

Proposed Regulated Reliability Upgrade Cost Allocation Rules

Case ID	Reliability Need (not provided by the Market)	Regulated Reliability Upgrade	Responsible TO(s) (Obligated to Build)	Cost Allocation of Regulated Solution*
1	LICAP Deficiency in a Locality – Additional LICAP procurements are not expected , but additional ICAP is available outside the Locality	Transmission upgrade from outside the Locality to the Locality to reduce LICAP requirement and deliver additional ICAP or an Alternative regulated solution that eliminates the deficiency	TO(s) whose transmission facilities would be overloaded as a result of delivering additional ICAP to Locality. Note: If additional LICAP were to be available, presumably LSEs would procure that LICAP on a Market basis (although the LSEs might recover those costs on a regulated basis). The associated TO would not be responsible for procuring that LICAP on a regulated basis	TD that contains the deficient Locality
2	ICAP Deficiency in NYCA – Additional internal ICAP procurements are not expected , but additional ICAP is available outside the NYCA	Transmission upgrade from external Control Areas (with available ICAP) to the NYCA to deliver additional ICAP or an Alternative regulated solution that eliminates the deficiency Note: Presumably LSEs procuring additional ICAP would represent a Market-Based solution	TO(s) whose transmission facilities would be overloaded as a result of delivering additional ICAP to NYCA from external Control Areas. Note: If additional ICAP were to be available, presumably LSEs would procure that ICAP on a Market basis (although the LSEs might recover those costs on a regulated basis). The associated TO would not be responsible for procuring that ICAP on a regulated basis	All TDs in NYCA
3	Inter or intra-zonal transmission Thermal/Voltage/Stability (T/V/S) criteria violations not associated with LICAP or ICAP deficiencies, and that can not be eliminated by re-dispatch	Transmission upgrade or an Alternative regulated solution that eliminates the criteria violation	TO(s) whose transmission facilities experience criteria violations	On a load ratio share basis to TD(s)** containing load that, if reduced, would contribute to a reduction of the reliability criteria violation that caused the need for the upgrade (using the same software/procedures that initially identified the violation).
4	Mandates to improve overall bulk system integrity/security and/or system wide coordination	Transmission upgrade to adhere to mandate	TO(s) whose transmission facilities are affected	All TDs in NYCA (for material upgrades)

* The full cost of the smallest feasible upgrade that can eliminate the deficiency or criteria violation will be allocated)

**Costs for upgrades associated with T/V/S criteria violations will be allocated to an entire TD only if all of the Load Sub-Zones within that TD are identified as contributing to the need for the reliability upgrade. Alternatively, however, these costs will not be allocated to an area smaller than one Load Sub-Zone (i.e., a whole or portion of a TO's TD that lies within one LBMP Load Zone, and which contains all of the load in that LBMP Load Zone associated with that TO).