

**A Proposal submitted by LIPA, NYPA and Con Edison regarding the
Integration of a Cross Border Transmission Projects
into the NYISO CRPP for Cost Allocation Purposes**

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Basic Principles

- This process applies to regulated reliability transmission projects that are identified as having benefits in more than one region
 - This process is prospective and projects previously developed under an individual region's reliability planning processes to satisfy its regional needs shall not be considered.
- The process to identify projects that qualify for this cross-border process shall be based on the need for a cost-effective solution for the individual ISOs/RTOs with the reliability need(s)
 - Transmission, generation, and DSM will all be considered as potential solutions in New York to resolve the reliability need, however this cross border process only applies to transmission projects.
 - Through the Northeast Coordinated System Plan process, joint studies may be performed to help inform market participants of potential benefits of cross border projects.
 - Projects will continue to be individually evaluated by each region as to whether it addresses a local reliability need.
 - All regions with a reliability need addressed by the cross-border project must independently approve the proposed project pursuant to each region's existing processes before the project can move forward to resolve a reliability need.
- Cost allocation will be based upon each ISO/RTO's approved process.

Process for Inclusion of a Cross Border Project as a Regulated Backstop Solution

- The NYISO Reliability Needs Assessment will identify reliability needs on the system and the transmission owners that are responsible for proposing a solution (the Responsible TOs).
- Since reliability needs in each region will be transparent, transmission owners in each region will be aware of needs in neighboring regions and may choose to collaborate on joint projects to resolve reliability needs in multiple regions. The Northeast Coordinated System Plan and other studies will help inform transmission owners of the reliability benefits of potential cross border projects.
- Consistent with the NYISO process, if a Responsible TO determines that there are sufficient benefits from a cross border transmission project then the Responsible TO(s) may choose to collaborate with a TO in a neighboring region to develop and propose a cross border transmission project in order to resolve reliability needs in multiple regions. The NYISO Responsible TO(s) will be responsible for proposing the project as a NYISO Regulated Backstop Solution. In addition the Responsible TO(s) will:

- Based on individual or joint studies the Responsible TOs will evaluate the reliability benefits of the cross border project to New York to determine what portion of the projects costs will be proposed to be recovered in the NYISO reliability planning process which may be based upon an agreed joint ownership delineation.
- Coordinate with their neighboring TO partner on approval processes in both regions.

Process for Inclusion of a Cross Border Project as an Alternative Regulated Solution

- The NYISO Reliability Needs Assessment will identify reliability needs on the system.
- Since reliability needs in each regions will be transparent and alternative transmission developers will be aware of reliability needs in neighboring regions and may choose to collaborate on developing joint projects to resolve reliability needs in multiple regions.
- The Northeast Coordinated System Plan and other studies will help inform transmission developers of regional projects and benefits.
- Consistent with the NYISO process, if a transmission developer determines that there are sufficient benefits from a cross border transmission project then a transmission developer may choose to propose a cross border transmission project in order to resolve reliability needs in multiple regions. The transmission developer will be responsible for proposing the project as a NYISO Alternative Regulated Solution. In addition the transmission developer will:
 - Determine what portion of the projects costs will be proposed to be recovered in the NYISO reliability planning process.
 - Coordinate on approval processes in both regions.
 - Whether this project replaces a Regulated Backstop Solution and proceeds forward will be subject to the review and approval of the appropriate state regulatory authority including project costs.