

## **NYTO Position on Planning Issues Relating to Reliability Needs**

### **1. Needs Assessment**

- a. The NYISO should have the responsibility to identify regional reliability needs.
- b. Transmission Owners should have responsibility to identify local reliability needs.

### **2. Identification of Specific Reliability Projects**

- a. The TOs have the responsibility and the authority to propose specific projects to address reliability needs identified by the NYISO planning process. The NYISO would have to verify that a project adequately addresses the identified need.
- b. TOs should have the responsibility to construct these projects, with upfront assurances that costs are fully recoverable through rates.
- c. TOs should have the ability to contest a NYISO finding of a reliability need through the NYISO dispute resolution process.
- d. Transmission Owners should be the backstop, subject to conditions of cost recovery just mentioned, for the development of solutions to meet reliability needs identified by the NYISO and not met by market driven proposals after the market has had the opportunity to propose such projects. The Commission must not allow for a RFP at that point since such an RFP, intended to provide regulated recovery for all or part of a market solution would cause market solutions to wait for the RFP so that a subsidy for development is available. This would all but unravel the competitive market.

### **3. Identification and Construction of “Gap” Reliability Projects**

- a. The NYISO planning process should also identify Gap reliability needs, which are interim needs to maintain reliability until a permanent project that maintains reliability, and has been identified in the NYISO plan, is completed.
- b. “Gap” projects could include transmission, demand-response and generation projects.
- c. The appropriate TO or TOs would identify the specific Gap project and take the lead, with coordination among appropriate regulatory bodies, in the development of the project that meets the interim reliability need.

**4. Recovery of Costs Related to Construction of Reliability Projects**

- a. The TOs should be assured by the PSC and FERC of full cost recovery, including appropriate incentives, for reliability projects.
- b. Reliability projects needed to comply with NERC/NPCC/NYSRC criteria that provide system-wide benefits should be funded by ratepayers throughout the state and projects that provide local reliability benefits should be funded by ratepayers in the locality.
- c. The transmission owners will support the development of cost allocation criteria for transmission projects needed for reliability purposes, which would be accepted by the FERC and NY PSC and adopted as part of the NYISO planning process.