

SUMMARY of FERC Order RE: NYISO CRPP Filing

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ESPWG Meeting
January 10, 2005
Albany

Overview

- FERC Order issued on December 28, 2004
- Accepts the NYISO CRPP and NYISO-TO Agreement--with some modifications
- Most protests were rejected
- Effective Date as requested: October 19, 2004
- Compliance filing due in 60 days: ~Feb 26, 2005
- Commissioner Kelliher dissented, in part
 - *Re: State/federal responsibilities*

FERC Supports the CRP Process

- The Order strongly supports the basic—market-driven—structure of the NYSIO's CRP
- FERC states that: "We applaud the NYISO and interested parties for devising a workable, efficient process to facilitate transmission planning and expansion."
- FERC finds that "...it is certainly a substantial improvement over planning processes that traditionally have depended largely or even solely on transmission owner developed regulated solutions."

Phase II: Economic Planning

- FERC notes that the NYISO is already working with ESPWG on its Phase II process to address economic planning and that it anticipates an additional filing will be made
- FERC supports NYISO's commitment to the stakeholder process and rejects the petition that it set a deadline for completion
- FERC also supports the NYISO's commitment to submit a progress report in 90 days on the Phase II and cost allocation implementation efforts

Compliance Filing Requirements

➤ Jurisdiction

- *FERC recognizes that the NYSPSC is “singularly situated” to address certain disputes related to the RNA and CRP*
- *FERC sees this filing as an opportunity for state-federal cooperation to ensure reliability*
- *FERC accepts the dispute resolution provisions at the state level, found in Sections 5.3 and 8.3, “for matters that are not within (the FERC’s) exclusive jurisdiction”*
- *Modifications required:*
 - ▶ To provide for a request for joint or concurrent hearing regarding matters of dual jurisdiction and responsibility
 - ▶ To provide that only disputes under the NYPSC’s jurisdiction are subject to review in NYS Courts

Compliance Filing (Cont'd)

➤ DPS Screening of Alternative Regulated Proposals

- *FERC finds the process whereby non-transmission owners would first be required to seek DPS approval, while the TOs would not, to be "unduly discriminatory"*
- *NYISO is directed to revise the CRP to treat both TOs' and non-TOs' proposed solutions comparably*

Compliance Filing (Cont'd)

➤ NYISO-TO Agreement

- *FERC accepted the separate rate mechanism for cost recovery of transmission-related costs incurred to meet a reliability need under the NYISO CRP*
 - ▶ FERC “encourages” the parties to explore whether formula rates for recovery of both TOs’ existing facilities and new facilities would be a “more reasonable rate design”
- *FERC finds that the Agreement adequately obligates the TO’s to develop and construct the necessary facilities*
- *Directs addition of language to indicate that the TO’s will “provide reasonable assistance, where possible, to those parties that are responsible for developing and constructing upgrades approved in the CRP”*

Compliance Filing (Cont'd)

➤ Timetables for Cost Allocation & CRP Implementation

- *FERC declines to set a deadline and indicates support for the NYISO's commitment to a stakeholder driven process and to file a status report in 90 days on its Phase II and cost allocation efforts*
- *FERC directs the NYISO to propose and file timetables for the implementation of various stages of the RNA and CRP within 60 days to "help ensure that critical reliability needs ..are met in a timely manner."*