

DRAFT

Comments of Central Hudson

Cost Allocation & Recovery for Regulated Reliability Projects⁽¹⁾

General Proposition:

In NY the energy, ancillary services and installed capacity markets are operated on a "pool" basis under the direction of the NYISO. The market rules are developed by the market participants with oversight by the NYISO Board and the FERC. Because transmission grid is integral to the market, we believe it makes eminent sense to develop a planning process based upon the same fundamental approach. Furthermore, in developing this type of approach we should strive for a model that is simple to implement, allows us to arrive at decisions expeditiously and provides "one stop shopping" (i.e., for approval via the NYISO governance process).

Cost Recovery:

- NYISO OATT for "pool" projects
- Individual TO tariffs for local projects
- Bright line - 115kV and above (looped) are pool facilities
- Incentives should be considered
- Regulated solutions for pool projects limited to transmission only

Cost Allocation:

- Socialization should be rebuttable presumption for pool projects
- Exceptions to allocate costs locally as provided for in the ISO-NE model
- No "hold harmless" provisions

⁽¹⁾ Regulated reliability projects should be considered only in the event of failure of the market to provide the necessary solution.