

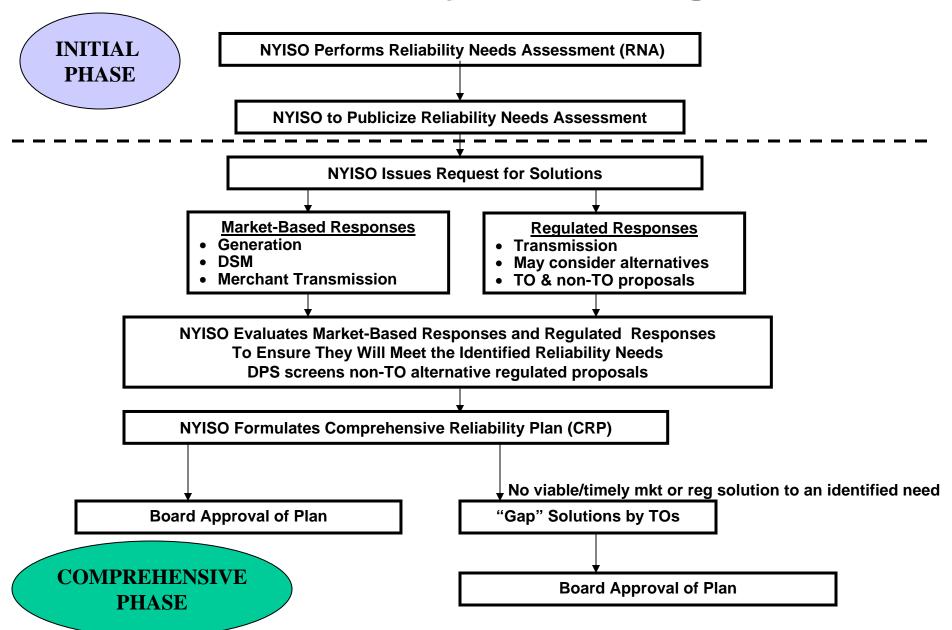
ESP Working Group Comprehensive Reliability Planning Process (CRPP) Scheduling and Implementation

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ESPWG/TPAS
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Albany, New York

Draft For Discussion Purposed Only

NYISO Reliability Planning Process



ID	Name	Start	End	Dec	Jan	Feb	Mai	r Apı	May	Jur	Ju	Auç	Sep	Oct	Nov	Dec	Jan	Feb N	1ar A	or Ma	y Jur	Jul
1	NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS	January	June																			
2	Submission of Data Inputs	January	February	-																		
2	Naishbaine Cantal Assa Assassants	ļaa	Fahruan Fahruan																			
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7	Develop Base Case & Scenarios Develop Base Case	March March	March March	-																		
_	Davidon Connerios	March	Marak																			
10	Reliability Needs Assessment	April	Augus																			
13		A mail	A																			
14	Develop MW Transfer Capability for Resource Delivery Resource Adequacy Assessment	April	Augus	1																		
15	Short Circuit Assessment	April April	Augus Augus	1																		
16	Baseline Reliability Needs Assessment	April	Augus	1																		
17	Evaluation of Alternate Reliability Scenarios	April	Augus	1																		
18	-			1																		
19	Perform Sensitivity Studies RNA Draft Report Preparation	April April	Augus	1																		
20	RNA Review & Approval Process	September	Augus: December	1						1	Т											
21	TPAS & ESPWG Review of Draft RNA	September	September	1																		
22		· ·		1																		
23	OC / MC RNA Vote	October	October	1																		
23	NYISO BOD Action on RNA & Independent Market Advisor Review	November	December	1												Dec						
25	Issue / Post Final RNA Conduct Public Information Sessions	December	December	1											Ť	Dec	1					
		December	January	1																		
26	Development of Solutions to Reliability Needs	December	January	1																		
27 28	Request Proposal for Regulated Backstop Solution & Establish Lead Time	December	February	1																		
	Conduct Two Step Process for Response Solicitation	December	February	1																		
	Request Market Based Solutions	December	February	1																		
	If none, Request Alternative Regulated Responses	February	Apri																			
29 30	Assess Submittals for Procedural Solutions to Reliability Needs	December	February	1																		
31	NYISO Evaluation of Proposed Solutions	February	May Apri															_				
32	Evaluation of Regulated Backstop Solution	February	Apri	1																		
	Evaluation of Market Based Proposals	February	Apri	1																		
33	Evaluation of Alternative Regulated Responses (With PSC)	February	Apri	1																		
	NYISO to Identify & Resolve Deficiencies in Proposed Solutions	February	Apri	1																		
35	NYISO Recommends Regulated Backstop Solution, If Necessary	February	Apri	1																		
36	NYISO Determines if Reliability Needs are Not Met in Timely Manner	February	Apri	1																		
	NYISO Identifies Need for Gap Solution in CRP, Request TO to Seek	February	Apri	1																		
07	If Threat is Imminent, Gap Solutions Outside of Normal Planning Cycle	February	Apri	1																		
37	NYISO Cost Allocation Principles and Analysis	February	????]																		
38	Prepare Draft CRP	March	May	1														F				
39	CRP Review & Approval Process	May	July	1															-			
40	TPAS & ESPWG Review of Draft CRP	Mayl	May	1															-			
41	OC / MC CRP Vote	June	June																			
42	NYISO BOD Action on CRP / Independent Market Advisor Review	July	July	1																		Jul
43	Issue / Post Final CRP	July	July																			

Reliability Needs Assessment ("RNA")

- NYISO Staff will perform a Reliability Needs Assessment over the 10-year planning horizon based upon existing reliability criteria
- Scenario analysis will be employed to test the robustness of the base case assumptions
- RNA will identify violations of reliability criteria, but will not identify specific facilities to meet the identified needs
- Provision for MP input & review of RNA
 - Through ESPWG & TPAS
- > Provision for coordination with adjacent regions
- ➤ The final approved Needs Assessment will be widely distributed

Request for Solutions

- ➤ Following issuance of its RNA, the NYISO will provide an appropriate time period for the development of market-based & regulated responses
- > Process is open to all resources
- NOT a formal "RFP" process
- ➤ When a Reliability Need is first identified by the NYISO:
 - TOs have obligation to prepare a regulated backstop proposal
 - Such proposals are not limited to transmission
 - Development time for the regulated backstop provides the benchmark for the lead time for non-TO alternate proposals

Request For Solutions (Cont'd)

- Market-based proposals are prepared in parallel with regulated backstop proposals
 - All resources are eligible: generation, merchant transmission, demand response
- TOs and Non-TO's may submit alternative regulated proposals to the NYDPS for consideration
 - Such review is optional and may be submitted prior to submission to the NYISO

NYISO Evaluation Process

- NYISO will evaluate all proposals to determine if they will meet the identified reliability needs
- Regulated backstop proposals by TOs will establish the lead time for non-TO proposals
- ➤ If Market-based proposals are judged sufficient to meet the identified needs in a timely manner, the Comprehensive Reliability Plan ("CRP") will so state
 - NYISO will not select from among the market-based responses
 - NYISO will monitor status of market-based projects to ensure needs will continue to be met as part of its annual update process

NYISO Evaluation Process (Cont'd)

- ➤ If Market proposals are judged insufficient, NYISO will indicate that a regulated solution is needed in the CRP
- NYISO will evaluate non-TO regulated alternatives to determine whether they will meet the identified need, and will report its evaluation in the CRP
- If market-based proposals are not forthcoming
 - NYISO and its Independent Market Advisor will investigate whether that is due to market failure in one of its markets
 - If so, NYISO and its IMA will examine appropriate modifications to its market rules with MPs.

CRP Review and Approval Process

- NYISO staff issues draft CRP including designated regulated backstop solutions, if needed, to meet identified reliability needs
- NYISO Staff draft CRP is circulated for stakeholder review and comment
- NYISO staff makes revisions as appropriate
- Final draft CRP is sent to the appropriate stakeholder committees for review and vote
- > NYISO staff makes revisions as appropriate
- Final draft CRP sent to Board for approval
 - Provision for remand to Management Committee
 - NYISO Board to have final approval of CRP
- > CRP provided to regulatory agencies for their consideration

"Gap" Solutions for Reliability Needs

- ➤ If neither market proposals nor regulated proposals can satisfy the need in a timely manner, the NYISO may seek a "Gap" solution
 - NYISO may seek a gap solution outside of the normal Planning Process if there is an imminent threat to reliability
 - NYISO will not contract directly for gap resources
- TOs assume the obligation to immediately propose a "gap solution" for consideration by the NYISO and DPS
- ➤ To the extent possible, the gap solution should be temporary and strive to ensure that market based solutions will not be economically harmed
- ➤ A permanent regulated solution, if appropriate, may proceed in parallel with gap measures

Cost Allocation and Cost Recovery

- Cost Allocation for Regulated Projects
 - Based upon a "beneficiaries pay" principle
 - Specific methodology to be developed by NYISO/ESPWG
 - Near-term reliability needs are not anticipated based upon Phase I needs assessment/Assuming Schedules are Met
- Cost Recovery for Regulated Projects
 - Transmission solutions
 - ▶ TOs to file for recovery with FERC
 - Recovery proposed through a separate rate schedule under the NYISO Tariff
 - Non-transmission solutions
 - In accordance with NYS Public Service Law

NYISO-TO Agreement

- ➤ Defines TO rights and obligations with respect to the Comprehensive Reliability Planning Process
 - Similar provisions to those recently approved for RTO-NE
- TOs assume obligation to provide backstop regulated solutions
 - If NYISO determines that there are no viable market-based solutions which will meet identified Reliability Needs
 - Subject to cost recovery, permitting and other conditions
- Supplements existing NYISO/TO Agreement
 - Not subject to OC/MC approval
- > Filed for FERC approval with NYISO Tariff Filing

Role of the NYS PSC

- Will perform a review of regulated proposals upon request
- > Reviews and screens "gap" solutions
- Adjudicates disputes relating to reliability determinations in final RNA and in CRP
 - Disputes regarding compliance with NYISO Tariff go to FERC
- Reviews TOs' backstop solution when NYISO determines action is necessary to ensure reliability
- PSC has final authority with respect to solution ultimately implemented
- PSC participation in the NYISO process will facilitate necessary approvals to ensure reliability

