

## Comments of Central Hudson

### NYISO Planning Process for Economic Needs

January 2005

1. CH supports the tracking and publication of historical congestion by the NYISO using the approach that was approved by the ESPWG.
2. CH agrees conceptually that the NYISO should provide a forecast of congestion. The details of exactly how this should be done need to be discussed further. A limited number of scenarios should be included in order to recognize the fact that there is a great deal of uncertainty associated with projections of this type as well as to avoid an endless debate as to what is the "base case".
3. In the development of a NYISO planning process for reliability needs it was recognized that, in the first instance, the market should be allowed to provide. However, it was also recognized that it is desirable to include provision for a "backstop" solution. In formulating the cost recovery & allocation for such it was agreed that it would be desirable to shift from the historical "license plate" paradigm to a pool-type approach. The historical approach views needs, as well as costs/benefits, on a utility-by-utility basis and thus is ill suited for the current pool-wide market. CH believes that placing large projects under the NYISO OATT is the only practical way of properly aligning costs and benefits.
4. In the planning process for reliability needs, it was concluded that the NYISO should be *proactive* by identifying needs and ultimately "pulling the trigger" on a backstop solution if required. For the planning process for economic needs, CH believes that the role of the NYISO should be much more limited. Most fundamentally, the NYISO should not identify the need nor direct any solution. The NYISO should be involved in the following; 1.) Tracking historical congestion, 2.) Providing projections of future congestion and 3.) Providing a forum for consideration of projects *proffered* by MPs (i.e., costs of which are proposed to be recovered & allocated under the NYISO OATT).
5. The approach to economic planning described above avoids systemic intrusion into the market but at the same time does not preclude entirely any consideration of economic-based projects. CH believes it is appropriate to provide an opportunity for ad hoc consideration of economic-based projects under the NYISO OATT. This approach would be essentially the same as how tariff changes are made at present. The NYISO governance process inherently balances diverse interests and CH believes that the planning process for economic needs can exist and function in this same manner.
6. Projects placed under the NYISO OATT, whether for reliability or economic needs, would be recovered using *cost-based* rates.