

DRAFT CARIS PROCEDURES
ESPWG 5/286/9/2009

PROJECT COST OVERRUNS
(ATTACHMENT Y: SECTION 15.4e)

Tariff Requirement 15.4e:

The project cost allocated under this Section 15.4 will be based on the total project revenue requirement, as supplied by the developer of the project, for the first ten years of project operation. The NYISO, in conjunction with the ESPWG, will develop procedures to allocate the risk of project cost increases that occur after the NYISO completes its benefit/cost analysis under this Attachment Y. These procedures may include consideration of an additional review and vote prior to the start of construction and whether the developer should bear all or part of the cost of any over-runs.

Project Cost OVERRUNS

The Developer will provide as part of the project proposal, a firm price as well as a risk profile to address project cost overruns. The risk profile will address at a minimum the following areas:

1. The stage of project development and the level of accuracy of the project cost estimate.
2. Required cost overruns sharing if any between the Developer and the LSEs benefiting from the project.
3. Required project cost increase sharing if any due to a force majeure between the Developer and the LSEs benefiting from the project.
- ~~4. Identification of when or if a re-vote would be requested by the developer due to a substantial project scope change or a change in project benefits, including the terms and conditions of such provisions.~~
- 5.4. Identification of conditions if any for canceling the project by the Developer including terms and conditions for allocating sunk costs and lost benefits.

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The Developer may submit multiple risk profiles for the project. The project and each of its risk profiles will be voted on individually by the LSE's benefiting from the project as if it was a separate project.

Quarterly Reporting

Upon acceptance of the project by the LSEs benefiting from the project and the risk profile, including any cost overrun sharing between the Developer and the LSEs benefiting from the project, the Developer will provide to the LSEs benefiting from the project with ~~a copy to the NYISO~~, quarterly project updates to include but not be limited to the following:

- project's current status

- updated milestone schedule
- updated cash flow
- a project cost analysis
- explanation for any schedule or cost changes

The developer will provide a copy of the report to the NYISO which the NYISO will post on its website.

The project cost analysis will include the original estimated costs, the actual costs spent to date, the estimated cost to complete and the percent change. A change which results in an increase in the project cost will be provided by the Developer to the LSEs benefiting from the project with a copy to the NYISO as soon as the change is discovered (The Developer is not to wait until the next quarterly report to notify the LSEs benefiting from the project and the NYISO of the change).