

December 29, 2014

Update Issued January 6, 2015¹

TO: Remaining Developers of Class Year 2012 Projects

<u>Queue Pos.</u>	<u>Project</u>	<u>Developer</u>	<u>Contact(s)</u>
266	Berrians GT III	NRG Energy, Inc.	Brad Kranz David Neal
355	Stewarts Bridge Hydro	Brookfield Renewable Power	Matthew Johnson Cornelius Collins

Re: Notice of Class Year 2012 Second Round Project Cost Allocations for System Upgrade Facilities and System Deliverability Upgrades

Dear Developer Representatives:

On December 16, 2014, a notice was sent informing you of the results of the Initial Decision Period – that Non-Acceptance Events had occurred for Class Year 2012 (CY12), and that, in accordance with the Attachment S of the NYISO OATT, NYISO staff would prepare and issue an updated Class Year Interconnection Facilities Study including Project Cost Allocations for System Upgrade Facilities (SUFs) and System Deliverability Upgrades (SDUs) and Deliverable MWs, as applicable, to the remaining CY12 Project Developers. The Second Round Project Cost Allocation for SUFs, Headroom payments for SUFs, Project Cost Allocations for SDUs, and Deliverable MWs are provided in the respective Addendum Reports accompanying this notice, and summarized in the tables attached to this notice.

The Q305 Champlain Hudson Power Express (CHPE) and Q310 Cricket Valley projects were removed from the CY12 for the second round. The removal of these projects had no effect on the Q355 Stewarts Bridge project. Removal of the Q305 CHPE project resulted in an increase in the Project Cost Allocation for SUFs and Headroom payment for the Q266 Berrians GT III project, but did not affect the project's Deliverable MW or SDU Cost Allocation.

Now, in accordance with the Rules, any remaining CY12 Developer with a Second Round Project Cost Allocation that has increased since the Initial Round – namely, Q266 Berrians GT III – is required to provide, within seven (7) calendar days of this notice, notice to the NYISO, in writing and via electronic mail, indicating the following:

- Whether it shall accept its Second Round Project Cost Allocation (“Acceptance Notice”), or not accept its Project Cost Allocation (“Non-Acceptance Notice”) regarding SUFs; and
- Whether it shall accept or not accept its Second Round Project Cost Allocation for SDUs and Deliverable MW, as applicable.

¹ Table 1 of Attachment A to this notice has been updated to reflect a correction to the Second Round Project Cost Allocation for SUGs for the Q266 Berrians GT III project – specifically, a reduction from \$11,940,000 to \$11,400,000. It is noted that NYISO received an Acceptance Notice from NRG Energy on January 5, 2015 accepting its Second Round Project Cost Allocation, and no further Acceptance or Non-Acceptance Notice is required of NRG Energy as a consequence of this update notice.

Failure to provide a required notice regarding acceptance or non-acceptance of a Project Cost Allocation or Deliverable MWs to the NYISO by the prescribed deadline will be deemed a Non-Acceptance Notice. Note that an Acceptance Notice must also include a confirmed In-Service Date and Commercial Operation Date, subject to the limitations set forth in Section 30.4.4.5 of Attachment X.

Any remaining CY12 Developer that accepted its Project Cost Allocations and/or Deliverable MW, if any, in the Initial Round, will not be provided with the option to accept or reject the same Project Cost Allocations and/or Deliverable MWs, if any, in subsequent rounds. As a result, the Initial Round Acceptance Notice provided by Q355 Stewarts Bridge Hydro will be carried over into the Second Round and that Developer need not provide another Acceptance Notice.

Therefore, I hereby request that the Developer for the Q266 Berrians GT III project provide the required notices to me by no later than January 5, 2015. Please send your notices to:

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

Note that the consequences of each notice are as follows. Non-acceptance of the Project Cost Allocation for SUFs will result in removal of that project from the CY12. Such non-acceptance of SUF costs would render a decision regarding SDU costs moot. Non-acceptance of the Project Cost Allocation for SDUs or Deliverable MW, as applicable, would not result in removal of the project the CY12, but would cause the project to be ineligible to receive Capacity Resource Interconnection Service (CRIS).

Within two (2) business days following receipt of the required notices described above, the NYISO will inform all CY12 Developers, as to whether or not all CY12 Developers have elected to accept their respective Project Cost Allocations. If there are no Non-Acceptance Events in the second round Decision Period, Developers will then have five (5) business days from the end of the Decision Period (until January 12, 2015) to (1) pay cash or post Security to the applicable Transmission Owner(s) for SUFs and (2) to pay cash or post Security for Headroom to the applicable prior Class Year Developer(s). If, however, there is a Non-Acceptance Notice in this Second Round from any remaining Class Year 2012 Developers – to the extent such notice is permitted under Attachment S –the NYISO may need to prepare and issue another updated Class Year Interconnection Facilities Study with Revised Project Cost Allocations and Deliverable MWs, as applicable, for the remaining Developer by no later than January 19, 2015 (within 14 calendar days from the end of the second round Decision Period).

Please refer to Sections 25.8.2 through 25.8.4 of Attachment S for details regarding the Class Year decision and settlement process.

If you have any questions, please call me at (518) 356-6134, or send me an e-mail at the above address.

Sincerely,

Steven L. Corey

Manager, Interconnection Projects

cc. Davi Shih, NYPA
John Beck, Con Edison
Doug Fuess, National Grid

Update Issued January 5, 2015

Attachment A

Summary Tables of Class Year 2012 Second Round
Cost Allocations, Headroom, and Deliverable MW

Table 1 – Project Cost Allocations for SUFs

From Project Name	Total \$ SUF per project	To NYPA	To NG-NM
Q266 Berrians III	\$11,940,000 \$11,400,000	\$11,940,000 \$11,400,000	N/A
Q355 Stewarts Bridge Uprate	\$0	N/A	\$0
Total to Transmission Owner	\$11,940,000 \$11,400,000	\$11,940,000 \$11,400,000	\$0

Table 2 – Headroom Payments for SUFs

Headroom	From Q266 Berrians III	From Q355 Stewarts Bridge Uprate
Electrical Headroom SUFs	0	0
Functional Headroom SUF (to CY10 Astoria Energy II)	418,563	0
Total Headroom payments	418,563	0

Table 3 – Deliverable MW and Project Cost Allocations for SDUs

Queue#	Project Name	Deliverable MW	SDU Cost Allocation
266	Berrians GT III	250	0
355	Stewarts Bridge Hydro	N/A	N/A