

Exhibit ____ (SLC-3)

SRIS Criteria and Procedures

New York Independent System Operator
System Reliability Impact Study Criteria and Procedures

Note: Project Developers are advised that these documents do not address cost allocation

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Applicability

The objectives of the SRIS are to:

1. Confirm that the proposed new or modified facilities associated with the project comply with applicable reliability standards.
2. Assess the impact of the proposed project on the reliability of the pre-existing power system.
3. Evaluate alternatives to eliminate adverse reliability impacts, if any, resulting from the proposed Interconnection.
4. Assess the impact of the proposed project on transmission transfer limits, considering thermal, voltage and stability limitations, and estimate the increase or decrease in the Transfer Capability of affected transmission interfaces.

All projects greater than or equal to 80 MW would be subject to a full SRIS covering the four objectives above. This requirement covers generation expansion or repowering projects that increase the capacity of an existing plant by 80 MW or more.

A full SRIS shall be required for proposed transmission facilities that are expected to affect the Transfer Capability of one or more transmission interfaces, including the interfaces between New York and other Control Areas, by 80 MW or more.

Projects greater than 10 MW but less than 80 MW connected to the system at a voltage level of 115 kV or greater would be subject to a partial SRIS covering the first three objectives above.

Transmission projects for which the greatest impact on the Transfer Capability of any interface is expected to be greater than 10 MW, but less than 80 MW, must satisfy the first three of the objectives listed above, but are exempt from the fourth objective.

An SRIS is not required for proposed generation or load projects of 10 megawatts (MW) or less, or for projects less than 80 MW if connected to the system at a voltage level below 115 kV. This includes generation expansion or repowering projects that increase the capacity of an existing plant by 10 MW or less. Such projects are subject to study or review by the Connecting Transmission Owner (CTO).

An SRIS is not required for proposed transmission projects that are not expected to affect the Transfer Capability of any transmission interface, including the interfaces between New York and other Control Areas, by more than 10 MW. Such projects are subject to study or review by the TOs responsible for the projects.

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Study Initiation Requirements

The standard form Study Agreement will request that the project supply information needed to conduct the SRIS, and to confirm a serious intent to proceed with the project, as described in the following paragraphs.

1. All project developers will be asked to:
 - a) Reaffirm their intent to proceed with the proposed project.
 - b) Following consultation with the CTO, supply a basic design for the proposed Interconnection that both the developer and the CTO consider feasible from the standpoint of the direct interconnection of the proposed new facilities to the existing transmission system. The design must include one-line diagram(s) depicting how the new facilities will interconnect with the existing system (configuration of new and modified substations, with terminal connections, breaker arrangements, etc.), and a written description of the proposed Interconnection, including a description of all new and modified transmission facilities (substations, lines, transformers, circuit-breakers, etc.).
 - c) Supply all data needed by the NYISO to conduct power flow, stability, and short-circuit analyses as part of the project technical information. Each developer must agree that the project information it supplies can be used by the parties conducting or reviewing the SRIS for its project, as well as by parties conducting or reviewing studies of other proposed interconnection projects.
 - d) Supply evidence of site control, that is, evidence of an ownership interest in, or the right to acquire or control the generating unit site, such as a deed, option agreement lease, or other similar document acceptable to the NYISO.
 - e) Guarantee to pay all costs incurred by the NYISO and Transmission Owner in conducting or reviewing the study. All developers will be asked to pay a deposit when they return their Study Agreement to the NYISO, as follows:
 - i. For projects \geq 80 MW, the deposit will be \$10,000.
 - ii. For projects $<$ 80 MW, the deposit will be \$1,000.
2. For projects subject to Article X, developers will be asked to supply evidence acceptable to the NYISO that the project has filed a Pre-Application Report or Preliminary Scoping Statement with the Public Service Commission.
3. For transmission projects subject to Article VII, developers will be asked to supply evidence acceptable to the NYISO that the project has formally contacted the Public Service Commission and stated its intent to obtain a certificate of environmental compatibility and public need for the proposed transmission facility.
4. For projects less than 80 MW and not subject to Article X (including co-generation, small hydro or alternate energy production facilities, as these are defined in the Public Service Law), developers will be asked to supply evidence acceptable to the NYISO that the project has filed an Environmental Assessment Form with the appropriate local or state permitting agency, as required.
5. For projects sited outside New York State and directly connected to the New York state system, developers will be asked to supply evidence acceptable to the NYISO that the project has made a preliminary regulatory filing with state or local officials.

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Technical Criteria

The technical criteria for evaluating the potential reliability impacts of a proposed Interconnection shall be based upon:

1. the NERC Planning Standards¹,
2. NPCC criteria and guidelines², and
3. the NYSRC Reliability Rules³.

These criteria are supplemented by the NYISO Transmission Planning Guidelines attached to the NYISO *Transmission Expansion and Interconnection Manual*. The SRIS normally will be conducted on the basis of the proposed project conceptual design and preliminary plan for the operation of the proposed facilities and associated equipment, and equipment manufacturer's data, if such information is available.

¹ NERC Planning Standards; North American Electric Reliability Council, September 1997.

² Basic Criteria for Design and Operation of Interconnected Power Systems (Document A-2); Emergency Operation Criteria (Document A-3); Bulk Power System Protection Criteria (Document A-5); Guide for the Application of Autoreclosing to the Bulk Power System (Document B-1); Application of Underfrequency Protection (Document B-7); and Special Protection System Guideline (Document B-11); Northeast Power Coordinating Council.

³ NYSRC Reliability Rules for Planning and Operating the New York State Power System; New York State Reliability Council, Revision 1 - February 8, 2001.

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Technical Assumptions

The technical assumptions used when conducting an SRIS shall support a *minimum interconnection standard* as follows:

1. The objective of an Interconnection is to provide *access to* the transmission system, and does not necessarily include or require providing *service across* the transmission system. The Customer proposing the Interconnection may separately request a System Impact Study under Sections 19.1 or 32.1 of the OATT to evaluate a transmission expansion or upgrade, but this would not be considered part of the SRIS for the Interconnection. As a part of its ongoing transmission system review process, including its Locational Capacity Requirements Studies, NYISO will review and update local capacity requirements.
2. Any potential adverse reliability impact identified by the SRIS that can be managed through the normal operating procedures of the NYISO and/or CTO will not be identified as a degradation of system reliability or noncompliance with the NERC, NPCC, or NYSRC reliability standards. It is assumed that the owners and operators of the proposed facilities will be subject to, and shall abide by, the applicable NYISO and/or CTO's operating procedures.
3. It is assumed that the proposed facilities will not directly result in the retirement or decommissioning of any existing facilities other than those that may be specifically identified as part of the project. Any subsequent retirement or decommissioning of existing facilities shall be considered a separate matter.

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Baseline Study Assumptions

The assumed baseline system (i.e., the pre-existing system to be used in assessing the impact of a proposed Interconnection), at a minimum, shall include the items listed in section A or section B just below, depending on the proposed in-service date of the Interconnection project being studied. Section C just below applies to every Interconnection project being studied.

- A. Each project with a proposed in-service date 12 months or more from the date the Operating Committee approves the SRIS Scope for that project shall, at a minimum, assume:
 - 1. All currently existing facilities, within and outside New York State;
 - 2. All proposed Interconnections to the NYS Transmission System for which an SRIS, if applicable, has been completed and approved in accordance with the NYISO Agreement; and for which the appropriate State regulatory application (Article X for generation facilities, Article VII for transmission facilities), if applicable, has been filed and certified as complete, and;
 - 3. All proposed facilities sited outside New York State that have completed an evaluation comparable to the NYISO SRIS, have reached a comparable stage of state regulatory review and that may reasonably be expected to affect the results of the SRIS.

- B. Each project with a proposed in-service date less than 12 months from the date the Operating Committee approves the SRIS Scope for that project shall, at a minimum, assume:
 - 1. All currently existing facilities, within and outside New York State;
 - 2. All proposed Interconnections to the NYS Transmission System with SRIS Scopes approved by the Operating Committee and with proposed in-service dates that are the same or sooner than the project being studied; and
 - 3. All proposed facilities sited outside New York State with proposed in-service dates that are the same or sooner than the project being studied and that may reasonably be expected to affect the results of the SRIS.

- C. Every Interconnection project:
 - 1. The project developer may choose to add any other proposed projects to the baseline system assumed for evaluation of its project.
 - 2. The developer may choose to evaluate its project under multiple baseline scenarios. The developer may choose to evaluate such scenarios in order to take advantage of economies of scale, and possibly share the cost of a more overall cost-effective upgrade with other developers. The CTO also may choose to evaluate such scenarios in order to provide additional margin to accommodate future load growth.

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Study Scope

Within 14 days after execution of the Study Agreement, the NYISO will prepare and return to the developer and the CTO a Study Scope for the SRIS, identifying the minimum base line system.

The developer will have the opportunity to add to the base line system defined in the Study Scope. With this Study Scope in hand, the developer can, in a manner consistent with the requirements of the OATT, select the party whom it wishes to perform the analytical work for the SRIS.

The Study Scope, augmented with any additional projects identified by the developer, will be provided to TPAS and affected Control Areas for review and comment within 15 days. Upon final approval by the Operating Committee, the NYISO will issue the final scope. The review and approval process will be conducted in parallel with selection of the study organization so as not to slow down the overall SRIS process.

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Conducting the Study

Some SRIS work will be done directly by the staff of the NYISO. Other work may be performed by CTOs, or by the developer proposing the Interconnection. In addition, each of these parties – the NYISO, the CTOs, and the developer – may elect to have some SRIS work performed by contract consultants as well as by their own employees.

The developer will notify the NYISO when it has selected the party whom it wishes to perform the analytical work for the study, and will include along with this notification a refundable deposit toward the actual Study cost. This deposit will vary with the size of the project and who performs the work, as follows:

- \$100,000 paid to the NYISO if the developer chooses to have the NYISO perform/contract the Study and the project is ≥ 80 MW,
- \$20,000 paid to the NYISO if the developer chooses to have the NYISO perform/contract the Study and the project is < 80 MW,
- \$25,000 paid to the NYISO if the developer chooses to contract the Study directly with a third party/CTO and the project is ≥ 80 MW,
- \$5,000 paid to the NYISO if the developer chooses to contract the Study directly with a third party/CTO and the project is < 80 MW.

In each case, the developer will pay the actual cost of the Study; at the conclusion of the SRIS process, the actual cost will be evaluated and the developer will be either credited or invoiced for the balance of the account.

Analytical resources will be applied by the NYISO and CTO to each successive Study, in the order of the proposals on the NYISO Interconnection Queue. A number of Studies may be conducted concurrently, constrained only by the availability of analytical resources. Each study will focus on one Interconnection proposal.

When it performs or contracts a Study, the NYISO will endeavor to complete the SRIS in 60-90 days. When it reviews a Study, the NYISO will endeavor to complete the review in 30 days. If the Study cannot be completed within the applicable period of time, the NYISO will inform the developer of that fact and the reasons that additional time is needed.

As discussed, the developer may elect to perform a reliability study and submit the study to the NYISO in support of its proposed Interconnection project. Studies submitted in this manner will be subject to the NYISO study review and approval process and shall be consistent in all material respects with the procedures, assumptions and requirements outlined in this document.

Only the NYISO, the developer, CTO and their independent contractors will be involved at all stages of the study. Other parties affected by the proposal, including other TO's and Control Areas, will be identified in the Study Scope proposed for each project. These other affected parties will be given an opportunity to provide their input to the SRIS process at these points:

1. When the Study Scope for the particular SRIS is developed
2. As needed during the performance of the Study
3. When the Study has been completed and is being reviewed.

Following completion of the Study, the Study report shall be submitted to TPAS and other impacted Control Areas for review, then to the Operating Committee for approval in accordance with the NYISO Agreement. The study review process is anticipated to require roughly six weeks.

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Study Report Outline

At a minimum, the SRIS report shall include the following components:

Executive Summary

A brief description of the proposed project, followed by restatement of the Conclusions Section of the report.

Introduction

A brief description of the background, purpose, and objectives of the Study.

Description of Project

A description of the proposed facilities and the conceptual design of the interconnection(s) to the existing transmission system. The description of the proposed facilities shall include the value of key parameters (voltage class, rated capacity, etc.) that describe the facilities in commonly used terms. The description also should include a description of any key design characteristics of the facilities, and a description of any auxiliary equipment (shunt capacitors, control systems, etc.) that may impact system reliability or operation.

The description of the conceptual design of the proposed Interconnection shall include appropriate maps and one-line diagrams depicting the proposed facilities and their interconnection(s) to the existing system, including proposed modifications of existing substations and transmission facilities.

Descriptions of alternative facilities or interconnection designs that may have been considered should be discussed if such information may be helpful in the evaluation of the proposed project.

Criteria, Methodology and Assumptions

A detailed statement of the criteria, methodology, and assumptions used in conducting the study, including any exceptions or supplements to the NYSRC Reliability Rules. Reference should be made to the Study Scope where appropriate.

Assessment of the Conceptual Design and Interconnection of the Proposed Facilities

This section includes the following assessments:

- a. Confirmation that the proposed facilities comply with all applicable NERC, NPCC, and NYSRC design standards.
- b. Evaluation of whether the proposed facilities may adversely affect the operation of the power system.

Considering that the detailed design and engineering of the proposed facilities normally would occur sometime after the SRIS, the assessment of compliance for certain aspects of the project will necessarily be done later. The main areas of detailed design that would normally be reviewed at a later time include the protection systems and any dynamic control systems associated with the project.

Assessment of Impact on the Bulk Power System

This section includes the following assessments:

- a. Evaluation of the impact of the proposed project on the reliability of the Bulk Power System from the standpoint of system performance based on the thermal, voltage, and stability criteria described in Section 3.2 of the NYSRC Reliability Rules.
- b. Evaluation of the impact of the proposed project on the interface transfer limits (i.e.

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- Transfer Capability) based on the most limiting of the thermal, voltage, and stability criteria.
- c. For load interconnection projects, evaluation of the ability to deliver power to a proposed load Interconnection.
 - d. Evaluation of the consequences of a failure or misoperation of a proposed Special Protection System (SPS), if such is included in the proposed project, to determine if it may be a Type I SPS (as defined by NPCC), and, therefore, would be required to comply with the NPCC design standards for a Type I SPS.
 - e. Evaluation of the impact of the proposed project on system performance for Extreme Contingencies, as defined in Section 3.2.5 of the NYSRC Reliability Rules.
 - f. Evaluation of compliance of the proposed project with any Local Reliability Rules (listed in Appendix C of the NYSRC Reliability Rules) that may apply.

Assessment of the Impact on Pre-Existing Facilities and Equipment

This section includes the following assessments:

- a. Short-Circuit Analysis - Evaluation of the impact of the proposed project on the fault-interrupting requirements of existing circuit-breakers to determine the need to upgrade the breakers, or pursue other alternatives to ensure adequate fault-interrupting capability.
- b. Evaluation of the impact of the proposed project of the critical clearing times, that is, the maximum time available to clear a fault without undue risk of system instability. A reduction in the critical clearing time may require resetting or replacement of existing system protection equipment, possibly including circuit-breakers.
- c. Evaluation of the impact of the proposed project on the performance of existing autoreclosing systems.

Conclusions

Summarize the main conclusions of the Study relative to:

- a. Whether the conceptual design and operation of the proposed facilities comply with applicable NERC, NPCC, and NYSRC design standards.
- b. Whether the proposed project may degrade system reliability or adversely affect the operation of the power system, including any adverse affects on existing facilities and equipment. Describe alternatives that were evaluated that would eliminate such adverse impacts, if any.
- c. The impact of the proposed project on interface transfer on the NYS Transmission System.

Make a request, or provide a recommendation, for NYISO acceptance or rejection of the proposed project. If the recommendation is to reject the proposed project, summarize the reason(s) why.

Summarize the key assumptions made in the performance of the study, particularly in regard to the consideration of other proposed projects, that would likely result in a significantly different outcome should such assumption(s) turn out to be false. Essentially, this discussion pertains to conditions and qualifiers attached to the recommendation, and the circumstances that may require the Study, or aspects of the Study, to be revisited at a later time.

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Appendices - Supporting Documentation and Data

Normally, all the data and details regarding the base cases, contingency lists, and analysis results (thermal, voltage, stability, short-circuit, etc.), are documented in several appendices, and placed in a separate volume of the report. This provides the flexibility of choice to recipients of the report, to receive only the main report, or to receive the full report, including the appendices.

SRIS Process Timeline

