

REVISED FOR DPS COMMENTS

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 9.0(c)

0 The NYISO, in conjunction with ESPWG, will develop the criteria for halting* a regulated solution that is already underway because of the entry of a viable market-based solution that the NYISO has determined will meet the same Reliability Need. Such criteria shall also establish a cut -off point following which a regulated solution may not be cancelled regardless of the appearance of a market-based solution.

Proposed Criteria

- **The premise for this proposal is that, at the request of the NYISO, the Responsible TO has already begun to proceed with the development of a regulated backstop solution to an identified reliability need since there was no viable market-based proposal available.**
- **The Responsible TO shall submit to the NYISO, on a periodic basis [period to be determined], updated information on the project's status.**
- **The NYISO will make the project status information for the regulated backstop solution known to its market participants through a posting on its website. This process will ensure that developers of market-based proposals will have ample notice.**
- **Subsequently, a market-based project that the NYISO has determined will meet the reliability need in a timely fashion is proposed by a developer. The NYISO has also determined that such proposal meets its qualifications for a valid market-based response (in accordance with Section 6.3 of the CRPP).**
- **In addition, the developer of the proposed market-based project must be able to demonstrate, to the satisfaction of the NYISO, that sufficient progress has been achieved in accordance with its major milestone schedule. Such demonstration may include, as appropriate:**
 - **Evidence of site control**

- All required permits have been received or are in advanced stages of approval
- Financing has been obtained
- All interconnection studies have been completed and approved
- Interconnection Agreement has been filed with FERC
- Major contracts have been executed
- Project schedule is reasonable and can be completed on time, barring unforeseeable circumstances

Deleted: <#>Cost allocation has been accepted¶

· The NYISO, based upon its independent analysis of the information provided, must have a high degree of confidence that the regulated project can be halted* without a significant risk to reliability; OR

Deleted: <#>The NYISO may determine, in a subsequent CRP cycle, that a previously identified reliability need is no longer present due to changed system conditions or other study parameters.¶

· The NYISO may determine, in a subsequent CRP cycle, that a previously identified reliability need is no longer present due to changed system conditions or other study parameters.

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· Following the above analysis and findings by the NYISO concluding that a regulated reliability-based project is no longer required, the NYISO will present its analysis and conclusions to the PSC along with a demonstration that a viable “gap” project is available.

· The PSC, based upon agreed reliability** and economic*** factors, will decide whether the regulated project will be continued or halted.

· The Responsible To will receive cost recovery for a regulated solution it undertakes at the NYISO’s request, in accordance with the NYISO CRPP, that is subsequently cancelled in accordance with the above procedure. Cost recovery for halted projects will be pursuant to Section 11 of Attachment Y to the NYISO OATT and New York Public Service Law.

Deleted: <#>The NYISO shall confer with the DPS prior to making a final determination with regard to halting a regulated backstop project.¶
 ¶
 <#>The regulated backstop project is still in either the permitting, design or engineering phase and no major equipment has been purchased.¶
 ¶
 <#>The TO shall be eligible to recover all costs incurred or committed for the development of a regulated backstop project at the time of cancellation by the NYISO, in accordance with Section 11.a of Attachment Y to the NYISO OATT. ¶
 ¶
 <#>Once a regulated backstop project has received the approval of the PSC and/or other appropriate regulatory agency(-ies), any decision to halt such a project shall be made by the PSC which shall also determine the appropriate rate recovery mechanism.¶

Notes:

* In the context of the Comprehensive Reliability Planning Process, the term “halting” shall mean either suspending activity or canceling the further development of a regulated backstop solution that has already begun at the direction of the NYISO.

** The same reliability criteria listed above and applied by the NYISO will be used.

*** The same criteria to be developed and applied to regulated economic projects will be used.

Jpb

9/2/04

R10/16/04

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