

December 12, 2007

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Subject: Request for Reliability Solutions – 2008 Comprehensive Reliability Plan

Dear NYISO Transmission Owners and other Customers and Interested Parties:

On December 10, 2007, the Board of Directors of the New York Independent System Operator (NYISO) approved the 2008 Reliability Needs Assessment (RNA) submitted to it by the NYISO Management Committee. The 2008 RNA has been sent to all NYISO customers and it has been posted on the NYISO website accessible at [www.nyiso.com](http://www.nyiso.com), under “Services” and “Planning”.

Pursuant to Section 6.0 of the NYISO Comprehensive Reliability Planning Process contained in Attachment Y to the NYISO Open Access Transmission Tariff, the NYISO hereby solicits market-based and regulated backstop solutions to the Reliability Needs identified in the RNA. Pursuant to Section 6.0 of the Comprehensive Reliability Planning Process (CRPP), and in view of the July 2008 scheduled date for completion of the NYISO’s 2008 Comprehensive Reliability Plan (CRP), the NYISO hereby establishes March 1, 2008 as the requested due date for responses to be submitted to the NYISO. Please review the RNA for identified Reliability Needs in New York State beginning in 2012 and for a full explanation of the identified Reliability Needs. Nothing in this letter precludes any interested party from submitting a market-based solution after March 1, 2008, but responses are encouraged on or before that date. While the NYISO is not formally requesting alternative regulated responses at this time, parties may also submit such proposals to the NYISO at any time.

Proposed solutions may take the form of large generation projects, small generation projects including distributed generation, demand-side programs, transmission projects, market rule changes, operating procedure changes, and other actions and projects that meet the identified Reliability Needs. Proposed solutions should be fully documented to provide for verification and evaluation, and should provide sufficient technical information to model the proposed solutions in network modeling and resource adequacy modeling. Pursuant to the CRPP confidentiality policy contained in Section 2.8 of the Comprehensive Reliability Planning Process Manual, which

was approved by the Operating Committee on November 20, 2007, preliminary proposals may be shared and discussed with the NYISO on a confidential basis.

The criteria for the NYISO's evaluation of the viability of proposed market-based solutions and whether those solutions satisfy the identified Reliability Needs in whole or in part are contained in the CRPP Manual Section 2.1. With respect to market-based solutions, NYISO Customers and other Interested Parties are reminded that Attachment Y Section 6.2 states that:

[s]ubject to the execution of appropriately drawn confidentiality agreements and FERC's standards of conduct, the NYISO 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 to all resources, including generation, demand response providers, and merchant transmission developers.

Concerning regulated backstop solutions, Transmission Owners are reminded that Attachment Y Section 6.1 states that "[s]uch proposals may include reasonable alternatives that would effectively address the Reliability Need" and that "[t]he Responsible TO shall also estimate the lead time necessary for implementation of its proposal." Please refer to the CRPP Manual Section 2.2.

An original and two copies of each proposed market-based and regulated backstop solution should be sent to Henry Chao, NYISO's Director of System and Resource Planning, at the following address:

New York Independent System Operator  
10 Krey Boulevard  
Rensselaer, New York 12144

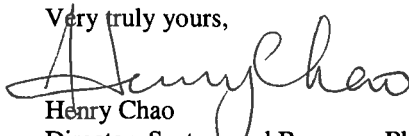
In addition to paper copies, proposals may be sent via e-mail to Henry Chao at [hchao@nyiso.com](mailto:hchao@nyiso.com). All persons interested in submitting market-based or regulated backstop solutions are encouraged to contact William Lamanna, Manager of Long Term Planning (518-356-6206, [wlamanna@nyiso.com](mailto:wlamanna@nyiso.com)), or Henry Chao (518-356-6111, [hchao@nyiso.com](mailto:hchao@nyiso.com)) with any questions or comments regarding this solicitation of responses to the Reliability Needs.

The NYISO will continuously monitor the progress of all TO projects and market based solutions which are accepted and included in the 2008 CRP for continued validity to meet the Reliability Needs on a timely basis, refer to the CRPP Manual and Technical Bulletin 171. **In order to assess the progress of all TO projects and market based solutions incorporated in the 2008 CRP, status updates will be required quarterly for each:**

- Transmission Owner's (TO's) update plan that was included in the CRP base case and that was identified in the RNA or CRP as affecting the reliability of the BPS (whether demand response, transmission, or generation)
- Market based solution included in the CRP
- Regulated backstop solution (confirmation of Benchmark date if not triggered; status update on progress if triggered)
- Alternative regulated solution, if and when selected by government agencies

Thank you for your continued cooperation.

Very truly yours,

  
Henry Chao  
Director, System and Resource Planning  
New York Independent System Operator  
(518) 356-6111