

DPS Preferred Process For Determining Backup Regulated Reliability System Upgrades

- * When the NYISO determines there is a reliability problem it does two things: 1) notify stakeholders so that stakeholders will have an opportunity to solve the problem through market-based mechanisms; and, 2) given the market might not solve the problem, assigns a transmission owner(s) (TO) to develop a backup solution for the reliability problem.
- * The impacted TO(s) then develop and analyze alternative solutions - including generation, transmission and demand-side options. The TO *may* use an RFP process. Stakeholders are encouraged to present alternatives to the TO for consideration.
- * As the TO moves through the process of developing and analyzing alternative solutions, DPS staff would periodically sit down with the TO and ensure that the TO is properly reviewing the alternatives in an unbiased manner.
- * When the TO(s) determines alternatives that will solve the reliability problem from their perspective, the ISO tests the alternatives to ensure they would solve the reliability problem from the bulk-transmission perspective.
- * The TO(s) then determine a preferred solution and return that information to the planning process. When the TO returns the preferred solution to the planning process, it will provide a report supporting the recommendation and detailing why other alternatives did not measure up. Disposition of all non-TO proposed solutions would have to be included in the report. If an RFP process was employed to determine the preferred solution, confidentially submitted information would not be part of the report.

Staff favors this option given the TOs skill set to perform the studies and investigate possible bulk system solutions that may exist at the area transmission level. However, recognizing the short-comings of this approach, staff has offered some oversight and requirements to help satisfy positions by some parties that there be a more open, transparent process.

PSC Authority Related to Reliability Upgrades

- * Planning Process in General: Contested issues related to reliability determinations should be worked through the existing ISO and RC processes to seek resolution.
- * Preferred Solutions to Reliability Problems: The PSC will have authority to resolve disputes concerning the preferred solutions to reliability problems on the system. It is specifically intended that any TO regulated options would be submitted to the PSC in the event that there is a dispute over the TO preferred solution to the reliability need. Final decisions on reliability upgrades will be made by the PSC and will be incorporated in the final plan.

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