# 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 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.

**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 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, 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 specifying the scheduled MW output for the Generator. Real-Time Dispatch (“RTD”) Base Point Signals are typically sent to Generators on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators 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 required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator 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 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.

**Curtailment 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, as demonstrated by the performance of a test or through actual operation, averaged over a continuous time period as defined in the ISO Procedures.

**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.

**Developer:** An Eligible Customer developing a generation project larger than 20 megawatts, or a Class Year Transmission Project, proposing to interconnect to the New York State Transmission System, in compliance with the NYISO Minimum Interconnection Standard and, depending on the Developer’s interconnection service election, also in compliance with the NYISO Deliverability Interconnection Standard.

**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 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).

**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 injection. 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.

**Energy and Ancillary Services Component:** 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 49th 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**: Aseries 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 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. A BTM:NG Resource is not permitted to utilize the ISO-Committed Fixed bidding mode.

**ISO-Committed Flexible:** A bidding mode in which a Dispatchable Generator Demand Side Resource follows Base Point Signals and is committed by the ISO. A BTM:NG Resource is 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 could have sold at the specific LBMP and (b) the Energy sold as a result of reducing the Generator’s output to provide an Ancillary Service under the direction of the ISO; and (2) the LBMP existing at the time the Generator was instructed to provide the Ancillary Service, less the Generator’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.

**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, 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, 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 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 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.

**Performance Tracking System:** A system designed to report metrics for Generators 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 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: “RTC00,” RTC30, and “RTC45: 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, RTC15 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 Dispatchand 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:

Residual Transmission Capacity = TTC ‑ TRM ‑ CBM ‑ GTR ‑ GTCC ‑ 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.

**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 RTC00, RTC15, RTC30 or RTC45 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 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 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 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, 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 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, 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 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.

**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

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 UtilizationFirm 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 UtilizationFirm 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 (“ATCF”)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:

ATCF = TTC -ETCF - CBM - TRM + PostbacksF + counterflowsF

Where

**ATCF**is the firm Available Transfer Capability for the Interface for that period.

**TTC** is the Total Transfer Capability of the Interface for that period.

**ETCF** 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.

**PostbacksF** 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.

**counterflowsF**are the adjustments to ATCF as determined by the ISO and specified in its ATCID.

When calculating Non-Firm ATC (“ATCNF”)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:

ATCNF = TTC - ETCF -ETCNF - CBMS - TRMU + PostbacksNF + counterflowsNF

Where

**ATCNF**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.

**ETCF** is the sum of existing firm commitments for the Interface during that period (including Firm Transmission Flow Utilization).

**ETCNF** is the sum of existing non-firm commitments for the Interface during that period.

**CBMS** is the Capacity Benefit Margin for the Interface that has been scheduled during that period.

**TRMU** 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.

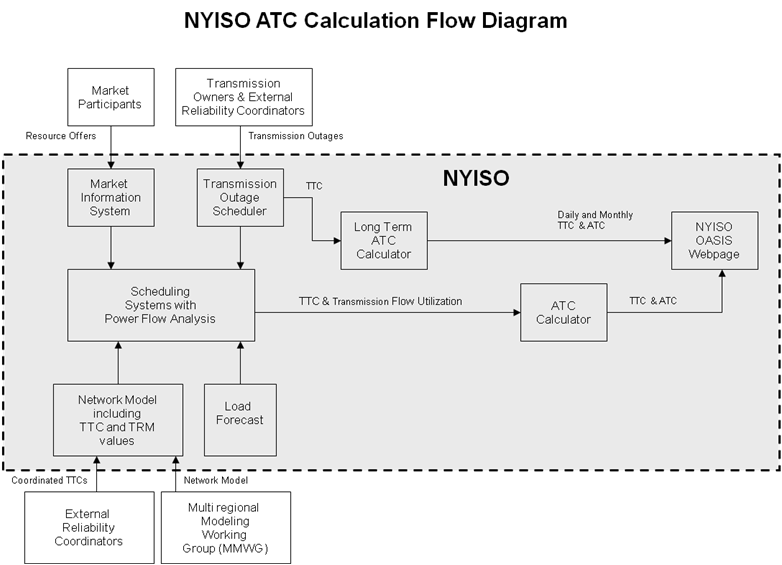
**PostbacksNF** are changes to non-firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices

**counterflowsNF**are the adjustments to ATCNF 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/ATCDetailedAlgorithm.pdf>

9.3 Process Flow Diagram

The following diagram illustrates the process that the ISO follows when computing and posting ATC.



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:

ETCF = NLF + NITSF + GFF + PTPF + RORF + 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:

ETCNF = NITSNF + GFNF + PTPNF + 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.

OSF and OSNF 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 UtilizationFirm* for each Internal and External Interface is determined by the corresponding security constrained network powerflow solutions of SCUC or RTC, as applicable.

*Transmission Flow UtilizationNon-Firm* for each Internal and External Interface is the sum of Non-Firm Transactions scheduled.

*Transmission Flow UtilizationFirm* for Scheduled Lines is determined by the corresponding security constrained network powerflow solutions of SCUC or RTC, as applicable.

*Transmission Flow UtilizationNon-Firm* for Scheduled Lines is the sum of Non-Firm Transactions scheduled.

The Transmission Flow Utilization value for OSF and OSNF 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.

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.

**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 30.1 of Attachment X, Section 25.1.2 of Attachment S, Section 31.1.1 of Attachment Y, or Section 38.1 of Attachment FF of the ISO OATT, or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**System Impact Study** shall mean the study conducted pursuant to Section 22.8 of this Attachment P that evaluates the impact of the proposed Transmission Project on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Network Upgrade Facilities are needed for the proposed Transmission Project to connect reliably to the New York State Transmission System in a manner that meets the NYISO Transmission Interconnection Standard described in Section 22.6.4 of this Attachment P.

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

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

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

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

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

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

**22.2 Scope and Application**

**22.2.1 Application of Transmission Interconnection Procedures**

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

**22.2.2 Comparability**

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

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

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

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

**22.3.1 Definition of a Transmission Project**

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

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

**22.3.1.3** Notwithstanding the definition of Transmission Project in Section 22.3.1.2, the following transmission facilities will not be a Transmission Project that is subject to these Transmission Interconnection Procedures: (i) a Class Year Transmission Project as defined in Attachment X to the ISO OATT, or (ii) a new transmission facility or upgrade proposed by a Transmission Owner in its Local Transmission Owner Plan or NYPA transmission plan that is not subject to the ISO’s competitive selection process in the ISO’s Comprehensive System Planning Process in Attachment Y of the ISO OATT or the ISO’s Short-Term Reliability Process in Attachment FF of the ISO OATT and for which the Transmission Owner is not seeking cost allocation under the ISO OATT. A proposed controllable line for which the proposing entity is seeking CRIS to receive UDRs shall be subject to the interconnection requirements in Attachments S and X of the ISO OATT. A Transmission Owner’s proposed new transmission facility or upgrade that is not a Transmission Project shall be subject to the transmission expansion requirements in Section 3.7 of the ISO OATT.

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

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

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

**22.3.3.1 Queue Position for Pending Requests**

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

**22.3.3.1.2** If an agreement for one of the Interconnection Studies under Attachment X of the ISO OATT or the System Impact Study or Facilities Study under Sections 3.7 or 4.5 of the OATT for a Transmission Project has not been executed as of the effective date of these Transmission Interconnection Procedures, then such study, and any subsequent studies, shall be processed in accordance with these Transmission Interconnection Procedures.

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

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

**22.3.3.2 Transition Period**

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

**22.3.4 New Transmission Provider**

If the ISO transfers its control of the New York State Transmission System to a successor transmission provider during the period when a Transmission Interconnection Application is pending, the ISO shall transfer to the successor transmission provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by these Transmission Interconnection Procedures shall be paid by or refunded to the Transmission Developer, as appropriate. The ISO shall coordinate with the successor transmission provider to complete any Transmission Interconnection Applications (including Transmission Interconnection Studies), as appropriate, that the ISO has begun but has not completed. If the ISO has tendered a draft Transmission Project Interconnection Agreement to the Transmission Developer but the Transmission Developer has not either executed that interconnection agreement or requested the filing of an unexecuted Transmission Project Interconnection Agreement with FERC, unless otherwise provided, the Transmission Developer must complete negotiations with the successor transmission provider.

**22.4 Transmission Interconnection Application**

**22.4.1 General**

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

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

**22.4.5 Withdrawal**

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

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

The ISO shall (i) update the OASIS Queue Position posting and (ii) refund to the Transmission Developer any portion of the Transmission Developer’s deposit or study payments that exceeds the costs that the ISO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC’s regulations. In the event of such withdrawal, the ISO and Connecting Transmission Owner(s), subject to the confidentiality provisions of Section 22.13.1, shall provide, at the Transmission Developer’s request, all information that the ISO and Connecting Transmission Owner(s) developed for any completed study conducted up to the date of withdrawal of the Transmission Interconnection Application.

**22.5 Queue Position**

**22.5.1 General**

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

**22.5.2 Clustering**

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

**22.5.3 Transferability of Queue Position**

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

**22.5.4 Modifications**

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

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

**22.5.4.2**  Following the parties’ execution of the System Impact Study Agreement, a Transmission Developer may not make any modification to the proposed Transmission Project, except for changes to the project’s electrical characteristics that the ISO determines do not constitute a material modification; *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 to Class Year cost allocation but for which Class Year cost allocations have not been accepted; (ii) all planned projects subject to Attachment S of the ISO OATT that have accepted their cost allocation in a prior Class Year cost allocation process and System Upgrade Facilities and System Deliverability Upgrades associated with those projects except that System Deliverability Upgrades where construction has been deferred pursuant to Section 25.7.12.2 and 25.7.12.3 of Attachment S of the ISO OATT will only be included if construction of the System Deliverability Upgrades has been triggered under Section 25.7.12.3 of Attachment S of the ISO OATT; (iii) all generation and transmission retirements and derates identified in the NYISO Load and Capacity Data Report as scheduled to occur during the study period for the Transmission Interconnection Study; (iv) Transmission Projects that have met the following milestones: (1) have been triggered (if subject to the Reliability Planning Process), selected (if subject to the Short-Term Reliability Process), selected (if subject to the Public Policy Transmission Planning Process), or approved by beneficiaries (if subject to the Economic Planning Process); (2) have a completed System Impact Study (if applicable); (3) have a determination pursuant to Article VII that the Article VII application filed for the facility is in compliance with Public Service Law §122 (*i.e.*, “deemed complete”) (if applicable); and (4) are making reasonable progress under the applicable Attachments Y or FF planning process (if applicable); (v) transmission projects identified as “firm” by the Connecting Transmission Owner and either (1) have commenced a Facilities Study (if applicable) and have an Article VII application deemed complete (if applicable); or (2) are under construction and scheduled to be in-service within 12 months and (vi) all other changes to existing facilities, other than changes that are subject to Class Year cost allocation but that have not accepted their Class Year cost allocation, that are identified in the NYISO Load and Capacity Data Report or reported by Market Participants to the NYISO as scheduled to occur during the study period for the Transmission Interconnection Study. If the ISO has triggered multiple Transmission Projects under its Reliability Planning Process, the ISO will include in the base case the selected Transmission Project until or unless that project is halted or its Development Agreement is terminated, in which case the ISO will include in the base case the regulated backstop solution. If the proposed Transmission Project is related to or in response to a system condition not reflected in the above requirements, the ISO may, as appropriate, amend the Base Cases to take that system condition into account in evaluating the proposed Transmission Project.

**22.6.2 Release of Base Case Data**

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

**22.6.3 The Transmission Interconnection Studies**

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

**22.6.4 NYISO Transmission Interconnection Standard**

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

**22.7 Optional Feasibility Study**

**22.7.1 Optional Feasibility Study Agreement**

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

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

**22.7.2 Optional Feasibility Study Scope and Procedures**

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

a. Conceptual breaker-level one-line diagram of existing system where project proposes to interconnect;

b. Review of feasibility/constructability of conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation; identification of cable routing concerns inside existing substation; environmental concerns inside the substation);

c. Preliminary review of local protection, communication, grounding issues associated with the proposed interconnection;

d. Power flow, short circuit and/or bus flow analyses; and/or

e. Identification of Network Upgrade Facilities.

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

**22.7.3 Optional Feasibility Study Report Meeting**

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

**22.8 System Impact Study**

**22.8.1 System Impact Study Agreement**

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

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

**22.8.2 Execution of System Impact Study Agreement**

The Transmission Developer shall execute and deliver to the ISO the System Impact Study Agreement and the applicable study deposit set forth in Section 22.8.1 no later than thirty (30) Calendar Days after its receipt. On or before the return of the executed System Impact Study Agreement to the ISO, the Transmission Developer shall provide the technical data required by the agreement. If the Transmission Developer does not provide all required technical data when it delivers the System Impact Study Agreement, the ISO shall notify the Transmission Developer of the deficiency within five (5) Business Days of the receipt of the executed System Impact Study Agreement and the Transmission Developer shall cure the deficiency within ten (10) Business Days of receipt of the notice, *provided, however*, such deficiency does not include failure to deliver the executed System Impact Study Agreement or deposit. If the Transmission Developer fails to provide the required technical data within this timeframe, the Transmission Interconnection Application shall be withdrawn in accordance with Section 22.4.5. The Transmission Developer, the ISO and the Connecting Transmission Owner shall execute the System Impact Study Agreement within thirty (30) Calendar Days after the ISO tenders the System Impact Study Agreement. The Transmission Developer shall, on or before the return of the executed System Impact Study Agreement to the ISO, provide the required study deposit.

**22.8.3 Scope of System Impact Study**

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

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

**22.8.4 System Impact Study Procedures**

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

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

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

Upon request, the ISO shall provide the Transmission Developer all supporting documentation, workpapers and relevant pre-Transmission Interconnection Application and post-Transmission Interconnection Application power flow, short circuit and stability databases for the SIS, subject to confidentiality arrangements consistent with Section 22.13.1.

**22.8.5 Study Report Meeting**

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

The ISO Operating Committee shall approve each final SIS.

**22.9 Facilities Study**

**22.9.1 Facilities Study Agreement**

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

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

**22.9.2 Execution of Facilities Study Agreement**

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

**22.9.3 Scope of Facilities Study**

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

**22.9.4 Facilities Study Procedures**

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

**22.9.5 Study Report Meeting**

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

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

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

**22.11 Transmission Project Interconnection Agreement**

**22.11.1 Tender**

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

**22.11.2 Negotiation**

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

**22.11.3 Execution and Filing**

The Transmission Developer shall either: (i) execute three (3) originals of the tendered Transmission Project Interconnection Agreement and return them to the ISO and Connecting Transmission Owner and request in writing that the ISO and Connecting Transmission Owner file with FERC for its acceptance the agreed-upon Transmission Project Interconnection Agreement; or (ii) request in writing that the ISO and Connecting Transmission Owner file with FERC a Transmission Project Interconnection Agreement in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either submission by the Transmission Developer, the ISO and Connecting Transmission Owner shall file the Transmission Project Interconnection Agreement with FERC. If the Transmission Developer has requested that the ISO file the Transmission Project Interconnection Agreement in unexecuted form, the ISO will draft the portions of the Transmission Project Interconnection Agreement and appendices that are in dispute. The ISO will provide its explanation of any matters as to which the Parties disagree and support for the costs that the Connecting Transmission Owner proposes to charge to the Transmission Developer under the Transmission Project Interconnection Agreement. An unexecuted Transmission Project Interconnection Agreement should contain terms and conditions deemed appropriate by the ISO for the Transmission Interconnection Application. The Connecting Transmission Owner will provide in a separate filing any comments it has on the unexecuted agreement, including any alternative positions, it may have with respect to the disputed provisions. If the Parties agree to proceed with design, procurement, and construction of Network Upgrade Facilities under the agreed-upon terms of the unexecuted Transmission Project Interconnection Agreement, they may proceed pending Commission action.

**22.11.4 Commencement of Interconnection Activities**

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

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

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

**22.12 Construction of Connecting Transmission Owner’s Network Upgrade Facilities**

**22.12.1 Schedule**

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

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

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

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

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

**22.13 Miscellaneous**

**22.13.1 Confidentiality**

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

**22.13.2 Delegation of Responsibility**

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

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

The ISO shall charge and the Transmission Developer shall pay the actual costs of the Transmission Interconnection Studies incurred by the ISO and Connecting Transmission Owner. If a number of Transmission Interconnection Studies are conducted concurrently as a combined study, each Transmission Developer shall pay an equal share of the actual cost of the combined study. Any invoices for Transmission Interconnection Studies shall include a detailed and itemized accounting of the cost of each Transmission Interconnection Study. Transmission Developers shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. Neither the ISO nor Connecting Transmission Owner shall be obligated to perform or continue to perform any studies unless the Transmission Developer has paid all undisputed amounts in compliance herewith.

**22.13.4 Third Parties Conducting Studies**

If at the time of the signing of a Transmission Interconnection Study agreement there is disagreement as to the estimated time to complete a Transmission Interconnection Study, then the Transmission Developer may request the ISO to utilize a consultant or other third party reasonably acceptable to the Transmission Developer and the ISO to perform such Transmission Interconnection Study under the direction of the ISO. At other times, the ISO may also utilize a Connecting Transmission Owner or other third party to perform such Transmission Interconnection Study, either in response to a general request of the Transmission Developer, or on its own volition. In all cases, use of a third party shall be in accord with Article 26 (Subcontractors) of the Standard Large Generator Interconnection Agreement located in Attachment X of the ISO OATT and limited to situations where the ISO determines that doing so will help maintain or accelerate the study process for the Transmission Developer’s pending Transmission Interconnection Application and not interfere with the ISO’s progress on Transmission Interconnection Studies or Interconnection Studies for other pending Transmission Interconnection Applications or Interconnection Requests. In cases where the Transmission Developer requests to use a third party to perform such Transmission Interconnection Study, the Transmission Developer, ISO and Connecting Transmission Owner shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. The ISO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Transmission Interconnection Application as soon as practicable upon the Transmission Developer’s request subject to the confidentiality provision in Section 22.13.1. In any case, such third party contract may be entered into with either the Transmission Developer or the ISO at the ISO’s discretion. If a Transmission Developer enters into a third party study contract, the Transmission Developer shall provide the study to ISO and the Connecting Transmission Owner for review, and such third party study contract shall provide for reimbursement by the Transmission Developer of ISO’s and Connecting Transmission Owner’s actual cost of participating in and reviewing the study. In the case of (iii) above in this Section 22.13.4, the Transmission Developer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party shall be required to comply with these Transmission Interconnection Procedures, Article 26 (Subcontractors) of the Standard Large Generator Interconnection Agreement located in Attachment X of the ISO OATT, and the relevant ISO OATT procedures and protocols as would apply if the ISO were to conduct the Transmission Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. The ISO and Connecting Transmission Owner shall cooperate with such third party and Transmission Developer to complete and issue the Transmission Interconnection Study in the shortest reasonable time.

**22.13.5 Disputes**

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

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

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

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

**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 [\*] 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:

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** shallmean 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”)** shallmean 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; land (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

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.

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 consistute 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 Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Facility Interconnection Procedures

30.5.1 Queue Position for Pending Requests

**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 quality 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.

30.6 Optional Interconnection Feasibility Study

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

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

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 Faciltiy 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 ServicesTariff. 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 andConnecting 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 statusof 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 or 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: \_\_\_\_\_\_\_\_

* If requesting CRIS for a multi-unit facility, specify the allocation of requested CRIS among such units:

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. 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. 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. 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. 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. 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.

1. 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.

1. 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.
2. 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.
   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.
   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.
3. Miscellaneous.
   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.
   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.
   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.
   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.
   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.
   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. 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.
   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. Survival. All warranties, limitations of liability, and confidentiality provisions provided herein shall survive the expiration or termination hereof.
   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.
   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.
   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 developer 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 ERIS 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:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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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:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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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.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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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.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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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 withdrawl 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)

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**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** shallmean 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 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 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.

**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.

**Control Area** shall mean 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 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 generating capacity to maintain Operating Reserves in accordance with Good Utility Practice. A Control Area must be certified by the NPCC.

**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.

**Emergency State** shallmean 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”)** shallmean 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.

**NERC** shall mean the North American Electric Reliability Council or its successor organization.

**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) 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 equipmentnot 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.

Developer 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; provided that if an Attachment Facility or Stand Alone System Upgrade Facility is needed for more than one Developer’s project, Developer’s option to build such facility shall be contingent on the agreement of all other affected Developers. NYISO, Connecting Transmission Owner and Developer 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 ConnectingTransmission 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: (Current Tax Rate x (Gross Income Amount - Present Value Depreciation Amount))/(1 - 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 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 ± 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 ±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 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 ne**c**essary 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 Under-Frequency and Over Frequency Conditions.

The New York State Transmission System is designed to automatically activate a load-shed program as required by the NPCC 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 NPCC to ensure “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. 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 and over-frequency conditions, in accordance with Good Utility Practice and with NPCC Regional Reliability Reference Directory # 12, or its successor.

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, NERC 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 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 andin 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 identifiedin 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] 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) 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 Partyor 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.

**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. 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 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 toSections 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 (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 LTP DRP set forth in Section 31.2.1.3 of this Attachment Y.

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

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

31.1.8.7 The ISO may extend, at its discretion, the deadlines indicated below that are applicable to all parties participating in a given process for a reasonable period of time if the extension: (i) is applied equally to all parties that are required to meet the deadline, and (ii) will not result in a reliability violation. The deadlines eligible for extension are:

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

31.2 Reliability Planning Process

31.2.1 Local Transmission Owner Planning Process

31.2.1.1 Scope

31.2.1.1.1 Criteria, Assumptions and Data

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

31.2.1.1.2 Consideration of Transmission Needs Driven by Public Policy Requirements

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

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

31.2.1.1.2.2 Determination of Local Transmission Needs Driven by Public Policy Requirements

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

31.2.1.1.2.3 Evaluation of Proposed Local Transmission Solutions

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

31.2.1.2 Process Timeline

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

* identification of the planning horizon covered by the LTP,
* data and models used,
* reliability needs, needs driven by Public Policy Requirements, and other needs addressed,
* potential solutions under consideration, and,
* a description of the transmission facilities covered by the plan.

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

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

31.2.1.2.4 Interested parties may submit written comments to a Transmission Owner with respect to its current LTP within thirty days after the meeting. Each Transmission Owner shall list on its website, as part of its LTP, the person and/or location to which comments should be sent by interested parties. All comments will be posted on the ISO website. Each Transmission Owner will consider comments received in developing any modifications to its LTP. Any such modification will be explained in its current LTP posted on its website pursuant to Section 31.2.1.2.2 above and discussed at the next meeting held pursuant to Section 31.2.1.2.3 above.

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

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

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

31.2.1.4 LTP Dispute Resolution Process

31.2.1.4.1 Disputes Related to the LTPP; Objective; Notice

Disputes related to the LTPP are subject to the DRP. The objective of the DRP is to assist parties having disputes in communicating effectively and resolving disputes as expeditiously as possible. Within fifteen (15) calendar days of the presentation by a Transmission Owner of its LTP to the ESPWG and TPAS, a party with a dispute shall notify in writing the Affected TO, the ISO, the ESPWG and TPAS of its intention to utilize the DRP. The notice shall identify the specific issue in dispute and describe in sufficient detail the nature of the dispute.

31.2.1.4.2 Review by the ESPWG/TPAS

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

31.2.1.4.3 Information Discussions

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

31.2.1.4.4 Alternative Dispute Resolution

In the event that the parties to the dispute are unable to resolve the dispute through informal discussions within sixty (60) days, or such other period as the parties may agree upon, the parties may, by mutual agreement, submit the dispute to mediation or any other form of alternative dispute resolution. The parties shall attempt in good faith to resolve the dispute in accordance with a mutually agreed upon schedule but in no event may the schedule extend beyond ninety (90) days from the date on which the parties agreed to submit the dispute to alternative dispute resolution.

31.2.1.4.5 Notice of Results of Dispute Resolution

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

31.2.1.4.6 Rights Under the Federal Power Act

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

31.2.1.4.7 Confidentiality

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

31.2.2 Reliability Needs Assessment

31.2.2.1 General

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

31.2.2.2 Interested Party Participation in the Development of the RNA

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

31.2.2.3 Preparation of the Reliability Needs Assessment

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

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

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

31.2.2.4 Planning Participant Data Input

31.2.2.4.1 At the ISO’s request, Market Participants, Developers, and other parties shall provide, in accordance with the schedule set forth in the ISO Procedures, the data necessary for the development of the RNA. This data will include but not be limited to (1) existing and planned additions to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); (2) proposals for Merchant Transmission Facilities (to be provided by merchant transmission Developers); (3) generation additions and retirements (to be provided by generator owners and Developers); (4) demand response programs (to be provided by demand response providers); and (5) any long-term firm transmission requests made to the ISO.

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

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

31.2.2.5 Reliability Scenario Development

The ISO, in consultation with the ESPWG and TPAS, shall develop reliability scenarios addressing the Study Period. Variables for consideration in the development of these reliability scenarios include but are not limited to: load forecast uncertainty, fuel prices and availability, new resources, retirements, transmission network topology, and limitations imposed by proposed environmental or other legislation.

31.2.2.6 Evaluation of Reliability Scenarios

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

31.2.2.7 Consequences for Other Regions

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

31.2.2.8 Reliability Needs Assessment Report Preparation

Once all the analyses described above have been completed, ISO staff will prepare a draft of the RNA including discussion of its assumptions, Reliability Criteria, and results of the analyses and, if necessary, designate the Responsible Transmission Owner. One or more compensatory MW/ Load adjustment scenarios will be developed by the ISO as a guide to the development of proposed solutions to meet the identified Reliability Need.

31.2.3 RNA Review Process

31.2.3.1 Collaborative Governance Process

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

31.2.3.2 Board Action

Following the Management Committee vote, the draft RNA, with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft RNA will be provided to the Market Monitoring Unit for its review and consideration of whether market rules changes are necessary to address an identified failure, if any, in one of the ISO’s competitive markets. The Board may approve the RNA as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised RNA shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised RNA until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the final RNA to the marketplace by posting it on its web site.

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

31.2.3.3 Needs Assessment Disputes

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

31.2.3.4 Public Information Sessions

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

31.2.4 Development of Solutions to Reliability Needs

31.2.4.1 Eligibility and Qualification Criteria for Developers and Projects

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

31.2.4.1.1 Developer Qualification and Timing

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

31.2.4.1.1.1 Developer Qualification Criteria

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

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

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

31.2.4.1.1.1.3 The Developer’s current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO’s determination, the Developer shall provide the ISO:

(1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;

(2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement, or equivalent information;

(3) its credit rating from Moody’s Investor Services, Standard & Poor’s, or Fitch, or equivalent information, if available;

(4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

(5) such other evidence that demonstrates its current and expected capability to finance a project to solve a Reliability Need.

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

31.2.4.1.1.2 Developer Qualification Determination

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.2.4.1.1.1.3 and is designated by the Developer as “Confidential Information.” The ISO shall within 15 days of a Developer’s submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO’s request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer’s qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO’s revocation of a Developer’s qualification status, the Developer may re-apply for a qualification status under this section.

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

31.2.4.2 Interregional Transmission Projects

Interregional Transmission Projects may be proposed under Section 31.2.5.1 of this Attachment Y as regulated backstop solutions, alternative regulated solutions, or market-based solutions, in response to a request by the ISO for solutions to a Reliability Need under the relevant provisions of Section 31.2.4. Interregional Transmission Projects proposed as regulated backstop solutions, alternative regulated solutions or market-based solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of the Reliability Planning Process of this Attachment Y, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol.

31.2.4.3 Regulated Backstop Solutions

31.2.4.3.1 When a Reliability Need is identified in any RNA issued under this tariff, the ISO shall request and the Responsible Transmission Owner shall provide to the ISO, as set forth in Section 31.2.5 below, a proposal for a regulated solution or combination of solutions that shall serve as a backstop to meet the Reliability Need if requested by the ISO due to the lack of sufficient viable market-based solutions to meet such Reliability Needs identified for the Study Period. The Responsible Transmission Owner shall be eligible to recover its costs for developing its proposal and seeking necessary approvals under Rate Schedule 10 of the ISO OATT. Regulated backstop solutions may include generation, transmission, or demand side resources. Such proposals may include reasonable alternatives that would effectively address the Reliability Need; provided however, the Responsible Transmission Owner’s obligation to propose and implement regulated backstop solutions under this tariff is limited to regulated transmission solutions. Prior to providing its response to the RNA, each Responsible Transmission Owner will present for discussion at the ESPWG and TPAS any updates in its LTP that impact a Reliability Need identified in the RNA. The ISO will present at the ESPWG and TPAS any updates to its determination under Section 31.2.2.4.2 with respect to the Transmission Owners’ LTPs. Should more than one regulated backstop solution be proposed by a Responsible Transmission Owner to address a Reliability Need, it will be the responsibility of that Responsible Transmission Owner to determine which of the regulated backstop solutions will proceed following a finding by the ISO under Section 31.2.8 of this Attachment Y. The determination by the Responsible Transmission Owner will be made prior to the approval of the CRP which precedes the Trigger Date for the regulated backstop solution with the longest lead time. Contemporaneous with the request to the Responsible Transmission Owner, the ISO shall solicit market-based and alternative regulated responses as set forth in Sections 31.2.4.5 and 31.2.4.7, which shall not be a formal RFP process.

31.2.4.4 Qualifications for Regulated Backstop Solutions

31.2.4.4.1 The submission of a regulated backstop solution to a Reliability Need for purposes of the ISO’s evaluation under Section 31.2.5 of the viability and sufficiency of the proposed solution and the determination of the Trigger Date for the proposed solution shall include, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Responsible Transmission Owner can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology, (5) a major milestone schedule; (6) the schedule for obtaining any permits and other certifications, if available; (7) status of ISO interconnection studies and interconnection agreement, if available; and (8) status of equipment availability and procurement, if available.

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

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

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

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

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

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

31.2.4.5 Market-Based Responses

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

31.2.4.6 Qualifications for a Valid Market-Based Response

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

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

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

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

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

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

31.2.4.7 Alternative Regulated Responses

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

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

31.2.4.8 Qualifications for Alternative Regulated Solutions

31.2.4.8.1 The submission of an alternative regulated solution to a Reliability Need for purposes of the ISO’s evaluation under Section 31.2.5 of the viability and sufficiency of the proposed solution and the determination of the Trigger Date for the proposed solution shall include, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Other Developer or Transmission Owner can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) the schedule for obtaining any permits and other certifications, if available; (7) status of ISO interconnection studies and interconnection agreement, if available; and (8) status of equipment availability and procurement, if available.

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

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

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

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

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

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

31.2.4.9 Additional Solutions

Should the ISO determine that it has not received adequate regulated backstop or market-based solutions to satisfy the Reliability Need, the ISO may, in its discretion, solicit additional regulated backstop or market-based solutions. Other Developers or Transmission Owners may submit additional alternative regulated solutions for the ISO’s consideration at that time.

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

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

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

Any Developer that the ISO has determined under Section 31.2.4.1.1.2 or as set forth in this Section 31.2.5.1 below to be qualified to propose to develop a project as a transmission solution to an identified Reliability Need may submit the required project information; *provided, however,* that: (i) the Developer shall provide a non-refundable application fee of $10,000 and (ii) based on the actual identified need, the ISO may request that the qualified Developer provide additional Developer qualification information. Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.2.4.1.1 within 30 days after a request for solutions is made by the ISO. The ISO shall within 30 days of a Developer’s submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer qualification information or project information required by the ISO within 15 days of the ISO’s request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

31.2.5.2 Comparable Evaluation of All Proposed Solutions

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

31.2.5.3 Evaluation of Viability of Proposed Solution

The ISO will determine the viability of a solution – transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Reliability Need. For purposes of its analysis, the ISO will evaluate whether: (i) the Developer has provided the required Developer qualification data pursuant to Section 31.2.4.1 and the required project information data under Sections 31.2.4.4.1, 31.2.4.6, or 31.2.4.8.1; (ii) the proposed solution is technically practicable; (iii) the Developer has indicated possession of, or an approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) the proposed solution can be completed in the required timeframe. If the ISO determines that the proposed solution is not viable and, for regulated solutions, the Developer does not address any identified deficiency pursuant to Section 31.2.5.6, the ISO shall reject the proposed solution from further consideration during that planning cycle.

31.2.5.4 Evaluation of Sufficiency of Proposed Solution

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

31.2.5.5 Establishment of Trigger Date of Proposed Regulated Solutions

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

31.2.5.6 Resolution of Deficiencies

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

31.2.5.7 ISO Report of Evaluation Results

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

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

31.2.6 ISO Evaluation and Selection of Proposed Regulated Transmission Solutions

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

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

The ISO will make its request, if necessary, for project information under this Section 31.2.6.1 sufficiently in advance of the earliest Trigger Date of the viable and sufficient regulated solutions to enable the ISO to evaluate and select the more efficient or cost effective transmission solution. Upon the ISO’s request for project information, the Developers shall submit such information for their regulated transmission solution within thirty (30) days, which time period may be extended by the ISO pursuant to Section 31.1.8.7. The Developer must include with its project information a demonstration that it has an executed System Impact Study Agreement or System Reliability Impact Study Agreement, as applicable. A Developer shall submit additional project information required by the ISO within 15 days of the ISO’s request. A Developer that fails to submit the required project information will not be eligible for its project to be considered in that planning cycle.

31.2.6.2 Study Deposit for Proposed Regulated Transmission Solutions

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

The ISO shall charge, and a Developer proposing a regulated backstop transmission solution or an alternative regulated transmission solution shall pay, the actual costs of the ISO’s evaluation of the Developer’s proposed transmission solution for purposes of the ISO’s selection of the more efficient or cost effective transmission solution to satisfy a Reliability Need for cost allocation purposes, including costs associated with the ISO’s use of subcontractors. The ISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs in performing the evaluation of a Developer’s proposed transmission solution under this Section 31.2.6 and any supplemental evaluation or re-evaluation of the proposed transmission solution. If the ISO or its subcontractors perform study work for multiple proposed transmission solutions on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers. The ISO shall invoice the Developer monthly for study costs incurred by the ISO in evaluating the Developer’s proposed transmission solution as described above. Such invoice shall include a description and an accounting of the study costs incurred by the ISO and estimated subcontractor costs. The Developer shall pay the invoiced amount within thirty (30) calendar days of the ISO’s issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit until settlement of the final monthly invoice; *provided, however,* if a Developer: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described below, the ISO may draw upon the study deposit to recover the owed amount. If the ISO must draw on the study deposit, the ISO shall provide notice to the Developer, and the Developer shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Developer fails to make such payments, the ISO may halt its evaluation of the Developer’s proposed transmission solution and may disqualify the Developer’s proposed transmission solution from further consideration. After the conclusion of the ISO’s evaluation of the Developer’s proposed transmission solution or if the Developer: (i) withdraws its proposed transmission solution or (ii) fails to pay an invoiced amount and the ISO halts its evaluation of the proposed transmission solution, the ISO shall issue a final invoice and refund to the Developer any portion of the Developer’s study deposit submitted to the ISO under this Section 31.2.6.2 and any interest actually earned on the deposited amount that together exceeds the outstanding amounts that the ISO has incurred in evaluating that Developer’s proposed transmission solution. The ISO shall refund the remaining portion within sixty (60) days of the ISO’s receipt of all final invoices from its subcontractors and involved Transmission Owners.

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

31.2.6.3 Evaluation of System Impact of Proposed Regulated Transmission Solution

A proposed regulated transmission solution that will have a significant adverse impact on the reliability of the New York State Transmission System shall not be eligible for selection by the ISO under Section 31.2.6.5. The ISO shall evaluate the system impacts for the entire Study Period of a proposed regulated transmission solution that the ISO has determined under Section 31.2.5 is viable and sufficient. As part of this evaluation, the ISO shall give due consideration to the results of any completed System Impact Study or System Reliability Impact Study, as applicable. The ISO shall perform power flow and short circuit studies for the proposed regulated transmission solutions and additional studies, as appropriate. If the ISO identifies a significant adverse impact based on these studies, the ISO shall request that the Developer make an adjustment to its proposed regulated transmission solution to address this impact and remain eligible for selection. The Developer shall submit the adjustment within 30 days of the ISO’s notification.

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

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

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

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

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

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

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

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

A proposed regulated transmission solution – including a regulated backstop transmission solution submitted by a Responsible Transmission Owner pursuant to Section 31.2.4.3 and an alternative regulated transmission solution submitted by a Transmission Owner or Other Developer pursuant to Section 31.2.4.7 – that the ISO has determined satisfies the viability and sufficiency requirements in Section 31.2.5 and the system impact requirements in Section 31.2.6.3 shall be eligible under this Section 31.2.6.5 for selection in the CRP for the purpose of cost allocation and recovery under the ISO Tariffs. The ISO shall evaluate any eligible proposed regulated transmission solutions for the planning cycle using the metrics set forth in Section 31.2.6.5.1 below. For purposes of this evaluation, the ISO will review the information submitted by the Developer and determine whether it is reasonable and how such information should be used for purposes of the ISO evaluating each metric. In its review, the ISO will give due consideration to the status of, and any available results of, any applicable interconnection or transmission expansion studies concerning the proposed regulated transmission solution performed in accordance with Sections 3.7 or 4.5 of the ISO OATT or Attachments X or P of the ISO OATT. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant’s analysis in evaluating each metric. The ISO shall select in the CRP for cost allocation purposes the more efficient or cost effective transmission solution to satisfy a Reliability Need in the manner set forth in Section 31.2.6.5.2 below.

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

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

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

The estimate shall include all components that are needed to meet the Reliability Need throughout the Study Period. To the extent information is available, the Developer should itemize: material and labor cost by equipment, engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed solution, all in accordance with Good Utility Practice. For each of these cost categories, the Developer should specify the nature and estimated cost of all major project components and estimate the cost of the work to be done at each substation and/or on each feeder to physically and electrically connect each facility to the existing system. The work sheets should itemize to the extent applicable and available all equipment for: (i) the proposed project; (ii) interconnection facilities (including Attachment Facilities and Direct Assignment Facilities); and (iii) Network Upgrade Facilities, System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, and Distribution Upgrades.

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

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

31.2.6.5.1.4 The operability of the proposed regulated transmission solution. The ISO will consider how the proposed solution may affect additional flexibility in operating the system, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed solution may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions.

31.2.6.5.1.5 The performance of the proposed regulated transmission solution. The ISO will consider how the proposed project may affect the utilization of the system (*e.g.* interface flows, percent loading of facilities).

31.2.6.5.1.6 The extent to which the Developer of a proposed regulated transmission solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider whether the Developer: (i) already possesses the rights of way necessary to implement the solution; (ii) has completed a transmission routing study, which (a) identifies a specific routing plan with alternatives, (b) includes a schedule indicating the timing for obtaining siting and permitting, and (c) provides specific attention to sensitive areas (e.g., wetlands, river crossings, protected areas, and schools); or (iii) has specified a plan or approach for determining routing and acquiring property rights.

31.2.6.5.1.7 The potential issues associated with delay in constructing the proposed regulated transmission solution consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

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

The ISO shall select under this Section 31.2.6.5.2 the proposed regulated transmission solution, if any, that is the more efficient or cost effective transmission solution proposed in the planning cycle to satisfy the identified Reliability Need. The ISO shall report the selected regulated transmission solution in the CRP. The selected regulated transmission solution reported in the CRP shall be eligible to be triggered by the ISO to satisfy the identified Reliability Need pursuant to Section 31.2.8 at any point within thirty-six months of the date of the ISO’s presentation of the Viability and Sufficiency Assessment to the ESPWG. An Other Developer or Transmission Owner of an alternative regulated transmission project shall not be eligible for cost allocation and cost recovery under the ISO OATT for its project unless its project is selected pursuant to this Section 31.2.6.5.2. Once such project is selected, the Other Developer or Transmission Owner shall be eligible for cost allocation and cost recovery under the ISO OATT for its project. Within thirty (30) days of the ISO’s selection of an alternative regulated transmission solution, the Other Developer or Transmission Owner shall submit to the ISO for the ISO’s approval a proposed schedule and scope of work that describe the preparation work, if any, that the Developer must perform prior to the Trigger Date of the project, including a good faith estimate of the costs of such work. Costs will be recovered when the project enters into service, is halted, or as otherwise determined by the Commissionin 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 ManagementCommittee 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 aReliability 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 31.2.13.1of 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 X or P 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 CO2, NOx, and SO2, emissions in tons on a zonal basis as well as the change in emission cost by emission type. Emission costs will be reflected in the development of the production cost curve.

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

31.3.1.3.5.7 The energy deliverability metric set forth in this section will be used for purposes of the studies conducted in the Economic Planning Process, and will not be used for Regulated Economic Transmission Project cost allocation under Section 31.5.4.4 of this Attachment Y. This metric will provide information about the ability of each Resource, individually and taken collectively with other Resources, to be able to deliver its full energy capability to the system and the degree of, and the conditions that are expected to lead to, any curtailment thereof. The scope of this information will be developed in consultation with the Electric System Planning Working Group and will include, but not be limited to: (i) quantification of the energy projected to be produced by each Resource considering the impact of applicable local, statewide, and interregional transmission constraints as compared to the total amount of energy that such Resource is capable of producing in the absence of transmission constraints, and accounting for fuel availability of each Resource type including wind, solar, and water; (ii) quantification of the collective impact of Resources on energy deliverability at locations on the system that are identified as being constrained in whole or in part; and (iii) providing such additional information resulting from the study analysis, where available, concerning capability remaining on the transmission system to support energy deliverability. The metric may be expressed as a percentage of such total amount of energy or as the amount of curtailed energy.

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

31.3.1.4 Planning Participant Data Input

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

31.3.1.5 System & Resource Outlook Scenario Development

The ISO, in consultation with the ESPWG, shall develop congestion scenarios in the System & Resource Outlook for the Study Period. Variables for consideration in the development of these congestion scenarios include but are not limited to: federal, state, and local policies and regulations, load forecast uncertainty, fuel price uncertainty, new resources, retirements, emission data, the cost of allowances and potential requirements imposed by proposed environmental and energy efficiency mandates, as well as overall ISO resource requirements. The ISO shall report the results of these scenario analyses in the System & Resource Outlook.

31.3.1.6 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a Regulated Economic Transmission Project on such neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in the Economic Transmission Project Evaluation. The ISO shall not bear the costs of required upgrades in another region.

31.3.1.7 System & Resource Outlook Preparation

Once all the analyses described above have been completed, ISO staff will prepare a draft of the System & Resource Outlook including a discussion of its assumptions, inputs, methodology, and the results of its analyses.

31.3.1.8 System & Resource Outlook Review Process and Actual Project Proposals

31.3.1.8.1 Collaborative Governance Process. The draft System & Resource Outlook shall be submitted to both TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft System & Resource Outlook. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft System & Resource Outlook reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and action.

31.3.1.8.2 Board Action. Following the Management Committee vote, the draft System & Resource Outlook, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft System & Resource Outlook will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the System & Resource Outlook as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised System & Resource Outlook shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised System & Resource Outlook until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the System & Resource Outlook to the marketplace by posting it on its website. The responsibilities of the Market Monitoring Unit that are addressed in the above section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.4 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.3.1.9 Public Information Sessions

In order to provide ample exposure for the market place to understand the content of the System & Resource Outlook, the ISO will provide various opportunities for Market Participants and other potentially interested parties to discuss the final System & Resource Outlook. Such opportunities may include presentations at various ISO Market Participant committees, focused discussions with various industry sectors, and /or presentations in public venues.

31.3.2 Economic Transmission Project Evaluation

31.3.2.1 Overview

As discussed in Section 31.3.1 of this Attachment Y, the System & Resource Outlook analyzes system congestion over the Study Period. If a Developer proposes a Regulated Economic Transmission Project, including an Interregional Transmission Project, to address constraint(s) on the BPTFs identified in the Economic Planning Process, then the ISO will: (i) process that project proposal in an Economic Transmission Project Evaluation in accordance with the relevant provisions of Sections 31.5.1, 31.5.4 and 31.5.6 of this Attachment Y, and, for information purposes, may provide benefit/cost analysis and other analysis of potential generic solutions to the congestion identified; and (ii) for Interregional Transmission Projects, jointly evaluate the project proposal with the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol. The relevant Transmission Owners will assist the ISO in developing the generic solution cost estimates to be used by the ISO to conduct benefit/cost analysis of each of the potential solutions, if requested as part of the evaluation.

31.3.2.2 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.3.2.2 and its subsections, the term “Developer” includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.3.2.2.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.3.2.2.1.1 to demonstrate its capability to satisfy the applicable qualification criteria,and (ii) a notarized officer’s certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer’s project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures related and applicable to the Affiliate’s participation.

31.3.2.2.1 Developer Qualification and Timing

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

31.3.2.2.1.1 Developer Qualification Criteria

The ISO shall make a determination on the qualification of a Developer to propose to develop a Regulated Economic Transmission Project based on the following criteria:

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

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

31.3.2.2.1.1.3 The Developer’s current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO’s determination, the Developer shall provide the ISO:

(1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;

(2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information;

(3) its credit rating from Moody’s Investor Services, Standard & Poor’s, or Fitch or equivalent information, if available;

(4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and

(5) such other evidence that demonstrates its current and expected capability to finance a Regulated Economic Transmission Project.

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

31.3.2.2.1.2 Developer Qualification Determination

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.3.2.2.1.1.3 and is designated by the Developer as “Confidential Information.” The ISO shall within 15 days of a Developer’s submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO’s request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer’s qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO’s revocation of a Developer’s qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a Regulated Economic Transmission Project and shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for any approved project.

31.3.2.2.2 Information Requirements for Projects

The ISO shall consider the criteria in Section 31.3.2.3 when determining whether a proposed project is eligible to be offered as a Regulated Economic Transmission Project.

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

The required project information may be submitted at any time, but the proposed Regulated Economic Transmission Project will be evaluated using the most recently available database for an Economic Transmission Project Evaluation. Any Developer that the ISO has determined under Section 31.3.2.2.1.2 to be qualified to propose to develop a Regulated Economic Transmission Project may submit the required project information; *provided, however*, that based on the specific constraint(s) identified that requires a solution, the ISO may request that the qualified Developer provide additional Developer information. Any Developer that the ISO has not determined to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.3.2.2.1. The ISO shall within 30 days of a Developer’s submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer or project information required by the ISO within 15 days of the ISO’s request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

31.3.2.3 Project Information Requirements

Any Developer seeking to offer a Regulated Economic Transmission Project must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining such control; (8) status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (9) status of ISO interconnection studies and interconnection agreement; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) detailed capital cost estimates for each segment of the project; (13) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; and (14) any other information requested by the ISO.

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

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

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

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

Failure to provide any data requested by the ISO within the timeframe provided in Section 31.3.2.2.3 of this Attachment Y will result in the rejection of the proposed solution from further consideration during that planning cycle.

31.3.2.4 Posting of Approved Solutions

The ISO shall post on its website a list of all Developers who have undertaken a commitment to build a Regulated Economic Transmission Project that has been approved by project beneficiaries, in accordance with Section 31.5.4.6 of this Attachment Y.

31.3.3 Requested Economic Planning Study

31.3.3.1 A Market Participant or another interested party may request that the ISO perform a Requested Economic Planning Study separate from and in addition to the System & Resource Outlook. For purposes of this Section 31.3.3, the Market Participant or other interested party requesting the Requested Economic Planning Study shall be known as the “Requestor.” A Requested Economic Planning Study is also separate from and addition to: (i) studies related to firm point-to-point transmission service pursuant to Section 3.7 of the ISO OATT, (ii) studies that a customer can request related to Network Integration Transmission Service pursuant to Section 4.5 of the ISO OATT, (iii) studies related to Interconnection Requests pursuant to Attachment X or Attachment Z of the ISO OATT, (iv) studies related to Transmission Interconnection Applications pursuant to Attachment P of the ISO OATT, and (v) requests for evaluation of projects as potential solutions to Short-Term Reliability Process Needs, Reliability Needs, or Public Policy Transmission Needs pursuant to Attachment Y or Attachment FF of the ISO OATT. The ISO shall, upon request and subject to resource limits, conduct a Requested Economic Planning Study at any time during the year. The ISO will accommodate all study requests to the extent reasonable and practicable, subject to resource limitations.

31.3.3.2 A Requestor may request that the ISO perform a Requested Economic Planning Study by submitting to the ISO: (i) a completed and executed Requested Economic Planning Study Request Form in the form included in Section 31.13 of this Attachment Y, and (ii) a study deposit in the amount of $25,000. A Requestor must submit a separate request form and a separate study deposit for multiple study requests that involve significant differences in study scope and assumptions. The ISO shall acknowledge receipt of the Requested Economic Planning Study Request Form within ten (10) business days of its receipt and shall inform Requestor whether, in the ISO’s judgement, the form is complete. If the form is not complete, the ISO will request additional information. The ISO will post the following on its website regarding a submitted Requested Economic Planning Study Request Form: (i) a general description of the requested study, (ii) the date the ISO received the request form, and (iii) the identity of the Requestor.

31.3.3.3 The ISO will process Requested Economic Planning Study Request Forms in the order it receives the requests on a first come, first served basis; *provided, however,* that the ISO is not required to complete and report the results of the Requested Economic Planning Studies in the order the request forms are received. The Requested Economic Planning Study Request Form will be deemed received by the ISO on the date that the ISO receives the completed request form and the required deposit. If the scope and subject matter of two or more contemporaneous Requested Economic Planning Studies overlap, the ISO, with the agreement of each affected Requestor, may conduct the overlapping study work on a consolidated basis and allocate the costs of such study work equally to each affected Requestor.

31.3.3.4 Following its receipt of a complete Requested Economic Planning Study Request Form, the ISO shall establish with the Requestor a mutually agreeable time for a scoping meeting. The scoping meeting shall determine the scope of the study to be conducted and deliverables to be provided. The Requestor may define the scope for its study, such as: (i) additional metrics for measuring congestion and the benefits of relieving that congestion; (ii) additional scenarios and the assumptions to be used; (iii) whether the Requestor wants the ISO to analyze potential transmission, generation, demand response and/or energy efficiency solutions and the characteristics of those solutions; and (iv) the degree of certainty requested for the solution cost estimates.

31.3.3.5 Following the scoping meeting, the ISO will memorialize in writing the scope of work and the deliverables to be provided by the ISO in a Study Agreement for a Requested Economic Planning Study in the form set forth in Section 31.14 of this Attachment Y. The ISO will provide the study agreement to the Requestor and a non-binding estimate of the total study costs. The ISO may require, at its discretion, Requestor to pay a deposit amount in addition to the initial $25,000 deposit that the Requestor must provide pursuant to Section 31.3.3.2 to cover the total study cost estimate. For the ISO to commence the Requested Economic Planning Study, the Requestor must execute the study agreement and provide any required additional study deposit amount. If Requestor modifies the scope of the Requested Economic Planning Study in a manner that increases the estimated total costs of the study, the ISO may require, at its discretion, that Requestor pay an additional deposit to cover any cost increase. The ISO shall hold the study deposit(s) provided by Requestor with its Requested Economic Planning Study Request Form pursuant to Section 31.3.3.2 and any additional study deposit(s) provided by Requestor pursuant to this Section 31.3.3.5 in an interest-bearing account for which the interest earned will be associated with Requestor and shall be applied to study costs and subject to refund as described in Section 31.3.3.8.

31.3.3.6 The ISO shall use the database and base case assumptions in the scope agreed upon by the Requestor and the ISO for the Requested Economic Planning Study. The ISO will use reasonable efforts to complete each Requested Economic Planning Study by a date mutually agreed to with the Requestor. If the ISO determines this target date will not be met, the ISO will promptly inform the Requestor and provide the Requestor with an updated estimate of the new date by which the Requested Economic Planning Study will be completed. Requestor may withdraw its Requested Economic Planning Study Request Form at any time by written notice to the ISO. Upon receipt of such request, the ISO will immediately terminate any further study work, except as reasonably necessary to wrap up work and return information to the Requestor.

31.3.3.7 The ISO shall charge, and Requestor shall pay, the actual costs incurred by the ISO in performing a Requested Economic Planning Study. This includes costs that the ISO incurs at its discretion to use contractors or consultants, computing services, and costs that Transmission Owners may incur to supply study-related data at the ISO’s request. The ISO shall track its staff and administrative costs that it incurs in performing the Requested Economic Planning Study, including any costs associated with using contractors or consultants, computing services, and costs incurred by involved Transmission Owners.

31.3.3.8 The ISO shall invoice the Requestor monthly for study costs incurred by the ISO in performing the Requested Economic Planning Study. Such invoice shall include a description and an accounting of the study costs incurred by the ISO, estimated consultant and contractor costs, estimated computing services costs, and estimated costs incurred by Transmission Owners. Requestor shall pay the invoiced amount within thirty (30) calendar days of the ISO’s issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit(s) that Requestor submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5 until settlement of the final invoice; *provided, however,* if a Requestor: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described in Section 31.3.3.9 below, the ISO may draw upon the study deposit(s) to recover the owed amount. If the ISO must draw on the study deposit(s), the ISO shall provide notice to the Requestor, and the Requestor shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Requestor fails to make such payments, the ISO may halt its performance of the Requested Economic Planning Study. Upon: (i) the completion of the Requested Economic Planning Study or the withdrawal of the Requestor’s Requested Economic Planning Study Request Form, including withdrawal due to the termination of its Requested Economic Planning Study Agreement, and (ii) the ISO’s receipt of all final invoices from its consultants and contractors, computing services, and involved Transmission Owners, the ISO shall issue a final invoice to Requestor. Upon the ISO’s receipt of Requestor’s final payment for all outstanding invoiced amounts, the ISO shall refund to Requestor: (i) its study deposit(s) submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5, less any amount that the ISO was required to draw upon to satisfy prior invoiced amounts, and (ii) any interests earned on the net study deposit amount held by the ISO.

31.3.3.9 In the event of a Requestor’s dispute over invoiced amounts, Requestor shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Requestor fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform the Requested Economic Planning Study or to provide the study results. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) calendar days after resolution of the dispute, Requestor will pay the ISO any amounts due with interest actually earned on such amounts.

31.3.3.10 Upon completion of the Requested Economic Planning Study, the ISO will provide the agreed upon deliverables for the Requested Economic Planning Study to Requestor. If Requestor has withdrawn its Requested Economic Planning Study Request Form prior to the completion of the study, the ISO will forward to the Requestor the results of any study work, related to the deliverables, completed prior to the withdrawal date following Requestor’s final payment. The ISO will remove any Confidential Information or aggregate or mask such information to avoid disclosure of Confidential Information prior to providing the study results to Requestor. Upon request, the ISO will schedule a meeting to review the study results with the Requestor. The results of a Requested Economic Planning Study will be treated as Confidential Information under Attachment F to the OATT; *provided, however*, the ISO will post the results of the Requested Economic Planning Study if and when: (i) Requestor requests that the ISO post the results of the Requested Economic Planning Study; (ii) the ISO is informed that the results of the Requested Economic Planning Study have been made public; or (iii) Requestor seeks regulated cost recovery for a Regulated Economic Transmission Project under the ISO Tariff based upon the results of the Requested Economic Planning Study, and the ISO will note in such posting whether the database and base case assumptions used in the study are different from such study assumptions that are required for seeking regulated cost recovery under the Economic Transmission Project Evaluation.

31.4 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 has submitted, as applicable, a new or revised Transmission Interconnection Application or Interconnection Request. 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, or X 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 or X of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO’s request, shall submit to the ISO any study report and related materials prepared in connection with the study.

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 or X of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO’s request, shall submit to the ISO any study report and related materials prepared in connection with the study.

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 list of Public Policy Transmission Upgrades shall not identify any listed facility as associated with any specific Public Policy Transmission Project. 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 a demonstration that it has an executed System Impact Study Agreement or System Reliability Impact Study Agreement, as applicable. 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 Pubic 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 or P of the ISO OATT. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant’s analysis in evaluating each metric. 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 shall be eligible to recover costs for the project 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 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; *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, including new transmission facilities and Public Policy Transmission Upgrades, 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, the ISO will inform each Designated Entity that it should submit its Designated Public Policy Project to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to site, construct, and operate the project. 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, 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, the ISO shall tender to each Designated Entity of a Designated Public Policy Project a draft 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 for its Designated Public Policy Project. 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 Developer 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. 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 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 are contained in Sections 31.5.5 and 31.5.6 of this Attachment Y.

31.5.1.2 Market-Based Responses

The cost allocation principles and methodologies in this Attachment Y do not apply to market-based solutions to Reliability Needs, to market-based responses to congestion identified in the Economic Planning Process, or to Other Public Policy Projects. The cost of a market-based project shall be the responsibility of the developer of that project.

31.5.1.3 Interconnection Cost Allocation

The cost allocation principles and methodologies in this Attachment Y do not apply to the interconnection costs of generation projects and Merchant Transmission Facilities. Interconnection costs are determined and allocated in accordance with Attachment P, Attachment S, Attachment X and Attachment Z of the ISO OATT. Cost related to the deliverability of a resource will be addressed under the ISO’s deliverability procedures in Attachment S of the ISO OATT.

31.5.1.4 Individual Transmission Service Requests

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission expansion projects undertaken in connection with an individual request for Transmission Service. The cost of such a project is determined and allocated in accordance with Section 3.7 or Section 4.5 of the ISO OATT.

31.5.1.5 LTP Facilities

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission projects included in LTPs or LTP updates. Each Transmission Owner will recover the cost of such transmission projects in accordance with its then existing rate recovery mechanisms.

31.5.1.6 Regulated Non-Transmission Projects

Costs related to regulated non-transmission projects will be recovered by Responsible Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. Nothing in this section shall affect the Commission’s jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

31.5.1.7 Eligibility for Cost Allocation and Cost Recovery

Any entity, whether a Responsible Transmission Owner, Other Developer, or Transmission Owner, shall be eligible for cost allocation and cost recovery as set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for any transmission project proposed to satisfy an identified Reliability Need, Regulated Economic Transmission Project, or Designated Public Policy Project that is determined by the ISO to be eligible under Sections 31.2, 31.3, or 31.4, as applicable. Interregional Transmission Projects identified in accordance with the Interregional Planning Protocol, and that have been accepted in each region’s planning process, shall be eligible for interregional cost allocation and cost recovery, as set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT. The ISO’s share of the cost of an Interregional Transmission Project selected pursuant to this Attachment Y to meet a Reliability Need, constraint(s) on the BPTFs identified in the Economic Planning Process, or a Public Policy Transmission Need shall be eligible for cost allocation consistent with the cost allocation methodology applicable to the type of regional transmission project that would be replaced through the construction of such Interregional Transmission Project.

31.5.2 Cost Allocation Principles Required Under Order No. 1000

31.5.2.1 In compliance with Commission Order No. 1000, the ISO shall implement the specific cost allocation methodology in Section 31.5.3.2, 31.5.4.4, and 31.5.5.4 in accordance with the following Regional Cost Allocation Principles (“Order No. 1000 Regional Cost Allocation Principles”):

**Regional Cost Allocation Principle 1:** The ISO shall allocate the cost of transmission facilities to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. In determining the beneficiaries of transmission facilities, the ISO’s CSPP will consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.

**Regional Cost Allocation Principle 2:** The ISO shall not involuntarily allocate any of the costs of transmission facilities to those that receive no benefit from transmission facilities.

**Regional Cost Allocation Principle 3:** In the event that the ISO adopts a benefit to cost threshold in its CSPP to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, such benefit to cost threshold will not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. If the ISO chooses to adopt such a threshold in its CSPP it will not include a ratio of benefits to costs that exceeds 1.25 unless the ISO justifies and the Commission approves a higher ratio.

**Regional Cost Allocation Principle 4:** The ISO’s allocation method for the cost of a transmission facility selected pursuant to the process in the CSPP shall allocate costs solely within the ISO’s transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. Costs for an Interregional Transmission Project must be assigned only to regions in which the facility is physically located. Costs cannot be assigned involuntarily to another region. The ISO shall not bear the costs of required upgrades in another region.

**Regional Cost Allocation Principle 5:** The ISO’s cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility shall be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility, as consistent with confidentiality requirements set forth in this Attachment Y and the ISO Code of Conduct in Attachment F of the OATT.

**Regional Cost Allocation Principle 6:** The ISO’s CSPP provides a different cost allocation method for different types of transmission facilities in the regional transmission plan and each cost allocation method is set out clearly and explained in detail in this Section 31.5.

31.5.2.2 In compliance with Commission Order No. 1000, the ISO shall implement the specific cost allocation methodology in Section 31.5.7 of this Attachment Y in accordance with the following Interregional Cost Allocation Principles:

**Interregional Cost Allocation Principle 1:** The ISO shall allocate the cost of new Interregional Transmission Projects to each region in which an Interregional Transmission Project is located in a manner that is at least roughly commensurate with estimated benefits of the Interregional Transmission Project in each of the regions. In determining the beneficiaries of Interregional Transmission Projects, the ISO will consider benefits including, but not limited to, those associated with maintaining reliability and sharing reserves, production cost savings and congestion relief, and meeting Public Policy Requirements.

**Interregional Cost Allocation Principle 2:** The ISO shall not involuntarily allocate any of the costs of an Interregional Transmission Project to a region that receives no benefit from an Interregional Transmission Project that is located in that region, either at present or in a likely future scenario.

**Interregional Cost Allocation Principle 3**: In the event that the ISO adopts a benefit-cost threshold ratio to determine whether an Interregional Transmission Project has sufficient net benefits to qualify for interregional cost allocation, this ratio shall not be so large as to exclude an Interregional Transmission Project with significant positive net benefits from cost allocation. If the ISO chooses to adopt such a threshold, they will not include a ratio of benefits to costs that exceeds 1.25 unless the Parties justify and the Commission approves a higher ratio.

**Interregional Cost Allocation Principle 4:** The ISO’s allocation of costs for an Interregional Transmission Project shall be assigned only to regions in which the Interregional Transmission Project is located. The ISO shall not assign costs involuntarily to a region in which that Interregional Transmission Project is not located. The ISO shall, however, identify consequences for other regions, such as upgrades that may be required in a third region. The ISO’s interregional cost allocation methodology includes provisions for allocating the costs of upgrades among the beneficiaries in the region in which the Interregional Transmission Project is located to the transmission providers in such region that agree to bear the costs associated with such upgrades.

**Interregional Cost Allocation Principle 5:** The ISO’s cost allocation methodology and data requirements for determining benefits and identifying beneficiaries for an Interregional Transmission Project shall be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed Interregional Transmission Project, as consistent with the confidentiality requirements set forth in this Attachment Y and the ISO Code of Conduct in Attachment F of the OATT.

**Interregional Cost Allocation Principle 6:** Though Order No. 1000 allows the ISO to provide a different cost allocation methodology for different types of interregional transmission facilities, such as facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements, the ISO has chosen to adopt one interregional cost allocation methodology for all Interregional Transmission Planning Projects. The interregional cost allocation methodology is set out clearly and explained in detail in Section 31.5.7 of this Attachment Y. The share of the cost related to any Interregional Transmission Project assigned to the ISO shall be allocated as described in Section 31.5.7.1.

31.5.3 Regulated Responses to Reliability Needs

31.5.3.1 Cost Allocation Principles

The ISO shall implement the specific cost allocation methodology in Section 31.5.3.2 of this Attachment Y in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1. This methodology shall apply to cost allocation for a regulated transmission solution to a Reliability Need identified in the Reliability Planning Process, including the ISO’s share of the costs of an Interregional Transmission Project proposed as a regulated transmission solution to a Reliability Need identified in the Reliability Planning Process allocated in accordance with Section 31.5.7 of this Attachment Y.

The specific cost allocation methodology in Section 31.5.3.2 incorporates the following elements:

31.5.3.1.1 The focus of the cost allocation methodology shall be on solutions to Reliability Needs.

31.5.3.1.2 Potential impacts unrelated to addressing the Reliability Needs shall not be considered for the purpose of cost allocation for regulated solutions.

31.5.3.1.3 Primary beneficiaries shall initially be those Load Zones or Subzones identified as contributing to the reliability violation.

31.5.3.1.4 The cost allocation among primary beneficiaries shall be based upon their relative contribution to the need for the regulated solution.

31.5.3.1.5 The ISO will examine the development of specific cost allocation rules based on the nature of the reliability violation (*e.g.*, thermal overload, voltage, stability, resource adequacy and short circuit).

31.5.3.1.6 Cost allocation shall recognize the terms of prior agreements among the Transmission Owners, if applicable.

31.5.3.1.7 Consideration should be given to the use of a materiality threshold for cost allocation purposes.

31.5.3.1.8 The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.

31.5.3.1.9 Consideration should be given to the “free rider” issue as appropriate.  The methodology shall be fair and equitable.

31.5.3.1.10 The methodology shall provide cost recovery certainty to investors to the extent possible.

31.5.3.1.11 The methodology shall apply, to the extent possible, to Gap Solutions.

31.5.3.1.12 Cost allocation is independent of the actual triggered project(s), except when allocating cost responsibilities associated with meeting a Locational Minimum Installed Capacity Requirement (“LCR”), and is based on a separate process that results in NYCA meeting its LOLE requirement.

31.5.3.1.13 Cost allocation for a solution that meets the needs of a Target Year assumes that backstop solutions of prior years have been implemented.

31.5.3.1.14 Cost allocation will consider the most recent values for LCRs. LCRs must be met for the Target Year.

31.5.3.2 Cost Allocation Methodology

The cost allocation mechanism under this Section 31.5.3.2 sets forth the basis for allocating costs associated with a Responsible Transmission Owner’s regulated backstop solution or an Other Developer’s or Transmission Owner’s alternative regulated transmission solution selected by the ISO as the more efficient or cost-effective transmission solution to a Reliability Need identified in the Reliability Planning Process.

The formula is not applicable to that portion of a project beyond the size of the solution needed to provide the more efficient or cost effective solution appropriate to the Reliability Need identified in the RNA. Nor is the formula applicable to that portion of the cost of a regulated transmission reliability project that is, pursuant to Section 25.7.12 of Attachment S to the ISO OATT, paid for with funds previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation projects or Class Year Transmission Projects.

This Section 31.5.3.2 establishes the allocation of the costs related to resolving Reliability Needs resulting from resource adequacy, BPTF thermal transmission security, BPTF voltage security, dynamic stability, and short circuit issues. Costs will be allocated in accordance with the following hierarchy: (i) resource adequacy pursuant to Section 31.5.3.2.1, (ii) BPTF thermal transmission security pursuant to Section 31.5.3.2.2, (iii) BPTF voltage security pursuant to Section 31.5.3.2.3, (iv) dynamic stability pursuant to Section 31.5.3.2.4, and (v) short circuit pursuant to Section 31.5.3.2.5.

31.5.3.2.1 Resource Adequacy Reliability Solution Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 31.5.3.2, this section sets forth the cost allocation methodology applicable to that portion of the costs of the solution attributable to resolving resource adequacy. The same cost allocation formula is applied regardless of the project or sets of projects being triggered; however, the nature of the solution set may lead to some terms equaling zero, thereby dropping out of the equation. To ensure that appropriate allocation to the LCR and non-LCR zones occurs, the zonal allocation percentages are developed through a series of steps that first identify responsibility for LCR deficiencies, followed by responsibility for remaining need. The following formula shall apply to the allocation of the costs of the solution attributable to resource adequacy:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | + |  |  | \* |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | + |  |  | \* |  |  |  | \*100% |
|  |  |  |  |  |

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, LCRdefi 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 ≤ 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:

Where *i* is for each applicable LCR zone, LCRdefi 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:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | \* |  |  | \*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 CIdef, 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 CIdef 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:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | \* |  |  | \*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 CIdef 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 busmodeled 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:

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:

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:

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:

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 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 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)N(X)
    - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / (1+D)N(Y)
    - 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) 6.25 = 63.635 Million

PV Cost (Y) = 25/(1+0.075)4.75 = 17.732 Million

Overload X weighting factor = 63.635 / (63.635 + 17.732) = 78.21%

Overload Y weighting factor = 17.732 / (63.635 + 17.732) = 21.79%

* Applying those weighing factors, if:

Subzone A cost allocation for Overload X is 15%

Subzone A cost allocation for Overload Y is 70%

Then:

Subzone A cost allocation % for Project Z =

(15% \* 78.21%) + (70% \* 21.79%) = 26.99%

31.5.3.2.2.9 Exclusion of Subzone(s) Based on De Minimis Impact. If a Subzone is assigned a BPTF thermal transmission security cost allocation less than a *de minimis* dollar threshold of the total project costs, that Subzone will not be allocated costs; *provided however,* that the total *de minimis* Subzones may not exceed 10% of the total BPTF thermal transmission security cost allocation. The *de minimis* threshold is initially $10,000. If the total allocation percentage of all *de minimis* Subzones is greater than 10%, then the *de minimis* threshold will be reduced until the total allocation percentage of all *de minimis* Subzones is less than or equal to 10%.

31.5.3.2.3 BPTF Voltage Security Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 31.5.3.2.1 and BPTF thermal transmission security cost allocation in accordance with Section 31.5.3.2.2, there remains a BPTF voltage security issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the BPTF voltage security issue(s) to the Subzones that contribute to the BPTF voltage security issue(s). The cost responsibility for the portion (MW or MVAr) of the solution attributable to resolving the BPTF voltage security issue(s), defined as SolnBVSdef, will be allocated on a Load-ratio share to each Subzone to which each bus with a voltage issue is connected, as follows:

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:

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:

*AdjLBMPSy,z*, the adjusted LBMP savings for each Load Zone *z* in each year *y*, shall be calculated using the following equation:

Where:

*TLy,z* is the total annual amount of Energy forecasted to be consumed by Load in year *y* in Load Zone *z*;

*By,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

*BCLb,y,z* is the total annual amount of Energy sold into Load Zone *z* in year *y* under bilateral contract block *b*;

*Indb,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*);

*SGy,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*;

*LBMP1y,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

*LBMP2y,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 *NZSz*, the Net Zonal Savings for each Load Zone *z* resulting from a given project, shall be calculated using the following equation:

Where:

*PS* is the year in which the project is expected to enter commercial operation;

*AdjLBMPSy,z* is as calculated in Section 31.5.4.4.2.5;

TCCRevImpacty*,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

*DFy* 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:

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:

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. 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 solutionshall 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 will be eligible for cost allocation for the Designated Public Policy Project 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 is terminated as a result of another Designated Entity defaulting on the development of a separate Designated Public Policy Project that composes 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 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 Developerof any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. The ISO shall apply the cost allocation methodology accepted by the Commission. The cost allocation methodology that is accepted or approved by the Commission for a particular Public Policy Transmission Project in accordance with this Section 31.5.5.4 will be set forth in Appendix E (Section 31.8) of this Attachment Y.

31.5.5.4.1 If the Public Policy Requirement that results in the identification by the NYPSC of a Public Policy Transmission Need prescribes the use of a particular cost allocation and recovery methodology, then the ISO shall file that methodology with the Commission within 60 days of the issuance by the NYPSC of its identification of a Public Policy Transmission Need. Nothing herein shall deprive a Transmission Owner or Other Developer of any rights it may have under Section 205 of the Federal Power Act to submit filings proposing any other cost allocation methodology to the Commission or create any Section 205 filing rights for any Transmission Owner, Other Developer, the ISO, or any other entity. If the Developer files a different proposed cost allocation methodology under Section 205 of the Federal Power Act, it shall have the burden of demonstrating that its proposed methodology is compliant with the Order No. 1000 Regional Cost Allocation Principles taking into account the methodology specified in the Public Policy Requirement.

31.5.5.4.2 Subject to the provisions of Section 31.5.5.4.1, a Designated Entity 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 TransmissionDistrict, the ISO shall bill for LIPA, as a separate charge, the costs incurred byLIPA for a solution to a Public Policy Transmission Need allocated using the costallocation methodology and rates established pursuant to Section 31.5.5.4.5.2 andaccepted for filing by the Commission and shall remit the revenues collected toLIPA each Billing Period in accordance with the ISO’s billing and settlementprocedures.

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, 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 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)N(X)
    - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / (1+D)N(Y)
    - Cost Allocation to Region A = Cost (Z) x PV Cost (X)/[PV Cost (X) + PV Cost (Y)]
    - Cost Allocation to Region B = Cost (Z) x PV Cost (Y)/[PV Cost (X) + PV Cost (Y)]
* Applying those formulas, if:

Cost (X) = $60 Million and N(X) = 8.25 years

Cost (Y) = $40 Million and N(Y) = 4.50 years

Cost (Z) = $80 Million

D = 7.5% per year

Then:

PV Cost (X) = 60/(1+0.075) 8.25 = 33.039 Million

PV Cost (Y) = 40/(1+0.075)4.50 = 28.888 Million

Cost Allocation to Region A = $80 x 33.039/(33.039 + 28.888) = $42,681 Million

Cost Allocation to Region B = $80 x 28.888/(33.039+28.888) = $37.319 Million

31.5.7.2 Other Cost Allocation Arrangements

(a) Except as provided in Section 31.5.7.2(b), the NICAM is the exclusive means by which any costs of an Interregional Transmission Project may be allocated between or among PJM, the ISO, and ISO-NE.

(b) Nothing in the FERC-filed documents of ISO-NE, the ISO or PJM shall preclude agreement by entities with cost allocation rights under Section 205 of the Federal Power Act for their respective regions (including the Long Island Power Authority and the New York Power Authority in the ISO region) to enter into separate agreements to allocate the cost-of Interregional Transmission Projects proposed to be located in their regions as an alternative to the NICAM, or other transmission projects identified pursuant to assessments and studies conducted pursuant to Section 6 of the Interregional Planning Protocol. Such other cost-allocation methodologies must be approved in each region pursuant to the Commission-approved rules in each region, filed with and accepted by the Commission, and shall apply only to the region's share of the costs of an Interregional Transmission Project or other transmission projects pursuant to Section 6 of the Interregional Planning Protocol, as applicable.

31.5.7.3 Filing Rights

Nothing in this Section 31.5.7 will convey, expand, limit or otherwise alter any rights of ISO-NE, the ISO, PJM, each region’s transmission owners, market participants, or other entities to submit filings under Section 205 of the Federal Power Act regarding interregional cost allocation or any other matter.

Where applicable, the regions have been authorized by entities that have cost allocation rights for their respective regions to implement the provisions of this Section 31.5.7.

31.5.7.4. Merchant Transmission and Individual Transmission Owner Projects

Nothing in this Section 31.5.7 shall preclude the development of Interregional Transmission Projects that are funded solely by merchant transmission developers or by individual transmission owners.

31.5.7.5 Consequences to Other Regions from Regional or Interregional Transmission Projects

Except as provided herein in Sections 31.5.7.1 and 31.5.7.2, or where cost responsibility is expressly assumed by ISO-NE, the ISO or PJM in other documents, agreements or tariffs on file with FERC, neither the ISO-NE region, the ISO region nor the PJM region shall be responsible for compensating another region or each other for required upgrades or for any other consequences in another planning region associated with regional or interregional transmission facilities, including but not limited to, transmission projects identified pursuant to Section 6 of the Interregional Planning Protocol and Interregional Transmission Projects identified pursuant to Section 7 of the Interregional Planning Protocol.

31.6 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

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**THIS DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_\_ 20\_\_, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a [corporate description] organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_\_\_\_\_ (“Developer”), and the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”). Developer or NYISO each may be referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS

**WHEREAS,** the NYISO administers the Comprehensive System Planning Process (“CSPP”) in the New York Control Area pursuant to the terms set forth in Attachment Y of the NYISO’s Open Access Transmission Tariff (“OATT”), as accepted by the Federal Energy Regulatory Commission (“FERC”);

**WHEREAS,** as part of the CSPP, the NYISO administers a 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 th**e** Critical Path Milestones. The Developer may extend an Advisory Milestone date upon informing the NYISO of such change; *provided, however*, that if the change to the Advisory Milestone will delay a Critical Path Milestone, the NYISO’s written consent to make such change is required as described in Article 3.3.4.

3.4. Modifications to Transmission Project

The Developer shall not make a Significant Modification to the Transmission Project without the prior written consent of the NYISO, including, but not limited to, modifications necessary for the Developer to obtain required approvals or authorizations from Governmental Authorities. The NYISO’s determination regarding a Significant Modification to the Transmission Project under this Agreement shall be separate from, and shall not replace, the NYISO’s review and determination of material modifications to the Transmission Project under Attachment P of the OATT. The Developer may request that the NYISO review whether a modification to the Transmission Project would constitute a Significant Modification. The Developer shall provide the NYISO with all required information to assist the NYISO in making its determination regarding a Significant Modification and shall be responsible for the costs of any study work the NYISO must perform in making its determination. If the Developer demonstrates to the NYISO’s satisfaction that its proposed Significant Modification: (i) does not impair the Transmission Project’s ability to satisfy the identified Reliability Need, (ii) does not delay the In-Service Date of the Transmission Project beyond the Required Project In-Service Date, and (iii) does not change the grounds upon which the NYISO selected the Transmission Project as the more efficient or cost-effective transmission solution to the identified Reliability Need (if applicable), the NYISO’s consent to the Significant Modification will not be unreasonably withheld, conditioned, or delayed. The NYISO’s performance of this review shall not constitute its consent to delay the completion of any Critical Path Milestone.

3.5. Billing and Payment

The NYISO shall charge, and the Developer shall pay, the actual costs of: (i) any study work performed by the NYISO or its subcontractor(s) under Articles 3.3 and 3.4, or (ii) any assessment of the Transmission Project by the NYISO or its subcontractor(s) under Article 3.7. The NYISO will invoice Developer on a monthly basis for the expenses incurred by the NYISO each month, including estimated subcontractor costs, computed on a time and material basis. The Developer shall pay invoiced amounts to the NYISO within thirty (30) Calendar Days of the NYISO’s issuance of a monthly invoice. In the event the Developer disputes an amount to be paid, the Developer shall pay the disputed amount to the NYISO, pending resolution of the dispute. To the extent the dispute is resolved in the Developer’s favor, the NYISO will net the disputed amount, including interest calculated from Developer’s date of payment at rates applicable to refunds under FERC regulations, against any current amounts due from the Developer and pay the balance to the Developer. This Article 3.5 shall survive the termination, expiration, or cancellation of this Agreement.

3.6. Project Monitoring

The Developer shall provide regular status reports to the NYISO in accordance with the monitoring requirements set forth in the Development Schedule, the Reliability Planning Process Manual and Attachment Y of the OATT.

3.7. Right to Inspect

Upon reasonable notice, the NYISO or its subcontractor shall have the right to inspect the Transmission Project for the purpose of assessing the progress of the development and construction of the Transmission Project and satisfaction of milestones. The exercise or non-exercise by the NYISO or its subcontractor of this right shall not be construed as an endorsement or confirmation of any element or condition of the development or construction of the Transmission Project, or as a warranty as to the fitness, safety, desirability or reliability of the same. Any such inspection shall take place during normal business hours, shall not interfere with the construction of the Transmission Project and shall be subject to such reasonable safety and procedural requirements as the Developer shall specify.

3.8. Exclusive Responsibility of Developer

As between the Parties, the Developer shall be solely responsible for all planning, design, engineering, procurement, construction, installation, management, operations, safety, and compliance with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards associated with the Transmission Project, including, but not limited to, scheduling, meeting Critical Path Milestones and Advisory Milestones, timely requesting review and consent to any project modifications, and obtaining all necessary permits, siting, and other regulatory approvals. The NYISO shall have no responsibility and shall have no liability regarding the management or supervision of the Developer’s development of the Transmission Project or the compliance of the Developer with Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards. The NYISO shall cooperate with the Developer in good faith in providing information to assist the Developer in obtaining all approvals and authorizations from Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date, including, if applicable, information describing the NYISO’s basis for selecting the Transmission Project as the more efficient or cost-effective transmission solution to satisfy an identified Reliability Need.

3.9. Subcontractors

3.9.1. Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided*, however*, that each Party shall require, and shall provide in its contracts with its subcontractors, that its subcontractors comply with all applicable terms and conditions of this Agreement in providing such services; *provided, further,* that each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

3.9.2. The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made.

3.10. No Services or Products Under NYISO Tariffs

This Agreement does not constitute a request for, nor agreement by the NYISO to provide, Transmission Service, interconnection service, Energy, Ancillary Services, Installed Capacity, Transmission Congestion Contracts or any other services or products established under the ISO Tariffs. If Developer wishes to receive or supply such products or services, the Developer must make application to do so under the applicable provisions of the ISO Tariffs, ISO Related Agreements, and ISO Procedures.

3.11. Tax Status

Each Party shall cooperate with the other Party to maintain each Party’s tax status to the extent the Party’s tax status is impacted by this Agreement. Nothing in this agreement is intended to affect the tax status of any Party.

ARTICLE 4. COORDINATION WITH THIRD PARTIES

4.1. Interconnection Requirements for Transmission Project

The Developer shall satisfy all requirements set forth in the Transmission Interconnection Procedures in Attachment P of the OATT applicable to a “Transmission Project” to interconnect the Transmission Project to the New York State Transmission System by the Required Project In-Service Date, including, but not limited to, submitting a Transmission Interconnection Application; participating in all necessary studies; executing, and/or requesting the NYISO to file for FERC acceptance, a Transmission Project Interconnection Agreement; and constructing, or arranging for the construction of, all required Network Upgrade Facilities; *provided, however*, if the Developer began the interconnection process in Attachment X of the OATT or the transmission expansion process in Sections 3.7 or 4.5 of the OATT prior to the effective date of the Transmission Interconnection Procedures, the Developer shall satisfy the requirements of the Transmission Interconnection Procedures in accordance with the transition rules in Section 22.3.3 of Attachment P of the OATT.

If the NYISO determines that the proposed interconnection of a “Transmission Project” under Attachment P could affect the Transmission Project under this Agreement, the Developer shall participate in the Transmission Interconnection Procedures as an Affected System Operator in accordance with the requirements set forth in Section 22.4.4 of Attachment P. If the NYISO determines that the proposed interconnection of a “Large Generating Facility,” “Small Generating Facility,” or “Class Year Transmission Project” under Attachments X or Z of the OATT could affect the Transmission Project, the Developer shall participate in the interconnection process as an Affected System Operator in accordance with the requirements set forth in Section 30.3.5 of Attachment X of the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the Transmission Project, the Developer shall participate in the transmission expansion process as an affected Transmission Owner in accordance with the requirements set forth in Sections 3.7 and 4.5 of the OATT.

4.2. Interconnection with Affected System

If part of the Transmission Project will affect the facilities of an Affected System as determined in Attachment P of the OATT, the Developer shall satisfy the requirements of the Affected System Operator for the interconnection of the Transmission Project.

4.3. Coordination of Interregional Transmission Project

If the Transmission Project is or seeks to become an Interregional Transmission Project selected by the NYISO and by the transmission provider in one or more neighboring transmission planning region(s) to address an identified Reliability Need, the Developer shall coordinate its development and construction of the Transmission Project in New York with its responsibilities in the relevant neighboring transmission planning region(s) and must satisfy the applicable planning requirements of the relevant transmission planning region(s).

ARTICLE 5. OPERATION REQUIREMENTS FOR THE TRANSMISSION PROJECT

If the Developer is a Transmission Owner, the Developer shall comply with the operating requirements set forth in the ISO/TO Agreement. If the Developer is not a Transmission Owner, the Developer shall: (i) execute, and/or obtain a FERC accepted, interconnection agreement for the Transmission Project in accordance with the requirements in Attachment P of the OATT; (ii) satisfy the applicable requirements set forth in the interconnection agreement and ISO Procedures for the safe and reliable operation of the Transmission Project consistent with the Project Description set forth in Appendix A by the In-Service Date, including satisfying all applicable testing, metering, communication, system protection, switching, start-up, and synchronization requirements; (iii) enter into required operating protocols as determined by the NYISO; (iv) register with NERC as a Transmission Owner, be certified as a Transmission Operator unless otherwise agreed by the Parties, and comply with all NERC Reliability Standards and Applicable Reliability Requirements applicable to Transmission Owners and Transmission Operators; and (v) prior to energizing the Transmission Project, execute an operating agreement with the NYISO.

ARTICLE 6. INSURANCE

The Developer shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the NYISO, the following minimum insurance coverages, with insurers authorized to do business in the state of New York and rated “A- (minus) VII” or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

6.1 Workers’ Compensation and Employers’ Liability Insurance providing statutory benefits in accordance with the laws and regulations of New York State under NCCI Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO; *provided, however*, if the Transmission Project will be located in part outside of New York State, Developer shall maintain such Employers’ Liability Insurance coverage with a minimum limit of One Million Dollars ($1,000,000).

6.2 Commercial General **L**iability Insurance – under ISO Coverage Form No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – with minimum limits of Two Million Dollars ($2,000,000) per occurrence/Four Million Dollars ($4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

6.3 Commercial Business Automobile Liability Insurance – under ISO Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO – for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

6.4 Umbrella/Excess Liability Insurance over and above the Employers’ Liability, Commercial General Liability, and Commercial Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars ($25,000,000) per occurrence/Twenty-Five Million Dollars ($25,000,000) aggregate.

6.5 Builder’s Risk Insurance in a reasonably prudent amount consistent with Good Utility Practice.

6.6 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of the Developer shall name the NYISO and its respective directors, officers, agents, servants and employees (“NYISO Parties”) as additional insureds. For Commercial General Liability Insurance, the Developer shall name the NYISO Parties as additional insureds under the following ISO form numbers, as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04 13 (“Additional Insured – Owners, Lessees or Contractors – Completed Operations”) and (ii) (A) ISO Coverage Form No. CG 20 10 04 13 (“Additional Insured – Owner, Lessees or Contractors – Scheduled Person or Organization”), or (B) ISO Coverage Form No. CG 20 26 04 13 (“Additional Insured – Designated Person or Organization”). For Commercial Business Automobile Liability Insurance, the Developer shall name the NYISO Parties as additional insureds under ISO Coverage Form No. CA 20 48 10 13 (“Designated Insured for Covered Autos Liability Coverage”), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

6.7 All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the NYISO Parties and provide thirty (30) Calendar days advance written notice to the NYISO Parties prior to non-renewal, cancellation or any material change in coverage or condition.

6.8 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer’s liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. The Developer shall be responsible for its respective deductibles or retentions.

6.9 The Commercial General Liability Insurance, Commercial Business Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by the Developer and the NYISO.

6.10 The requirements contained herein as to the types and limits of all insurance to be maintained by the Developer are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Developer under this Agreement.

6.11 The Developer shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i) execution of this Agreement, or (ii) the NYISO’s date of filing this Agreement if it is filed unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.

6.12 Notwithstanding the foregoing, the Developer may self-insure to meet the minimum insurance requirements of Articles 6.2 through 6.10 to the extent it maintains a self-insurance program; *provided that*, the Developer’s senior debt is rated at investment grade, or better, by Standard & Poor’s and that its self-insurance program meets the minimum insurance requirements of Articles 6.2 through 6.10. For any period of time that the Developer’s senior debt is unrated by Standard & Poor’s or is rated at less than investment grade by Standard & Poor’s, the Developer shall comply with the insurance requirements applicable to it under Articles 6.2 through 6.11. In the event that the Developer is permitted to self-insure pursuant to this Article 6.12, it shall notify the NYISO that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.11.

6.13 The Developer and the NYISO agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

6.14 Notwithstanding the minimum insurance coverage types and amounts described in this Article 6, the Developer: (i) shall also maintain any additional insurance coverage types and amounts required under Applicable Laws and Regulations, including New York State law, and under Good Utility Practice for the work performed by the Developer and its subcontractors under this Agreement, and (ii) shall satisfy the requirements set forth in Articles 6.6 through 6.13 with regard to the additional insurance coverages, including naming the NYISO Parties as additional insureds under these policies.

ARTICLE 7. BREACH AND DEFAULT

7.1. Breach

A Breach of this Agreement shall occur when: (i) the Developer notifies the NYISO in writing that it will not proceed to develop the Transmission Project for reasons other than those set forth in Articles 8.1(i) through (iv); (ii) the Developer fails to meet a Critical Path Milestone, as the milestone may be extended with the agreement of the NYISO under Article 3.3.4 of this Agreement, set forth in the Development Schedule in Appendix C to this Agreement; (iii) the Developer makes a Significant Modification to the Transmission Project without the prior written consent of the NYISO; (iv) the Developer fails to pay a monthly invoice within the timeframe set forth in Article 3.5; (v) the Developer misrepresents a material fact of its representations and warranties set forth in Article 12; (vi) a Party assigns this Agreement in a manner inconsistent with the terms of Article 10 of this Agreement; (vii) the Developer fails to comply with any other material term or condition of this Agreement; (viii) a custodian, receiver, trustee or liquidator of the Developer, or of all or substantially all of the assets of the Developer, is appointed in any proceeding brought by the Developer; or (ix) any such custodian, receiver, trustee, or liquidator is appointed in any proceeding brought against the Developer that is not discharged within ninety (90) Days after such appointment, or if the Developer consents to or acquiesces in such appointment. A Breach shall not occur as a result of a Force Majeure event in accordance with Article 15.5. A Breach shall also not occur as a result of a delay caused by a Connecting Transmission Owner or an Affected System Operator.

7.2. Default

Upon a Breach, the non-Breaching Party shall give written notice of the Breach to the Breaching Party describing in reasonable detail the nature of the Breach and, where known and applicable, the steps necessary to cure such Breach, including whether and what such steps must be accomplished to complete the Transmission Project by the Required Project In-Service Date. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice to cure the Breach, or such other period of time as may be agreed upon by the Parties, which agreement the NYISO will not unreasonably withhold, condition, or delay if it determines a longer cure period will not threaten the Developer’s ability to complete the Transmission Project by the Required Project In-Service Date; *provided, however*, that if the Breach is the result of a Developer’s inability or failure to meet a Critical Path Milestone, the Developer may only cure the Breach if either: (i) it meets the Critical Path Milestone within the cure period and demonstrates to the NYISO’s satisfaction that, notwithstanding its failure to timely meet the Critical Path Milestone, the Transmission Project will achieve its In-Service Date no later than the Required Project In-Service Date, or (ii) the Developer requests in writing within the cure period, and the NYISO consents to, a change to the missed Critical Path Milestone in accordance with Article 3.3.4. If the Breach is cured within such timeframe, the Breach specified in the notice shall cease to exist. If the Breaching Party does not cure its Breach within this timeframe or cannot cure the Breach in a manner that provides for the Transmission Project to be completed by the Required Project In-Service Date, the non-Breaching Party shall have the right to declare a Default and terminate this Agreement pursuant to Article 8.1.

7.3. Remedies

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled: (i) to commence an action to require the defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; and (ii) to exercise such other rights and remedies as it may have in equity or at law; *provided, however*, the defaulting Party’s liability under this Agreement shall be limited to the extent set forth in Article 9.1. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. This Article 7.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 8. TERMINATION

8.1. Termination by the NYISO

The NYISO may terminate this Agreement by providing written notice of termination to the Developer in the event that: (i) the Transmission Project is not triggered pursuant to Section 31.2.8.1.1 of Attachment Y of the OATT or is halted pursuant to Sections 31.2.8.2.1 or 31.2.8.2.2, as applicable, of Attachment Y of the OATT; (ii) the Developer notifies the NYISO that it is unable to or has not received the required approvals or authorizations by Governmental Authorities required to develop, construct, and operate the Transmission Project by the Required Project In-Service Date; (iii) the Developer notifies the NYISO that its required approvals or authorizations by Governmental Authorities have been withdrawn by the Governmental Authorities; (iv) the Developer cannot complete the Transmission Project by the Required Project In-Service Date for any reason: (A) including the occurrence of a Force Majeure event that will prevent the Developer from completing the Transmission Project by the Required Project In-Service Date, but (B) excluding a delay caused by a Connecting Transmission Owner or an Affected System Operator; or (v) the NYISO declares a default pursuant to Article 7.2 of this Agreement.

The NYISO will provide the written notice of termination to the Developer within fifteen (15) Business Days of its determination under Article 8.1(i), which notice will specify the date of termination. If the NYISO identifies grounds for termination under Articles 8.1(iv) or (v) or receives notice from the Developer under Articles 8.1(ii) or (iii), the NYISO may, prior to providing a written notice of termination, take action in accordance with Section 31.2.10.1.3 of Attachment Y of the OATT to address the Reliability Need and, notwithstanding the confidentiality provisions in Article 11.2, may disclose information regarding the Transmission Project to Governmental Authorities as needed to implement such action. If the NYISO decides to terminate this Agreement under Article 8.1(ii), (iii), (iv), or (v), it will provide written notice of termination to the Developer, which notice will specify the date of termination. If the Agreement was filed and accepted by FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO will, following its provision of a notice of termination to the Developer, promptly file with FERC for its acceptance a notice of termination of this Agreement.

In the event of termination under Articles 8.1(i), (ii), or (iii), the Developer may be eligible for cost recovery under the OATT in the manner set forth in Attachment Y and Schedule 10 of the OATT. In the event of termination under Articles 8.1(iv) or (v), cost recovery may be permitted as determined by FERC. In the event of termination for any reason under this Article 8.1, the Developer shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of termination and any transfer or winding up of the Transmission Project.

8.2. Reporting of Inability to Comply with Provisions of Agreement

Notwithstanding the notification requirements in Article 3 and this Article 8 of this Agreement, each Party shall notify the other Party promptly upon the notifying Party becoming aware of its inability to comply with any provision of this Agreement. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply.

8.3. Transmission Project Transfer Rights Upon Termination

If the Transmission Project was proposed as an alternative regulated transmission solution that was selected by the NYISO as the more efficient or cost-effective transmission solution to a Reliability Need and the NYISO terminates this Agreement pursuant to Article 8.1, the NYISO shall have the right, but shall not be required, to request an entity other than the Developer to complete the Transmission Project. The NYISO may exercise this right by providing the Developer with written notice within sixty (60) days after the date on which this Agreement is terminated. If the NYISO exercises its right under this Article 8.3 and Section 31.2.10.1.3 of Attachment Y of the OATT, the Developer shall work cooperatively with the NYISO’s designee pursuant to the requirements set forth in Section 31.2.10.1.4 of Attachment Y of the OATT to implement the transition, including entering into good faith negotiations with the NYISO’s designee to transfer the Transmission Project to the NYISO’s designee. All liabilities under this Agreement existing prior to such transfer shall remain with the Developer, unless otherwise agreed upon by the Developer and the NYISO’s designee as part of their good faith negotiations regarding the transfer. This Article 8.3 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 9. LIABILITY AND INDEMNIFICATION

9.1. Liability

Notwithstanding any other provision in the NYISO’s tariffs and agreements to the contrary, neither Party shall be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability, or otherwise, to the Other Party or any Transmission Owner, NYISO Market Participant, third party or any other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys’ fees and litigation costs), punitive, special, multiple, exemplary, or indirect damages arising or resulting from any act or omission under this Agreement, except in the event the Party is found liable for gross negligence or intentional misconduct in the performance of its obligations under this Agreement, in which case the Party’s liability for damages shall be limited only to direct actual damages. This Article 9.1 shall survive the termination, expiration, or cancellation of this Agreement.

9.2. Indemnity

Notwithstanding any other provision in the NYISO’s tariffs and agreements to the contrary, each Party shall at all times indemnify and save harmless, as applicable, the other Party, its directors, officers, employees, trustees, and agents or each of them from any and all damages (including, without limitation, any consequential, incidental, direct, special, indirect, exemplary or punitive damages and economic costs), losses, claims, including claims and actions relating to injury to or death of any person or damage to property, liabilities, judgments, demands, suits, recoveries, costs and expenses, court costs, attorney and expert fees, and all other obligations by or to third parties, arising out of, or in any way resulting from this Agreement, *provided, however*, that the Developer shall not have any indemnification obligation under this Article 9.2 with respect to any loss to the extent the loss results from the gross negligence or intentional misconduct of the NYISO; *provided, further*, that the NYISO shall only have an indemnification obligation under this Article 9.2 with respect to any loss resulting from its gross negligence or intentional misconduct to the same extent as provided in Section 2.11.3(b) of the ISO OATT. This Article 9.2 shall survive the termination, expiration, or cancellation of this Agreement.

ARTICLE 10. ASSIGNMENT

This Agreement may be assigned by a Party only with the prior written consent of the other Party; *provided that*:

(i) any Change of Control shall be considered an assignment under this Article 10 and shall require the other Party’s prior written consent;

(ii) an assignment by the Developer shall be contingent upon the Developer or assignee demonstrating to the satisfaction of the NYISO prior to the effective date of the assignment that: (A) the assignee has the technical competence, financial ability, and materials, equipment, and plans to comply with the requirements of this Agreement and to construct and place in service the Transmission Project by the Required Project In-Service Date consistent with the assignor’s cost estimates for the Transmission Project; and (B) the assignee satisfies the requirements for a qualified developer pursuant to Section 31.2.4.1.1 of Attachment Y of the OATT; and

(iii) the Developer shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Transmission Project and shall promptly notify the NYISO of any such assignment; *provided, however*, that such assignment shall be subject to the following: (i) prior to or upon the exercise of the secured creditor’s, trustee’s, or mortgagee’s assignment rights pursuant to said arrangement, the secured creditor, the trustee, or the mortgagee will notify the NYISO of the date and particulars of any such exercise of assignment right(s), and (ii) the secured creditor, trustee, or mortgagee must demonstrate to the satisfaction of the NYISO that any entity that it proposes to complete the Transmission Project meets the requirements for the assignee of a Developer described in Article 10(ii).

For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement, including the insurance requirements in Article 6 of this Agreement. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party’s obligations be enlarged, in whole or in part, by reasons thereof, absent the written consent of the other Party. Where required, consent to assignment will not be unreasonably withheld, conditioned, or delayed. Any attempted assignment that violates this Article 10 is void and ineffective, is a Breach of this Agreement under Article 7.1 and may result in the termination of this Agreement under Articles 8.1 and 7.2.

ARTICLE 11. INFORMATION EXCHANGE AND CONFIDENTIALITY

11.1. Information Access

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement and Attachment Y of the OATT. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement or Attachment Y of the OATT.

11.2. Confidentiality

11.2.1 Confidential Information shall mean: (i) all detailed price information and vendor contracts; (ii) any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated “Confidential Information”; and (iii) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F of the OATT; *provided, however*, that Confidential Information does not include information: (i) in the public domain or that has been previously publicly disclosed; (ii) required by an order of a Governmental Authority to be publicly submitted or divulged (after notice to the other Party); or (iii) necessary to be divulged in an action to enforce this Agreement.

11.2.2 The NYISO shall treat any Confidential Information it receives in accordance with the requirements of the NYISO Code of Conduct contained in Attachment F of the OATT. If the Developer receives Confidential Information, it shall hold such information in confidence, employing at least the same standard of care to protect the Confidential Information obtained from the NYISO as it employs to protect its own Confidential Information. Each Party shall not disclose the other Party’s Confidential Information to any third party or to the public without the prior written authorization of the Party providing the information, except: (i) to the extent required for the Parties to perform their obligations under this Agreement, the ISO Tariffs, ISO Related Agreements, or ISO Procedures, or (ii) to fulfill legal or regulatory requirements, provided that if the Party must submit the information to a Governmental Authority in response to a request by the Governmental Authority on a confidential basis, the Party required to disclose the information shall request under applicable rules and regulations that the information be treated as confidential and non-public by the Governmental Authority.

ARTICLE 12. REPRESENTATIONS, WARRANTIES, AND COVENANTS

12.1. General

The Developer makes the following representations, warranties, and covenants, which are effective as to the Developer during the full time this Agreement is effective:

12.2. Good Standing

The Developer is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable. The Developer is qualified to do business in the state or states in which the Transmission Project is located. The Developer has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and to perform and carry out covenants and obligations on its part under and pursuant to this Agreement.

12.3. Authority

The Developer has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors’ rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

12.4. No Conflict

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Developer, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the Developer or any of its assets.

12.5. Consent and Approval

The Developer has sought or obtained, or, in accordance with this Agreement will seek or obtain, such consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

12.6. Compliance with All Applicable Laws and Regulations

The Developer will comply with all Applicable Laws and Regulations, including all approvals, authorizations, orders, and permits issued by any Governmental Authority; all Applicable Reliability Requirements, and all applicable Transmission Owner Technical Standards in the performance of its obligations under this Agreement.

ARTICLE 13. DISPUTE RESOLUTION

If a dispute arises under this Agreement, the Parties shall use the dispute resolution process described in Article 11 of the NYISO’s Services Tariff, as such process may be amended from time to time. Notwithstanding the process described in Article 11 of the NYISO’s Services Tariff, the NYISO may terminate this Agreement in accordance with Article 8 of this Agreement.

ARTICLE 14. SURVIVAL

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The remedies and rights and obligation upon termination provisions in Articles 7.3 and 8.3 of this Agreement, the liability and indemnity provisions in Article 9, and the billing and payment provisions in Article 3.5 of this Agreement shall survive termination, expiration, or cancellation of this Agreement.

ARTICLE 15. MISCELLANEOUS

15.1. Notices

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

NYISO:

[Insert contact information.]

Developer:

[Insert contact information.]

15.2. Entire Agreement

Except as described below in this Section 15.2, this Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings of agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party’s compliance with its obligation under this Agreement.

Notwithstanding the foregoing, this Agreement is in addition to, and does not supersede or limit the Developer’s and NYISO’s rights and responsibilities, under any interconnection agreement(s) entered into by and among the NYISO, Developer, and Connecting Transmission Owner(s) for the Transmission Project to interconnect to the New York State Transmission System, as such interconnection agreements may be amended, supplemented, or modified from time to time.

15.3. Cost Recovery

The Developer may recover the costs of the Transmission Project in accordance with the cost recovery requirements in the ISO Tariffs and, if the Developer is the Responsible Transmission Owner, the ISO Tariffs and the ISO/TO Reliability Agreement.

15.4. Binding Effect

This Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

15.5. Force Majeure

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing as soon as reasonably practicable after the occurrence of the Force Majeure event and no later than the timeframe set forth in Article 3.3.3(i) if the Force Majeure event will result in a potential delay for the Developer to meet a Critical Path Milestone. If the notifying Party is the Developer, it shall indicate in its notice whether the occurrence of a Force Majeure event has the potential to delay its meeting one or more Critical Path Milestones and/or completing the Transmission Project by the Required Project In-Service Date. If the Force Majeure will delay the Developer’s ability to meet one or more Critical Path Milestones, the Developer shall request with its notice a change to the impacted milestones in accordance with the requirements in Section 3.3.4 and must satisfy the requirements in Section 3.3.4 to change any Critical Path Milestones. A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any failure to perform any obligation under this Agreement to the extent that such failure is due to Force Majeure and will not delay the Developer’s ability to complete the Transmission Project by the Required Project In-Service Date. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises reasonable efforts to alleviate such situation. As soon as the nonperforming Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party. In the event that Developer will not be able to complete the Transmission Project by the Required Project In-Service Date because of the occurrence of Force Majeure, the NYISO may terminate this Agreement in accordance with Section 8.1 of this Agreement.

15.6. Disclaimer

Except as provided in this Agreement, the Parties make no other representations, warranties, covenants, guarantees, agreements or promises regarding the subject matter of this Agreement.

15.7. No NYISO Liability for Review or Approval of Developer Materials

No review or approval by the NYISO or its subcontractor(s) of any agreement, document, instrument, drawing, specifications, or design proposed by the Developer nor any inspection carried out by the NYISO or its subcontractor(s) pursuant to this Agreement shall relieve the Developer from any liability for any negligence in its preparation of such agreement, document, instrument, drawing, specification, or design, or its carrying out of such works; or for its failure to comply with the Applicable Laws and Regulations, Applicable Reliability Requirements, and Transmission Owner Technical Standards with respect thereto, nor shall the NYISO be liable to the Developer or any other person by reason of its or its subcontractor’s review or approval of an agreement, document, instrument, drawing, specification, or design or such inspection.

15.8. Amendment

The Parties may by mutual agreement amend this Agreement, including the Appendices to this Agreement, by a written instrument duly executed by both of the Parties. If the Agreement was filed and accepted by FERC pursuant to Section 31.2.8.1.6 of Attachment Y of the OATT, the NYISO shall promptly file the amended Agreement for acceptance with FERC.

15.9. No Third Party Beneficiaries

With the exception of the indemnification rights of the NYISO’s directors, officers, employees, trustees, and agents under Article 9.2, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and their permitted assigns.

15.10. Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

15.11. Rules of Interpretation

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person’s successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement, such Appendix to this Agreement, or such Section of this Agreement, as the case may be; (6) “hereunder”, “hereof’, “herein”, “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

15.12. Severability

Each provision of this Agreement shall be considered severable and if, for any reason, any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision should be replaced with valid and enforceable provision or provisions that otherwise give effect to the original intent of the invalid, void, or unenforceable provision.

15.13. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

15.14. No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or otherwise bind, any other Party.

15.15. Headings

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

15.16. Governing Law

This Agreement shall be governed, as applicable, by: (i) the Federal Power Act, and (ii) the substantive law of the State of New York, without regard to any conflicts of laws provisions thereof (except to the extent applicable, Sections 5-1401 and 5-1402 of the New York General Obligations Law).

15.17. Jurisdiction and Venue

Any legal action or judicial proceeding regarding a dispute arising out of or relating to this Agreement or any performance by either Party pursuant thereto that: (i) is within the primary or exclusive jurisdiction of FERC shall be brought in the first instance at FERC, or (ii) is not within the primary or exclusive jurisdiction of FERC shall be brought in, and fully and finally resolved in, either, as applicable, the courts of the State of New York situated in Albany County, New York or the United States District Court of the Northern District of New York situated in Albany, New York.

**IN WITNESS WHEREFORE,** the Parties have executed this Agreement in duplicate originals, each of which shall constitute an original Agreement between the Parties.

NYISO

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[Insert name of Developer]

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Appendix A – Project Description

Appendix B – Scope of Work

Appendix C – Development Schedule

[To be prepared by Developer consistent with the Developer’s project information submission, pursuant to Attachment C of the Reliability Planning Process Manual, and subject to acceptance by the NYISO, as required by Article 3.3 of this Agreement.]

The Developer shall demonstrate to the NYISO that it timely meets the following Critical Path Milestones and Advisory Milestones and that such milestones remain in good standing.

**Critical Path Milestones:** *[To be developed with consideration of each of the work plan requirements submitted by the Developer pursuant to Attachment C to the Reliability Planning Process Manual and presented herein according to the sequence of the critical path. The NYISO anticipates that the Developer’s critical path schedule will include many of the example milestones set forth below and that most of the other example milestones will be included as Advisory Milestones. The composition and sequence of the Critical Path Milestones will differ depending on the Developer’s Transmission Project and schedule.*]

**Advisory Milestones:** [*To include in Development Schedule other milestones (e.g., periodic project review meetings) that are not determined to be on the critical path, but that will be monitored by the Developer and reported to NYISO.*]

[Example Milestones:

• Interconnection studies (e.g. Optional Feasibility Study, System Impact Study, Facilities Study)

• Siting activities (e.g. locating line routing, access roads, and substation site location options)

• Environmental impact studies (relative to siting options)

• Engineering (initial)

• Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)

• Public outreach plan

• Initiation of negotiation of key contracts and financing

• Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals

• Closing of project financing

• Completion of key contracts

• Engineering (detailed)

• Procurement of major equipment and materials

• Environmental management & construction plan (for Article VII certification)

• Acquisition of [all or %] required rights of way and property / demonstration of site control

• Surveying and geotechnical assessment (relative to line and station layouts)

• Execution, or filing of unexecuted version, of interconnection agreement

• Engineering (completed)

• Delivery of major electrical equipment

• Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.

• Construction outage and restoration coordination plan

• Completion, verification and testing

• Operating and maintenance agreements and instructions

• In-Service Date

• Required Project In-Service Date]

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Appendices

**THIS DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_\_ 20\_\_, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a [corporate description] organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_\_\_\_\_ (“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 (“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 (“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.

**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 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, 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: (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 (ii) for which the Designated Entity was designated to develop and place into service.

**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 by which the Designated Project must be constructed and operating, which date 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 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, 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. 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 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 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 related to the Transmission Project certifying its capability to complete its Designated Public Policy Project 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 related to the Transmission Project being developed by another Designated Entity by any required in-service date for the other Designated Public Policy Project 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 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 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 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 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 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 related to the Transmission Project, certifies that the proposed modification will not materially impact the development of such other Designated Public Policy Projects. 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 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 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 in Section 30.3.5 of Attachment X of the OATT. If the NYISO determines that a proposed transmission expansion under Sections 3.7 and 4.5 of the OATT could affect the 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 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 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 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 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 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 Project to the NYISO’s designee. 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 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 (e.g. Optional Feasibility Study, System Impact Study, Facilities Study)

• Siting activities (e.g. locating line routing, access roads, and substation site location options)

• Environmental impact studies (relative to siting options)

• Engineering (initial)

• Permitting and regulatory activities (e.g. Certificate of Environmental Compatibility and Public Need)

• Public outreach plan

• Initiation of negotiation of key contracts and financing

• Acquisition of all necessary approvals and authorizations of Governmental Authorities, including identification of all required regulatory approvals

• Closing of project financing

• Completion of key contracts

• Engineering (detailed)

• Procurement of major equipment and materials

• Environmental management & construction plan (for Article VII certification)

• Acquisition of [all or %] required rights of way and property / demonstration of site control

• Surveying and geotechnical assessment (relative to line and station layouts)

• Execution, or filing of unexecuted version, of interconnection agreement

• Engineering (completed)

• Delivery of major electrical equipment

• Line and substation site work including milestones for foundations, towers, conductor stringing, equipment delivery and installation, substation controls and communication, security, etc.

• Construction outage and restoration coordination plan

• Completion, verification and testing

• Operating and maintenance agreements and instructions

• In-Service Date

• Required 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:

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;

= the forecasted coincident summer peak demand in Load Zone z and year y; and

= 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:

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;

= forecasted load LBMP cost for Load Zone z in year y assuming the AC Transmission Project is not in service;

= forecasted load LBMP cost for Load Zone z in year y assuming the AC Transmission Project is in service;

= 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:

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:

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.

|  |  |  |
| --- | --- | --- |
| **TABLE – Western New York Public Policy Transmission Need** | | |
|  | 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**

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**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. 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**  By:  Title:  Date: | **[Insert name of Requestor]**  By:  Title:  Date: |

**ATTACHMENT A**

**SCOPE OF WORK AND DELIVERABLES FOR THE**

**REQUESTED ECONOMIC PLANNING STUDY**

**[TBD]**

**[TBD]**

**[TBD]**

**ATTACHMENT B**

**HOURLY RATES FOR PERSONNEL WORKING ON THE**

**REQUESTED ECONOMIC PLANNING STUDY**

|  |  |
| --- | --- |
| **Position** | **Hourly Rate** |
|  |  |
|  |  |
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|  |  |
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|  |  |

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 a 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.

**“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

The Parties share a joint IROL related to transfers related to the interconnecting transmission lines between their respective Reliability Coordinator Areas and Balancing Authority Areas. This IROL is adhered to in order to maintain acceptable steady-state and transient performance of the NYISO and PJM 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 Standards Authority Standards. Both Parties will take coordinated corrective actions to avoid a violation of the IROL. If a violation occurs, actions will be taken to clear the violation 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.

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 andNYISO 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:

35.7.1.1Information 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: 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)N(X)
* Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / (1+D)N(Y)
* Cost Allocation to Region A = Cost (Z) x PV Cost (X)/[PV Cost (X) + PV Cost (Y)]
* Cost Allocation to Region B = Cost (Z) x PV Cost (Y)/[PV Cost (X) + PV Cost (Y)]
* Applying those formulas, if:

Cost (X) = $60 Million and N(X) = 8.25 years

Cost (Y) = $40 Million and N(Y) = 4.50 years

Cost (Z) = $80 Million

D = 7.5% per year

Then:

PV Cost (X) = 60/(1+0.075)8.25 = 33.039 Million

PV Cost (Y) = 40/(1+0.075)4.50 = 28.888 Million

Cost Allocation to Region A = $80 x 33.039/(33.039 + 28.888) = $42.681 Million

Cost Allocation to Region B = $80 x 28.888/(33.039 + 28.888) = $37.319 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.

35.11.1.1Under 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

35.13.1.1Both 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.

35.13.1.2When there is a transaction scheduling conflict, the Parties will work to modify the schedule as soon as practical.

35.13.1.3The 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 Indemnitee caused bodily injury to an employee of Third Party due to gross negligence, recklessness, or willful conduct of the Indemnifying Party.

(d) The Indemnitee shall give Notice to the Indemnifying Party as soon as reasonably practicable after the Indemnitee 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 Indemnitee. A delay or failure of the Indeminitee 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 Indemnitee 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 BoulevardAudubon, 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. For *Operational Control* purposes, the point of demarcation for each of the *Interconnection Facilities* listed below is the point at which each *Interconnection Facility* crosses the PJM-New York State boundary, except as noted below.

The PJM-NYISO *Interconnection* contains twenty-five (25) alternating current (“AC”) *Interconnection Facilities,* seven (7) of which form one (1) AC pseudo-tie[[1]](#footnote-0); and further contains two (2) HVDC *Interconnection Facilities* as well as one (1) *Variable Frequency Transformer (VFT).* These are tabulated below:

**NY/PJM *Interconnection Facilities*:**

**PJM NYISO Designated (kV) Common Meter Point(s)**

Hopatcong Ramapo 5018 500 Ramapo

Cresskill Sparkill 751 69 Cresskill

E. Sayre N. Waverly 956 115 E. Sayre

E. Towanda Hillside 70 230 Hillside

Erie East South Ripley 69 230 South Ripley

Harings Corners Corporate Drive 703 138 Harings

Harings Corners Pearl River 45 34 Harings

Harings Corners W. Nyack 701 69 Harings

Mainesburg Watercure 30 345 Mainesburg

Homer City Mainesburg 47 345 Homer &Mainesburg

Pierce Brook Five Mile Rd. 37 345 Pierce Brook

Homer City Pierce Brook 48 345 Homer & Pierce Brook

Marion Farragut C3403 345 Farragut

Hudson Farragut B3402 345 Farragut

Linden Goethals A2253 230 Goethals

Linden VFT Linden Cogen VFT 345 Linden VFT

Montvale Pearl River 491 69 Montvale

Montvale Blue Hill 44 69 Montvale

Montvale Blue Hill 43 69 Montvale

S. Mahwah Hilburn 65 69 S. Mahwah

S. Mahwah S. Mahwah BK 258 138/345 S. Mahwah

S. Mahwah Ramapo 51 138 S. Mahwah

Waldwick S. Mahwah J3410 345 Waldwick

Waldwick S. Mahwah K3411 345 Waldwick

Tiffany Goudey 952 115 Goudey

Warren Falconer 171 115 Warren

RECO NYISO AC Pseudo-Tie Various O&R EMS

Sayerville Newbridge HVDC-Tie 500 Newbridge

Bergen West 49th HVDC-Tie Y56 345 Bergen

**NY/PJM Interfaces at which NYISO and PJM are Authorized to Consider CTS Interface Bids:**

|  |  |  |  |
| --- | --- | --- | --- |
| **PJM Interface Name** | **PNODE ID** | **Corresponding NYISO Proxy Generator Buses[[2]](#footnote-1)** | **PTID** |
| 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 |
| 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  
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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.

, for each RTO load zone

Where:

zone = the relevant RTO load zone;

Zonal\_Total\_Loadzone = the sum of the RTO’s load and transmission losses for the zone;

Loadzone = the load within the zone; and

Losseszone = 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:

Where:

zone = the relevant RTO load zone;

scheduled\_line = each of the Transmission Facilities identified in Table 1 below;

Zonal\_Reduced\_Loadzone = 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\_Loadzone = the sum of the RTO’s load and transmission losses for the zone; and

Import\_Schedulesscheduled\_line,zone = 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 of 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).

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\_Loadzone = 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.

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\_Schedulesproxy = the sum of import schedules at a given proxy.

Next, calculate the Zonal Load weighting factor for each RTO load zone:

Where:

zone = the relevant RTO load zone;

Zonal\_Weightingzone = 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\_Loadzone = 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:

Where:

zone = the relevant RTO load zone;

Zonal\_Final\_Loadzone = the final RTO load served by internal RTO generation in the zone;

Zonal\_Weightingzone = 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:

Where:

Flowgate-m = the relevant flowgate;

zone = the relevant RTO load zone;

RTO\_LSFFlowgate-m = the load shift factor for the entire RTO footprint on Flowgate m;

LSF(zone,Flowgate-m) = the load shift factor for the RTO zone on Flowgate m;

Zonal\_Final\_Loadzone = 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:

, for each RTO load zone

Where:

zone = the relevant RTO load zone;

unit = the relevant generator;

RTO\_Genzone = the sum of the RTO’s generation in a zone; and

Genunit,zone = 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:

Where:

zone = the relevant RTO load zone;

scheduled\_line = each of the Transmission Facilities identified in Table 1 above;

RTO\_Reduced\_Genzone = the sum of the RTO’s generation in a zone reduced by the sum of export schedules over scheduled lines from the zone;

RTO\_Genzone = the sum of the RTO’s generation in a zone; and

Export\_Schedulesscheduled\_line,zone = 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.

Where:

unit = the relevant generator;

zone = the relevant RTO load zone;

Genunit,zone = the real-time output of the unit in a given zone;

Reduced Genunit = each unit’s real-time output after reducing the RTO\_Net\_Gen by the real-time export schedules over scheduled lines;

RTO\_Reduced\_Genzone = 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\_Genzone = 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.

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\_Genzone = the sum of the RTO’s generation in a zone reduced by the sum of export schedules over scheduled lines from the zone.

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\_Schedulesproxy = the sum of export schedules at a given proxy.

Finally, weight each generator’s output by the reduced RTO generation:

Where:

unit = the relevant generator;

Gen\_Finalunit = the portion of each unit’s output that is serving the RTO Net Load;

Reduced Genunit = 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:

Where:

Flowgate-m = the relevant flowgate;

unit = the relevant generator;

RTO\_GTLFlowgate-m = the generation to load flow for the entire RTO footprint on Flowgate m;

Gen\_Finalunit = 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\_LSFFlowgate-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 provide to PJM notice of any new or deleted non-common scheduling points prior to implementing such changes in its M2M software. | non-common | NYISO |

Where:

sched\_pt = the relevant scheduling point. A scheduling point can be either a proxy or a scheduled line;

RTO\_Transferssched\_pt = the net interchange schedule at a scheduling point;

Importssched\_pt = the import component of the interchange schedule at a scheduling point;

WheelsInsched\_pt = the injection of wheels-through component of the interchange schedule at a scheduling point;

Exportssched\_pt = the export component of the interchange schedule at a scheduling point; and

WheelsOutsched\_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.

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\_TransfersFlowgate-m = the flow on Flowgate m due to the net interchange schedule at the non-common scheduling point;

RTO\_Transfersnc\_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.

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\_TransfersFlowgate-m = the flow on Flowgate m due to interchange schedules on the common scheduling point;

RTO\_Transferscmn\_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:

Where:

par = each of the phase angle regulators listed in Table 4, above;

PAR\_Controlpar = the flow deviation on each of the PARs;

Actual\_MWpar = the actual flow on each of the PARs, determined consistent with Table 4 above; and

Target\_MWpar = 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\_Controlpar MWs calculated above:

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\_ControlFlowgate-m = the sum of flow on Flowgate m after accounting for the operation of common PARs;

PSF(cmn\_par,Flowgate-m) = the PSF of each of the common PARs on Flowgate m; and

PAR\_Controlcmn\_par = 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:

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\_MFFlowgate-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\_GTLcmn\_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\_Transferscmn\_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:

Where:

Flowgate-m = the relevant flowgate;

Cmn\_PAR\_ImpactFlowgate-m = potential flow on Flowgate m that is affected by the operation of the common PARs;

Cmn\_PAR\_MFFlowgate-m = the sum of flow on Flowgate m due to the generation to load and interchange schedules on the common PARs; and

Cmn\_PAR\_ControlFlowgate-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:

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\_ControlFlowgate-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\_Controlnc\_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:

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\_MFFlowgate-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\_GTLnc\_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\_Transfersnc\_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:

Where:

Flowgate-m = the relevant flowgate;

NC\_PAR\_ImpactFlowgate-m = the potential flow on Flowgate m that is affected by the operation of non-common PARs;

NC\_PAR\_MFFlowgate-m = the sum of flow on Flowgate m due to the generation to load and interchange schedules on the non-common PARs; and

NC\_PAR\_ControlFlowgate-m = 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:

Where:

Flowgate-m = the relevant flowgate;

PAR\_ImpactFlowgate-m = the flow on Flowgate m that is affected after accounting for the operation of both common and non-common PARs;

Cmn\_PAR\_ImpactFlowgate-m = potential flow on Flowgate m that is affected by the operation of the common PARs; and

NC\_PAR\_ImpactFlowgate-m = 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:

Where:

Flowgate-m = the relevant flowgate;

RTO\_MFFlowgate-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\_GTLFlowgate-m = the generation to load flow for the entire RTO footprint on Flowgate m;

Parallel\_TransfersFlowgate-m = the flow on Flowgate m caused by interchange schedules that are not jointly scheduled by the participating RTOs;

Shared\_TransfersFlowgate-m = the flow on Flowgate m caused by interchange schedules that are jointly scheduled by the participating RTOs; and

PAR\_ImpactFlowgate-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 settlementobligations 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.**

* 1. 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.

* 1. 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:

Where:

Flowgate-m = the relevant Flowgate;

MICH-OH Path = each of the four PAR paths connecting Michigan to Ontario, Canada;

MICH-OH\_PAR\_ImpactFlowgate-m = the expected impact of the operation of the PARs at the Michigan-Ontario border on the flow on Flowgate m;

PSF(MICH-OH Path,Flowgate-m) = the PSF of each of the four Michigan-Ontario PAR paths on Flowgate m;

RTO\_MFMICH-OH Path = 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.

Where:

Flowgate-m = the relevant flowgate;

MICH-OH Path = each of the four PAR paths connecting Michigan to Ontario, Canada;

MICH-OH\_PAR\_ImpactFlowgate-m = the expected impact of the operation of the PARs at the Michigan-Ontario border on the flow on Flowgate m;

RTO\_MFFlowgate-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; and

LEC Adjusted Market FlowFlowgate-m = 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:
3. 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
4. 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.

1. 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:
2. 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
3. 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:

* 1. The Non-Monitoring RTO refuses to activate redispatch coordination:
     1. The Non-Monitoring RTO notifies the Monitoring RTO of the reason for refusal; and
     2. The M2M State is set to “Refused”; or
  2. The Non-Monitoring RTO agrees to activate redispatch coordination:
     1. Such an agreement shall be considered an initiation of the redispatch process; and
     2. The M2M State is set to “Activated”.
     3. 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

1. Notify the Non-Monitoring RTO; and
2. 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:

Where:

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.

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.

The MW value of OBF distributed across each of the in-service ABC PARs and Waldwick 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 Waldwick 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 Waldwick PAR when all of the ABC PARs and Waldwick 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.

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:

Where:

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;

Set of NY-NJ PAR Coordinated Flowgates for the relevant participating RTO;

The PSF for each NY-NJ PAR on NY-NJ PAR Coordinated Flowgate–m; and

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 (TargetPARx);
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 *S*ection 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 ,

When ,

Where:

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*;

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*;

real-time RTO\_MF, determined for settlement in accordance with Section 7.1 above, for M2M Redispatch Flowgate m and interval *i*;

Non-Monitoring RTO M2M Entitlement for M2M Redispatch Flowgate m and interval *i*;

Monitoring RTO’s Shadow Price for M2M Redispatch Flowgate m and interval *i*;

Non-Monitoring RTO’s Shadow Price for M2M Redispatch Flowgate m and interval *i*; and

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

,

When

,

Where:

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;

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;

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.

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.

Cost of congestion at each NY-NJ PAR for PJM, calculated in accordance with Section 7.2.2 above for interval *i*;

Cost of congestion at each NY-NJ PAR for NYISO, calculated in accordance with Section 7.2.2 above for interval *i*, and

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*.

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:

* 1. *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”:
     1. 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[[3]](#footnote-2); or
     2. 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 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.

* 1. *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”:
     1. 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[[4]](#footnote-3); or
     2. 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 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.

1. *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”:
2. 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
3. NYISO took at least two taps on each Available Ramapo PAR in the direction to increase flow into New Yorkat 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

Where:

          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*;

       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*;

Monitoring RTO payment to Non-Monitoring RTO for congestion on M2M Redispatch Flowgate m for interval *i*; and

Non-Monitoring RTO payment to Monitoring RTO for congestion on M2M Redispatch Flowgate m for interval *i*.

Where:

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*;

          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*;

       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*;

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:

Where:

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**.

1. 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.
2. 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 ofNY-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.

37 Attachment EE – Coordination Agreement Between ISO New England Inc. and The New York Independent System Operator, Inc.

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THIS AGREEMENT was made the 1st day of January 2006 and is hereby restated on the 1st 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.

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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 Commissionauthorizations 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

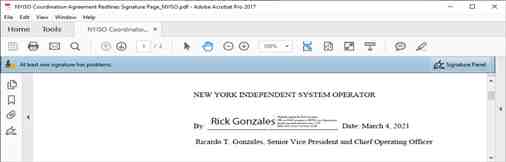
If any Regulatory Authority having jurisdiction (or any successor boards or agencies), a court of competent jurisdiction or other governmental entity with the appropriate jurisdiction (collectively, the ''Regulatory Bodies'') issues a rule, regulation, law or order that has the effect of cancelling, 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.

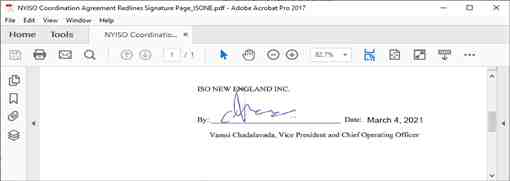
22.7 Headings

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.





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 Interconnection1; (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.

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 the 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 abilling 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 Energydelivered 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**

|  |  |  |
| --- | --- | --- |
| **Delivery Points and Associated Pricing Nodes, as Modeled by the Delivering Party** | | |
|  | 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.

**39 Attachment GG – Reserved for future use**

1. WEQ-007 “Inadvertent Interchange Payback Standards,” North American Energy Standards Board (NAESB), on-line at www.naesb.org. [↑](#footnote-ref-0)
2. *See* NYISO Market Administration and Control Area Services Tariff Section 4.4.4 for additional information. [↑](#footnote-ref-1)
3. 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. [↑](#footnote-ref-2)
4. 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. [↑](#footnote-ref-3)