

**Comments on Cost Allocation and Cost Recovery for Reliability Upgrades
New York Energy Buyers Forum**

Having reviewed the slides you sent on this matter, the ISO New England/NEPOOL plan mentioned in your "Cost Allocation" slide, and FERC's approval of that plan, following are comments from the New York Energy Buyers Forum.

1. When it comes to regulated reliability upgrades, we prefer to maintain the existing venue (i.e., NY PSC) for reviewing such cost allocations rather than having them come under FERC jurisdiction.
2. We agree that incentives for construction of regulated reliability upgrades may be essential, but (again) would prefer that such incentives be the subject of a formal PSC rate case.
3. We would prefer to keep cost recovery for transmission upgrades performed by regulated utilities under the individual utility tariffs instead of in the NY ISO OATT.
4. With regard to cost allocation, we support the creation of reliability criteria if they have a strong consensus basis.
5. Due to the special reliability needs of Zone J, we support establishing such guidelines on a case-by-case analysis.

Thank you for the opportunity to comment on these matters.

Best wishes,

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