

CARIS PROCEDURES

REGULATED ECONOMIC PROJECTS SPECIFIC PROJECT SUBMITTALS (ATTACHMENT Y: SECTIONS 15.3a, b, c, d, e, f & g)

Tariff Requirement 15.3: Project Eligibility for Cost Allocation

Section 15.3a:

The NYISO will evaluate the benefits and costs of each regulated economic transmission project over a ten-year period commencing with the proposed commercial operation date for the project. The developer of each project will pay the cost incurred by the NYISO to conduct the ten-year cost/benefit analysis of its project. The NYISO, in conjunction with the ESPWG, will develop methodologies for extending the CSPP study period database as necessary to evaluate the benefits and costs of each regulated economic transmission project.

Section 15.3.b:

The benefit metric for eligibility under the NYISO's cost/benefit analysis will be expressed as the present value of the annual NYCA-wide production cost savings that would result from the implementation of the proposed project, measured for the first ten years from the proposed commercial operation date for the project.

Section 15.3c:

The cost for the NYISO's benefit/cost analysis will be supplied by developer of the project, and the cost metric for eligibility will be expressed as the present value of the annual total revenue requirement for the project, reasonably allocated over the first ten years from the proposed commercial operation date for the project.

Section 15.3d:

For informational purposes only, the NYISO will also calculate the present value of the annual total revenue requirement for the project over a 30 year period commencing with the proposed commercial operation date of the project.

Section 15.3.e:

To be eligible for cost allocation and recovery under this Attachment Y, the benefit of the proposed project must exceed its cost measured over the first ten years from the proposed commercial operation date for the project. The total capital cost of the project must exceed \$25 million. In addition, a super-majority of the beneficiaries must vote in favor of the project, as specified in Section 15.6 of this Attachment Y.

Section 15.3 f:

In addition to the eligibility benefit metrics used in its benefit/cost analysis, the NYISO will calculate the additional metrics to estimate the potential benefits of the proposed project, for information purposes only, in accordance with Section 11.3, for the

applicable metric. These additional metrics shall include those that measure reductions in LBMP load costs, changes to generator payments, ICAP costs, Ancillary Service costs, emissions costs, and losses. TCC revenues will be determined in accordance with Section 15.4.b(iii). The NYISO will provide information on these additional metrics to the maximum extent practicable considering its overall resource commitments.

Section 15.3.g:

In addition to the benefit/cost analysis performed by the NYISO under this Section 15.3, the NYISO will work with the ESPWG to consider the development and implementation of scenario analyses, for information only, that shed additional light on the cost and benefit of a proposed project. These additional scenario analyses may cover fuel and load forecast uncertainty, emissions data and the cost of allowances, pending environmental or other regulations, and alternate resource and energy efficiency scenarios. Consideration of these additional scenarios will take into account the annual resource commitments of the NYISO.

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Eligibility

- Any developer of a regulated economic transmission project that will interconnect with or be integrated into the existing New York State Bulk Power Transmission Facilities, who is seeking cost recovery pursuant to Section 16 of Attachment Y, may submit such proposed project for an evaluation pursuant to Section 15.3 of Attachment Y, of the project's benefits and costs over a ten-year period commencing with the commercial operation date ("Benefit/Cost Analysis"). A regulated economic transmission project may include the construction of a new line, rebuild or re-conductoring of an existing line and/or addition of transmission equipment (i.e. static var compensators, phase angle regulators, capacitor banks, power transformers).
- The developer is responsible for all reasonable actual costs incurred by the NYISO for the Benefit/Cost Analysis. Such costs may include the use by NYISO, at its discretion, of contractors/consultants and costs that Transmission Owners may incur to supply project-related data when requested to do so by the NYISO.
- Any developer of a regulated economic transmission project not seeking cost recovery pursuant to Section 16 of Attachment Y, as well as developers of generation or demand side projects not eligible for cost recovery pursuant to Section 16 of Attachment Y, may request that the project be evaluated using an Additional Study pursuant to Section 11.2.c of Attachment Y.

Timing of Requests for Benefit/Cost Analysis

- The NYISO shall, upon request and subject to resource limits, conduct a Benefit/Cost Analysis at any time during the current CARIS cycle.
- The NYISO will accommodate all requests to the extent reasonable and practicable, subject to resource limitations.
- If the developer wishes to have its project voted on, pursuant to Section 15.6 of Attachment Y, during the current CARIS study cycle, then the developer must submit a complete "Benefit /Cost Analysis Request" and the required deposit to the NYISO.
- ~~The data base and system assumptions to be used for this analysis shall be based upon the then current CARIS data base and system assumptions. The data base shall be extended, as necessary, beyond the then current 10 year RNA/CARIS planning horizon in accordance with the methodology developed in accordance with Section 15.3.a of Attachment Y.~~

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Request for Benefit/Cost Analysis

- Each Benefit/Cost Analysis Request submitted to the NYISO (on a request form to be developed by the NYISO) shall be accompanied by a refundable deposit of \$25,000. Such deposit shall be applied toward the reasonable actual costs incurred by the

NYISO and its contractors/consultants, and by Transmission Owners supplying project-related data, in the performance of the Benefit/Cost Analysis.

- The developer shall also submit to the NYISO a Project Conceptual Package (“PCP”) in its Benefit/Cost Analysis request.
- A developer submitting multiple Benefit/Cost Analysis requests, must submit a separate PCP and separate deposit for each project.
- The PCP shall include, but not be limited to, the following:

~~1. Developer’s Contact Information~~

~~2. Project Description~~

~~3. Project Drawings~~

~~4. Project Capital Costs~~

~~5. Risk Profile~~

~~6. Annual Revenue Requirements for Years 1-30~~

~~7. Any Other Reasonably Required Information to Aid NYISO in Understanding the Scope of the Project~~

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1. Developer’s Contact Information

- Developer’s Name and Title
- Developer’s Company Address
- Developer’s Telephone Number, Fax Number and E-mail
- Address of the Developer’s Contact Person

2. Project Description

The developer will submit a written description of the regulated economic transmission project to NYISO, which will include, but not be limited to, the following:

- A description of how the project will interconnect with or be integrated into the existing New York State Bulk Power Transmission Facilities
- A description of the right of way to be used or acquired
- A description of the property that would need to be acquired or condemned for the project
- Transmission project construction type
- The thermal capacity and impedance ratings of the line
- The required substation and protection additions or modifications required including a list of major equipment and their ratings
- Description of project assumptions used for the basis of the Project Capital Costs and Annual Revenue Requirements
- A description of the project management team
- A project implementation plan
- A list of anticipated System Upgrade Facilities
- Status of the project in the NYISO’s Interconnection Queue
- A list of all regulatory approvals required from state, federal and local licensing and environmental regulatory agencies, and a schedule for applications and expected regulatory approvals
- A major milestone schedule

3. ~~3.~~ Project Drawings

The developer will submit the following drawings to the NYISO:

- Site plan
- System area one-line
- Detailed substation ~~and relay~~ one-lines
- Substation plot plans
- Transmission route plan

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4. ~~4.~~ Project Capital Costs

The developer will submit detailed capital cost estimates for each segment of the project (*i.e.*, each substation, protection/communication systems, transmission line, system upgrades, etc.). The developer will also submit a quarterly cash flow from the start the project until the Commercial Operation Date. A cost estimate breakdown will be provided that includes, at a minimum, the following items:

- Licensing/permitting
- Engineering
- Construction labor
- Major equipment
- Real estate acquisitions and rights of ways
- Overheads
- Contingencies

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5. Risk Profile

As described in procedures on cost overruns, the developer will submit a risk profile. The risk profile will address at a minimum the following areas:

- The stage of project development and the level of accuracy of the project cost estimate.
- Required cost overruns sharing, if any, between the Developer and the LSEs benefiting from the project.
- Required project cost increase sharing, if any, due to a force majeure between the Developer and the LSEs benefiting from the project.
- 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 up to a maximum of three. 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.

6. Annual Revenue Requirements for Years 1-30

The developer will provide their Annual Revenue Requirements starting in the first year of Commercial Operation and the subsequent 29 years. A list of assumptions used in calculating the Annual Revenue Requirements will be provided, which shall include but not be limited to:

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- Cost of capital
- Annual operations and maintenance costs
- Property Taxes
- Escalation rate
- Revenue rate of return

7. Any Other Reasonably Required Information to Aid NYISO in Understanding the Scope of the Project

PCP Review and Scoping Meeting

- The NYISO shall review the developer’s PCP to ensure its completeness and clear description of the project scope and costs and acknowledge receipt of the Benefit/Cost Analysis Request within ten (10) business days of receipt. ~~and shall review the developer’s PCP to ensure its completeness and clear description of the project scope and costs.~~
- If, in its sole discretion, the NYISO finds the PCP to be deficient in content, the NYISO will request the developer to provide the missing data. No analysis will be performed by NYISO until an acceptable PCP is received.
- Following the receipt of a complete PCP and the required deposit, the NYISO ~~shall~~ will post the request on their website and establish with developer a mutually agreeable time for a scoping meeting (“Scoping Meeting”) for the Benefit/Cost Analysis.
- The Scoping Meeting shall be used to address any questions regarding the project description to ensure that all the technical parameters needed by the NYISO to perform the Benefit/Cost Analysis are understood.
- Following the Scoping Meeting, the NYISO will forward the developer’s PCP to the ESPWG for review and determination of the scenarios to be analyzed for the proposed project.
- Following the ESPWG meeting, the NYISO will (i) memorialize the results in writing as part of an agreement for a Benefit/Cost Analysis (“Project Analysis Agreement,” to be developed by the NYISO) and (ii) provide the developer with the Project Analysis Agreement and a non-binding estimate of the total costs.
- The Project Analysis Agreement will include the scope of work and will define the deliverables to be provided by the NYISO at the completion of the studies.
- The Project Analysis Agreement will also contain payment terms and conditions.
- The Project Analysis Agreement must be executed by the developer before the NYISO conducts any analysis.
- If the NYISO determines that a material change occurs in the project for any reason, the NYISO may require the developer to pay, an additional deposit to reflect that cost increase, which the NYISO shall also apply to the actual cost of the Benefit/Cost Analysis. No analysis will be performed by the NYISO on the revised project until the additional deposit is received and an agreed to revised target completion date is determined.

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Completion and Delivery of Results

- The NYISO will process the Benefit/Cost Analysis requests in the order in which they are received. A Benefit/Cost Analysis Request will be deemed received by the NYISO on the date the NYISO receives an acceptable PCP and the required deposit.
- The NYISO will use reasonable efforts to complete each Benefit/Cost Analysis by a date mutually agreed to with the developer. If the NYISO determines this target date will not be met, the NYISO will promptly inform the developer and provide the developer with an updated estimate of the new date by which the Benefit/Cost Analysis will be completed.
- Upon completion of the analysis, the NYISO will provide the “Completed Study Invoice” to the developer to cover all costs it has incurred in the performance of the Benefit/Cost Analysis.
- Within 30 days of receipt of the Completed Study Invoice, there shall be a true-up payment by either the NYISO or the developer, to true up any Benefit/Cost Analysis payments made by the developer to the final Benefit/Cost Analysis cost.
- Within 15 days of receipt of the true-up payment ~~by the party to be paid~~ from the developer, the NYISO will provide the results of the Benefit/Cost Analysis in a written report to the developer.
- Upon request, the NYISO will schedule a meeting to review the results with the developer.
- The developer shall be responsible for all reasonable and actual costs incurred by the NYISO that result from the meeting to review the Benefit/Cost Analysis and from any requested modifications to the Benefit/Cost Analysis that occur after the issuance of the Completed Study Invoice.
- Within 30 days of the NYISO confirming that the developer is in possession of the final version of the Benefit/Cost Analysis, the NYISO will provide the “Final Invoice” to the developer to cover all reasonable costs the NYISO incurred in the performance of the Benefit/Cost Analysis that have not yet been paid by the developer.

Withdrawal of Request

- The developer may withdraw its Benefit/Cost Analysis Request at any time by written notice to the NYISO.
- Upon receipt of such request, the NYISO will immediately terminate any further work on the applicable Benefit/Cost Analysis.
- The developer shall reimburse the NYISO for all reasonable expenses incurred prior to the receipt of the withdrawal notice. NYISO will refund any portion of the deposit that has not been used for the Benefit/Cost Analysis prior to receipt of the withdrawal notice to the developer, if applicable.
- Following reimbursement (refund), the NYISO will forward the completed results, if any, of the Benefit/Cost Analysis work completed prior to the withdrawal date to the developer.

Disclosure of Benefit/Cost Results

- In the event that the developer decides to seek cost recovery pursuant to Section 16 of Attachment Y, then the results of the Benefit/Cost Analysis shall be posted on the NYISO website.
- In the event that the developer either (1) withdraws its Benefit/Cost Analysis Request in accordance with the foregoing section or (2) decides not to seek cost recovery for its regulated economic transmission project pursuant to Section 16 of Attachment Y, then the results of the Benefit/Cost Analysis shall not be disclosed or posted on the NYISO website.