



10 Krey Boulevard ♦ Rensselaer, NY 12144

IMPORTANT NOTICE – RESPONSE REQUIRED BY NO LATER THAN JANUARY 27, 2010

January 20, 2010

TO: Developers of Remaining Class Year 2008 Projects

<u>Queue Pos.</u>	<u>Project</u>	<u>Developer</u>	<u>Contact(s)</u>
197	Tug Hill	PPM Roaring Brook, LLC	Tom Shields
206	Hudson Transmission	Hudson Transmission Partners	Jim Nash
207	Cape Vincent	BP Alternative Energy NA, Inc.	James Madden
216	Nine Mile Point 2 Uprate	Nine Mile Point Nuclear, LLC	Dale Goodney cc. Katherine Picciott
231	Seneca	Seneca Energy II, LLC	Dennis Plaster cc. Greg McKinney
233	Sherman Island Uprate	Erie Boulevard Hydro Power, LP	Cornelius Collins cc. Tom Uncher
234	Steel Winds II	Steel Winds, LLC	Josh Berkow
239A	Modern Innovative Plant	Innovative Energy System, Inc.	Dennis Plaster cc. Greg McKinney

Re: Class 2008 – Notice of Security Posting Defaults – Round 3 Cost Allocation

Dear Developer Representatives:

On January 4, 2010, a notice was sent to you regarding the *Class 2008 2nd Round Decision Results – Request to Post Security*. In that notice, the remaining Class 2008 Developers were instructed to post Security as applicable for the full amount of their respective Project Cost Allocations to the respective Connecting Transmission Owners by January 11, 2010.

Since NYISO had not received notification of all required Security postings by January 11, NYISO has been following up with the applicable Developers and Transmission Owners to ascertain the status of the Security postings related to the System Upgrade Facilities (SUFs) for two Class 2008 projects.

This is to inform you that Security Posting Defaults have been committed for the following two Class 2008 projects:

<u>Queue Pos.</u>	<u>Project</u>	<u>Developer</u>
• 231	Seneca	Seneca Energy II, LLC
• 239A	Modern Innovative Plant	Innovative Energy System, Inc.

Under Attachment S of the NYISO OATT, the NYISO has removed these projects from the Class 2008 Facilities Study and issuing, with this notice, a revised Class 2008 Facilities Study and cost allocation (Round 3) for the now remaining Class 2008 Projects, which are:

<u>Queue Pos.</u>	<u>Project</u>	<u>Developer</u>
• 197	Tug Hill	PPM Roaring Brook, LLC
• 206	Hudson Transmission	Hudson Transmission Partners
• 207	Cape Vincent	BP Alternative Energy NA, Inc.
• 216	Nine Mile Point 2 Uprate	Nine Mile Point Nuclear, LLC
• 233	Sherman Island Uprate	Erie Boulevard Hydro Power, LP
• 234	Steel Winds II	Steel Winds, LLC

In this case, the removal of the Seneca and Modern Projects from the Class 2008 Facilities Study has no impact on the ATRA or Deliverability Study results for the six remaining Class 2008 Projects. The Hudson Transmission project is still deliverable with Deliverable MW of 660 MW, and HTP's cost allocation for SDUs remains zero. The Project Cost Allocations for SUFs, including Headroom Reimbursements, remain the same as reported in the *Second Round Addendum to the Class Year 2008 Facilities Studies*.

Now, in accordance with Attachment S, each remaining Class Developer is required to provide within seven (7) calendar days, notice to the NYISO, in writing and via electronic mail, indication as to whether it shall accept ("Acceptance Notice"), or not accept ("Non-Acceptance Notice"), its revised Project Cost Allocation for SUFs. HTP also is required to provide either an Acceptance Notice or Non-Acceptance Notice to the NYISO regarding its cost allocation for SDUs. Therefore, I hereby request each of you provide such notice(s) to me by no later than January 27, 2010. Please send your notice to:

Steven L. Corey
New York Independent System Operator
10 Krey Blvd.
Rensselaer, NY 12144
scorey@nyiso.com

By January 28, 2010, NYISO will notify the Developers whether or not all the remaining Class 2008 Developers have accepted their cost allocations. If all Developers accept their cost allocations, Developers will then have five (5) business days from January 27th (until February 3, 2010) to post Security for SUFs to the applicable Transmission Owner(s). Developers that owe Headroom reimbursements also would be required to pay such reimbursements to the applicable prior Class Year Developer(s) as applicable. If, however, not all remaining Class 2008 Developers accept their cost allocation, NYISO would need to prepare and issue yet another revised Class 2008 Facilities Study report.

If you have any questions, please call or send me an e-mail at the number/address below.

Sincerely,

Steven L. Corey

Manager, Interconnection Projects
Phone No. (518) 356-6134
E-mail: scorey@nyiso.com

cc. Tom Donnelly, NYSEG
Doug Fuess, National Grid
John Beck, Con Edison

Attachment A – Summary Table of Class 2008 Round 3 Cost Allocations for SUFs

Table 10.5.R3 CY08 projects: Summary of the total SUF cost and Headroom reimbursement cost estimates (\$)

SUFs (major elements and categories)	National Grid Niagara Mohawk					ConEdison	
	TugHill Q197	CapeVincent Q207	NineMilePt2 Q216	ShermanIsland Q233	SteelWindsII Q234	Hudson Transmission Q206	
SUFs	6,309,000	321,200	0	0	484,500	16,471,000	\$23,585,700
Headroom	0	1,891,867	0	0	0	1,150,880	\$3,042,747
Total SUF+Headroom	6,309,000	2,213,067	0	0	484,500	17,621,880	\$26,628,447