

## Con Edison's Comments on NYISO Economic Planning Process Strawman

We agree that NYISO's role should be limited to providing (i) historical congestion information, and (ii) with the appropriate caveats, limited to providing future congestion estimates.

### Future Estimates of Congestion:

- We believe that the present base case model used in the reliability planning process is the most probable scenario of what to expect in the future and should be the starting point for developing additional scenarios for the economic planning process.
- The ISO should set forth the assumptions used in the base case as well as the individual scenarios in sufficient detail so participants using the information clearly understand the results.
- The additional scenarios should be probabilistic scenarios that are within a realm of reasonableness. They should not be cases so extreme that they are unlikely to occur. Some sort of limitation should be set on the number of scenarios the NYISO will perform. Essentially, enough data should be presented so potential developers can perform their own market analysis of economic projects. While the NYISO is responsible for providing future congestion analyses, they should not be used by merchant organizations, to justify or develop a proposed solution. These analyses should be a starting point only.
- Any economic projects in progress should be included in subsequent RNAs.
- The NYISO should not determine congestion thresholds or mandate any solutions. It is essential that the NYISO remain independent and not influence market in any way.

### NYISO Tariff:

- The NYISO tariff should not be used for cost recovery of economic projects. If a merchant project is truly economic, then the marketplace should provide appropriate cost recovery to the merchant.
- If the premise of utilizing the NYISO tariff for cost recovery is that a market failure has occurred, then participants should fix the market to provide the appropriate signals and compensation for economic projects, not find compensation through some other artificial means.

### Market Participant Role:

- Development of regulated responses should not be considered as part of the economic planning process. The TOs obligation is to ensure reliability under the CRP process. Any regulated economic project presented by a TO that would be deemed for the public good is outside the scope of an economic planning process, and potentially could continue under the existing PSC rate base approval process. Including regulated projects in the economic planning process is inappropriate regulatory intervention and will only serve to distort market signals.

### PSC Role:

- The PSC needs to use caution when considering regulated TO economic projects since the marketplace may view this as unnecessary interference in the marketplace.
- The PSC role should not be to determine costs and benefits of projects or to determine project cost allocation but rather should be to review and approve cost/benefit studies and cost allocation studies prepared by the appropriate developer of a proposed project. This review and approval process should occur in the ordinary course of the PSC's oversight
- The review of proposed regulated projects are outside the scope of an economic planning process. While we agree that the PSC should review and approve any regulated economic projects, this review and approval could possibly continue under the existing PSC regulatory process.
- Merchant solutions should not need PSC review/approval. The market should signal appropriate compensation to the merchant to warrant project development.