction with the Connecting Transmission Owner, perform operating studies on a timely basis to determine the extent to which Interconnection Customer's Facility and the Interconnection Customer's Attachment Facilities may operate prior to the completion of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this Agreement. Connecting Transmission Owner and NYISO shall permit Interconnection Customer to operate Interconnection Customer's Facility and Interconnection Customer's Attachment Facilities in accordance with the results of such studies.

### **5.9.2 Provisional Interconnection Service.**

Prior to: (i) Interconnection Customer's eligibility under the Standard Large Facility Interconnection Procedures or Standard Interconnection Procedures pursuant to which it may enter into an interconnection agreement before the completion of the Class Year Study or Cluster Study and (ii) the completion of requisite Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Distribution Upgrades, or System Protection Facilities, Interconnection Customer may request an evaluation for Provisional Interconnection Service. NYISO, in conjunction with the Connecting Transmission Owner, shall determine, through available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if Interconnection Customer interconnects without modifications to the Facility or the New York State Transmission System (or Distribution System as applicable). NYISO, in conjunction with the Connecting Transmission Owner, shall determine whether any Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities, which are necessary to meet Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, are in place prior to the commencement of interconnection service from the Facility. Where available studies indicate that the Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, System Deliverability Upgrades, or System Protection Facilities are required for the interconnection of a new, modified and/or expanded Facility but such facilities are not currently in place, NYISO, in conjunction with the Connecting Transmission Owner, will perform a study, at Interconnection Customer's expense, to confirm the facilities that are required for Provisional

Interconnection Service. The maximum permissible output of the Facility in the Provisional Standard Interconnection Agreement shall be studied, at the Interconnection Customer's expense, and updated annually. The NYISO shall issue the study's findings in writing to Interconnection Customer and Connecting Transmission Owner(s). Following a determination by NYISO, in conjunction with the Connecting Transmission Owner, that Interconnection Customer may reliably provide Provisional Interconnection Service, NYISO shall tender to Interconnection Customer and Connecting Transmission Owner, a Provisional Standard Interconnection Agreement. NYISO, Interconnection Customer, and Connecting Transmission Owner may execute the Provisional Standard Interconnection Agreement, or Interconnection Customer may request the filing of an unexecuted Provisional Standard Interconnection Agreement with the Commission. Interconnection Customer shall assume all risk and liabilities with respect to changes between the Provisional Standard Interconnection Agreement and the Standard Interconnection Agreement, including changes in output limits and the cost responsibilities for the Attachment Facilities, System Upgrade Facilities, System Deliverability Upgrades, and/or System Protection Facilities.

#### **5.10 Interconnection Customer's Attachment Facilities ("ICAF").**

Interconnection Customer shall, at its expense, design, procure, construct, own and install the DAF, as set forth in Appendix A hereto.

##### **5.10.1 ICAF Specifications.**

Interconnection Customer shall submit initial specifications for the ICAF, including System Protection Facilities, to Connecting Transmission Owner and NYISO at least one hundred eighty (180) Calendar Days prior to the Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Synchronization Date. Connecting Transmission Owner and NYISO shall review such specifications to ensure that the ICAF are compatible with the technical specifications, operational control, and safety requirements of the Connecting Transmission Owner and NYISO and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed to be Confidential Information.

##### **5.10.2 No Warranty.**

The review of Interconnection Customer's final specifications by Connecting Transmission Owner and NYISO shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Facility or the ICAF. Interconnection Customer shall make such changes to the ICAF as may reasonably be required by Connecting Transmission Owner or NYISO, in accordance with Good Utility Practice, to ensure that the ICAF are compatible with the technical specifications, operational control, and safety requirements of the Connecting Transmission Owner and NYISO.

##### **5.10.3 ICAF Construction.**

The DAF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless Interconnection Customer and Connecting Transmission Owner agree on another mutually

acceptable deadline, Interconnection Customer shall deliver to the Connecting Transmission Owner and NYISO “as-built” drawings, information and documents for the ICAF, such as: a one-line diagram, a site plan showing the Facility and the ICAF, plan and elevation drawings showing the layout of the ICAF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer’s step-up transformers, the facilities connecting the Facility to the step-up transformers and the ICAF, and the impedances (determined by factory tests) for the associated step-up transformers and the Facility. Interconnection Customer shall provide to, and coordinate with, Connecting Transmission Owner and NYISO with respect to proposed specifications for the excitation system, automatic voltage regulator, Facility control and protection settings, transformer tap settings, and communications, if applicable.

#### **5.11 Connecting Transmission Owner’s Attachment Facilities Construction.**

The Connecting Transmission Owner’s Attachment Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Connecting Transmission Owner and Interconnection Customer agree on another mutually acceptable deadline, the Connecting Transmission Owner shall deliver to Interconnection Customer “as-built” drawings, relay diagrams, information and documents for the Connecting Transmission Owner’s Attachment Facilities set forth in Appendix A.

The Connecting Transmission Owner [shall/shall not] transfer operational control of the Connecting Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities to the NYISO upon completion of such facilities.

#### **5.12 Access Rights.**

Upon reasonable notice and supervision by the Granting Party, and subject to any required or necessary regulatory approvals, either the Connecting Transmission Owner or Interconnection Customer (“Granting Party”) shall furnish to the other of those two Parties (“Access Party”) at no cost any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain the ingress and egress at the Point of Interconnection to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Facility with the New York State Transmission System or Distribution System; (ii) operate and maintain the Facility, the Attachment Facilities, and the New York State Transmission System; and (iii) disconnect or remove the Access Party’s facilities and equipment upon termination of this Agreement. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party’s business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Access Party shall indemnify the Granting Party against all claims of injury or damage from third parties resulting from the exercise of the access rights provided for herein.

### **5.13 Lands of Other Property Owners.**

If any part of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and/or System Deliverability Upgrades is to be installed on property owned by persons other than Interconnection Customer or Connecting Transmission Owner, the Connecting Transmission Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes for its own or affiliated generation, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and/or System Deliverability Upgrades upon such property.

### **5.14 Permits.**

NYISO, Connecting Transmission Owner, and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Connecting Transmission Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to the Connecting Transmission Owner's own, or an Affiliate's generation, if any.

### **5.15 Early Construction of Base Case Facilities.**

Interconnection Customer may request Connecting Transmission Owner to construct, and Connecting Transmission Owner shall construct, subject to a binding cost allocation agreement reached in accordance with Attachment S or HH to the ISO OATT, including Section 25.8.7 or 40.17 thereof, using Reasonable Efforts to accommodate Interconnection Customer's Initial Backfeed Date, all or any portion of any System Upgrade Facilities or System Deliverability Upgrades required for Interconnection Customer to be interconnected to the New York State Transmission System which are included in the Base Case of the Class Year Study or Cluster Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's Initial Backfeed Date.

### **5.16 Suspension.**

Interconnection Customer reserves the right, upon written notice to Connecting Transmission Owner and NYISO, to suspend at any time all work by Connecting Transmission Owner or Interconnection Customer, as applicable, associated with the construction and installation of Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and/or System Deliverability Upgrades required for only that Interconnection Customer under this Agreement with the condition that the New York State Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the safety and reliability criteria of Connecting Transmission Owner and NYISO. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs and/or obligations in accordance with Attachment HH to the OATT including those which Connecting

Transmission Owner (i) has incurred pursuant to this Agreement prior to the suspension and (ii) incurs as a result of the suspension of such work, including any costs incurred by the Connecting Transmission Owner to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New York State Transmission System during such suspension and, if cancellation or suspension of material, equipment, and labor contracts which Connecting Transmission Owner cannot reasonably avoid; *provided, however*, that prior to canceling or suspending any such material, equipment, or labor contract, Connecting Transmission Owner shall obtain Interconnection Customer's authorization to do so. Interconnection Customer's election to suspend work pursuant to this Article 5.16 shall not toll the time period by which an Interconnection Customer may extend the Commercial Operation Date for the Facility without such extension being a Material Modification pursuant to Attachment HH to the OATT.

Connecting Transmission Owner shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. If: (i) pursuant to this Article 5.16, Interconnection Customer suspends work associated with the construction and installation of Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and/or System Deliverability Upgrades that is required under this Agreement, and (ii) Interconnection Customer has, as applicable, either not recommenced work or requested Connecting Transmission Owner to recommence its work required under this Agreement on or before the expiration of three (3) years following commencement of such suspension, this Agreement shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Connecting Transmission Owner and NYISO, if no effective date is specified.

## **5.17 Taxes.**

If the Facility is a Class Year Transmission Project or a Cluster Study Transmission Project, Appendix C to this Agreement shall include any project-specific variations from the tax requirements established in this Article 5.17 that are appropriate for the transmission facility.

### **5.17.1 Interconnection Customer Payments Not Taxable.**

Interconnection Customer and Connecting Transmission Owner intend that all payments or property transfers made by Interconnection Customer to Connecting Transmission Owner for the installation of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities and the System Deliverability Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

### **5.17.2 Representations and Covenants.**

In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Generating Facility will pass to another party prior to the transmission of the electricity on the

New York State Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Connecting Transmission Owner for the Connecting Transmission Owner's Attachment Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Connecting Transmission Owner's Attachment Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Connecting Transmission Owner's request, Interconnection Customer shall provide Connecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Connecting Transmission Owner represents and covenants that the cost of the Connecting Transmission Owner's Attachment Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

#### **5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Connecting Transmission Owner.**

Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Connecting Transmission Owner from the cost consequences of any current tax liability imposed against Connecting Transmission Owner as the result of payments or property transfers made by Interconnection Customer to Connecting Transmission Owner under this Agreement, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Connecting Transmission Owner.

Connecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this Agreement unless (i) Connecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Connecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Connecting Transmission Owner to report payments or property as income subject to taxation; *provided, however*, that Connecting Transmission Owner may require Interconnection Customer to provide security, in a form reasonably acceptable to Connecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Connecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Connecting Transmission Owner of the amount due, including detail about how the amount was calculated.

This indemnification obligation shall terminate at the earlier of (1) the expiration of the ten-year testing period and the applicable statute of limitation, as it may be extended by the Connecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related



indemnification obligations as contemplated by this Article 5.17.

#### **5.17.4 Tax Gross-Up Amount.**

Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Connecting Transmission Owner, in addition to the amount paid for the Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, an amount equal to (1) the current taxes imposed on Connecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Connecting Transmission Owner as a result of payments or property transfers made by Interconnection Customer to Connecting Transmission Owner under this Agreement (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Connecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Connecting Transmission Owner's composite federal and state tax rates at the time the payments or property transfers are received and Connecting Transmission Owner will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Connecting Transmission Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Connecting Transmission Owner's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to Connecting Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows:  $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value Depreciation Amount})) / (1 - \text{Current Tax Rate})$ . Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades.

#### **5.17.5 Private Letter Ruling or Change or Clarification of Law.**

At Interconnection Customer's request and expense, Connecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Connecting Transmission Owner under this Agreement are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Connecting Transmission Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Connecting Transmission Owner shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter

ruling. Connecting Transmission Owner shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

#### **5.17.6 Subsequent Taxable Events.**

If, within 10 years from the date on which the relevant Connecting Transmission Owner Attachment Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a “disqualification event” occurs within the meaning of IRS Notice 88-129, or (iii) this Agreement terminates and Connecting Transmission Owner retains ownership of the Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Connecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

#### **5.17.7 Contests.**

In the event any Governmental Authority determines that Connecting Transmission Owner’s receipt of payments or property constitutes income that is subject to taxation, Connecting Transmission Owner shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer’s sole expense, Connecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer’s written request and sole expense, Connecting Transmission Owner may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Connecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Connecting Transmission Owner shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner’s documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Article 5.17.7. The Connecting Transmission Owner may abandon any contest if Interconnection Customer fails to provide payment to the Connecting Transmission Owner within thirty (30) Calendar Days of receiving such invoice. At any time during the contest, Connecting Transmission Owner may agree to a settlement either with Interconnection Customer’s consent or after obtaining written advice from nationally-recognized tax counsel, selected by Connecting Transmission Owner, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer’s obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is

supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. The Connecting Transmission Owner may also settle any tax controversy without receiving Interconnection Customer's consent or any such written advice; however, any such settlement will relieve Interconnection Customer from any obligation to indemnify Connecting Transmission Owner for the tax at issue in the contest (unless the failure to obtain written advice is attributable to Interconnection Customer's unreasonable refusal to the appointment of independent tax counsel).

#### **5.17.8 Refund.**

In the event that (a) a private letter ruling is issued to Connecting Transmission Owner which holds that any amount paid or the value of any property transferred by Interconnection Customer to Connecting Transmission Owner under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Connecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Connecting Transmission Owner under the terms of this Agreement is not taxable to Connecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Connecting Transmission Owner are not subject to federal income tax, or (d) if Connecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Connecting Transmission Owner pursuant to this Agreement, Connecting Transmission Owner shall promptly refund to Interconnection Customer the following:

(i) Any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) Interest on any amounts paid by Interconnection Customer to Connecting Transmission Owner for such taxes which Connecting Transmission Owner did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Connecting Transmission Owner refunds such payment to Interconnection Customer, and

(iii) With respect to any such taxes paid by Connecting Transmission Owner, any refund or credit Connecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Connecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Connecting Transmission Owner to any Governmental Authority resulting from an offset or credit); *provided, however*, that Connecting Transmission Owner will remit such amount promptly to Interconnection Customer only after and to the extent that Connecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Connecting Transmission Owner's Attachment Facilities.

The intent of this provision is to leave both Interconnection Customer and Connecting Transmission Owner, to the extent practicable, in the event that no taxes are due with respect to any payment for Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

#### **5.17.9 Taxes Other Than Income Taxes.**

Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Connecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Connecting Transmission Owner for which Interconnection Customer may be required to reimburse Connecting Transmission Owner under the terms of this Agreement. Interconnection Customer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Connecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Connecting Transmission Owner for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Connecting Transmission Owner.

### **5.18 Tax Status; Non-Jurisdictional Entities.**

#### **5.18.1 Tax Status.**

Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability 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.

#### **5.18.2 Non-Jurisdictional Entities.**

LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.

## **5.19 Modification.**

### **5.19.1 General.**

Either Interconnection Customer or Connecting Transmission Owner may undertake modifications to its facilities covered by this Agreement; *provided, however*, that if Interconnection Customer seeks to undertake any modifications for the Facility, Interconnection Customer must comply with the modification requirements for Facilities, including for extensions of the Commercial Operation Date, set forth in the ISO OATT and ISO Procedures. If either Interconnection Customer or Connecting Transmission Owner plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party, and to NYISO, sufficient information regarding such modification so that the other Party and NYISO may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be Confidential Information hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party and NYISO at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, the NYISO shall provide, within sixty (60) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the New York State Transmission System, Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof. The Interconnection Customer shall be responsible for the cost of any such additional modifications, including the cost of studying the impact of the Interconnection Customer modification.

### **5.19.2 Standards.**

Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this Agreement, NYISO requirements and Good Utility Practice.

### **5.19.3 Modification Costs.**

Interconnection Customer shall not be assigned the costs of any additions, modifications, or replacements that Connecting Transmission Owner makes to the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System to facilitate the interconnection of a third party to the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System, or to provide Transmission Service to a third party under the ISO OATT, except in accordance with the cost allocation procedures in Attachment HH of the ISO OATT. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Interconnection Customer's Attachment Facilities that may be necessary to maintain or upgrade such Interconnection Customer's

Attachment Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

## **ARTICLE 6. TESTING AND INSPECTION**

### **6.1 Pre-Commercial Operation Date Testing and Modifications.**

Prior to the Commercial Operation Date, the Connecting Transmission Owner shall test the Connecting Transmission Owner's Attachment Facilities (including required control technologies and protection systems), System Upgrade Facilities, and System Deliverability Upgrades and Interconnection Customer shall test the Facility and the Interconnection Customer's Attachment Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Interconnection Customer and Connecting Transmission Owner shall each make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall, as applicable, generate test energy at or transit test energy over the Facility only if it has arranged for the injection of such test energy in accordance with ISO Procedures.

### **6.2 Post-Commercial Operation Date Testing and Modifications.**

Interconnection Customer and Connecting Transmission Owner shall each at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice and Applicable Reliability Standards as may be necessary to ensure the continued interconnection of the Facility with the New York State Transmission System in a safe and reliable manner. Interconnection Customer and Connecting Transmission Owner shall each have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.

### **6.3 Right to Observe Testing.**

Interconnection Customer and Connecting Transmission Owner shall each notify the other Party, and the NYISO, in advance of its performance of tests of its Attachment Facilities. The other Party, and the NYISO, shall each have the right, at its own expense, to observe such testing.

### **6.4 Right to Inspect.**

Interconnection Customer and Connecting Transmission Owner shall each have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Attachment Facilities, the System Protection Facilities and other protective equipment. NYISO shall have these same rights of inspection as to the facilities and equipment of Interconnection Customer and Connecting Transmission Owner. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a

Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Attachment Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be treated in accordance with Article 22 of this Agreement and Attachment F to the ISO OATT.

## **ARTICLE 7. METERING**

### **7.1 General.**

Interconnection Customer and Connecting Transmission Owner shall each comply with applicable requirements of NYISO and the New York Public Service Commission when exercising its rights and fulfilling its responsibilities under this Article 7. Unless otherwise agreed by the Connecting Transmission Owner and NYISO approved meter service provider and Interconnection Customer, the Connecting Transmission Owner shall install Metering Equipment at the Point of Interconnection prior to any operation of the Facility and shall own, operate, test and maintain such Metering Equipment. Net power flows including MW and MVAR, MWHR and loss profile data to and from the Facility shall be measured at the Point of Interconnection. Connecting Transmission Owner shall provide metering quantities, in analog and/or digital form, as required, to Interconnection Customer or NYISO upon request. Where the Point of Interconnection for the Facility is other than the generator terminal, the Interconnection Customer shall also provide gross MW and MVAR quantities at the generator terminal as required by NYISO. If the Facility is a Class Year Transmission Project or a Cluster Study Transmission Project, Appendix C to this Agreement shall include any project-specific variations from the metering requirements established in this Article 7 that are appropriate for the transmission facility. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

### **7.2 Check Meters.**

Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Connecting Transmission Owner's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this Agreement, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Connecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

### **7.3 Standards.**

Connecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment including potential transformers and current transformers in accordance with applicable ANSI and PSC standards as detailed in the NYISO Control Center Communications Manual and in the NYISO Revenue Metering Requirements Manual.

## **7.4 Testing of Metering Equipment.**

Connecting Transmission Owner shall inspect and test all of its Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by NYISO or Interconnection Customer, Connecting Transmission Owner shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Connecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer and NYISO may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Connecting Transmission Owner's failure to maintain, then Connecting Transmission Owner shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Connecting Transmission Owner shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment. The NYISO shall reserve the right to review all associated metering equipment installation on Interconnection Customer's or Connecting Transmission Owner's property at any time.

## **7.5 Metering Data.**

At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Connecting Transmission Owner, Interconnection Customer, and NYISO. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Facility to the Point of Interconnection.

# **ARTICLE 8. COMMUNICATIONS**

## **8.1 Interconnection Customer Obligations.**

In accordance with applicable NYISO requirements, Interconnection Customer shall maintain satisfactory operating communications with Connecting Transmission Owner and NYISO. Interconnection Customer shall provide standard voice line and dedicated voice line communications at its Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Connecting Transmission Owner and NYISO as set forth in Appendix D hereto. The data circuit(s) shall extend from the Facility to the location(s) specified by Connecting Transmission Owner and NYISO. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.



## **8.2 Remote Terminal Unit.**

Prior to the Synchronization Date of the Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Connecting Transmission Owner at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Connecting Transmission Owner and NYISO through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Connecting Transmission Owner and NYISO. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Connecting Transmission Owner and NYISO.

Each Party will promptly advise the appropriate other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by that other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

## **8.3 No Annexation.**

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Party providing such equipment and the Party receiving such equipment.

# **ARTICLE 9. OPERATIONS**

## **9.1 General.**

Each Party shall comply with Applicable Laws and Regulations and Applicable Reliability Standards. Each Party shall provide to the other Parties all information that may reasonably be required by the other Parties to comply with Applicable Laws and Regulations, and Applicable Reliability Standards. If the Facility is a Class Year Transmission Project or a Cluster Study Transmission Project, Appendix C to this Agreement shall include any project-specific variations from the operating requirements established in this Article 9 that are appropriate for the transmission facility.

## **9.2 NYISO and Connecting Transmission Owner Obligations.**

Connecting Transmission Owner and NYISO shall cause the New York State Transmission System and the Connecting Transmission Owner's Attachment Facilities to be operated, maintained and controlled in a safe and reliable manner in accordance with this Agreement and the NYISO Tariffs. Connecting Transmission Owner and NYISO may provide operating instructions to Interconnection Customer consistent with this Agreement, the NYISO Tariffs, ISO Procedures, and Connecting Transmission Owner's operating protocols and procedures, as such requirements may change from time to time. Connecting Transmission Owner and NYISO will consider changes to their respective operating protocols and procedures proposed by Interconnection Customer.

### **9.3 Interconnection Customer Obligations.**

Interconnection Customer shall at its own expense operate, maintain, and control the Facility and the Interconnection Customer's Attachment Facilities in a safe and reliable manner and in accordance with this Agreement. Interconnection Customer shall operate the Facility and the Interconnection Customer's Attachment Facilities in accordance with any additional NYISO and Connecting Transmission Owner requirements, as such requirements are set forth or referenced in Appendix C hereto. Appendix C will be modified to reflect changes to the requirements as they may change from time to time. Any Party may request that the appropriate other Party or Parties provide copies of the requirements set forth or referenced in Appendix C hereto.

### **9.4 Start-Up and Synchronization.**

Consistent with the mutually acceptable procedures of Interconnection Customer and Connecting Transmission Owner, Interconnection Customer is responsible for the proper synchronization of the Facility to the New York State Transmission System in accordance with NYISO and Connecting Transmission Owner procedures and requirements.

### **9.5 Real and Reactive Power Control and Primary Frequency Response.**

#### **9.5.1 Power Factor Design Criteria.**

**9.5.1.1 Synchronous Generation.** Interconnection Customer shall design the Facility to maintain effective composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging unless the NYISO or the Transmission Owner in whose Transmission District the Facility interconnects has established different requirements that apply to all generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice.

Interconnection Customer shall design and maintain the plant auxiliary systems to operate safely throughout the entire real and reactive power design range.

**9.5.1.2 Non-Synchronous Generation.** Interconnection Customer shall design the Facility to maintain composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO or the Transmission Owner in whose Transmission District the Facility interconnects has established a different power factor range that applies to all non-synchronous generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnection non-synchronous generators that have not yet executed a Class Year Study Agreement or a Cluster Study Agreement as of September 21, 2016.

Interconnection Customer shall design and maintain the plant auxiliary systems to operate safely throughout the entire real and reactive power design range.

### **9.5.2 Voltage Schedules.**

Once Interconnection Customer has synchronized the Facility with the New York State Transmission System, NYISO shall require Interconnection Customer to operate the Facility to produce or absorb reactive power within the design capability of the Facility set forth in Article 9.5.1 (Power Factor Design Criteria). NYISO's voltage schedules shall treat all sources of reactive power in the New York Control Area in an equitable and not unduly discriminatory manner. NYISO shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules in accordance with ISO Procedures, and may make changes to such schedules as necessary to maintain the reliability of the New York State Transmission System. Interconnection Customer shall operate the Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design capability of the Facility set forth in Article 9.5.1 (Power Factor Design Criteria) as directed by the Connecting Transmission Owner's system operator or the NYISO. If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify NYISO.

### **9.5.3 Payment for Reactive Power.**

NYISO shall pay Interconnection Customer for reactive power or voltage support service that Interconnection Customer provides from the Facility in accordance with the provisions of Rate Schedule 2 of the ISO Services Tariff.

### **9.5.4 Voltage Regulators.**

Whenever the Facility is operated in parallel with the New York State Transmission System, the automatic voltage regulators shall be in automatic operation at all times. If the Facility's automatic voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify NYISO, or its designated representative, and ensure that such Facility's real and reactive power are within the design capability of the Facility's generating unit(s) and steady state stability limits and NYISO system operating (thermal, voltage and transient stability) limits. Interconnection Customer shall not cause its Facility to disconnect automatically or instantaneously from the New York State Transmission System or trip any generating unit comprising the Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the New York Control Area on a comparable basis.

### **9.5.5 Primary Frequency Response.**

Interconnection Customer shall ensure the primary frequency response capability of its Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term "functioning governor or equivalent controls" as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Facility's real power output in accordance with the droop and deadband parameters and in the direction needed to correct

frequency deviations. Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop  $\pm 0.036$  Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved Applicable Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Facility, and shall be linear in the range of frequencies between 59 and 61 Hz that are outside of the deadband parameter; or (2) based on an approved Applicable Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Facility's real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Facility's real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved Applicable Reliability Standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify NYISO that the primary frequency response capability of the Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Facility with the New York State Transmission System, Interconnection Customer shall operate the Facility consistent with the provisions specified in Articles 9.5.5.1 and 9.5.5.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Facilities.

#### **9.5.5.1 Governor or Equivalent Controls.**

Whenever the Facility is operated in parallel with the New York State Transmission System, Interconnection Customer shall operate the Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with NYISO, set the deadband parameter to: (1) a maximum of  $\pm 0.036$  Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved Applicable Reliability Standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor and equivalent controls to NYISO and/or the Connecting Transmission Owner upon request. If Interconnection Customer needs to operate the Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify NYISO and the Connecting Transmission Owner, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Facility's governor or equivalent controls to a minimum whenever the Facility is operated in parallel with the New York State Transmission System.

### **9.5.5.2 Timely and Sustained Response.**

Interconnection Customer shall ensure that the Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Facility has operating capability in the direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. An Applicable Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

### **9.5.5.3 Exemptions.**

Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Articles 9.5.5, 9.5.5.1, and 9.5.5.2 of this Agreement. Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability requirements in accordance with the droop and deadband capability requirements specified in Article 9.5.5, but shall be otherwise exempt from the operating requirements in Articles 9.5.5, 9.5.5.1, 9.5.5.2, and 9.5.5.4 of this Agreement.

### **9.5.5.4 Electric Storage Resources.**

Interconnecting Customer interconnecting a Facility that contains an electric storage resource shall establish an operating range in Appendix C of this Agreement that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Articles 9.5.5, 9.5.5.1, 9.5.5.2, and 9.5.5.3 of this Agreement. Appendix C shall specify whether the operating range is static or dynamic, and shall consider (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resources due to manufacturer specification; and (6) any other relevant factors agreed to by the NYISO, Connecting Transmission Owner, and Interconnection Customer. If the operating range is dynamic, then Appendix C must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Article 9.5.5.2 of this Agreement when it is online and dispatched to inject electricity to the New York State Transmission System and/or receive electricity from the New York State Transmission System. This excludes circumstances

when the electric storage resource is not dispatched to inject electricity to the New York State Transmission System and/or dispatched to receive electricity from the New York State Transmission System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

## **9.6 Outages and Interruptions.**

### **9.6.1 Outages.**

#### **9.6.1.1 Outage Authority and Coordination.**

Interconnection Customer and Connecting Transmission Owner may each, in accordance with ISO Procedures and Good Utility Practice and in coordination with the other Party, remove from service any of its respective Attachment Facilities or System Upgrade Facilities and System Deliverability Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency State, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to both the Interconnection Customer and the Connecting Transmission Owner. In all circumstances either Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

#### **9.6.1.2 Outage Schedules.**

The Connecting Transmission Owner shall post scheduled outages of its transmission facilities on the NYISO OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Facility to Connecting Transmission Owner and NYISO for a minimum of a rolling thirty-six month period. Interconnection Customer shall update its planned maintenance schedules as necessary. NYISO may direct, or the Connecting Transmission Owner may request, Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the New York State Transmission System. Compensation to Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of rescheduling maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent the request to reschedule maintenance, shall be in accordance with the ISO OATT. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities other than at the direction of the NYISO or request of the Connecting Transmission Owner.

#### **9.6.1.3 Outage Restoration.**

If an outage on the Attachment Facilities or System Upgrade Facilities or System

Deliverability Upgrades of the Connecting Transmission Owner or Interconnection Customer adversely affects the other Party's operations or facilities, the Party that owns the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns the facility that is out of service shall provide the other Party and NYISO, to the extent such information is known, information on the nature of the Emergency State, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

**9.6.2 Interruption of Service.** If required by Good Utility Practice or Applicable Reliability Standards to do so, the NYISO or Connecting Transmission Owner may require Interconnection Customer to interrupt or reduce production or transmission of electricity if such production or transmission of electricity could adversely affect the ability of NYISO and Connecting Transmission Owner to perform such activities as are necessary to safely and reliably operate and maintain the New York State Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.6.2:

**9.6.2.1** The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

**9.6.2.2** Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating and merchant transmission facilities directly connected to the New York State Transmission System;

**9.6.2.3** When the interruption or reduction must be made under circumstances which do not allow for advance notice, NYISO or Connecting Transmission Owner shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

**9.6.2.4** Except during the existence of an Emergency State, when the interruption or reduction can be scheduled without advance notice, NYISO or Connecting Transmission Owner shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. NYISO or Connecting Transmission Owner shall coordinate with each other and Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer, the Connecting Transmission Owner and the New York State Transmission System;

**9.6.2.5** The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Facility, Attachment Facilities, and the New York State Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

### **9.6.3 Ride Through Capability and Performance.**

The New York State Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Councils in the event of an under-

frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Facility as required by the Applicable Reliability Councils to ensure frequency “ride through” capability of the New York State Transmission System. Facility response to frequency deviations of predetermined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with the NYISO and Connecting Transmission Owner in accordance with Good Utility Practice. Interconnection Customer shall also implement under-voltage and over-voltage relay set points, or equivalent electronic controls, as required by the Applicable Reliability Councils to ensure voltage “ride through” capability of the New York State Transmission System. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the New York State Transmission System during system disturbances within a range of under-frequency, over-frequency, under-voltage, and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other Generating Facilities in the Balancing Authority Area on a comparable basis unless the Transmission Owner in whose Transmission District the Facility interconnects has established different requirements that apply on a comparable basis in accordance with Good Utility Practice. For abnormal frequency conditions and voltage conditions within the “no trip zone” as that term is defined by ERO Reliability Standard PRC-024-3, any successor mandatory ride through ERO reliability standards, or any more stringent NPCC or NYSRC requirements applicable to Generating Facilities in the Balancing Authority Area on a comparable basis, the non-synchronous Generating Facility must ensure that, within any physical limitations of the Generating Facility, its control and protection settings are configured or set to (1) continue active power production during disturbance and post disturbance periods at pre-disturbance levels, unless reactive power priority mode is enabled or unless providing primary frequency response or fast frequency response; (2) minimize reductions in active power and remain within dynamic voltage and current limits, if reactive power priority mode is enabled, unless providing primary frequency response or fast frequency response; (3) not artificially limit dynamic reactive power capability during disturbances; and (4) return to pre-disturbance active power levels without artificial ramp rate limits if active power is reduced, unless providing primary frequency response or fast frequency response.

#### **9.6.4 System Protection and Other Control Requirements.**

**9.6.4.1 System Protection Facilities.** Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Facility or Interconnection Customer’s Attachment Facilities. Connecting Transmission Owner shall install at Interconnection Customer’s expense any System Protection Facilities that may be required on the Connecting Transmission Owner’s Attachment Facilities or the New York State Transmission System as a result of the interconnection of the Facility and Interconnection Customer’s Attachment Facilities.

**9.6.4.2** The protection facilities of both Interconnection Customer and Connecting Transmission Owner shall be designed and coordinated with other systems in accordance with Good Utility Practice and Applicable Reliability Standards.

**9.6.4.3** Interconnection Customer and Connecting Transmission Owner shall each be responsible for protection of its respective facilities consistent with Good Utility Practice and



## Applicable Reliability Standards.

**9.6.4.4** The protective relay design of Interconnection Customer and Connecting Transmission Owner shall each incorporate the necessary test switches to perform the tests required in Article 6 of this Agreement. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer's Facility or Connecting Transmission Owner's facilities.

**9.6.4.5** Interconnection Customer and Connecting Transmission Owner will each test, operate and maintain System Protection Facilities in accordance with Good Utility Practice, ERO and NPCC criteria.

**9.6.4.6** Prior to the Initial Backfeed Date, and again prior to the Commercial Operation Date, Interconnection Customer and Connecting Transmission Owner shall each perform, or their agents shall perform, a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, Interconnection Customer and Connecting Transmission Owner shall each perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

## **9.6.5 Requirements for Protection.**

In compliance with NPCC requirements and Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Facility to any short circuit occurring on the New York State Transmission System not otherwise isolated by Connecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New York State Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Facility and the New York State Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of Interconnection Customer and Connecting Transmission Owner. Interconnection Customer shall be responsible for protection of the Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Facility and Interconnection Customer's other equipment if conditions on the New York State Transmission System could adversely affect the Facility.

## **9.6.6 Power Quality.**

Neither the facilities of Interconnection Customer nor the facilities of Connecting Transmission Owner shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance

with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

## **9.7 Switching and Tagging Rules.**

Interconnection Customer and Connecting Transmission Owner shall each provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a nondiscriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

## **9.8 Use of Attachment Facilities by Third Parties.**

### **9.8.1 Purpose of Attachment Facilities.**

Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Attachment Facilities shall be constructed for the sole purpose of interconnecting the Facility to the New York State Transmission System and shall be used for no other purpose.

### **9.8.2 Third Party Users.**

If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Connecting Transmission Owner's Attachment Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Attachment Facilities based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Attachment Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

## **9.9 Disturbance Analysis Data Exchange.**

The Parties will cooperate with one another and the NYISO in the analysis of disturbances to either the Facility or the New York State Transmission System by gathering and providing access to any information relating to any disturbance, including information from disturbance recording equipment, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

## **9.10 Phasor Measurement Units**

An Interconnection Customer shall install and maintain, at its expense, phasor measurement units (“PMUs”) if it meets the following criteria: (1) completed a Class Year Study or Cluster Study after Class Year 2017; and (2) proposes a new Facility that either (a) has a maximum net output equal to or greater than 100 MW or (b) requires, as Attachment Facilities or System Upgrade Facilities, a new substation of 230kV or above.

PMUs shall be installed on the Facility on the low side of the generator step-up transformer, unless it is a non-synchronous generation facility, in which case the PMUs shall be installed on the Interconnection Customer side of the Point of Interconnection. The PMUs must be capable of performing phasor measurements at a minimum of 60 samples per second which are synchronized via a high-accuracy satellite clock. To the extent Interconnection Customer installs similar quality equipment, such as relays or digital fault recorders, that can collect data at least at the same rate as PMUs and which data is synchronized via a high-accuracy satellite clock, such equipment would satisfy this requirement.

Interconnection Customer shall be required to install and maintain, at its expense, PMU equipment which includes the communication circuit capable of carrying the PMU data to a local data concentrator, and then transporting the information continuously to the Connecting Transmission Owner and the NYISO; as well as store the PMU data locally for thirty (30) Calendar Days. Interconnection Customer shall provide to Connecting Transmission Owner and the NYISO all necessary and requested information through the Connecting Transmission Owner’s and the NYISO’s synchrophasor system, including the following: (a) gross MW and MVAR measured at the Interconnection Customer side of the generator step-up transformer (or, for a non-synchronous generation facility, to be measured at the Interconnection Customer side of the Point of Interconnection); (b) generator terminal voltage and current magnitudes and angles; (c) generator terminal frequency and frequency rate of change; and (d) generator field voltage and current, where available; and (e) breaker status, if available. The Connecting Transmission Owner will provide for the ongoing support and maintenance of the network communications linking the data concentrator to the Connecting Transmission Owner and the NYISO, consistent with ISO Procedures detailing the obligations related to SCADA data.

## **ARTICLE 10. MAINTENANCE**

### **10.1 Connecting Transmission Owner Obligations.**

Connecting Transmission Owner shall maintain its transmission facilities and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

### **10.2 Interconnection Customer Obligations.**

Interconnection Customer shall maintain its Facility and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

### **10.3 Coordination.**

Interconnection Customer and Connecting Transmission Owner shall confer regularly to

coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Facility and the Attachment Facilities. Interconnection Customer and Connecting Transmission Owner shall keep NYISO fully informed of the preventive and corrective maintenance that is planned, and shall schedule all such maintenance in accordance with ISO Procedures.

#### **10.4 Secondary Systems.**

Interconnection Customers and Connecting Transmission Owner shall each cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of Interconnection Customer's or Connecting Transmission Owner's facilities and equipment which may reasonably be expected to impact the other Party. Interconnection Customer and Connecting Transmission Owner shall each provide advance notice to the other Party, and to NYISO, before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

#### **10.5 Operating and Maintenance Expenses.**

Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Attachment Facilities; and (2) operation, maintenance, repair and replacement of Connecting Transmission Owner's Attachment Facilities. The Connecting Transmission Owner shall be entitled to the recovery of incremental operating and maintenance expenses that it incurs associated with System Upgrade Facilities and System Deliverability Upgrades if and to the extent provided for under Attachment HH to the ISO OATT.

### **ARTICLE 11. PERFORMANCE OBLIGATION**

#### **11.1 Interconnection Customer's Attachment Facilities.**

Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Attachment Facilities described in Appendix A hereto, at its sole expense.

#### **11.2 Connecting Transmission Owner's Attachment Facilities.**

Connecting Transmission Owner or Interconnection Customer, as determined in accordance with Article 5 of this Agreement, shall design, procure, construct, and/or install the Connecting Transmission Owner's Attachment Facilities described in Appendix A hereto at the sole expense of the Interconnection Customer. Connecting Transmission Owner shall own the Connecting Transmission Owner's Attachment Facilities.

### **11.3 System Upgrade Facilities and System Deliverability Upgrades.**

Connecting Transmission Owner or Interconnection Customer, as determined in accordance with Article 5 of this Agreement, shall design, procure, construct, and/or install the System Upgrade Facilities and System Deliverability Upgrades described in Appendix A hereto. Connecting Transmission Owner shall own the System Upgrade Facilities and System Deliverability Upgrades. The responsibility of the Interconnection Customer for costs related to System Upgrade Facilities and System Deliverability Upgrades shall be determined in accordance with the provisions of Attachment HH to the OATT.

### **11.4 Upgrades on Affected Systems or Upgrades Required for Multiple Projects on Connecting Transmission Owner's System or Affected Systems.**

If any System Upgrade Facilities or System Deliverability Upgrades are required on an Affected System or Connecting Transmission Owner's system in connection with the interconnection of the Facility and are subject to the requirements to enter a Standard Upgrades Construction Agreement or a Standard Multiparty Upgrade Construction Agreement pursuant to the requirements in Attachment HH to the OATT, the upgrades will be described in Appendix A to this Agreement and constructed in accordance with the applicable construction agreement. If the Facility is subject to an Affected System Study for potential impacts to an External Affected System, the status of the Affected System Study and any identified Affected System Network Upgrades on the External Affected System will be described in Appendix A to this Agreement.

### **11.5 Provision of Security.**

*[If this Agreement is for a Generating Facility or Cluster Study Transmission Project participating in a Cluster Study Process that accepted, or is agreeing under this Agreement to accept, as applicable its Project Cost Allocation for Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades and has posted, or is agreeing to post, the related Security in the Cluster Study Process, this provision will be replaced with the following: Attachment HH to the ISO OATT shall govern the Security that Interconnection Customer provided for, as applicable, Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and/or System Deliverability Upgrades for a Generating Facility or Cluster Study Transmission Project that participated in a Cluster Study.]*

At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Connecting Transmission Owner's Attachment Facilities, Interconnection Customer shall provide Connecting Transmission Owner, at Interconnection Customer's option, a guarantee, a letter of credit or other form of security that is reasonably acceptable to Connecting Transmission Owner and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1 of this Agreement. Such security for payment shall be in an amount sufficient to cover the cost for Interconnection Customer's share of constructing, procuring and installing the applicable portion of Connecting Transmission Owner's Attachment Facilities, and shall be reduced on a dollar-for-dollar basis for payments made to Connecting Transmission Owner for these purposes.

In addition:

**11.5.1** The guarantee must be made by an entity that meets the commercially reasonable creditworthiness requirements of Connecting Transmission Owner, and contains terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

**11.5.2** The letter of credit must be issued by a financial institution reasonably acceptable to Connecting Transmission Owner and must specify a reasonable expiration date.

**11.5.3** Attachment HH to the ISO OATT shall govern the Security that Interconnection Customer provided for System Upgrade Facilities and System Deliverability Upgrades for a Generating Facility or Class Year Transmission Project that participated in a Class Year Study.

## **11.6 Interconnection Customer's Compensation for Emergency Services.**

If, during an Emergency State, Interconnection Customer provides services at the request or direction of the NYISO or Connecting Transmission Owner, Interconnection Customer will be compensated for such services in accordance with the ISO Services Tariff.

## **11.7 Line Outage Costs.**

Notwithstanding anything in the ISO OATT to the contrary, the Connecting Transmission Owner may propose to recover line outage costs associated with the installation of Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades on a case-by-case basis.

## **ARTICLE 12. INVOICE**

### **12.1 General.**

Interconnection Customer and Connecting Transmission Owner shall each submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. Interconnection Customer and Connecting Transmission Owner may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts one Party owes to the other Party under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

### **12.2 Final Invoice.**

Within six months after completion of the construction of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades, Connecting Transmission Owner shall provide an invoice of the final cost of the construction of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades, determined in accordance with Attachment HH to the ISO OATT, and shall set forth such costs in sufficient detail to enable Interconnection Customer to

compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Connecting Transmission Owner shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

### **12.3 Payment.**

Invoices shall be rendered to the paying Party at the address specified in Appendix F hereto. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices will not constitute a waiver of any rights or claims the paying Party may have under this Agreement.

### **12.4 Disputes.**

In the event of a billing dispute between Connecting Transmission Owner and Interconnection Customer, Connecting Transmission Owner shall continue to perform under this Agreement as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Connecting Transmission Owner or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Connecting Transmission Owner may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

## **ARTICLE 13. EMERGENCIES**

### **13.1 Obligations.**

Each Party shall comply with the Emergency State procedures of NYISO, the Applicable Reliability Councils, of Applicable Laws and Regulations, and any emergency procedures agreed to by the NYISO Operating Committee.

### **13.2 Notice.**

NYISO or, as applicable, Connecting Transmission Owner shall notify Interconnection Customer promptly when it becomes aware of an Emergency State that affects the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Facility or the Interconnection Customer's Attachment Facilities. Interconnection Customer shall notify NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency State that affects the Facility or the Interconnection Customer's Attachment Facilities that may reasonably be expected to affect the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities. To the extent information is known, the notification shall describe the Emergency State, the extent of the damage or deficiency, the

expected effect on the operation of Interconnection Customer's or Connecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

### **13.3 Immediate Action.**

Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Connecting Transmission Owner, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Facility or the Interconnection Customer's Attachment Facilities in response to an Emergency State either declared by NYISO, Connecting Transmission Owner or otherwise regarding New York State Transmission System.

### **13.4 NYISO and Connecting Transmission Owner Authority.**

#### **13.4.1 General.**

NYISO or Connecting Transmission Owner may take whatever actions with regard to the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities it deems necessary during an Emergency State in order to (i) preserve public health and safety, (ii) preserve the reliability of the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

NYISO and Connecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Facility or the Interconnection Customer's Attachment Facilities. NYISO or Connecting Transmission Owner may, on the basis of technical considerations, require the Facility to mitigate an Emergency State by taking actions necessary and limited in scope to remedy the Emergency State, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Facility; implementing a reduction or disconnection pursuant to Article 13.4.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Facility and the Interconnection Customer's Attachment Facilities. Interconnection Customer shall comply with all of the NYISO and Connecting Transmission Owner's operating instructions concerning Facility real power and reactive power output within the manufacturer's design limitations of the Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

#### **13.4.2 Reduction and Disconnection.**

NYISO or Connecting Transmission Owner may reduce generation or transmission from or disconnect the Facility or the Interconnection Customer's Attachment Facilities, when such reduction or disconnection is necessary under Good Utility Practice due to an Emergency State. These rights are separate and distinct from any right of Curtailment of NYISO pursuant to the ISO OATT. When NYISO or Connecting Transmission Owner can schedule the reduction or disconnection in advance, NYISO or Connecting Transmission Owner shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or



disconnection. NYISO or Connecting Transmission Owner shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and the New York State Transmission System. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Facility, the Attachment Facilities, and the New York State Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

### **13.5 Interconnection Customer Authority.**

Consistent with Good Utility Practice and this Agreement, Interconnection Customer may take whatever actions or inactions with regard to the Facility or the Interconnection Customer's Attachment Facilities during an Emergency State in order to (i) preserve public health and safety, (ii) preserve the reliability of the Facility or the Interconnection Customer's Attachment Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New York State Transmission System and the Connecting Transmission Owner's Attachment Facilities. NYISO and Connecting Transmission Owner shall use Reasonable Efforts to assist Interconnection Customer in such actions.

### **13.6 Limited Liability.**

Except as otherwise provided in Article 11.6 of this Agreement, no Party shall be liable to another Party for any action it takes in responding to an Emergency State so long as such action is made in good faith and is consistent with Good Utility Practice and the NYISO Tariffs.

## **ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW**

### **14.1 Regulatory Requirements.**

Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies Act of 1978, as amended.

### **14.2 Governing Law.**

**14.2.1** The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles.

**14.2.2** This Agreement is subject to all Applicable Laws and Regulations.

**14.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

## **ARTICLE 15. NOTICES**

### **15.1 General.**

Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by a Party to the other Parties and any instrument required or permitted to be tendered or delivered by a Party in writing to the other Parties shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F hereto.

A Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

### **15.2 Billings and Payments.**

Billings and payments shall be sent to the addresses set out in Appendix F hereto.

### **15.3 Alternative Forms of Notice.**

Any notice or request required or permitted to be given by a Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone or email to the telephone numbers and email addresses set out in Appendix F hereto.

### **15.4 Operations and Maintenance Notice.**

Interconnection Customer and Connecting Transmission Owner shall each notify the other Party, and NYISO, in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10 of this Agreement.

## **ARTICLE 16. FORCE MAJEURE**

Economic hardship is not considered a Force Majeure event. A Party shall not be responsible or liable, or deemed, in Default with respect to any obligation hereunder, (including obligations under Article 4 of this Agreement), other than the obligation to pay money when due, to the extent the Party is prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Parties in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory

to it in order to settle and terminate a strike or other labor disturbance.

## **ARTICLE 17. DEFAULT**

### **17.1 General.**

No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Parties. Upon a Breach, the non-Breaching Parties shall give written notice of such to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

### **17.2 Right to Terminate.**

If a Breach is not cured as provided in this Article 17, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Parties acting together shall thereafter have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

## **ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE**

### **18.1 Indemnity.**

Each Party (the "Indemnifying Party") shall at all times indemnify, defend, and save harmless, as applicable, the other Parties (each an "Indemnified Party") from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a "Loss"), arising out of or resulting from (i) the Indemnified Party's performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any Hazardous Substance.

#### **18.1.1 Indemnified Party.**

If a Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1.3, to assume the defense of such claim, such Indemnified Party may at the

expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

#### **18.1.2 Indemnifying Party.**

If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 18, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

#### **18.1.3 Indemnity Procedures.**

Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

Except as stated below, the Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

#### **18.2 No Consequential Damages.**

Other than the liquidated damages heretofore described and the indemnity obligations set forth in Article 18.1, in no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in

part in contract, in tort, including negligence, strict liability, or any other theory of liability; *provided, however*, that damages for which a Party may be liable to another Party under separate agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

### **18.3 Insurance.**

Interconnection Customer and Connecting Transmission Owner shall each, at its own expense, procure and maintain in force throughout the period of this Agreement and until released by the other Parties, the following minimum insurance coverages, with insurance companies licensed to write insurance or approved eligible surplus lines carriers in the state of New York with a minimum A.M. Best rating of A or better for financial strength, and an A.M. Best financial size category of VIII or better:

**18.3.1** Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of New York State.

**18.3.2** Commercial General Liability ("CGL") Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available using Insurance Services Office, Inc. Commercial General Liability Coverage ("ISO CG") Form CG 00 01 04 13 or a form equivalent to or better than CG 00 01 04 13, with minimum limits of Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

**18.3.3** Comprehensive Automobile Liability Insurance 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.

**18.3.4** If applicable, the Commercial General Liability and Comprehensive Automobile Liability Insurance policies should include contractual liability for work in connection with construction or demolition work on or within 50 feet of a railroad, or a separate Railroad Protective Liability Policy should be provided.

**18.3.5** Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability and Comprehensive Automobile Liability Insurance coverages, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence and Twenty Million Dollars (\$20,000,000) aggregate. The Excess policies should contain the same extensions listed under the Primary policies.

**18.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Liability Insurance policies of Interconnection Customer and Connecting Transmission Owner shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insureds using ISO CG Endorsements: CG 20 33 04 13, and CG 20 37 04 13 or CG

20 10 04 13 and CG 20 37 04 13 or equivalent to or better forms. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

**18.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and non-contributory. Interconnection Customer and Connecting Transmission Owner shall each be responsible for its respective deductibles or retentions.

**18.3.8** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for at least three (3) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by Interconnection Customer and Connecting Transmission Owner.

**18.3.9** If applicable, Pollution Liability Insurance in an amount no less than \$7,500,000 per occurrence and \$7,500,000 in the aggregate. The policy will provide coverage for claims resulting from pollution or other environmental impairment arising out of or in connection with work performed on the premises by the other party, its contractors and and/or subcontractors. Such insurance is to include coverage for, but not be limited to, cleanup, third party bodily injury and property damage and remediation and will be written on an occurrence basis. The policy shall name the Other Party Group as additional insureds, be primary and contain a waiver of subrogation.

**18.3.10** The requirements contained herein as to the types and limits of all insurance to be maintained by Interconnection Customer and Connecting Transmission Owner are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by those Parties under this Agreement.

**18.3.11** Within [insert term stipulated by the Parties] Calendar Days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, Interconnection Customer and Connecting Transmission Owner shall provide certificate of insurance for all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

**18.3.12** Notwithstanding the foregoing, Interconnection Customer and Connecting Transmission Owner may each self-insure to meet the minimum insurance requirements of Articles 18.3.1 through 18.3.9 to the extent it maintains a self-insurance program; provided that, such Party'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 18.3.1 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.12, it shall notify the other Party 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 Articles 18.3.1 through 18.3.9 and provide evidence of such coverages. For any period of

time that a Party's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.1 through 18.3.9.

**18.3.13** Interconnection Customer and Connecting Transmission Owner 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.

**18.3.14** Subcontractors of each party must maintain the same insurance requirements stated under Articles 18.3.1 through 18.3.9 and comply with the Additional Insured requirements herein. In addition, their policies must state that they are primary and non-contributory and contain a waiver of subrogation.

## **ARTICLE 19. ASSIGNMENT**

This Agreement may be assigned by a Party only with the written consent of the other Parties; provided that a Party may assign this Agreement without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; provided further that a Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion or all of its assets, including the Attachment Facilities it owns, so long as the assignee in such a transaction directly assumes in writing all rights, duties and obligations arising under this Agreement; and provided further that Interconnection Customer shall have the right to assign this Agreement, without the consent of the NYISO or Connecting Transmission Owner, for collateral security purposes to aid in providing financing for the Facility, provided that Interconnection Customer will promptly notify the NYISO and Connecting Transmission Owner of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the NYISO and Connecting Transmission Owner of the date and particulars of any such exercise of assignment right(s) and will provide the NYISO and Connecting Transmission Owner with proof that it meets the requirements of Articles 11.5 and 18.3. If the Facility is made up of more than one resource, a Party may only assign this Agreement for the entire Facility and may not divide the Agreement into separate agreements for the individual resources that constitute the Facility. Any attempted assignment that violates this Article is void and ineffective. 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 reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

## **ARTICLE 20. SEVERABILITY**

If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement; provided that if Interconnection Customer (or any third party, but

only if such third party is not acting at the direction of the Connecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the rights and obligations of Interconnection Customer and Connecting Transmission Owner shall be governed solely by the Standard Option (Article 5.1.1).

## **ARTICLE 21. COMPARABILITY**

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

## **ARTICLE 22. CONFIDENTIALITY**

### **22.1 Confidentiality.**

Certain information exchanged by the Parties during the term of this Agreement shall constitute confidential information ("Confidential Information") and shall be subject to this Article 22.

If requested by a Party receiving information, the Party supplying the information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

### **22.2 Term.**

During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

### **22.3 Confidential Information.**

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.

### **22.4 Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential;



(4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 22.9 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

## **22.5 Release of Confidential Information.**

No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of a Party, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

## **22.6 Rights.**

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

## **22.7 No Warranties.**

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

## **22.8 Standard of Care.**

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this Agreement or its regulatory requirements, including the ISO OATT and ISO Services Tariff. The NYISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the ISO OATT.

## **22.9 Order of Disclosure.**

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

## **22.10 Termination of Agreement.**

Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Parties, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Parties) or return to the other Parties, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Parties pursuant to this Agreement.

## **22.11 Remedies.**

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

## **22.12 Disclosure to FERC, its Staff, or a State.**

Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement or the ISO OATT, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying

the other Parties to this Agreement prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Parties to the Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

## **22.13 Required Notices Upon Requests or Demands for Confidential Information**

Except as otherwise expressly provided herein, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement, the ISO OATT or the ISO Services Tariff. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

## **ARTICLE 23. INTERCONNECTION CUSTOMER AND CONNECTING TRANSMISSION OWNER NOTICES OF ENVIRONMENTAL RELEASES**

Interconnection Customer and Connecting Transmission Owner shall each notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Facility or the Attachment Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

## **ARTICLE 24. INFORMATION REQUIREMENT**

### **24.1 Information Acquisition.**

Connecting Transmission Owner and Interconnection Customer shall each submit specific information regarding the electrical characteristics of their respective facilities to the other, and to NYISO, as described below and in accordance with Applicable Reliability

Standards.

## **24.2 Information Submission by Connecting Transmission Owner.**

The initial information submission by Connecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to the Synchronization Date and shall include New York State Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by Interconnection Customer and Connecting Transmission Owner and set forth in the Milestones table in Appendix B to this Agreement. On a monthly basis, Connecting Transmission Owner or Interconnection Customer, as applicable, shall provide the other Parties with a status report on the construction and installation of the Connecting Transmission Owner's Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades for which it is responsible, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

## **24.3 Updated Information Submission by Interconnection Customer.**

The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Synchronization Date, unless otherwise mutually agreed to by Interconnection Customer and Connecting Transmission Owner and set forth in the Milestone table in Appendix B to this Agreement. Interconnection Customer shall submit a completed copy of the Facility data requirements contained in, as applicable, Appendix 1 to the Standard Large Facility Interconnection Procedures in Attachment X to the OATT or Appendix 1 to the Standard Interconnection Procedures in Attachment HH to the OATT. It shall also include any additional information provided to Connecting Transmission Owner for the Class Year Study or Cluster Study. Information in this submission shall be the most current Facility design or expected performance data. Information submitted for stability models shall be compatible with NYISO standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is different from what Interconnection Customer originally provided to Connecting Transmission Owner and NYISO in its Interconnection Request or, if applicable, pursuant to an Class Year Study Agreement among Connecting Transmission Owner, NYISO and Interconnection Customer and this difference may be reasonably expected to affect the other Parties' facilities or the New York State Transmission System, but does not require the submission of a new Interconnection Request, then NYISO will conduct appropriate studies to determine the impact on the New York State Transmission System based on the actual data submitted pursuant to this Article 24.3. Such studies will provide an estimate of any additional modifications to the New York State Transmission System, Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades based on the actual data and a good faith estimate of the costs thereof. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

The Interconnection Customer shall be responsible for the cost of any modifications required by the actual data, including the cost of any required studies.

#### **24.4 Information Supplementation.**

Prior to the Commercial Operation Date, Interconnection Customer and Connecting Transmission Owner shall supplement their information submissions described above in this Article 24 with any and all “as-built” Facility information or “as-tested” performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. If the Facility is a Class Year Transmission Project or Cluster Study Transmission Project, Appendix C to this Agreement shall include any project-specific variations from the testing requirements established in this Article 24.4 that are appropriate for the transmission facility.

Interconnection Customer shall conduct tests on the Facility as required by Good Utility Practice such as an open circuit “step voltage” test on the Facility to verify proper operation of the Facility’s automatic voltage regulator. Unless otherwise agreed, the test conditions shall include: (1) Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Facility’s terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Facility terminal or field voltages is provided. Facility testing shall be conducted and results provided to the Connecting Transmission Owner and NYISO for each individual generating unit in a station.

Subsequent to the Commercial Operation Date, Interconnection Customer shall provide Connecting Transmission Owner and NYISO any information changes due to equipment replacement, repair, or adjustment. Connecting Transmission Owner shall provide Interconnection Customer and NYISO any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Connecting Transmission Owner substation that may affect the Interconnection Customer’s Attachment Facilities equipment ratings, protection or operating requirements. Interconnection Customer and Connecting Transmission Owner shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

### **ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS**

#### **25.1 Information Access.**

Each Party (“Disclosing Party”) shall make available to another Party (“Requesting Party”) information that is in the possession of the Disclosing Party and is necessary in order for the Requesting Party to: (i) verify the costs incurred by the Disclosing Party for which the Requesting Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 of this Agreement and to enforce their rights under

this Agreement.

## **25.2 Reporting of Non-Force Majeure Events.**

Each Party (the “Notifying Party”) shall notify the other Parties when the Notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

## **25.3 Audit Rights.**

Subject to the requirements of confidentiality under Article 22 of this Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to another Party, to audit at its own expense the other Party’s accounts and records pertaining to the other Party’s performance or satisfaction of its obligations under this Agreement. Such audit rights shall include audits of the other Party’s costs, calculation of invoiced amounts, and each Party’s actions in an Emergency State. Any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to the Party’s performance and satisfaction of obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4 of this Agreement.

## **25.4 Audit Rights Periods.**

### **25.4.1 Audit Rights Period for Construction-Related Accounts and Records.**

Accounts and records related to the design, engineering, procurement, and construction of Connecting Transmission Owner’s Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades shall be subject to audit for a period of twenty-four months following Connecting Transmission Owner’s issuance of a final invoice in accordance with Article 12.2 of this Agreement.

### **25.4.2 Audit Rights Period for All Other Accounts and Records.**

Accounts and records related to a Party’s performance or satisfaction of its obligations under this Agreement other than those described in Article 25.4.1 of this Agreement shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party’s receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

## **25.5 Audit Results.**

If an audit by a Party determines that an overpayment or an underpayment has occurred, a

notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

## **ARTICLE 26. SUBCONTRACTORS**

### **26.1 General.**

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; *provided, however*, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

### **26.2 Responsibility of Principal.**

The creation of any subcontract 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 Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; *provided, however*, that in no event shall the NYISO or Connecting Transmission Owner be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

### **26.3 No Limitation by Insurance.**

The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

## **ARTICLE 27. DISPUTES**

### **27.1 Submission.**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance (a "Dispute"), such Party shall provide the other Parties with written notice of the Dispute ("Notice of Dispute"). Such Dispute shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated representatives are unable to resolve the Dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Parties' receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

### **27.2 External Arbitration Procedures.**

Any arbitration initiated under this Agreement shall be conducted before a single neutral

arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. In each case, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations or RTO rules; *provided, however*, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

### **27.3 Arbitration Decisions.**

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Attachment Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

### **27.4 Costs.**

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties.

### **27.5 Termination.**

Notwithstanding the provisions of this Article 27, any Party may terminate this Agreement in accordance with its provisions or pursuant to an action at law or equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

## **ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **28.1 General.**

Each Party makes the following representations, warranties and covenants:

#### **28.1.1 Good Standing.**

Such Party 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; that it is qualified to do business in the state or states in which the Facility, Attachment Facilities, System Upgrade Facilities, and System Deliverability Upgrades owned by such Party, as applicable, are located or interconnect; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted, to enter into this Agreement and carry out the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

#### **28.1.2 Authority.**

Such Party 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 such Party, enforceable against such Party 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).

#### **28.1.3 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 such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

#### **28.1.4 Consent and Approval.**

Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and the Party will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

### **ARTICLE 29. MISCELLANEOUS**

#### **29.1 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.

#### **29.2 Conflicts.**

If there is a discrepancy or conflict between or among the terms and conditions of this cover agreement and the Appendices hereto, the terms and conditions of this cover agreement shall be given precedence over the Appendices, except as otherwise expressly agreed to in writing by the Parties.

### **29.3 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 or such Appendix to this Agreement, or such Section to the Standard Interconnection Procedures or such Appendix to the Standard Interconnection Procedures, 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."

### **29.4 Compliance.**

Each Party shall perform its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, the ISO OATT, ISO Procedures, and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith. When any Party becomes aware of such a situation, it shall notify the other Parties promptly so that the Parties can discuss the amendment to this Agreement that is appropriate under the circumstances.

### **29.5 Joint and Several Obligations.**

Except as otherwise stated herein, the obligations of NYISO, Interconnection Customer, and Connecting Transmission Owner are several, and are neither joint nor joint and several.

### **29.6 Entire Agreement.**

This Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, among 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 obligations under this Agreement.

## **29.7 No Third Party Beneficiaries.**

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 permitted their assigns.

## **29.8 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 any 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, duty of this Agreement. Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain Capacity Resource Interconnection Service and Energy Resource Interconnection Service from the NYISO and Connecting Transmission Owner in accordance with the provisions of the ISO OATT. Any waiver of this Agreement shall, if requested, be provided in writing.

## **29.9 Headings.**

The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

## **29.10 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.

## **29.11 Amendment.**

The Parties may by mutual agreement amend this Agreement, by a written instrument duly executed by all three of the Parties.

## **29.12 Modification by the Parties.**

The Parties may by mutual agreement amend the Appendices to this Agreement, by a written instrument duly executed by all three of the Parties. Such an amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

## **29.13 Reservation of Rights.**

NYISO and Connecting Transmission Owner shall have the right to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and

Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

#### **29.14 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 to otherwise bind, any other Party.

#### **29.15 Other Transmission Rights.**

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, or transmission congestion rights that Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the System Upgrade Facilities and System Deliverability Upgrades.

#### **29.16 Modifications Related to NYISO's Compliance with Order No. 2023**

If, as part of the NYISO's compliance proceeding at the Commission in response to Order No. 2023, the Commission directs that the NYISO modify the *pro forma* Standard Interconnection Agreement located in Appendix 15 of Attachment HH to the ISO OATT, the Parties shall amend and restate this Agreement to incorporate the modifications; *provided, however*, the Parties may agree to include in the amended and restated agreement non-conforming changes to any terms of the *pro forma* Standard Interconnection Agreement that have been modified to comply with the Commission's order, which non-conforming modifications must be filed with the Commission for its acceptance.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

**New York Independent System Operator, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Connecting Transmission Owner]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Interconnection Customer]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDICES**

### **Appendix A**

Facility, Attachment Facilities, and Upgrades

### **Appendix B**

Milestones

### **Appendix C**

Operating Requirements

### **Appendix D**

Security Arrangements Details

### **Appendix E-1**

Synchronization Date

### **Appendix E-2**

Commercial Operation Date

### **Appendix F**

Addresses for Delivery of Notices and Billings

## **APPENDIX A**

### **FACILITY, ATTACHMENT FACILITIES, AND UPGRADES**

#### **1. Description of Facility**

*[Insert description of Facility]*

#### **2. Point(s) of Interconnection and Point(s) of Change of Ownership**

**(a) Point(s) of Interconnection (“POI”).** *[Insert description of Point of Interconnection]*

**(b) Point(s) of Change of Ownership (“PCO”).** *[Insert description of Point of Change of Ownership]*

The POI and PCO are detailed on the simplified one-line diagram in Appendix A.

#### **3. Attachment Facilities:**

**(a) Interconnection Customer’s Attachment Facilities (“ICAFs”)**

*[Insert description of any Interconnection Customer’s Attachment Facilities]*

**(b) Connecting Transmission Owner’s Attachment Facilities (“CTOAFs”)**

*[Insert description of any Connecting Transmission Owner’s Attachment Facilities]*

#### **4. System Upgrade Facilities (“SUFs”):**

**(a) Stand Alone System Upgrade Facilities**

*[Insert description of any Stand-Alone SUFs.]*

**(b) Other System Upgrade Facilities**

*[Insert description of any Other System Upgrade Facilities]*

#### **5. Distribution Upgrades**

*[Insert description of any Distribution Upgrades]*

#### **6. Affected Systems**

*[Insert description of any System Upgrade Facilities for Affected Systems and reference related Standard Upgrades Construction Agreement and Standard Multiparty Upgrades Construction Agreement]*

**7. External Affected Systems**

*[Insert description of any upgrades required on External Affected Systems.]*

**8. System Deliverability Upgrades:**

*[Insert description of any System Deliverability Upgrade.]*

**9. Cost Estimates**

*[Insert cost table for Connecting Transmission Owner's Attachment Facilities and Upgrades drawn from the Class Year Study or Cluster Study]*

**10. Operating & Maintenance Expenses for CTOAFs**

*[Connecting Transmission Owner to insert operating and maintenance cost recovery requirements for Connecting Transmission Owner's Attachment Facilities.]*

**11. Interconnection Customer's Estimated Tax Liability**

*[Pursuant to Section 5.17.4, to insert Interconnection Customer's estimated tax liability in the event taxes are imposed.]*

**12. Contingent Facilities**



## **Figure A-1**

### **Simplified One-Line Diagram**

*[Parties to insert simplified one-line diagram that clearly shows Facility, Attachment Facilities, Upgrades, POI, and PCO]*

## **APPENDIX B**

### **MILESTONES**

#### **1. Selected Option Pursuant to Article 5.1**

*[To specify which option Interconnection Customer selected pursuant to Article 5.1 concerning the CTOAFs and Stand-Alone SUFs.]*

#### **2. Milestones**

*[To insert]*

#### **3. Security**

*[Insert description of the Security form and amount provided by Interconnection Customer in the Class Year Study or Cluster Study for CTOAFs, SUFs, and/or SDUs and insert description of any additional Security required for CTOAFs in accordance with Section 11.5 of this Agreement.]*

#### **4. Site Control**

Check box if applicable [ ]

Interconnection Customer with qualifying regulatory limitations must demonstrate 100% Site Control by [NYISO to insert date one hundred eighty (180) Calendar Days from the Effective Date of this Agreement] or the Agreement may be terminated per Article 17 (Default) of this Agreement.

## **APPENDIX C – OPERATING REQUIREMENTS**

### **1. Interconnection Customer Operating Requirements**

*[To insert any additional operating requirements.]*

### **2. [Primary Frequency Response Operating Range]**

*[To insert if applicable]*

### **3. [Operating Requirements Variations for Class Year Transmission Project or Cluster Study Transmission Project]**

*[To insert if applicable]*

## **APPENDIX D**

### **SECURITY ARRANGEMENTS DETAILS**

Infrastructure security of New York State Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New York State Transmission System reliability and operational security. The Commission will expect the NYISO, all Transmission Owners, all Interconnection Customers and all other Market Participants to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

**APPENDIX E-1**  
**SYNCHRONIZATION DATE**

**[Date]**

**[NYISO Address]**

**[Connecting Transmission Owner Address]**

Re: \_\_\_\_\_ Facility

Dear \_\_\_\_\_:

On **[Date]** **[Interconnection Customer]** initially synchronized the Facility [specify units, if applicable]. This letter confirms that **[Interconnection Customer]**'s Synchronization Date was [specify].

Thank you.

**[Signature]**

**[Interconnection Customer Representative]**

**APPENDIX E-2**  
**COMMERCIAL OPERATION DATE**

**[Date]**

**[NYISO Address]**

**[Connecting Transmission Owner Address]**

Re: \_\_\_\_\_ Facility

Dear \_\_\_\_\_:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. \_\_\_\_\_. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. \_\_\_\_\_ at the Facility, effective as of **[Date plus one day]**.

Thank you.

**[Signature]**

**[Interconnection Customer Representative]**

## **APPENDIX F – ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS**

### **Notices:**

NYISO:

[To be supplied.]

Connecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

### **Billings and Payments:**

Connecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

### **Alternative Forms of Delivery of Notices (telephone or email):**

NYISO:

[To be supplied.]

Connecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

## **40.25.16 APPENDIX 16 TO ATTACHMENT HH**

### **STANDARD UPGRADE CONSTRUCTION AGREEMENT**



**SERVICE AGREEMENT NO. [\*]**

**SERVICE AGREEMENT NO. [●]**

**STANDARD UPGRADE CONSTRUCTION AGREEMENT**

**AMONG THE**

**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.,**

**AND**

***[INSERT SYSTEM OWNER]***

**AND**

***[INSERT INTERCONNECTION CUSTOMER]***

**Dated as of *[insert execution date]***

**Project Name: *[insert project name]***

**Queue Position No(s): *[insert queue number(s)]***

## **TABLE OF CONTENTS**

### **ARTICLE 1. DEFINITIONS**

### **ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION**

- 2.1 Effective Date
- 2.2 Term of Agreement
- 2.3 Termination
- 2.4 Termination Costs
- 2.5 Survival
- 2.6 No Annexation

### **ARTICLE 3. CONSTRUCTION SERVICES**

- 3.1 Performance of Construction Services
- 3.2 General Conditions Applicable to Interconnection Customer's Performance of the Construction Services
- 3.3 Design and Equipment Procurement
- 3.4 Construction Commencement
- 3.5 Work Progress
- 3.6 Information Exchange
- 3.7 Ownership and Control of Upgrades
- 3.8 Access Rights
- 3.9 Lands of Other Property Owners
- 3.10 Permits
- 3.11 Suspension
- 3.12 Taxes
- 3.13 Tax Status; Non-Jurisdictional Entities
- 3.14 Modification

### **ARTICLE 4. TESTING AND INSPECTION**

- 4.1 Initial Testing and Modifications
- 4.2 Right to Observe Testing

### **ARTICLE 5. PERFORMANCE OBLIGATION**

- 5.1 Cost Responsibilities
- 5.2 Provision and Application of Security

### **ARTICLE 6. INVOICE**

- 6.1 General
- 6.2 Final Invoice and Refund of Remaining Security/Overpayment Amount
- 6.3 Payment
- 6.4 Disputes

### **ARTICLE 7. REGULATORY REQUIREMENTS AND GOVERNING LAW**

- 7.1 Regulatory Requirements
- 7.2 Governing Law

### **ARTICLE 8. NOTICES**

- 8.1 General
- 8.2 Billings and Payments
- 8.3 Alternative Forms of Notice

### **ARTICLE 9. FORCE MAJEURE**

## ARTICLE 10. DEFAULT

### 10.1 General

### 10.2 Right to Terminate

## ARTICLE 11. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

### 11.1 Indemnity

### 11.2 No Consequential Damages

### 11.3 Insurance

## ARTICLE 12. ASSIGNMENT

## ARTICLE 13. SEVERABILITY

## ARTICLE 14. COMPARABILITY

## ARTICLE 15. CONFIDENTIALITY

### 15.1 Confidentiality

### 15.2 Term

### 15.3 Confidential Information

### 15.4 Scope

### 15.5 Release of Confidential Information

### 15.6 Rights

### 15.7 No Warranties

### 15.8 Standard of Care

### 15.9 Order of Disclosure

### 15.10 Termination of Agreement

### 15.11 Remedies

### 15.12 Disclosure to FERC, its Staff or a State

### 15.13 Required Notices Upon Requests or Demands for Confidential Information

## ARTICLE 16. INTERCONNECTION CUSTOMER AND SYSTEM OWNER NOTICE OF ENVIRONMENTAL RELEASES

## ARTICLE 17. INFORMATION REQUIREMENT

### 17.1 Information Acquisition

### 17.2 Information Submission Concerning the Upgrades

### 17.3 Information Submission Concerning the Facility

### 17.4 Information Supplementation

## ARTICLE 18. INFORMATION ACCESS AND AUDIT RIGHTS

### 18.1 Information Access

### 18.2 Reporting of Non-Force Majeure Events

### 18.3 Audit Rights

### 18.4 Audit Rights Periods

### 18.5 Audit Results

## ARTICLE 19. SUBCONTRACTORS

### 19.1 General

### 19.2 Responsibility of Principal

### 19.3 No Limitation by Insurance

## ARTICLE 20. DISPUTES

### 20.1 Submission

### 20.2 External Arbitration Procedures

### 20.3 Arbitration Decisions

### 20.4 Costs

20.5 Termination

ARTICLE 21. REPRESENTATIONS, WARRANTIES AND COVENANTS

21.1 General

ARTICLE 22. MISCELLANEOUS

22.1 Binding Effect

22.2 Conflicts

22.3 Rules of Interpretation

22.4 Compliance

22.5 Joint and Several Obligations

22.6 Entire Agreement

22.7 No Third Party Beneficiaries

22.8 Waiver

22.9 Headings

22.10 Multiple Counterparts

22.11 Amendment

22.12 Modification by the Parties

22.13 Reservation of Rights

22.14 No Partnership

22.15 Other Transmission Rights

22.16 Modifications Related to NYISO's Compliance with Order No. 2023

Appendices

## STANDARD UPGRADE CONSTRUCTION AGREEMENT

**THIS STANDARD UPGRADE CONSTRUCTION AGREEMENT** (“Agreement”) is made and entered into this \_\_\_ day of \_\_ 20\_\_, by and among: \_\_\_\_\_, a [corporate description] organized and existing under the laws of State/Commonwealth of \_\_\_\_\_ (“Interconnection Customer”), \_\_\_\_\_, a [corporate description] organized and existing under the laws of State/Commonwealth of \_\_\_\_\_ (“System Owner”), 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”). Interconnection Customer, the NYISO, or System Owner each may be referred to as a “Party” or collectively referred to as the “Parties.”

### RECITALS

*[To insert one of the following recitals based on Interconnection Customer’s project:*

#### Application 1:

**WHEREAS**, *Interconnection Customer is developing a [insert generation/transmission project] identified as [insert project name] with NYISO Queue Position No. [\*] [“Facility”] that will interconnect to certain transmission facilities of [insert Connecting Transmission Owner’s name] (“Connecting Transmission Owner”) that are part of the New York State Transmission System or Distribution System;*

**WHEREAS**, *Interconnection Customer [has entered/will enter] into a Standard Interconnection Agreement with the NYISO and the Connecting Transmission Owner concerning the interconnection of the Facility;*

#### Application 2:

**WHEREAS**, *Interconnection Customer is an Affected System Interconnection Customer developing a [insert generation/transmission] project (“Facility”) that will interconnect in [insert name of host transmission region], which interconnection was studied by the NYISO through an Affected System Study for impacts on the New York State Transmission System or Distribution System with NYISO Queue Position No. [\*];*

**WHEREAS**, *Interconnection Customer [has entered/will enter] into any required interconnection agreement for its Facility with the [insert name of host transmission region];*

*[To insert one of the following alternatives based on the application of this Agreement:*

#### Application 1:

**WHEREAS**, *the [Cluster Study/Class Year Interconnection Facilities Study for Class Year [insert Class Year]] has determined that certain System Upgrade Facilities are required to be constructed on the Affected System owned by the System Owner as the Affected System Operator to enable the Facility to interconnect reliably to the New York State Transmission System or*

*Distribution System in a manner that meets the NYISO Minimum Interconnection Standard (“Upgrades”);*

Application 2:

**WHEREAS**, the NYISO’s [*Cluster Study Deliverability Study and/or Additional SDU Study (collectively, the “Custer Study Deliverability Study”)/Class Year Deliverability Study and/or Additional SDU Study for Class Year [insert Class Year] (collectively, the “Class Year Deliverability Study”)*] determined that certain System Deliverability Upgrades are required to be constructed on the Affected System owned by the System Owner as the Affected System Operator to enable the Facility to interconnect reliably to the New York State Transmission System or Distribution System in a manner that meets the NYISO Deliverability Interconnection Standard at the Facility’s requested level of Capacity Resource Interconnection Service (“Upgrades”);]

Application 3:

**WHEREAS**, the NYISO’s Affected System Study determined that certain Affected System Network Upgrades are required to be constructed on the Affected System owned by they System Owner as the Affected System Operator in connection with the Facility’s interconnection in [insert name of host transmission region];

**WHEREAS**, the [*Cluster Study/ Cluster Study Deliverability Study/Class Year Interconnection Facilities Study/ Class Year Deliverability Study/Affected System Study*] has determined the cost estimate for the engineering, procurement, and construction of the Upgrades (“Upgrades Estimated Total Cost Amount”);

**WHEREAS**, Interconnection Customer and System Owner desire to [*perform/have Interconnection Customer perform/have System Owner perform*], and [*they are willing to perform/Interconnection Customer is willing to perform/System Owner is willing to perform*], the engineering, procurement, and construction services required to construct the Upgrades (“Construction Services”) in accordance with the terms and conditions hereinafter set forth; and

**WHEREAS**, Interconnection Customer, System Owner, and the NYISO have agreed to enter into this Agreement for the purpose of allocating the responsibilities for the performance and oversight of the Construction Services required to construct the Upgrades;

**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 1 of the OATT, Section 40.1 of Attachment HH to the OATT, Section 30.1 of Attachment X to the ISO OATT, Section 25.1.2 of Attachment S to the OATT, the body of the Standard Interconnection Procedures or Standard Facility Interconnection Procedures, or the body of this Agreement.

**Affected System** shall mean an electric system within the New York Control Area other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Interconnection Customer** shall mean any entity that submits an interconnection request for a Facility to a transmission system other than New York State Transmission System that may cause the need for Affected System Network Upgrades on the New York State Transmission System.

**Affected System Network Upgrades** shall mean the additions, modifications, and upgrades to the New York State Transmission System required to accommodate Affected System Interconnection Customer's proposed interconnection to a transmission system other than the New York State Transmission System.

**Affected System Operator** shall mean the entity that operates an Affected System. Affected System Operator includes the Affected Transmission Owners.

**Affected System Study** shall mean the NYISO's evaluation of the impacts on the New York State Transmission System of an Affected System Interconnection Customer's proposed interconnection to a transmission system other than the New York State Transmission System, as described in Section 40.8.3 of Attachment HH to the OATT.

**Affected Transmission Owner** shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the ISO OATT, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, Affected Network Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachments P, S, X, Z, or HH to the ISO OATT.

**Affiliate** shall mean, with respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Councils** shall mean the Electric Reliability Organization, the NPCC and the NYSRC.

**Applicable Reliability Requirements** shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of this Attachment HH, applied when conducting the Cluster Baseline Assessment and the Cluster Project Assessment;

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 Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District to which the Interconnection Customer's Facility 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 this Agreement.

**Breach** shall mean the failure of a Party to perform or observe any material term or condition 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.

**Class Year Interconnection Facilities Study ("Class Year Study")** shall mean a study conducted by the NYISO or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility or Class Year Transmission Project with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT.

**Class Year Transmission Project** shall mean an Interconnection Customer'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 (1) the Interconnection Customer 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 Interconnection Customer 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. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Cluster Study** shall mean the study conducted, as applicable, by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System



Upgrade Facilities and System Deliverability Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility or Cluster Study Transmission Project with the New York State Transmission System or with the Distribution System. The Cluster Study includes the Phase 1 Study and the Phase 2 Study.

**Cluster Study Transmission Project** shall mean an Interconnection Customer'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 (1) the Interconnection Customer 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 Interconnection Customer 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 Cluster Study Transmission Project without having to re-dispatch generation. Cluster Study Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Completion Date** shall mean the date on which, as applicable, the System Owner or Interconnection Customer has completed the Construction Services, as set forth in Appendix A.

**Confidential Information** shall mean any information that is defined as confidential by Article 15 of this Agreement.

**Connecting Transmission Owner** shall have the meaning set forth in the recitals.

**Construction Services** shall have the meaning set forth in the recitals and shall consist of the services described in Appendix A.

**Default** shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 10 of this Agreement.

**Distribution System** shall mean the Connecting Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Standard Interconnection Procedures in Attachment HH under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Effective Date** shall mean the date on which this Agreement becomes effective in accordance with Article 2.1 of this Agreement.

**Electric Reliability Organization ("ERO")** shall mean the North American Electric Reliability Corporation or its successor organization.

**Environmental Law** shall mean Applicable Laws and Regulations relating to pollution or protection of the environment or natural resources.

**Facility** shall mean, as applicable, the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project interconnecting to the New York State Transmission System or Distribution System or, for an Affected System Interconnection Customer, the generation or transmission facility interconnecting to another region's transmission system. For purpose of this agreement, the Facility is the generation or transmission facility identified in the Recitals.

**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.* ("FPA").

**FERC** shall mean the Federal Energy Regulatory Commission ("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.

**Generating Facility** shall mean Interconnection Customer's device(s) for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Attachment Facilities or Distribution Upgrades. A facility comprised of multiple Generators will be treated as a single Generating Facility if the facility proposed in the Interconnection Request is comprised of multiple Generators behind a single Point of Interconnection, even if such Generators are different technology types.

**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 practices, 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, 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 Interconnection Customer, the NYISO, Affected Transmission Owner, Affected System Operator, Connecting Transmission Owner, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any

other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**In-Service Date** shall mean the date upon which the Upgrades are energized consistent with the provisions of this Agreement, notice of which must be provided to the other Parties by, as applicable, the Interconnection Customer or System Owner in the form of Appendix C.

**Interconnection Agreement** shall mean, as applicable, the Standard Interconnection Agreement or Standard Large Generator Interconnection Agreement, or, if a Facility is interconnecting to another region's transmission system, the interconnection agreement entered into in that region.

**Interconnection Customer** shall mean, as applicable, an Interconnection Customer as defined in Attachment HH to the ISO OATT, a Developer as defined in Attachments S and X of the ISO OATT, or an Affected System Interconnection Customer as defined in Attachment HH to the ISO OATT. For purposes of this Agreement, the Interconnection Customer shall have the meaning set forth in the introductory paragraph.

**Interconnection Request** shall mean Interconnection Customer's request, in the form of Appendix 1 to Attachment X to the ISO OATT or Appendix 1 to Attachment HH to the ISO OATT, to interconnect a new Facility to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Facility that is interconnected with the New York State Transmission System or with the Distribution System. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Interconnection may be considered a single Generating Facility, provided the Interconnection Request identifies a single Interconnection Customer.

**IRS** shall mean the Internal Revenue Service.

**ISO 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.

**ISO 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.

**Milestones** shall mean the milestones for the performance of the Construction Services, as set forth in Appendix A.

**New York State Transmission System** shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under NYISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**Notice of Dispute** shall mean a written notice of a dispute or claim pursuant to Article 20 of this Agreement that arises out of or in connection with this Agreement or its performance.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYISO Tariffs** shall mean the ISO OATT and ISO Services Tariff.

**NYSRC** shall mean the New York State Reliability Council or its successor organization.

**Party or Parties** shall have the meaning set forth in the introductory paragraph.

**Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, 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.

**Standard Upgrade Construction Agreement** shall mean this Agreement.

**System Deliverability Upgrades** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System and Distribution System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

**System Owner** shall mean, as applicable, the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner. For purposes of this Agreement, the System Owner shall be defined in the introductory paragraph.

**System 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Upgrades** shall mean, as applicable, System Upgrade Facilities, System Deliverability Upgrade Facilities, or Affected Network Upgrade Facilities. For purposes of this Agreement, the Upgrades shall have the meaning set forth in the recitals and shall be described in Appendix A.

**Upgrades Estimated Total Cost Amount** shall have the meaning set forth in the recitals, which costs are specified in Appendix A.

## **ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION**

### **2.1 Effective Date.**

This Agreement shall become effective upon the date of execution by the Parties, subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The NYISO,

and if applicable, the Affected Transmission Owner, shall promptly file this Agreement with FERC upon execution, if required, in accordance with the requirements in the OATT. Interconnection Customer and System Owner shall reasonably cooperate with the NYISO with respect to the filing of this Agreement with FERC and provide any information reasonably requested by the NYISO needed for such filing.

## **2.2 Term of Agreement.**

Subject to the provisions of Article 2.3, this Agreement shall remain in effect until the later of: (i) the Completion Date, and (ii) the date on which the final payment of all invoices issued under this Agreement have been made pursuant to Articles 6.1 and 6.3 and any remaining Security has been released or refunded pursuant to Article 6.2.

## **2.3 Termination.**

### **2.3.1 Completion of Term of Agreement**

This Agreement shall terminate upon the completion of the term of the Agreement pursuant to Article 2.2.

### **2.3.2 Written Notice.**

This Agreement may be terminated:

(i) by the mutual agreement in writing of all of the Parties; or

(ii) by the NYISO and System Owner if the Standard Interconnection Agreement for the Facility is terminated in accordance with the requirements in the Standard Interconnection Agreement.

*[If this agreement concerns the construction of Affected Network Upgrade Facilities, replace (ii) with the following:*

*(ii) by the NYISO and System Owner upon their receipt of notification by the Interconnection Customer that the interconnection agreement for its Facility has been terminated in accordance with the requirements in its host transmission region or, if an interconnection agreement is not required for its Facility, that its Facility has ceased development or operation in accordance with the requirements of its host transmission region];*

*[If this agreement concerns the construction of a Highway System Deliverability Upgrade, replace (ii) with the following:*

*(ii) by the NYISO after giving the other Parties thirty (30) Calendar Days advance written notice following its determination that the threshold for triggering the construction of the Upgrades set forth in, as applicable, Section 25.7.12.3.1 of Attachment S or Section 40.13.12.3.1 of Attachment HH to the OATT is no longer met.]*

### **2.3.3 Default.**

Any Party may terminate this Agreement to the extent permitted under Article 10 and Article 20.

### **2.3.4 Compliance.**

Notwithstanding Articles 2.3.1, 2.3.2, and 2.3.3, no termination of this Agreement shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

## **2.4 Termination Costs.**

If this Agreement is terminated pursuant to Articles 2.3.2 or 2.3.3 above, the Interconnection Customer shall be responsible for all costs that are the responsibility of the Interconnection customer under this Agreement that are incurred by the Interconnection Customer or other Parties through the date the Parties agree in writing to terminate the agreement or through the date of the Interconnection Customer's receipt of a notice of termination. Such costs include any cancellation costs relating to orders or contracts concerning the Construction Services or Upgrades. In the event of termination, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

**2.4.1** With respect to any portion of the Upgrades for which the System Owner or Interconnection Customer (the "Constructing Party") are responsible for constructing or installing under this Agreement and that have not yet been constructed or installed, the Constructing Party shall, to the extent possible and with the other Party's (*i.e.*, the System Owner or Interconnection Customer, as applicable) authorization, cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, the Upgrades; provided that in the event the other Party elects not to authorize such cancellation, the other Party shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Constructing Party shall deliver such material and equipment, and, if necessary, assign such contracts, to the other Party as soon as practicable, at the other Party's expense. To the extent that the other Party has already paid the Constructing Party for any or all such costs of materials or equipment not taken by the other Party, the Constructing Party shall promptly refund such amounts to the other Party, less any costs, including penalties incurred by the Constructing Party to cancel any pending orders of or return such materials, equipment, or contracts.

**2.4.2** The Constructing Party may, at its option, retain any portion of such materials or equipment that the other Party chooses not to accept delivery of, in which case the Constructing Party shall be responsible for all costs associated with procuring such materials or equipment.

**2.4.3** With respect to any portion of the Construction Services already performed pursuant to the terms of this Agreement, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such related

materials, equipment, or facilities and such other expense actually incurred by System Owner to return its system to safe and reliable operation.

## **2.5 Survival.**

This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder; including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit Interconnection Customer and System Owner each to have access to the lands of the other pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

## **2.6 No Annexation.**

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Party providing such equipment and the Party receiving such equipment.

# **ARTICLE 3. CONSTRUCTION SERVICES**

## **3.1 Performance of Construction Services.**

System Owner shall be responsible for performing the Construction Services. At System Owner's sole discretion, System Owner may agree with Interconnection Customer for Interconnection Customer to perform such services. System Owner's and Interconnection Customer's respective obligations concerning the Construction Services shall be set forth in Appendix A hereto. System Owner and Interconnection Customer shall each use Reasonable Efforts to complete the Construction Services for which it has responsibility by the Milestone dates set forth in Appendix A hereto. The System Owner shall not be required to undertake any action which is inconsistent with the System Owner's standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. The NYISO has no responsibility, and shall have no liability, for the performance of any of the Construction Services under this Agreement.

## **3.2 General Conditions Applicable to Interconnection Customer's Performance of the Construction Services.**

If System Owner and Interconnection Customer agree pursuant to Section 3.1 for Interconnection Customer to be responsible for the design, procurement, and/or construction of any Upgrades as set forth in Appendix A, the following conditions apply:

**3.2.1** Interconnection Customer shall engineer, procure equipment, and construct the Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by System Owner;

**3.2.2** Interconnection Customer's engineering, procurement and construction of the Upgrades shall comply with all requirements of law to which System Owner would be subject in the engineering, procurement or construction of the Upgrades;

**3.2.3** System Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Upgrades;

**3.2.4** Prior to the commencement of construction, Interconnection Customer shall provide System Owner and NYISO a schedule for construction of the Upgrades, and shall promptly respond to requests for information from System Owner or NYISO;

**3.2.5** At any time during construction, System Owner shall have the right to gain unrestricted access to the Upgrades and to conduct inspections of the same;

**3.2.6** At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Upgrades not meet the standards and specifications provided by System Owner, Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Upgrades;

**3.2.7** Interconnection Customer shall indemnify System Owner and NYISO for claims arising from Interconnection Customer's construction of Upgrades under procedures applicable to Article 11.1 Indemnity;

**3.2.8** Interconnection Customer shall transfer control of Upgrades to System Owner;

**3.2.9** Unless Interconnection Customer and System Owner otherwise agree, Interconnection Customer shall transfer ownership of Upgrades to System Owner;

**3.2.10** System Owner shall approve and accept for operation and maintenance the Upgrades to the extent engineered, procured, and constructed in accordance with this Article 3.2;

**3.2.11** Interconnection Customer shall deliver to NYISO and System Owner "as built" drawings, information, and any other documents that are reasonably required by NYISO or System Owner to assure that the Upgrades are built to the standards and specifications required by System Owner; and

**3.2.12** Interconnection Customer shall pay the System Owner the agreed upon amount of [\$ PLACEHOLDER] for the System Owner to execute the responsibilities enumerated to System Owner under Article 3.2. System Owner shall invoice Interconnection Customer for this total amount to be divided on a monthly basis pursuant to Article 6.

### **3.3 Design and Equipment Procurement**



If responsibility for construction of the Upgrades is to be borne by the System Owner, then the System Owner shall commence the design and procurement of the Upgrades for which it is responsible as soon as practicable after all of the following conditions are satisfied, unless the Interconnection Customer and System Owner otherwise agree in writing:

**3.3.1** NYISO has completed, as applicable, the Class Year Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study;

**3.3.2** The NYISO has completed the required cost allocation analyses, and Interconnection Customer has accepted its Project Cost Allocation for the Upgrades required for the Facility in accordance with the provisions of Attachment S or HH of the ISO OATT.

**3.3.3** System Owner has received written authorization to proceed with design and procurement of the Upgrades from the Interconnection Customer by the date specified in Appendix A hereto; and

**3.3.4** Interconnection Customer has provided Security to the System Owner for the design and procurement of the Upgrades in accordance with Article 5 by the date(s) specified in Appendix A hereto.

### **3.4 Construction Commencement**

System Owner shall commence construction of the Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied.

**3.4.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

**3.4.2** Necessary real property rights and rights-of-way have been obtained, to the extent required, for the construction of a discrete aspect of the Upgrades;

**3.4.3** System Owner has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix A hereto; and

**3.4.4** Interconnection Customer has provided security to the System Owner for the construction of the applicable facilities in accordance with Article 5.2 by the date(s) specified in Appendix A hereto.

### **3.5 Work Progress.**

The Interconnection Customer and System Operator will keep each other, and NYISO, advised periodically as to the progress of its respective design, procurement and construction efforts. Any Party may, at any time, request a progress report from the Interconnection Customer or System Owner.

### **3.6 Information Exchange.**

As soon as reasonably practicable after the Effective Date, Interconnection Customer and System Owner shall exchange information, and provide NYISO the same information, regarding the design of the Upgrades and compatibility of the Upgrades with the New York State Transmission System and shall work diligently and in good faith to make any necessary design changes. Interconnection Customer shall inform the System Owner and NYISO of any termination of the Interconnection Agreement for the Facility within ten (10) Calendar Days of the termination of the Interconnection Agreement.

### **3.7 Ownership and Control of Upgrades.**

System Owner shall own the Upgrades as described in Appendix A. The System Owner's and, if applicable, NYISO's operational control of the Upgrades upon the completion of the facilities shall be described in Appendix A.

### **3.8 Access Rights.**

Upon reasonable notice and supervision by the Granting Party, and subject to any required or necessary regulatory approvals, either the System Owner or Interconnection Customer ("Granting Party") shall furnish to the other of those two Parties ("Access Party") at no cost any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain the ingress and egress required for the performance of the Construction Services, including to construct, repair, test (or witness testing), inspect, replace or remove the Upgrades. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Access Party shall indemnify the Granting Party against all claims of injury or damage from third parties resulting from the exercise of the access rights provided for herein.

### **3.9 Lands of Other Property Owners.**

If any part of the Upgrades will be installed on property owned by persons other than the Interconnection Customer or System Owner, the System Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes for its own or affiliated generation, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary for the performance of the Construction Services upon such property by the System Owner or Interconnection Customer, including to construct, repair, operate, maintain, test (or witness testing), inspect, replace or remove the Upgrades.

### **3.10 Permits.**

NYISO, Interconnection Customer, and System Owner shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish

the Construction Services in compliance with Applicable Laws and Regulations. With respect to this paragraph, System Owner shall provide permitting assistance to the Interconnection Customer comparable to that provided to System Owner's own, or an Affiliate's generation facilities, if any.

### **3.11 Suspension**

Interconnection Customer reserves the right, upon written notice to System Owner and NYISO, to suspend at any time all work by System Owner or Interconnection Customer, as applicable, associated with the construction and installation of the Upgrades required for only that Interconnection Customer's Facility, with the condition that the New York State Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the safety and reliability criteria of System Owner and NYISO. In such event, such Interconnection Customer shall be responsible for all reasonable and necessary costs and/or obligations in accordance with Attachment S or HH to the ISO OATT including those which System Owner (i) has incurred pursuant to this Agreement prior to the suspension and (ii) incurs as a result of the suspension of such work, including any costs incurred by System Owner to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New York State Transmission System during such suspension and, if applicable, any costs incurred by System Owner in connection with the cancellation or suspension of material, equipment and labor contracts which System Owner cannot reasonably avoid; *provided, however*, that prior to canceling or suspending any such material, equipment or labor contract, System Owner shall obtain such Interconnection Customer's authorization to do so.

System Owner shall invoice Interconnection Customer for such costs pursuant to Article 6 and shall use due diligence to minimize its costs. If Interconnection Customer suspends work required under this Agreement pursuant to this Article 3.11, and has, as applicable, either not recommenced work or requested System Owner to recommence its work required under this Agreement on or before the expiration of three (3) years following commencement of such suspension, this Agreement shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to System Owner and NYISO, if no effective date is specified.

### **3.12 Taxes.**

#### **3.12.1 Indemnification for Contributions in Aid of Construction.**

With regard only to payments made by Interconnection Customer to System Owner for the installation of the Upgrades, System Owner shall not include a gross-up for income taxes in the amounts it charges Interconnection Customer for the installation of the Upgrades unless (1) System Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to System Owner should be reported as income subject to taxation, or (2) any Governmental Authority directs System Owner to report payments or property as income subject to taxation. Interconnection Customer shall reimburse System Owner for such costs on a fully grossed-up basis, in accordance with this Article, within thirty (30) Calendar Days of receiving written notification from System Owner of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten (10)-year testing period and the applicable statute of limitation, as it may be extended by System Owner upon request of the Internal Revenue Service, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article. Notwithstanding the foregoing provisions of this Article 3.12.1, and to the extent permitted by law, to the extent that the receipt of such payments by System Owner is determined by any Governmental Authority to constitute income by System Owner subject to taxation, Interconnection Customer shall protect, indemnify, and hold harmless System Owner and its Affiliates, from all claims by any such Governmental Authority for any tax, interest, and/or penalties associated with such determination. Upon receiving written notification of such determination from the Governmental Authority, System Owner shall provide Interconnection Customer with written notification within thirty (30) Calendar Days of such determination and notification. System Owner, upon the timely written request by Interconnection Customer and at Interconnection Customer's expense, shall appeal, protest, seek abatement of, or otherwise oppose such determination. System Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the compromise or settlement of the claim; provided that System Owner shall cooperate and consult in good faith with Interconnection Customer regarding the conduct of such contest. Interconnection Customer shall not be required to pay System Owner for the tax, interest, and/or penalties prior to the seventh (7th) Calendar Day before the date on which System Owner (1) is required to pay the tax, interest, and/or penalties or other amount in lieu thereof pursuant to a compromise or settlement of the appeal, protest, abatement, or other contest; (2) is required to pay the tax, interest, and/or penalties as the result of a final, non appealable order by a Governmental Authority; or (3) is required to pay the tax, interest, and/or penalties as a prerequisite to an appeal, protest, abatement, or other contest. In the event such appeal, protest, abatement, or other contest results in a determination that System Owner is not liable for any portion of any tax, interest, and/or penalties for which Interconnection Customer has already made payment to System Owner, System Owner shall promptly refund to Interconnection Customer any payment attributable to the amount determined to be non-taxable, plus any interest (calculated in accordance with 18 CFR 35.19a(a)(2)(iii)) or other payments System Owner receives or which System Owner may be entitled with respect to such payment. Interconnection Customer shall provide System Owner with credit assurances sufficient to meet Interconnection Customer's estimated liability for reimbursement of System Owner for taxes, interest, and/or penalties under this Article 3.12.1. Such estimated liability shall be stated in Appendix A.

To the extent that System Owner is a limited liability company and not a corporation, and has elected to be taxed as a partnership, then the following shall apply: System Owner represents, and the Parties acknowledge, that System Owner is a limited liability company and is treated as a partnership for federal income tax purposes. Any payment made by Interconnection Customer to System Owner for Upgrades is to be treated as an upfront payment. It is anticipated by the Parties that any amounts paid by Interconnection Customer to System Owner for the Upgrades will be reimbursed to Interconnection Customer in accordance with the terms of this Agreement, provided Interconnection Customer fulfills its obligations under this Agreement.

### **3.12.2 Private Letter Ruling.**

At Interconnection Customer's request and expense, System Owner shall file with the Internal Revenue Service a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to System Owner under this Agreement are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. System Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

### **3.12.3 Other Taxes.**

Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, System Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against System Owner for which Interconnection Customer may be required to reimburse System Owner under the terms of this Agreement. Interconnection Customer shall pay to System Owner on a periodic basis, as invoiced by System Owner, System Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and System Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to System Owner for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by System Owner. Each Party shall cooperate with the other Party to maintain each Party's tax status. Nothing in this Agreement is intended to adversely affect any Party's tax-exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds, as described in section 142(f) of the Internal Revenue Code.

## **3.13 Tax Status; Non-Jurisdictional Entities.**

### **3.13.1 Tax Status.**

Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of System Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability 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.

### **3.13.2 Tax Status.**

LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.

## **3.14 Modification.**

### **3.14.1 General**

If, prior to the In-Service Date, the System Owner proposes to modify the Upgrades, the System Owner must provide to the NYISO at least ninety (90) Calendar Days in advance of the commencement of the work, or such shorter period upon which the Parties may agree, sufficient information for the NYISO to evaluate the impact of the proposed modification on, as applicable: (i) the reliable interconnection of Interconnection Customer's Facility to the New York State Transmission System or (ii) the reliability of the New York State Transmission System due to the Facility's interconnection to another region's transmission system. The NYISO's agreement to the proposed modification shall not be unreasonably withheld, conditioned, or delayed if the proposed modification is reasonably related to the interconnection of the Facility and will enable Interconnection Customer's Facility to reliably interconnect to the New York State Transmission System or ensure the reliability of the New York State Transmission System of the Facility's interconnection to another region's transmission system. If the cost of the modified Upgrades is greater than the estimated cost identified in the applicable Class Year Interconnection Facility Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Additional System Study, the additional cost will be allocated in accordance with, as applicable, Sections 25.6.14.1 and 25.8.6 of Attachment S or Sections 40.12.1.5.1 and 40.16.3 of Attachment HH of the ISO OATT.

### **3.14.2 Standards.**

Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this Agreement, NYISO requirements and Good Utility Practice.

### **3.14.3 Modification Costs.**

Interconnection Customer shall not be assigned the costs of any additions, modifications, or replacements that System Owner makes to the Upgrades or the New York State Transmission System to facilitate the interconnection of a third party to the Upgrades or the New York State Transmission System, or to provide Transmission Service to a third party under the ISO OATT, except in accordance with the cost allocation procedures in Attachment S or HH of the ISO OATT.

## **ARTICLE 4. TESTING AND INSPECTION**

### **4.1 Initial Testing and Modifications.**

Prior to the In-Service Date of the Upgrades, the System Owner or Interconnection Customer, as specified in Appendix A, shall test the Upgrades to ensure their safe and reliable operation. The Party responsible for constructing the Upgrades shall make any modifications to the Upgrades that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications

### **4.2 Right to Observe Testing.**

The Party performing the testing shall notify the other Parties in advance of its performance of tests of the Upgrades. Each of the other Parties shall have the right, at its own expense, to observe such testing.

## **ARTICLE 5. PERFORMANCE OBLIGATIONS**

### **5.1 Cost Responsibilities**

Interconnection Customer and/or System Owner, as specified in Appendix A, shall perform the Construction Services at Interconnection Customer's sole expense up to the Upgrades Estimated Total Cost Amount. Interconnection Customer's and System Owner's respective responsibilities for the cost of the Construction Services greater than the Upgrades Estimated Total Costs Amount shall be determined in accordance with, as applicable, Section 25.8.6 of Attachment S or Section 40.16.3 of Attachment HH to the OATT.

### **5.2 Provision and Application of Security**

**5.2.1** If Interconnection Customer accepted its Project Cost Allocation and posted to System Owner the Security for its Upgrades at the conclusion of, as applicable, the Class Year Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study, then Interconnection Customer shall not be responsible for posting additional Security under this Agreement. Interconnection Customer's Security shall be subject to the requirements of Attachment S or HH to the ISO OATT.

**5.2.2** If Interconnection Customer was not required to post Security to the System Owner at the conclusion of, as applicable, the Class Year Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study, then at least thirty (30) Calendar Days prior to the System Owner's commencement of the procurement, installation, or construction of a discrete portion of the Upgrades as such portion(s) are detailed in the Milestones in Appendix A, Interconnection Customer shall provide System Owner, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to System Owner and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 7.2 of this Agreement. Such security for payment shall be in an amount sufficient to cover the costs for Interconnection Customer's share of constructing, procuring and installing the applicable portion of the Upgrades, and shall be reduced on a dollar-for-dollar basis for payments made to System Owner for these purposes.

In addition:

**5.2.2.1** The guarantee must be made by an entity that meets the commercially reasonable creditworthiness requirements of System Owner, and contains terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

**5.2.2.2** The letter of credit must be issued by a financial institution reasonably acceptable to System Owner and must specify a reasonable expiration date.

**5.2.2.3** The surety bond must be issued by an insurer reasonably acceptable to System Owner and must specify a reasonable expiration date.

## **ARTICLE 6. INVOICE**

### **6.1 General.**

To the extent that any amounts are due to the Interconnection Customer or System Owner under this Agreement, the Interconnection Customer and System Owner, as applicable, shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Interconnection Customer and System Owner may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts one Party owes to the other Party under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

### **6.2 Final Invoice and Refund of Remaining Security/Overpayment Amount**

Within one hundred eighty (180) Calendar Days of the Completion Date, Interconnection Customer or System Owner, as applicable, shall provide a final invoice to the other Party of any remaining amounts due associated with the Construction Services. Within thirty (30) Calendar Days of the later of: (i) Interconnection Customer's payment of any final invoice to the System Owner, and (ii) the completion of the Construction Services, System Owner shall release or refund to the Interconnection Customer any remaining portions of its Security and any amount that Interconnection Customer has overpaid under this Article 6.

### **6.3 Payment.**

Invoices shall be rendered to the paying Party at the address specified in Appendix B hereto. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices will not constitute a waiver of any rights or claims the paying Party may have under this Agreement.



## **6.4 Disputes.**

In the event of a billing dispute between Parties, the Party owed money shall continue to perform under this Agreement as long as the other Party: (i) continues to make all payments not in dispute; and (ii) pays to the Party owed money or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Party that owes money fails to meet these two requirements for continuation of service, then the Party owed money may provide notice to the other Party of a Default pursuant to Article 10. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

## **ARTICLE 7. REGULATORY REQUIREMENTS AND GOVERNING LAW**

### **7.1 Regulatory Requirements**

Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require a Party to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies Act of 1978, as amended.

### **7.2 Governing Law.**

**7.2.1** The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles.

**7.2.2** This Agreement is subject to all Applicable Laws and Regulations.

**7.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

## **ARTICLE 8. NOTICES**

### **8.1 General.**

Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by a Party to the other Parties and any instrument required or permitted to be tendered or delivered by a Party in writing to the other Parties shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix B hereto.

A Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

## **8.2 Billings and Payments.**

Billings and payments shall be sent to the addresses set out in Appendix B hereto.

## **8.3 Alternative Forms of Notice.**

Any notice or request required or permitted to be given by a Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone or email to the telephone numbers and email addresses set out in Appendix B hereto.

## **ARTICLE 9. FORCE MAJEURE**

Economic hardship is not considered a Force Majeure event. A Party shall not be responsible or liable, or deemed, in Default with respect to any obligation hereunder, other than the obligation to pay money when due, to the extent the Party is prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Parties in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

## **ARTICLE 10. DEFAULT**

### **10.1 General.**

No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Parties. Upon a Breach, the non-Breaching Parties shall give written notice of such to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

### **10.2 Right to Terminate.**

If a Breach is not cured as provided in this Article 10, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Parties acting together shall

thereafter have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

## **ARTICLE 11. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE**

### **11.1 Indemnity.**

Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and save harmless, as applicable, the other Parties (each an “Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from (i) the Indemnified Party’s performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any Hazardous Substance.

#### **11.1.1 Indemnified Party.**

If a Party is entitled to indemnification under this Article 11 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 11.1.3, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

#### **11.1.2 Indemnifying Party.**

If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 11, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual Loss, net of any insurance or other recovery.

#### **11.1.3 Indemnity Procedures.**

Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 11.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party’s indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

Except as stated below, the Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

## **11.2 No Consequential Damages.**

Other than the indemnity obligations set forth in Article 11.1, in no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; *provided, however*, that damages for which a Party may be liable to another Party under separate agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

## **11.3 Insurance.**

*[If System Owner and Interconnection Customer agree pursuant to Article 3.1 of this Agreement for Interconnection Customer to be responsible for any of the Construction Services under this Agreement, the insurance requirements in this Article 11.3 shall be applicable to Interconnection Customer as well.]*

The System Owner and, if applicable, Interconnection Customer shall, at its own expense, procure and maintain in force throughout the period of this Agreement and until released by the other Parties, the following minimum insurance coverages, with insurance companies licensed to write insurance or approved eligible surplus lines carriers in the state of New York with a minimum A.M. Best rating of A or better for financial strength, and an A.M. Best financial size category of VIII or better:

**11.3.1** Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of New York State.

**11.3.2** Commercial General Liability ("CGL") Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available using Insurance Services Office, Inc. Commercial General Liability Coverage ("ISO CG") Form CG 00 01 04 13 or a form equivalent to or better than CG 00 01 04 13, with minimum limits of Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

**11.3.3** Comprehensive Automobile Liability Insurance 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.

**11.3.4** If applicable, the Commercial General Liability and Comprehensive Automobile Liability Insurance policies should include contractual liability for work in connection with construction or demolition work on or within 50 feet of a railroad, or a separate Railroad Protective Liability Policy should be provided.

**11.3.5** Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability and Comprehensive Automobile Liability Insurance coverages, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence and Twenty Million Dollars (\$20,000,000) aggregate. The Excess policies should contain the same extensions listed under the Primary policies.

**11.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Liability Insurance policies of System Owner and, if applicable, Interconnection Customer shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insureds using ISO CG Endorsements: CG 20 33 04 13, and CG 20 37 04 13 or CG 20 10 04 13 and CG 20 37 04 13 or equivalent to or better forms. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

**11.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and non-contributory. System Owner and, if applicable, Interconnection Customer shall each be responsible for its respective deductibles or retentions.

**11.3.8** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for at least three (3) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Interconnection Customer and System Owner.

**11.3.9** If applicable, Pollution Liability Insurance in an amount no less than \$7,500,000 per occurrence and \$7,500,000 in the aggregate. The policy will provide coverage for claims resulting from pollution or other environmental impairment arising out of or in connection with work performed on the premises by the other party, its contractors and and/or subcontractors. Such insurance is to include coverage for, but not be limited to, cleanup, third party bodily injury and property damage and remediation and will be written on an occurrence basis. The policy shall name the Other Party Group as additional insureds, be primary and contain a waiver of subrogation.

**11.3.10** The requirements contained herein as to the types and limits of all insurance to be maintained by the System Owner and, if applicable, Interconnection Customer are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by those Parties under this Agreement.

**11.3.11** Within [insert term stipulated by the Parties] Calendar Days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, Interconnection Customer and System Owner, as applicable, shall provide certificate of insurance for all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

**11.3.12** Notwithstanding the foregoing, either of System Owner and, if applicable, Interconnection Customer may each self-insure to meet the minimum insurance requirements of Articles 11.3.1 through 11.3.9 to the extent it maintains a self-insurance program; provided that, such Party'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 11.3.1 through 11.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 11.3.12, it shall notify the other Party 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 Articles 11.3.1 through 11.3.9 and provide evidence of such coverages. For any period of time that a Party's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 11.3.1 through 11.3.9.

**11.3.13** Interconnection Customer and System Owner 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.

**11.3.14** Subcontractors of each party must maintain the same insurance requirements stated under Articles 11.3.1 through 11.3.9 and comply with the Additional Insured requirements herein. In addition, their policies must state that they are primary and non-contributory and contain a waiver of subrogation.

## **ARTICLE 12. ASSIGNMENT**

### **12.1 Assignment.**

**This Agreement may be assigned by a Party only with the written consent of the other Parties;** provided that a Party may assign this Agreement without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; provided further that a Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion or all of its assets, so long as the assignee in such a transaction directly assumes in writing all rights, duties and obligations arising under this Agreement; and provided further that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the NYISO or System Owner, for collateral security purposes to aid in providing financing for the Facility, provided that the Interconnection Customer will promptly notify the NYISO and System Owner of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the NYISO and System Owner of the date and particulars of any such exercise of assignment right(s) and will provide the NYISO and System Owner with proof that it meets the requirements of Articles 5.2 and 11.3. Any attempted assignment that violates this Article is void and ineffective. 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 reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

## **ARTICLE 13. SEVERABILITY**

If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

## **ARTICLE 14. COMPARABILITY**

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

## **ARTICLE 15. CONFIDENTIALITY**

### **15.1 Confidentiality.**

Certain information exchanged by the Parties during the term of this Agreement shall constitute confidential information ("Confidential Information") and shall be subject to this Article 15.

If requested by a Party receiving information, the Party supplying the information shall provide in writing, the basis for asserting that the information referred to in this Article warrants

confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

## **15.2 Term.**

During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 15, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

## **15.3 Confidential Information.**

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F to the OATT.

## **15.4 Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 15.9 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

## **15.5 Release of Confidential Information.**

No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of a Party, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 15 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 15.



## **15.6 Rights.**

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

## **15.7 No Warranties.**

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

## **15.8 Standard of Care.**

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this Agreement or its regulatory requirements, including the OATT and Services Tariff. The NYISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the OATT.

## **15.9 Order of Disclosure.**

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

## **15.10 Termination of Agreement.**

Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Parties, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Parties) or return to the other Parties, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Parties pursuant to this Agreement.

### **15.11 Remedies.**

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 15. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 15, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 15, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 15.

### **15.12 Disclosure to FERC, its Staff, or a State.**

Notwithstanding anything in this Article 15 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement or the OATT, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Parties to the Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

### **15.13 Required Notices Upon Requests or Demands for Confidential Information**

Except as otherwise expressly provided herein, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement, the OATT or the Services Tariff. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees

to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

## **ARTICLE 16. INTERCONNECTION CUSTOMER AND SYSTEM OWNER NOTICES OF ENVIRONMENTAL RELEASES**

Interconnection Customer and System Owner shall notify the other Parties, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Upgrades, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

## **ARTICLE 17. INFORMATION REQUIREMENT**

### **17.1 Information Acquisition**

Interconnection Customer and System Owner shall each submit specific information regarding the electrical characteristics of its facilities to the other Parties as described below and in accordance with Applicable Reliability Requirements.

### **17.2 Information Submission Concerning the Upgrades**

The initial information submission by System Owner shall occur as specified in the Milestones in Appendix A and shall include New York State Transmission System information necessary to allow the Interconnection Customer to select equipment for its Facility and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Interconnection Customer and System Owner. On a monthly basis, System Owner and Interconnection Customer shall each provide the other Parties a status report on the construction and installation of the Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

### **17.3 Information Submission Concerning the Facility**

The updated information submission by the Interconnection Customer, including manufacturer information, shall occur as specified in the Milestones in Appendix A. Interconnection Customer shall submit a completed copy, if applicable, of the Facility data requirements contained in Appendix 1 to the Standard Large Facility Interconnection Procedures or Appendix 1 to the Standard Interconnection Procedures. It shall also include any additional information provided to System Owner, as applicable, for the Class Year Interconnection Facilities Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study. Information in this submission shall be the most current Facility design or expected performance data. Information submitted for stability models shall be compatible with NYISO standard models. If there is no compatible model, the

Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is different from what was originally provided to System Owner and NYISO in, as applicable, its Interconnection Request or with its Affected System Study Agreement and this difference may be reasonably expected to affect the other Parties' facilities or the New York State Transmission System, but does not require the submission of a new Interconnection Request, then Interconnection Customer will notify the NYISO and System Owner of such modifications.

#### **17.4 Information Supplementation**

The Interconnection Customer and System Owner shall supplement its information submissions described above in this Article 17 with any and all "as built" information or "as tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist.

### **ARTICLE 18. INFORMATION ACCESS AND AUDIT RIGHTS**

#### **18.1 Information Access.**

Each Party ("Disclosing Party") shall make available to another Party ("Requesting Party") information that is in the possession of the Disclosing Party and is necessary in order for the Requesting Party to: (i) verify the costs incurred by the Disclosing Party for which the Requesting Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 18.1 and to enforce their rights under this Agreement.

#### **18.2 Reporting of Non-Force Majeure Events.**

Each Party (the "Notifying Party") shall notify the other Parties when the Notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

#### **18.3 Audit Rights.**

Subject to the requirements of confidentiality under Article 15 of this Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to another Party, to audit at its own expense the other Party's accounts and records pertaining to the other Party's performance or satisfaction of its obligations under this Agreement. Such audit rights shall include audits of the other Party's costs and calculation of invoiced amounts. Any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that

relate to the Party's performance and satisfaction of obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 18.4 of this Agreement.

#### **18.4 Audit Rights Periods.**

##### **18.4.1 Audit Rights Period for Construction-Related Accounts and Records.**

Accounts and records related to the design, engineering, procurement, and construction of the Upgrades shall be subject to audit for a period of twenty-four months following the issuance of a final invoice in accordance with Article 6.1 of this Agreement.

##### **18.4.2 Audit Rights Period for All Other Accounts and Records.**

Accounts and records related to a Party's performance or satisfaction of its obligations under this Agreement other than those described in Article 18.4.1 of this Agreement shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

#### **18.5 Audit Results.**

If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

### **ARTICLE 19. SUBCONTRACTORS**

#### **19.1 General.**

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; *provided, however*, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

#### **19.2 Responsibility of Principal.**

The creation of any subcontract 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 Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; *provided, however*, that in no event shall the NYISO or System Owner be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 3 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

### **19.3 No Limitation by Insurance.**

The obligations under this Article 19 will not be limited in any way by any limitation of subcontractor's insurance.

## **ARTICLE 20. DISPUTES**

### **20.1 Submission.**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance (a "Dispute"), such Party shall provide the other Parties with written notice of the Dispute ("Notice of Dispute"). Such Dispute shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated representatives are unable to resolve the Dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Parties' receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

### **20.2 External Arbitration Procedures.**

Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. In each case, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; *provided, however*, in the event of a conflict between the Arbitration Rules and the terms of this Article 20, the terms of this Article 20 shall prevail.

### **20.3 Arbitration Decisions.**

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, or Upgrades.

## **20.4 Costs.**

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties.

## **20.5 Termination.**

Notwithstanding the provisions of this Article 20, any Party may terminate this Agreement in accordance with its provisions or pursuant to an action at law or equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

# **ARTICLE 21. REPRESENTATIONS, WARRANTIES AND COVENANTS**

## **21.1 General.**

Each Party makes the following representations, warranties and covenants:

### **21.1.1 Good Standing.**

Such Party 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; that it is qualified to do business in the State of New York; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted, to enter into this Agreement and carry out the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

### **21.1.2 Authority.**

Such Party 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 such Party, enforceable against such Party 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).

### **21.1.3 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 such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

### **21.1.4 Consent and Approval.**

Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental

Authority in connection with the execution, delivery and performance of this Agreement, and the Party will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

## **ARTICLE 22. MISCELLANEOUS**

### **22.1 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.

### **22.2 Conflicts.**

If there is a discrepancy or conflict between or among the terms and conditions of the body of this Agreement and the Appendices hereto, the terms and conditions of the body of this Agreement shall be given precedence over the Appendices, except as otherwise expressly agreed to in writing by the Parties.

### **22.3 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 or such Appendix to this Agreement, or such Section to the Standard Interconnection Procedures or such Appendix to the Standard Interconnection Procedures 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."

### **22.4 Compliance.**

Each Party shall perform its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, the OATT and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith. When any Party becomes aware of such a situation, it shall notify the



other Parties promptly so that the Parties can discuss the amendment to this Agreement that is appropriate under the circumstances.

## **22.5 Joint and Several Obligations.**

Except as otherwise stated herein, the obligations of NYISO, Interconnection Customer, and System Owner are several, and are neither joint nor joint and several.

## **22.6 Entire Agreement.**

This Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, among 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 obligations under this Agreement.

## **22.7 No Third Party Beneficiaries.**

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 permitted their assigns.

## **22.8 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 any 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, duty of this Agreement. Termination or Default of this Agreement for any reason by an Interconnection Customer shall not constitute a waiver of such Interconnection Customer's legal rights to obtain Capacity Resource Interconnection Service and Energy Resource Interconnection Service from the NYISO and the relevant System Owner in accordance with the relevant Interconnection Agreement and the provisions of the OATT. Any waiver of this Agreement shall, if requested, be provided in writing.

## **22.9 Headings.**

The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

## **22.10 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.

#### **22.11 Amendment.**

The Parties may by mutual agreement amend this Agreement, by a written instrument duly executed by all three of the Parties.

#### **22.12 Modification by the Parties.**

The Parties may by mutual agreement amend the Appendices to this Agreement, by a written instrument duly executed by all three of the Parties. Such an amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

#### **22.13 Reservation of Rights.**

NYISO and the System Owner shall have the right to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

#### **22.14 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 to otherwise bind, any other Party.

#### **22.15 Other Transmission Rights.**

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, or transmission congestion rights that Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of or otherwise associated with, the transmission capacity, if any, created by the Upgrades.

#### **22.16 Modifications Related to NYISO's Compliance with Order No. 2023**

If, as part of the NYISO's compliance proceeding at the Commission in response to Order No. 2023, the Commission directs that the NYISO modify the *pro forma* Standard Upgrade Construction Agreement located in Appendix 16 of Attachment HH to the ISO OATT, the Parties shall amend and restate this Agreement to incorporate the modifications; *provided*,

*however*, the Parties may agree to include in the amended and restated agreement non-conforming changes to any terms of the *pro forma* Standard Upgrade Construction Agreement that have been modified to comply with the Commission's order, which non-conforming modifications must be filed with the Commission for its acceptance.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

**New York Independent System Operator,  
Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of System Owner]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Interconnection Customer]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDICES**

### **Appendix A**

Construction Services

### **Appendix B**

Addresses for Delivery of Notices and Billings

### **Appendix C**

In-Service Date



## APPENDIX A

### CONSRUCTION SERVICES

#### 1. Upgrades

*[Insert description of Upgrades and specify Interconnection Customer's and System Owner's responsibilities to design, procure, and construction Upgrades]*

#### 2. Upgrades Estimated Total Cost Amount

*[Insert table indicating Upgrades Estimated Total Cost Amount and insert description of security provided by Interconnection Customer to System Owner for Upgrades]*

#### 3. Milestones

Item	Milestone	Date	Responsible Party
1.	[insert milestones]	[insert date]	
2.	In-Service Date	[insert date]	
3.	Completion Date	[insert date]	

#### 4. Estimated Tax Liability

*[If applicable]*

## **APPENDIX B**

### **ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS**

#### **Notices:**

##### NYISO:

[To be supplied.]

##### System Owner:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]

#### **Billings and Payments:**

##### System Owner:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]

#### **Alternative Forms of Delivery of Notices (telephone, facsimile or email):**

##### NYISO:

[To be supplied.]

##### System Owner:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]



## APPENDIX C

### IN-SERVICE DATE

[Date]

[Insert NYISO address]

[Insert System Owner address]

[Insert Interconnection Customer address]

Re: [Insert project name] Upgrades

Dear \_\_\_\_\_:

On [Date] [System Owner/Interconnection Customer] has completed the Upgrades. This letter confirms that [describe Upgrades] have commenced service, effective as of [Date plus one day].

Thank you.

[Signature]

[Interconnection Customer's/System Owner's Representative]

## **40.25.17 APPENDIX 17 TO ATTACHMENT HH**

### **STANDARD MULTIPARTY UPGRADE CONSTRUCTION AGREEMENT**

**SERVICE AGREEMENT NO. [\*]**

**SERVICE AGREEMENT NO. [●]**

**STANDARD MULTIPARTY UPGRADE CONSTRUCTION AGREEMENT**

**AMONG THE**

**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.,**

**AND**

***[INSERT SYSTEM OWNER]***

**AND**

***[INSERT INTERCONNECTION CUSTOMER]***

**AND**

***[INSERT INTERCONNECTION CUSTOMER]***

**Dated as of *[insert execution date]***

**Project Name: *[insert project name]***

**Queue Position Nos.: *[insert queue numbers]***

## **TABLE OF CONTENTS**

### **ARTICLE 1. DEFINITIONS**

### **ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION**

- 2.1 Effective Date
- 2.2 Term of Agreement
- 2.3 Termination
- 2.4 Termination Costs
- 2.5 Termination of One or More Interconnection Customers
- 2.6 Survival
- 2.7 No Annexation

### **ARTICLE 3. CONSTRUCTION SERVICES**

- 3.1 Performance of Construction Services
- 3.2 General Conditions Applicable to Interconnection Customers' Performance of the Construction Services
- 3.3 Design and Equipment Procurement
- 3.4 Construction Commencement
- 3.5 Work Progress
- 3.6 Information Exchange
- 3.7 Ownership and Control of Upgrades
- 3.8 Access Rights
- 3.9 Lands of Other Property Owners
- 3.10 Permits
- 3.11 Reserved
- 3.12 Taxes
- 3.13 Tax Status; Non-Jurisdictional Entities
- 3.14 Modification

### **ARTICLE 4. TESTING AND INSPECTION**

- 4.1 Initial Testing and Modifications
- 4.2 Right to Observe Testing

### **ARTICLE 5. PERFORMANCE OBLIGATION**

- 5.1 Cost Responsibilities
- 5.2 Provision and Application of Security

### **ARTICLE 6. INVOICE**

- 6.1 General
- 6.2 Final Invoice and Refund of Remaining Security/Overpayment Amount
- 6.3 Payment
- 6.4 Disputes

### **ARTICLE 7. REGULATORY REQUIREMENTS AND GOVERNING LAW**

- 7.1 Regulatory Requirements
- 7.2 Governing Law

### **ARTICLE 8. NOTICES**

- 8.1 General
- 8.2 Billings and Payments
- 8.3 Alternative Forms of Notice

## ARTICLE 9. FORCE MAJEURE

## ARTICLE 10. DEFAULT

### 10.1 General

### 10.2 Right to Terminate

## ARTICLE 11. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

### 11.1 Indemnity

### 11.2 No Consequential Damages

### 11.3 Insurance

## ARTICLE 12. ASSIGNMENT

## ARTICLE 13. SEVERABILITY

## ARTICLE 14. COMPARABILITY

## ARTICLE 15. CONFIDENTIALITY

### 15.1 Confidentiality

### 15.2 Term

### 15.3 Confidential Information

### 15.4 Scope

### 15.5 Release of Confidential Information

### 15.6 Rights

### 15.7 No Warranties

### 15.8 Standard of Care

### 15.9 Order of Disclosure

### 15.10 Termination of Agreement

### 15.11 Remedies

### 15.12 Disclosure to FERC, its Staff or a State

### 15.13 Required Notices Upon Requests or Demands for Confidential Information

## ARTICLE 16. INTERCONNECTION CUSTOMER AND SYSTEM OWNER NOTICE OF ENVIRONMENTAL RELEASES

## ARTICLE 17. INFORMATION REQUIREMENT

### 17.1 Information Acquisition

### 17.2 Information Submission Concerning the Upgrades

### 17.3 Information Submission Concerning the Facility

### 17.4 Information Supplementation

## ARTICLE 18. INFORMATION ACCESS AND AUDIT RIGHTS

### 18.1 Information Access

### 18.2 Reporting of Non-Force Majeure Events

### 18.3 Audit Rights

### 18.4 Audit Rights Periods

### 18.5 Audit Results

## ARTICLE 19. SUBCONTRACTORS

### 19.1 General

### 19.2 Responsibility of Principal

### 19.3 No Limitation by Insurance

## ARTICLE 20. DISPUTES

### 20.1 Submission

### 20.2 External Arbitration Procedures

### 20.3 Arbitration Decisions

20.4 Costs

20.5 Termination

## ARTICLE 21. REPRESENTATIONS, WARRANTIES AND COVENANTS

21.1 General

## ARTICLE 22. MISCELLANEOUS

22.1 Binding Effect

22.2 Conflicts

22.3 Rules of Interpretation

22.4 Compliance

22.5 Joint and Several Obligations

22.6 Entire Agreement

22.7 No Third Party Beneficiaries

22.8 Waiver

22.9 Headings

22.10 Multiple Counterparts

22.11 Amendment

22.12 Modification by the Parties

22.13 Reservation of Rights

22.14 No Partnership

22.15 Other Transmission Rights

22.16 Modifications Related to NYISO's Compliance with Order No. 2023

Appendices

## STANDARD MULTIPARTY UPGRADE CONSTRUCTION AGREEMENT

*[To insert additional Interconnection Customer entries if more than two Interconnection Customers are parties to this agreement.]*

### THIS STANDARD MULTIPARTY UPGRADE CONSTRUCTION AGREEMENT

(“Agreement”) is made and entered into this \_\_ day of \_\_ 20\_\_, by and among: \_\_\_\_\_, a [corporate description] organized and existing under the laws of State/Commonwealth of \_\_\_\_\_ (“*Interconnection Customer Name*”), \_\_\_\_\_, a [corporate description] organized and existing under the laws of State/Commonwealth of \_\_\_\_\_ (“*Interconnection Customer Name*”) (each an “Interconnection Customer” for a “Facility” and collectively “Interconnection Customers” for “Facilities”), \_\_\_\_\_, a [corporate description] organized and existing under the laws of State/Commonwealth of \_\_\_\_\_ (“System Owner”), 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”). Each Interconnection Customer, the NYISO, or System Owner each may be referred to as a “Party” or collectively referred to as the “Parties.”

### RECITALS

*[To insert the applicable following recitals based on Interconnection Customers’ projects; to insert additional Interconnection Customer entries if more than two Interconnection Customers are parties to this agreement.]*

#### Application 1:

**WHEREAS**, [*Interconnection Customer Name*] is developing a Facility – a [*insert generation/transmission project*] identified as [*insert project name*] with NYISO Queue Position No. [\*] – that will interconnect to certain transmission facilities of [*insert Connecting Transmission Owner’s name*] (“*Connecting Transmission Owner*”) that are part of the New York State Transmission System or Distribution System and [*has entered/will enter*] into a Standard Interconnection Agreement with the NYISO and the Connecting Transmission Owner concerning the interconnection of its project;

**WHEREAS**, [*Interconnection Customer Name*] is developing a Facility – a [*insert generation/transmission project*] identified as [*insert project name*] with NYISO Queue Position No. [\*] – that will interconnect to certain transmission facilities of [*insert Connecting Transmission Owner’s name*] (“*Connecting Transmission Owner*”) that are part of the New York State Transmission System or Distribution System and [*has entered/will enter*] into a Standard Interconnection Agreement with the NYISO and the Connecting Transmission Owner concerning the interconnection of its project;

#### Application 2:

**WHEREAS**, [*Interconnection Customer Name*] is an Affected System Interconnection Customer developing a Facility – a [*insert generation/transmission*] project identified as [*insert project*

*name]* – that will interconnect in *[insert name of host transmission region]*, which interconnection was studied by the NYISO through an Affected System Study for impacts on the New York State Transmission System or Distribution System with NYISO Queue Position No. *[\*]* and *[has entered/will enter]* into any required interconnection agreement for its facility with the *[insert name of host transmission region]*;

**WHEREAS**, *[Interconnection Customer Name]* is an Affected System Interconnection Customer developing a Facility –a *[insert generation/transmission]* project identified as *[insert project name]* – that will interconnect in *[insert name of host transmission region]*, which interconnection was studied by the NYISO through an Affected System Study for impacts on the New York State Transmission System or Distribution System with NYISO Queue Position No. *[\*]* and *[has entered/will enter]* into any required interconnection agreement for its facility with the *[insert name of host transmission region]*;

*[To insert one of the following alternatives based on the application of this Agreement:*

*Application 1:*

**WHEREAS**, the *[Cluster Study/Class Year Interconnection Facilities Study for Class Year [insert Class Year]]* has determined that certain System Upgrade Facilities are required to be constructed on the Affected System owned by the System Owner as the Affected System Operator to enable the Facilities to interconnect reliably to the New York State Transmission System or Distribution System in a manner that meets the NYISO Minimum Interconnection Standard (“Upgrades”);

*Application 2:*

**WHEREAS**, the *[Cluster Study/Class Year Interconnection Facilities Study for Class Year [insert Class Year]]* has determined that certain System Upgrade Facilities are required to be constructed on the transmission system owned by the System Owner as the Connecting Transmission Owner to enable the Facilities to interconnect reliably to the New York State Transmission System or Distribution System in a manner that meets the NYISO Minimum Interconnection Standard (“Upgrades”);

*Application 3:*

**WHEREAS**, the NYISO’s *[Cluster Study Deliverability Study and/or Additional SDU Study (collectively, the “Cluster Study Deliverability Study”)/Class Year Deliverability Study and/or Additional SDU Study for Class Year [insert Class Year] (collectively, the “Class Year Deliverability Study)]* determined that certain System Deliverability Upgrades are required to be constructed on the Affected System owned by the System Owner as the Affected System Operator to enable the Facilities to interconnect reliably to the New York State Transmission System or Distribution System in a manner that meets the NYISO Deliverability Interconnection Standard at the Facilities’ requested level of Capacity Resource Interconnection Service (“Upgrades”);]

*Application 4:*



**WHEREAS**, the NYISO's [Cluster Study Deliverability Study and/or Additional SDU Study (collectively, the "Cluster Study Deliverability Study")/Class Year Deliverability Study and/or Additional SDU Study for Class Year [insert Class Year] (collectively, the "Class Year Deliverability Study")] determined that certain System Deliverability Upgrades are required to be constructed on the transmission system owned by the System Owner as the Connecting Transmission Owner to enable the Facilities to interconnect reliably to the New York State Transmission System or Distribution System in a manner that meets the NYISO Deliverability Interconnection Standard at the Facilities' requested level of Capacity Resource Interconnection Service ("Upgrades");]

Application 5:

**WHEREAS**, the NYISO's Affected System Study determined that certain Affected System Network Upgrades are required to be constructed on the Affected System owned by the System Owner as the Affected System Operator in connection with the Facilities' interconnection in [insert name of host transmission region] ("Upgrades");

**WHEREAS**, the [Cluster Study/ Cluster Study Deliverability Study/Class Year Interconnection Facilities Study/ Class Year Deliverability Study/Affected System Study] has determined the cost estimate for the engineering, procurement, and construction of the Upgrades ("Interconnection Customer Common Upgrades Cost Cap");

**WHEREAS**, Interconnection Customers and System Owner desire to [perform/have Interconnection Customers perform/have System Owner perform], and [they are willing to perform/Interconnection Customers are willing to perform/System Owner is willing to perform], the engineering, procurement, and construction services required to construct the Upgrades ("Construction Services") in accordance with the terms and conditions hereinafter set forth; and

**WHEREAS**, Interconnection Customers, System Owner, and the NYISO have agreed to enter into this Agreement for the purpose of allocating the responsibilities for the performance and oversight of the Construction Services required to construct the Upgrades;

**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 1 of the OATT, Section 40.1 of Attachment HH to the OATT, Section 30.1 of Attachment X to the ISO OATT, Section 25.1.2 of Attachment S to the OATT, the body of the Standard Interconnection Procedures or Standard Facility Interconnection Procedures, or the body of this Agreement.

**Affected System** shall mean an electric system within the New York Control Area other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Interconnection Customer** shall mean any entity that submits an interconnection request for a Facility to a transmission system other than New York State Transmission System that may cause the need for Affected System Network Upgrades on the New York State Transmission System.

**Affected System Network Upgrades** shall mean the additions, modifications, and upgrades to the New York State Transmission System required to accommodate Affected System Interconnection Customer's proposed interconnection to a transmission system other than the New York State Transmission System.

**Affected System Operator** shall mean the entity that operates an Affected System. Affected System Operator includes the Affected Transmission Owners.

**Affected System Study** shall mean the NYISO's evaluation of the impacts on the New York State Transmission System of an Affected System Interconnection Customer's proposed interconnection to a transmission system other than the New York State Transmission System, as described in Section 40.8.3 of Attachment HH to the OATT.

**Affected Transmission Owner** shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the ISO OATT, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, Affected Network Upgrade Facilities, or Network Upgrade Facilities are or will be installed pursuant to Attachments P, S, X, Z, or HH to the ISO OATT.

**Affiliate** shall mean, with respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Applicable Laws and Regulations** shall mean 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, including but not limited to Environmental Law.

**Applicable Reliability Councils** shall mean the Electric Reliability Organization, the NPCC and the NYSRC.

**Applicable Reliability Requirements** shall mean the NYSRC Reliability Rules, and other criteria, standards and procedures, as described in Section 40.12.1.2 of this Attachment HH, applied when conducting the Cluster Baseline Assessment and the Cluster Project Assessment; 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 Standard Interconnection Procedures. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Applicable Reliability Standards** shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District to which the Interconnection Customer's Facility 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 this Agreement.

**Breach** shall mean the failure of a Party to perform or observe any material term or condition 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.

**Class Year Interconnection Facilities Study ("Class Year Study")** shall mean a study conducted by the NYISO or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility or Class Year Transmission Project with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the ISO OATT.

**Class Year Transmission Project** shall mean an Interconnection Customer'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 (1) the Interconnection Customer 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 Interconnection Customer 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. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Cluster Study** shall mean the study conducted, as applicable, by the ISO, Connecting Transmission Owner, Affected Transmission Owner, Affected System Operator or a third party consultant for the Interconnection Customer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility or Cluster Study Transmission Project with the New York State Transmission System or with the Distribution System. The Cluster Study includes the Phase 1 Study and the Phase 2 Study.

**Cluster Study Transmission Project** shall mean an Interconnection Customer'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 (1) the Interconnection Customer 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 Interconnection Customer 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 Cluster Study Transmission Project without having to re-dispatch generation. Cluster Study Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.

**Completion Date** shall mean the date on which, as applicable, the System Owner or Interconnection Customers have completed the Construction Services, as set forth in Appendix A.

**Confidential Information** shall mean any information that is defined as confidential by Article 15 of this Agreement.

**Connecting Transmission Owner** shall have the meaning set forth in the recitals.

**Construction Services** shall have the meaning set forth in the recitals and shall consist of the services described in Appendix A.

**Default** shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 10 of this Agreement.

**Distribution System** shall mean the Connecting Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Standard Interconnection Procedures in Attachment HH under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Effective Date** shall mean the date on which this Agreement becomes effective in accordance with Article 2.1 of this Agreement.

**Electric Reliability Organization ("ERO")** shall mean the North American Electric Reliability Corporation or its successor organization.

**Environmental Law** shall mean Applicable Laws and Regulations relating to pollution or protection of the environment or natural resources.

**Facility** shall mean, as applicable, the Generating Facility, Class Year Transmission Project, or Cluster Study Transmission Project interconnecting to the New York State Transmission System or Distribution System or, for an Affected System Interconnection Customer, the generation or transmission facility interconnecting to another region's transmission system. For purpose of

this agreement, a Facility is each individual generation or transmission facility identified in the Recitals, which are collectively the Facilities.

**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.* (“FPA”).

**FERC** shall mean the Federal Energy Regulatory Commission (“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.

**Generating Facility** shall mean Interconnection Customer’s device(s) for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer’s Attachment Facilities or Distribution Upgrades. A facility comprised of multiple Generators will be treated as a single Generating Facility if the facility proposed in the Interconnection Request is comprised of multiple Generators behind a single Point of Interconnection, even if such Generators are different technology types.

**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 practices, 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, 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 Interconnection Customer, the NYISO, Affected Transmission Owner, Affected System Operator, Connecting Transmission Owner, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**In-Service Date** shall mean the date upon which the Upgrades are energized consistent with the provisions of this Agreement, notice of which must be provided to the other Parties by, as applicable, the Interconnection Customer or System Owner in the form of Appendix C.

**Interconnection Agreement** shall mean, as applicable, the Standard Interconnection Agreement or Standard Large Generator Interconnection Agreement, or, if a Facility is interconnecting to another region's transmission system, the interconnection agreement entered into in that region.

**Interconnection Customer** shall mean, as applicable, an Interconnection Customer as defined in Attachment HH to the ISO OATT, a Developer as defined in Attachments S and X of the ISO OATT, or an Affected System Interconnection Customer as defined in Attachment HH to the ISO OATT. For purposes of this Agreement, the Interconnection Customer shall have the meaning set forth in the introductory paragraph.

**Interconnection Customer Common Upgrades Cost Cap** shall mean an Interconnection Customer's portion of the estimated cost of the Upgrades as described in Appendix A.

**Interconnection Request** shall mean an Interconnection Customer's request, in the form of Appendix 1 to Attachment X to the ISO OATT or Appendix 1 to Attachment HH to the ISO OATT, to interconnect a new Facility to the New York State Transmission System or to the Distribution System, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Facility that is interconnected with the New York State Transmission System or with the Distribution System. For purposes of the Interconnection Request, a facility comprised of multiple Generators behind the same Point of Interconnection may be considered a single Generating Facility, provided the Interconnection Request identifies a single Interconnection Customer.

**Invoice Share** shall mean an individual Interconnection Customer's percentage share of the Interconnection Customers' total cost responsibility for the Construction Services subject to the Interconnection Customers' Common Upgrades Cost Cap as described in Appendix A.

**IRS** shall mean the Internal Revenue Service.

**ISO 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.

**ISO 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.

**Milestones** shall mean the milestones for the performance of the Construction Services, as set forth in Appendix A.

**New York State Transmission System** shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under NYISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**Notice of Dispute** shall mean a written notice of a dispute or claim pursuant to Article 20 of this Agreement that arises out of or in connection with this Agreement or its performance.

**NPCC** shall mean the Northeast Power Coordinating Council or its successor organization.

**NYISO Tariffs** shall mean the ISO OATT and ISO Services Tariff.

**NYSRC** shall mean the New York State Reliability Council or its successor organization.

**Party or Parties** shall have the meaning set forth in the introductory paragraph.

**Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, 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.

**Standard Multiparty Upgrade Construction Agreement** shall mean this Agreement.

**System Deliverability Upgrades** 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 Byways and Highways and Other Interfaces on the existing New York State Transmission System and Distribution System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

**System Owner** shall mean, as applicable, the Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner. For purposes of this Agreement, the System Owner shall be defined in the introductory paragraph.

**System 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 to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Upgrades** shall mean, as applicable, System Upgrade Facilities, System Deliverability Upgrade Facilities, or Affected Network Upgrade Facilities. For purposes of this Agreement, the Upgrades shall have the meaning set forth in the recitals and shall be described in Appendix A.

## **ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION**

### **2.1 Effective Date.**

This Agreement shall become effective upon the date of execution by the Parties, subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The NYISO, and if applicable, the Affected Transmission Owner, shall promptly file this Agreement with FERC upon execution, if required, in accordance with the requirements in the OATT. Interconnection Customers and System Owner shall reasonably cooperate with the NYISO with respect to the filing of this Agreement with FERC and provide any information reasonably requested by the NYISO needed for such filing.

### **2.2 Term of Agreement.**

Subject to the provisions of Article 2.3, this Agreement shall remain in effect until the later of: (i) the Completion Date, and (ii) the date on which the final payment of all invoices issued under this Agreement have been made pursuant to Articles 6.1 and 6.3 and any remaining Security has been released or refunded pursuant to Article 6.2.

### **2.3 Termination.**

#### **2.3.1 Completion of Term of Agreement**

This Agreement shall terminate upon the completion of the term of the Agreement pursuant to Article 2.2.

#### **2.3.2 Written Notice.**

This Agreement may be terminated by the mutual agreement in writing of all of the Parties.

#### **2.3.3 Default.**

Any Party may terminate this Agreement to the extent permitted under Article 10 and Article 20.

#### **2.3.4 Compliance.**

Notwithstanding Articles 2.3.1, 2.3.2, and 2.3.3, no termination of this Agreement shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

### **2.4 Termination Costs.**

If this entire Agreement is terminated pursuant to Articles 2.3.2 or 2.3.3 above, the Interconnection Customers shall be responsible for all costs that are the responsibility of the Interconnection Customers under this Agreement that are incurred by the Interconnection



Customers or other Parties through the date the Parties agree in writing to terminate the agreement. Such costs shall be allocated among the Interconnection Customers using the same methodology as set forth in Article 5 regarding each Interconnection Customer's responsibility for the costs of the Construction Services, subject to the Interconnection Customer Common Upgrade Cost Cap. Such costs include any cancellation costs relating to orders or contracts concerning the Construction Services or Upgrades. In the event of termination, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

**2.4.1** With respect to any portion of the Upgrades for which the System Owner or Interconnection Customers (the "Constructing Party") are responsible for constructing or installing under this Agreement and that have not yet been constructed or installed, the Constructing Party shall, to the extent possible and with the other Party's (i.e., the System Owner or each of the Interconnection Customers as applicable) authorization, cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, the Upgrades; provided that in the event an other Party (including one or more of the Interconnection Customers) elects not to authorize such cancellation, that other Party shall assume all payment obligations, including in the event it is one of the Interconnection Customers reimbursing the other Interconnection Customer for any payments it has already made, with respect to such materials, equipment, and contracts, and the Constructing Party shall deliver such material and equipment, and, if necessary, assign such contracts, to the other Party as soon as practicable, at the other Party's expense. To the extent that the other Party has already paid the Constructing Party for any or all such costs of materials or equipment not taken by the other Party, the Constructing Party shall promptly refund such amounts to the other Party, less any costs, including penalties incurred by the Constructing Party to cancel any pending orders of or return such materials, equipment, or contracts.

**2.4.2** The Constructing Party may, at its option, retain any portion of such materials or equipment that the other Party chooses not to accept delivery of, in which case the Constructing Party shall be responsible for all costs associated with procuring such materials or equipment.

**2.4.3** With respect to any portion of the Construction Services already performed pursuant to the terms of this Agreement, Interconnection Customers shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such related materials, equipment, or facilities and such other expense actually incurred by System Owner to return its system to safe and reliable operation.

## **2.5 Termination of One or More Interconnection Customers**

In the event of the termination of this Agreement for one or more, but not all, Interconnection Customers in accordance with Article 10.2, each Interconnection Customer whose participation in this Agreement is terminated shall be responsible for the payment to System Owner of that Interconnection Customer's Invoice Share of all amounts then due and payable for construction and installation of the Upgrades (including, without limitation, any equipment ordered related to such construction), plus all out-of-pocket expenses incurred by System Owner in connection with the construction and installation of the Upgrades, through the

date of termination. The terminated Interconnection Customer's remaining Security for the Upgrades shall be subject to forfeiture to the extent required in accordance with the rules in Section 40.16 of Attachment HH to the ISO OATT. The cost responsibility of other Interconnection Customers shall be adjusted, as necessary, based on the payments by the terminated Interconnection Customer(s) and the application of any of the forfeited Security in accordance with the requirements in Section 40.16 of Attachment HH of the ISO OATT.

## **2.6 Survival.**

This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder; including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit Interconnection Customers and System Owner each to have access to the lands of the other pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

## **2.7 No Annexation.**

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Party providing such equipment and the Party receiving such equipment.

# **ARTICLE 3. CONSTRUCTION SERVICES**

## **3.1 Performance of Construction Services.**

System Owner shall be responsible for performing the Construction Services. At System Owner's sole discretion, System Owner may agree with Interconnection Customers for Interconnection Customers to perform such services. System Owner's and Interconnection Customers' respective obligations concerning the Construction Services shall be set forth in Appendix A hereto. System Owner and Interconnection Customers shall each use Reasonable Efforts to complete the Construction Services for which it has responsibility by the Milestone dates set forth in Appendix A hereto. The System Owner shall not be required to undertake any action which is inconsistent with the System Owner's standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. The NYISO has no responsibility, and shall have no liability, for the performance of any of the Construction Services under this Agreement.

## **3.2 General Conditions Applicable to Interconnection Customers' Performance of the Construction Services.**

If System Owner and Interconnection Customers agree pursuant to Section 3.1 for the Interconnection Customers to be responsible for the design, procurement, and/or construction of any Upgrades as set forth in Appendix A, the following conditions apply:

**3.2.1** Interconnection Customers shall engineer, procure equipment, and construct the Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by System Owner;

**3.2.2** Interconnection Customers' engineering, procurement and construction of the Upgrades shall comply with all requirements of law to which System Owner would be subject in the engineering, procurement or construction of the Upgrades;

**3.2.3** System Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Upgrades;

**3.2.4** Prior to the commencement of construction, Interconnection Customers shall provide System Owner and NYISO a schedule for construction of the Upgrades, and shall promptly respond to requests for information from System Owner or NYISO;

**3.2.5** At any time during construction, System Owner shall have the right to gain unrestricted access to the Upgrades and to conduct inspections of the same;

**3.2.6** At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Upgrades not meet the standards and specifications provided by System Owner, Interconnection Customers shall be obligated to remedy deficiencies in that portion of the Upgrades;

**3.2.7** Interconnection Customers shall indemnify System Owner and NYISO for claims arising from Interconnection Customers' construction of Upgrades under procedures applicable to Article 11.1 Indemnity;

**3.2.8** Interconnection Customers shall transfer control of Upgrades to System Owner;

**3.2.9** Unless Interconnection Customers and System Owner otherwise agree, Interconnection Customers shall transfer ownership of Upgrades to System Owner;

**3.2.10** System Owner shall approve and accept for operation and maintenance the Upgrades to the extent engineered, procured, and constructed in accordance with this Article 3.2;

**3.2.11** Interconnection Customers shall deliver to NYISO and System Owner "as built" drawings, information, and any other documents that are reasonably required by NYISO or System Owner to assure that the Upgrades are built to the standards and specifications required by System Owner; and

**3.2.12** Interconnection Customers shall pay the System Owner the agreed upon amount of [\$ PLACEHOLDER] for the System Owner to execute the responsibilities enumerated to System Owner under Article 3.2. System Owner shall invoice Interconnection Customers for this total amount to be divided on a monthly basis pursuant to Article 6. Such costs shall be allocated among the Interconnection Customers using the same methodology as set forth in

Article 5 regarding each Interconnection Customer's responsibility for the costs of the Construction Services.

### **3.3 Design and Equipment Procurement**

If responsibility for construction of the Upgrades is to be borne by the System Owner, then the System Owner shall commence the design and procurement of the Upgrades for which it is responsible as soon as practicable after all of the following conditions are satisfied, unless the Interconnection Customers and System Owner otherwise agree in writing:

**3.3.1** NYISO has completed, as applicable, the Class Year Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study;

**3.3.2** The NYISO has completed the required cost allocation analyses, and each Interconnection Customer has accepted its Project Cost Allocation for the Upgrades required for the Facility in accordance with the provisions of Attachment S or HH of the ISO OATT;

**3.3.3** System Owner has received written authorization to proceed with design and procurement of the Upgrades from the Interconnection Customers by the date specified in Appendix A hereto; and

**3.3.4** Each Interconnection Customer has provided Security to the System Owner for the design and procurement of the Upgrades in accordance with Article 5 by the date(s) specified in Appendix A hereto.

### **3.4 Construction Commencement**

System Owner shall commence construction of the Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

**3.4.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

**3.4.2** Necessary real property rights and rights-of-way have been obtained, to the extent required, for the construction of a discrete aspect of the Upgrades;

**3.4.3** System Owner has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix A hereto; and

**3.4.4** Each Interconnection Customer has provided security to the System Owner for the construction of the applicable facilities in accordance with Article 5.2 by the date(s) specified in Appendix A hereto.

### **3.5 Work Progress.**

The Interconnection Customers and System Operator will keep each other, and NYISO, advised periodically as to the progress of its respective design, procurement and construction

efforts. Any Party may, at any time, request a progress report from the Interconnection Customers or System Owner.

### **3.6 Information Exchange.**

As soon as reasonably practicable after the Effective Date, Interconnection Customers and System Owner shall exchange information, and provide NYISO the same information, regarding the design of the Upgrades and compatibility of the Upgrades with the New York State Transmission System and shall work diligently and in good faith to make any necessary design changes.

### **3.7 Ownership and Control of Upgrades.**

System Owner shall own the Upgrades as described in Appendix A. The System Owner's and, if applicable, NYISO's operational control of the Upgrades upon the completion of the facilities shall be described in Appendix A.

### **3.8 Access Rights.**

Upon reasonable notice and supervision by the Granting Party, and subject to any required or necessary regulatory approvals, either the System Owner or an Interconnection Customer ("Granting Party") shall furnish to the other Parties ("Access Party") at no cost any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain the ingress and egress required for the performance of the Construction Services, including to construct, repair, test (or witness testing), inspect, replace or remove the Upgrades. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Access Party shall indemnify the Granting Party against all claims of injury or damage from third parties resulting from the exercise of the access rights provided for herein.

### **3.9 Lands of Other Property Owners.**

If any part of the Upgrades will be installed on property owned by persons other than the Interconnection Customers or System Owner, the System Owner shall at Interconnection Customers' expense use efforts, similar in nature and extent to those that it typically undertakes for its own or affiliated generation, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary for the performance of the Construction Services upon such property by the System Owner or Interconnection Customers, including to construct, repair, operate, maintain, test (or witness testing), inspect, replace or remove the Upgrades.

### **3.10 Permits.**

NYISO, Interconnection Customers, and System Owner shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to

accomplish the Construction Services in compliance with Applicable Laws and Regulations. With respect to this paragraph, System Owner shall provide permitting assistance to the Interconnection Customers comparable to that provided to System Owner's own, or an Affiliate's, generation facilities, if any.

**3.11 Reserved.**

**3.12 Taxes.**

**3.12.1 Indemnification for Contributions in Aid of Construction.**

With regard only to payments made by Interconnection Customers to System Owner for the installation of the Upgrades, System Owner shall not include a gross-up for income taxes in the amounts it charges Interconnection Customers for the installation of the Upgrades unless (1) System Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customers to System Owner should be reported as income subject to taxation, or (2) any Governmental Authority directs System Owner to report payments or property as income subject to taxation. Interconnection Customers shall reimburse System Owner for such costs on a fully grossed-up basis, in accordance with this Article, within thirty (30) Calendar Days of receiving written notification from System Owner of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten (10)-year testing period and the applicable statute of limitation, as it may be extended by System Owner upon request of the Internal Revenue Service, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article. Notwithstanding the foregoing provisions of this Article 3.12.1, and to the extent permitted by law, to the extent that the receipt of such payments by System Owner is determined by any Governmental Authority to constitute income by System Owner subject to taxation, Interconnection Customers shall protect, indemnify, and hold harmless System Owner and its Affiliates, from all claims by any such Governmental Authority for any tax, interest, and/or penalties associated with such determination. Upon receiving written notification of such determination from the Governmental Authority, System Owner shall provide Interconnection Customers with written notification within thirty (30) Calendar Days of such determination and notification. System Owner, upon the timely written request by any one or more Interconnection Customer(s) and at the expense of such Interconnection Customer(s), shall appeal, protest, seek abatement of, or otherwise oppose such determination. System Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the compromise or settlement of the claim; provided that System Owner shall cooperate and consult in good faith with the requesting Interconnection Customer(s) regarding the conduct of such contest. Interconnection Customer(s) shall not be required to pay System Owner for the tax, interest, and/or penalties prior to the seventh (7th) Calendar Day before the date on which System Owner (1) is required to pay the tax, interest, and/or penalties or other amount in lieu thereof pursuant to a compromise or settlement of the appeal, protest, abatement, or other contest; (2) is required to pay the tax, interest, and/or penalties as the result of a final, non appealable order by a Governmental Authority; or (3) is required to pay the tax, interest, and/or penalties as a

prerequisite to an appeal, protest, abatement, or other contest. In the event such appeal, protest, abatement, or other contest results in a determination that System Owner is not liable for any portion of any tax, interest, and/or penalties for which any Interconnection Customer(s) has already made payment to System Owner, System Owner shall promptly refund to such Interconnection Customer(s) any payment attributable to the amount determined to be non-taxable, plus any interest (calculated in accordance with 18 CFR 35.19a(a)(2)(iii)) or other payments System Owner receives or to which System Owner may be entitled with respect to such payment. Each Interconnection Customers shall provide System Owner with credit assurances sufficient to meet each Interconnection Customer's estimated liability for reimbursement of System Owner for taxes, interest, and/or penalties under this Article 3.12.1. Such estimated liability shall be stated in Appendix A.

To the extent that System Owner is a limited liability company and not a corporation, and has elected to be taxed as a partnership, then the following shall apply: System Owner represents, and the Parties acknowledge, that System Owner is a limited liability company and is treated as a partnership for federal income tax purposes. Any payment made by Interconnection Customers to System Owner for Upgrade(s) is to be treated as upfront payments. It is anticipated by the Parties that any amounts paid by each Interconnection Customer to System Owner for the Upgrades will be reimbursed to such Interconnection Customer in accordance with the terms of this Agreement, provided such Interconnection Customer fulfills its obligations under this Agreement.

### **3.12.2 Private Letter Ruling.**

At the request and expense of any Interconnection Customer(s), System Owner shall file with the Internal Revenue Service a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by such Interconnection Customer(s) to System Owner under this Agreement are subject to federal income taxation. Each Interconnection Customer desiring such a request will prepare the initial draft of the request for a private letter ruling and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of such Interconnection Customers' knowledge. System Owner and such Interconnection Customer(s) shall cooperate in good faith with respect to the submission of such request.

### **3.12.3 Other Taxes.**

Upon the timely request by any one or more Interconnection Customer(s), and at such Interconnection Customer(s)' sole expense, System Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against System Owner for which such Interconnection Customer(s) may be required to reimburse System Owner under the terms of this Agreement. Interconnection Customer(s) who requested the action shall pay to System Owner on a periodic basis, as invoiced by System Owner, System Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. The requesting Interconnection Customer(s) and System Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer(s) to System Owner for such taxes until they are assessed by a final, non-appealable

order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer(s) will be responsible for all taxes, interest, and penalties, other than penalties attributable to any delay caused by System Owner. Each Party shall cooperate with the other Party to maintain each Party's tax status. Nothing in this Agreement is intended to adversely affect any Party's tax-exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds, as described in section 142(f) of the Internal Revenue Code.

### **3.13 Tax Status; Non-Jurisdictional Entities.**

#### **3.13.1 Tax Status.**

Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of System Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability 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.

#### **3.13.2 Tax Status.**

LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.

### **3.14 Modification.**

#### **3.14.1 General**

If, prior to the In-Service Date, the System Owner proposes to modify the Upgrades, the System Owner must provide to the NYISO at least ninety (90) Calendar Days in advance of the commencement of the work, or such shorter period upon which the Parties may agree, sufficient information for the NYISO to evaluate the impact of the proposed modification on, as applicable: (i) the reliable interconnection of Interconnection Customers' Facilities to the New York State Transmission System or (ii) the reliability of the New York State Transmission System due to the Facilities' interconnection to another region's transmission system. The NYISO's agreement to the proposed modification shall not be unreasonably withheld, conditioned, or delayed if the proposed modification is reasonably related to the interconnection of the Facility and will enable Interconnection Customers' Facilities to reliably interconnect to the New York State Transmission System or ensure the reliability of the New York State Transmission System of the Facilities' interconnection to another region's transmission system. If the cost of the modified Upgrades is greater than the Interconnection Customer Common Upgrade Cost Cap, the additional cost will be allocated in accordance with, as applicable,



Sections 25.6.1.4.1 and 25.8.6 of Attachment S or Sections 40.12.1.5.1 and 40.16.3 of Attachment HH to the ISO OATT.

### **3.14.2 Standards.**

Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this Agreement, NYISO requirements and Good Utility Practice.

### **3.14.3 Modification Costs.**

Interconnection Customers shall not be assigned the costs of any additions, modifications, or replacements that System Owner makes to the Upgrades or the New York State Transmission System to facilitate the interconnection of a third party to the Upgrades or the New York State Transmission System, or to provide Transmission Service to a third party under the ISO OATT, except in accordance with the cost allocation procedures in Attachment S or HH of the ISO OATT.

## **ARTICLE 4. TESTING AND INSPECTION**

### **4.1 Initial Testing and Modifications.**

Prior to the In-Service Date of the Upgrades, the System Owner or Interconnection Customers, as specified in Appendix A, shall test the Upgrades to ensure their safe and reliable operation. The Party responsible for constructing the Upgrades shall make any modifications to the Upgrades that are found to be necessary as a result of such testing. Interconnection Customers shall bear the cost of all such testing and modifications

### **4.2 Right to Observe Testing.**

The Party performing the testing shall notify the other Parties in advance of its performance of tests of the Upgrades. Each of the other Parties shall have the right, at its own expense, to observe such testing.

## **ARTICLE 5. PERFORMANCE OBLIGATIONS**

### **5.1 Cost Responsibilities**

**5.1.1** Each Interconnection Customer will be responsible for its respective Invoice Share of the monthly costs incurred by System Owner in performing the Construction Services; *provided, however*, that the Interconnection Customer will not be responsible for any costs above the Interconnection Customer Common Upgrade Cost Cap, except as set forth in Article 5.1.3.

**5.1.2** On a periodic basis as set forth in the Milestones in Appendix A, System Owner shall provide to the other Parties in writing an estimated estimate of its costs for performing the Construction Services. The updated cost estimate shall fully specify any additional services and equipment required for the System Owner to perform the Construction Services and explain why these additional services and equipment are required.

**5.1.3** If the System Owner's updated cost estimate as provided under Article 5.1.2 is greater than the estimated cost for such services as determined by the applicable Class Year Interconnection Facility Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Additional System Study, each Interconnection Customer's responsibility for any costs above its Interconnection Customer Common Upgrade Cost Cap shall be determined in accordance with, as applicable, Section 25.8.6 of Attachment S or Section 40.16.3 of Attachment HH to the ISO OATT. The Parties shall amend this Agreement if there are any changes to the Interconnection Customer Common Upgrade Cost Cap required by, as applicable, Section 25.8.6 of Attachment S or Section 40.16.3 of Attachment HH to the ISO OATT.

**5.1.4** If the final cost incurred by the System Owner in performing the Construction Services is less than the estimated cost for such services as determined by the applicable Class Year Interconnection Facility Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Additional System Study and set forth in Appendix A, then the System Owner shall make a true-up payment to each Interconnection Customer pursuant to Article 6.2 to refund to the Interconnection Customer any costs that the Interconnection Customer has paid to the System Owner under Article 5.1.1 that are greater than its Invoice Share of the actual costs.

**5.1.5** System Owner shall be solely responsible for its costs in performing the Construction Services that are not recoverable from Interconnection Customers under this Article 5.1.

## **5.2 Provision and Application of Security**

**5.2.1** If an Interconnection Customer accepted its Project Cost Allocation and posted to System Owner the Security for its Upgrades in the amount of its Interconnection Customer Common Upgrade Cost Cap at the conclusion of, as applicable, the Class Year Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study, then that Interconnection Customer shall not be responsible for posting additional Security under this Agreement. The Interconnection Customer's Security shall be subject to the requirements of Attachment S or HH to the ISO OATT.

**5.2.2** If an Interconnection Customer was not required to post Security to the System Owner in the amount of its Interconnection Customer Common Upgrade Cost Cap at the conclusion of, as applicable, the Class Year Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study, then at least thirty (30) Calendar Days prior to the System Owner's commencement of the procurement, installation, or construction of a discrete portion of the Upgrades as such portion(s) are detailed in the Milestones in Appendix A, that Interconnection Customer shall provide System Owner, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to System Owner and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 7.2 of this Agreement. Such security for payment shall be in an amount sufficient to cover the costs for the Interconnection

Customer's Invoice Share, and shall be reduced on a dollar-for-dollar basis for payments made to System Owner for these purposes.

In addition:

5.2.2.1 The guarantee must be made by an entity that meets the commercially reasonable creditworthiness requirements of System Owner, and contains terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

5.2.2.2 The letter of credit must be issued by a financial institution reasonably acceptable to System Owner and must specify a reasonable expiration date.

5.2.2.3 The surety bond must be issued by an insurer reasonably acceptable to System Owner and must specify a reasonable expiration date.

## **ARTICLE 6. INVOICE**

### **6.1 General.**

To the extent that any amounts are due to the Interconnection Customers or System Owner under this Agreement, the Interconnection Customers and System Owner, as applicable, shall submit to the other Party(ies), on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. For amounts due to the System Owner, System Owner shall invoice each Interconnection Customer for each Interconnection Customer's respective share of the costs associated with the Construction Services, in proportion to each Interconnection Customer's Invoice Share set forth in Appendix A. The Interconnection Customers and System Owner may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts one Party owes to another Party under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

### **6.2 Final Invoice and Refund of Remaining Security/Overpayment Amount**

Within one hundred eighty (180) Calendar Days of the Completion Date, Interconnection Customers or System Owner, as applicable, shall provide a final invoice to the other Party of any remaining amounts due associated with the Construction Services. Within thirty (30) Calendar Days of the later of: (i) an Interconnection Customer's payment of any final invoice to the System Owner, and (ii) the completion of the Construction Services, System Owner shall release or refund to the Interconnection Customer any remaining portions of its Security and any amount that Interconnection Customer has overpaid under this Article 6.

### **6.3 Payment.**

Invoices shall be rendered to the paying Party at the address specified in Appendix B hereto. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party,

or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices will not constitute a waiver of any rights or claims the paying Party may have under this Agreement.

## **6.4 Disputes.**

In the event of a billing dispute between Parties, the Party owed money shall continue to perform under this Agreement as long as the other Party: (i) continues to make all payments not in dispute; and (ii) pays to the Party owed money or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Party that owes money fails to meet these two requirements for continuation of service, then the Party owed money may provide notice to the other Party of a Default pursuant to Article 10. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

## **ARTICLE 7. REGULATORY REQUIREMENTS AND GOVERNING LAW**

### **7.1 Regulatory Requirements**

Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require a Party to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies Act of 1978, as amended.

### **7.2 Governing Law.**

**7.2.1** The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles.

**7.2.2** This Agreement is subject to all Applicable Laws and Regulations.

**7.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

## **ARTICLE 8. NOTICES**

### **8.1 General.**

Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by a Party to the other Parties and any instrument required or permitted to be tendered or delivered by a Party in writing to the other Parties shall be effective when

delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix B hereto.

A Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

## **8.2 Billings and Payments.**

Billings and payments shall be sent to the addresses set out in Appendix B hereto.

## **8.3 Alternative Forms of Notice.**

Any notice or request required or permitted to be given by a Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone or email to the telephone numbers and email addresses set out in Appendix B hereto.

## **ARTICLE 9. FORCE MAJEURE**

Economic hardship is not considered a Force Majeure event. A Party shall not be responsible or liable, or deemed, in Default with respect to any obligation hereunder, other than the obligation to pay money when due, to the extent the Party is prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Parties in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

## **ARTICLE 10. DEFAULT**

### **10.1 General.**

No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Parties. Upon a Breach, the non-Breaching Parties shall give written notice of such to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

## **10.2 Right to Terminate.**

If a Breach is not cured as provided in this Article 10, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Parties acting together shall thereafter have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity.

Notwithstanding the foregoing, if one or more, but not all, of the Interconnection Customers to the Agreement are the Breaching Parties, the non-Breaching Parties acting together shall have the right to declare a Default and terminate this Agreement solely for those Interconnection Customers in Breach. In such case, the remaining Parties shall amend this Agreement to remove the terminated Parties and to make any modifications required to account for the treatment of any remaining Security for the Upgrades forfeited by the terminated Interconnection Customer(s) in accordance with the requirements of Section 40.16 of Attachment HH to the ISO OATT.

## **ARTICLE 11. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE**

### **11.1 Indemnity.**

Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and save harmless, as applicable, the other Parties (each an “Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from (i) the Indemnified Party’s performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any Hazardous Substance.

#### **11.1.1 Indemnified Party.**

If a Party is entitled to indemnification under this Article 11 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 11.1.3, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

#### **11.1.2 Indemnifying Party.**

If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 11, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

### **11.1.3 Indemnity Procedures.**

Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 11.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

Except as stated below, the Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

## **11.2 No Consequential Damages.**

Other than the indemnity obligations set forth in Article 11.1, in no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; *provided, however*, that damages for which a Party may be liable to another Party under separate agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

### **11.3 Insurance.**

*[If System Owner and Interconnection Customers agree pursuant to Article 3.1 of this Agreement for Interconnection Customers to be responsible for any of the Construction Services under this Agreement, the insurance requirements in this Article 11.3 shall be applicable to Interconnection Customers as well.]*

The System Owner and, if applicable, each Interconnection Customer shall, at its own expense, procure and maintain in force throughout the period of this Agreement and until released by the other Parties, the following minimum insurance coverages, with insurance companies licensed to write insurance or approved eligible surplus lines carriers in the state of New York with a minimum A.M. Best rating of A or better for financial strength, and an A.M. Best financial size category of VIII or better:

**11.3.1** Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of New York State.

**11.3.2** Commercial General Liability ("CGL") Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available using Insurance Services Office, Inc. Commercial General Liability Coverage ("ISO CG") Form CG 00 01 04 13 or a form equivalent to or better than CG 00 01 04 13, with minimum limits of Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

**11.3.3** Comprehensive Automobile Liability Insurance 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.

**11.3.4** If applicable, the Commercial General Liability and Comprehensive Automobile Liability Insurance policies should include contractual liability for work in connection with construction or demolition work on or within 50 feet of a railroad, or a separate Railroad Protective Liability Policy should be provided.

**11.3.5** Excess Liability Insurance over and above the Employers' Liability, Commercial General Liability and Comprehensive Automobile Liability Insurance coverages, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence and Twenty Million Dollars (\$20,000,000) aggregate. The Excess policies should contain the same extensions listed under the Primary policies.

**11.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Liability Insurance policies of System Owner and, if applicable, each Interconnection Customer shall name the each other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party



Group”) as additional insureds using ISO CG Endorsements: CG 20 33 04 13, and CG 20 37 04 13 or CG 20 10 04 13 and CG 20 37 04 13 or equivalent to or better forms. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

**11.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and non-contributory. System Owner and, if applicable, each Interconnection Customer shall each be responsible for its respective deductibles or retentions.

**11.3.8** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for at least three (3) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Interconnection Customers and System Owner.

**11.3.9** If applicable, Pollution Liability Insurance in an amount no less than \$7,500,000 per occurrence and \$7,500,000 in the aggregate. The policy will provide coverage for claims resulting from pollution or other environmental impairment arising out of or in connection with work performed on the premises by the other party, its contractors and and/or subcontractors. Such insurance is to include coverage for, but not be limited to, cleanup, third party bodily injury and property damage and remediation and will be written on an occurrence basis. The policy shall name the Other Party Group as additional insureds, be primary and contain a waiver of subrogation.

**11.3.10** The requirements contained herein as to the types and limits of all insurance to be maintained by the System Owner and, if applicable, each Interconnection Customer are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by those Parties under this Agreement.

**11.3.11** Within [insert term stipulated by the Parties] Calendar Days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, Interconnection Customers and System Owner, as applicable, shall provide certificate of insurance for all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

**11.3.12** Notwithstanding the foregoing, either of System Owner and, if applicable, an Interconnection Customer may each self-insure to meet the minimum insurance requirements of Articles 11.3.1 through 11.3.9 to the extent it maintains a self-insurance program; provided that, such Party’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 11.3.1 through 11.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 11.3.12, it shall notify the other Party 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 Articles 11.3.1 through 11.3.9 and provide evidence of such coverages. For any period of time that a Party's senior debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 11.3.1 through 11.3.9.

**11.3.13** Interconnection Customers and System Owner 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.

**11.3.14** Subcontractors of each party must maintain the same insurance requirements stated under Articles 11.3.1 through 11.3.9 and comply with the Additional Insured requirements herein. In addition, their policies must state that they are primary and non-contributory and contain a waiver of subrogation.

## **ARTICLE 12. ASSIGNMENT**

**This Agreement may be assigned by a Party only with the written consent of the other Parties;** provided that a Party may assign this Agreement without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; provided further that a Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion or all of its assets, so long as the assignee in such a transaction directly assumes in writing all rights, duties and obligations arising under this Agreement; and provided further that each Interconnection Customer shall have the right to assign this Agreement, without the consent of the NYISO or System Owner, for collateral security purposes to aid in providing financing for the Facility, provided that the Interconnection Customer will promptly notify the NYISO and System Owner of any such assignment. Any financing arrangement entered into by an Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the NYISO and System Owner of the date and particulars of any such exercise of assignment right(s) and will provide the NYISO and System Owner with proof that it meets the requirements of Articles 5.2 and 11.3. Any attempted assignment that violates this Article is void and ineffective. 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 reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

## **ARTICLE 13. SEVERABILITY**

If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

## **ARTICLE 14. COMPARABILITY**

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

## **ARTICLE 15. CONFIDENTIALITY**

### **15.1 Confidentiality.**

Certain information exchanged by the Parties during the term of this Agreement shall constitute confidential information ("Confidential Information") and shall be subject to this Article 15.

If requested by a Party receiving information, the Party supplying the information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

### **15.2 Term.**

During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 15, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

### **15.3 Confidential Information.**

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F to the OATT.

### **15.4 Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 15.9 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that

designated the information as confidential notifies the other Party that it no longer is confidential.

### **15.5 Release of Confidential Information.**

No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be considering providing financing to or equity participation with Interconnection Customers, or to potential purchasers or assignees of a Party, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 15 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 15.

### **15.6 Rights.**

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

### **15.7 No Warranties.**

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

### **15.8 Standard of Care.**

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this Agreement or its regulatory requirements, including the OATT and Services Tariff. The NYISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the OATT.

### **15.9 Order of Disclosure.**

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its

counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

#### **15.10 Termination of Agreement.**

Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Parties, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Parties) or return to the other Parties, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Parties pursuant to this Agreement.

#### **15.11 Remedies.**

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 15. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 15, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 15, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 15.

#### **15.12 Disclosure to FERC, its Staff, or a State.**

Notwithstanding anything in this Article 15 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement or the OATT, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Parties to the Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

### **15.13 Required Notices Upon Requests or Demands for Confidential Information**

Except as otherwise expressly provided herein, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement, the OATT or the Services Tariff. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

## **ARTICLE 16. INTERCONNECTION CUSTOMER AND SYSTEM OWNER NOTICES OF ENVIRONMENTAL RELEASES**

Interconnection Customers and System Owner shall notify the other Parties, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Upgrades, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

## **ARTICLE 17. INFORMATION REQUIREMENT**

### **17.1 Information Acquisition**

Interconnection Customers and System Owner shall each submit specific information regarding the electrical characteristics of its facilities to the other Parties as described below and in accordance with Applicable Reliability Requirements.

### **17.2 Information Submission Concerning the Upgrades**

The initial information submission by System Owner shall occur as specified in the Milestones in Appendix A and shall include New York State Transmission System information necessary to allow an Interconnection Customer to select equipment for its Facility and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Interconnection Customers and System Owner. On a monthly basis, System Owner and Interconnection Customers shall each provide the other Parties a status report on the construction and installation of the Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

### **17.3 Information Submission Concerning the Facility**

The updated information submission by the Interconnection Customers, including manufacturer information, shall occur as specified in the Milestones in Appendix A. Each Interconnection Customer shall submit a completed copy, if applicable, of the Facility data requirements contained in Appendix 1 to the Standard Large Facility Interconnection Procedures or Appendix 1 to the Standard Interconnection Procedures. It shall also include any additional information provided to System Owner, as applicable, for the Class Year Interconnection Facilities Study, Class Year Deliverability Study, Cluster Study, Cluster Study Deliverability Study, or Affected System Study. Information in this submission shall be the most current Facility design or expected performance data. Information submitted for stability models shall be compatible with NYISO standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If an Interconnection Customer's data is different from what was originally provided to System Owner and NYISO in, as applicable, its Interconnection Request or with its Affected System Study Agreement and this difference may be reasonably expected to affect the other Parties' facilities or the New York State Transmission System, but does not require the submission of a new Interconnection Request, then that Interconnection Customer will notify the NYISO, the other Interconnection Customer(s), and System Owner of such modifications.

### **17.4 Information Supplementation**

The Interconnection Customers and System Owner shall supplement the information submissions described above in this Article 17 with any and all "as built" information or "as tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist.

## **ARTICLE 18. INFORMATION ACCESS AND AUDIT RIGHTS**

### **18.1 Information Access.**

Each Party ("Disclosing Party") shall make available to another Party ("Requesting Party") information that is in the possession of the Disclosing Party and is necessary in order for the Requesting Party to: (i) verify the costs incurred by the Disclosing Party for which the Requesting Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 18.1 and to enforce their rights under this Agreement.

### **18.2 Reporting of Non-Force Majeure Events.**

Each Party (the "Notifying Party") shall notify the other Parties when the Notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information

provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

### **18.3 Audit Rights.**

Subject to the requirements of confidentiality under Article 15 of this Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to another Party, to audit at its own expense the other Party's accounts and records pertaining to the other Party's performance or satisfaction of its obligations under this Agreement. Such audit rights shall include audits of the other Party's costs and calculation of invoiced amounts. Any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to the Party's performance and satisfaction of obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 18.4 of this Agreement.

### **18.4 Audit Rights Periods.**

#### **18.4.1 Audit Rights Period for Construction-Related Accounts and Records.**

Accounts and records related to the design, engineering, procurement, and construction of the Upgrades shall be subject to audit for a period of twenty-four months following the issuance of a final invoice in accordance with Article 6.1 of this Agreement.

#### **18.4.2 Audit Rights Period for All Other Accounts and Records.**

Accounts and records related to a Party's performance or satisfaction of its obligations under this Agreement other than those described in Article 18.4.1 of this Agreement shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

### **18.5 Audit Results.**

If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

## **ARTICLE 19. SUBCONTRACTORS**

### **19.1 General.**

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; *provided, however*, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.



## **19.2 Responsibility of Principal.**

The creation of any subcontract 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 Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; *provided, however*, that in no event shall the NYISO or System Owner be liable for the actions or inactions of an Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customers under Article 3 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

## **19.3 No Limitation by Insurance.**

The obligations under this Article 19 will not be limited in any way by any limitation of subcontractor's insurance.

# **ARTICLE 20. DISPUTES**

## **20.1 Submission.**

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance (a "Dispute"), such Party shall provide the other Parties with written notice of the Dispute ("Notice of Dispute"). Such Dispute shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated representatives are unable to resolve the Dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Parties' receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

## **20.2 External Arbitration Procedures.**

Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, the Parties shall invoke the assistance of the FERC's Dispute Resolution Service to select an arbitrator. In each case, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; *provided, however*, in the event of a conflict between the Arbitration Rules and the terms of this Article 20, the terms of this Article 20 shall prevail.

## **20.3 Arbitration Decisions.**

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, or Upgrades.

#### **20.4 Costs.**

Each Party shall be responsible for its own costs incurred during the arbitration process and its per capita share of the costs of the single arbitrator.

#### **20.5 Termination.**

Notwithstanding the provisions of this Article 20, any Party may terminate this Agreement in accordance with its provisions or pursuant to an action at law or equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

### **ARTICLE 21. REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **21.1 General.**

Each Party makes the following representations, warranties and covenants:

##### **21.1.1 Good Standing.**

Such Party 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; that it is qualified to do business in the State of New York; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted, to enter into this Agreement and carry out the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

##### **21.1.2 Authority.**

Such Party 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 such Party, enforceable against such Party 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).

### **21.1.3 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 such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

### **21.1.4 Consent and Approval.**

Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and the Party will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

## **ARTICLE 22. MISCELLANEOUS**

### **22.1 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.

### **22.2 Conflicts.**

If there is a discrepancy or conflict between or among the terms and conditions of the body of this Agreement and the Appendices hereto, the terms and conditions of the body of this Agreement shall be given precedence over the Appendices, except as otherwise expressly agreed to in writing by the Parties.

### **22.3 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 or such Appendix to this Agreement, or such Section to the Standard Interconnection Procedures or such Appendix to the Standard Interconnection Procedures 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.”

## **22.4 Compliance.**

Each Party shall perform its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, the OATT and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith. When any Party becomes aware of such a situation, it shall notify the other Parties promptly so that the Parties can discuss the amendment to this Agreement that is appropriate under the circumstances.

## **22.5 Joint and Several Obligations.**

If System Owner and Interconnection Customers agree for the Interconnection Customers to perform Construction Services under this Agreement, each Interconnection Customer shall be joint and severally liable with the other Interconnection Customer(s) for the obligations to perform such services under this Agreement. Except as otherwise stated herein, the obligations of NYISO, each Interconnection Customer, and System Owner are several, and are neither joint nor joint and several.

## **22.6 Entire Agreement.**

This Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, among 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 obligations under this Agreement.

## **22.7 No Third Party Beneficiaries.**

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 permitted their assigns.

## **22.8 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 any 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, duty of this Agreement. Termination or Default of this Agreement for any reason by an Interconnection Customer shall not constitute a waiver of such Interconnection Customer’s legal rights to obtain

Capacity Resource Interconnection Service and Energy Resource Interconnection Service from the NYISO and the relevant System Owner in accordance with the relevant Interconnection Agreement and the provisions of the OATT. Any waiver of this Agreement shall, if requested, be provided in writing.

## **22.9 Headings.**

The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

## **22.10 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.

## **22.11 Amendment.**

The Parties may by mutual agreement amend this Agreement, by a written instrument duly executed by all of the Parties.

## **22.12 Modification by the Parties.**

The Parties may by mutual agreement amend the Appendices to this Agreement, by a written instrument duly executed by all of the Parties. Such an amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

## **22.13 Reservation of Rights.**

NYISO and the System Owner shall have the right to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and each Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

## **22.14 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 to otherwise bind, any other Party.

## **22.15 Other Transmission Rights.**

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, or transmission congestion rights that Interconnection Customers shall be entitled to, now or in the future under any other agreement or tariff as a result of or otherwise associated with, the transmission capacity, if any, created by the Upgrades.

## **22.16 Modifications Related to NYISO's Compliance with Order No. 2023**

If, as part of the NYISO's compliance proceeding at the Commission in response to Order No. 2023, the Commission directs that the NYISO modify the *pro forma* Standard Multiparty Upgrade Construction Agreement located in Appendix 17 of Attachment HH to the ISO OATT, the Parties shall amend and restate this Agreement to incorporate the modifications; *provided, however*, the Parties may agree to include in the amended and restated agreement non-conforming changes to any terms of the *pro forma* Standard Multiparty Upgrade Construction Agreement that have been modified to comply with the Commission's order, which non-conforming modifications must be filed with the Commission for its acceptance.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

**New York Independent System Operator,  
Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of System Owner]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Interconnection Customer]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[Insert Name of Interconnection Customer]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDICES**

### **Appendix A**

Construction Services

### **Appendix B**

Addresses for Delivery of Notices and Billings

### **Appendix C**

In-Service Date





## APPENDIX A

### CONSRUCTION SERVICES

#### 1. Upgrades

*[Insert description of Upgrades and specify Interconnection Customers' and System Owner's responsibilities to design, procure, and construction Upgrades]*

#### 2. Security and Interconnection Customers' Common Upgrades Cost Cap

*[Insert table indicating Interconnection Customers' Common Upgrades Cost Cap amount and insert description of security provided by Interconnection Customers to System Owner for Upgrades]*

#### 3. Invoice Share

*[Insert table indicating each Interconnection Customer's Invoice Share percentage reflecting each Interconnection Customer's cost responsibility for the Upgrades]*

#### 4. Milestones

Item	Milestone	Date	Responsible Party
1.	[insert milestones]	[insert date]	
2.	In-Service Date	[insert date]	
3.	Completion Date	[insert date]	

#### 5. Estimated Tax Liability

*[If applicable]*

## **APPENDIX B**

### **ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS**

#### **Notices:**

##### NYISO:

[To be supplied.]

##### System Owner:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]

#### **Billings and Payments:**

##### System Owner:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]

##### Interconnection Customer:

[To be supplied.]

#### **Alternative Forms of Delivery of Notices (telephone, facsimile or email):**

##### NYISO:

[To be supplied.]

##### System Owner:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

## APPENDIX C

### IN-SERVICE DATE

[Date]

[Insert NYISO address]

[Insert System Owner address]

[Insert Interconnection Customer addresses]

Re: [Insert project name] Upgrades

Dear \_\_\_\_\_:

On [Date] [System Owner/Interconnection Customers] has completed the Upgrades. This letter confirms that [describe Upgrades] have commenced service, effective as of [Date plus one day].

Thank you.

[Signature]

[Interconnection Customers'/System Owner's Representative(s)]