

**ATTACHMENT S**  
**RULES TO ALLOCATE RESPONSIBILITY**  
**FOR THE**  
**COST OF NEW INTERCONNECTION FACILITIES**

**I. Introduction**

A. Purpose of the Rules

The purpose of these rules is to allocate responsibility for the cost of the new interconnection facilities that are required for the reliable interconnection of generation projects and merchant transmission projects to the New York State Transmission System in compliance with the NYISO Minimum Interconnection Standard. The rules allocate cost responsibility between the Developers of the projects and the Transmission Owners to whose systems the projects will interconnect. The rules also allocate cost responsibility among the Developers of different projects.

These rules, and the related interconnection study procedures set out in Attachment X to the NYISO OATT, cover projects larger than 10 MW. The study procedures and cost allocation rules exclude projects with a rating of 10 MW or less, based upon the rebuttable presumption that the interconnection of such small projects will pose no reliability issues for the NYISO. Projects with a rating of 10 MW or smaller need only notify the NYISO, and then

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coordinate the interconnection with the interconnecting Transmission Owner, which will also notify the NYISO of the proposed interconnection. If, on the basis of information provided to the NYISO by the interconnecting Transmission Owner or any other person, the NYISO determines that a project with a rating of 10 MW or less may pose reliability issues for the NYISO, then the interconnection study procedures set out in Attachment X to the NYISO OATT, and these cost allocation rules, will apply to that project, just as if the project had a rating of greater than 10 MW.

As described herein, the intent is that each Developer be held responsible for the net impact of the interconnection of its project on the reliability of the Transmission System. A Developer is held responsible for the cost of the interconnection facilities that are required by its project, facilities that would not be required but for its project. However, a Developer is not responsible for the cost of facilities that are, without considering the impact of its project, required to maintain the reliability of the Transmission System. Transmission Owners are, in accordance with the NYISO OATT and FERC precedent,

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responsible for the cost of the facilities that are, without considering the impact of the Developer's project, required to maintain the reliability of the New York Transmission System.

If a Developer's project reduces the need for facilities that would be needed without its project to maintain Transmission System reliability, that beneficial cost reduction impact is recognized by the rules. As described herein, the net cost and cost reduction impact of a Developer's project and the related upgrades is determined by comparing the results of annual Transmission System assessments conducted by the NYISO.

B. Definitions

Unless defined here in Section I.B. of this Attachment S, the definition of each defined term used in this Attachment S shall be the same as the definition for that term set forth in Section 1.0 of the NYISO Open Access Transmission Tariff or Attachment X to the NYISO OATT.

**Acceptance Notice:** The notice by which a Developer communicates to the NYISO its decision to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Annual Transmission Baseline Assessment:** An assessment conducted by the NYISO staff in cooperation with Market Participants, to identify the System Upgrade Facilities that Transmission Owners are expected to need during the time period covered by the Assessment to comply with Applicable Reliability Requirements, and reliably meet the load growth and changes in load pattern projected for the New York Control Area.

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**Annual Transmission Reliability Assessment:** An assessment, conducted by the NYISO staff in cooperation with Market Participants, to determine the System Upgrade Facilities required for each generation and merchant transmission project included in the Assessment to interconnect to the New State York Transmission System in compliance with Applicable Reliability Requirements and the NYISO Minimum Interconnection Standard.

**Applicable Reliability Requirements:** The NYSRC Reliability Rules and other criteria, standards and procedures, as described in Section IV.F.1.(a)(1), applied when conducting the Annual Transmission Baseline Assessment and the Annual Transmission Reliability Assessment to determine the System Upgrade Facilities needed to maintain the reliability of the New York State Transmission System. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Article VII Certificate:** The certificate of environmental compatibility and public need required under Article VII of the New York State Public Service Law for the siting and construction of any new transmission facility of a size and type specified in the statute.

**Article X Certificate:** The certificate of environmental compatibility and public need required under Article X of the New York State Public Service Law for the siting and construction of a new electric generating facility with 80 megawatts or more of capacity.

**Attachment Facilities:** The Transmission Owner's Attachment Facilities and the

Developer's Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Large Generating Facility or Merchant Transmission Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Large Facility to the New York State Transmission System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities or System Upgrade Facilities.

**Class Year:** The group of generation and merchant transmission projects included in any particular Annual Transmission Reliability Assessment, in accordance with the criteria specified for including such projects in the Assessment.

**Connecting Transmission Owner:** The Transmission Owner to whose system a Developer proposes to interconnect its generation or merchant transmission project.

**Contribution Percentage:** The ratio of an interconnection project's measured impact or pro rata electrical contribution to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment, to the sum of the measured impacts or pro rata electrical contributions of all the projects that have at least a *de minimus* impact or contribution to the System Upgrade Facility.

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**Final Decision Round:** The round of NYISO-communicated cost estimates and Developer responses for a Class Year, in which all remaining eligible Developers issue an Acceptance Notice and post Security.

**Headroom:** In the case of any System Upgrade Facility that has been paid for by a Developer, the electrical capacity of the System Upgrade Facility that is in excess of the electrical capacity actually used by the Developer's generation or merchant transmission project.

**Initial Decision Period:** The 30 calendar day period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the NYISO in response to the first Project Cost Allocation issued by the NYISO to the Developer.

**Interconnection System Reliability Impact Study ("SRIS"):** An engineering study that evaluates the impact of the proposed Large Generation Facility or Merchant Transmission Facility on the safety and reliability of the New York State Transmission System and, if applicable, an Affected System, to determine what Attachment Facilities and System Upgrade Facilities are needed for the proposed Large Generation Facility or Merchant Transmission Facility of the Developer to connect reliably to the New York State Transmission System in a manner that meets the NYISO Minimum Interconnection Standard. The scope of the SRIS is defined in Section 7.3 of the Large Facility Interconnection Procedures.

**NERC Planning Standards:** The transmission system planning standards of the North American Electric Reliability Council.

**Non-Acceptance Notice:** The notice by which a Developer communicates to the NYISO its decision not to accept a Project Cost Allocation or Revised Project Cost Allocation.

**NPCC Basic Design and Operating Criteria:** The transmission system design and operating criteria of the Northeast Power Coordinating Council.

**NYISO Load and Capacity Data Book:** The annual NYISO survey of power demand and supply in New York State, published pursuant to Section 6-106 of the Energy Law of New York State.

**NYISO Minimum Interconnection Standard:** The reliability standard that must be met by any generation project larger than 10 megawatts, or a merchant transmission project, proposing to connect to the New York State Transmission System. The Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System. The Standard does not impose any deliverability test or deliverability requirement on the proposed project.

for the full amount of the Developer's share within a specified time frame. The 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, meeting the requirements of Attachment S, and meeting the commercially reasonable requirements of the Connecting Transmission Owner.

**Security Posting Default:** A failure by one or more Developers to post Security as required by this Attachment S.

**Subsequent Decision Period:** A seven calendar day period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the NYISO in response to the Revised Project Cost Allocation issued by the NYISO to the Developer.

**System Upgrade Facilities:** The least costly configuration of commercially available components of electrical equipment that can be used, consistent with good utility practice

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such changes as load growth, and changes in load patterns, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Transmission Owner:** The New York public utility or authority (or its designated agent) that owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff. For the purposes of this Attachment S, this definition of Transmission Owner shall supersede the definition of Transmission Owner set out in Section 1.0 of the NYISO Open Access Transmission Tariff.

## II. Minimum Interconnection Standard

A. Each Large Facility that is proposed by a generation Developer or transmission Developer must meet the New York ISO Minimum Interconnection Standard for reliability described in the Large Facility Interconnection Procedures, that are included in Attachment X to the NYISO OATT. A Transmission Owner that has constructed a reliability-based transmission or distribution system upgrade, or an upgrade pursuant to an order issued by a regulatory body requiring such construction, will not be deemed to be a Developer under these rules because of the construction of that upgrade.

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Original Volume No. 1  
Attachment S

Substitute First Revised Sheet No. 661A  
Superseding ~~Original~~ First Revised Sheet No. 661A

existing transmission system that are required to maintain system reliability due to  
(i) changes in the system, including such changes as load growth and changes in  
load pattern, to be addressed in the form of generic generation or transmission  
projects; and (ii) proposed interconnection projects. In the

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case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing transmission system that are required for the proposed project to reliably interconnect to the system in a manner that meets the NYISO Minimum Interconnection Standard.

### III. Cost Responsibility Rules

- A. These cost allocation rules will not preclude or supersede any binding cost allocation agreements that are executed between or among Developers and Transmission Owners; provided, however, that no such agreements will increase the cost responsibility or cause a material adverse change in the circumstances as determined by these rules of any Developer or Transmission Owner who is not a party to such agreement.
- B. The interconnection facility cost allocated by these rules is comprised of all costs and overheads associated with the design, procurement and installation of the new interconnection facilities. These rules do not address in any way the allocation of responsibility for the cost of operating and maintaining the new interconnection facilities once they are installed. Nor do these rules address in any way the ownership of the new interconnection facilities.
- C. Neither Developers nor Transmission Owners will be charged directly for any redispatch cost that may be caused by the temporary removal of transmission

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- (a) Each most recently completed Annual Transmission Baseline Assessment will be reviewed the following year by the NYISO staff and updated, as necessary, following the criteria and procedures described herein.
2. With the exception of those upgrades that were previously allocated to, and accepted by Developer projects as a part of the Annual Transmission Reliability Assessment in the Final Decision Round of previous Class Years, Developers are not responsible for the cost of any System Upgrade Facilities that are identified in the Annual Transmission Baseline Assessment, or any System Upgrade Facilities that resolve in whole or in part a deficiency in the system identified in the Annual Transmission Baseline Assessment.
3. Developers are responsible for 100% of the cost of the System Upgrade Facilities, not already identified in the Annual Transmission Baseline Assessment that are needed as a result of their projects, and required for their projects to reliably interconnect to the transmission system in a manner that meets the NYISO Minimum Interconnection Standard. The System Upgrade Facilities necessary to accommodate Developer projects will be determined by the

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Interconnection Facilities Studies and the Annual Transmission Reliability Assessment. The criteria and procedures that will be followed to conduct the Annual Transmission Reliability Assessment are discussed below.

- a. If a Transmission Owner or Developer elects, for whatever reason, to construct System Upgrade Facilities that are larger or more extensive than the minimum facilities required to reliably interconnect the proposed project, then the Transmission Owner or Developer is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Developer projects. If there is Headroom associated with these larger System Upgrade Facilities and a Developer of any subsequent project interconnects and uses the Headroom within ten years of its creation, such subsequent Developer shall pay the Transmission Owner or the Developer for this Headroom in accordance with these rules, including Section IV.F.13 below.

4. The System Upgrade Facilities cost for which a Developer is responsible will be determined on a “net” basis; that is, the Developer’s System

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such entities for such input. As it conducts each Annual Transmission Reliability Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Annual Transmission Reliability Assessment will be reviewed and approved by the Operating Committee. Each Annual Transmission Reliability Assessment is reviewable by the NYISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement. The Annual Transmission Reliability Assessment will begin on March 1 each year, with a planned completion date six months after that.

- a. Each Annual Transmission Reliability Assessment will update the results of Interconnection System Reliability Impact Studies that have previously

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been performed for certain proposed interconnection projects.

- (1) An Interconnection System Reliability Impact Study will be updated, and a project included in the Annual Transmission Reliability Assessment for a given year (a “Class Year”), if (a) the Operating Committee has approved the Interconnection System Reliability Impact Study for the project, and (b) state regulators have determined that the Article X, Article VII or comparable permitting application for the project is complete, before the NYISO Staff begins the Annual Transmission Reliability Assessment on March 1 each year.
- b. The Annual Transmission Reliability Assessment will update Interconnection System Reliability Impact Study results in accordance with the Interconnection Facilities Study procedures in Section 8 of the Large Facility Interconnection Procedures in Attachment X to the NYISO OATT.
- c. The Annual Transmission Reliability Assessment for each Class Year will include an identification of the System Upgrade Facilities required for those projects, with cost estimates for the System Upgrade Facilities.

- (1) The Annual Transmission Reliability Assessment will specifically take note of any System Upgrade Facilities that are already included in an Annual Transmission Baseline Assessment.
- d. For interconnection projects included in each Annual Transmission Reliability Assessment, the Interconnection System Reliability Impact Study updated results will specify the impact of each project in the Class Year on the reliability of the transmission system, that is, the pro rata contribution of each project in the Class Year to each of the individual System Upgrade Facilities identified in the updates.
- (1) The pro rata impact of each project in the Class Year on the reliability of the transmission system will not simply be based upon the number of projects in the Class Year.
  - (2) Instead, the impact of each project in the Class Year will be stated in terms of its pro rata contribution to the total electrical impact on each individual System Upgrade Facility in the Class Year of all projects that have at least a *de minimus* impact, as described in Section IV.F.5.e.(1) of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the

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- (7) If the least cost solution identified is to install one System Upgrade Facility (e.g., a series reactor) rather than replacing a number of System Upgrade Facilities (e.g., breakers), the NYISO staff will determine each Developer's Contribution Percentage by calculating what each Developer's pro rata contribution would have been on the System Upgrade Facilities not replaced (e.g., breakers) and applying that percentage to the System Upgrade Facility that is installed (e.g., series reactor).
6. There will be no prioritization of the projects grouped and studied together in a Class Year. Each such project will share in the then currently available electrical capability of the transmission system, and share in the cost of the System Upgrade Facilities required to interconnect its respective project, in accordance with the rules set forth herein.
7. Based on the Annual Transmission Reliability Assessment update of Interconnection System Reliability Impact Study results, NYISO staff will, in accordance with these rules, provide the Developer of each interconnection project included in the then current Annual Transmission Reliability Assessment

Initial Decision Period or any Subsequent Decision Period, if all Developers in the Class Year provide Acceptance Notice, but one or more of the Developers fails to post the Security required hereunder (such event a “Security Posting Default”), then the beneficiaries of the Security posted by the Developers that did post Security (i.e., the Connecting Transmission Owners) shall surrender the posted Security to the respective Developers immediately. The Connecting Transmission Owners shall not make any draws or encumbrances on any posted Security unless and until Security has been posted by all Developers that issued Acceptance Notices in the Final Decision Round.

- c. Following the Initial Decision Period, or any Subsequent Decision Period, if a Non-Acceptance Event or a Security Posting Default shall have occurred, the Interconnection Facilities Study for each Developer that provided Non-Acceptance Notice or that committed a Security Posting Default will be removed from the then current Annual Transmission Reliability Assessment, to be updated in the manner described herein in a subsequent Annual Transmission Reliability Assessment, after the project has received its Article X certificate, Article VII certificate or comparable permit from state regulators.

- d. Whenever projects are removed from an Annual Transmission Reliability Assessment, NYISO staff will immediately notify the Developers of the remaining projects still included in the Annual Transmission Reliability Assessment.
9. Immediate following receipt of Non-Acceptance Notice or upon the occurrence of a Security Posting Default, the NYISO shall update the Interconnection Facilities Study results for those remaining Developer projects that continue to be included in the then-current Annual Transmission Reliability Assessment, as necessary, to reflect the impact of the project removals. The NYISO shall issue a revised annual Transmission Reliability Assessment together with an updated Project Cost Allocation for each remaining Developer's share of System Upgrade Facilities (each a "Revised Project Cost Allocation") as soon as practicable, but in no event later than 14 calendar days following the occurrence of the Non-Acceptance Event or the Security Posting Default that necessitated development of the Revised Project Cost Allocation. The NYISO shall also provide the additional dollar figures relating to total cost and Class Year projects, and the related information, described in

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