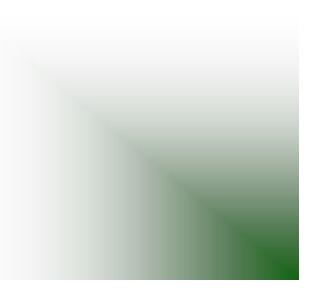


FERC Interconnection Order: NYISO/TO Joint Compliance Filing OVERVIEW

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General Overview

> Adopts "pro-forma" language in general, except:

- Where legitimate "regional differences" exist
- Modified to conform to NYISO practices
- Modified to conform to NYISO OATT definitions/terminology
- Refrains from addressing issues raised on rehearing by various parties
 - (FERC has directed Compliance Filings while action is pending on rehearing issues)
- Retains "Attachment S" Class Year and Cost Allocation procedures
- Retains existing NYISO Minimum Interconnection Standard

General Overview (Cont'd)

> Adopts Pro-forma study sequence

- Feasibility Study
- System Impact Study (Incorporate NYISO SRIS)
- Facilities Study (Incorporate NYISO Attachment S)
- Optional Study
- > Adopts Three-Party Interconnection Agreement
- Specifies the respective roles and responsibilities of the NYISO and Transmission Owners
 - NYISO is responsible for administration of the interconnection process, (including studies and cost allocation)
 - TOs are responsible for implementation (including equipment procurement and construction of upgrade facilities)

Major Issues

Scope of NYISO's Compliance Filing

- NYISO Tariff is applicable to all transmission interconnections in NY
- Does not confer greater operational control on NYISO with respect to transmission facilities than is currently the case
- Distribution interconnections to be addressed later

Interconnection Product ("Deliverability")

- Filing includes current MIS requirement
- Filing letter indicates that NYISO will perform a study to analyze the impact of including a deliverability product in NY

Major Issues (Cont'd)

Merchant Transmission

- Includes MT in the Interconnection Procedures but not IA
- Filing letter indicates that NYISO will work with its stakeholders to modify the standard IA as needed for MT

Attachment S

- Retains existing Attachment S process
- Makes conforming changes as needed (e.g. 115kv)
- Filing letter acknowledges that improvements are under development within the NYISO stakeholder process
 - Improvements may include revisions to Attachment S
 - Procedures required to support compliance filing to include interconnection construction scheduling and budget status reporting

Major Issues (Cont'd)

Joint Process for Interconnection Agreements

- Joint NYISO and TO participation in the entire process—from initial tender of pro-forma IA, through negotiations with Developer, to filing of IA with FERC
- Executed Agreement
 - Joint filing following execution
- Unexecuted Agreement
 - Joint filing at the request of Developer
 - TO to provide language for issues in dispute
 - TO to assume the burden of justifying departure from pro forma
 - NYISO comments on disputed issues/alternate language contained in filing letter

Joint Compliance Filing by NYISO & TOs

Reservation of Rights

- NYISO and TOs agree that this filing "..does not in any way waive, diminish or expand the rights of the NY TOs.."
- LIPA and NYPA do not waive their non-jurisdictional status under the FPA
- LIPA, NYPA and Con Ed reserve their rights regarding their tax-exempt financing requirements & obligations
- TOs reserve their rights on rehearing issues, except:
 - TOs will continue to support the provisions related to three-party IAs, assuming that the Compliance Filing is approved by FERC without material modification
- TOs reserve the right to comment on limited aspects of compliance filing where consensus with NYISO was not achieved