

- j. The methodology shall provide cost recovery certainty to investors to the extent possible.
- k. The methodology shall apply, to the extent possible, to Gap Solutions.
- l. Cost allocation is independent of the actual triggered project(s), except when allocating Minimum Locational Capacity Requirement (“LCR”) cost responsibilities, and is based on a separate process that results in NYCA meeting its LOLE requirement.
- m. The target year is the year in which a need will be met by a backstop solution(s).
- n. The trigger year is the year in which the backstop solution must begin to be implemented, driven by the project lead time.
- o. Cost allocation for a solution that meets the needs of a target year assumes that backstop solutions of prior years have been implemented.
- p. Cost allocation will consider the most recent values for LCRs. LCR must be met for the target year.

14.2 Cost Allocation Methodology

General Reliability Solution Cost Allocation Formula:

The cost allocation mechanism for regulated transmission reliability projects, whether proposed by a Responsible Transmission Owner or a Transmission Owner or Other Developer, would be used as a basis for allocating costs associated with projects that are triggered to meet Reliability Needs identified in the RNA. The formula is not applicable to that portion of a project oversized beyond the smallest technically feasible solution that meets the Reliability Need identified in the RNA. Nor is the formula applicable to that portion of the cost of a regulated transmission reliability project that is, pursuant to Section VII.~~LK~~.3.c of Attachment S to the NYISO OATT, paid for with funds previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation or merchant transmission projects. The same cost allocation formula is applied regardless of the project or sets of projects being triggered; however, the nature of the solution set may lead to some terms equaling zero, thereby dropping out of the equation. To ensure that appropriate allocation to the LCR and non-LCR zones occurs, the zonal allocation percentages are developed through a series of steps that first identify responsibility for LCR deficiencies, followed by responsibility for remaining need. This cost allocation process can be applied to any solution or set of solutions that involve single or multiple cost allocation steps. One formula can be applied to any solution set:

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d. If the project meets the required vote in favor of implementing the project, and the project is implemented, all beneficiaries, including those voting “no,” will pay their proportional share of the cost of the project.

e. The NYISO will tally the results of the vote in accordance with procedures set forth in the NYISO manuals, and report the results to stakeholders. Beneficiaries voting against approval of a project must submit to the NYISO their rationale for their vote within 30 days of the date that the vote is taken. The NYISO will report this information to the Commission in an informational filing to be made within 60 days of the vote.

16.0 Cost Recovery for Regulated Projects

Responsible Transmission Owners, Transmission Owners and Other Developers will be entitled to full recovery of all reasonably incurred costs, including a reasonable return on investment and any applicable incentives, related to the development, construction, operation and maintenance of regulated projects, including Gap Solutions, undertaken pursuant to Section 9.4 of this Attachment Y to meet a Reliability Need. The costs of a regulated reliability project to be recovered pursuant to this Section 16 will be reduced by any amounts that, pursuant to Section VII.~~LK~~.3.c of Attachment S to the NYISO OATT, have been previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation or merchant transmission projects. Transmission Owners and Other Developers will be entitled to recovery of costs associated with the implementation of a regulated economic transmission project in accordance with the provisions of Section 15 of this Attachment Y.

a. The Responsible Transmission Owner, Transmission Owner or Other Developer will receive cost recovery for a regulated solution it undertakes to meet a Reliability Need pursuant to Section 9.4 of this Attachment Y that is subsequently cancelled in accordance with the criteria established pursuant to Section 10.c of this Attachment Y. Such costs will include reasonably incurred costs through the time of cancellation, including any forward commitments made.

b. The Responsible Transmission Owner, Transmission Owner or Other Developer will recover its costs described in this Section 16 incurred with respect to the implementation of a regulated transmission solution in accordance with the provisions of Rate Schedule 10 of this tariff. Provided further that cost recovery for regulated transmission projects undertaken by a TO pursuant to this Attachment Y shall be in accordance with the provisions of the Agreement Between the New York Independent System Operator, Inc. and the New York Transmission Owners on the Comprehensive Planning Process.