

New York Independent System Operator, Inc.  
FERC Electric Tariff  
Original Volume No. I  
Attachment Y

Original Sheet No. 960

Issued by: William J. Mueller, President  
Issued on: August 20, 2004

Effective: October 19, 2004

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.

### 10.3 Interconnection Cost Allocation

The cost allocation methodology developed under this section shall not apply to the allocation of interconnection costs for market-based generation and merchant transmission projects, which is determined in accordance with Attachment S of the NYISO OATT.

### 11.0 Cost Recovery for Regulated Projects

The Transmission Owners will be entitled to full recovery of all reasonably incurred costs related to the development, construction, operation and maintenance of all regulated solutions, including but not limited to transmission, generation and demand reduction solutions, and Gap Solutions, undertaken by a Transmission Owner pursuant to this tariff to meet a Reliability Need, including a reasonable return on investment and any applicable incentives.

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a. The Responsible TO will receive cost recovery for a regulated solution it undertakes under this tariff that is subsequently cancelled in accordance with the criteria established pursuant to section 9.c above. Such costs will include reasonably incurred costs through the time of cancellation, including any forward commitments made.

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b. The Responsible TO shall have the right to make a filing with FERC, under Section 205 of the Federal Power Act, for approval of its costs described in section 11 incurred with respect to the implementation of a regulated solution determined by the NYISO in the CRP to be necessary to meet a Reliability Need. Upon request by LIPA or NYPA, the NYISO will make a filing with FERC on behalf of LIPA or NYPA, as the case may be.

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c. Cost recovery for regulated projects undertaken pursuant to under this tariff shall be under the NYISO OATT and 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 for Reliability Needs.

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**Deleted:** d. Costs related to regulated non-transmission reliability projects will be recovered by the Transmission Owners in accordance with the provisions of New York Public Service Law.

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