

32.1 Application

32.1.1 Applicability

32.1.1.1 These Small Generator Interconnection Procedures (“SGIP”) apply to interconnections of Small Generating Facilities to the New York State Transmission System, and interconnections to the Distribution System subject to Federal Energy Regulatory Commission jurisdiction. These procedures do not apply to interconnections made simply to receive power from the New York State Transmission System and/or the Distribution System, nor to interconnections made solely for the purpose of generation with no wholesale sale for resale nor to net metering. These procedures do not apply to interconnections to LIPA’s distribution facilities. LIPA will continue to administer the interconnection process for generators connecting to its distribution facilities and perform all required studies on its distribution system under its own tariffs and procedures. Under these procedures, a request to interconnect a certified Small Generating Facility (See Appendices 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the Section 32.2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW shall be evaluated under the Appendix 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the Section 32.3 Study Process.

32.1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Appendix I or the body of these procedures. Capitalized terms used herein that are not defined in the Glossary of Terms in Appendix I or in the body of these procedures shall have the meanings specified in Section 32.1 or Attachment S or Attachment X of the NYISO OATT.

32.1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures, provided, however, that requests to interconnect Small Generating Facilities submitted after that effective date must be made pursuant to these procedures. These procedures shall apply to any existing interconnected Small Generating Facility to the extent that there is a material modification to the facility or the Interconnection Facility, if that facility as modified remains a Small Generating Facility.

32.1.1.4 Prior to submitting its Interconnection Request (Appendix 2), the Interconnection Customer may ask the NYISO's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The NYISO, after consultation with the Connecting Transmission Owner, shall respond within 15 Business Days.

32.1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all ISOs and RTOs, Connecting Transmission Owners, Market Participants, and Interconnection Customers interconnected with electric systems to comply with

the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority.

All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

32.1.1.6 References in these procedures to an interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

32.1.1.7 A new Small Generating Facility wishing to sell Energy and Ancillary Services must first elect Energy Resource Interconnection Service and satisfy the NYISO Minimum Interconnection Standard, which does not impose any deliverability requirement. All new Small Generating Facilities must satisfy the NYISO Minimum Interconnection Standard.

A new Small Generating Facility larger than 2 MW wishing to become a qualified Installed Capacity Supplier in accordance with the ISO Services Tariff and related ISO Procedures must first elect Capacity Resource Interconnection Service and satisfy the NYISO Deliverability Interconnection Standard in addition to the NYISO Minimum Interconnection Standard. A Small Generating Facility larger than 2 MW electing Capacity Resource Interconnection Service must make its election known to the NYISO when the Interconnection Customer returns the executed study agreement Class Year Interconnection Facilities Study conducted pursuant to Section 32.3.5 of the SGIP. At that time, the Interconnection Customer must specify the MWs of Capacity Resource Interconnection Service that it is requesting. The NYISO will then place the Small Generating Facility in the then Open Class Year and evaluate the Small Generating Facility for deliverability, as a Class Year Project, following the same rules

and procedures in Attachment S to the NYISO OATT applicable to other Class Year Projects being evaluated for deliverability. Inclusion in the Class Year will only be for the determination of System Deliverability Upgrade costs and Deliverable MWs unless the Small Generating Facility is being included in the Class Year for the determination of System Upgrade Facility cost responsibility pursuant to Section 32.3.5.3.2 of the SGIP. For Small Generating Facilities interconnected or completely studied for interconnection before the projects in Class Year 2007, the Capacity Resource Interconnection Service capacity level for those Small Generating Facilities will be set at the highest DMNC recorded during five Summer Capability periods measured in accordance with the rules set forth in Section 25.9.3.1 of Attachment S to the NYISO OATT. Prior to the establishment of a Small Generating Facility's first DMNC value for a Summer Capability Period, the Capacity Resource Interconnection Service capacity level will be set at the Small Generating Facility's nameplate MWs. A Small Generating Facility 2 MWs or smaller may elect Capacity Resource Interconnection Service without being evaluated for deliverability under Attachment S to the NYISO OATT. In all cases, the new Small Generating Facility will interconnect using the SGIA contained in this Attachment Z. Once it is established for them, Small Generating Facilities may retain their Capacity Resource Interconnection Service in accordance with the rules set forth in Section 25.9.3 of Attachment S to the NYISO OATT.

32.1.2 Pre-Application

The NYISO shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the NYISO's Internet web site. Electric system information provided to the Interconnection

Customer should include relevant system studies, Interconnection Studies, Base Case Data and other materials useful to an understanding of an interconnection at a particular point on the New York State Transmission System or Distribution System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The NYISO, with the required information about distribution facilities from the appropriate Connecting Transmission Owner, shall comply with reasonable requests for such information pursuant to this Section 32.1.2.

32.1.3 Interconnection Request

An Interconnection Customer proposing to interconnect a new Small Generating 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 Small Generating Facility that is interconnected to the New York State Transmission System or to the Distribution System shall submit its Interconnection Request to the NYISO together with the processing fee or deposit specified in the Interconnection Request. An Interconnection Customer seeking to return a Small Generating Facility to service after it is Retired must submit a new Interconnection Request as a new facility. An Interconnection Customer returning a Small 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 Small Generating Facility is proposing to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Small Generating Facility such as would otherwise trigger a new Interconnection Request.

An increase in the capacity of an existing Small Generating Facility is a material increase for purposes of this Section 32.1.3 unless the increase (a) is not associated with any equipment

changes or is associated with equipment changes determined by the NYISO to be non-material; and (b) is an increase in the Small Generating Facility's existing ERIS level that is equal to or less than two (2) megawatts and which provides for a total output of the Small Generating Facility of no more than twenty (20) megawatts. For purposes of this Section 32.1.3, the existing ERIS level of an existing Small Generating Facility is (a) the greater of (i) the existing Small Generating 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 OATT, if applicable; or (ii) the final maximum summer megawatt electrical output studied for ERIS in the NYISO's interconnection process for the existing Small Generating Facility; or (b) if neither (a)(i) nor (a)(ii) are applicable, the existing ERIS level is the value reflected in the Small Generating Facility's interconnection agreement or other applicable documentation governing the Small Generating Facility's interconnection. If the existing Small Generating 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 shall be date- and time-stamped by the NYISO upon receipt and a copy shall be sent by the NYISO to the Connecting Transmission Owner. The NYISO's date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the NYISO within three Business Days of receiving the Interconnection Request. The NYISO, after consulting with the Connecting Transmission Owner, shall notify the Interconnection Customer

within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the NYISO shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the NYISO.

32.1.3.1 If the Interconnection Request is to interconnect to a distribution facility, the NYISO will consult with the Connecting Transmission Owner to determine whether the SGIPs apply.

32.1.3.2 The expected Commercial Operation Date of the new Small Generating Facility or proposed increase in capacity of the existing Small Generating Facility provided in the Interconnection Request shall be no more than ten (10) years from the date the Interconnection Request is received by the NYISO. Extensions of Commercial Operation Dates for Small Generating Facilities are subject to the provisions of Section 30.4.4.5 of Attachment X to the OATT.

32.1.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the NYISO, the Connecting Transmission Owner, and the Interconnection Customer shall be deemed a withdrawal of the

Interconnection Request and shall require submission of a new Interconnection Request, unless, following notification by the NYISO, the Interconnection Customer cures the problems created by the changes in a reasonable period of time.

For Small Generating Facilities eligible to join a Class Year after Class Year 2012, if the Small Generating Facility is located in a Mitigated Capacity Zone and makes a modification to the prime mover of the Small Generating Facility (i.e., the machine that drives an electric generator or any device that converts energy to electricity or the equipment associated with a UDR facility that directly controls the power flow from an Exiting Capacity Facility), and associated turbine-generator set, if applicable, the Interconnection Customer must provide a certification in accordance with ISO procedures, signed by an officer of the Developer, certifying that the prime mover and associated turbine-generator equipment of the Small Generating Facility shall not come from an Exiting Capacity Facility, or if it does come from an Exiting Capacity Facility, that it is in accordance with Services Tariff Section 23.4.5.7.1.3(a). Such certification shall be provided to the ISO within thirty (30) days of the ISO's notice to the Interconnection Customer that the modification is not material.

For Small Generating Facilities eligible to join a Class Year after Class Year 2012, if the Small Generating Facility was not located in a Mitigated Capacity Zone at the time it submitted an Interconnection Request, but its location becomes a Mitigated Capacity Zone prior to the Small Generating Facility having an executed or FERC-accepted unexecuted Interconnection Agreement, the Interconnection Customer must provide a certification in accordance with ISO procedures, signed by an officer of the Interconnection Customer, certifying that the prime mover and associated turbine-generator equipment of the Small Generating Facility shall not come from an Exiting Capacity Facility or if it does come from an Exiting Capacity Facility,

certifying that it is in accordance with Services Tariff Section 23.4.5.7.7.1.3(a), such certification shall be provided within thirty (30) days of a FERC order accepting tariff revisions establishing such a new Mitigated Capacity Zone.

32.1.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

- 32.1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;
- 32.1.5.2 An option to purchase or acquire a leasehold site for such purpose; or
- 32.1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

32.1.6 Queue Position

The NYISO shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the order of initiating Interconnection Studies, and the study assumptions to be used in the analyses conducted under Section 32.2 and Section 32.3 of these procedures. Provided, however, Attachment S of the NYISO OATT will be used to determine the cost responsibility for any System Upgrade Facilities or System Deliverability Upgrades necessary to accommodate the interconnection, as required by Section 32.3.5.3.2 of these procedures. The NYISO shall maintain a single interconnection queue that combines Interconnection Requests evaluated under these procedures and those evaluated under Attachment X to the OATT. Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

32.1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior to the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or additional work will be completed pursuant to this SGIP.