

New York Independent System Operator

Comprehensive Reliability Planning Process

Proposed Criteria for Determining Viability and Monitoring the Progress of Reliability Solutions

**Draft 1
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Criteria for Evaluating the Viability of Proposed Market Solutions

DRAFT FOR DISCUSSION
6/7/06

**Comments Submitted by
Transmission Owners,
LIPA and NPYA**

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 6.3 of Attachment Y

The NYISO will develop procedures establishing qualifications and criteria for a valid market-based solution in conjunction with ESPWG. Such qualifications shall recognize the differences between various resources' characteristics and development time lines.

Proposed Criteria

- NYISO to determine the benchmark (BM) based upon the time necessary to implement the regulated backstop solution proposed by the Responsible TO(s). The NYISO shall make this determination based upon its independent analysis of the project schedule provided by the Responsible TO(s).
- NYISO to determine the estimated time to complete the market-based solution (MBS) based upon the schedules and other information submitted by the developer. Information that may be required includes, but is not limited to:
 - Evidence of a commercially viable technology
 - Major milestone schedule
 - Demonstration of site control
 - Whether a contract is under negotiation or in place
 - Status of NYISO interconnection studies
 - Status of NYISO interconnection agreement
 - Status of any required permits
 - Evidence of equipment procurement
 - Evidence of financing
- The developer shall promptly provide all data required to assist the NYISO in its review of the MBS within the schedule provided for the Request for Solutions process.

- NYISO will treat any confidential data and data requests in accordance with the provisions of Attachment Y of the NYISO OATT, the CRP Confidentiality Policy, and the LGIA.
- Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed MBS from further consideration in that round of the Comprehensive Reliability Planning Process.
- If the completion date for the MBS is 3-5 years earlier than the BM, the NYISO will use a screening analysis to verify the feasibility of the MBS. This analysis will not require such things as final permit approvals or final contract documents.
- If the completion date of the MBS is 1-2 years earlier than the BM, the NYISO will perform a more extensive review of the proposed MBS. This review will include such elements as status of interconnection studies, contract negotiations, permit applications, financing and site control.
- If the completion date of the MBS is less than 1 year earlier than the BM, the NYISO will perform a detailed review of the proposed MBS status and schedule. At this stage it is expected that the proposed MBS will have obtained its final permits, any required interconnection studies will be completed, an interconnection agreement has been filed, the developer will have accepted its interconnection cost allocation, financing will be in place and equipment will be on order.
- The NYISO, prior to making a final determination about the viability* of an MBS, will communicate an interim determination to the developer along with the basis for its interim determination. The NYISO shall provide the developer a reasonable period (not more than 2 weeks) to respond to the NYISO's interim determination, including an opportunity to provide additional information to the NYISO to support the viability of the MBS.
- If the NYISO, following its analysis, determines that a MBS is not viable, the MBS will not be included in the CRP.

* Note: In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable likelihood that the MBS will effectively address the identified reliability need in a timely fashion.

Criteria for Evaluating the Viability of Proposed Regulated Backstop Solutions

DRAFT FOR DISCUSSION
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**Comments Submitted by
Transmission Owners,
LIPA and NYPA**

DRAFT FOR DISCUSSION **NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS**

Section 6.1.a: Regulated Backstop Solutions

The first time a Reliability Need is identified in an RNA issued under this tariff, the NYISO shall request and the Responsible TO shall provide to the NYISO, as soon as reasonably possible, a proposal for a regulated solution that shall serve as a potential backstop. Such proposals may include reasonable alternatives that would effectively address the Reliability Need. The Responsible TO shall also estimate the lead time needed for the implementation of its proposal.

Proposed Requirements for a Regulated Backstop Solution

- The NYISO shall establish the benchmark (BM) based upon the time necessary to implement the regulated backstop solution proposed by the Responsible TO(s). The responsible TOs shall establish a timeline for permitting activity, for ordering major equipment and for construction.
- The NYISO shall make this determination based upon its independent analysis of the project schedule provided by the Responsible TO(s).
- The Responsible TO(s)' proposal for a regulated backstop solution addressing the needs identified in the first five year period of the RNA shall provide the information requested by the NYISO to support its proposed implementation schedule. The information requested may vary depending upon the particular form of the regulated backstop solution. Among the information that may be requested is:

- Project milestones
 - Project description which may include Planning and/or engineering specifications as appropriate
 - A schedule for obtaining required siting permits and other certifications
 - Evidence of site control or schedule to obtain necessary site control

THE NEXT THREE BULLETS ARE NEW FROM THE TOS:

- If the regulated backstop solution does not meet the needs identified in the first five year period of the RNA, the NYISO will provide sufficient information to the Responsible TO(s) to determine how the regulated backstop should be modified to meet the identified reliability needs. Such information that will be provided includes, but is not limited to the type, size, location and timing of the remaining need.
- The Responsible TO(s) shall make necessary changes to its proposed backstop solution to address reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review. This is an iterative process that will continue between the NYISO and Responsible TO(s) until identified needs are appropriately addressed. The NYISO will continue to provide detailed information regarding the remaining needs in each iteration.
- NYISO will respect the confidentiality of data provided by the Responsible TO(s) and will release information related to a proposed regulated backstop solution or set of proposed regulated backstop solutions only upon final acceptance of the solution or set of solutions by the NYISO.

Criteria for Evaluating the Viability of Proposed Alternative Regulated Solutions

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Comments Submitted by
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New York Independent System Operator
Comprehensive Reliability Planning Process
Criteria for Evaluating the Viability of
Proposed Alternative Regulated Solutions

Section 6.4.(a) of Attachment Y:

In the event that no market-based solution qualified under section 6.3 is proposed, the NYISO will initiate the second step of the solicitation process by requesting alternative regulated responses to Reliability Needs. Such proposals may include reasonable alternatives that would effectively address the identified Reliability Need.

Proposed Requirements for Alternative Regulated Solutions

- NYISO to establish a benchmark (BM) based upon the time necessary to implement the regulated backstop solution proposed by the Responsible TO(s).
- The NYISO shall make this determination based upon its independent analysis of the project schedule provided by the Responsible TO(s).
- NYISO to determine the estimated time to complete the alternative regulated solution (ARS) based upon the schedules and other information submitted by the developer. Information that may be required includes, but is not limited to:
 - Evidence of a commercially viable technology
 - Major milestone schedule
 - Demonstration of site control

- Whether a contract is under negotiation or in place
- Status of NYISO interconnection studies
- Status of NYISO interconnection agreement
- Status of any required permits
- Evidence of equipment procurement
- Evidence of financing
- Developer shall promptly provide all data required to assist the NYISO in its review of the proposed ARS within the schedule provided for the Request for Solutions process.
- NYISO will treat any confidential data and data requests in accordance with the provisions of Attachment Y of the NYISO OATT and the LGIA.
- Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) may result in the rejection of the ARS from further consideration in that round of the Comprehensive Reliability Planning Process.
- If the completion date for the ARS is from 3-5 years earlier than the BM, the NYISO will use a screening analysis to verify the feasibility of the ARS. This analysis will not require such things as final permit approvals or final contract documents.
- If the completion date for the ARS is from 1-2 years earlier than the BM, the NYISO will perform a more extensive review of the ARS. This review will include such elements as status of interconnection studies, contract negotiations, permit applications, financing and site control and regulatory status.
- If the completion date for the ARS is less than 1 year earlier than the BM, the NYISO will perform a detailed review of the ARS's status and schedule. At this stage it is expected that the ARS will have obtained its final permits, any required interconnection studies will be completed, an interconnection agreement has been filed, the developer will have accepted its interconnection cost allocation, financing and regulatory approvals will be in place and equipment will be on order.
- The NYISO, prior to making a final determination about the viability* of a specific proposed solution, will communicate an interim determination to the developer along with the basis for its interim determination. The NYISO shall provide the developer a reasonable period (not more than 2 weeks) to respond to the NYISO's interim determination, including an opportunity to provide additional information to the NYISO to support the viability of the ARS.
- If the NYISO, following its analysis, determines that the ARS is not viable the ARS will not be included in the CRP.

* Note: In the context of the Comprehensive Reliability Planning Process, the terms "viable" and "viability" shall mean that there is a reasonable certainty that the

ARS will effectively address the identified reliability need in a timely fashion.

Criteria for Monitoring Market-Based Solutions

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 9.0(a)

0 The NYISO will monitor and report on the status of market-based solutions to ensure their continued viability to meet Reliability Needs on a timely basis in the CRP. The NYISO will develop criteria, in conjunction with the ESPWG, to assess the continued viability of such projects.

Proposed Criteria

- **Beginning with the first round of the Comprehensive Reliability Planning Process, the NYISO will develop a list of potential market-based solutions (MBS) that it has determined would, if implemented, satisfy an identified reliability need.**
- **In order to remain on the CRP list as a potential MBS, the developer will submit to the NYISO, on an annual basis, updated information of the project status, to include:**
 - **Evidence of a commercially viable technology**
 - **Major milestone schedule**
 - **Demonstration of site control**
 - **Whether a contract is under negotiation or in place**
 - **Status of NYISO interconnection studies**
 - **Status of NYISO interconnection agreement**
 - **Status of any required permits**
 - **Evidence of equipment procurement**
 - **Evidence of financing**
 - **Any other information that is requested by the NYISO**
- **Following the first year that a MBS is proposed, such updated information shall be provided during the Request for Solutions phase of each subsequent CRP process.**

- **NYISO will treat any confidential data in accordance with the NYISO OATT and the LGIA when preparing its report on project status.**
- **Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed MBS from further consideration in that round of the Comprehensive Reliability Planning Process. The proposed MBS will be removed from that year's CRP.**
- **Developer will immediately notify the NYISO when it has any indication of a material change* in the status of the MBS.**
- **If the NYISO, at any time, learns of a material change in the status of a MBS, it may, at that time, make a determination as to the continued viability** of the proposed MBS.**
- **If the completion date for the MBS is 3-5 years earlier than the benchmark (BM) established by the regulated backstop solution, the NYISO will use a screening analysis to verify the feasibility of the proposed MBS. This analysis will not require such things as final permit approvals or final contract documents.**
- **If the completion date for the MBS is 1-2 years earlier than the BM, the NYISO will perform a more extensive review of the proposed MBS. This review will include such elements as status of interconnection studies, contract negotiations, permit applications, financing and site control.**
- **If the completion date for the MBS is less than 1 year earlier than the BM, the NYISO will perform a detailed review of the proposed MBS status and schedule. At this stage it is expected that the proposed MBS will have obtained its final permits, any required interconnection studies will be completed, an interconnection agreement has been filed, the developer will have accepted its interconnection cost allocation, financing will be in place and equipment will be on order.**
- **The NYISO, prior to making a determination about the viability of a proposed MBS, will communicate its intended determination to the project sponsor along with the basis for its intended determination. The NYISO shall provide the sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO's intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed MBS.**
- **If the NYISO, following its analysis, determines that a proposed MBS is no longer viable the proposed MBS will be removed from the list of potential market-based solutions in the next CRP.**

Notes:

*** In the context of the Comprehensive Reliability Planning Process, the term “material change” shall include, but not be limited to: (a) a change in the financial viability of the developer; (b) a change in the siting status; or (c) a change in a major element of the project development.**

**** In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable likelihood that the proposed project will effectively address the identified reliability need in a timely fashion.**

Criteria for Monitoring Regulated and Alternative Solutions

Comments Submitted by Transmission Owners, LIPA and NYPA

Section 9.0(b)

1 The NYISO will monitor and report on the status of regulated solutions to ensure their continued viability to meet Reliability Needs on a timely basis in the CRP. The NYISO will develop criteria, in conjunction with the ESPWG, to assess the continued viability of such projects.

Proposed Criteria

- Beginning with the first round of the Comprehensive Reliability Planning Process, the NYISO will develop a list of potential regulated solutions that it has determined would, if implemented, satisfy an identified reliability need.
- Such solutions will include backstop regulated solutions proposed by the Responsible TO(s), as well as alternative regulated solutions proposed by a Transmission Owner or Other Developer.

Regulated Backstop Solutions Proposed by the Responsible TO(s)

- In order to remain on the CRP list as a potential regulated backstop solution, the Responsible TO(s) shall provide to the NYISO, on an annual basis, verification that the proposed solution for the first five-year period of the RNA remains its choice for the regulated backstop solution. Such verification shall also include a statement that the implementation schedule is still valid.
- Following the first year that a regulated project is proposed, such verification shall be provided during the Request for Solutions phase of each subsequent CRP process
- The Responsible TO(s) shall immediately notify the NYISO of any material change* in the status of a regulated backstop solution or if a regulated backstop solution may no longer be viable** after which the NYISO shall determine whether another regulated backstop solution is needed outside of the normal CRP cycle.

- **If the Responsible TO(s) determines that there is another solution it wishes to propose as its regulated backstop solution to meet the needs identified in the first five year period of the respective RNA, it shall notify the NYISO as soon as possible, but no later than during the Request for Solutions phase of a subsequent CRP process.**
- **Subject to a determination by the NYISO that the new solution will meet the identified reliability need in the first five year period, such solution shall be included in the CRP, in place of the original regulated backstop solution.**

THE NEXT TWO BULLETS ARE NEW:

- **If the new regulated backstop solution does not meet the needs identified in the first five year period of the RNA, the NYISO will provide sufficient information to the Responsible TO(s) to determine how the regulated backstop should be modified to meet the identified reliability needs. Such information that will be provided includes, but is not limited to the type, size, location and timing of the remaining need.**
- **The Responsible TO(s) shall make necessary changes to its newly proposed backstop solution to address reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review. This is an iterative process that will continue between the NYISO and Responsible TO(s) until identified needs are appropriately addressed. The NYISO will continue to provide detailed information regarding the remaining needs in each iteration.**

Alternative Regulated Solutions Proposed by a Transmission Owner or Other Developer

- **In order to remain on the CRP list as a potential alternative regulated solution (ARS), the Transmission Owner or Other Developer shall provide to the NYISO, on an annual basis, updated information on the proposed solution , including:**
 - **Verification of the regulatory review and permitting status of the ARS.**
 - **Verification that the proposed implementation schedule is within the timeframe of the benchmark (BM) established by the regulated backstop solution)**
- **Following the first year that an alternative regulated project is proposed, such verification shall be provided during the Request for Solutions phase of each subsequent CRP process.**
- **Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed alternative regulated solution from further consideration in that round of the Comprehensive Reliability Planning Process. Such solution shall be removed from that year's CRP.**

- **The Transmission Owner or Other Developer will immediately notify the NYISO when it has any indication of a material change** in the status of its project.**
- **If the NYISO, at any time, learns of a material change in the status of an alternative regulation solution, it may, at that time, make a determination as to the continued viability of such solution.**
- **The NYISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the sponsor along with the basis for its intended determination. The NYISO shall provide the sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO’s intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed solution.**
- **If the NYISO, following its analysis, determines that a proposed solution is no longer viable it will be removed from the list of potential alternate regulated solutions in the next CRP.**
- **If the Transmission Owner or Other Developer determines that there is another solution it wishes to propose as its alternative regulated solution, it shall submit such proposed solution to the NYISO.**
- **Subject to a determination by the NYISO that the new proposed alternative regulated solution will meet the identified reliability need, such solution shall be included in the CRP, in place of the ARS originally proposed.**

Notes:

*** In the context of the Comprehensive Reliability Planning Process, the term “material change” shall include, but not be limited to: (a) a change in the financial viability of the developer; (b) a change in the siting status; or (c) a change in a major element of the project development.**

**** In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable likelihood that the proposed project will effectively address the identified reliability need in a timely fashion.**

Criteria for Market-Based Solutions Cutoff

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 9.0(d)

2 The NYISO, in conjunction with the ESPWG, will develop criteria for determining the cutoff date for a determination that a market-based solution will not be available to meet a Reliability Need on a timely basis.

Proposed Criteria

- **In the first instance, the NYISO shall employ its procedures for monitoring the viability of a market-based solution to determine when it may no longer be viable.***
- **Under the conditions where a market-based solution is proceeding after the date on which the NYISO would otherwise have invoked a regulated backstop solution, it becomes even more critical for the NYISO to conduct a continued analysis of the viability of such market-based solutions.**
- **The developer of such a market-based solution shall submit to the NYISO, on a periodic basis [period to be determined], updated information on the project's status, including:**
 - **Major milestone schedule**
 - **Status of final permits**
 - **Status of major equipment**
 - **Current status of construction schedule**
 - **Estimated in-service date**
 - **Any potential impediments to completion by the reliability need date**
 - **Any other information requested by the NYISO**
- **The developer shall immediately report to the NYISO when it has any indication of a material change** in the project status or that the project in-service date may slip beyond the reliability need date**
- **Based upon the above information, the NYISO will perform an independent review of the development status of the market-based solution to determine that it remains viable to meet the identified reliability need in a timely fashion.**

- **If the NYISO, at any time, learns of a material change in the project status of a market-based solution, it may, at that time, make a determination as to the continued viability of such project.**
- **The NYISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the project sponsor along with the basis for its intended determination. The NYISO shall provide the sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO’s intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed solution.**
- **If the NYISO determines that the market-based solution is no longer viable, it will immediately request the Responsible TO(s) to invoke the regulated backstop solution, or to seek other measures to ensure the reliability of the system in accordance with the provisions of Attachment Y of the NYISO OATT.**
- **If the NYISO determines that the market-based solution is still viable, but that its in-service date is likely to slip beyond the reliability need date, the NYISO will request the Responsible TO(s) to prepare a “gap solution” in accordance with the provisions of Attachment Y of the NYISO OATT.**

Notes:

*** In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable likelihood that the proposed project will effectively address the identified reliability need in a timely fashion.**

**** In the context of the Comprehensive Reliability Planning Process, the term “material change” shall include, but not be limited to: (a) a change in the financial viability of the developer; (b) a change in the siting status; or (c) a change in a major element of the project development.**