

IMPORTANT NOTICE – SECURITY POSTING REQUIRED BY OCTOBER 21, 2011

October 17, 2011

TO: Class Year 2009 Project Developers

Queue Pos.	Project	Developer	Contact(s)
222	Ball Hill Windpark	Noble Ball Hill Windpark, LLC	Bob Charlebois
232	Bayonne Energy Center	Bayonne Energy Center, LLC	Paul Barnett, Mike Gregg
245	Fulton County Landfill	Innovative Energy System, Inc.	Dennis Plaster
251	CPV Valley Energy Center	CPV Valley, LLC	Steven Remillard

Re: Notice of Class 2009 3rd Round Decision Results – Request to Post Security

Dear Developer Representatives:

On October 7, 2011, a notice was sent to you regarding the *Third Round Addendum to Class 2009 Facilities Studies* and corresponding cost allocations for System Upgrade Facilities (SUFs) and System Deliverability Upgrades (SDUs) for the remaining Class 2009 Projects, and requesting each of you to provide a notice of acceptance or non-acceptance of your revised cost allocation(s) and Deliverable MWs by October 14, 2011. This is to inform you that all the remaining Class 2009 Developers have accepted their respective cost allocations and Deliverable MWs, as applicable (see Attachment A).

Now, the remaining Class 2009 Developers must pay cash or post Security in the full amount of their respective Project Cost Allocations for SUFs and SDUs, as applicable, to the respective Transmission Owner(s) **within five (5) business days from October 14, 2011 (i.e., by October 21, 2011)**, in accordance with Attachment S of the NYISO OATT. The applicable Transmission Owner(s) for each Developer are identified in Appendix A to this notice. Section 25.8.2.1 of Attachment S states, “[t]he Security can be a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the Connecting Transmission Owner and Affected Transmission Owner(s), meeting the requirements of Attachment S, and meeting the commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s).” Additional details regarding this requirement are found in Attachment S.

I request each of the Developers to notify me when the Security has been posted or payment made, and by copy of this notice, I request the Transmission Owners to confirm to me that the Security postings/payments have been made and meet their requirements.

In the event that any Security Posting Default occurs, NYISO would need to prepare and issue yet another revised Class 2009 Facilities Study report and cost allocation, in accordance with Attachment S.

Note that the Class 2009 cost allocation included a calculation of Headroom payments from Class 2009 Developers to prior Class Year Developers for usage of functional and electrical Headroom on certain System Upgrade Facilities (see Attachment A). The applicable Class 2009 Developers also must make arrangements to pay Headroom reimbursement(s) to the applicable prior Class Year Developer(s) as indicated. I request any Developer required to make a Headroom payment to confirm to me that such

payment has been made.

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. Doug Fuess, National Grid
Mark Chier, NYSEG-RG&E
Rich Wright, Central Hudson
John Beck, Con Edison
James Lee, NYPA

Attachment A

Summary Tables of Class 2009 Third Round
Cost Allocations, Headroom, and Deliverable MW

Table 1 – Project Cost Allocations for SUFs

SUF Cost Allocation - \$ flow from CY09 Project to Transmission Owner						
From Project Name	Total SUF Project Cost Allocation (\$)	To NYPA	To NYSEG	To Central Hudson	To NG-NM	To ConEd
Q 222 Ball Hill	13,568,000				13,568,000	
Q232 Bayonne	70,950,259					70,950,259
Q245 Fulton County	429,000				429,000	
Q251 CPV Valley	23,285,638	21,424,591	1,139,000	722,047		
Total to Transmission Owner	108,232,897	21,424,591	1,139,000	722,047	13,997,000	70,950,259

Table 2 – Headroom Payments for SUFs

CY09 projects: Summary of Headroom payments cost estimates (\$)					CY09 Bayonne payments to CY01 \$		
Headroom	Ball Hill (NG-NM) Q222	Bayonne (ConEd) Q232	Fulton Co (NG-NM) Q245	CPV Valley (NYPA) Q251	To CY01 East River	To CY01 NYPA	To CY01 SCS Astoria
Electrical Headroom SUFs	0	4,594,546	0	0			
CY09 projects: Electrical aHeadroom reimbursement flow	0	0	0	0	46.12%	31.09%	22.78%
Total CY09 reimbursement to CY01 \$	0	4,594,546	0	0	2,119,152	1,428,601	1,046,794

% allocation as defined in the Financial Settlement, and as applied in prior CY

Table 3 – Deliverable MW and Project Cost Allocations for SDUs

CY09 Third Round Deliverable MW and SDU Project Cost Allocation – \$ Flow from CY09 Project to Transmission Owner				
From Project Name	Deliverable MW	SDU Project Cost Allocation	To Central Hudson	To NG-NM
Q232 Bayonne Energy Center	512.0	\$0	N/A	N/A
Q222 Ball Hill Windpark	0	\$1,053,513	\$1,025,545	\$27,968