

IMPORTANT NOTICE – RESPONSE REQUIRED BY NO LATER THAN DECEMBER 15, 2014

November 14, 2014

TO: Developers of Class Year 2012 Projects

Queue Pos.	Project	Developer	Contact(s)
266	Berrians GT III	NRG Energy, Inc.	Brad Kranz David Neal
305	Champlain Hudson Power Express	Transmission Developers, Inc.	Bill Helmer Donald Jessome George Pond, Esq.
310	Cricket Valley Energy Center	Cricket Valley Energy Center, LLC	Bob DeMeyere Arnold Wallenstein
355	Stewarts Bridge Hydro	Brookfield Renewable Power	Matthew Johnson Cornelius Collins

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

Dear Developer Representatives:

On November 13, 2014, the NYISO Operating Committee approved the Class Year 2012 (CY12) Facilities Studies Reports and the proposed cost allocations of System Upgrade Facilities (“SUFs”) and System Deliverability Upgrades (“SDUs”) contained in the reports. The SUF costs and cost allocation are identified in the report entitled, “Class Year 2012 Facilities Studies System Upgrade Facilities (SUF), Initial Round” (SUF Report), Operating Committee Meeting, November 13, 2014. The Deliverability Study results are documented in the report entitled, “Class Year 2012 Facilities Studies System Deliverability Study, Initial Round” (Deliverability Report), Operating Committee Meeting, November 13, 2014. Since each of the Class Year 2012 projects that requested Capacity Resource Interconnection Service (CRIS) were determined to be fully deliverable at the requested levels of CRIS, there were no SDU costs and, therefore, SDU Project Cost Allocations are zero. Both reports are available from the NYISO web site at www.nyiso.com, under Operating Committee – November 13, 2014 meeting materials.

The CY12 Initial Round Project Cost Allocations for SUFs, Headroom payments for SUFs, Project Cost Allocation for SDUs, and Deliverable MW are provided in the above-referenced reports and summarized in the tables in Attachment A of this notice. These cost allocations and Deliverable MW were developed in accordance with the NYISO Open Access Transmission Tariff Attachment S, *Rules to Allocate Responsibility for the Cost of New Interconnection Facilities* (the “Rules”).

Note that other system upgrades are identified in the CY12 SUF Report, specifically, upgrades to the New England system attributed to the Cricket Valley project (Queue #310). The cost estimates for those system upgrades, totaling \$10,380,000, are summarized in Section 12 of the report; however, those costs are not included in the Project Cost Allocations for SUFs and SDUs itemized in the CY12 Facilities Study Reports.

Now, in accordance with the Rules, each CY12 Developer is required to provide, within 30 calendar days following the Operating Committee’s approval, notice to the NYISO, in writing and via electronic mail, indicating whether it shall accept its Project Cost Allocation (“Acceptance Notice”), or not accept its Project Cost Allocation (“Non-Acceptance Notice”) regarding SUFs. **Note that such notice is required**

for each project, even if the Project Cost Allocation is zero. And, separately, each CY12 Developer also is required to notify the NYISO within the same 30 calendar-day period whether it shall accept or not accept its Project Cost Allocation for SDUs and Deliverable MW, as applicable. **Failure to notify the NYISO by the prescribed deadline as to whether a CY12 Developer accepts or rejects its Project Cost Allocation and Deliverable MWs, as applicable, will be deemed a Non-Acceptance Notice.**

Therefore, I hereby request that each of you provide these required notices to me by no later than December 15, 2014, which is the end of Initial Decision Period. 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 the requested level of CRIS. Also, a Developer that accepts an SUF and/or SDU Project Cost Allocation will not be provided with the option to accept or reject a Revised Project Cost Allocation following a Subsequent Decision Period unless the Revised Project Cost Allocation provides for (1) an increase in the SUF or the SDU Project Cost Allocation; or (2) a decrease in the Class Year Project's Deliverable MWs.

Within two (2) business days following receipt of the CY12 Developers' notices, 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 all CY12 Developers accept their cost allocations, all CY12 Developers will then have until no later than December 22, 2014 (five (5) Business Days from the end of the Initial Decision Period) 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, on the other hand, any CY12 Developers do not accept a cost allocations (a "Non-Acceptance Event"), then the NYISO will prepare and issue an updated CY12 Facilities Study Report and updated cost allocations, as applicable, for the remaining Developers by no later than December 29, 2014 (within 14 calendar days from the end of the Initial 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

Attachment A

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

Table 1 – Project Cost Allocations for SUFs

From Project Name	Total \$ SUF per project	To ConEd	To NYPA	To NG-NM
Q266 Berrians III	\$9,270,000	N/A	\$9,270,000	N/A
Q305 CHPE	\$149,740,000	\$8,410,000	\$141,330,000	N/A
Q310 Cricket Valley	\$286,959,000	\$286,959,000	N/A	N/A
Q355 Stewarts Bridge Uprate	\$0	N/A	N/A	\$0
Total to Transmission Owner	\$445,969,000	\$295,369,000	\$150,600,000	\$0

Table 2 – Headroom Payments for SUFs

Headroom	From Q266 Berrians III	From Q305 CHPE	From Q310 Cricket Valley	From Q355 Stewarts Bridge Uprate
Electrical Headroom SUFs (to CY03-05 Neptune)	0	5,024	0	0
Functional Headroom SUF (to CY10 Astoria Energy II)	279,042	279,042	0	0
Total Headroom payments	279,042	284,066	0	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
305	Champlain Hudson Power Express	1000	0
310	Cricket Valley Energy Center	1002	0
355	Stewarts Bridge Hydro	N/A	N/A