

5/18/04 DRAFT FOR COMMENT
NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS
SECTION 9: COST ALLOCATION

WITH REVISIONS FROM THE 5/26/04 ESPWG MEETING

9.1 Market-Based Responses

~~Cost allocation~~The costs of ~~for~~ market-based responses shall be the responsibility of the developer of the market-based proposal and shall not be subject to the provisions of Section 9.2.

9.2 Regulated Responses

Cost allocation for backstop regulated responses to reliability needs identified in the NYISO Plan shall be determined by the NYISO based upon the principle that beneficiaries should bear the cost responsibility. The specific cost allocation methodology, to be developed by the NYISO in consultation with the ESPWG, will incorporate the following elements:

9.2.1 The focus of the cost allocation methodology shall be on solutions to violations of specific reliability criteria

9.2.2 Potential impacts ~~benefits~~ unrelated to addressing the reliability needs shall not be considered for the purpose of cost allocation for reliability upgrades

9.2.3 Primary beneficiaries shall be those Transmission Districts who are identified as contributing to the reliability violation. ~~Transmission Districts in which the reliability violation resides and who therefore require the upgrade~~

~~9.2.3.1 Cost allocation for reliability upgrades within a Transmission District shall be on a pro-rata basis to all wholesale and retail customers served by the applicable transmission owner~~

9.2.4 The cost allocation among primary beneficiaries shall be based upon their relative ~~relative~~ contribution to the need for the upgrade

9.2.4.1 The NYISO will examine the development of sSpecific cost allocation rules ~~will be established~~ based on the nature of the reliability violation (e.g. – thermal overload, voltage, stability, resource adequacy & short circuit)

9.2.5 Cost allocation among Transmission Districts shall recognize the terms of prior agreements among the transmission owners, if applicable.

9.2.6 Consideration should be given to the ~~establishment~~use of a materiality threshold for cost allocation purposes

~~9.2.7 Cost allocation for regulated reliability solutions to NYISO identified needs shall apply to costs incremental to those in existing rates~~ (move to Cost Recovery)

9.2.8 Methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible. ~~by:~~

~~9.2.8.1 Establishing clear rules defined in advance~~

~~9.2.8.2 Minimizing the use of case-by-case analysis~~

9.2.9 Consideration should be given to the “free rider” issue as appropriate

9.2.10 Methodology shall be fair and equitable. ~~to transmission customers~~

9.2.11 Provide price certainty to investors to the extent possible.

9.2.12 Methodology shall apply, to the extent possible, to regulated “gap” solutions as well.

9.3 Not Applicable to Interconnection Cost Allocation

The cost allocation procedures described in this Section shall not apply to cost allocation for market based generation and merchant transmission interconnection purposes, which is determined in accordance with Attachment S of the NYISO OATT.