

**Agenda Item No. 8**  
**IITF Cost Allocation Rules**

Con Edison will offer the following amendment as a friendly amendment to the Cost Allocation Rules approved by BIC. Participants at BIC felt that Con Edison had not provided enough time for parties to review and consider the amendment. We are also providing some explanatory notes below under the header of Justification. Con Edison invites parties that wish to discuss the amendment prior to the Management Committee to contact Mayer Sasson by e-mail at [sassonm@coned.com](mailto:sassonm@coned.com).

**Amendment 1**

Revise Section III.A as follows:

These cost allocation rules will not preclude or supersede any binding cost allocation agreements that have been executed between or among Developers and Transmission Owners ~~prior to the effective date of these rules~~ provided, however, that no such prior agreement will ~~alter~~ increase the cost responsibility, as determined by these rules, of any Developer or Transmission Owner who is not a party to such prior agreement.

Notwithstanding the 45 and 30 day periods for developers to review their cost allocations for System Upgrade Facilities (Section III.E.5.), those developers in Class Year 1 who are also included in the Con Edison Fault Current Management Plan (FCMP) would have to sign the System Upgrade Facility agreement and provide a letter of credit by September 1, 2001, so that the required FCMP facilities can be placed in service in time to satisfy the Developers' schedules.

For Developers in future Class Years, the Transmission Owners will specify within a 3-month lead time the latest date by which System Upgrade Facility agreements must be signed and letters of credit provided to satisfy Developer schedules.

Justification

The following justification is provided in support of the above motion:

a. This transitional modification recognizes that studies, to determine what system upgrades are needed to allow the reliable interconnection of a significant number of proposed generators in the next few years, were well under way prior to any discussions of Cost Allocation Rules.

b. Con Edison will have to order long lead time equipment in September 2001 to have the Fault Current Management Plan facilities in service to meet the Developers' projected schedules. Therefore, System Upgrade Facility agreements and letters of credit are required by September 1, 2001. Based on present NYISO study schedules, the cost allocation for class year 2001 projects will not be available until November 2001. Furthermore, if the 45 and 30 day periods are not waived, the Developers would have until as late as February 2002 to make a final decision. That would be too late for Con Edison to order the necessary equipment and to have it installed in time to meet the Developers' projected schedules.

c. Assume that the effective date of the Cost Allocation Rules is December 31, 2001 and that a Transmission Owner has to order long lead-time equipment in February 2002 to meet the Developers' projected schedules. If the phrase "prior to the effective date of the these rules" is not deleted, any agreement between the Transmission Owner and the Developer(s) that was executed after December 31, 2001 and February 2002 would not be covered under Section III A.

d. For all future class years, it may also happen that the timeframe consistent with these cost allocation rules may result in Transmission Owners not being able to order long lead-time equipment in time to meet the Developers' projected schedules. The last paragraph of the amendment is intended to provide the ability for Developers and Transmission Owners to consider such constraints. Transmission Owners would indicate with at least a 3-month lead-time when such constraints exist so Developers are aware of the constraints and have the opportunity to enter into Facility Upgrade agreements with Transmission Owners and prevent a delay of the in-service dates of their projects.