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Energy Resource Interconnection Service "(ERIS"): The service provided by NYISO to interconnect the Developer's Large Generating Facility, Merchant Transmission Facility or Small Generating Facility required to participate in a Class Year under Section 3.5.3 of Attachment Z to the New York State Transmission System, or to the Distribution System under Attachment Z, in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Large Generating Facility, Merchant Transmission Facility or Small Generating Facility required to participate in a Class Year under Section 3.5.3 of Attachment Z, pursuant to the terms of the NYISO OATT.

Existing System Representation: The representation of the New York State Power System developed as specified in Section V.E of these rules.

External CRIS Rights: A determination of deliverability within a New York Capacity Region, awarded by the NYISO for a term of five (5) years or longer, to specified Megawatts of External Installed Capacity that satisfy the requirements set forth in Section VII.K of this Attachment S to the NYISO OATT.

1. (i) All generation and transmission facilities identified in the NYISO's Load and Capacity Data Report as existing as of January 1 of that year, excluding those facilities that are subject to Class Year cost allocation but for which Class Year cost allocations have not been accepted; (ii) all planned generation and merchant transmission projects that have accepted their cost allocation in a prior Class Year cost allocation process and System Upgrade Facilities and System Deliverability Upgrades associated with those projects except that System Deliverability Upgrades where construction has been deferred pursuant to Section VII.L~~K~~.2 and VII.L~~K~~.3 of Attachment S will only be included if construction of the System Deliverability Upgrades has been triggered under Section VII.L~~K~~.3 of Attachment S; (iii) all generation and transmission retirements and derates identified in the Load and Capacity Data Report as scheduled to occur during the five-year cost allocation study planning period; and (iv) all other changes to existing facilities, other than changes that are subject to Class Year cost allocation but that have not accepted their Class Year cost allocation, that are identified in the Load and Capacity Data Report or reported by Market Participants to the NYISO as scheduled to occur during the five year cost allocation study planning period.

all the projects in the Class Year will be allocated among the projects in the Class Year based on the pro rata impact of each Class Year project on the deliverability of the New York State Transmission System, that is, the pro rata contribution of each project in the Class Year to the total cost of each of the System Deliverability Upgrades identified in the Class Year Deliverability Study. In addition to this allocation of cost responsibility for System Deliverability Upgrades among the projects in a Class Year, the cost of certain Highway upgrades will be shared with Load Serving Entities and subsequent Developers, as described below in Section VII.L~~K~~ of these rules.

B. Categories of transmission facilities.

For purposes of applying the NYISO Deliverability Interconnection Standard, transmission facilities comprising the New York State Transmission System will be categorized as either Byways or Highways or Other Interfaces.

1. Byways. The Developer of a proposed generation or merchant transmission project will pay its pro rata share of one hundred percent (100%) of the cost of the System Deliverability Upgrades to any Byway needed to make the Developer's project deliverable in accordance with these rules. The System Deliverability Upgrades on the Byway or Byways will be identified by the NYISO, with input from the Connecting

2. NYCA Deliverability Testing Methodology. The current Class Year ATBA, developed in accordance with ISO Procedures, will serve as the starting point for the deliverability baseline for testing under summer peak system conditions, subject to ISO Procedures and the following:

   a. All proposed projects seeking CRIS will be evaluated on an aggregate Class Year basis. Deliverability will be determined through a shift from generation to generation within the Capacity Regions in New York State. Each Capacity Region will be tested on an individual basis.

   b. Each Developer requesting CRIS will request that a certain number of MWs, not to exceed the name plate rating of its facility, be evaluated for deliverability. Each entity requesting External CRIS Rights will request a certain number of MWs to be evaluated for deliverability pursuant to Section VII.K of this Attachment S. The~~se~~ MWs requested by a Developer will represent Installed Capacity, and will be derated for the deliverability analysis; provided, however, that the MWs of an entity requesting External CRIS Rights will not be derated for the deliverability analysis. At the conclusion of the analysis, the NYISO will reconvert only the deliverable MWs and report them in terms of MWs of Installed Capacity using the same derating factor utilized at the beginning of the deliverability analysis.

      A derated generator capacity incorporating availability is used. This derated generator capacity is based on the unforced capacity or "UCAP" of each resource and can be referred to as the UCAP Deration

h. External system imports will be adjusted as necessary to eliminate or minimize overloads, other than the following external system imports: (i) the grandfathered import contract rights listed in Attachment E to the Installed Capacity Manual, (ii) the operating protocols set forth in Attachment M-1 of the Services Tariff, (iii) beginning with Class Year 2008 and in subsequent Class Years, the Existing Transmission Capacity for Native Load listed for the New York State Electric & Gas Corporation in Table 3 of Attachment L of the OATT, ~~and~~ (iv) in ~~beginning with~~ Class Year 2008 and 2009~~and in subsequent Class Years, until the end of the 2010 Summer Capability Period~~, 1090 MW of imports made over the Quebec (via Chateauguay) interface~~.~~, and (v) beginning with Class Year 2010 and in subsequent Class Years, any External CRIS Rights awarded pursuant to Section VII.K of this Attachment S, either as a result of the conversion of grandfathered rights over the Quebec (via Chateauguay) Interface or as a result of a Class Year Deliverability Study, until, at the time a Class Year Deliverability Study commences, the time available to renew the External CRIS Rights has expired, as described in Section IX.C.2.b of this Attachment S.

i. Flows associated with generators physically located in the NYCA but selling capacity out of the market will be modeled as such in the deliverability base cases.

j. Resources and demand are brought into balance in the baseline. If resources are greater than demand in the Capacity Region, existing generators within the Capacity Region are prorated down. If resources are lower than demand in the Capacity Region, additional external resources are included in the model.

J. Deliverability of External Installed Capacity.

External Installed Capacity not associated with UDRs or External CRIS Rights will be subject to the deliverability test in Section VII.H and VII.I of this Attachment S, but not as a part of the Class Year Deliverability Study. As described in detail in Section 5.12.2 of the Services Tariff, the deliverability of External Installed Capacity not associated with UDRs or External CRIS Rights will be evaluated separately as a part of the annual process under the Services Tariff that sets import rights for the upcoming Capability Year, to determine the amount of External Installed Capacity that can be imported to the New York Control Area.

K. CRIS Rights For External Installed Capacity

An entity, by following the procedures and meeting the requirements described in this Section VII.K, may obtain a long-term determination of deliverability for its External ICAP ("External CRIS Rights"). While the External CRIS Rights are in effect, external ICAP associated with External CRIS Rights is not subject to the deliverability determination described above in Section VII.J of this Attachment S or the annual deliverability determination described in Section 5.12.2.B of the Services Tariff, or to the allocation of import rights described in ISO Procedures.

1. Required Commitment of External ICAP. An entity seeking to obtain External CRIS Rights for a specified number of MW of External ICAP must commit to supply that number of MW of External ICAP for a period of at least five (5) years ("Award Period"). The entity's commitment to supply the specified MW for the Award Period may be based upon either an executed bilateral contract to supply ("Contract Commitment"), or based upon another kind of long-term commitment ("Non-Contract Commitment"), both as described herein.

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a. **Contract Commitment.** An entity making a Contract Commitment of External ICAP must have an executed bilateral contract to supply a specified number of MW of External ICAP ("Contract CRIS MW") to a Load Serving Entity or Installed Capacity Supplier for an Award Period of at least five (5) years. The entity must have ownership or contract control of External ICAP to fulfill its bilateral supply contract throughout the Award Period.

i. The bilateral supply contract must be for all months of the Summer Capability Periods over the term of the bilateral supply contract, but need not include any of the months of the Winter Capability Periods over that term. The entity seeking External CRIS Rights must specify which, if any, months of the Winter Capability Period it will supply External ICAP under the bilateral supply contract ("Specified Winter Months").

ii. The bilateral supply contract must be for the same number of MWs for all months of the Summer Capability Periods ("Summer Contract CRIS MW") and the same number of MWs for all Specified Winter Months ("Winter Contract CRIS MW"). The Winter Contract CRIS MW level must be less than or equal to the Summer Contract CRIS MW level.

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iii. An entity holding External CRIS Rights under a Contract Commitment must certify the bilateral supply contract for every month of the Summer Capability Periods and all Specified Winter Months for the applicable Contract CRIS MW. The Summer Contract CRIS MW must be certified for every month of the Summer Capability Period, and the Winter Contract CRIS MW must be certified for every Specified Winter Month (if any).

b. Non-Contract Commitment. An entity holding External CRIS Rights under a Non-Contract Commitment must offer the committed number of MW of External ICAP for every month of the commitment, as described below, in the NYISO capacity auctions for an Award Period of at least five (5) years. The entity must have ownership or contract control of External ICAP to fulfill its Non-Contract Commitment throughout the Award Period.

i. The Non-Contract Commitment must be made for all months of the Summer Capability Periods over the term of the Award Period, but need not include any months in the Winter Capability Periods. The entity must identify the Specified Winter Months, if any, of the Winter Capability Periods for which it will make the commitment.

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ii. The commitment must be for the same number of MWs for each month of the Summer Capability Period ("Summer Non-Contract CRIS MW"), and the same number of MWs for all Specified Winter Months ("Winter Non-Contract CRIS MW"). The Winter Non-Contract CRIS MW level must be less than or equal to the Summer Contract CRIS MW level.

iii. An entity holding External CRIS Rights under a Non-Contract Commitment must offer the committed capacity in one or more of the Strip, Monthly or Spot Market Auctions, or through a bilateral contract. The Summer Non-Contract CRIS MW must be offered for every month of the Summer Capability Period, and the Winter Non-Contract CRIS MW must be offered for every Specified Winter Month (if any).

iv. Notwithstanding other capacity offer mitigation measures that may apply, the offers submitted pursuant to this Non-Contract Commitment will be subject to an offer cap for each month of the Summer Capability Periods and each Specified Winter Month. This offer cap will be determined in accordance with the provisions contained in Section 5.12.2.D of the Services Tariff.

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c. **Failure to Meet Commitment**. If an entity fails to certify or offer the full number of Contract CRIS MW or Non-Contract CRIS MW in accordance with the terms stated above, in Sections VII.K.1.a and VII.K1.b, the entity shall pay the NYISO an amount equal to 1.5 times the Spot Market clearing price for the month in which either the capacity under Non-Contract Commitment was not offered or the Contract Commitment to supply ICAP was not certified, times the number of MW committed under the Non-Contract or Contract Commitment but not offered.

i. Within a given Award Period and each subsequent renewal of an Award Period, for the first three instances where this Section VII.K.l.c is applied to a specific Contract or Non-Contract Commitment, no additional actions will be taken. Upon the fourth instance within the Award Period or the fourth instance within a subsequent renewal period where this Section VII.K.l.c is invoked, the associated External CRIS Rights will be terminated in their entirety with no ability to renew. Entities that had External CRIS Rights terminated may reapply for External CRIS in accordance with Section VII.K.2 below. Nothing in this Section VII.K.l.c shall be construed to limit or diminish any provision in the Market Power Mitigation Measures or the Market Monitoring Plan.

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d. Obtaining External CRIS Rights. An entity making a Contract Commitment or Non-Contract Commitment of External ICAP may obtain External CRIS Rights for a specified number of MW of External ICAP in one of two different ways, either (i) by converting MWs of grandfathered deliverability rights over the External Interface with Quebec (via Chateauguay), or (ii) by having its specified MW of External ICAP evaluated in a Class Year Deliverability Study, both as described herein.

i. One-Time Conversion of Grandfathered Rights. An entity can request to convert a specified number of MW pursuant to the conversion process established in Section 5.12.2 of the Services Tariff.

ii. Class Year Deliverability Study. An entity may seek to obtain External CRIS Rights for its External ICAP by requesting that its External ICAP be evaluated for deliverability in the then open Class Year Deliverability Study. An entity choosing to make such a request must submit to the NYISO a completed External CRIS Rights Request stating whether it is making a Contract Commitment or Non-Contract Commitment, the number of MW of External ICAP to be evaluated, and the relevant External

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Interface(s). The first Class Year Deliverability Study to evaluate requests for External CRIS Rights will be that for Class Year 2010. After submitting a completed External CRIS Rights Request, an entity making a Contract Commitment or Non-Contract Commitment that satisfies the requirements of Section VII.K.l of this Attachment S will be eligible to proceed, as follows:

1. The entity is made a member of the Class Year when it executes a Class Year Facilities Study Agreement for External ICAP and provides the required data and deposit.

2. The entity's MWs of External ICAP covered by its bilateral supply contract or, in the case of a Non-Contract Commitment the number of MW committed by the entity, are evaluated for deliverability within the appropriate Capacity Region, depending on the applicable External Interface. The entity's External ICAP is not subject to the NYISO Minimum Interconnection Standard. The NYISO will determine whether the requests for External CRIS Rights within a given Class Year exceed the maximum allowance of External Installed Capacity, as determined in ISO procedures, for the applicable External Interface that is in effect on the Study Start Date for the Class Year when combined with the following: (1) awarded External CRIS

Rights at the same External Interface, (2) Grandfathered External Installed Capacity Agreements listed in Attachment E of the ISO Installed Capacity Manual at the same External Interface, and (3) the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT (applies to the PJM interface only) ("Combined Total MW"). To the extent the Combined Total MW exceeds the applicable maximum allowance of External Installed Capacity, as described above, the award of External CRIS Rights will be limited to the applicable maximum allowance of External Installed Capacity determined to be deliverable.

3. The Class Year Deliverability Study report includes an SDU Project Cost Allocation and a Deliverable MWs figure for the entity's External ICAP.

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4. The entity will have the same decision alternatives as other Class Year members participating in the Deliverability Study only. That is, the entity may accept its SDU Project Cost Allocation. It may decline its SDU Project Cost Allocation and accept its Deliverability MWs figure. Finally, if may decline both its SDU Project Cost Allocation and its Deliverable MWs. If the entity does decline both its SDU Project Cost Allocation and its Deliverable MWs, the entity's External ICAP will be removed from the Class Year Deliverability Study. Once removed from the then current Class Year Deliverability Study, the entity can request for its External Installed Capacity to be evaluated again for deliverability in a subsequent Class Year Deliverability Study that is open at the time of its request.

5. If the entity accepts its SDU Project Cost Allocation, it must fund, or commit to fund the SDU upgrades, like any other Class Year member.

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6. If the entity accepts its SDU Project Cost Allocation and funds or commits to fund the SDU upgrades as required by Attachment S, the entity must also execute and fulfill an agreement with the NYISO and the Connecting Transmission Owner and any Affected Transmission Owner to cover the engineering, procurement and construction of the SDUs.

7. By the end of the Initial Decisional Period (*i.e.*, 30 days from Operating Committee approval of the Class Year Deliverability Study), an entity making a Contract Commitment and accepting either its SDU Project Cost Allocation or Deliverable MWs quantity, must provide specific contract and resource information to the NYISO. Unless entities are supplying External ICAP as Control Area System Resources, requests for External ICAP shall be resource-specific. Entities are permitted to substitute resources located in the same External Control Area. Such substitutions shall be subject to review and approval by NYISO consistent with deadlines as determined in ISO Procedures.

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8. If the entity satisfies the requirements described in this section (d), the entity will obtain External CRIS Rights for the number of MWs found deliverable, made deliverable through an SDU (with an accepted SDU Project Cost Allocation), or deemed deliverable through a commitment to pay for an SDU.

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L. Cost Allocation for Highway Upgrades

1. If the portion of the System Deliverability Upgrades for a Highway facility (measured in MWs) required to make one or more projects in a Class Year deliverable is ninety percent (90%) or more of the total size (measured in MW) of the System Deliverability Upgrades, the Developer(s) of the project(s) will be responsible for its pro rata Class Year share of one hundred percent (100%) of the cost of the System Deliverability Upgrades.

2. If the portion of the System Deliverability Upgrades required to make one or more projects in a Class Year deliverable is less than 90% of the total size (measured in MWs) of the Highway upgrade, the Developer(s)

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will be required to pay or commit to pay for a percentage share of the total cost of the System Deliverability Upgrades needed for the Highway upgrade project equal to the estimated percentage megawatt usage by the Developer's generator or merchant transmission facility of the total megawatts provided by the System Deliverability Upgrades to be used for the Highway project. Other generators or merchant transmission projects in the current Class Year may share in the cost of these System Deliverability Upgrades, on the same basis. Projects in the current Class Year will not be allocated all of the cost of these System Deliverability Upgrades. The rest of the cost of these System Deliverability Upgrades will be allocated to Load Serving Entities and subsequent Developers, as described in this Section VII.L~~K~~. The Developer may either (1) make a cash payment of its proportionate share of the upgrade, which will be held by the Connecting Transmission Owner and Affected Transmission Owner(s) in interest-bearing account(s); or (2) post Security (as defined in this Attachment S) meeting the commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s) for the Developer's proportionate share of the cost of the upgrade. The amount(s) of cash or Security that a Developer must

for actual costs in excess of their share of the final Class Year estimated cost of the Highway upgrade if the excess results from causes within the control of a Transmission Owner(s) responsible for constructing the Highway upgrade; or

c. If the NYISO Comprehensive Reliability Planning Process ("CRPP") identifies a Reliability Need requiring a Highway facility to be constructed earlier than would be the case pursuant to Section VII.L~~K~~.3.a., the facility will be constructed as determined in the CRPP. Funds collected from Developers (pursuant to Section VII.L~~K~~.2., above) will be used to cover a portion of the regulated solution costs to the extent that the funds collected from Developers were collected for System Deliverability Upgrades that are actually constructed by the regulated solution. To the extent this is true, these funds will be used as an offset to the total reliability solution upgrade cost, with the remainder of the upgrade cost to be allocated per the requirements of the CRPP, as set forth in Sections 13, 14 and 16 of Attachment Y to the NYISO OATT.

4. If a Developer has accepted its Project Cost Allocation, before construction of an identified System Deliverability Upgrade for a

increased during the period of construction deferral by application of a construction inflation adjustment, as discussed in Section VII.L~~K~~.2 of these rules. When deferred construction of the Highway upgrade commences, the Developer will be responsible for actual costs in excess of the secured amount only when the excess results from changes to the operating characteristics of the Developer's project. If the portion of the System Deliverability Upgrades for a Highway upgrade required to make one or more generators or merchant transmission facilities in a Class Year deliverable is ninety percent (90%) or more of the total size (measured in MWs) of the System Deliverability Upgrades, construction is not deferred, and those Developers will be responsible for actual costs in excess of the secured amount in accordance with the rules in Section VIII.F.2-VIII.F.4 of this Attachment S.

2. If the actual cost of the Developer's share of required System Upgrade Facilities or System Deliverability Upgrades is less than the agreed-to and secured amount, the Developer is responsible only for the actual cost figure.

Developer has no further responsibility for the cost of additional Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades that may be required in the future.

1. The Project interconnection agreement executed between a Developer and its Connecting Transmission Owner will reflect the Developer's responsibility for the cost of new Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades, as that responsibility has been determined in accordance with these rules.

2. The cost of those additional Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades needed for future interconnection projects will be shared between future Developers and Transmission Owners, and allocated among future Developers, in accordance with the rules.

C. Term of ~~Retaining~~ CRIS Rights~~Status~~

1. Retaining CRIS Status

Large Facilities and Small Generating Facilities qualifying for CRIS will retain their CRIS Status at the capacity level found deliverable in the Class Year Deliverability Study regardless of subsequent changes to the transmission system or the transfer of facility ownership,

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For a generator pre-dating Class Year 2007 and not having DMNC levels recorded for five Summer Capability Periods prior to October 5, 2008, its CRIS capacity level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods until it has DMNC levels recorded for five Summer Capability Periods. Prior to the establishment of the generator's first DMNC value for a Summer Capability Period, the generator's CRIS level will be set at nameplate MWs. The CRIS capacity level for intermittent resources pre-dating Class Year 2007 will be set at nameplate MWs, and the CRIS capacity level for controllable lines pre-dating Class Year 2007 will be set at the MWs of Unforced Capacity Deliverability Rights awarded to them. In the case of a deactivation, CRIS status at the capacity level eligible for CRIS found deliverable terminates three years after deactivation unless the deactivated Large Facility or Small Generating Facility takes one of the following actions before the end of the three-year period: (1) returns to service and participation in NYISO capacity auctions or bilateral transactions, or (2) transfers capacity deliverability rights to another Large Facility or Small Generating Facility at the same or a different electrical location that becomes operational within three years from the deactivation of the original facility.

2. Term of External CRIS Rights

a. The initial term of External CRIS Rights, whether based on a Contract or Non-Contract Commitment, will be for an Award Period of no less than five (5) years.

b. An entity holding External CRIS Rights may renew those rights for one or more subsequent terms, as described below:

i. An entity holding External CRIS Rights based on a Contract Commitment may renew its External CRIS Rights, provided that entity first renews its bilateral contract to supply External ICAP for an additional term of no less than five (5) years. If the entity does so, then that entity's External CRIS Rights will be renewed for the same additional term, without any further evaluation of the deliverability of the External ICAP covered by the renewed bilateral contract. Additional renewals beyond the first renewal are permitted.

ii. An entity holding External CRIS Rights based on a Non-Contract Commitment may renew its External CRIS Rights, provided that entity first renews its Non-Contract Commitment for an additional term of no less than five (5) years. If the entity does so, then that entity's External CRIS Rights will be renewed for the same additional term, without any further evaluation of the deliverability of the External ICAP associated with the Non-Contract Commitment. Additional renewals beyond the first renewal are permitted.

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iii. Application for renewal of External CRIS Rights must be submitted to the NYISO on or before a date defined by the earlier of: (i) six months prior to the expiration date of the Contract or Non-Contract Commitment, or (ii) one month prior to the Study Start Date of the ATRA that is prior to the start of the last Summer Capability Period within the current Award Period or Renewal Period.

D. Transfer of Deliverability Rights - Same Location

If a facility deactivates an existing unit and commissions a new one at the same electrical location, the CRIS status of the deactivated facility and its deliverable capacity level may be transferred to that same electrical location, provided that the new facility becomes operational within three years from the deactivation of the original facility. The

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4. The new project will only acquire the assigned capacity rights once the new project becomes operational at the levels necessary to utilize those rights.

F. Transfer of External CRIS Rights

A holder of External CRIS Rights may transfer some or all of the Contract or Non-Contract CRIS MW that it holds to another entity, provided that the following requirements are met:

1. The entity to receive the External CRIS Rights must, prior to the transfer, make either (i) a Contract Commitment of External ICAP satisfying the requirements of Section VII.K.1.a of this Attachment S, or (ii) a Non-Contract Commitment of External ICAP satisfying the requirements of Section VII.K.1.b of this Attachment S; and

2. The External ICAP of the entity to receive the External CRIS Rights must use the same External Interface(s) used by the External ICAP of the person currently holding the External CRIS Rights; and

3. The transfer must be for the remaining duration of the Award Period currently effective for the External CRIS Rights to be transferred; and

4. The transfer must be for the same number of MW for all months of the Summer Capability Periods and all Specified Winter Months; and

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5. The transfer must take place on or before the earlier of:

a. Six months prior to the expiration date of the Contract or Non-Contract Commitment of the entity currently holding the External CRIS Rights to be transferred; or

b. One month prior to the Study Start Date of the ATRA that is prior to the start of the last Summer Capability Period within the current Award Period or Renewal Period.

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X. Miscellaneous Provisions

A. Non-financial Settlement of 2004

Notwithstanding any foregoing provisions to the contrary, the following provisions apply to the resumption of the cost allocation process after the approval by FERC of the Non-Financial Settlement.

1. Upon the study start date specified in the Non-Financial Settlement ("Study Start Date"), the NYISO shall resume the cost allocation process set forth herein.

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