

EXTERNAL CRIS RIGHTS PROPOSAL
LONG-TERM CRIS DETERMINATION FOR CERTAIN EXTERNAL INSTALLED
CAPACITY

Under the proposal,¹ an entity (the “Entity”) meeting certain requirements can seek to obtain a long-term determination of deliverability for External Installed Capacity.

(1) A qualifying Entity must:

- (a) Have an executed bilateral contract to supply a specified number of megawatts (“MW”) of External ICAP (“Contract CRIS MW”) to a Market Participant for a period of five years or more (“Award Period”) and also have ownership or contract control of External Installed Capacity to fulfill its bilateral ICAP supply contract (“Contract Commitment”). In situations where the Market Participant is not a Load-Serving Entity, the Market Participant is considered to be an Installed Capacity Supplier.

- a.i. This contract must be for at least all months of the Summer Capability Periods over the term of the contract, but need not include the months of the Winter Capability Periods over that term. The entity must specify which, if any, months of the Winter Capability Period it will supply External ICAP under the contract (“Specified Winter Months”).

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- ii. The contract must be for the same number of MWs for each all months of the Summer Capability Period (“Summer Contract CRIS MW”) and the same number of MWs for all Specified Winter Months (“Winter Contract CRIS MW”). The Winter Contract CRIS MW must be less than or equal to the Summer Contract CRIS;

- iii. The Entity must certify the bilateral contract for every month of the Summer Capability Period and all Specified Winter months for the applicable Contract CRIS MW; or

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¹ Unless specifically referred to in this document, rules for Unforced Capacity Deliverability Rights (“UDRs”) remain unchanged from those currently defined in the MST and ICAP Manual.

(b) Commit for a period of five years or more (Award Period) to offer a specified number of MW of External ICAP (“Non-Contract CRIS MW”) in the NYISO capacity auctions (referred to below as a Non-Contract Commitment). This 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 specify which, if any, months of the Winter Capability Periods it will make this commitment (“Specified Winter Months”). 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 each all Specified Winter Months (“Winter Non-Contract CRIS MW”). The Winter Contract CRIS MW must be less than or equal to the Summer Contract CRIS. The entity must have ownership or contract control of External Installed Capacity to fulfill its Non-Contract Commitment. Capacity may be offered in one or more of the Strip, Monthly or Spot Market Auctions, or through a bilateral contract. Notwithstanding other capacity offer mitigation measures that may apply, the offers submitted pursuant to this requirement will be subject to an offer cap for at least each month of the Summer Capability Period and Specified Winter Months determined as the higher of:

i. ~~1.~~ 1.1 times the price corresponding to all available Unforced Capacity determined from the currently-applicable demand curve for that Period and capacity region, or

ii. ~~2.~~ The most recent auction clearing price in the External market supplying the External Installed Capacity, or in an External market to which the capacity may be wheeled, less any transmission reservation costs associated with providing Installed Capacity. For example, capacity located in PJM may have the opportunity to be offered in either NYISO or wheeled through NY into ISO-NE; the cap would be the highest of three prices:

~~1.~~ 1. NYISO demand curve price per 1.

~~2.~~ 2. Most recent PJM auction clearing price per 2.

~~3.~~ 3. Most recent ISO-NE auction clearing price less associated transmission reservation costs per 2.

iii. ~~3.~~ In areas where wholesale prices are not available, the NYISO will consider developing a process whereby publicly-available bilateral contract price information provided by the Entity can be used to formulate the offer cap based on an External market.

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~~(c) 4-~~ If an Entity fails to certify or offer the full number of Contract CRIS MWs or Non-contract CRIS MWs in accordance with the terms stated in (1)(a) or (1)(b), the Entity shall ~~be required to~~ 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 ~~specified~~ number of MW committed under the Non-Contract or Contract Commitment but not offered.

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~~(d) 5-~~ Within a given Award Period and each subsequent Renewal Period, for the first three instances where (1)~~(c)4~~ is applied to a specific Contract or Non-Contract Commitment, no additional actions will be taken. Upon the fourth instance within a given Award Period or subsequent Renewal Period where (1)(b)4 is invoked, the associated External CRIS Rights will be terminated with no ability to renew. Entities that had External CRIS Rights terminated may reapply for External CRIS in accordance with Section (2) below. Nothing in this paragraph shall be construed to limit or diminish any provision in Attachment H or the Market Monitoring Plan.

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~~(e)~~(e) An External Resource can request to convert up to the level of grandfathered rights over the Quebec (via Chateauguay) interface into External CRIS Rights by either entering into a long-term contract or making a Non-Contract Commitment (*i.e.*, satisfying the requirements of either Section (1)(a) or (1)(b) above) over the Quebec (via Chateauguay) interface. The converted number of megawatts will not be subject to the evaluation of deliverability within a Class Year Deliverability Study described in Section (2) below. The External CRIS Rights converted under this process will be first in effect for the 2010-2011 Winter Capability Period.

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a. Requests to convert the 1090 MW must be submitted by 5:00 pm on February 1, 2010. Such requests must contain the following information:

i. An indication of whether the entity is electing to convert by satisfying the obligations of Section 1(a) or 1(b).

ii. The requested Award Period in years.

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iii. For the Summer Capability Period, the requested number of MWs.

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iv. For the Winter Capability Period, the Specified Winter Month(s), if any, and the requested number of MWs.

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~~ii. The number of MWs requested.~~

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~~iii.v.~~ The A minimum number of MWs the entity would accept (“Specified Minimum”) for the Summer Capability Period and for the Specified Winter Months, if any.

~~b.~~ A requesting entity cannot submit one or more requests to convert more than 1090 MW per month.

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~~b.c.~~ If requests to convert that satisfy all other requirements stated herein are equal to or less than the 1090 MW limit, all requesting entities will be awarded the requested number of MWs in External CRIS Rights.

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~~e.d.~~ If conversion requests exceed the 1090 MW limit, the allocation will be prorated based on the weighted average of the requested MW times the length of the contract/commitment (i.e., number of Summer Capability Periods):

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$$\text{Rights allocated to party } i = 1090 * \frac{\sum (\text{MW}_i * \text{contract length}_i)}{\sum (\text{MW}_j * \text{contract length}_j)}$$

$j = 1, \dots, \# \text{ parties requesting import rights}$

In the above formula, contract length will be the lesser of the requested contract length or twenty (20) years. Separate calculations will be performed as necessary for the Summer and Winter Capability Periods.

The NYISO will determine whether the prorated allocated number of MWs for any requesting entity is less than the entity’s Specified Minimum. If any allocation is less, the NYISO will remove such request(s) and recalculate the prorated allocations for the remaining requesting entities using the above formula. This process will continue until the prorated allocation meets or exceeds the specified minimum for all remaining requests.

(2) Obtaining External CRIS Rights

- (a) An Entity may request that its External ICAP be placed in the then open Class Year Deliverability Study. Specifically, by March 1 of each year, an Entity may submit an External CRIS Rights request form to the NYISO. The Entity must indicate in the request form (i) whether it is pursuing option

(1)(a) or (1)(b) from above, (ii) the number of MWs of External Installed Capacity proposed for evaluation, and (iii) the relevant external area.

(b) The first Class Year where External CRIS Rights will be evaluated will be 2010.

~~(e) Unless Entities are supplying External ICAP as Control Area System Resources, requests for External ICAP shall be resource specific. Substitution of resources shall be subject to review and approval by NYISO consistent with the Installed Capacity Event Schedule posted on the NYISO website at http://icap.nyiso.com/ucap/public/evt_calendar_display.do~~

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~~(e)~~
~~(d)(c)~~ An Entity is made a member of the Class Year when it executes a Class Year Facilities Study Agreement and provides its deposit.

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~~(e)(d)~~ The Entity's MWs of External Installed Capacity covered by its bilateral supply contract or, in the case of a Non-Contract Commitment, the number of MW identified by the Entity, are evaluated for deliverability within the appropriate Capacity Region, depending on the applicable External Interface. The Entity is not subject to the NYISO Minimum Interconnection Standard.

~~(f)(e)~~ The Class Year Deliverability Study report includes an SDU Project Cost Allocation and a Deliverable MWs figure for the Entity.

~~(e)(f)~~ 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 Deliverable MWs figure. Finally, it 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 contract 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.

~~(h)(g)~~ 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.

~~(f)(h)~~ 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.

~~(f)(i)~~ By the end of the Initial Decisional Period (*i.e.*, 30 days from Operating Committee approval of the Class Year Deliverability Study), an Entity electing 1(a) and accepting either its SDU Project Cost Allocation or

Deliverable MWs ~~figure 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 the Installed Capacity Event Schedule posted on the NYISO website at http://icap.nyiso.com/ucap/public/evt_calendar_display.do

~~(k)~~(j) If the Entity satisfies the requirements described in this section (2), 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.

(3) Term of External CRIS Rights

- (a) Contract Commitment—External CRIS Rights will initially be for the term of the bilateral contract consistent with the provisions outlined in (1)(a). The Entity may renew that contract for an additional term of no less than five years (“Renewal Period”). If the contract is renewed, the External CRIS Rights will also be renewed for the same term, without any further evaluation of the deliverability of the External Installed Capacity covered by the contract.
- (b) Non-Contract Commitment—External CRIS Rights will initially be for the Award Period. Consistent with the provisions outlined in (1)(b), External CRIS Rights will continue as long as the Entity continues to satisfy its commitment to offer in at least the Summer Capability Period and comply with the offer cap. The Entity may renew that commitment for an additional term of no less than five years (“Renewal Period”), without any further evaluation of deliverability of the External Installed Capacity.
- (c) 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 bilateral contract or Non-Contract Commitment, or
 - ii. one month prior to the commencement of the Class Year study conducted in the last year of the bilateral contract or Non-Contract Commitment.

(4) Scope of External CRIS Rights

- (a) Once an entity obtains External CRIS Rights, the Entity's External Installed Capacity associated with those Rights will not be subject to any import deliverability test described in Section VII.H and VII.I of Attachment S that is applied annually to External Installed Capacity as a part of the process to set import limits for External Installed Capacity pursuant to Section 5.12.2 of the Services Tariff.
- (b) The Entity's External Installed Capacity associated with the External CRIS Rights will not be subject to the first-come, first-served allocation of import rights described in Section 4.9.2 of the NYISO ICAP Manual.
- (c) Short-term Import Rights for External Capacity without External CRIS rights will be allocated for up to a full Capability Period and shall be allocated on a first-come, first served basis to the extent the capacity is deliverable. Total of the Import Rights obtained through first-come, first-served allocation may not exceed maximum import limits calculated through the then-applicable Import Rights Limit calculation process.
- (d) In the event that External CRIS Rights are awarded for less than a full Capability Year (*e.g.*, Summer-only bilateral contract), the remainder would be made available to other Market Participants (in the first-come, first serve process) to the extent that it is found deliverable.

(5) Representation of External CRIS Rights In Deliverability Studies

- (a) External Installed Capacity associated with External CRIS Rights will be modeled, and will not be reduced, in subsequent Class Year Deliverability Studies for all study years until, at the time a Class Year Deliverability Study commences, the time available to the Entity to transfer its External CRIS Rights has expired, as described in section 6, below.
- (b) External Installed Capacity associated with External CRIS Rights shall be modeled as part of the RNA and CRPP processes.
- (c) External CRIS Rights will be modeled in the deliverability analysis applied as part of the annual process of setting import limits.

(6) Transfer of External CRIS Rights

The Entity holding External CRIS Rights may transfer those Rights to another Entity that satisfies section (1)(a) or (b), above, over the same External Interface, provided that such transfers occur on or before the earlier of the dates identified in section (3)(c)(i) or (c)(ii),

above. Transfers may be for all or part of the Contract or Non-Contract CRIS MW, but (1) must be for the remaining duration of the currently effective Award Period, and (2) must be for the same number of MWs for all months of the Summer Capability Periods and all Specified Winter Months.