

February 17, 2006

Notice to Market Participants Regarding NYISO's Plan to Address Interconnection Study Issues

Background

The NYISO's Standard Large Facility Interconnection Procedures (LFIP) were approved by FERC and went into effect on August 6, 2004 as Attachment X of the NYISO OATT. The LFIP, which largely followed the FERC *pro forma*, significantly increased the number of steps and the NYISO's role in the interconnection process. It also retained as a step in the process, the NYISO's cost allocation process under Attachment S of the OATT. That process identifies System Upgrade Facilities required to interconnect new facilities reliably and allocates the cost of those facilities among a Class Year of Developers. The cost allocation study or "Class Year" study is the final step in the interconnection process prior to the signing of an interconnection agreement.

In the latter part of 2004, NYISO "transitioned" some 39 pre-existing projects to the LFIP. NYISO received another 42 Interconnection Requests during 2005, about six times the average annual number of projects in the queue from the prior five. Twenty-three projects were added to the queue in the first quarter 2005 alone.

The combined effect of implementing a more involved process coupled with an unprecedented growth in the number of projects in the queue has resulted in a delay in the completion of Interconnection Studies required under the LFIP. The NYISO is in the process of implementing a multi-step plan, described below, to resolve this issue as quickly as possible.

Current Status of the NYISO Interconnection Queue

As of February 1, 2006, a total of 79 projects were in the queue at various stages of the interconnection studies process (*see Attachment A - NYISO Queue of Interconnection Requests as of 2/1/2006, on the last two pages of this notice*). Twelve projects are in the "Catch Up Class" Facilities Study currently in progress. Another 13 projects have completed a System Reliability Impact Study (SRIS) and next need to undergo a Facilities Study. Five "transitioned projects" are undergoing an SRIS under a previous study agreement with the respective Transmission Owner. Seventeen projects have an SRIS in progress under a 3-party study agreement. Study agreements and scopes are under review for SRISs for three projects. Seventeen projects have Feasibility Studies in progress, and study agreements and scopes are under development or review for Feasibility Studies for twelve other projects.

To summarize, the projects in the queue that currently have studies in progress include 12 projects undergoing a Facilities Study, 23 projects undergoing an SRIS, and 17 projects undergoing a Feasibility Study.

NYISO's Plan to Complete Required Interconnection Studies

NYISO has an overall objective to complete interconnection studies for projects in the queue as quickly as possible this year. To this end, NYISO has established the following related specific objectives:

1. **Complete the Catch Up Class study and cost allocation by May 1, 2006, or as soon as possible thereafter.** (Note that the Class 2006 Facilities Study is scheduled to begin on the later of May 1 or 15 business-days following completion of the Catch Up Class, subject to FERC approval of the NYISO waiver request.) *This objective applies to the first 12 projects listed on Attachment A that show a status of Catch Up Class Facilities Study in Progress (this group highlighted in yellow background).*
2. **Complete the 18 SRISs currently in progress under 3-party study agreements in time for the start of the Class 2006 Facilities Study.**
 - a. **Projects where the Developer hired a consultant to perform the SRIS:** If the Developer submits the draft SRIS report to the NYISO on or before March 15, 2006, the NYISO commits to complete its review of the draft SRIS report so that the Operating Committee has the opportunity to approve the SRIS report in time for the Project to enter Class Year 2006. If the Developer submits the draft SRIS report to the NYISO after March 15, 2006, the NYISO will use its best efforts to complete its review in time to allow the project to enter Class Year 2006.
 - b. **Projects where the NYISO was designated as the party performing the SRIS:** The NYISO has contracted with consultants to perform these SRISs and expects to receive draft SRIS reports back in early to mid-March. The NYISO commits to review these draft SRIS reports so that the Operating Committee has the opportunity to approve the SRIS reports in time for these projects to enter Class Year 2006.

This objective applies to the 18 projects on the first page of Attachment A that show a status of SRIS In Progress and Active, plus the West Hill Windfarm Project (Queue Pos. 147) that shows a status of SRIS Pending (this group highlighted in green background).

3. **Complete the 17 Feasibility Studies currently in progress between May 1 and September 1, 2006.** The precise date a Feasibility Study for a particular project will be complete will largely depend on the project's queue position. . Thus, for example, NYISO anticipates completion of the Feasibility Studies for the first few projects in this group in the late spring and completion of the Feasibility Studies for the last few projects more toward the late summer period. The NYISO will communicate to each Developer a more precise timeframe for completion of its Feasibility Study as soon as that information is available. *This objective applies to the 17 projects on the second page of Attachment A that show a status of Feasibility Study In Progress (this group is highlighted in gray background).*

4. **Start other Feasibility Studies and SRISs in a timely manner upon execution of the Study Agreement.** *This objective applies to all projects for which no study agreement has yet been executed.*

NYISO has undertaken several initiatives in recent weeks to address the current backlog and improve the overall Interconnection Process. Steps that have already been taken include:

1. Implemented more rigorous enforcement of Site Control requirements for wind generation projects.
2. Recognizing that the Catch Up Class study and cost allocation was going to run past March 1, 2006, NYISO requested a tariff waiver to allow the start date for the Class 2006 Facilities Study to be the later of May 1, 2006, or 15 business-days following completion of the Catch Up Class. The request asked that the same date be set for projects to qualify for the Class 2006. This request for tariff waiver is pending at FERC.
3. The NYISO retained consultant engineering resources to assist NYISO staff in performing interconnection study work. Additionally, NYISO contracted consultants to perform three SRISs in which the NYISO was the party designated to perform the study.

The following additional steps are in progress:

1. NYISO is in the process of retaining additional consulting engineering resources and anticipates having them on board by March 1, 2006.
2. NYISO is developing a proposal for an “accelerated process” that, after completion of the SRIS, would allow Developers the option to proceed with their project, to interconnect and operate before completion of the Class Year cost allocation process. This will be presented to TPAS at its next meeting.
3. In the longer-term, NYISO will work with market participants to develop proposed tariff changes to streamline the interconnection process.

NYISO will continue to need the full support and cooperation of the parties most involved in the interconnection process, *i.e.*, Developers and Transmission Owners, in order for this plan to be successful. NYISO is fully committed to meeting the objectives outlined in this Notice.

Sincerely,

John Adams
Director – System and Resource Planning

Attachments

Attachment A
 NYISO Queue of Interconnection Requests as of 2/1/2006
 (Sorted by Status in NYISO Process)

Queue Pos.	Owner/Developer	Project Name	SP (MW)	Type/ Fuel	Utility	Status
20	KeySpan Energy, Inc.	Spagnoli Road CC Unit	250	CC-NG	LIPA	9 Catch Up Class Facilities Study In Progress
69	Besicorp/Empire State	Empire State Newsprint	660	CT-NG	NM-NG	9 Catch Up Class Facilities Study In Progress
90	Fortistar, LLC	Fortistar VP	79.9	CT-NG	CONED	9 Catch Up Class Facilities Study In Progress
91	Fortistar, LLC	Fortistar VAN	79.9	CT-NG	CONED	9 Catch Up Class Facilities Study In Progress
94	Atlantic Energy, LLC	Project Neptune DC PJM-LI	660	DC	LIPA	9 Catch Up Class Facilities Study In Progress
110	PG&E/Liberty Gen. Co., LLC	Liberty Generation	400	CT-NG	CONED	9 Catch Up Class Facilities Study In Progress
113	Global Winds Harvest, Inc.	Prattsburgh Wind Park	75	W	NYSEG	9 Catch Up Class Facilities Study In Progress
119	ECOGEN, LLC	Prattsburgh Wind Farm	79.5	W	NYSEG	9 Catch Up Class Facilities Study In Progress
138	Entergy Nuclear Operations, Inc.	Indian Point 2 Uprate	36	NU	CONED	9 Catch Up Class Facilities Study In Progress
139	Entergy Nuclear Operations, Inc.	Indian Point 3 Uprate	38	NU	CONED	9 Catch Up Class Facilities Study In Progress
141	Flat Rock Wind Power, LLC	Flat Rock Wind Power	300	W	NM-NG	9 Catch Up Class Facilities Study In Progress
143	Constellation	Ginna Uprate Project	95	NU	RG&E	9 Catch Up Class Facilities Study In Progress
22	Calpine Eastern Corporation	Wawayanda Energy Center	500	CC-NG	NYP&A	8 Completed SRIS - Facilities Study Pending
24	Reliant Energy	Astoria Repowering-Phase 1	367	CC-NG	CONED	8 Completed SRIS - Facilities Study Pending
29	Mirant	Bowline Point Unit 3	750	CC-NG	CONED	8 Completed SRIS - Facilities Study Pending
70	Reliant Energy	Astoria Repowering-Phase 2	173	CT-NG	CONED	8 Completed SRIS - Facilities Study Pending
93	PSEG Power In-City I, LLC	Cross Hudson Project	550	CT-NG	CONED	8 Completed SRIS - Facilities Study Pending
117	Chautauqua Windpower, LLC	Chautauqua Windpower	50	W	NM-NG	8 Completed SRIS - Facilities Study Pending
16	KeySpan Energy, LLC	Oak Point Yard	500	CC-NG	CONED	7 Completed SRIS - Facilities Study Pending
33	Glenville Energy Park, LLC	Glenville Energy Park	540	CC-NG	NM-NG	7 Completed SRIS - Facilities Study Pending
36	Boundless Energy, LLC	Project Neptune DC NB-NYC	1200	DC	CONED	7 Completed SRIS - Facilities Study Pending
106	TransGas Energy, LLC	TransGas Energy	1100	CT-NG	CONED	7 Completed SRIS - Facilities Study Pending
107	Caithness Long Island, LLC	Caithness Long Island	310	CT-NG	LIPA	7 Completed SRIS - Facilities Study Pending
112	TransEnergie US Ltd.	PJM-Rainey HVDC	660	DC	CONED	7 Completed SRIS - Facilities Study Pending
126	TransEnergie US Ltd.	PJM-Newbridge Rd HVDC	350	DC	LIPA	7 Completed SRIS - Facilities Study Pending
23	Calpine Eastern Corporation	Sullivan County Power Project	1080	CC-NG	NYP&A	5 SRIS In Progress but Inactive
35	Gotham Power Zerega, LLC	Gotham Power - Bronx I	79.9	CT-NG	CONED	5 SRIS In Progress but Inactive
76	Calpine Eastern Corporation	Waterford	530	CT-NG	NM-NG	5 SRIS In Progress but Inactive
105	Calpine Eastern Corporation	Titan Smith Street	79.9	CT-NG	CONED	5 SRIS In Progress but Inactive
111	River Hill Power Co., LLC	River Hill Project	290	CT-NG	NYSEG	5 SRIS In Progress but Inactive
125	East Coast Power, LLC	Linden VFT Inter-Tie	300	AC	CONED	5 SRIS In Progress and Active
127A	Airtricity Developments, LLC	Munnsville	40	W	NYSEG	5 SRIS In Progress and Active
135	UPC Wind Management, LLC	Canandaigua Wind Farm	81	W	NYSEG	5 SRIS In Progress and Active
142	Airtricity Developments, LLC	Hartsville Wind Farm	50	W	NYSEG	5 SRIS In Progress and Active
144	Invenergy Wind, LLC	High Sheldon Windfarm	129	W	NYSEG	5 SRIS In Progress and Active
147	NY Windpower, LLC	West Hill Windfarm	40	W	NM-NG	4* SRIS Pending
152	Invenergy Wind, LLC	Stamford Wind Project	129	W	NYSEG	5 SRIS In Progress and Active
156	PPM Energy/Atlantic Renewable	Fairfield Wind Project	120	W	NM-NG	5 SRIS In Progress and Active
161	AES-EHN NY Windpower, LLC	Marble River Windfarm	76	W	NYP&A	5 SRIS In Progress and Active
164	FPL Energy	Long Island Offshore Wind	140	W	LIPA	5 SRIS In Progress and Active
168	Dairy Hills Wind Farm, LLC	Dairy Hills Wind Farm	132	W	NYSEG	5 SRIS In Progress and Active
171	Clinton County Wind Farm, LLC	Clinton County Wind Farm	123.8	W	NYP&A	5 SRIS In Progress and Active
172	Noble Environmental Power, LLC	Clinton Windfield	80	W	NYP&A	5 SRIS In Progress and Active
173	Noble Environmental Power, LLC	Bliss Windfield	71	W	Village of Arcade	5 SRIS In Progress and Active
174	Noble Environmental Power, LLC	Altona Windfield	99	W	NYP&A	5 SRIS In Progress and Active
175	Noble Environmental Power, LLC	Ellenburg Windfield	79.5	W	NYP&A	5 SRIS In Progress and Active
185	New York Power Authority	Blenheim Gilboa Storage	120	H	NYP&A	5 SRIS In Progress and Active
186	Community Energy	Jordanville Wind	150	W	NM-NG	5 SRIS In Progress and Active
13	East Coast Power, LLC	Linden 7	100	ST-NG	CONED	4 SRIS Pending
202	Liberty Generating Co.	130 MW Uprate	130	CT-NG	CONED	4 SRIS Pending

Attachment A
 NYISO Queue of Interconnection Requests as of 2/1/2006
 (Cont.)

Queue			SP	Type/			
Pos.	Owner/Developer	Project Name	(MW)	Fuel	Utility	Status	
155	Invenergy NY, LLC	Canisteo Hills Windfarm	148.5	W	NYSEG	3	Feasibility Study In Progress
157	Orion Energy, LLC	Orion Energy NY I	100	W	NM-NG	3	Feasibility Study In Progress
160	PPM Energy/Atlantic Renewable	Burke Wind Project	102.3	W	NYSEG	3	Feasibility Study In Progress
163	Clipper Windpower Inc.	Pine Hill Wind Generation	100	W	NYSEG	3	Feasibility Study In Progress
166	AES New York Wind, LLC	St. Lawrence Wind Farm	130	W	NM-NG	3	Feasibility Study In Progress
169	Batavia Wind Farm, LLC	Batavia Wind Farm	90.8	W	NM-NG	3	Feasibility Study In Progress
170	Machias Wind Farm, LLC	Machias Wind Farm	90	W	NM-NG	3	Feasibility Study In Progress
176	Noble Environmental Power, LLC	Wethersfield Windfield 115kV	129	W	Arcade	3	Feasibility Study In Progress
177	Noble Environmental Power, LLC	Wethersfield Windfield 230kV	129	W	NYSEG	3	Feasibility Study In Progress
178	Noble Environmental Power, LLC	Allegany Windfield	99	W	Arcade	3	Feasibility Study In Progress
179	Noble Environmental Power, LLC	Malone Windfield	159	W	NM-NG	3	Feasibility Study In Progress
180	Invenergy Wind, LLC	Buffalo Rd. Wind Farm	165	W	NYSEG/NM-NG	3	Feasibility Study In Progress
182	Everpower Global	Howard Wind	102.3	W	NYSEG	3	Feasibility Study In Progress
189	PPM Energy, Inc.	Clayton Wind	132	W	NM-NG	3	Feasibility Study In Progress
190	PPM Energy, Inc.	Mixer Road Wind	66	W	NM-NG	3	Feasibility Study In Progress
193	Orion Energy, LLC	Orion Wyoming	60	W	NYSEG	3	Feasibility Study In Progress
197	Tug Hill Windpower, LLC	Tug Hill	79.9	W	NM-NG	3	Feasibility Study In Progress
150	Reunion Power, LLC	Cherry Valley Wind Power	80	W	NYSEG	2	Feasibility Study Pending
187	NY Windpower, LLC	North Slope Wind	109.5	W	NYPA	2	Feasibility Study Pending
191	New York Regional	New York Regional	1200	DC	NYPA/NM/CE	2	Feasibility Study Pending
194	Calpine Energy Services	Bayonne	300	ST-NG	CONED	2	Feasibility Study Pending
195	TransEnergie US Ltd.	Harbor Cable Project II	500	DC	CONED	2	Feasibility Study Pending
196	Roaring Brook Windpower, LLC	Roaring Brook	79.9	W	NM-NG	2	Feasibility Study Pending
198	Picket Brook Windpower, LLC	Picket Brook	79.9	W	NM-NG	2	Feasibility Study Pending
199	UPC Wind Management, LLC	Canandaigua II	70	W	NYSEG	2	Feasibility Study Pending
200	Cavallo Power	Linden Power I	845	CC	CONED	2	Feasibility Study Pending
201	NRG Energy	Berrians GT	200	NG	CONED	2	Feasibility Study Pending
203	UPC Wind Management, LLC	Genesee Wind Farm	500	W	NYSEG/NYPA	2	Feasibility Study Pending
204	Clipper Windpower Devel., Inc	Pine Hills II	100	W	NYSEG	2	Feasibility Study Pending