

Exhibit ____ (JPB-1)

Attachment Y to the NYISO OATT

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1

Open Access Transmission Tariff

Composite Tariff Reflecting Commission Orders And NYISO Filings
Through December 10, 2008

Double-Underlined material indicates provisions proposed for addition, and ~~Strike-Through~~ material indicates provision proposed for deletion, in filings awaiting Commission action.

Single-Underlined material indicates additions in effect, **Highlighted** material indicates deletions in effect, in filings awaiting Commission action.

~~Italics plus strike-through and double underline~~ material indicates provisions proposed for addition and pending Commission action, which have been deleted by superseding provisions and approved by the Commission.

This composite New York Independent System Operator, Inc. OATT has been prepared for the convenience of the Market Participants on the basis of filings made with, or accepted or approved by, the Federal Energy Regulatory Commission. The composite OATT has not been filed with the Commission. The filings made with, and accepted or approved by, the Federal Energy Regulatory Commission shall govern in the case of any discrepancies with the composite OATT.

Attachment Y

New York ISO Comprehensive System Planning Process for Reliability Needs

Table of Contents

<u>A.</u>	<u>General Overview</u>	<u>946</u>
<u>1.0</u>	<u>New York Comprehensive Reliability System Planning Process (“CSPP”)</u>	<u>946</u>
<u>2.0</u>	<u>Definitions</u>	<u>946A</u>
<u>3.0</u>	<u>NYISO Implementation and Administration</u>	<u>948</u>
<u>B.</u>	<u>Reliability Planning Process</u>	<u>948A</u>
<u>4.0</u>	<u>Local Transmission Owner Planning Process</u>	<u>948A</u>
<u>5.0</u>	<u>Reliability Needs Assessment</u>	<u>948B</u>
<u>5.</u>	<u>Review Process</u>	<u>951</u>
<u>6.0</u>	<u>RNA Review Process</u>	<u>951</u>
<u>7.0</u>	<u>Development of Solutions to Reliability Needs</u>	<u>952</u>
<u>7.8.0</u>	<u>NYISO Evaluation of Proposed Solutions to Reliability Needs</u>	<u>954</u>
<u>8.9.0</u>	<u>Comprehensive Reliability Plan</u>	<u>956A</u>
<u>9.10.0</u>	<u>Monitoring of Reliability Project Status</u>	<u>958</u>
<u>10.</u>	<u>Cost allocation Principles</u>	<u>958</u>
<u>C.</u>	<u>Economic Planning Process</u>	<u>958D</u>
<u>11.0</u>	<u>Cost Recovery for Regulated Projects Congestion Assessment and Resource Integration Study for Economic Planning</u>	<u>960</u> <u>958D</u>
<u>12.0</u>	<u>CARIS Review Process and Actual Project Proposals</u>	<u>958G</u>
<u>D.</u>	<u>Cost Allocation and Cost Recovery</u>	<u>958H</u>
<u>13.0</u>	<u>The Scope of Attachment Y Cost Allocation</u>	<u>958H</u>
<u>14.0</u>	<u>Regulated Responses to Reliability Needs</u>	<u>959</u>
<u>15.0</u>	<u>Regulated Economic Projects</u>	<u>960.04</u>
<u>16.0</u>	<u>Cost Recovery for Regulated Projects</u>	<u>960F</u>
<u>E.</u>	<u>Other Provisions</u>	<u>961</u>
<u>17.0</u>	<u>FERC Role in Dispute Resolution</u>	<u>961</u>
<u>18.0</u>	<u>Non-Jurisdictional Entities</u>	<u>961</u>
<u>19.0</u>	<u>Tax Exempt Financing Provisions</u>	<u>961</u>
<u>20.0</u>	<u>Interregional Planning Coordination</u>	<u>961A</u>
	<u>Appendix A: Reporting of Historic and Projected Congestion</u>	<u>962</u>

Issued by: William J. Museler, Mark L. Lynch, President, Elaine D. Robinson, Dir. Reg. Affairs Effective: October 19, 2007 December 7, 2004 June 18, 2008

Issued on: August 20, 2007 December 7, 2004 June 27, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

A. General Overview

1.0 New York Comprehensive Reliability System Planning Process (“CSPP”)

1.1 General Reliability Planning Process

~~This Sections 4.0 through 9.0 of this Attachment describes the process that the NYISO, the Transmission Owners, and Market Participants shall follow for planning to meet the reliability needs of the New York State Bulk Power Transmission Facilities (“BPTFs”). The objectives of the process are to: (1) evaluate the reliability needs of the BPTFs pursuant to Reliability Criteria; (2) identify, through the development of appropriate scenarios, factors and issues that might adversely impact the reliability of the BPTFs; (3) provide a process whereby solutions to identified needs are proposed, evaluated on a comparable basis, and implemented in a timely manner to ensure the reliability of the system; (4) provide an opportunity for the development of market-based solutions while ensuring the reliability of the BPTFs; and (5) coordinate the NYISO’s reliability assessments with Nneighboring Control Areas.~~

The NYISO will provide, through the analysis of historical system congestion costs, information about historical congestion including the causes for that congestion so that Market Participants and other stakeholders can make appropriately informed decisions. See Appendix A.

1.2 Transmission Owner Planning Process

~~The Transmission Owners will continue to plan for their transmission systems, including the BPTFs and other NYS Transmission System facilities. The planning process of each Transmission Owner is referred to herein as the Local Transmission Owner Planning Process (“LTPP”), and the plans resulting from the LTPP are referred to herein as Local Transmission Plans (“LTPs”), whether under consideration or finalized. Each Transmission Owner will be responsible for administering its LTPP and for making provisions for stakeholder input into its LTPP. The NYISO’s role in the LTPP is limited to the procedural activities described in this Attachment Y.~~

~~The finalized portions of the LTPs periodically prepared by the Transmission Owners will be used as inputs to the Reliability Planning Process described in this Attachment Y. Each Transmission Owner will prepare an LTP for its transmission system in accordance with the procedures described in Section 4.0.~~

1.3 Economic Planning Process

Sections 11.0 and 12.0 of this Attachment Y describe the process that the NYISO, the Transmission Owners, and Market Participants shall follow for economic planning to identify and reduce current and future projected congestion on the New York State BPTFs. The objectives of the economic planning process are to: (1) project congestion on the New York State BPTFs over the ten-year planning period of this Comprehensive System Planning Process, (2) identify, through the development of appropriate scenarios, factors that might produce or increase congestion, (3) provide a process whereby projects to reduce congestion identified in the economic planning process are proposed and evaluated on a comparable basis in a timely manner, (4) provide an opportunity for the development of market-based solutions to reduce the congestion identified, and (5) coordinate the NYISO's congestion assessments and economic planning process with neighboring Control Areas.

2.0 Definitions

Unless otherwise defined in this document, capitalized terms used herein shall have the meanings ascribed to them in the OATT.

ATRA: The Annual Transmission Reliability Assessment conducted under Attachment S to the NYISO OATT.

CARIS: The Congestion Assessment and Resource Integration Study for economic planning developed by the NYISO in consultation with the Market Participants under this Attachment Y.

CRP: The Comprehensive Reliability Plan as approved by the NYISO Board of Directors pursuant to this tariff.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment Y

Original Sheet No. 946B

CSPP: The Comprehensive System Planning Process set forth in this Attachment Y, which covers reliability planning, economic planning, cost allocation and cost recovery, and interregional planning coordination.

ESPWG: The Electric System Planning Work Group, or any successor Market Participant work group or committee designated to fulfill the functions assigned to the ESPWG in this tariff.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

Five Year Base Case: The model representing the New York State Power System over the first five years of the Study Period.

Gap Solution: A solution to a Reliability Need that is designed to be temporary and to strive to be compatible with permanent market-based proposals. A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

LTP: The Local Transmission Owner Plan, developed by each Transmission Owner, which describes its respective plans that may be under consideration or finalized for its own Transmission District.

LTPP: The Local Planning Process conducted by each Transmission Owner for its own Transmission District.

Other Developers: Parties or entities sponsoring or proposing to sponsor regulated economic projects or regulated solutions to Reliability Needs who are not Transmission Owners.

Management Committee: The standing committee of the NYISO of that name created pursuant to the ISO Agreement.

New York State Bulk Power Transmission Facilities: The facilities identified as the New York State Bulk Power Transmission Facilities in the annual Area Transmission Review submitted to NPCC by the NYISO pursuant to NPCC requirements.

NYCA Free Flow Test: A NYCA unconstrained internal transmission interface test, performed by the NYISO to determine if a Reliability Need is the result of a statewide resource deficiency or a transmission limitation.

NYDPS: The New York State Department of Public Service, as defined in the New York Public Service Law.

NYPSC: The New York Public Service Commission, as defined in the New York Public Service Law.

Operating Committee: The standing committee of the NYISO of that name created pursuant to the ISO Agreement.

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment Y

Original Sheet No. 947A

Reliability Criteria: The electric power system planning and operating policies, standards, criteria, guidelines, procedures, and rules promulgated by the North American Electric Reliability Council (“NERC”), Northeast Power Coordinating Council (“NPCC”), and the New York State Reliability Council (“NYSRC”), as they may be amended from time to time.

Reliability Need: A condition identified by the NYISO in the RNA as a violation or potential violation of Reliability Criteria.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

Responsible Transmission Owner: The Transmission Owner or Transmission Owners designated by the NYISO, pursuant to the NYISO Planning Process, to prepare a proposal for a regulated solution to a Reliability Need or to proceed with a regulated solution to a Reliability Need. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the NYISO identifies a Reliability Need.

RNA: The Reliability Needs Assessment as approved by the NYISO Board under this tariff.

Study Period: The ten-year time period evaluated in the RNA.

TPAS: The Transmission Planning Advisory Subcommittee, or any successor Market Participant work group or committee designated to fulfill the functions assigned to TPAS in this tariff.

3.0 NYISO Implementation and Administration

a. The NYISO shall adopt procedures for the implementation and administration of the CSPP~~Comprehensive Reliability Planning Process~~ set forth in this ~~tariff~~ Attachment Y, and shall revise those procedures as and when necessary. Such procedures will be incorporated in the NYISO's manuals, including NYISO's Comprehensive Reliability Planning Process Manual. The NYISO's procedures shall provide for the open and transparent coordination of the CSPP to allow Market Participants and other stakeholders to have a meaningful opportunity to participate in each stage of the CSPP through the meetings conducted in accordance with the NYISO system of collaborative governance. Confidential information and Critical Energy Infrastructure Information exchanged through the CSPP shall be subject to the protections for such information contained in the NYISO's tariffs and procedures, including this Attachment Y and Attachment F of the NYISO OATT.

b. The NYISO's ~~shall establish in its procedures~~ shall include a schedule for the collection and submission of data and the preparation of models to be used in the studies contemplated under this tariff. That schedule shall provide for ~~an annual~~ rolling two-year cycle of studies and reports. Each cycle commences with the LTPP providing input into the Reliability Planning Process. When the Reliability Planning Process is completed, it is then followed by the Economic Planning Process.

c. The NYISO's procedures shall be designed to allow the coordination of the NYISO's planning activities with those of NERC, NPCC, the NYSRC, neighboring Control Areas and other regional reliability organizations so as to develop consistency of the models, databases, and assumptions utilized in making reliability and economic determinations.

d. The NYISO's procedures shall facilitate the timely identification and resolution of all substantive and procedural disputes that arise out of the CSPP, through use of the NYISO system of collaborative governance, and the dispute resolution procedures contained in this Attachment Y and other provisions of the NYISO OATT.

e. Except for those cases where the NYISO OATT provides that an individual customer shall be responsible for the cost, or a specified share of the cost, of an individually requested study related to interconnection or to system expansion or to congestion and resource integration, the study costs incurred by the NYISO as a result of its administration of the CSPP will be recovered from all customers through and in accordance with Rate Schedule 1 of the NYISO OATT.

B. Reliability Planning Process

4.0 Local Transmission Owner Planning Process

4.1 Criteria, Assumptions and Data

Each Transmission Owner will post on its website the planning criteria and assumptions used in its current LTPP as well as a list of any applicable software and/or analytical tools used in the LTPP. Any planning criteria or assumptions for a Transmission Owner's BPTFs will meet or exceed any applicable NERC, NPCC or NYSRC criteria. The LTPP shall include a description of the needs addressed by the LTPP as well as the assumptions, applicable planning criteria and methodology utilized. A link to each Transmission Owner's website will be posted on the NYISO website.

4.2 Process Timeline

a. Each Transmission Owner, in accordance with a schedule set forth in the NYISO's Comprehensive Reliability Planning Process Manual, will post its current LTP on its website for review by Customers and Market Participants sufficiently in advance of the time for submission to the NYISO for input to its RNA so as to allow adequate time for stakeholder review and comment. Each LTP will include a description of the transmission facilities covered by the plan.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

b. To the extent the current LTP utilizes data or inputs, related to the NYISO's planning process, not already reported by the NYISO in Form 715 and referenced on its website, any such data will be provided to the NYISO at the time each Transmission Owner posts its current LTP and will be posted by the NYISO on its website subject to any confidentiality or Critical Energy Infrastructure Information restrictions or requirements.

c. Each planning cycle, the NYISO shall hold one or more stakeholder meetings of the ESPWG and TPAS at which each Transmission Owner's current LTP will be discussed. Such meetings will be held either at the Transmission Owner's Transmission District, or at a NYISO location. The NYISO shall post notice of the meeting and shall disclose the agenda and any other material distributed prior to the meeting.

d. Market Participants may submit written comments to a Transmission Owner with respect to its current LTP within thirty days after the meeting. Each Transmission Owner shall list on its website, as part of its LTP, the person and/or location to which comments should be sent by Market Participants. All comments will be posted on the NYISO website. Each Transmission Owner will consider comments received in developing any modifications to its LTP. Any such modification will be explained in its current LTP posted on its website pursuant to Section 4.2.b above and discussed at the next meeting held pursuant to Section 4.2.c above.

e. Each planning cycle, each Transmission Owner will submit the finalized portions of its current LTP to the NYISO as contemplated in Section 5.4.b below for timely inclusion in the RNA.

45.0 Reliability Needs Assessment

45.1 General

The NYISO shall prepare and publish the RNA as described below. The RNA will identify Reliability Needs and provide an analysis of historic congestion costs. The NYISO shall also designate in the RNA the Responsible TO with respect to each Reliability Need.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

45.2 Market Participant Participation in the Development of the RNA

The NYISO shall develop the RNA in consultation with Market Participants. TPAS will have responsibility consistent with ISO Procedures for review of the NYISO's reliability analyses. ESPWG will have responsibility consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of reliability assessment scenarios provided under ~~s~~Section 45.5, and in the reporting and analysis of historic congestion costs. Coordination and communication will be established and maintained between these two groups and NYISO Staff to allow Market Participants and other stakeholders to participate in a meaningful way during each stage of the planning process CSPP. The NYISO Staff shall report any majority and minority views of these Market Participant work groups when it submits the RNA to the Operating Committee for a vote, as provided below.

45.3 Preparation of the Reliability Needs Assessment

- a. The NYISO shall evaluate bulk power system needs in the RNA over the Study Period.
- b. ~~The baseline starting point for the first development of the Five Year period Base Case will be the system as defined for the ATRA. The NYISO shall set out the details of the development of the Five Year Base Case are contained in the procedures adopted under section 3, above contained in the NYISO's Comprehensive Reliability Planning Process Manual.~~
- c. The NYISO shall assess the Five Year Base Case to determine whether the BPTFs meet all Reliability Criteria for both resource and transmission adequacy in each year, and report the results of its evaluation in the RNA. Transmission analyses will include thermal, voltage, short circuit, and stability studies. Then, if any Reliability Criteria are not met in any year, the NYISO shall perform additional analyses to determine whether additional resources and/or transmission capacity expansion are needed to meet those requirements, and to determine the expected first year of need for those additional resources and/or transmission. The study will not seek to identify specific additional facilities. Reliability needs will be defined in terms of total deficiencies relative to Reliability Criteria and not necessarily in terms of specific facilities.
- d. The NYISO will also evaluate the BPTFs over the second five years of the Study Period to determine whether they meet all Reliability Criteria for both resource and transmission adequacy in each year and report the results of its evaluation in the RNA. A short circuit assessment will be performed for the tenth year of the Study Period. Reliability needs will be defined in terms of total deficiencies relative to Reliability Criteria and not necessarily in terms of specific facilities.

e. The NYISO shall develop the system representation to be used for its evaluations of the second five years of the Study Period using (1) the most recent Load and Capacity Data Report published by the NYISO on its web site; (2) the most recent versions of NYISO reliability analyses and assessments provided for or published by NERC, NPCC, NYSRC, and Neighboring Control Areas; (3) information reported by neighboring eControl aAreas such as power flow data, forecasted load, significant new or modified generation and transmission facilities, and anticipated system conditions that the NYISO determines may impact the BPTFs; and (4) Market Participant data submitted pursuant to paragraph 45.4 below.

45.4 Market Participant Input

a. At the NYISO's request, Market Participants shall provide, in accordance with the schedule set forth in the ~~procedures adopted under section 3.0~~ NYISO's Comprehensive Reliability Planning Process Manual, the data necessary for the development of the RNA. This input will include but not be limited to (1) existing and planned additions to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); proposals for merchant transmission facilities (to be provided by merchant developers); generation additions and retirements (to be provided by generator owners and developers); demand response programs (to be provided by demand response providers); and any long-term firm transmission requests made to the ~~NYISO Transmission Owners or by municipal electric utilities~~.

b. The Transmission Owners shall submit their ~~plans~~ current LTPs referenced in ~~s~~Section 1.42 and Section 4.0 to the NYISO. The NYISO will review the Transmission Owners' ~~plans-LTPs, as they related to BPTFs,~~ to determine whether they will meet Reliability Needs, recommend an alternate means to resolve the needs from a regional perspective, where appropriate, or indicate that it is not in agreement with a Transmission Owner's proposed additions. The NYISO shall report its determinations under this section in the RNA and in the CRP.

c. All input received from Market Participants shall be considered in the development of the system representation for the Study Period in accordance with the procedures contained in the NYISO's Comprehensive Reliability Planning Process Manual.

45.5 Reliability Scenario Development

The NYISO, in consultation-with the ESPWG and TPAS, shall develop reliability scenarios addressing the first five years and the second five years of the Study Period. Variables for consideration in the development of these reliability scenarios include but are not limited to: load forecast uncertainty, fuel prices and availability, new resources, retirements, transmission network topology, and limitations imposed by proposed environmental or other legislation.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

45.6 Evaluation of Alternate Reliability Scenarios

The NYISO will conduct additional reliability analyses for the alternate reliability scenarios developed pursuant to paragraph 45.5. These evaluations will test the robustness of the needs assessment studies conducted under paragraphs 45.3. This evaluation will only identify conditions under which Reliability Criteria may not be met. It will not identify or propose additional needs. In addition, the NYISO will perform appropriate sensitivity studies to determine whether Reliability Needs previously identified can be mitigated through alternate system configurations or operational modes. The Reliability Needs may increase in some reliability scenarios and may decrease, or even be eliminated, in others. The NYISO shall report the results of these evaluations in the RNA.

45.7 Reliability Needs Assessment Report Preparation

Once all the analyses described above have been completed, NYISO Staff will prepare a draft of the RNA including discussion of its assumptions, Reliability Criteria, and results of the analyses and, if necessary, designate the Responsible Transmission Owner.

56.0 RNA Review Process

56.1 Market Participant Process

The draft RNA shall be submitted to both TPAS and the ESPWG for review and comment. Following completion of that review, the draft RNA shall be forwarded to the Operating Committee for discussion and action. The NYISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft RNA is to be presented. Following the Operating Committee vote, the draft RNA will be transmitted to the Management Committee for discussion and action.

56.2 Board Action

Following the Management Committee vote, the draft RNA, with working group, Operating Committee, and Management Committee input, will be forwarded to the NYISO Board for review and action. Concurrently, the draft RNA will be provided to the Independent

Market Advisor for his review and consideration of whether market rules changes are necessary to address an identified failure, if any, in one of the NYISO's competitive markets. The Board may approve the RNA as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised RNA shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised RNA until it has reviewed the Management Committee comments. Upon approval by the Board, the NYISO shall issue the final RNA to the marketplace by posting it on its web site.

56.3 Needs Assessment Disputes

Notwithstanding any provision to the contrary in this Attachment, the NYISO OATT, or the NYISO Services Tariff, in the event that a Market Participant raises a dispute solely within the NYPSC's jurisdiction relating to the final conclusions or recommendations of the RNA, a Market Participant may refer such dispute to the NYPSC for resolution. The NYPSC's final determination shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the NYCPLR.

56.4 Public Information Sessions

In order to provide ample exposure for the marketplace to understand the identified reliability needs, the NYISO will provide various opportunities for Market Participants and other potentially interested parties to discuss the final RNA. Such opportunities may include presentations at various NYISO Market Participant committees, focused discussions with various industry sectors, and/or presentations in public venues.

67.0 Development of Solutions to Reliability Needs

67.1 Regulated Backstop Solutions

a. ~~The first time~~ When a Reliability Need is identified in any RNA issued under this tariff, the NYISO shall request and the Responsible Transmission Owner shall provide to the NYISO, as soon as reasonably possible, a proposal for a regulated solution or combination of solutions that shall serve as a ~~potential~~ backstop to meet the Reliability Need if requested by the NYISO due to the lack of sufficient viable market-based solutions to meet such Reliability Needs identified for the Study Period. A proposed regulated backstop solution to address a need in the

Issued by: ~~William J. Museler~~ Mark S. Lynch, President

Effective: ~~October 19~~ December 7, 2004

Issued on: ~~February 25~~ December 7, 2005

Filed to comply with ~~Order No. 890~~ of the Federal Energy Regulatory Commission, Docket No. ~~ER04-1144-000~~ RM05-17-000 and 001RM05-25-000, issued ~~December 28~~ February 16, 2004, 409 FERC ¶ 61,372 Stats. & Regs. ¶ 31,241 (2004).

second five years of the planning period that does not have a trigger date of within one year or less of the CRP currently under consideration will not require the same level of detail as a proposed solution for a need in the first five years. The criteria for regulated backstop solutions are included in the NYISO's Comprehensive Reliability Planning Process Manual. Such proposals may include reasonable alternatives that would effectively address the Reliability Need; provided however, the Transmission Owners' obligation to propose and implement regulated backstop solutions under this tariff is limited to regulated transmission solutions. The Responsible Transmission Owner shall also estimate the lead time necessary for the implementation of its proposal. The NYISO will establish a lead time for responses submitted pursuant to Sections 67.2, 67.4 and 8.7.4 on the basis of the time period required for implementation of the proposed potential backstop solution. Prior to providing its response to the RNA, each Responsible Transmission Owner will present for discussion at the ESPWG and TPAS any updates in its LTP that impact a Reliability Need identified in the RNA. Contemporaneous with the request to the Responsible Transmission Owner, the NYISO shall solicit responses using the two-step process defined below, which shall not be a formal RFP process. Should more than one regulated backstop solution be proposed to address a Reliability Need, it will be the responsibility of the Responsible Transmission Owners to determine the regulated backstop solution that will proceed following a finding by the NYISO under Section 9.4 of this Attachment. The determination by the Responsible Transmission Owners will be made prior to the approval of the CRP in which the regulated backstop solution with the longest lead-time could be triggered.

b. Market Participants may submit at any time optional suggestions for changes to NYISO rules or procedures which could result in the identification of additional resources or market alternatives suitable for meeting Reliability Needs.

67.2 Market-Based Responses

At the same time that a proposal for a ~~backstop~~-regulated backstop solution is requested from the Responsible Transmission Owner under Section 67.1, the NYISO ~~will first~~ shall also request market-based responses from the market place. ~~To the extent timing considerations allow, as the NYISO determines pursuant to section 6.1.a above, and while continuing to ensure reliability, a period of time will be reserved for the development and review of market based responses only.~~ Subject to the execution of appropriately drawn confidentiality agreements and FERC's standards of conduct, the NYISO and the appropriate Transmission Owner or Transmission Owners shall provide any party who wishes to develop such a response access to the data that is necessary to develop its response. Such data shall only be used for the purposes of preparing a market-based response to a Reliability Need under this section. Such responses will be open on a comparable basis to all resources, including generation, demand response providers, and merchant transmission developers.

67.3 Qualifications for a Valid Market-Based Response

The NYISO's ~~will develop~~ procedures establishing qualifications and criteria for a valid market-based solution are included in the NYISO's Comprehensive Reliability Planning Process Manual in conjunction with ESPWG. Such qualifications ~~shall~~ recognize the differences between various resources' characteristics and development time lines.

67.4 Alternative Regulated Responses

a. In the event that ~~no~~ insufficient market-based solutions qualified under sSection 67.3 ~~is~~ are proposed, or the NYISO determines that there is imminent need to do so, the NYISO will initiate ~~the~~ a 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.

b. In response to the NYISO's request, Other Developers may develop alternative regulated proposals for generation, demand side alternatives, and/or other solutions to address a Reliability Need and submit such proposals to the NYISO. Transmission Owners, at their option, may submit additional proposals for regulated solutions to the NYISO. Transmission Owners and Other Developers may submit such proposals to the NYDPS for review at any time. Subject to the execution of appropriately drawn confidentiality agreements and FERC's standards of conduct, the NYISO and the appropriate Transmission Owner(s) ~~or Owners~~ shall provide Other Developers access to the data that is needed to develop their proposals. Such data shall be used only for purposes of preparing an alternative regulated proposal in response to a Reliability Need.

7.5 Additional Solutions

Should the NYISO determine that it has not received adequate regulated backstop or market-based solutions to satisfy the Reliability Need, the NYISO may, in its discretion, solicit additional regulated backstop or market-based solutions. Other Developers may submit additional alternative regulated solutions for the NYISO's consideration at that time.

78.0 NYISO Evaluation of Proposed Solutions to Reliability Needs

8.1 Comparable Evaluation of All Proposed Solutions

When evaluating proposed solutions to Reliability Needs, all resource types shall be considered on a comparable basis as potential solutions to the Reliability Needs identified: generation, transmission and demand response.

~~78.21~~ Evaluation of Regulated Backstop Solutions

The NYISO shall evaluate a proposed regulated backstop solution submitted by a Responsible Transmission Owner pursuant to Section ~~67.1~~ to determine whether it will meet the identified Reliability Need in a timely manner, and will report the results of its evaluation in the CRP.

78.32 Evaluation of Market Based Proposals

The NYISO shall review proposals for market-based solutions and determine whether they resolve a Reliability Need. If market-based solutions are found by the NYISO to be sufficient to meet a Reliability Need in a timely manner, the NYISO will so state in the CRP. The NYISO will not select from among the market-based solutions if there is more than one proposal which will meet the same Reliability Need.

78.43 Evaluation of Alternative Regulated Responses

a.——If market-based solutions do not resolve a Reliability Need, the NYISO shall proceed to review the proposed alternative regulated solutions submitted in accordance with sSection 67.4 above, and will report the results of its review in the CRP.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

8.5 Resolution of Deficiencies

b.——Following initial review of the proposals, as described above, NYISO Staff will identify any reliability deficiencies in each of the proposed solutions. The Responsible Transmission Owner, Transmission Owner or Other Developer will discuss any identified deficiencies with the NYISO Staff. Other Developers and Transmission Owners that propose alternative regulated solutions shall have the option to revise and resubmit their proposals to address any identified deficiency. With respect to regulated backstop solutions proposed by a Responsible Transmission Owner pursuant to ~~s~~Section 67.1, the Responsible Transmission Owner shall make necessary changes to its proposed backstop solution to address any reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review. The NYISO shall review all such revised proposals to determine that all of the identified deficiencies have been resolved.

8.6 Designation of Regulated Backstop Solution and Responsible Transmission Owner

e.——If the NYISO determines that a market-based solution will not be available in time to meet a Reliability Need, and finds that it is necessary to take action to ensure reliability, it will state in the CRP that implementation of a regulated solution is necessary. The NYISO will also identify in the CRP (1) the ~~backstop~~-regulated backstop solution that the NYISO has determined will meet the Reliability Need in a timely manner, and (2) the Responsible Transmission Owner.

8.7 Process for Consideration of Regulated Backstop Transmission Solution and Alternative Regulated Transmission Solutions

Upon a finding by the NYISO under Section 9.4 of this Attachment that a regulated solution should proceed, the Transmission Owner will make a presentation to the ESPWG that will provide a description of the regulated backstop solution. The presentation will include a non-binding preliminary cost estimate of that backstop solution; provided, however, that a Responsible Transmission Owner shall be entitled to full recovery of all reasonably incurred costs related to the regulated backstop solution. Any Alternative Regulated Solution proponent seeking regulated cost recovery for its project will also make a presentation to the ESPWG at the time of the above finding by the NYISO providing a description of the Alternative Regulated Solution, including a non-binding preliminary cost estimate of the project. The NYISO and stakeholders through this process will have the opportunity to review and discuss the scope of the projects and their associated non-binding preliminary cost estimates prior to implementation.

Issued by: ~~William J. Museler, Mark L. Lynch, President~~ Elaine D. Robinson, Dir. Reg. Affairs Effective: ~~October 19~~ December 7, 2004 ~~7~~ June 18, 2008

Issued on: ~~August 20~~ December 7, 2004 ~~7~~ June 27, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

8.78 Regulated Solution to Proceed in Parallel with a Market-based Solution

d.—If the NYISO determines that it is necessary for the Responsible Transmission Owner to proceed with a regulated solution to be conducted in parallel with a market-based solution in order to ensure that a Reliability Need is met in a timely manner, the CRP will so state.

78.849 Gap Solutions

a. If the NYISO determines that neither market-based proposals nor regulated proposals can satisfy the Reliability Needs in a timely manner, the NYISO will set forth its determination that a Gap Solution is necessary in the CRP. The NYISO will also request the Responsible Transmission Owner to seek a Gap Solution.

b. If there is an imminent threat to the reliability of the New York power system, the NYISO Board, after consultation with the NYDPS, may request the appropriate Transmission Owner or Transmission Owners to propose a Gap Solution outside of the normal planning cycle.

c. Upon the NYISO's determination of the need for a Gap Solution, pursuant to either Section 7.48.8.a or 7.48.8.b above, the Responsible Transmission Owner will propose such a solution, as soon as reasonably possible, for consideration by the NYISO and NYDPS.

Issued by: ~~William J. Museler~~~~Mark L. Lynch, President~~Elaine D. Robinson, Dir. Reg. Affairs Effective: ~~October 19~~~~December 7, 2004~~June 18, 2008

Issued on: ~~August 20~~~~December 7, 2004~~June 27, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

d. Any party may submit an alternative Gap Solution proposal to the NYISO and the NYDPS for their consideration. The NYISO shall evaluate all Gap Solution proposals to determine whether they will meet the Reliability Need or imminent threat. The NYISO will report the results of its evaluation to the party making the proposal as well as to the NYDPS and/or other appropriate regulatory agency(ies) for consideration in their review of the proposals.

e. Gap Solution proposals submitted under Sections ~~7.4.a~~8.8.c and ~~7.4.b~~8.8.d shall be designed to be temporary solutions and to strive to be compatible with permanent market-based proposals.

f. A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

8.9 Confidentiality of Solutions

a. The term “Confidential Information” shall include all types of solutions to Reliability Needs that are submitted to the NYISO as a response to Reliability Needs identified in any RNA issued by the NYISO as part of the CRPP if the supplier or owner of that solution designates such reliability solutions as “Confidential Information.”

b. For regulated backstop solutions and plans submitted by the Responsible Transmission Owner in response to the findings of the RNA, the NYISO shall maintain the confidentiality of same until the NYISO and the Responsible Transmission Owner have agreed that the Responsible Transmission Owner has submitted sufficient regulated backstop solutions and plans to meet the Reliability Needs identified in an RNA. Thereafter, the NYISO shall disclose the regulated backstop solutions and plans to the Market Participants; however, any preliminary cost estimates that may have been provided to the NYISO shall not be disclosed.

c. For an alternative regulated response, the NYISO shall determine, after consulting with the owner or supplier thereof, whether the response would meet part or all of the Reliability Needs identified in an RNA, and thereafter disclose the alternative regulated response to the Market Participants; however, any preliminary cost estimates that may have been provided to the NYISO shall not be disclosed.

d. For a market-based response, the NYISO shall maintain the confidentiality of same during the CRPP and in the Comprehensive Reliability Plan, except for the following information which may be disclosed by the NYISO: (i) the type of resource proposed (e.g., generation, transmission, demand side); (ii) the size of the resource expressed in Megawatts of equivalent load that would be served by that resource; (iii) the subzone in which the resource would interconnect or otherwise be located; and (iv) the proposed in-service date of the resource.

e. In the event that the developer has made a public announcement of its project or has submitted a proposal for interconnection with the NYISO, the NYISO shall disclose the identity of the market-based developer and the specific project during the CRPP and in the Comprehensive Reliability Plan.

89.0 Comprehensive Reliability Plan

Following the NYISO's evaluation of the proposed market-based and regulated solutions to Reliability Needs, the NYISO will prepare a draft Comprehensive Reliability Plan ("CRP"). The draft CRP shall set forth the NYISO's findings and recommendations, including any determination that implementation of a regulated solution (which may be a Gap Solution) is necessary to ensure system reliability.

89.1 Market Participant Process

The NYISO Staff shall submit the draft CRP to TPAS and ESPWG for review and comment. Following completion of that review, the draft CRP shall be forwarded to the Operating Committee for a discussion and action. The NYISO shall notify the Business Issues Committee of the date of the Operating Committee meeting at which the draft CRP is to be presented. Following the Operating Committee vote, the draft CRP will be transmitted to the Management Committee for a discussion and action.

89.2 Board Action

Following the Management Committee vote, the draft CRP, with working group, Operating Committee, and Management Committee input, will be forwarded to the NYISO Board for review and action. Concurrently, the draft CRP will also be provided to the

Independent Market Advisor for his review and consideration of whether market rule changes are necessary to address an identified failure, if any, in one of the NYISO's competitive markets. The Board may approve the draft CRP as submitted or propose modifications on its own motion. If any changes are proposed by the Board, the revised CRP shall be returned to the Management Committee for comment. The Board shall not make a final determination on the draft CRP until it has reviewed the Management Committee comments. Upon final approval by the Board, the NYISO shall issue the CRP to the marketplace by posting on its website. The NYISO will provide the CRP to the appropriate regulatory agency(ies) for consideration in their review of the proposals.

89.3 Reliability Disputes

Notwithstanding any provision to the contrary in this Attachment, the NYISO OATT, or the NYISO Services Tariff, in the event that a Market Participant raises a dispute solely within the NYPSC's jurisdiction concerning NYISO's final determination in the CRP that a proposed solution will or will not meet a Reliability Need, a Market Participant seeking further review shall refer such dispute to the NYPSC for resolution, as provided for in the NYISO's Comprehensive Reliability Planning Process Manual. The NYPSC's final determination of such disputes shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the New York Civil Practice Law and Rules.

89.4 Determination of Necessity

a. If the NYISO determines in the CRP that implementation of a regulated solution is necessary, the NYISO will request the Responsible Transmission Owner to submit its proposal for a ~~backstop~~-regulated backstop solution to the appropriate ~~state~~-regulatory agency(ies) to begin the necessary approval process. The Responsible Transmission Owner in response to the NYISO request shall make such a submission. Other Developers and Transmission Owners proposing alternative regulated solutions pursuant to Section ~~67.4.b~~8.4, which the NYISO has determined will resolve the identified deficiencies, may submit these proposals to the appropriate state regulatory agency(ies) for review. If the appropriate state agency(ies) makes a final determination that an alternative regulated solution is the preferred solution to a Reliability Need and that the regulated backstop solution should not be implemented, the alternative regulated solution will be implemented by the Transmission Owner or Other Developer that proposed the alternative regulated solution, and the Responsible Transmission Owner will not be responsible for addressing the Reliability Need with a regulated backstop solution. Should the alternative regulated solution not be implemented, the NYISO may request a Gap solution pursuant to Section 8.9 of this Attachment.

b. If the NYISO determines in the CRP that it is necessary for the Responsible Transmission Owner to proceed with the regulated solution identified in §9.4.a in parallel with a market-based solution in order to ensure that a Reliability Need is met in a timely manner, the Responsible Transmission Owner shall proceed with due diligence to develop it in accordance with Good Utility Practice unless or until notified by the NYISO that it has determined that the regulated solution is no longer needed.

Issued by: Elaine D. Robinson, Dir. Reg. Affairs
Issued on: June 27, 2008

Effective: June 18, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

c. If, after consultation with the Responsible Transmission Owner, the NYISO determines that the Responsible Transmission Owner has not submitted its proposed solution for ~~state-necessary~~ regulatory action within a reasonable period of time, or that the Responsible Transmission Owner has been unable to obtain the approvals or property rights necessary under applicable law to construct the project, the NYISO shall submit a report to the FERC for its consideration and determination of whether any action is appropriate under federal law.

910.0 Monitoring of Reliability Project Status

a. 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's ~~will develop~~ criteria, ~~in conjunction with the ESPWG~~, to assess the continued viability of such projects are included in the NYISO's Comprehensive Reliability Planning Process Manual.

b. 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's ~~will develop~~ criteria, ~~in conjunction with the ESPWG~~, to assess the continued viability of such projects are included in the NYISO's Comprehensive Reliability Planning Process Manual.

c. The NYISO, ~~in conjunction with ESPWG~~, will ~~develop~~ apply the criteria in this Section 10.0.c for halting a regulated solution that is already underway because of the entry of a viable market-based solution that the NYISO has determined will meet the same Reliability Need. ~~Such~~ These criteria shall also ~~establish~~ include a cut-off point following which a regulated solution may not be cancelled regardless of the appearance of a market-based solution.

- (i) The NYISO shall review proposals for market-based solutions, pursuant to Section 8.3 of this Attachment Y. If, based on the availability of market-based solution(s) to meet the identified Reliability Need, the NYISO determines that the regulated backstop solution is no longer needed and should be halted, it will immediately notify the Responsible Transmission Owner and will so state in the CRP. If a regulated backstop solution is halted by the NYISO, all of the costs incurred and commitments made by the Responsible Transmission Owner up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, will be recoverable by the Responsible Transmission Owner under the cost recovery mechanism in the NYISO tariff regardless of the nature of the solution.

- (ii) Once the Responsible Transmission Owner submits its application for state regulatory approval of the regulated backstop solution, pursuant to Section 9.4.a of this Attachment Y, or, if state regulatory approval is not required, once the Responsible Transmission Owner submits its application for any necessary regulatory approval, the entry of a market-based solution will not result in the halting by the NYISO of the regulated backstop solution. The NYISO, however, will continue to evaluate proposed market-based solutions to determine their ability to meet the identified Reliability Need in a timely manner, and will provide the results of its review to the Responsible Transmission Owner, Market Participants and the appropriate state regulatory agency(ies).
- (iii) If a material modification to the regulated backstop solution is proposed by any federal, state or local agency, the Responsible Transmission Owner will request the NYISO to conduct a supplemental reliability review. If the NYISO identifies any reliability deficiency in the modified solution, the NYISO will so advise the Responsible Transmission Owner and the appropriate federal, state or local regulatory agency(ies).
- (iv) If the appropriate federal, state or local agency(ies) does not approve a necessary authorization for the regulated backstop solution, all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision will be recoverable by the Responsible Transmission Owner under the NYISO cost recovery mechanism regardless of the nature of the solution.
- (v) The NYISO is not required to review market-based solutions to determine whether they will meet the identified Reliability Need in a timely manner after the regulated backstop solution has received federal and state regulatory approval, unless a federal or state regulatory agency requests the NYISO to conduct such a review. The NYISO will report the results of its review to the federal or state regulatory agency, with copies to the Responsible Transmission Owner.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

- (vi) If a necessary federal, state or local authorization for a regulated solution is withdrawn, all expenditures and commitments made up to that point including reasonable and necessary expenses incurred to implement an orderly termination of the project, will be recoverable under the NYISO cost recovery mechanism by the Responsible Transmission Owner regardless of the nature of the solution. When an alternative regulated solution proposed by a Transmission Owner or Other Developer has been determined by the PSC or other State authorities to be the preferred solution to a Reliability Need and the Transmission Owner or Other Developer makes all best efforts to obtain necessary federal, state or local authorization, but these authorizations are not granted or are withdrawn, then all reasonably incurred expenditures and necessary expenses incurred to implement an orderly termination of the project, will be recoverable under the NYISO cost recovery mechanism by the Transmission Owner or Other Developer, provided that such expenditures and commitments were before the PSC or other State authorities when it made its determination that the alternative regulated solution is the preferred solution.

d. The NYISO, ~~in conjunction with the ESPWG,~~ will ~~develop~~ apply the criteria in this Section 10.0.d 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.

- (i) 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.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

- (ii) The developer of such a market-based solution shall submit updated information to the NYISO twice during each CRPP cycle, first during the input phase of the RNA, and again during the solutions phase during the period allowed for the solicitation for market-based and regulated backstop solutions. If no solutions are requested in a particular year, then the second update will be provided during the NYISO's analysis of whether existing solutions continue to meet identified reliability needs. The updated information of the project status shall include: 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, and any other information requested by the NYISO.
- (iii) 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. A material change shall include, but not be limited to, a change in the financial viability of the developer, a change in siting status, or a change in a major element of the project development.
- (iv) 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 manner. 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.
- (v) 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 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.

- (vi) If the NYISO determines that a market-based solution that is needed to meet an identified Reliability Need is no longer viable, it will request the Responsible Transmission Owner to invoke the regulated backstop solution, or to seek other measures including but not limited to a Gap Solution, to ensure the reliability of the system within the benchmark timeframe.
- (vii) 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 Transmission Owner to prepare a Gap Solution in accordance with the provisions of this Attachment Y.

C. Economic Planning Process

11.0 Congestion Assessment and Resource Integration Study for Economic Planning

11.1 General

The NYISO shall prepare and publish the Congestion Assessment and Resource Integration Study (“CARIS”) as described below. The CARIS for economic planning will align with the reliability planning process. Each CARIS will use a ten-year planning horizon consistent with the reliability planning horizon. Each CARIS will be based on the most recently concluded and approved CRP. The base case for each CARIS will assume a reliable system for the ten-year planning horizon based upon the CRP.

11.2 Market Participant Participation in the Development of the CARIS

a. The NYISO shall develop the CARIS in consultation with Market Participants. The TPAS will have responsibilities consistent with ISO Procedures for review of the NYISO’s technical analyses. ESPWG will have responsibilities consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of the congestion assessment and the congestion assessment scenarios provided for under Section 11.5, and in the reporting and analysis of congestion costs. Coordination and communication will be established and maintained between these two groups and NYISO staff to allow Market Participants and other stakeholders to participate in a meaningful way during each stage of the economic planning process. The NYISO staff shall report any majority and minority views of these Market Participant work groups when it submits the CARIS to the Business Issues Committee for a vote, as provided below.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

b. The NYISO, in conjunction with ESPWG, will develop criteria for the selection and grouping of the three congestion and resource integration studies that comprise each CARIS, as well as for setting the associated timelines for completion of the selected studies. Study selection criteria may include congestion estimates, and shall include a process to prioritize the three studies that comprise each CARIS. Criteria shall also include a process to set the cut off date for inputs into and completion of each CARIS study cycle.

c. The NYISO, in conjunction with ESPWG, will develop a process by which individual customers can request and fund other congestion and resource integration studies, in addition to those included in each CARIS. These individual congestion and resource integration studies are in addition to those studies that a customer can request related to firm point-to-point transmission service pursuant to Section 19 of the NYISO OATT, or studies that a customer can request related to Network Integration Transmission Service pursuant to Section 32 of the NYISO OATT, or studies related to interconnection requests under Attachment X or Attachment Z of the NYISO OATT.

d. The NYISO shall post all requests for congestion and resource integration studies on its website.

11.3 Preparation of the CARIS

a. The Study Period for the CARIS shall be the same ten-year Study Period covered by the CRP.

b. The CARIS will assume a reliable system throughout the Study Period, based upon the solutions identified in the most recently completed and approved CRP. The baseline system for the CARIS shall first incorporate sufficient viable market-based solutions to meet the identified Reliability Needs as well as any regulated backstop solutions triggered in prior or current CRPs. The NYISO, in conjunction with the ESPWG, will develop methodologies to scale back market-based solutions to the minimum needed to meet the identified Reliability Needs, if more have been proposed than are necessary to meet the identified Reliability Needs. Regulated backstop solutions that have been proposed but not triggered in the most recent CRP shall also be used if there are insufficient market-based solutions for the ten-year study period. Multiple market-based solutions, as well as regulated solutions to Reliability Needs, may be included in the scenario assessments described in Section 11.5.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

c. In conducting the CARIS, the NYISO shall combine the component studies selected and assess system congestion and resource integration over the study period, measuring congestion by the metrics discussed in Appendix A to this Attachment Y. The NYISO, in conjunction with the ESPWG, will develop the specific production costing model to be used in the CARIS. All resource types shall be considered on a comparable basis as potential solutions to the congestion identified: generation, transmission and demand response. The CARIS may include consideration of the economic impacts of advancing a regulated back stop solution contained in the CRP.

d. In conducting the CARIS, the NYISO shall conduct benefit/cost analysis of each potential solution to the congestion identified, applying benefit/cost metrics that the NYISO will develop in conjunction with ESPWG. The principal benefit metric for the CARIS analysis will be expressed as the present value of the NYCA-wide production cost reduction that would result from each potential solution. Additional benefit metrics shall include estimates of reductions in losses, LBMP load costs, generator payments, ICAP costs, Ancillary Services costs, emission costs, and TCC payments. The NYISO will work with the ESPWG to determine the methodology and models needed to develop and implement those additional metrics, and also to determine the most useful metrics for each CARIS, given overall NYISO resource requirements.

11.4 Market Participant Participation in the Development of the CARIS

At the NYISO's request, Market Participants shall provide, in accordance with the schedule set forth in the NYISO Comprehensive Reliability Planning Process Manual, the data necessary for the development of the CARIS. This input will include but not be limited to existing and planned additions to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); proposals for merchant transmission facilities (to be provided by merchant developers); generation additions and retirements (to be provided by generator owners and developers); demand response programs (to be provided by demand response providers); and any long-term firm transmission requests made to the NYISO. The relevant Transmissions Owners will assist the NYISO in developing the potential solution cost estimates to be used by the NYISO to conduct benefit/cost analysis of each of the potential solutions.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

11.5 Congestion and Resource Integration Scenario Development

The NYISO, in consultation with the ESPWG and TPAS, shall develop congestion and resource integration scenarios addressing the Study Period. Variables for consideration in the development of these congestion and resource integration scenarios include but are not limited to: load forecast uncertainty, fuel price uncertainty, new resources, retirements, emission data, the cost of allowances and potential requirements imposed by proposed environmental and energy efficiency mandates, as well as overall NYISO resource requirements. The NYISO shall report the results of these scenario analyses in the CARIS.

11.6 CARIS Report Preparation

Once all the analyses described above have been completed, NYISO Staff will prepare a draft of the CARIS including a discussion of its assumptions, inputs, methodology, and the results of its analyses.

12.0 CARIS Review Process and Actual Project Proposals

12.1 Market Participant Process

The draft CARIS shall be submitted to both TPAS and the ESPWG for review and comment. Following completion of that review, the draft CARIS shall be sent to the Business Issues Committee and the Management Committee for discussion and action.

12.2 Board Action

Following the Management Committee vote, the draft CARIS, with Business Issues Committee and Management Committee input, will be forwarded to the NYISO Board for review and action. Concurrently, the draft CARIS will be provided to the Independent Market Advisor for his review and consideration. The Board may approve the CARIS as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised CARIS shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised CARIS until it has reviewed the Management Committee comments. Upon approval by the Board, the NYISO shall issue the CARIS to the marketplace by posting it on its website.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

12.3 Public Information Sessions

In order to provide ample exposure for the market place to understand the content of the CARIS, the NYISO will provide various opportunities for Market Participants and other potentially interested parties to discuss final CARIS. Such opportunities may include presentations at various NYISO Market Participant committees, focused discussions with various industry sectors, and /or presentations in public venues.

12.4 Actual Project Proposals

As discussed in Section 11 of this Attachment Y, the CARIS analyzes system congestion over its ten-year study period and, for informational purposes, provides benefit/cost analysis and other analysis of potential solutions to the congestion identified. If, in response to the CARIS, a developer proposes an actual project to address specific congestion identified in the CARIS, then the NYISO will process that project proposal in accordance with the relevant provisions of Sections 13, 15 and 16 of this Attachment Y.

10.0D. Cost Allocation Principles and Cost Recovery

13.0 The Scope of Attachment Y Cost Allocation

13.1 Regulated Responses

The cost allocation principles and methodologies in this Attachment Y cover only regulated transmission solutions to Reliability Needs and regulated transmission responses to congestion identified in the CARIS, whether proposed by a Responsible Transmission Owner or a Transmission Owner or Other Developer. The cost allocation principles and methodology covering regulated transmission solutions to Reliability Needs are contained in Sections 14.1 and 14.2 of this Attachment Y. The separate cost allocation principles and methodology covering regulated transmission responses to congestion identified in the CARIS are contained in Sections 15.1 and 15.2 of this Attachment Y.

~~10.1~~13.2 Market-Based Responses

The cost allocation principles and methodologies in this Attachment Y do not apply to ~~of~~ market-based solutions to Reliability Needs or to market-based responses to congestion identified in the CARIS. The cost of a market-based project shall be the responsibility of the developer of the market based proposal and shall not be subject to the provisions of Section ~~10.2~~that project.

13.3 Interconnection Cost Allocation

The cost allocation principles and methodologies in this Attachment Y do not apply to the interconnection costs of generation and merchant transmission projects. Interconnection costs are determined and allocated in accordance with Attachment S and Attachment X and Attachment Z of the NYISO OATT.

13.4 Individual Transmission Service Requests

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission expansion projects undertaken in connection with an individual request for Transmission Service. The cost of such a project is determined and allocated in accordance with Section 19 or Section 32 of the NYISO OATT.

13.5 LTP Facilities

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission projects included in LTPs or LTP updates. Each Transmission Owner will recover the cost of such transmission projects in accordance with its then existing rate recovery mechanisms.

13.6 Regulated Non-Transmission Solutions to Reliability Needs

Costs related to regulated non-transmission reliability projects will be recovered by Responsible Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. Nothing in this section shall affect the Commission's jurisdiction over wholesale sales.

10.214.0 Regulated Responses to Reliability Needs

14.1 Cost Allocation Principles

Cost allocation for regulated transmission solutions to Reliability Needs shall be determined by the NYISO based upon the principle that beneficiaries should bear the cost responsibility. ~~The NYISO will develop criteria in consultation with Market participants for determining the beneficiaries of regulated solutions to Reliability Needs.~~ The specific cost allocation methodology, to be developed by the NYISO in consultation with the ESPWG, will incorporate the following elements:

Issued by: ~~William J. Museler, Mark L. Lynch, President~~ Elaine D. Robinson, Dir. Reg. Affairs Effective: ~~October 19, 2004~~ December 7, 2004 ~~June 18, 2008~~

Issued on: ~~August 20, 2004~~ December 7, 2004 ~~June 27, 2008~~

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

- a. The focus of the cost allocation methodology shall be on solutions to violations of specific Reliability Criteria.
- b. Potential impacts unrelated to addressing the Reliability Needs shall not be considered for the purpose of cost allocation for regulated solutions.
- c. Primary beneficiaries shall initially be those Transmission Districts identified as contributing to the reliability violation.
- d. The cost allocation among primary beneficiaries shall be based upon their relative contribution to the need for the regulated solution.
- e. The NYISO will examine the development of specific cost allocation rules based on the nature of the reliability violation (e.g., thermal overload, voltage, stability, resource adequacy and short circuit).
- f. Cost allocation among Transmission Districts shall recognize the terms of prior agreements among the Transmission Owners, if applicable.
- g. Consideration should be given to the use of a materiality threshold for cost allocation purposes.
- h. The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.
- i. Consideration should be given to the “free rider” issue as appropriate. The methodology shall be fair and equitable.

- j. The methodology shall provide cost recovery certainty to investors to the extent possible.
- k. The methodology shall apply, to the extent possible, to Gap Solutions.
- l. Cost allocation is independent of the actual triggered project(s), except when allocating Minimum Locational Capacity Requirement (“LCR”) cost responsibilities, and is based on a separate process that results in NYCA meeting its LOLE requirement.
- m. The target year is the year in which a need will be met by a backstop solution(s).
- n. The trigger year is the year in which the backstop solution must begin to be implemented, driven by the project lead time.
- o. Cost allocation for a solution that meets the needs of a target year assumes that backstop solutions of prior years have been implemented.
- p. Cost allocation will consider the most recent values for LCRs. LCR must be met for the target year.

10.3.14.2 Interconnection Cost Allocation Methodology

General Reliability Solution Cost Allocation Formula:

The cost allocation mechanism for regulated transmission reliability projects, whether proposed by a Responsible Transmission Owner or a Transmission Owner or Other Developer, would be used as a basis for allocating costs associated with projects that are triggered to meet Reliability Needs identified in the RNA. The formula is not applicable to that portion of a project oversized beyond the smallest technically feasible solution that meets the Reliability Need identified in the RNA. Nor is the formula applicable to that portion of the cost of a regulated transmission reliability project that is, pursuant to Section VII.K.3.c of Attachment S to the NYISO OATT, paid for with funds previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation or merchant transmission projects. The same cost allocation formula is applied regardless of the project or sets of projects being triggered; however, the nature of the solution set may lead to some terms equaling zero, thereby dropping out of the equation. To ensure that appropriate allocation to the LCR and non-LCR zones occurs, the zonal allocation percentages are developed through a series of steps that first identify responsibility for LCR deficiencies, followed by responsibility for remaining need. This cost allocation process can be applied to any solution or set of solutions that involve single or multiple cost allocation steps. One formula can be applied to any solution set:

Issued by: ~~William J. Museler~~~~Mark L. Lynch, President~~ Elaine D. Robinson, Dir. Reg. Affairs

Effective: ~~October 19~~~~December 7, 2004~~ June 18 August 4, 2008

Issued on: ~~August 20~~~~December 7, 2004~~ June 27 August 4, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17ER04-449-000, et al. and RM05-25-000, issued February 16 March 21, 20078, 122 FERC Stats. & Regs. ¶ 361,24167 (20078).

- (i) The NYISO will provide output results of the reliability simulation program utilized for the RNA that indicate the hours that each interface is at limit in each flow direction, as well as the hours that coincide with a loss of load event. These values will be used as an initial indicator to determine the binding interfaces that are impacting LOLE within the NYCA.
- (ii) NYISO will review the output of the reliability simulation program utilized for the RNA along with other applicable information that may be available to make the determination of the binding interfaces.
- (iii) Zone(s) within areas isolated from the rest of NYCA as a result of constrained interface limits (the "Bounded Regions") are assigned cost responsibility for the compensatory MW, defined as CIdéf, needed to reach an LOLE of 0.1.
- (iv) If one or more Bounded Regions are isolated as a result of binding interfaces identified through the Binding Interface Test, the NYISO will determine the optimal distribution of compensatory MW to achieve a NYCA LOLE of 0.1. Compensatory MW will be added until the required NYCA LOLE is achieved
- (v) The Bounded Regions will be identified by the NYISO's Binding Interface Test, which identifies the bounded interface limits that can be relieved and have the greatest impact on NYCA LOLE. The Bounded Region that will have the greatest benefit to NYCA LOLE will be the area to be first allocated costs in this step. The NYISO will determine if after the first addition of compensating MWs the Bounded Region with the greatest impact on LOLE has changed. During this iterative process, the Binding Interface Test will look across the state to identify the appropriate Bounded Region. Specifically, the Binding Interface Test will be applied starting from the interface that has the greatest benefit to LOLE (the greatest LOLE reduction per interface compensatory MW addition), and then extended to subsequent interfaces until a NYCA LOLE of 0.1 is achieved.
- (vi) The CIdéf MW are allocated to the applicable Bounded Region isolated as a result of the constrained interface limits, based on their NYCA coincident peaks. Allocation to locational zones will take into account their locational requirements.

Issued by: Elaine D. Robinson, Dir. Reg. Affairs
Issued on: June 27, 2008

Effective: June 18, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

For a single solution that addresses only a binding interface deficiency, the equation would reduce to:

$$\text{Allocation}_i = \left[\frac{\text{Coincident Peak}_i \times (1 + \text{IRM} - \text{LCR}_i)}{\sum_{l=1}^m \text{Coincident Peak}_l \times (1 + \text{IRM} - \text{LCR}_l)} \times \frac{\text{SolnCIdef}}{\text{Soln Size}} \right] \times 100\%$$

Where i is for each applicable zone, m is for the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, SolnCIdef is the CIdef for the applicable project and SolnSize represents the total compensatory MW addressed by the applicable project.

d. If, after the completion of Steps 1 through 3, there is a thermal or voltage security issue that does not cause an LOLE violation, it will be deemed a local issue and related costs will not be allocated under this process.

e. Costs related to the deliverability of a resource will be addressed under the NYISO's deliverability procedures

f. This cost allocation methodology would be used for any projects required to meet Reliability Needs identified in the RNA that are triggered prior to January 1, 2016. Costs associated with any projects triggered on or after January 1, 2016 will be allocated according to a methodology, which, after proper consideration within the NYISO stakeholder process, will be filed by the NYISO for FERC approval prior to January 1, 2016, in accordance with the NYISO governance process. The filing may provide for a continuation of the forgoing methodology or a revised methodology.

The NYISO, in consultation with the ESPWG, will develop the cost allocation methodology for regulated transmission solutions to Reliability Needs.

15.0 Regulated Economic Projects

15.1 The Scope of Section 15

As discussed in Section 13 of this Attachment Y, the cost allocation principles and methodologies of this Section 15 apply only to regulated economic transmission projects proposed in response to congestion identified in the CARIS. This Section 15 does not apply to

Issued by: Elaine D. Robinson, Dir. Reg. Affairs

Effective: June 18, 2008

Issued on: June 27, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

generation or demand side management projects, nor does it apply to any market-based projects. This Section 15 does not apply to regulated backstop solutions triggered by the NYISO pursuant to the Comprehensive Reliability Planning Process, provided, however, the cost allocation principles and methodologies in this Section 15 will apply to regulated backstop solutions when the implementation of the regulated backstop solution is accelerated solely to reduce congestion in earlier years of the Study Period. The NYISO will work with the ESPWG to develop procedures to deal with the acceleration of regulated backstop solutions for economic reasons.

Nothing in this Attachment Y mandates the implementation of any project in response to the congestion identified in the CARIS.

15.2 Cost Allocation Principles

Cost allocation for regulated transmission responses to NYISO studies of future congestion shall be determined by the NYISO based upon the principle that beneficiaries should bear the cost responsibility. The specific cost allocation methodology in Section 15.4 incorporates the following elements:

a. The focus of the cost allocation methodology shall be on responses to specific conditions identified in studies of future congestion.

b. Potential impacts unrelated to addressing the identified congestion shall not be considered for the purpose of cost allocation for regulated economic projects.

c. Economic projects that were previously analyzed can proceed on a market basis with willing buyers and sellers at any time.

d. Cost allocation shall be based upon a beneficiaries pay approach. Cost allocation under the NYISO tariff for a regulated economic project shall be applicable only when a super majority of the beneficiaries of the project, as defined in Section 15.6 of this Attachment Y, vote to support the project.

e. Beneficiaries of a regulated economic project shall be those entities economically benefiting from the proposed project. The cost allocation among beneficiaries shall be based upon their relative economic benefit.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

- f. Consideration shall be given to the proposed project's payback period.
- g. The cost allocation methodology shall address the possibility of cost overruns.
- h. Consideration shall be given to the use of a materiality threshold for cost allocation purposes.
- i. The methodology shall provide for ease of implementation and administration to minimize debate and delays to the extent possible.
- j. Consideration should be given to the "free rider" issue as appropriate. The methodology shall be fair and equitable.
- k. The methodology shall provide cost recovery certainty to investors to the extent possible.
- l. Benefits determination shall consider various perspectives, based upon the agreed-upon metrics for analyzing congestion.
- m. Benefits determination shall account for future uncertainties as appropriate (e.g., load forecasts, fuel prices, environmental regulations).
- n. Benefits determination shall consider non-quantifiable benefits as appropriate (e.g. - system operation, environmental effects, renewable integration).

15.3 Project Eligibility for Cost Allocation

The methodologies in this Section 15.3 will be used to determine the eligibility of a regulated economic transmission project to have its cost allocated and recovered pursuant to the provisions of this Attachment Y.

a. The NYISO will evaluate the benefits and costs of each regulated economic transmission project over a ten-year period commencing with the proposed commercial operation date for the project. The developer of each project will pay the cost incurred by the NYISO to conduct the ten-year cost/benefit analysis of its project. The NYISO, in conjunction with the ESPWG, will develop methodologies for extending the CSPP study period database as necessary to evaluate the benefits and costs of each regulated economic transmission project.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

b. The benefit metric for eligibility under the NYISO's cost/benefit analysis will be expressed as the present value and annual NYCA-wide production cost savings that would result from the implementation of the proposed project, measured for the first ten years from the proposed commercial operation date for the project.

c. The cost for the NYISO's benefit/cost analysis will be supplied by the developer of the project, and the cost metric for eligibility will be expressed as the present value and annual total revenue requirement for the project, reasonably allocated over the first ten years from the proposed commercial operation date for the project.

d. For informational purposes only, the NYISO will also calculate the present value and annual total revenue requirement for the project over a 30 year period commencing with the proposed commercial operation date of the project.

e. To be eligible for cost allocation and recovery under this Attachment Y, the benefit of the proposed project must exceed its cost measured over the first ten years from the proposed commercial operation date for the project. The total capital cost of the project must exceed \$25 million. In addition, a super-majority of the beneficiaries must vote in favor of the project, as specified in Section 15.6 of this Attachment Y.

f. In addition to the metrics used in its benefit/cost analysis, the NYISO will work with the ESPWG to consider the development and implementation of additional metrics, for information only, that estimate the potential benefits of the proposed project. These additional metrics shall include those that measure reductions in LBMP load costs, changes to generator payments, ICAP costs, Ancillary Service costs, emissions costs, losses and TCC payments. Consideration of these additional metrics will take into account the overall resource commitments of the NYISO.

g. In addition to the benefit/cost analysis performed by the NYISO under this Section 15.3, the NYISO will work with the ESPWG to consider the development and implementation of scenario analyses, for information only, that shed additional light on the cost and benefit of a proposed project. These additional scenario analyses may cover fuel and load forecast uncertainty, emissions data and the cost of allowances, pending environmental or other regulations, and alternate resource and energy efficiency scenarios. Consideration of these additional scenarios will take into account the annual resource commitments of the NYISO.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

15.4 Cost Allocation for Eligible Projects

As noted in Section 15.2 of this Attachment Y, the cost of a regulated economic transmission project will be allocated to those entities that would economically benefit from implementation of the proposed project.

a. The NYISO will identify the beneficiaries of the proposed project over a ten-year time period commencing with the proposed commercial operation date for the project. The NYISO, in conjunction with the ESPWG, will develop methodologies for extending the CSPP study period database as necessary for this purpose.

b. The NYISO will measure the present value and annual zonal LBMP load savings for all load zones which would have a load savings, net of reductions in TCC payments, and bilateral contracts (based on available information) as a result of the implementation of the proposed project. The beneficiaries will be those load zones who experience net benefits measured over the first ten years from the proposed commercial operation date for the project. The NYISO will work with the ESPWG to develop methodologies to estimate TCC payment changes that would result from a proposed project.

c. Load zones not benefiting from a proposed project will not be allocated any of the costs of the project under this Attachment Y. There will be no “make whole” payments to non-beneficiaries.

d. For each load zone that would benefit from a proposed project, the NYISO will allocate the cost of the project to load based on share of total savings. Within zones, costs will be allocated to Load Serving Entities based on MWhs.

e. The project cost allocated under this Section 15.4 will be based on the total project revenue requirement, as supplied by the developer of the project, for the first ten years of project operation. The NYISO, in conjunction with the ESPWG, will develop procedures to allocate the risk of project cost increases that occur after the NYISO completes its benefit/cost analysis under this Attachment Y. These procedures may include consideration of an additional review and vote prior to the start of construction and whether the developer should bear all or part of the cost of any over-runs.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

f. FERC must approve the cost of a proposed economic transmission project for that cost to be recovered through the NYISO tariff. The developer's filing with FERC must be consistent with the project proposal evaluated by the NYISO under this Attachment Y in order to be cost allocated to beneficiaries.

15.5 Market Participant Process and Board Action

a. The NYISO shall submit the results of its project cost/benefit analysis and beneficiary determination to the ESPWG for comment. Following completion of that review, the NYISO's analysis shall be forwarded to the Business Issues Committee and Management Committee for discussion and action.

b. Following the Management Committee vote, the NYISO's project cost/benefit analysis and beneficiary determination will be forwarded, with the input of the Business Issues Committee and Management Committee, to the NYISO Board for review and action. The Board may approve the analysis and beneficiary designations as submitted or propose modifications on its own motion. If any changes are proposed by the Board, the revised analysis and beneficiary designations shall be returned to the Management Committee for comment. The Board shall not make a final determination on the project cost/benefit analysis and beneficiary designation until it has reviewed the Management Committee comments. Upon final approval of the Board, project cost/benefit analysis and beneficiary designations shall be posted by the NYISO on its website and shall form the basis of the beneficiary voting described in Section 15.6 of this Attachment Y.

15.6 Voting by Project Beneficiaries

a. Only Load Serving Entities defined as beneficiaries of a proposed project in accordance with the procedures in Section 15.4 of this Attachment Y shall be eligible to vote on a proposed project. The NYISO will, in conjunction with the ESPWG, develop procedures to determine the specific list of voting entities for each proposed project.

b. The voting share of each Load Serving Entity shall be weighted in accordance with its share of the total project benefits, as allocated by Section 15.4 of this Attachment Y.

c. For a regulated economic transmission project to have its cost allocated under this Attachment Y, eighty (80) percent or more of the actual votes cast on a weighted basis must be cast in favor of implementing the project.

Issued by: Mark S. Lynch, President
Issued on: December 7, 2007

Effective: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

d. If the project meets the required vote in favor of implementing the project, and the project is implemented, all beneficiaries, including those voting “no,” will pay their proportional share of the cost of the project.

16.0 Cost Recovery for Regulated Projects

The Responsible Transmission Owners, Transmission Owners and Other Developers will be entitled to full recovery of all reasonably incurred costs, including a reasonable return on investment and any applicable incentives, related to the development, construction, operation and maintenance of regulated solutions projects, including Gap Solutions, undertaken by a Transmission Owner at the request of the NYISO pursuant to Section 9.4 of this tariff Attachment Y to meet a Reliability Need. The costs of a regulated reliability project to be recovered pursuant to this Section 16 will be reduced by any amounts that, pursuant to Section VII.K.3.c of Attachment S to the NYISO OATT, have been previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation or merchant transmission projects, including a reasonable return on investment and any applicable incentives. Transmission Owners and Other Developers will be entitled to recovery of costs associated with the implementation of a regulated economic transmission project in accordance with the provisions of Section 15 of this Attachment Y.

a. The Responsible Transmission Owner, Transmission Owner or Other Developer will receive cost recovery for a regulated solution it undertakes at the NYISO’s request under this tariff to meet a Reliability Need pursuant to Section 9.4 of this Attachment Y that is subsequently cancelled in accordance with the criteria established pursuant to sSection 910.c above of this Attachment Y. Such costs will include reasonably incurred costs through the time of cancellation, including any forward commitments made.

b. The Responsible Transmission Owner, Transmission Owner or Other Developer will recover shall have the right to make a filing with FERC, under Section 205 of the Federal Power Act, for approval of its costs described in this sSection 164 incurred with respect to the implementation of a regulated transmission solution in accordance with the provisions of Rate Schedule 10 of this tariff. determined by the NYISO in the CRP pursuant to Section 9.4 Provided further that cost recovery for regulated transmission projects undertaken by a TO pursuant to of this Attachment Y to be necessary to meet a Reliability Need. Upon request by LIPA or NYPA, the NYISO will make a filing with FERC on behalf of LIPA or NYPA, as the case may be.

e. Cost recovery for regulated transmission projects undertaken pursuant to the NYISO’s request under this tariff Attachment Y shall be under the NYISO OATT and in accordance with the provisions of the Agreement Between the New York Independent System Operator, Inc. and the New York Transmission Owners on the Comprehensive System Planning Process for Reliability Needs.

Issued by: Elaine D. Robinson, Dir. Reg. AffairsMark S. Lynch, President

Effective: December 7, 2007 June 18August 4, 2008

Issued on: December 7, 2007 June 27August 4, 2008

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17ER04-449-000, et al. and RM05-25-000, issued February 16March 21, 20078, 122 FERC Stats. & Regs. ¶ 361,24167 (20078).

dc. Costs related to regulated non-transmission reliability projects will be recovered by ~~the Responsible~~ Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. A Responsible Transmission Owner, a Transmission Owner, or Other Developer may propose and undertake a regulated non-transmission solution, provided that the appropriate state agency(ies) has established cost recovery procedures comparable to those provided in this tariff for regulated transmission solutions to ensure the full and prompt recovery of all reasonably-incurred costs related to such non-transmission solutions.

ed. For a regulated economic transmission project that meets the requirements of Section 15 of this Attachment Y, the Transmission Owner or Other Developer shall have the right to make a filing with FERC, under Section 205 of the Federal Power Act, for approval of its costs associated with implementation of the project. The filing of the Transmission Owner or Other Developer must be consistent with its project proposal made to and evaluated by the NYISO under Section 15 of this Attachment Y. The period for cost recovery, if any is approved, will be determined by FERC and will begin if and when the project begins commercial operation. Upon request by NYPA, the NYISO will make a filing on behalf of NYPA.

E. Other Provisions

127.0 FERC Role in Dispute Resolution

Disputes directly relating to the NYISO's compliance with its tariffs that are not resolved in the internal NYISO appeals process and all disputes relating to matters that fall within the exclusive jurisdiction of FERC shall be reviewed at FERC pursuant to the Federal Power Act if such review is sought by a Market Participant. The NYPSC or any party to a dispute regarding matters over which both the NYPSC and FERC have jurisdiction and responsibility for action may submit a request to FERC for a joint or concurrent hearing to resolve the dispute.

138.0 Non-Jurisdictional Entities

LIPA's and NYPA's participation in the NYISO Comprehensive ~~Reliability~~-Planning Process shall in no way be considered to be a waiver of their non-jurisdictional status pursuant to Section 201(f) of the Federal Power Act, including with respect to the FERC's exercise of the Federal Power Act's general ratemaking authority.

149.0 Tax Exempt Financing Provisions

Con Edison, NYPA and LIPA shall not be required to construct, or cause to construct, a transmission facility identified through the NYISO Comprehensive Reliability Planning Process if such construction would result in the loss of tax-exempt status of any tax-exempt bond issued by Con Edison, NYPA or LIPA, or impair their ability to secure future tax-exempt financing.

Issued by: ~~William J. Museler~~ ~~Mark S. Lynch, President~~ Elaine D. Robinson, Dir. Reg. Affairs Effective: ~~October 19~~ ~~December 7, 2004~~ June 18, 2008
Issued on: ~~February 25~~ ~~December 7, 2005~~ June 27, 2008
Filed to comply with ~~Order No. 890~~ of the Federal Energy Regulatory Commission, Docket No. ~~ER04-1144-000~~ RM05-17-000 and 001-RM05-25-000, issued ~~December 28~~ February 16, 2004, ~~109~~ FERC ¶ ~~61,372~~ Stats. & Regs. ¶ 31,241 (20047).

20.0 Interregional Planning Coordination

20.1 The Northeastern ISO/RTO Planning Coordination Protocol

The NYISO will coordinate the transmission system planning activities for the NYCA described in this Attachment Y through the Northeastern ISO/RTO Planning Coordination Protocol. This protocol describes the committee structure, processes and procedures through which system planning activities are openly and transparently coordinated by the ISOs and RTOs of the northeastern United States and eastern Canada. The activities covered by the protocol are to be conducted in coordination with the Regional Reliability Councils of the northeastern United States and eastern Canada. The primary purpose of the protocol is to contribute, through transparent, coordinated planning based on consistent assumptions and data, to the on-going reliability and the enhanced operational and economic performance of the parties to the protocol. To accomplish this, the parties will coordinate the evaluation of tariff-provided services, such as generation interconnection, to recognize the impacts that result across the different systems. The parties will also produce, on a periodic basis, a Northeastern Coordinated System Plan that integrates the system plans of the parties and includes upgrade projects jointly identified by the parties to enhance the coordinated performance of their systems.

Issued by: Mark S. Lynch, President

Effective: December 7, 2007

Issued on: December 7, 2007

Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).

APPENDIX A

REPORTING OF HISTORIC AND PROJECTED CONGESTION

1.0 General

As part of its Comprehensive System Planning Process, the NYISO will prepare summaries and detailed analysis of historic and projected congestion across the New York Transmission System. This will include analysis to identify the significant causes of historic congestion in an effort to help Market Participants and other stakeholders distinguish persistent and addressable congestion from congestion that results from one time events or transient adjustments in operating procedures that may or may not recur. This information will assist Market Participants and other stakeholders to make appropriately informed decisions.

2.0 Definition of Congestion

The NYISO will report the cost of congestion as the change in bid production costs that results from transmission congestion. The following elements of congestion-related costs also will be reported: (i) impact on load payments; (ii) impact on generator payments; and (iii) hedged and unhedged congestion payments.

The determination of the change in bid production costs and the other elements of congestion will be based upon the difference in costs between the actual constrained system prices computed in the NYISO's Day-Ahead Market and a simulation of an unconstrained system. The simulation shall be developed by the use of the PROBE model approved by the NYISO Operating Committee on January 22, 2004.

3.0 Analysis

Each Reliability Needs Assessment will include the NYISO's summaries and detailed analysis of the prior year's congestion across the New York Transmission System. The NYISO's analysis will identify the significant causes of the historic congestion.

Each study of projected congestion for economic planning will include the results of the NYISO's analysis conducted in accordance with Section 11 of this Attachment Y. The NYISO's analysis will identify the significant causes of the projected congestion.

4.0 Detailed Cause Analysis for Unusual Events

The NYISO will perform an analysis to identify the cause of unusual events causing significant congestion levels. Such analysis will include the following elements:

(i) identification of the cause of major transmission outages; and (ii) quantification of the market impact of relieving historic constraints.

Some of the information necessary to this analysis may constitute sensitive electric infrastructure material and will need to be handled with appropriate confidentiality limitations to protect national security interests.

5.0 Summary Reports

The NYISO will prepare various reports of historic and projected congestion costs. ~~These~~ Historic congestion reports will be based upon the actual congestion data from the NYISO Day-Ahead Market, and will include summaries, aggregated by month and calendar year, such as: (i) NYCA; (ii) by zone; (iii) by contingency in rank order; (iv) by constraint in rank order; (v) total dollars; and (vi) number of hours. Results of projected congestion studies conducted pursuant to Section 11 of this Attachment Y will include summaries of selected additional metrics and scenarios.

These reports will be based upon the foregoing definitions of congestion.