

CARIS Procedures for BIC Approval

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DRAFT – for discussion purposes only

Topics:

- ◆ *List of CARIS Procedures for BIC approval*
- ◆ *Discussion and BIC approval requested at today's meeting for:*
 - Draft CARIS Voting Procedure
 - Revised CARIS Procedures/Manual Update

List of Procedures for BIC Approval

BIC – 2009

- ◆ CARIS Phase 1 and some Phase 2 procedures approved

BIC – 5/5/10

- ◆ Draft Procedure for Regulated Economic Projects – Specific Project Submittals – 15.3.

BIC – 6/2/2010

- ◆ Draft Voting Procedure – 15.5, 15.6
- ◆ Revised Methodology to Estimate TCC Revenues -15.4.b (iii)
- ◆ Revised Process for Additional CARIS Studies – 11.2.c
- ◆ Initial CARIS Manual Update – Section 1.1.4

BIC (TBD)

- ◆ Draft Methodology to Update and Extend Database beyond the study period to evaluate benefit/cost over the first 10 years from the proposed in service date – 15.3.a.
- ◆ Draft procedure to deal with Acceleration of Regulated Backstop Solutions – 15.1.
- ◆ Draft Additional Reliability Study procedure
- ◆ Draft Replication Study procedure

Agenda #10



Draft Voting Procedure for Regulated Economic Transmission Projects – Sections 15.5 and 15.6

- ◆ Applicable in Phase 2 (Project Phase) of the CARIS process when LSEs are asked to vote on an economic transmission project that seeks cost recovery pursuant to Section 16 of Attachment Y.
- ◆ The procedure describes the steps required to complete the voting process.

Voting Beneficiaries

- ◆ Voting beneficiaries will vote on the implementation of the economic project.
- ◆ Voting beneficiaries are defined as Load Serving Entities (LSEs) in those load zones that are identified by the NYISO to experience net benefits measured over the project's first ten years of operation.
- ◆ An LSE's billing organization may be designated as a proxy to cast the LSE's vote.
- ◆ Beneficiary determination will be subject to ESPWG, BIC, and MC review and comment, and NYISO Board approval:
 - *Parties may submit comments and make oral argument in support or opposition directly to the Board*
- ◆ Each LSE's voting shares will be confidential information and will not be shared with ESPWG, BIC and MC.

Benefit/Cost Analysis

- ◆ Beneficiaries will vote on a project based on the results of the project benefit/cost analysis performed by the NYISO and the Project Conceptual Package (PCP) submitted by developers.
 - *More info on PCP can be found under Section 1.2.4 of the Initial CARIS Manual - Procedure for Regulated Economic Projects – Specific Projects Submittals*
- ◆ Project benefit/cost analysis is subject to ESPWG/TPAS review and BIC, MC and NYISO Board approval.

Voting Material

- ◆ The NYISO will provide voting beneficiaries with information on the project B/C analysis, PCP, and their own voting shares following the ESPWG review.
- ◆ The NYISO will provide voting beneficiaries with Voting Material at least five business days before the special voting meeting. This will include:
 - *Board-approved B/C analysis and beneficiary designation*
 - *Project Conceptual Package*
 - *The LSE's own voting shares*
 - *Meeting information*

Special Voting Meeting

- ◆ LSEs will cast a vote at the special voting meeting chaired by the BIC Chair.
- ◆ Votes will be taken by roll call from the specific list of voting beneficiaries. Voice votes can be cast in person or by telephone during the voting session.
- ◆ Approval for regulatory cost recovery requires a supermajority of 80% or more of the actual votes cast
 - *Abstentions and absentees will not be counted as votes cast.*
- ◆ The voting results will be announced directly after the voting.
- ◆ LSEs voting against the project must submit in writing to the NYISO their rationale for their vote within 30 days of the date the vote is taken.
- ◆ NYISO will post the voting results to the NYISO website.

If the Project Passes the Vote:

- ◆ Rate schedule needs to be approved by FERC.
- ◆ Siting and permitting need to be approved by NYS Public Service Commission.

Motion

- ◆ Motion to approve the draft procedure entitled “VOTING PROCEDURES FOR REGULATED ECONOMIC TRANSMISSION PROJECTS” under Section 15.5 and 15.6 of Attachment Y of the NYISO OATT.

Agenda #11



Revised Methodology to Estimate TCC Revenues – Attachment Y, Section 15.4.b (iii)

- ◆ This procedure describes the process for forecasting the net impact of a project on TCC revenues allocated to load in each zone.
- ◆ Procedure is currently contained in Section 1.2.2 of the Initial CARIS Manual and will be replaced with the modified tariff language currently pending FERC Approval from April 13, 2010 compliance filing.
- ◆ Modified tariff language, Section 15.4.b(iii), is a result of the October 19, 2009 FERC Order to explain the net reductions calculation in more detail:
 - *The original tariff language is expanded to include the new Appendix B of the Attachment Y. The new Appendix B contains a detailed description of this procedure that is based on the language approved by BIC in June 2009.*

Revised Methodology to Estimate TCC Revenues – Attachment Y, Section 15.4.b (iii) – cont'd

Revisions:

- ◆ The Manual language is clarified and modified to conform with the tariff format.
- ◆ Substantive change pertains to Incremental TCCs:
 - *A new Step 2b was added - Any payments associated with the Incremental TCCs for earlier expansions (other transmission projects) will be subtracted from the forecasted congestion rents.*

Revised Process for Additional CARIS Studies – 11.2.c

- ◆ Applicable in Phase 1 (Project Phase) of the CARIS process when MPs can apply for additional CARIS Studies in addition to those contained in CARIS Phase 1 Report.
- ◆ Applicable to Section 1.1.2 of the Initial CARIS Manual approved by BIC in 2009.

Revisions:

- ◆ Minor revisions made to comply with the related Study Agreement, such as:
 - *References to “Additional Studies” are replaced with “Additional CARIS Studies”.*
 - *Reference to “Within 30 days of receipt of the final invoice...” is taken out and replaced with “Within 30 days of the final invoice, there shall be a final payment (refund) to true up any study deposits to the final study cost.”*

Initial CARIS Manual Update

- ◆ Section 1.1.4 of the Manual referring to the “Additional Benefit Metrics for CARIS Studies” procedure will be amended to “See Attachment Y, Section 11.3.e”.
- ◆ As a result of FERC’s acceptance and approval of the NYISO’s May 19, 2009 compliance filing, this procedure is now incorporated in the tariff language (Attachment Y Section 11.3.e).

Motion

- ◆ Motion to approve:
 - *Revised procedure entitled “METHODODOLOGY TO ESTIMATE TCC REVENUES” under Section 15.4.b of Attachment Y of the NYISO OATT,*
 - *Revised procedure entitled “ADDITIONAL CARIS STUDIES” under Section 11.2.c of Attachment Y of the NYISO OATT,*
 - *Amendment to Section 1.1.4 of the Initial CARIS Manual to reference applicable tariff provision in Attachment Y of the OATT, Section 11.3.e.*



The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and provides comprehensive reliability planning for the state's bulk electricity system.

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