

**Working Draft for 11/18/15 ICAPWG/MIWG**  
**Incremental Redlines from 10/26/15 Version are Highlighted in Yellow**

New York Independent System Operator, Inc. - NYISO Tariffs - Open Access Transmission Tariff (OATT) - 25 OATT Attachment S -

**25      Attachment S – Rules To Allocate Responsibility for the Cost of New  
Interconnection Facilities**

## **25.1 Introduction**

### **25.1.1 Purpose of the Rules**

The purpose of these rules is to allocate responsibility among Developers and Transmission Owners and Load Serving Entities (“LSEs”), as described herein, for the cost of the new interconnection facilities that are required for the reliable interconnection of generation projects and merchant transmission projects to the New York State Transmission System and to the Distribution System in compliance with the requirements of the type of interconnection service elected by the project Developer. Section 25.6 of this Attachment S describes the rules to estimate and allocate responsibility for the cost of the interconnection facilities required for Energy Resource Interconnection Service (“ERIS”) and interconnection in compliance with the NYISO Minimum Interconnection Standard. Section 25.7 of this Attachment S describes the rules to estimate and allocate responsibility for the cost of interconnection facilities required for Capacity Resource Interconnection service (“CRIS”) and interconnection in compliance with the NYISO Deliverability Interconnection Standard. Every Developer is responsible for the cost of the new interconnection facilities required for the reliable interconnection of its generation or merchant transmission project in compliance with the NYISO Minimum Interconnection Standard, as that responsibility is determined by these rules. In addition, every Developer electing CRIS is also responsible for the cost of the interconnection facilities required for the reliable interconnection of its generation or merchant transmission project in compliance with the NYISO Deliverability Interconnection Standard, as that responsibility is determined by these rules.

These rules, ~~and the related interconnection study procedures set out in Attachment X to the NYISO OATT~~, cover ~~projects~~ (i) Large Facilities greater than 20 MW ~~larger~~ subject to the

Large Facility Interconnection Procedures set out in Attachment X to the NYISO OATT

~~(“LFIP”). (ii) Small Generating Facilities no larger than 20 MWs are interconnected to the New York State Transmission System or to the Distribution System according to the subject to the Small Generator Interconnection Procedures (“SGIP”) set out in Attachment Z to the NYISO OATT (“SGIP”) that are required to enter a Class Year Study pursuant to. As described in Section 32.3.5.3.2 of the SGIP, and if the Interconnection Studies in Attachment Z determine that a Small Generating Facility requires a System Upgrade Facility to interconnect, then that Small Generating Facility is placed in the Open Class Year, and cost responsibility is allocated to the Small Generating Facility in accordance with the procedures and methodologies in this Attachment S. As described in Section 32.1.1.7 of the SGIP, Small Generating Facilities larger than 2 MWs wishing to become qualified Installed Capacity Suppliers must elect Capacity Resource Interconnection Service and be evaluated for deliverability in the then Open Class Year, pursuant to the Rules in this Attachment S. As described in Section 32.3.5.3.2 of Attachment Z to the OATT, Interconnection Customers for Small Generating Facilities for which any System Upgrade Facilities other than Local System Upgrade Facilities are determined to be necessary to accommodate the Interconnection Request shall be evaluated as a member of the next Open Class Year, and the Interconnection Customer’s cost responsibility shall be determined in accordance with this Attachment S facilities greater than 2 MW that seek to obtain or increase CRIS beyond the levels permitted by this Attachment S, Section 30.3.2.6 of the LFIP and Section 32.4.10.1 of the SGIP, as applicable.~~

As described herein, the intent is that each Developer be held responsible for the net impact of the interconnection of its project on the reliability of the New York State Transmission System. A Developer is held responsible for the cost of the interconnection facilities that are

required by its project, facilities that would not be required but for its project. However, a Developer is not responsible for the cost of facilities that are, without considering the impact of its project, required to maintain the reliability of the New York State Transmission System. Transmission Owners are, in accordance with the NYISO OATT and FERC precedent, responsible for the cost of the facilities that are, without considering the impact of the Developer's project, required to maintain the reliability of the New York State Transmission System.

#### 25.1.2 Definitions

Unless defined here in Section 25.1.2 of this Attachment S, the definition of each defined term used in this Attachment S shall be the same as the definition for that term set forth in Section 1 of the NYISO Open Access Transmission Tariff ("OATT"), ~~Section 30.1 of~~ Attachment X to the NYISO OATT, ~~or Appendix 1 of~~ Attachment Z to the NYISO OATT, or Section 2 of the NYISO Services Tariff.

**Comment [A1]:** New definitions related to BTM:NG Resources – e.g., Net ICAP, ICAP, Net UCAP, ACHL, AHL, DMGC – will be defined in Services Tariff

**Acceptance Notice:** The notice by which a Developer communicates to the NYISO its decision to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Affected System:** An electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator:** The entity that operates an Affected System.

**Affected Transmission Owner:** The New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades or System Upgrade Facilities are installed pursuant to Attachment X and Attachment S and Attachment Z of the Tariff.

**Annual Transmission Baseline Assessment ("ATBA"):** An assessment conducted by the NYISO staff in cooperation with Market Participants, to identify the System Upgrade Facilities that Transmission Owners are expected to need during the time period covered by the

Assessment to comply with Applicable Reliability Requirements, and reliably meet the load growth and changes in load pattern projected for the New York Control Area.

**Annual Transmission Reliability Assessment (“ATRA”):** An assessment, conducted by the NYISO staff in cooperation with Market Participants, to determine the System Upgrade Facilities required for each generation and merchant transmission project included in this Assessment to interconnect to the New York State Transmission System in compliance with Applicable Reliability Requirements and the NYISO Minimum Interconnection Standard.

**Applicable Reliability Requirements:** The NYSRC Reliability Rules and other criteria, standards and procedures, as described in Section 25.6.1.1.1.1 of this Attachment S, applied when conducting the Annual Transmission Baseline Assessment and the Annual Transmission Reliability Assessment to determine the System Upgrade Facilities needed to maintain the reliability of the New York State Transmission System. The Applicable Reliability Requirements applied are those in effect when the particular assessment is commenced.

**Article VII Certificate:** The certificate of environmental compatibility and public need required under Article VII of the New York State Public Service Law for the siting and construction of any new transmission facility of a size and type specified in the statute.

**Article 10 Certificate:** The certificate of environmental compatibility and public need required under Article 10 of the New York State Public Service Law for the siting and construction of electric generating facilities with greater than 25 megawatts of capacity.

**Attachment Facilities:** The Connecting Transmission Owner’s Attachment Facilities and the Developer’s Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Large Generating Facility or Merchant Transmission Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Large Facility to the New York State Transmission System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities, Distribution Upgrades, System Upgrade Facilities or System Deliverability Upgrades.

**Byway:** All transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

**Capacity Region:** One of four subsets of the Installed Capacity statewide markets comprised of: (1) Rest of State (*i.e.*, Load Zones A through F); (2) Lower Hudson Valley (*i.e.*, Load Zones G, H and I); (3) New York City (*i.e.*, Load Zone J); and (4) Long Island (*i.e.*, Zone K), except for Class Year Interconnection Facility Studies conducted prior to Class Year 2012, for which “Capacity Region” shall be defined as set forth in Section 25.7.3 of this Attachment S.

**Capacity Resource Interconnection Service (“CRIS”):** The service provided by NYISO to Developers that satisfy pursuant to the NYISO Deliverability Interconnection Standard and or that are otherwise eligible to receive CRIS in accordance with this Attachment S; such service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier to interconnect the Developer’s Large Generating Facility, Merchant Transmission

~~Facility or Small Generating Facility larger than 2 MW to the New York State Transmission System or to the Distribution System in accordance with the NYISO Deliverability Interconnection Standard, to enable the New York State Transmission System to deliver electric capacity from the Large Generating Facility, Small Generating Facility or Merchant Transmission Facility, pursuant to the terms of the NYISO OATT.~~

**Class Year:** The group of generation and merchant transmission projects included in any particular Class Year Interconnection Facilities Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in this Attachment S and in Attachment Z for including such projects.

**Class Year Deliverability Study:** An assessment, conducted by the NYISO staff in cooperation with Market Participants, to determine ~~whether the~~ System Deliverability Upgrades ~~are~~ required ~~for Class Year CRIS Projects under the NYISO Deliverability Interconnection Standard (i) for each proposed generation and merchant transmission project included in the Class Year Study and requesting CRIS to interconnect to the New York State Transmission System or to the Distribution System in compliance with the NYISO Deliverability Interconnection Standard; and (ii) for a facility included in the Class Year and requesting to obtain or increase CRIS as permitted by this Attachment S.~~

**Class Year Interconnection Facilities Study** shall mean a study conducted by NYISO or a third party consultant for the Developer to determine a list of facilities (including Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study), the cost of those facilities, and the time required to interconnect the Large Generating Facility or Merchant Transmission Facility with the New York State Transmission System or with the Distribution System. The scope of the study is defined in Section 30.8 of the ~~Standard~~ Large Facility Interconnection Procedures in Attachment X to the NYISO OATT.

**Class Year Interconnection Facilities Study Agreement** shall mean the form of agreement contained in Appendix 4 of the ~~Standard~~ Large Facility Interconnection Procedures in Attachment X to the NYISO OATT for conducting the Class Year Interconnection Facilities Study.

**Class Year CRIS Project:** ~~An Eligible Class Year Project with an executed Class Year Interconnection Facilities Study Agreement that requests to entering a Class Year Study only for a CRIS evaluation, that thereby becomes one of the group of Class Year Projects included in the Class Year Deliverability Study. A Class Year CRIS Project may be a "CRIS-only" project that is entering a Class Year Study only for a CRIS evaluation, or it may be a project seeking both ERIS and CRIS.~~

**Class Year Project:** An Eligible Class Year Project with an executed Class Year Interconnection Facilities Study Agreement that thereby becomes one of the group of generation and Merchant Transmission Facilities included in any particular Class Year Interconnection Facilities Study (Annual Transmission Reliability Assessment and/or Class Year Deliverability Study), in accordance with the criteria specified in this Attachment S and in Attachment Z for including such projects.

**Class Year Start Date:** The deadline for Eligible Class Year Projects to enter a Class Year Interconnection Facilities Study, determined in accordance with Section 25.5.9 of this Attachment S.

**Connecting Transmission Owner:** The New York public utility or authority (or its designated agent) that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Large Interconnection Agreement.

**Contribution Percentage:** The ratio of an interconnection project's measured impact or pro rata contribution to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment, to the sum of the measured impacts or pro rata contributions of all the projects that have at least a *de minimus* impact or contribution to the System Upgrade Facility.

**Developer:** For purposes of this Attachment S, references to Developer(s) include (i) Developer(s) of Large Facilities; ~~(ii) as well as~~ Interconnection Customers of Small Generating Facilities subject to the Rules in this Attachment S pursuant to Section 32.1.1.7 and/or Section 32.3.5.3.2 of Attachment Z to the OATT; and (iii) owners of facilities seeking to obtain or increase CRIS as permitted by this Attachment S.

**Distribution System:** The Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Large Facility Interconnection Procedures in Attachment X to the NYISO OATT LFP or Small Generator Interconnection Procedures in Attachment Z to the NYISO OATT SGIP under FERC Order Nos. 2003 and/or 2006. The term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades:** The modifications or additions to the existing Distribution System at or beyond the Point of Interconnection that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

Distribution Upgrades do not include Interconnection Facilities, System Upgrade Facilities, or System Deliverability Upgrades.

**Eligible Class Year Project:** Any Developer ~~or Interconnection Customer~~ that ~~(i)~~ satisfies the criteria for inclusion in the next Class Year Interconnection Facilities Study, as those criteria are specified in Sections 25.5.9 ~~and 25.6.2.3.1~~ of this Attachment S, Section 32.1.1.7 of Attachment Z to the OATT and/or Section 32.3.5.3.2 of Attachment Z to the OATT; or ~~(ii)~~ that ~~has completed a Class Year Interconnection Facilities Study for Energy Resource Interconnection Service, seeks evaluation in a Class Year Study to obtain or increase CRIS for Capacity Resource Interconnection Service in accordance with Section 25.8.2.3 of as permitted by~~ this Attachment S and satisfies the criteria for inclusion in the next Class Year Interconnection Facilities Study specified in Section 25.5.9 of this Attachment S.

**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 Interconnection Facilities Study under Section 32.3.5.3 of Attachment Z to the New York State Transmission System or to the

Distribution System, 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 Interconnection Facilities Study under Section 32.3.5.3 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 25.5.5 of this Attachment S.

**External CRIS Rights:** A determination of deliverability within the Rest of State Capacity Region (*i.e.*, Load Zones A – F), awarded by the NYISO for a term of five (5) years or longer, to a specified number of Megawatts of External Installed Capacity that satisfy the requirements set forth in Section 25.7.11 of this Attachment S to the NYISO OATT, and that can be certified in a Bilateral Transaction used for the NYCA and not a Locality, or sold into the NYCA for an Installed Capacity auction and not in an Installed Capacity auction for a Locality.

**Final Decision Round:** The round of NYISO-communicated cost estimates and Developer responses for a Class Year Interconnection Facilities Study, in which all remaining eligible Developers issue an Acceptance Notice and post Security.

**Financial Settlement:** The Settlement Agreement approved by FERC in Docket Nos. EL02-125-000 and EL02-125-001 addressing the financial issues raised in those proceedings.

**Headroom:** The functional or electrical capacity of the System Upgrade Facility or the electrical capacity of the System Deliverability Upgrade that is in excess of the functional or electrical capacity actually used by the Developer's generation or merchant transmission project.

**Highway:** 115 kV and higher transmission facilities that comprise the following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central East/Total East, and UPNY-ConEd, and their immediately connected, in series, Bulk Power System facilities in New York State. Each interface shall be evaluated to determine additional "in series" facilities, defined as any transmission facility higher than 115 kV that (a) is located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation in zones or systems adjacent to the upstream zone or zones which define the interface is shifted to the aggregate of generation in zones or systems adjacent to the downstream zone or zones which define the interface. In determining "in series" facilities for Dysinger East and West Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in ISO Procedures.

**Initial Decision Period:** The 30 calendar day period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the NYISO in response to the first Project Cost Allocation issued by the NYISO to the Developer.

**Interconnection System Reliability Impact Study ("SRIS"):** An engineering study that evaluates the impact of the proposed Large Generation Facility or Merchant Transmission Facility on the safety and reliability of the New York State Transmission System and, if

applicable, an Affected System, to determine what Attachment Facilities, Distribution Upgrades and System Upgrade Facilities are needed for the proposed Large Generation Facility or Merchant Transmission Facility of the Developer to connect reliably to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard for ERIS. The scope of the SRIS is defined in Section 7.3 of the Large Facility Interconnection Procedures in Attachment X to the NYISO OATT.

**NERC Planning Standards:** The transmission system planning standards of the North American Electric Reliability Council.

**Non-Acceptance Notice:** The notice by which a Developer communicates to the NYISO its decision not to accept a Project Cost Allocation or Revised Project Cost Allocation.

**Non-Financial Settlement:** The Settlement Agreement approved by FERC in Docket Nos. EL02-125-000 and EL01-125-001 addressing non-financial issues for future cost allocations.

**NPCC Basic Design and Operating Criteria:** The transmission system design and operating criteria of the Northeast Power Coordinating Council.

**NYISO Deliverability Interconnection Standard:** The standard that must be met, unless otherwise provided for by this Attachment S, by (i) any generation ~~project~~ facility larger than 2 MW ~~proposing to interconnect to the New York State Transmission System or to the Distribution System, and to become a qualified Installed Capacity Supplier in order for that facility to obtain CRIS, unless this Attachment S; and (ii) must be met by any m~~Merchant ~~t~~Transmission Facility ~~project~~ proposing to interconnect to the New York State Transmission System or to the Distribution System and receive Unforced Capacity Deliverability Rights; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of this Attachment S. To meet the NYISO Deliverability Interconnection Standard, the Developer ~~of the proposed project~~ must, in accordance with these rules, fund or commit to fund any the System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

**NYISO Load and Capacity Data Report:** The annual NYISO survey of power demand and supply in New York State, published pursuant to Section 6-106 of the Energy Law of New York State.

**NYISO Minimum Interconnection Standard:** The reliability standard described in Section 25.2 of this Attachment S that must be met by any generation project -or ~~m~~Merchant ~~t~~Transmission ~~p~~Project, under that is subject to NYISO's Large Facility Interconnection Procedures in Attachment X to the NYISO OATT or the NYISO's Small Generator Interconnection Procedures in Attachment Z to the NYISO OATT ~~these rules, that is~~ proposing to connect to the New York State Transmission System or to the Distribution System, to obtain ERIS. The Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System or to the Distribution System, as applicable. The Standard does not impose any deliverability test or deliverability requirement on the proposed project.

**NYSRC Reliability Rules:** The reliability rules of the New York State Reliability Council.

**Open Class Year:** Class Year open for new members pursuant to the Class Year Start Date deadline specified in Section 25.5.9 of this Attachment S.

**Other Interfaces:** The following Interfaces into Capacity Regions: Lower Hudson Valley [*i.e.*, Rest of State (Load Zones A-F) to Lower Hudson Valley (Load Zones G, H and I)]; New York City [*i.e.*, Lower Hudson Valley (Load Zones G, H and I) to New York City (Load Zone J)]; and Long Island [*i.e.*, Lower Hudson Valley (Load Zones G, H and I) to Long Island (Load Zone K)], and the following Interfaces between the NYCA and adjacent Control Areas: PJM to NYISO, ISO-NE to NYISO, Hydro-Quebec to NYISO, and Norwalk Harbor (Connecticut) to Northport (Long Island) Cable.

**Overage Cost:** The dollar amount by which the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment exceeds the total cost of System Upgrade Facilities considered in the Annual Transmission Baseline Assessment for the same Class Year.

**Overage Cost Percentage:** The ratio of the Overage Cost to the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment.

**Project Cost Allocation:** The dollar figure estimate for a Developer's share of the cost of the System Upgrade Facilities required for the reliable interconnection of its project to the New York State Transmission System or to the Distribution System and/or the share of the cost of the System Deliverability Upgrades required for the Developer's project to meet the NYISO Deliverability Interconnection Standard.

**Revised Project Cost Allocation:** The revised dollar figure cost estimate and related information provided by the NYISO to a Developer following receipt by the NYISO of a Non-Acceptance Notice, or upon the occurrence of a Security Posting Default by another member of the respective Class Year.

**Security:** Under the interconnection facilities cost allocation rules set out in Attachment S, a Developer must signify its willingness to pay the Connecting Transmission Owner and Affected Transmission Owner(s) for the Developer's share of the required System Upgrade Facilities and System Deliverability Upgrades by posting Security for the full amount of the Developer's share within a specified time frame. The Security can be a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the Connecting Transmission Owner and Affected Transmission Owner(s), meeting the requirements of Attachment S, and meeting the commercially reasonable requirements of the Connecting Transmission Owner and Affected Transmission Owner(s).

**Security Posting Default:** A failure by one or more Developers to post Security as required by this Attachment S.

**Subsequent Decision Period:** A seven calendar day period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the NYISO in response to the Revised Project Cost Allocation issued by the NYISO to the Developer.

**System Deliverability Upgrades:** The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to Byways and Highways and Other Interfaces on the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

**System Upgrade Facilities:** The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth, and changes in load pattern, to be addressed in accordance with Section 25.4.1 of this Attachment S; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

## 25.2 Minimum Interconnection Standard

### 25.2.1 Scope and Purpose of Standard.

Each Large Facility, or Small Generating Facility subject to Attachment S ~~pursuant to Section 32.3.5.3 of Attachment Z, that is proposed by a generation Developer or merchant transmission Developer~~, regardless of whether the Developer elects ~~ERIS or~~ CRIS, must to obtain ERIS, meet the ~~New York NY~~ NYISO Minimum Interconnection Standard ~~for reliability described in the Large Facility Interconnection Procedures, that are included in Attachment X to the NYISO OATT or in the Small Generator Interconnection Procedures included in Attachment Z to the NYISO OATT, as applicable~~. A Transmission Owner that has constructed a reliability-based transmission or distribution system upgrade, or an upgrade pursuant to an order issued by a regulatory body requiring such construction, will not be deemed to be a Developer under these rules because of the construction of that upgrade.

25.2.1.1 The NYISO Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System and to the Distribution System. The NYISO Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed project. Application of these rules, including the Annual Transmission Baseline Assessment and the Annual Transmission Reliability Assessment, to allocate responsibility for the cost of new transmission facilities to permit interconnection is not intended to affect the NYISO Minimum Interconnection Standard.

25.2.1.1.1 Consequently, the Minimum Interconnection Standard is not intended to address in any way the allocation of responsibility for the cost of upgrades and

other new facilities associated with transmission service and the delivery of power across the Transmission System, the reduction of Congestion, economic transmission system upgrades, or the mitigation of Transmission System overloads associated with the delivery of power.

25.2.1.1.2 It is not anticipated that the installation of any interconnection facilities covered by the Minimum Interconnection Standard will improve the deliverability of power, reduce Congestion, or mitigate overloads associated with the delivery of power. If the installation of any facilities by a Developer does improve deliverability, reduce Congestion and create Incremental Transmission Congestion Contracts, or mitigate overloads, then that situation will be handled in accordance with the relevant provisions of the NYISO Open Access Transmission Tariff, including Sections 3.7 and 4.5, and applicable FERC precedent.

## 25.3 Deliverability Interconnection Standard

### 25.3.1 Scope and Purpose of Standard

Each Large Facility or Small Generating Facility larger than 2 MW that is proposed by a

~~generation Developer or merchant transmission~~ Developer must meet the NYISO Deliverability Interconnection Standard before it can ~~become a qualified Installed Capacity Supplier or~~ receive CRIS or Unforced Capacity Deliverability Rights, unless otherwise provided for in this Attachment S. Pursuant to Section 32.1.1.7 of Attachment Z to the OATT, a Small Generating Facility 2 MWs or smaller may obtain CRIS without being evaluated for deliverability under the NYISO Deliverability Interconnection Standard. The requirement that a facility not subject to the NYISO's Large Facility Interconnection Procedures or Small Generator Interconnection Procedures must meet the NYISO Deliverability Interconnection Standard to become a qualified Installed Capacity Supplier first applies on [effective date of tariff revisions], subject to the transition rule specified in Section 25.9.3.4.1 of this Attachment S.

25.3.1.1 The NYISO Deliverability Interconnection Standard is designed to ensure that the ~~proposed~~ project is deliverable throughout the New York Capacity Region where the project will interconnect or is interconnected. The NYISO Deliverability Interconnection Standard is also designed to ensure that the Developer of the project restores the transfer capability of any Other Interfaces degraded by its interconnection.

25.3.1.2. Each ~~interconnecting~~ generation or merchant transmission project electing Capacity Resource Interconnection Service will be allowed to become an Installed Capacity Supplier, or will be allowed to receive Unforced Capacity Deliverability Rights, in accordance with the rules of the New York capacity market, up to the

amount of its deliverable capacity, as that amount is determined in accordance with the rules in this Attachment S, once the Developer of the project has funded or committed to fund any required System Deliverability Upgrades in accordance with the rules in this Attachment S.

25.3.1.3. The requirement that each Large Facility or Small Generating Facility larger than 2 MW that is proposed by a Developer must meet the NYISO Deliverability Interconnection Standard before it can become a qualified Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights first applies to the projects comprising Class Year 2007. The interconnection agreements for these projects will explicitly condition participation in the Installed Capacity market on satisfaction of the NYISO Deliverability Interconnection Standard and, to the extent a project is found not to be deliverable, on funding, or committing to fund, any required System Deliverability Upgrades. Implementation of the NYISO Deliverability Interconnection Standard for the projects comprising Class Year 2007 will be accomplished by conducting, only for Class Year 2007, the Project Cost Allocation decision process contained in Section 25.8 of Attachment S in two separate steps. First, the NYISO will administer the decision process for the System Upgrade Facilities required for the projects in the Class Year. Then, upon the effectiveness of the NYISO Deliverability Interconnection Standard, the NYISO will separately administer a decision process for the System Deliverability Upgrades and Deliverable MW for the projects in Class Year 2007 that have previously provided an Acceptance Notice and posted Security for the cost of their System Upgrade Facilities. A member of Class Year 2007 cannot

modify, as part of the decision process for System Deliverability Upgrades, the decision reflected in its Acceptance or Non-Acceptance Notice regarding its Project Cost Allocation for System Upgrade Facilities. Members of Class Year 2007 that provide a Non-Acceptance Notice or that commit a Security Posting Default relating to their System Upgrade Facilities will be removed from Class Year 2007 and processed further in accordance with Section 25.8.2.3 of Attachment S. The Project Cost Allocation decision process for Class Years subsequent to Class Year 2007 will be conducted as described in Section 25.8 of Attachment S.

## **25.4 Interconnection Facilities Covered by Attachment S**

### **25.4.1 Interconnection Standards**

The interconnection facilities covered by these cost allocation rules are (i) those required for the proposed project to reliably interconnect to the New York State Transmission System or to the Distribution System in a manner that meets the NYISO Minimum Interconnection Standard for ERIS, and (ii) those required for the project to meet the NYISO Deliverability Interconnection Standard for CRIS.

### **25.4.2 Interconnection Facilities**

The interconnection facilities covered by these cost allocation rules are comprised of the following types of facilities: Attachment Facilities, Distribution Upgrades, System Upgrade Facilities and System Deliverability Upgrades.

## **25.5 Cost Responsibility Rules for Both ERIS and CRIS**

### **25.5.1 Side Agreements**

These cost allocation rules will not preclude or supersede any binding cost allocation agreements that are executed between or among Developers, Connecting Transmission Owners and/or Affected Transmission Owners; provided, however, that no such agreements will increase the cost responsibility or cause a material adverse change in the circumstances as determined by these rules of any Developer or Transmission Owner who is not a party to such agreement.

### **25.5.2 Costs Covered By Attachment S**

The interconnection facility cost allocated by these rules is comprised of all costs and overheads associated with the design, procurement and installation of the new interconnection facilities. These rules do not address in any way the allocation of responsibility for the cost of operating and maintaining the new interconnection facilities once they are installed. Nor do these rules address in any way the ownership of the new interconnection facilities.

### **25.5.3 Dispatch Costs**

Developers, Connecting Transmission Owners and Affected Transmission Owners will not be charged directly for any redispatch cost that may be caused by the temporary removal of transmission facilities from service to install new interconnection facilities, as such cost is reflected in Locational Based Marginal Prices. Nor will existing generators be paid for any lost opportunity cost that may be incurred when their units are dispatched down or off in connection with the installation of new interconnection facilities.

#### **25.5.4 Transmission Owners' Cost Recovery**

Any Connecting or Affected Transmission Owner implementation and construction of (i) System Upgrade Facilities as identified in the Annual Transmission Baseline Assessment or Annual Transmission Reliability Assessment, or (ii) System Deliverability Upgrades as identified in the Class Year Deliverability Study, shall be in accordance with the NYISO Open Access Transmission Tariff, Commission-approved ISO Related Agreements, the Federal Power Act and Commission precedent, and therefore shall be subject to the Connecting or Affected Transmission Owner's right to recover, pursuant to appropriate financial arrangements contained in agreements or Commission-approved tariffs, all reasonably incurred costs, plus a reasonable return on investment.

#### **25.5.5 Existing System Representation**

The NYISO shall include in the Existing System Representation for purposes of the ATBA and ATRA for a given Class Year:

- 25.5.5.1** (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 25.7.12.2 and 25.7.12.3 of Attachment S will only be included if construction of the System Deliverability Upgrades has been triggered under Section 25.7.12.3 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. Facilities in a Mothball Outage, an ICAP Ineligible Forced Outage, or Inactive Reserves will be modeled as in, and not removed from, the Existing System Representation. The point of interconnection of a Retired generator with a terminated interconnection agreement is available to proposed facilities on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures. A Retired generator with an interconnection agreement that remains in effect after it is Retired will retain its right to the specific point of interconnection as provided for in the interconnection agreement and access to this point will not be available for new facilities.

**25.5.5.2** The System Upgrade Facilities listed on Exhibit A to the Financial Settlement shall be included in the Existing System Representation. Such System Upgrade Facilities shall be shown as in service in the first year of the five-year cost allocation study planning period and in each subsequent year, unless such System Upgrade Facilities are cancelled or otherwise not in service by January 1, 2010; provided that if such facilities are expected to be in service after January 1, 2010, starting with the Class Year 2010, the NYISO shall independently

determine such later date when the System Upgrade Facilities are expected to be in service and represent them according to the NYISO's determination.

**25.5.5.3** System Upgrade Facilities not listed on Exhibit A to the Financial Settlement, but for which cost allocations have been accepted in a prior Class Year cost allocation process, shall be represented in the Existing System Representation for subsequent cost allocation studies in the year of their anticipated in-service date.

**25.5.6 Attachment Facilities.**

Each Developer is responsible for 100% of the cost of the Attachment Facilities.

**25.5.7 Distribution Upgrades**

Each Developer is responsible for 100% of the cost of the Distribution Upgrades.

**25.5.8 No Prioritization of Class Year Projects**

There will be no prioritization of the projects grouped and studied together in a Class Year. Each such project will share in the then currently available functional or electrical capability of the transmission system, and share in the cost of the System Upgrade Facilities required to interconnect its respective project and, for Developers seeking CRIS, System Deliverability Upgrades required under the NYISO Deliverability Interconnection Standard, in accordance with the rules set forth herein.

**25.5.9 Class Year Start Date and Schedule**

Starting with the Class Year subsequent to Class Year 2012, the Annual Transmission Reliability Assessment will begin on the Class Year Start Date, which will be the earliest of the following dates after the completion of the prior Class Year Interconnection Facilities Study (*i.e.*, date upon which all remaining Class Year Developers have accepted their Project Cost

Allocations and have posted security for same): March 1, June 1 or September 1. In order to become a Class Year Project in a Class Year subsequent to Class Year 2012, an Eligible Class Year Project must (1) satisfy the criteria for inclusion in the next Class Year, as those criteria are specified in Section 25.6.2.3.1 of this Attachment S, Section 25.8.2.3 of this Attachment S and Sections 32.1.1.7 of Attachment Z to the OATT and/or Section 32.3.5.3.2 of Attachment Z to the OATT, as applicable and (2) must elect to enter the applicable Class Year by providing notice to the NYISO ~~within by~~ five (5) Business Days ~~after of~~ the Class Year Start Date. This Section 25.5.9 does not limit membership or eligibility for membership in Class Year 2011 or Class Year 2012. Members of Class Year 2011 that do not accept their Project Cost Allocations in Class Year 2011, but that are eligible under Section 25.6.2.3.4 to enter a subsequent Class Year, may enter Class Year 2012.

**Comment [A2]:** Clarifying edit – this language has caused confusion in the past. We have interpreted this language as allowing the Developer to notify us up to 5 BDays after the CY Start Date.

Starting with the Class Year subsequent to Class Year 2012, all parties engaged in performing study work as part of the Annual Transmission Reliability Assessment and Class Year Deliverability Study (collectively, the Class Year Interconnection Facilities Study) are required to use Reasonable Efforts to complete the basic required evaluations and cost estimates for Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades in order that the Class Year Interconnection Facilities Study can be presented to the Operating Committee for approval within twelve (12) months from the Class Year Start Date. Starting with the Class Year subsequent to Class Year 2012, if a new System Deliverability Upgrade is identified (i.e., a System Deliverability Upgrade not previously identified and cost allocated in a Class Year Interconnection Facilities Study and not substantially similar to a System Deliverability Upgrade previously identified and cost allocated in a Class Year Interconnection Facilities Study), an

additional six (6) months will be provided within which to perform additional System Deliverability Upgrade studies, subject to Reasonable Efforts, for the study of and development of cost estimates for such a System Deliverability Upgrade.

## **25.6 Cost Allocation Methodology For ERIS**

### **25.6.1 Cost Allocation Between Developers and Connecting Transmission Owners (ATBA).**

The cost of System Upgrade Facilities is first allocated between Developers and Connecting Transmission Owners, in accordance with the rules that are discussed below in this Section 25.6.1.

25.6.1.1 The cost of System Upgrade Facilities is allocated between Developers and Connecting Transmission Owners based upon the results of an Annual Transmission Baseline Assessment of the five-year need for System Upgrade Facilities. The Annual Transmission Baseline Assessment, as described in these rules, will be conducted by the NYISO staff in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Annual Transmission Baseline Assessment. The NYISO and its staff will have decisional control over the entire Annual Transmission Baseline Assessment. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Annual Transmission Baseline Assessment, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Baseline Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Annual Transmission Baseline Assessment will be reviewed and

approved by the Operating Committee. Each Annual Transmission Baseline Assessment is reviewable by the NYISO Board of Directors in accordance with provisions of the Commission-approved ISO Agreement.

25.6.1.1.1 The purpose of the Annual Transmission Baseline Assessment is to identify the System Upgrade Facilities that Transmission Owners are expected to need during the five-year period covered by the Assessment to reliably meet the load growth and changes in the load pattern projected for the New York Control Area, with cost estimates for the System Upgrade Facilities.

**25.6.1.1.1.1 Procedure for Annual Transmission Baseline Assessment.**

The procedure used to identify the System Upgrade Facilities that will ensure that New York State Transmission System facilities are sufficient to reliably serve existing load and meet load growth and changes in load patterns in compliance with NYSRC Reliability Rules, NPCC Basic Design and Operating Criteria, NERC Planning Standards, NYISO rules, practices and procedures, and the Connecting Transmission Owner criteria included in FERC Form No. 715 (collectively “Applicable Reliability Requirements”). The procedure will use the Applicable Reliability Requirements in effect when the Annual Transmission Baseline Assessment is commenced. The procedure will be:

25.6.1.1.1.1.1 The NYISO staff will first develop the Existing System Representation.

25.6.1.1.1.1.2 The NYISO staff will then utilize the Existing System Representation to develop existing system improvement plans with each Transmission Owner. These improvement plans will use NYISO data from the annual NYISO Load and Capacity Data Report to project system load growth and

changes in load patterns, including those that reflect demand side management, and will identify the System Upgrade Facilities needed year-by-year for the existing system to reliably serve projected load in the Transmission Owner's Transmission District for a five-year period. The NYISO staff will integrate these existing system improvement plans into the Annual Transmission Baseline Assessment to ensure that the System Upgrade Facilities needed for a five-year period are identified on a New York State Transmission System-wide basis. The Annual Transmission Baseline Assessment will identify each anticipated System Upgrade Facility project, its estimated cost, its anticipated in-service date, and the status of the project (in construction, budget approval received, budget approval pending).

25.6.1.1.1.1.3 The NYISO will identify in the Annual Transmission Baseline Assessment the System Upgrade Facilities needed to reliably meet projected load growth and changes in load pattern without the interconnection of any proposed Developer projects, except for those proposed projects included in the Existing System Representation pursuant to Section 25.5.5.

25.6.1.1.1.1.4 NYISO staff will perform thermal, voltage, and stability analyses, as appropriate, to determine the normal and emergency transfer capabilities of the statewide existing system.

25.6.1.1.1.1.5 NYISO staff will perform resource reliability analysis of the existing system to verify that the existing system meets Applicable Reliability Requirements. The results of this analysis will be reported for the entire state and for each of the New York zones.

25.6.1.1.1.1.6 If the transmission and generation facilities included in the

Existing System Representation, combined with previously approved and accepted System Upgrade Facilities, are insufficient to meet Applicable Reliability Requirements on a year by year basis, then the NYISO staff will develop feasible generic solutions that satisfy the Applicable Reliability Requirements, in accordance with Section 25.6.1.2, below.

25.6.1.1.1.1.7 If the existing system meets Applicable Reliability Requirements,

the NYISO staff will perform short circuit analysis to determine whether there is sufficient interrupting capability in the existing system. If there are any breaker overloads, the NYISO staff will determine the System Upgrade Facilities needed to mitigate the short circuit overloads.

25.6.1.1.1.1.8 A reassessment of Sections 25.6.1.1.1.1.4 through 25.6.1.1.1.1.6

shall be reassessed and, to the extent required by Good Utility Practice, repeated if the improvement plan impacts the transmission transfer capability of the system. The results of the short circuit analysis will be treated in the same manner as the results of thermal, voltage and stability analyses for all purposes under these cost allocation rules.

25.6.1.1.1.1.9 Each Annual Transmission Baseline Assessment conducted by

NYISO staff will be reviewed and approved by the Operating Committee, and its effectiveness will be subject to the approval of the Operating Committee. In its report to the Operating Committee, the NYISO shall explain its reasons for all of its recommendations.

25.6.1.1.1.1.10 Each most recently completed Annual Transmission Baseline

Assessment will be reviewed the following year by the NYISO staff and updated, as necessary, following the criteria and procedures described herein.

25.6.1.2 In developing solutions as required by Section 25.6.1.2.6, the NYISO will, as it develops its own generic solutions, also utilize the following procedures.

25.6.1.2.1 The NYISO will first select as generic solutions proposed Class Year Developer projects sufficient to meet Applicable Reliability Requirements on a year by year basis. If a proposed Class Year Developer project is larger than necessary, the NYISO shall select that portion or segment of the project that is sufficient to meet but not exceed Applicable Reliability Requirements. If the proposed Developer project is not capable of being segmented or if the Developer project cannot meet Applicable Reliability Requirements on a year by year basis, the NYISO shall not select it.

25.6.1.2.2 If the generation and transmission facilities included in the Existing System Representation, together with any proposed Developer projects that qualify as solutions pursuant to Section 25.6.1.2.1, above, are not sufficient to meet Applicable Reliability Requirements, the NYISO shall complete the development of its own generic solutions, taking into account any generic solutions proposed pursuant to Section 25.6.1.2.3, below, for inclusion in the ATBA.

25.6.1.2.3 Market Participants may also propose generic solutions for inclusion in the ATBA. The Market Participant proposing such solutions shall provide the

NYISO with all data necessary for the NYISO to determine the feasibility of such proposed generic solutions.

25.6.1.2.4 The NYISO shall develop and consider alternative sets of proposed generic solutions that fairly represent the range of feasible solutions to Applicable Reliability Requirements.

25.6.1.2.5 The NYISO shall determine the feasibility of additional generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, according to the following criteria:

25.6.1.2.5.1 The NYISO shall select only solutions that are based on proven technologies that have actually been licensed and financed, are under construction or have already been built in similar locations.

25.6.1.2.5.2 The NYISO shall select as additional generic solutions only units and facilities that can reasonably be placed in service in time to meet Applicable Reliability Requirements on a year by year basis. In making this determination, the NYISO shall consider the size and type of facility, access to fuel, access to transmission facilities, transmission upgrade requirements, construction time, and Good Utility Practice.

25.6.1.2.6 The NYISO will submit its proposed generic solutions and the alternatives that it considered to Market Participants and to an independent expert for review and will make the results of the expert's review available to Market Participants. The independent expert shall review the feasibility of the proposed generic solutions developed pursuant to Sections 25.6.1.2.2, 25.6.1.2.3 and 25.6.1.2.3, and of generic solutions based on the segmentation of any Class Year developer

projects under Section 25.6.1.2.1, according to the criteria set forth in

Section 25.6.1.2.5.

25.6.1.2.6.1 If the independent expert concludes that one or more generic is not feasible, the NYISO shall eliminate that solution from further review.

25.6.1.2.6.2 If the NYISO does not adopt the expert's recommendations, it will state in its report to the Operating Committee its reasons for not adopting those recommendations.

25.6.1.2.7 Subject to Section 25.6.1.2.7, below, in the event that more than one generic solution or set of solutions satisfies the feasibility requirement of Section 25.6.1.2.7, the NYISO shall compare the System Upgrade Facilities that would be necessary to interconnect each such generic solution and shall adopt the solution that is most consistent with Good Utility Practice. For these purposes, in comparing alternative solutions, a generic solution that satisfies sub-load pocket deficiencies shall normally be selected first.

25.6.1.2.7.1 The NYISO shall be responsible for determining whether any generic solution or proposed Developer Project meets Applicable Reliability Requirements.

25.6.1.3 With the exception of those upgrades that were previously allocated to, and accepted by Developer projects as a part of the Annual Transmission Reliability Assessment in the Final Decision Round of previous Class Years, Developers are not responsible for the cost of any System Upgrade Facilities that are identified in the Annual Transmission Baseline Assessment, or any System

Upgrade Facilities that resolve in whole or in part a deficiency in the system identified in the Annual Transmission Baseline Assessment.

25.6.1.4 Developers are responsible for 100% of the cost of the System Upgrade Facilities, not already identified in the Annual Transmission Baseline Assessment that are needed as a result of their projects, and required for their projects to reliably interconnect to the transmission system in a manner that meets the NYISO Minimum Interconnection Standard. The System Upgrade Facilities necessary to accommodate Developer projects will be determined by the Interconnection Facilities Studies and the Annual Transmission Reliability Assessment. The criteria and procedures that will be followed to conduct the Annual Transmission Reliability Assessment are discussed below.

25.6.1.4.1 If a Connecting Transmission Owner or Developer elects to construct System Upgrade Facilities that are larger or more extensive than the minimum facilities required to reliably interconnect the proposed project, and are reasonably related to the interconnection of the proposed project, then the Connecting Transmission Owner or Developer is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Developer projects. If there is Headroom associated with these larger System Upgrade Facilities and a Developer of any subsequent project interconnects and uses the Headroom within ten years of its creation, such subsequent Developer shall pay the Connecting Transmission Owner or the Developer for this Headroom in accordance with these rules, including Section 25.8.7, below.

25.6.1.5 The System Upgrade Facilities cost for which a Developer is responsible will be determined on a “net” basis; that is, the Developer’s System Upgrade Facilities cost will be determined net of the benefits, or System Upgrade Facility cost reductions, that result from the construction and operation of its project and the related upgrades. The net cost responsibility of a Developer will not be less than zero. Also, the cost responsibility of the Connecting Transmission Owner for System Upgrade Facilities will be no greater than it would have been without the Developer’s project. Specifically, the Connecting Transmission Owner shall not be required to pay (in total) more than 100% of the cost of installing a specific piece of equipment.

25.6.1.5.1 The purpose of this approach is to allocate to the Developer the responsibility for the cost of the net impact of its project on the needs of the transmission system for System Upgrade Facilities. Thus, a Developer is responsible for the cost of the System Upgrade Facilities that are required by, or caused by, its project. A Developer is not responsible for the cost of System Upgrade Facilities that would be required anyway, without the construction of its project. If a Developer’s project reduces the cost of System Upgrade Facilities that would be required anyway, that beneficial cost reducing impact will be recognized.

25.6.1.5.2 The net System Upgrade Facilities cost and cost reduction benefits of a Developer’s project are determined by NYISO staff comparing and netting the results of an Annual Transmission Baseline Assessment with the corresponding Annual Transmission Reliability Assessment in accordance with these rules.

25.6.1.5.3 The net System Upgrade Facilities cost and cost reduction benefits of a Developer's project are comprised of those costs and cost reduction benefits caused by (1) the construction of System Upgrade Facilities not contained in the Annual Transmission Baseline Assessment, and (2) eliminating or reducing the need for the construction of System Upgrade Facilities contained in the Annual Transmission Baseline Assessment, due to the construction of System Upgrade Facilities associated with the proposed project.

25.6.1.5.4 The Developer's net cost responsibility will be determined using constant dollars. That is, when netting the cost of System Upgrade Facilities required for its project, as identified in the Annual Transmission Reliability Assessment, with those identified in the Annual Transmission Baseline Assessment, the cost of System Upgrade Facilities in the out-years of the Annual Transmission Baseline Assessment and the out-years of the Annual Transmission Reliability Assessment will be discounted to a current year value for netting. The cost of out-year System Upgrade Facilities will be discounted to a current value using the weighted average cost of capital of the Connecting Transmission Owner.

## **25.6.2 Cost Allocation Among Developers (ATRA).**

The Developers' share of the cost of System Upgrade Facilities is allocated among Developers based upon the NYISO Annual Transmission Reliability Assessment. The Annual Transmission Reliability Assessment will be conducted by NYISO staff to ensure New York State Transmission System compliance with Applicable Reliability Requirements. The NYISO staff will conduct the Annual Transmission Reliability Assessment, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over

any determinative aspect of the Annual Transmission Reliability Assessment. The NYISO and its staff will have decisional control over the entire Annual Transmission Reliability Assessment. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Annual Transmission Reliability Assessment, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Annual Transmission Reliability Assessment, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Annual Transmission Reliability Assessment will be reviewed and approved by the Operating Committee. Each Annual Transmission Reliability Assessment is reviewable by the NYISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

25.6.2.1 The Annual Transmission Reliability Assessment for each Class Year will identify the System Upgrade Facilities required for all Class Year Projects, with cost estimates for the System Upgrade Facilities. The System Upgrade Facilities identified through the Annual Transmission Reliability Assessment will only be those System Upgrade Facilities that are not already included in an Annual Transmission Baseline Assessment.

25.6.2.2 For each Annual Transmission Reliability Assessment, the NYISO will utilize the Existing System Representation used for the corresponding Annual Transmission Baseline Assessment.

25.6.2.3 Each Annual Transmission Reliability Assessment will update the results of Interconnection System Reliability Impact Studies that have previously been performed for certain proposed interconnection projects.

25.6.2.3.1 Subject to the additional requirements in Sections 25.6.2.3.2 - 25.6.2.3.4, below, a Large Facility is eligible to have its Interconnection System Reliability Impact Study updated, and its project included in a given ATRA (*i.e.*, become a Class Year Project), if on or before the Class Year Start Date (i) the Operating Committee has approved the Interconnection System Reliability Impact Study for the project, and (ii) the regulatory milestone has been satisfied, provided that the time period described in either Section 25.6.2.3.2 or 25.6.2.3.3, below, as applicable, are met. To satisfy the regulatory milestone, an applicable regulatory body (*e.g.*, local, state, or federal) must determine on or before the Class Year Start Date that the permitting application submitted to site and construct the Large Facility is complete, as described below:

25.6.2.3.1.1 The Developer must obtain or achieve at least one of the following regulatory determinations or actions for the Large Facility:

25.6.2.3.1.1.1 In connection with the Large Facility's air or water permit application, either (i) a notice of determination of completeness mailed to the applicant by the New York State Department of Environmental Conservation ("DEC") pursuant to 6 NYCRR § 621.6(c), as may be amended from time to time, or public notice of a complete application in the Environmental Notice Bulletin, or (ii) in the absence of such notices, a demonstration that the permit

application is deemed to be complete pursuant to 6 NYCRR § 621.6(h), as may be amended from time to time.

25.6.2.3.1.1.2 A negative declaration issued for the Large Facility by the lead agency pursuant to the New York State Environmental Quality Review Act ("SEQRA").

25.6.2.3.1.1.3 Under SEQRA, either (i) a determination by the lead agency, documented in minutes or other official records, that the Draft Environmental Impact Statement for the Large Facility is adequate for public review, (ii) a notice of completion of a Draft Environmental Impact Statement for the project issued by the lead agency pursuant to SEQRA, or (iii) public notice of completion in the Environmental Notice Bulletin.

25.6.2.3.1.1.4 For a Large Facility that is a Merchant Transmission Facility, a determination pursuant to Article VII that the Article VII application filed for the Merchant Transmission Facility is in compliance with Public Service Law §122.

25.6.2.3.1.1.5 A Notice of Availability of a Draft Environmental Impact Statement for the Large Facility filed with the U.S. Environmental Protection Agency pursuant to the National Environmental Policy Act of 1969 ("NEPA") and its implementing regulations.

25.6.2.3.1.1.6 A final Finding of No Significant Impact for the project issued by the lead agency pursuant to NEPA and its implementing regulations.

25.6.2.3.1.1.7 For a Large Generator that is larger than 25 MW, a determination pursuant to Article 10 of the Public Service Law that the Article 10 application filed for the Large Generator is in compliance with Public Service Law § 164.

- 25.6.2.3.1.2 A Large Facility located outside New York State will satisfy the regulatory milestone by achieving Section 25.6.2.3.1.1.5 or 25.6.2.3.1.1.6, above, or by satisfying a milestone comparable to that specified in Section 25.6.2.3.1.1.1 through 25.6.2.3.1.1.4, above, under applicable permitting laws.
- 25.6.2.3.1.3 In the event that none of the permitting processes referred to in Section 25.6.2.3.1.1 and 25.6.2.3.1.2 apply to the Large Facility, the Large Facility will be considered to have satisfied the regulatory milestone and will qualify for Class Year entry as of the date the Operating Committee approved the Large Facility's Interconnection System Reliability Impact Study.
- 25.6.2.3.1.4 After a Large Facility's Interconnection System Reliability Impact Study is approved by the Operating Committee and until the NYISO confirms that the Large Facility has satisfied the regulatory milestone, the Developer must inform the NYISO each year, within five business days of the Class Year Start Date, whether or not the Large Facility has satisfied the regulatory milestone described above. If a project fails to inform the NYISO by this date, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 3.6 of the Large Facility Interconnection Procedures contained in Attachment X.
- 25.6.2.3.2 Except as provided in Section 25.6.2.3.3, a project must satisfy the regulatory milestone described in Section 25.6.2.3.1, above, within two years of the Operating Committee's approval of the Interconnection System Reliability Impact Study for the project. If a project fails to satisfy the regulatory milestone within this time period, the Interconnection Request of the project will be deemed

to be withdrawn in accordance with Section 30.3.6 of the Large Facility

Interconnection Procedures contained in Attachment X.

25.6.2.3.3 Projects in the Interconnection queue with an Interconnection System

Reliability Impact Study approved by the Operating Committee as of January 17,

2010 that have not satisfied the regulatory milestone described in Section

25.6.2.3.1, above, as of January 17, 2010, will have two years from that date to

satisfy the regulatory milestone. If such a project fails to satisfy the regulatory

milestone within this time period, the Interconnection Request of the project will

be deemed to be withdrawn in accordance with Section 30.3.6 of the Large

Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4 Once a project has satisfied the eligibility criteria specified in Section

25.6.2.3.1 or Attachment Z for inclusion in the Class Year ATRA, then the project

may enter up to two, but no more than two, of the next three consecutive Class

Year ATRAs. The first Class Year for which a project qualifies will count as the

first of the three consecutive Class Year ATRAs. For purposes of this Section

25.6.2.3.4, a Class Year that a project enters and from which it later withdraws for

ERIS evaluation pursuant to Section 25.7.7.1 of this Attachment S, counts as one

of the two Class Years a project may enter.

25.6.2.3.4.1 Except as provided in Section 25.6.2.3.4.3, the project must accept its

System Upgrade Facilities cost allocation and post required security for Energy

Resource Interconnection Service from a Class Year ATRA that is no later than

the first to occur of either (i) the second Class Year ATRA the project enters, or

(ii) the third consecutive Class Year that starts after the project satisfies the

eligibility criteria for inclusion in the Class Year ATRA. If the project fails to accept its System Upgrade Facilities cost allocation and post security by this deadline, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures contained in Attachment X.

25.6.2.3.4.2 Except as provided in Section 25.6.2.3.4.3, below, if a project has not accepted its System Upgrade Facilities cost allocation and posted required security for Energy Resource Interconnection Service from either the first or second Class Year that starts after the project satisfies the eligibility criteria for inclusion in the Class Year ATRA and has not entered both the first and second such Class Year ATRA, then the project must enter the third Class Year ATRA (by executing the Class Year Interconnection Facilities Study Agreement and providing the required data and deposit). If the developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures contained in Attachment X.

25.6.2.3.4.3 A project that was a member of a completed Class Year but did not accept its System Upgrade Facilities cost allocation and post any required security as of January 17, 2010 will be able to enter any one of the three consecutive Class Year ATRAs starting after that date. If the project enters one of these Class Year ATRAs and fails to accept its System Upgrade Facilities cost allocation and post required security, the Interconnection Request of the project will be deemed to be

withdrawn in accordance with Section 30.3.6 of the Large Facility

Interconnection Procedures. If the project has not entered either the first or second such Class Year, then the project must enter the third Class Year ATRA (by executing the Class Year Interconnection Facilities Study Agreement and providing the required data and deposit). If the Developer fails to do so within the timeframes specified in Attachments X or Z, as applicable, the Interconnection Request of the project will be deemed to be withdrawn in accordance with Section 30.3.6 of the Large Facilities Interconnection Procedures.

25.6.2.4 The Annual Transmission Reliability Assessment will update Interconnection System Reliability Impact Study results in accordance with the Class Year Interconnection Facilities Study procedures in Section 30.8 of the Large Facility Interconnection Procedures in Attachment X to the NYISO OATT.

25.6.2.5 For interconnection projects included in each Annual Transmission Reliability Assessment, the Interconnection System Reliability Impact Study updated results will specify the impact of each project in the Class Year on the reliability of the transmission system, that is, the pro rata contribution of each project in the Class Year to each individual System Upgrade Facilities identified in the updates.

25.6.2.5.1 In the case of a new System Upgrade Facility that has a functional capacity not readily measured in amperes or other discrete electrical units, such as a System Upgrade Facility dedicated to system protection, the pro rata impact of each project in the Class Year on the reliability of the transmission system will be based upon the number of projects in the Class Year contributing to the need for

the new System Upgrade Facility. The pro rata impact of each project in the Class Year needing such a new System Upgrade Facility will be equal.

Accordingly, the pro rata contribution of each of the projects to the need for the new System Upgrade Facility will be equal to  $(1/a)$ , where “a” is the total number of projects in the Class Year needing the new System Upgrade Facility.

25.6.2.5.2 In the case of a new System Upgrade Facility that has a capacity readily measured in amperes or other discrete electrical units, the impact of each project in the Class Year will be stated in terms of its pro rata contribution to the total electrical impact on each individual System Upgrade Facility in the Class Year of all projects that have at least a *de minimus* impact, as described in Section 25.6.2.6.1 of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the transmission problem primarily causing the need for the individual System Upgrade Facility.

25.6.2.5.2.1 Contribution to short circuit current for interrupting duty beyond the rating of equipment.

25.6.2.5.2.2 Contribution to MW loading on the critical element for thermal overloads under the test conditions that cause the need for a System Upgrade Facility. MW contribution will be calculated by multiplying the associated distribution factor by the declared maximum MW of the project. The distribution factor is calculated by pro rata displacement of New York System load by the added generation.

25.6.2.5.2.3 Contribution to voltage drop on the most critical bus for voltage problems. A critical bus will be defined as representative for voltage conditions during a specific contingency. The pro rata impact of each project is measured as the ratio

of the voltage drop at the critical bus caused by the project when none of the other projects are represented, to the voltage drop at the critical bus when all of the projects in the Class Year are represented.

25.6.2.5.2.4 Contribution to transient stability problems as measured by the fault current calculated for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.6 For each individual electrical impact standard listed in subsections 6.(a)(1) through 6.(a)(4) below, a Developer will not be responsible for the cost associated with a corresponding System Upgrade Facility if its project's contribution is less than the *de minimus* impacts defined below. The costs of projects that would otherwise have been allocated to certain Developer's projects but for the sub-*de minimus* impact exemption, shall be allocated 100 percent to the other Developers in the Class Year according to their pro rata contribution.

25.6.2.6.1 *De minimus* impact is defined in terms of any one of the factors listed below in this subsection. Examples of computations used to determine *de minimus* impact are shown in ISO Procedures.

25.6.2.6.1.1 Short Circuit Contribution: Equal to or greater than 100 amperes of the existing rating of the equipment that needs to be replaced.

25.6.2.6.1.2 Thermal Loadings: Equal to or greater than 10 MW on the most limiting monitored element under the most critical contingency that is causing the need for transmission improvements.

25.6.2.6.1.3 Voltage Effects: Equal to or greater than 2% of the voltage drop occurring with all Class Year Projects at the most critical bus.

25.6.2.6.1.4 Stability Effects: Equal to or greater than 100 amperes of the fault current for the most critical stability test that is causing the need for the System Upgrade Facility.

25.6.2.7 The pro rata contribution of each project in the Class Year to each of the System Upgrade Facilities identified in the Annual Transmission Reliability Assessment.

25.6.2.7.1 First, in accordance with Section 25.6.1.5 of these rules, the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment is compared and netted with the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment. If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does not exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment, then there is no cost to be allocated among Class Year Developers.

25.6.2.7.2 If the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment does exceed the total cost of System Upgrade Facilities identified in the Annual Transmission Baseline Assessment by some amount, then this amount ("Overage Cost") is a cost to be allocated among Class Year Developers. Appendix One to this Attachment S sets out an example of an allocation of Overage Cost among Class Year Developers.

25.6.2.7.3 The Overage Cost represents a percentage of the total cost of System Upgrade Facilities identified in the Annual Transmission Reliability Assessment ("Overage Cost Percentage").

25.6.2.7.4 Each System Upgrade Facility identified in the Annual Transmission

Reliability Assessment has a cost specified for it in the Annual Transmission Reliability Assessment.

25.6.2.7.5 The pro rata contribution of each project in the Class Year to a System

Upgrade Facility identified in the Annual Transmission Reliability Assessment represents a percentage contribution to the need for that System Upgrade Facility (“Contribution Percentage”).

25.6.2.7.6 An individual Developer’s pro rata responsibility for the cost of each

System Upgrade Facility identified in the Annual Transmission Reliability Assessment is the product of (a) the Overage Cost Percentage; (b) the Developer’s Contribution Percentage for the particular System Upgrade Facility; and (c) the cost of the particular System Upgrade Facility as specified in the Annual Transmission Reliability Assessment.

25.6.2.7.7 If the least cost solution identified is to install one System Upgrade

Facility (*e.g.*, a series reactor) rather than replacing a number of System Upgrade Facilities (*e.g.*, breakers), the NYISO staff will determine each Developer’s Contribution Percentage by calculating what each Developer’s pro rata contribution would have been on the System Upgrade Facilities not replaced (*e.g.*, breakers) and applying that percentage to the System Upgrade Facility that is installed (*e.g.*, series reactor).

## **25.7 Cost Allocation Methodology for CRIS.**

### **25.7.1 Cost Allocation Among Developers in a Class Year.**

Each project in a Class Year Deliverability Study (“Class Year CRIS Project”) will share in the then currently available deliverability capability of the New York State Transmission System, and will also share in the cost of any System Deliverability Upgrades required for its project to qualify for CRIS at the requested level. The total cost of the System Deliverability Upgrades required for 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 CRIS Project on the deliverability of the New York State Transmission System, that is, the pro rata contribution of each project in the Class Year Deliverability Study 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 System Deliverability Upgrades will be shared with Load Serving Entities and subsequent Developers, as described below in Section 25.7.12 of these rules.

### **25.7.2 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.

**25.7.2.1 Byways.** The Developer of a Class Year CRIS 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 Class Year CRIS 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 Transmission Owner and from the Affected Transmission Owner(s), in the Class Year Deliverability Study. A Developer paying to upgrade a Byway will be eligible to receive Headroom payments in accordance with these rules. A Developer paying to upgrade a Byway will receive any Incremental TCCs created. A subsequent Developer paying for use of Headroom on System Deliverability Upgrades will receive the corresponding Incremental TCCs.

**25.7.2.2 Highways.** The Developer of a Class Year CRIS Project will pay an allocated share of the cost of the System Deliverability Upgrades to any Highway needed to make the Class Year Project deliverable in accordance with these rules. The System Deliverability Upgrades on the Highway or Highways, and the Developer's allocated share of the cost of those System Deliverability Upgrades, will be identified by the NYISO, with input from the Connecting Transmission Owner and from the Affected Transmission Owner(s), in the Class Year Deliverability Study. A Developer paying for Highway System Deliverability Upgrades will be eligible to receive Headroom payments in accordance with these rules to the extent that it pays for System Deliverability Upgrade capacity in excess of that required to provide the requested level of CRIS. A Developer paying for Highway System Deliverability Upgrades will receive a share of any incremental TCCs created, in accordance with these rules. A subsequent Developer paying for use of Headroom on System Deliverability Upgrades will receive the corresponding Incremental TCCs, if any, based on its share of the System Deliverability Upgrade costs.

**25.7.2.3 Other Interfaces.** If the ~~proposed generation or merchant transmission project~~Class Year CRIS Project degrades the transfer capability of any one of the Other Interfaces below the transfer capability identified in the current ATBA, then the Developer will pay its pro rata share of one hundred percent (100%) of the cost of the System Deliverability Upgrades needed to restore the transfer capability of the Other Interfaces degraded by its proposed project to what the transfer capability of those Other Interfaces would have been without its project, as that transfer capability was measured in the current ATBA. Where two or more projects would cause degradation of an Other Interface's transfer capability, the cost of the necessary System Deliverability Upgrades to restore the original transfer capability of the interface shall be shared on a pro rata basis, based on the MW of degradation that each project would cause.

**25.7.3 Capacity Regions.**

For Class Years prior to Class Year 2012, the deliverability test will be applied within each of the three (3) Capacity Regions: (1) Rest of State (*i.e.*, Load Zones A through I); (2) New York City (*i.e.*, Load Zone J); and (3) Long Island (*i.e.*, Load Zone K). To be declared deliverable, a generator or merchant transmission project must be deliverable throughout the Capacity Region in which the project is interconnected. For example, a proposed generator or merchant transmission project interconnecting in the Rest of State Capacity Region (*i.e.*, Load Zones A-I) will be required to demonstrate deliverability throughout the Rest of State Capacity Region (*i.e.*, Load Zones A-I), but will not be required to demonstrate deliverability to or within either of the following Capacity Regions: New York City (*i.e.*, Load Zone J); or Long Island (*i.e.*, Load Zone K).

Starting with Class Year 2012, the deliverability test will be applied within each of the four (4) Capacity Regions: (1) Rest of State (*i.e.*, Load Zones A through F); (2) Lower Hudson Valley (*i.e.*, Load Zones G, H and I); (3) New York City (*i.e.*, Load Zone J); and (4) Long Island (*i.e.*, Load Zone K). To be declared deliverable a generator or merchant transmission project must only be deliverable throughout the Capacity Region in which the project is interconnected or is interconnecting. For example, starting with Class Year 2012, a proposed generator or merchant transmission project interconnecting in the Rest of State Capacity Region (*i.e.*, Load Zones A-F) will be required to demonstrate deliverability throughout the Rest of State Capacity Region (*i.e.*, Load Zones A-F), but will not be required to demonstrate deliverability to or within any of the following Capacity Regions: Lower Hudson Valley (*i.e.*, Load Zones G, H and I); New York City (*i.e.*, Load Zone J); or Long Island (*i.e.*, Load Zone K).

#### **25.7.4 Participation in Capacity Markets.**

A Developer, in order to be eligible to become an Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights, must ~~elect~~ obtain CRIS pursuant to the procedures set forth in this Attachment S. A Developer must enter a Class Year Deliverability Study in order to obtain CRIS, unless otherwise provided for in this Attachment S. The MW amount of CRIS requested by a Developer, stated in MWs of Installed Capacity ("ICAP"), cannot exceed the name-plate capacity of its generation or merchant transmission project; provided however, if the Class Year CRIS Project is a BTM:NG Resource, the requested CRIS cannot exceed its Net ICAP; or if Net ICAP is not available, its Estimated Net ICAP. All requests for CRIS must be in tenths of a MW. The NYISO will perform the Class Year Deliverability Study in accordance with these rules and with input of Market Participants, to determine the deliverability of each of the Class Year CRIS Projects ~~that have requested some level of CRIS — the Class Year CRIS~~

Projects. The Class Year Deliverability Study will identify and allocate the cost of the System Deliverability Upgrades needed to make deliverable each Class Year CRIS Project ~~that has requested CRIS~~. In order to be eligible to become an Installed Capacity Supplier or receive Unforced Capacity Deliverability Rights, a Developer must fund or commit to fund, in accordance with these rules, the System Deliverability Upgrades needed for its project to be deliverable at the requested level of CRIS.

#### **25.7.5 The Pre-Existing System.**

Where the Existing System Representation demonstrates deliverability issues, a Developer electing CRIS need only address the incremental deliverability of its inter-connecting or interconnected generator or merchant transmission project, not the deliverability of the pre-existing system depicted in the Existing System Representation. Likewise, Transmission Owners will not be responsible for curing any pre-existing issues related to the deliverability of generators.

#### **25.7.6 CRIS Values.**

A Developer may elect partial CRIS for its project. ~~Generators~~ All projects qualifying for CRIS will have two CRIS values: one for the Summer Capability Period and one for the ~~w~~Winter ~~e~~Capability ~~p~~Period. The CRIS value for the Summer Capability Period will be set using the deliverability test methodology and procedures described below. The CRIS value for the Winter Capability Period will be set at a value that will maintain the same proportion of CRIS to ERIS as the facility has for the Summer Capability Period. The ERIS value that will be used to determine the CRIS to ERIS ratio for purposes of determining Winter CRIS pursuant to this Section 25.7.6 will be the following, as applicable: (i) for facilities that were evaluated for ERIS in the NYISO's Large Facility Interconnection Procedures in Attachment X to the NYISO

OATT or the NYISO's Small Generator Interconnection Procedures in Attachment Z to the NYISO OATT ("NYISO's interconnection procedures"), the ERIS value reflected in the Class Year Study or Small Generator Interconnection Facilities Study, as applicable; (ii) for facilities other than BTM:NG Resources, not evaluated for ERIS in the NYISO's interconnection procedures, the facility's baseline ERIS as determined in accordance with Section 30.3.1 or 32.1.3 of the NYISO's interconnection procedures, as applicable, plus any permissible increase to the baseline ERIS permitted by the applicable provisions of this Attachment S or the NYISO's interconnection procedures; or (iii) for BTM:NG Resources not evaluated for ERIS in the NYISO's interconnection procedures, the Dependable Maximum Gross Capability.

#### **25.7.7 Class Year Deliverability Study Procedures.**

The NYISO staff will conduct the Class Year Deliverability Study, as described in these rules, in cooperation with Market Participants. No Market Participant will have decisional control over any determinative aspect of the Class Year Deliverability Study. The NYISO and its staff will have decisional control over the entire Class Year Deliverability Study. If, at any time, the NYISO staff decides that it needs specific expert services from entities such as Market Participants, consultants or engineering firms for it to conduct the Class Year Deliverability Study, then the NYISO will enter into appropriate contracts with such entities for such input. As it conducts each Class Year Deliverability Study, the NYISO staff will provide regularly scheduled status reports and working drafts, with supporting data, to the Operating Committee to ensure that all affected Market Participants have an opportunity to contribute whatever information and input they believe might be helpful to the process. Each completed Class Year Deliverability Study will be reviewed and approved by the Operating Committee, when the Operating Committee approves the ATRA for the same Class Year. Each Class Year

Deliverability Study is reviewable by the NYISO Board of Directors in accordance with the provisions of the Commission-approved ISO Agreement.

25.7.7.1 Starting with Class Year 2012, if the NYISO determines that additional System Deliverability Upgrade studies are required pursuant to Section 25.5.9 of this Attachment S, NYISO will notify all Class Year Projects that such additional System Deliverability Upgrade studies will be conducted, such notice to be provided as soon as practicable after the NYISO presents the results of the Class Year Deliverability Study to stakeholders. Within 10 business days from such notification, any Class Year Project may elect to (1) withdraw from the Class Year; (2) withdraw its CRIS request and remain in the Class Year for ERIS; or (3) keep its CRIS request, but elect to have no System Deliverability Upgrade identified to make the project deliverable at its level of requested CRIS. If a Class Year Project elects to keep its CRIS request, but with no System Deliverability Upgrade identified to make the project fully deliverable, the project has the option of accepting or not accepting its Deliverable MWs, as specified in the Class Year Interconnection Facilities Study report. If a Class Year Project elects to withdraw entirely from the Class Year at this juncture, the Class Year from which the project drops out will still count as one of the two Class Years a project may enter under Section 25.6.2.3.4 of Attachment S.

#### **25.7.8 Deliverability Test Methodology for Highways and Byways.**

25.7.8.1 Definition of NYCA Deliverability. The NYCA transmission system shall be able to deliver the aggregate of NYCA capacity resources to the aggregate of the NYCA load under summer peak load conditions. This is accomplished

through ensuring the deliverability of each Class Year CRIS Project~~new Large Facilities, new Small Generators larger than 2 MWs, and any existing facility increasing its capacity by more than the 2 MWs allowed by Section 30.3.2.6 of the Large Facility Interconnection Procedures contained in OATT Attachment X,~~ in the Capacity Region where the facility interconnects.

25.7.8.2 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:

25.7.8.2.1 All ~~proposed projects seeking Class Year~~ CRIS Projects 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.

25.7.8.2.2 Each entity requesting External CRIS Rights will request a certain number of MW to be evaluated for deliverability pursuant to Section 25.7.11 of this Attachment S. The MW of an entity requesting External CRIS Rights will not be derated for the deliverability analysis.

25.7.8.2.3 Each Developer requesting CRIS will request that a certain number of MW, not to exceed the name-plate rating of its facility, be evaluated for deliverability; provided however, if the Class Year CRIS Project is a BTM:NG Resource, the requested CRIS cannot exceed its Net ICAP, or if Net ICAP is not available, its Estimated Net ICAP. The MW requested by a Developer will represent Installed Capacity, and will be derated for the deliverability analysis. At

the conclusion of the analysis, the NYISO will reconvert only the deliverable MW and report them in terms of MW 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” or Net UCAP, as applicable. of each resource and can be referred to as the UCAP Deration Factor (“UCDF”). The UCDF used is the average from historic ICAP to UCAP translations on a Capacity Region basis, as determined in accordance with ISO Procedures. This is the average EFORD, which will be used for all non intermittent ICAP providers. The UCDF for intermittent resources will be calculated based on their resource type in accordance with ISO Procedures. The UCDF factor for proposed projects will be applied to the requested CRIS level. For facilities modeled in the ATBA, the UCDF will be applied to their CRIS level.

The CRIS for each facility, regardless of outage state, will be modeled in Deliverability Studies for the Class Year unless that CRIS will expire prior to the scheduled completion of the applicable Class Year study or the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration.

25.7.8.2.4 Load uncertainties will be addressed in accordance with ISO Procedures by taking the impact of Load Forecast Uncertainty (“LFU”) from the most recent base case IRM and applying it to load.

- 25.7.8.2.5 Deliverability base case conditioning steps will be consistent with those used for the Comprehensive Reliability Planning Process and Area Transmission Review transfer limit calculation methodology.
- 25.7.8.2.6 In deliverability testing, Emergency transfer criteria and contingency testing will be in conformance with NYSRC rules and correspond to that used in the NYISO Comprehensive Reliability Planning Process studies.
- 25.7.8.2.7 The NYISO will monitor all transmission facilities that are part of the New York State Transmission System.
- 25.7.8.2.8 When either the voltage or stability transfer limit of an interface calculated in the ATBA is more binding than the calculated thermal transfer limit, then the lower of the ATBA voltage or stability transfer limit will be included in the deliverability testing as a proxy limit.
- 25.7.8.2.9 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 Schedule C of Attachment CC to the OATT, (iii) the appropriate rules for reflecting PJM service to RECo load, (iv) 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, (v) in Class Year 2008 and 2009, 1090 MW of imports made over the Quebec (via Chateauguay) interface, and (vi) beginning with Class Year 2010 and in subsequent Class Years, any External CRIS Rights awarded pursuant to Section

25.7.11 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, as of the Class Year Start Date, the time available to renew the External CRIS Rights has expired, as described in Section 25.9.3.2.2 of this Attachment S.

25.7.8.2.10 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.

25.7.8.2.11 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.

25.7.8.2.12 PARs within the applicable Capacity Region will be adjusted as necessary, in either direction and within their angle capability, to eliminate or minimize overloads without creating new ones. PARs controlling external ties and ties between the Capacity Regions will be modeled, within their angle capability, to hold the individual tie flows to their respective deliverability baseline schedules, which shall be set recognizing firm commitments and operating protocol set forth in Schedule C of Attachment CC to the OATT.

25.7.8.2.13 Deliverability testing will proceed as follows - The generation/load mix is split into two groups of generation and load, one upstream and one downstream for each zone or sub-zone tested within the Capacity Region. All elements that

are part of the New York State Transmission System within the Capacity Region will be monitored. If there is excess generation upstream (that is, more upstream generation than is necessary to serve the upstream load plus LFU) then the generation excess, taking into account generator derate factors described in Section 25.7.8.2.2 above, is assumed to displace downstream generation. If the dispatch of the upstream excess generation causes an overload, this overload is flagged as a potential deliverability problem and will be used to determine the amount of capacity that is assigned CRIS status and the overload mitigation.

25.7.8.2.14 For Highway interfaces, the generator or merchant transmission projects in a Class Year, whether or not they are otherwise deliverable, will not be considered deliverable if their aggregate impact degrades the transfer capability of the interface more than the lesser of 25 MW or 2 percent of the transfer capability identified in the ATBA and results in an increase to the NYCA LOLE determined for the ATBA of .01 or more. The Class Year projects causing the degradation will be responsible, on a pro rata basis, for restoring transfer capability only to the extent their aggregate degradation of transfer capability, compared to that in the ATBA, would not occur but for the Class Year projects.

#### **25.7.9 Deliverability Test Methodology for Other Interfaces.**

The generator or merchant transmission projects in a Class Year, whether or not they are otherwise deliverable across Highways and Byways, will not be considered deliverable if their aggregate impact degrades the transfer capability of any Other Interface more than the lesser of 25 MW or 2 percent of the transfer capability of the Other Interface identified in the ATBA. Each Developer will be responsible for its pro rata Class Year share of one hundred percent

(100%) of the cost of System Deliverability Upgrades needed to restore transfer capability on the Other Interfaces impacted by the Class Year Projects but only to the extent that the degradation of transfer capability on the Other Interfaces, compared to that measured in the current Class Year ATBA, would not occur but for the aggregate impact of the Class Year Projects. Where two or more projects contribute to the degradation of the transfer capability of an Other Interface, each project Developer shall pay for a share of the required System Deliverability Upgrades based on its contribution to the degradation of the transfer capability.

#### **25.7.10 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 25.7.8 and 25.7.9 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 Capacity Year, to determine the amount of External Installed Capacity that can be imported to the New York Control Area.

#### **25.7.11 CRIS Rights For External Installed Capacity**

An entity, by following the procedures and satisfying the requirements described in this Section 25.7.11, may obtain External CRIS Rights. While the External CRIS Rights are in effect, External Installed Capacity associated with External CRIS Rights is not subject to (1) the deliverability determination described above in Section 25.7.10 of this Attachment S, (2) the annual deliverability determination applied in the import limit setting process described in Section 5.12.2.2 of the Services Tariff, or (3) to the allocation of import rights described in ISO Procedures.

#### **25.7.11.1 Required Commitment of External Installed Capacity.**

An entity requesting External CRIS Rights for a specified number of MW of External Installed Capacity must commit to supply that number of MW of External Installed Capacity for a period of at least five (5) years ("Award Period"). The entity's commitment to supply the specified number of 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.

**25.7.11.1.1 Contract Commitment.** An entity making a Contract Commitment of External Installed Capacity must have one or more executed bilateral contract(s) to supply a specified number of MW of External Installed Capacity ("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 Installed Capacity to fulfill its bilateral supply contract throughout the Award Period, and that otherwise satisfies NYISO requirements.

25.7.11.1.1.1 The bilateral supply contract(s) individually or in the aggregate, must be for all months of the Summer Capability Periods over the term of the bilateral supply contract(s), 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 Installed Capacity under the bilateral supply contract(s) ("Specified Winter Months").

25.7.11.1.1.2 The bilateral supply contract(s) must be for the same number of MW for all months of the Summer Capability Periods ("Summer Contract CRIS MW") and the same number of MW 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.

25.7.11.1.1.3 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).

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

25.7.11.1.2.1 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.

25.7.11.1.2.2 The commitment must be for the same number of MW for each month of the Summer Capability Period (“Summer Non-Contract CRIS MW”), and the same number of MW 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.

**25.7.11.1.2.3** An entity holding External CRIS Rights under a Non-Contract

Commitment must offer the committed capacity (a) in at least one of the following NYCA auctions: the Capability Period Auction, the Monthly Auction or the ICAP Spot Market Auction, or (b) through a certified and scheduled Bilateral Transaction (as such terms not defined in this Attachment S are defined in the Services Tariff). 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).

**25.7.11.1.2.4** Notwithstanding other capacity mitigation measures that may apply, the

offers to sell Installed Capacity into an auction 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 5.12.2.4 of the Services Tariff.

**25.7.11.1.3 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 25.7.11.1.1 and 25.7.11.1.2, the entity shall pay the NYISO an amount equal to 1.5 times the Installed Capacity Spot Auction 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 ("Supply Failure"), times the number of MW committed under the Non-Contract or Contract Commitment but not offered.

25.7.11.1.3.1 Within a given Award Period and each subsequent renewal of an Award Period pursuant to Section 25.9.3.2.2 herein, for the first three instances of a Supply Failure, no additional actions will be taken. Upon the fourth instance within the Award Period or the fourth instance within a subsequent renewal period of a Supply Failure, 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 25.7.11.1.4.2 below. Nothing in this Section 25.7.11.1.3 shall be construed to limit or diminish any provision in the Market Power Mitigation Measures or the Market Monitoring Plan.

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

25.7.11.1.4.1 **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 5.12.2.3 of the Services Tariff.

25.7.11.1.4.2 Class Year Deliverability Study. An entity may seek to obtain External CRIS Rights for its External Installed Capacity by requesting that its External Installed Capacity be evaluated for deliverability in the Open Class Year. To make such a request an entity must provide 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 Installed Capacity to be evaluated, and the specific External Interface(s). The first Class Year Deliverability Study to evaluate requests for External CRIS Rights will be that for Class Year 2010. After the NYISO receives a completed External CRIS Rights Request, an entity making a Contract Commitment or Non-Contract Commitment that satisfies the requirements of Section 25.7.11.1 of this Attachment S will be eligible to proceed, as follows:

25.7.11.1.4.2.1 The entity is made a Class Year Project when the NYISO receives the entity's executed Class Year Interconnection Facilities Study Agreement for External Installed Capacity and all required data and the full deposit.

25.7.11.1.4.2.2 The entity's MW of External Installed Capacity covered by its bilateral contract(s) or, in the case of a Non-Contract Commitment the number of MW committed by the entity, are evaluated for deliverability within the Rest of State Capacity Region. The entity's External Installed Capacity 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 import limit, established pursuant to ISO procedures, for the applicable External Interface that is in effect on the Class Year Start Date when combined, to

the extent not already reflected in the import limit, 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"). In addition to the other requirements stated herein, External CRIS Rights will only be awarded to the extent that the Combined Total MW does not exceed the import limit, as described above.

25.7.11.1.4.2.3 The Class Year Deliverability Study report will include an SDU Project Cost Allocation and a Deliverable MW number for the entity's External Installed Capacity.

25.7.11.1.4.2.4 The entity will have the same decision alternatives as other Class Year Projects participating in the Deliverability Study only. That is, the entity may either (a) accept its SDU Project Cost Allocation, (b) decline its SDU Project Cost Allocation and accept its Deliverability MW figure, or (c) decline both its SDU Project Cost Allocation and its Deliverable MW. If the entity does decline both its SDU Project Cost Allocation and its Deliverable MW, the entity's External Installed Capacity 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.

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

25.7.11.1.4.2.6 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 agreement(s) with the NYISO and the Connecting Transmission Owner and any Affected Transmission Owner to cover the engineering, procurement and construction of the SDUs.

25.7.11.1.4.2.7 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 MW quantity, must provide specific contract and resource information to the NYISO. Unless entities are supplying External Installed Capacity as Control Area System Resources, requests for External Installed Capacity 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 ISO Procedures and deadlines specified therein.

25.7.11.1.4.2.8 If the entity satisfies the requirements described in this Section 25.7.11.1.4, the entity will obtain External CRIS Rights for the number of MW determined to be deliverable, made deliverable through an SDU (with an accepted SDU Project Cost Allocation), or deemed deliverable through a commitment to pay for an SDU.

## **25.7.12 Cost Allocation for Highway System Deliverability Upgrades**

25.7.12.1 If the portion of the Highway System Deliverability Upgrades (measured in MW) required to make one or more CRIS 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 each~~ Developer(s) of ~~the~~ Class Year CRIS ~~P~~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.

25.7.12.2 If the portion of the System Deliverability Upgrades required to make one or more CRIS projects in a Class Year deliverable is less than 90% of the total size (measured in MW) of the Highway System Deliverability Upgrade, the Developer(s) will be required to pay or commit to pay for a percentage share of the total cost of the Highway System Deliverability Upgrades equal to the estimated percentage megawatt usage by the Class Year CRIS Project of the total megawatts provided by the System Deliverability Upgrades. Other generators or merchant transmission projects in the current Class Year Deliverability Study may share in the cost of these System Deliverability Upgrades, on the same basis. Projects in the current Class Year Deliverability Study 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 25.7.12. 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 provide to its Connecting Transmission Owner and any Affected Transmission Owners will be included in the Class Year Deliverability Study report. If the Developer chooses to provide Security, its allocated cost will be increased by an annual construction-focused inflation index. The Developer will update its Security on an annual basis to reflect this increase. Except for this adjustment for inflation, the cost allocated to the Developers will not be increased if the estimated cost of the Highway System Deliverability Upgrade increases. However, the costs allocated to subsequent Developers will be based on a current cost estimate of the Highway System Deliverability Upgrade project.

25.7.12.3 The generator or merchant transmission facility will be considered deliverable, and eligible to become a qualified Installed Capacity Supplier or to receive Unforced Capacity Deliverability Rights, when it is in service, provided it has paid its share of the total cost of System Deliverability Upgrades necessary to support the requested CRIS level, or made a satisfactory commitment to do so. Highway System Deliverability Upgrades--where the System Deliverability Upgrades are below the 90% threshold discussed in Section 25.7.12.2 above--will be constructed and funded either (i) according to Sections 25.7.12.3.1 and 25.7.12.3.2 below, or (ii) according to Section 25.7.12.3.3 below.

25.7.12.3.1 When a threshold of 60% of the most current cost estimate of the System Deliverability Upgrade has been paid or posted as Security by Developers, the

Highway System Deliverability Upgrade will be built by the Transmission Owner that owns the facility to be upgraded. If the facility to be constructed will be entirely new, construction should be completed by the Transmission Owner that owns or controls the necessary site or right of way. If no Transmission Owner(s) has such control, construction should be completed by the Transmission Owner in whose Transmission District the facility would be constructed. If the upgrade crosses multiple Transmission Districts, each Transmission Owner will be responsible for the portion of the upgrade in its Transmission District; and

25.7.12.3.2 The actual cost of the Highway System Deliverability Upgrade project above that paid for by Developers will be funded by Load Serving Entities, using the rate mechanism contained in Schedule 12 of the NYISO OATT. Load Serving Entity funding responsibility for the Highway System Deliverability Upgrade will be allocated among Load Serving Entities based on their proportionate share of the ICAP requirement in the statewide capacity market, adjusted to subtract their locational capacity requirements. Provided, however, Load Serving Entities will not be responsible for actual costs in excess of their share of the final Class Year estimated cost of the Highway System Deliverability Upgrade if the excess results from causes, as described in Section 25.8.6.4 of this Attachment S, within the control of a Transmission Owner(s) responsible for constructing the Highway System Deliverability Upgrade; or

25.7.12.3.3 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 25.7.12.3.1, the facility will be

constructed as determined in the CRPP. Funds collected from Developers (pursuant to Section 25.7.12.2, 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 31.4.1, 31.4.2 and 31.4.4 of Attachment Y to the NYISO OATT.

25.7.12.4 If a Developer has accepted its Project Cost Allocation, before construction of an identified System Deliverability Upgrade for a Highway is commenced, if a Developer elects to be retested for deliverability it may request to be placed in the then Open Class Year. The Developer's cost responsibility for System Deliverability Upgrades shall not increase as a result of such retesting. It may decrease or be eliminated. If the Developer's facility is found to be deliverable without the System Deliverability Upgrades previously identified, the Developer's Security posting will be terminated, or the Developer's cash payment will be returned with the interest earned.

25.7.12.5 When the Highway System Deliverability Upgrades are built, any resulting Incremental TCCs will be distributed to the Developers in proportion to their funding of the Highway System Deliverability Upgrade.

25.7.12.5.1 Incremental TCCs attributable to Load Serving Entity funding will be sold by the NYISO, and the NYISO will credit the Load Serving Entities in proportion

to their funding of the Highway System Deliverability Upgrade, in accordance with Section 6.12.3.4 of Schedule 12 of the NYISO OATT.

25.7.12.6 As new generators and merchant transmission facilities come on line and use the Headroom on System Deliverability Upgrades created by a prior Highway System Deliverability Upgrade, the Developers of those new facilities will reimburse the prior Developers or will compensate the Load Serving Entities who funded the System Deliverability Upgrades for use of the Headroom created by the prior Developers and Load Saving Entities in accordance with Sections 25.8.7 and 25.8.8 of these rules.

25.7.12.6.1 As new Developers make Headroom payments to prior Developers, the related Incremental TCCs previously distributed to the prior Developers will be transferred to the new Developers in proportion to the Headroom use and payments made by the new Developers.

25.7.12.6.2 As new Developers compensate Load Serving Entities for use of their Headroom, the NYISO will continue to sell the Incremental TCCs attributable to Highway System Deliverability Upgrades and Headroom funded by Load Serving Entities, and the NYISO will apportion the revenues among new Developers and Load Serving Entities in accordance with Section 6.12.4.2 of Schedule 12 of the NYISO OATT. The apportionment of these revenues to new Developers will continue beyond the eligibility of Load Serving Entities for such payments.

25.7.12.7 The Transmission Owner responsible for constructing a System Deliverability Upgrade or a Developer contributing toward the cost of a System Deliverability Upgrade can elect to construct upgrades that are larger and/or more

expensive than the System Deliverability Upgrades identified to support the requested level of CRIS for the Class Year CRIS Project in the Class Year Deliverability Study, provided that those upgrades are reasonably related to the Class Year Project. The party electing to construct the larger upgrade will pay for the incremental cost of the upgrade; *i.e.*, the difference in cost between the cost of the System Deliverability Upgrades as determined by these rules, and the cost of the larger and/or more expensive upgrade.

## 25.8 Project Cost Allocation Decisions

### 25.8.1 Project Cost Allocation Figures

Starting with the Class Year subsequent to Class Year 2012, each Developer in the Open Class Year whose project is not yet In-Service will specify an Interconnection Service evaluation election and provide an updated In-Service Date and Commercial Operation Date (subject to the limitations set forth in Sections 30.3.3.1 and 30.4.4.5 of Attachment X) when it executes a Class Year Interconnection Facilities Study Agreement. If the Class Year Project is covered by a new Interconnection Request, the Developer will either elect to be evaluated for ERIS alone, or elect to be evaluated for both ERIS and for some MW level of CRIS, not to exceed the nameplate capacity of its facility; provided however, if the Class Year ~~CRIS~~ Project is a BTM:NG Resource, it can elect to be evaluated for ERIS alone, or both ERIS and some MW level of CRIS, not to exceed its Net ICAP, or if Net ICAP is not available, its Estimated Net ICAP. If the Class Year Project is existing and/or already interconnected taking ERIS, ~~and not covered by a new Interconnection Request,~~ the Class Year Project will be evaluated for a MW level of CRIS specified by the Developer, not to exceed the nameplate capacity of its facility, or for a BTM:NG Resource, not to exceed the Net ICAP or Estimated Net ICAP, as applicable.

Based on these Interconnection Service evaluation elections, on the Annual Transmission Reliability Assessment update of Interconnection System Reliability Impact Study results, and on the results of the Class Year Deliverability Study, NYISO staff shall, in accordance with these rules, provide the Developer of each interconnection project included in the then current Class Year with a dollar figure for its share of the cost of the System Upgrade Facilities required for reliable interconnection of the project to the New York State Transmission System ("SUF Project Cost Allocation"). The NYISO shall also provide each Class Year Developer requesting

CRIS with (i) a dollar figure for its share of the cost of the System Deliverability Upgrades required for the megawatt level of CRIS requested for the Class Year Project (“SDU Project Cost Allocation”), and (ii) the number of megawatts of Installed Capacity, if any, that are deliverable from the Class Year Project with no new System Deliverability Upgrades (“Deliverable MWs”). The NYISO shall also provide a dollar figure for the total cost of the System Upgrade Facilities and System Deliverability Upgrades required for interconnection of the Class Year Project, as well as a description of the required System Upgrade Facilities and System Deliverability Upgrades, their expected in-service date, and a plan for their installation that is sufficient to verify these dollar figures. The NYISO shall also provide a dollar figure for the total cost of all System Upgrade Facilities required by projects in the Class Year and a dollar figure for the total cost of the System Deliverability Upgrades necessary to support the level of CRIS requested by each Class Year Developer. Each Class Year Developer will be given the Project Cost Allocation(s) and, Deliverable MWs, if any associated with its Interconnection Service evaluation election, as soon as practicable prior to the submittal of the Annual Transmission Reliability Assessment and Class Year Deliverability Study to the Operating Committee.

#### **25.8.2 Decision Periods**

Within 30 calendar days following approval of the Annual Transmission Reliability Assessment and Class Year Deliverability Study by the Operating Committee (the “Initial Decision Period”), or within 7 calendar days following the NYISO’s issuance of a revised Annual Transmission Reliability Assessment, Class Year Deliverability Study and accompanying Revised Project Cost Allocation and revised Deliverable MWs report, as defined in and pursuant to Section 25.8.3 (a “Subsequent Decision Period”), if applicable, each Developer shall provide notice to the NYISO, in writing and via electronic mail, stating whether

it shall accept (an “Acceptance Notice”) or not accept (a “Non-Acceptance Notice”) the Project Cost Allocation(s) and Deliverable MWs, if any, reported to it by the NYISO. Failure to notify the NYISO by the prescribed deadline as to whether a Developer accepts or rejects its Project Cost Allocation and Deliverable MWs, if any, will be deemed a Non-Acceptance Notice. Each Developer may respond with either an Acceptance Notice or a Non-Acceptance Notice to each Project Cost Allocation and Deliverable MWs reported to it by the NYISO. Starting with Class Year 2012, an Acceptance Notice for projects not yet In-Service must also include a confirmed In-Service Date and Commercial Operation Date, subject to the limitations set forth in Section 30.4.4.5 of Attachment X. A Developer in its first Class Year Interconnection Facilities Study and requesting to be evaluated for CRIS may accept both its SDU Project Cost Allocation and its SUF Project Cost Allocation. Alternatively, that Developer may provide a Non-Acceptance Notice for its SDU Project Cost Allocation and at the same time accept, or not accept its Deliverable MWs. Or, as another alternative, that same Developer may elect to interconnect taking ERIS by providing an Acceptance Notice only for its SUF Project Cost Allocation. Starting with Class Year 2012, a Developer that accepts an SUF and/or SDU Project Cost Allocation will not be provided with the option to accept a Revised Project Cost Allocation following a Subsequent Decision Period unless the Revised Project Cost Allocation provides for (1) an increase in the SUF or the SDU Project Cost Allocation; or (2) a decrease in the Class Year Project’s Deliverable MWs .

As soon as practicable following receipt of either an Acceptance Notice or Non-Acceptance Notice from each Class Year Developer, but not later than two (2) business days following receipt, the NYISO shall report to all Class Year Developers, in writing and via electronic mail, all of the acceptance Notices and Non-Acceptance Notices that were received

from all of the Developers in the then-current Class Year. Starting with Class Year 2012, consistent with Section 30.4.4.5 of Attachment X, for any project that fails to provide a confirmed In-Service Date and Commercial Operation Date in its Acceptance Notice or that provides a proposed In-Service Date or Commercial Operation Date with its Acceptance Notice that is beyond the time period permissible by Section 30.4.4.5 of Attachment X, the NYISO's Interconnection queue will reflect the latest possible permissible date, even if that requires the NYISO to reject and modify the proposed In-Service Date or Commercial Operation Date provided in the Class Project's Acceptance Notice. Subsequent modifications to a project's In-Service Date or Commercial Operation Date are governed by Section 30.4.4.5.2 of Attachment X.

25.8.2.1 If, following the Initial Decision Period or any Subsequent Decision Period, each and every Developer that remains eligible at that time provides Acceptance Notice(s), each Developer must signify its willingness to pay the Connecting Transmission Owner and Affected Transmission Owner(s) for its share of the required System Upgrade Facilities and System Deliverability Upgrades by (i) satisfying Headroom payment/security posting obligations, if any, as specified in Section 25.8.7.6 and (ii) paying cash or posting Security (as hereinafter defined) in accordance with these rules, for the full amount of its respective Project Cost Allocation within 5 business days after the end of the Initial Decision Period or Subsequent Decision Period, as applicable. "Security" means a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the Connecting Transmission Owner and Affected Transmission Owner(s), meeting the requirements of these cost allocation rules, and meeting the respective commercially reasonable requirements of the Connecting Transmission Owner and

Affected Transmission Owner(s). Security shall be posted to cover the period ending on the date on which full payment is made to the Connecting Transmission Owner for the System Upgrade Facilities, and the date(s) on which full payment is made to the Connecting Transmission Owner or Affected Transmission Owner(s) for the System Deliverability Upgrades; provided, however, that Security may be posted with a term as short as one year, so long as such Security is replaced no later than 15 business days before its stated expiration. In the event Security is not replaced as required in the preceding sentence, the Connecting Transmission Owner, or an Affected Transmission Owner in the case of Security for System Deliverability Upgrades, shall be entitled to draw upon the Security and convert it to cash, which cash shall be held by the Connecting Transmission Owner or Affected Transmission Owner for the account of the Developer. The round in which no remaining eligible Developers issues a Non-Acceptance Notice or commits a Security Posting Default shall be the final round for that Class Year (the “Final Decision Round”).

25.8.2.2 At the end of the Initial Decision Period or any Subsequent Decision Period, if one or more of the Developers in the Class Year provides Non-Acceptance Notice (such event a “Non-Acceptance Event”), then every Developer in the Class Year shall be relieved of its obligation to pay cash or post Security in connection with that version of its Project Cost Allocation for both System Upgrade Facilities and System Deliverability Upgrades. In addition, following the Initial Decision Period or any Subsequent Decision Period, if all Developers in the Class Year provide Acceptance Notice under the Class Year Deliverability Study, the ATRA or both, but one or more of the Developers fails to pay cash or post the Security required hereunder (such event a “Security Posting Default”),

then the beneficiaries of the payments and Security posted by the Developers that did pay or post Security (*e.g.*, the Connecting Transmission Owners and Affected Transmission Owners) shall surrender the cash and posted Security to the respective Developers immediately. The Connecting Transmission Owners or Affected Transmission Owner(s) shall not make any draws or encumbrances on any cash or posted Security unless and until cash has been paid and Security has been posted by all Developers that issued Acceptance Notices in the Final Decision Round.

25.8.2.3 Following the Initial Decision Period, or any Subsequent Decision Period, if a Non-Acceptance Event or a Security Posting Default shall have occurred with respect to the ATRA, the Developer that provided the Non-Acceptance Notice or committed the Security Posting Default with respect to its SUF Project Cost Allocation will be removed by the NYISO from the then current Class Year Interconnection Facilities Study. If a Developer provides an Acceptance Notice and posts the required Security for its SUF Project Cost Allocation, or has done so in a prior Class Year, but provides a Non-Acceptance Notice with respect to its SDU Project Cost Allocation, it may issue an Acceptance Notice for its Deliverable MW and interconnect taking CRIS at that level. If the Developer either (i) provides a Non-Acceptance Notice with respect to both its SDU Project Cost Allocation and its Deliverable MWs, or (ii) commits a Security Posting Default with respect to its SDU Project Cost Allocation, then that Developer shall be removed from the Class Year Deliverability Study, but it may continue to participate in the ATRA and interconnect taking ERIS if it provides an

Acceptance Notice and posts the required Security for its SUF Project Cost Allocation. The Developer electing to interconnect taking ERIS may later request, any number of times, to be placed in the then Open Class Year and be evaluated for CRIS. The Developer will not be re-evaluated for ERIS. Once evaluated for CRIS in the later Class Year, the Developer may elect to accept either its SDU Project Cost Allocation or its Deliverable MWs, or the Developer may provide a Non-Acceptance Notice for both its SDU Project Cost Allocation and its Deliverable MWs and continue its interconnection taking ERIS. If the Developer does provide a Non-Acceptance Notice for both its SDU Project Cost Allocation and Deliverable MWs and continues taking ERIS, the Developer may later request to be placed in the then Open Class Year and be evaluated again for CRIS. If, however, a Developer provides a Non-Acceptance Notice or commits a Security Posting Default for its SUF Project Cost Allocation, that Class Year Project shall be removed from both the ATRA and, if applicable, the Class Year Deliverability Study, and that Developer's Interconnection Request will be processed further in accordance with Section 25.6.2.3 above.

25.8.2.4 Whenever projects are removed from an Annual Transmission Reliability Assessment and/or Class Year Deliverability Study, NYISO staff will notify the Developers of the remaining Class Year Projects still included in the Annual Transmission Reliability Assessment and/or Class Year Deliverability Study.

### **25.8.3 Revised Study Results and Project Cost Allocations**

Immediately following receipt of Non-Acceptance Notices for any SDU Project Cost Allocations or SUF Project Cost Allocations or Deliverable MWs, or upon the occurrence of a

Security Posting Default, the NYISO shall update the Class Year Interconnection Facilities Study results for those remaining Class year Projects that continue to be included in the then-current Annual Transmission Reliability Assessment and Class Year Deliverability Study to reflect the impact of Non acceptance Notices and any Security posting Default. The updated Class Year Interconnection Facilities Study shall include updated SUF Project Cost Allocations and updated SDU Project Cost Allocations (each a “Revised Project Cost Allocation”) together with a revised Deliverable MWs report. The updated Class Year Interconnection Facilities Study shall be issued as soon as practicable, but in no event later than 14 calendar days following the occurrence of the Non-Acceptance Event or the Security Posting Default that necessitated development of the Revised Project Cost Allocations and revised Deliverable MWs report. The NYISO shall also provide the additional dollar figures relating to total cost and Class Year projects, and the related information, described in Section 25.8.1, above. Following the issuance of the revised Annual Transmission Reliability Assessment and Class Year Deliverability Study, and the issuance of Revised Project Cost Allocations and the revised Deliverable MWs report, each remaining Developer shall provide notice to the NYISO within 7 calendar days whether it will accept its respective Revised Project Cost Allocation and revised Deliverable MWs.

#### **25.8.4 Completion of Decision Process**

The process set forth in Sections 25.8.2 through 25.8.3 shall be repeated until either (a) none of the remaining eligible Developers in the Class Year provides a Non-Acceptance Notice or commits a Security Posting Default, or (b) all Developers have dropped out of the Class Year.

#### **25.8.5 Forfeiture of Security**

With the exception of the requirement that cash and Security shall be surrendered back to the issuing Developer in connection with another Developer’s Security Posting Default, once a

Developer has accepted the Project Cost Allocation(s) or Revised Project Cost Allocation(s) appropriate for its Interconnection Service election, as the case may be, and paid cash and posted Security or posted Security for that amount, such cash payment and Security shall be irrevocable and shall be subject to forfeiture as provided herein in the event that the Developer that paid cash and posted Security or posted the Security subsequently terminates or abandons development of its project. Any cash and Security previously posted on a terminated interconnection project will be subject to forfeiture to the extent necessary to defray the cost of the System Upgrade Facilities and System Deliverability Upgrades required for the projects still included in the Annual Transmission Reliability Assessment and Class Year Deliverability Study, but only as described below. Security for System Upgrade Facilities constructed by the Developer (i.e., for which the Developer elects the option to build), shall be reduced after discrete portions of the System Upgrade Facilities have been completed, such reductions to be based on cost estimates from the Class Year Interconnection Facilities Study, subject to review by the Connecting Transmission Owner, and transfer of ownership to the Connecting Transmission Owner as applicable of all subject property, free and clear of any liens, as well as transfer of title and any transferable equipment warranties reasonably acceptable to the Connecting Transmission Owner. For System Upgrade Facilities constructed by the Connecting Transmission Owner, Security shall be reduced after discrete portions of the System Upgrade Facilities have been completed by the Transmission Owner and paid for by the Developer, on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner pursuant to an E&P Agreement or Interconnection Agreement, subject to the Connecting Transmission Owner's review and approval.

## **25.8.6 Developer's Future Cost Responsibility**

Once a Developer has accepted a Project Cost Allocation or Revised Project Cost Allocation, as the case may be, in the Final Decision Round and paid cash and posted Security or posted Security for that amount, then the accepted figure caps the Developer's maximum potential responsibility for the cost of System Upgrade Facilities and System Deliverability Upgrades required for its project, except as discussed below.

- 25.8.6.1 If the portion of the Highway System Deliverability Upgrades required to make the Developer's generator or merchant transmission facility deliverable is less than 90% of the total size of the Highway System Deliverability Upgrade identified for the Developer's project, and the Developer elects to commit to pay for its proportionate share of the Highway System Deliverability Upgrade by posting Security instead of paying cash, then the Developer's allocated cost of the Highway System Deliverability Upgrade will be increased during the period of construction deferral by application of a construction inflation adjustment, as discussed in Section 25.7.12.2 of these rules. When deferred construction of the Highway System Deliverability 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 System Deliverability 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 MW) 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

Sections 25.8.6.2-25.8.6.4 of this Attachment S.

25.8.6.2 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.

25.8.6.3 If the actual cost of the Developer's share of required System Upgrade Facilities or System Deliverability Upgrades would be greater than the agreed-to and secured amount because other projects have been expanded, accelerated, otherwise modified or terminated, then the Developer is responsible only for the agreed-to and secured amount for its project. The additional cost is covered by the Developers of the modified projects, in accordance with these cost allocation rules, or by the drawing on the cash that has been paid and the Security that has been posted for terminated projects, depending on the factors that caused the additional cost. Forfeitable cash and Security will be drawn on only as needed for this purpose, and only to the extent that the terminated project associated with that Security has caused additional cost.

25.8.6.4 If the actual cost of the Developer's share of required System Upgrade Facilities or System Deliverability Upgrades is greater than the agreed-to and secured amount because of circumstances that are not within the control of the Connecting Transmission Owner or Affected Transmission Owner(s) (such as, for example: (i) changes to the design or operating characteristics of the Class Year Project that impact the scope or cost of related System Upgrade Facilities or System Deliverability Upgrades; (ii) any costs that were not within the scope of

the Class Year Interconnection Facilities Study that subsequently become known as part of the final construction design; or (iii) cost escalation of materials or labor, or changes in the commercial availability of physical components required for construction), the cost cap shall be adjusted by any such amount and the Developer or the Load Serving Entity will pay the additional costs to the Connecting Transmission Owner or Affected Transmission Owner(s) as such costs are incurred by each of them. However, to the extent that some or all of the excess cost is due to factors within the control of the Connecting Transmission Owner or the Affected Transmission Owner(s) (such as, for example, additional construction man-hours due to Connecting Transmission Owner or the Affected Transmission Owner(s) management, or correcting equipment scope deficiencies due to Connecting Transmission Owner or the Affected Transmission Owner(s) oversights), then that portion of the excess cost will be borne by the Connecting Transmission Owner or the Affected Transmission Owner(s). Disputes between the Developer and the Connecting Transmission Owner concerning costs in excess of the agreed-to and secured amount will be resolved by the parties in accordance with the terms and conditions of their interconnection agreement. Disputes between the Developer and an Affected Transmission Owner will be resolved in accordance with Section 30.13.5 of the LFIP, or Section 32.4.2 of Attachment Z, as applicable.

#### **25.8.7 Headroom Accounting**

If, pursuant to these rules, a Developer, Connecting Transmission Owner, Affected Transmission Owner or Load Serving Entity (each an "Entity") pays for any System Upgrade

Facilities or System Deliverability Upgrades, or for any Attachment Facilities or Distribution Upgrades that are later determined to be System Upgrade Facilities or System Deliverability Upgrades, that create “Headroom”, and pays for the Headroom that is created, then that Entity will be paid the depreciated cost of that Headroom by the Developer of any subsequent project that interconnects and uses the Headroom within the applicable period of time following the creation of the Headroom, as specified in Section 25.8.7.4.3 herein. The NYISO will depreciate Headroom cost in accordance with Section 25.8.7.3 herein.

25.8.7.1 Developers of terminated projects who have paid for Headroom with forfeited cash or Security instruments, as well as Developers of completed projects who have paid for Headroom, will be repaid in accordance with these rules.

25.8.7.2 The Developer of the subsequent project shall pay the prior Entity as soon as the cost responsibilities of the subsequent Developer are determined in accordance with these rules. In the case of Headroom created by Load Serving Entity funding Highway System Deliverability Upgrades pursuant to Schedule 12 of the NYISO OATT, the Developer of the subsequent project shall pay the Connecting Transmission Owner, and any Affected Transmission Owner(s), that are receiving or will receive Load Serving Entity funding for the Highway System Deliverability Upgrades pursuant to Schedule 12 of the NYISO OATT. Upon receipt of the Developer Headroom payment, the Connecting Transmission Owner and any Affected Transmission Owner(s), will make the rate adjustment(s) called for by Section 6.12.4.1.3 of Schedule 12 of the NYISO OATT.

25.8.7.3 The NYISO will determine the depreciated cost of the System Upgrade Facilities and/or System Deliverability Upgrades associated with the Entity - created Headroom using one of the following two methods:

25.8.7.3.1 In all cases except the case of Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the NYISO OATT, the NYISO will use the FERC-approved depreciation schedule applied to comparable facilities by the Connecting Transmission Owner or the applicable Affected Transmission Owner. The NYISO will depreciate the Headroom cost annually, starting with the year when the Headroom account is first established.

25.8.7.3.2 In the case of Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the NYISO OATT, the NYISO will use the FERC-approved depreciation schedule applied to the particular Highway System Deliverability Upgrades by the Connecting Transmission Owner or the applicable Affected Transmission Owner pursuant to Schedule 12 of the NYISO OATT. The NYISO will depreciate the Headroom cost annually, starting with the year the Highway System Deliverability Upgrade is placed in service. If a Class Year Deliverability Study determines that a Class Year project uses Headroom on such a Highway System Deliverability Upgrade before the Highway System Deliverability Upgrade has been placed in service, the NYISO will calculate the Headroom use payment obligation of the Class Year project using the undepreciated cost of the Headroom.

25.8.7.4 Entity-created Headroom will be measured by the NYISO in accordance with these rules. The use that a subsequent project makes of Entity -created Headroom will also be measured by the NYISO in accordance with these rules.

25.8.7.4.1 In the case of Headroom on System Upgrade Facilities that have an excess functional capacity not readily measured in amperes or other discrete electrical units, the use that each subsequent project makes of the Entity-created Headroom will be measured solely by using the total number of projects in the current and prior Class Years needing or using the System Upgrade Facility.

25.8.7.4.1.1 The use that each project in a subsequent Class Year makes of Headroom on such a System Upgrade Facility will be measured as an amount equal to  $(1/b)$ , where “b” is the total number of projects in all prior and current Class Years using the System Upgrade Facility.

25.8.7.4.1.2 Each Developer in a subsequent Class Year that uses Headroom on such a System Upgrade Facility will make a Headroom payment to all prior Developers that have previously made payments for that System Upgrade Facility, both the prior Developers that have previously made Headroom payments and the Developers in the first Class Year that paid for the original installation of the System Upgrade Facility. The amount of the Headroom payment to each prior Developer that each Developer in a subsequent Class Year must make for its use of Headroom on such a System Upgrade Facility will be an amount equal to  $c/(b) \times (d)$ , where “c” is the depreciated cost of the System Upgrade Facility at the time of the subsequent Class Year Interconnection Facilities Study, “b” is the total number of projects in all prior and current Class Years using the System Upgrade

Facility, and “d” is the total number of projects in all the prior Class Years that have previously made payments for the System Upgrade Facility, both Headroom payments and payments for original installation.

25.8.7.4.2 In the case of System Upgrade Facilities or System Deliverability

Upgrades that have an excess capacity readily measured in amperes or other discrete electrical units, the use the subsequent project makes of the Entity-created Headroom will be measured in terms of the electrical impact of the subsequent project, as that electrical impact is determined by the NYISO in accordance with these rules.

25.8.7.4.3 The NYISO will publish accounts showing the Headroom for each Class

Year of Developers and other Entities, and will update those accounts to reflect the impact of subsequent projects. With the exception of Headroom on Highway System Deliverability Upgrades funded by Load Serving Entities pursuant to Schedule 12 of the NYISO OATT, the NYISO will close the Headroom account of an Entity when the electrical values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.

25.8.7.4.3.1 In the case of Headroom on Highway System Deliverability Upgrades

funded by Load Serving Entities pursuant to Schedule 12 of the NYISO OATT, the NYISO will close the Headroom account of the Load Serving Entity when the MW value in the account is reduced to zero, or at the end of the useful financial life of the Highway System Deliverability Upgrades, whichever occurs first.

25.8.7.4.4 If a subsequent Developer uses up all the Headroom of an earlier Entity, and also triggers the need for a new System Upgrade Facility or System Deliverability Upgrade, then the subsequent Developer will pay the Connecting Transmission Owner or Affected Transmission Owner for the new System Upgrade Facility or System Deliverability Upgrade, but will not pay the earlier Entity for the Headroom used up or the account extinguished. However, the earlier Entity will get a new Headroom account and a *pro rata* share of the Headroom in the new System Upgrade Facility or System Deliverability Upgrade purchased by the subsequent Developer. The economic value of this *pro rata* share will be equal to the economic value of the earlier Entity's Headroom account that was extinguished by the subsequent Developer.

25.8.7.5 For Class Years 2001 and 2002, the NYISO shall account for Headroom as provided by the Non-Financial Settlement. Developers in Class Year 2002 shall reimburse Class Year 2001 Developers in accordance with the terms of the Non-Financial Settlement.

25.8.7.6 The Developer of the subsequent project shall pay the prior Entity within the five (5) business day period specified in Section 25.8.2.1 of this Attachment S. Headroom obligations related to a System Upgrade Facility that has been fully constructed must be satisfied by cash payment. Starting with Class Year 2012, all remaining Headroom obligations may be satisfied by a form of "Headroom Security" – a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the prior Entity, meeting the requirements of these cost

allocation rules, and meeting the respective commercially reasonable requirements of the prior Entity. Headroom Security shall be posted to cover the period ending on the date on which full payment is made to the prior Entity for the Headroom obligation; provided, however, that Headroom Security may be posted with a term as short as one year, so long as such Headroom Security is replaced no later than fifteen (15) business days before its stated expiration. In the event Headroom Security is not replaced as required in the preceding sentence, the prior Entity shall be entitled to draw upon the Headroom Security and convert it to cash, which cash shall be held by the prior Entity for the account of the Developer.

#### **25.8.8 Headroom Account Adjustments in the ATBA**

In addition to the adjustments made by the NYISO in Headroom accounts to reflect the impact of subsequent projects, the NYISO will make other adjustments to Headroom accounts when preparing for each Annual Transmission Baseline Assessment. The NYISO will make these adjustments to reflect the impact of changes in the Existing System Representation modeled for the Annual Transmission Baseline Assessment that result from the installation, expansion or retirement of generation and transmission facilities for load growth and changes in load patterns. Such changes in the Existing System Representation can also result from changes in these rules or the criteria, methods or, software used to apply these rules.

25.8.8.1 No compensation will be paid as a result of these changes to the Existing System Representation. However, the NYISO will adjust the ratios of dollars to electrical values in each Entity's account to maintain the economic value of the

Entity's account that existed before the changes were made in the Existing System Representation.

25.8.8.2 The NYISO will make no adjustments to Headroom accounts for the impact of subsequent generic solutions, except in those cases where the generic solution is a Class Year project and the adjustment is made to reflect the impact of the Class Year project.

#### **25.8.9 Rate Base Facilities**

With the exception of Developer use of Headroom created by Load Serving Entity funding of Highway System Deliverability Upgrades pursuant to Schedule 12 of the NYISO OATT, Developers are not charged for their use of any rate base facilities, except to the degree applicable as customers taking service in accordance with the rates, if any, that apply to those facilities.

## **25.9 Going Forward.**

### **25.9.1 ERIS Election and future Evaluation for CRIS**

Whenever a Developer elects to interconnect taking ERIS only, that Developer may, at any later date, ask the NYISO to evaluate the Developer's Large Facility or Small Generating Facility for CRIS by including the Developer's Large Facility or Small Generating Facility in the Open Class Year and the Deliverability Study to be conducted for that Class Year.

### **25.9.2 No Developer Responsibility for Future Upgrades**

Once a Developer has posted Security for its share of the System Upgrade Facilities required for its project, and paid cash or posted Security for its share of the System Deliverability Upgrades required for its project, then, except as provided in Section 25.8.6 of these rules, that Developer has no further responsibility for the cost of additional Attachment Facilities, Distribution Upgrades System Upgrade Facilities and System Deliverability Upgrades that may be required in the future.

25.9.2.1 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, Distribution Upgrades and System Upgrade Facilities and System Deliverability Upgrades, as that responsibility has been determined in accordance with these rules.

25.9.2.2 The cost of those additional Attachment Facilities, Distribution Upgrades, 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.

### 25.9.3 ~~Term of~~ CRIS Rights

#### 25.9.3.1 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 or at the final CRIS level determined pursuant Section 25.9.3.3, Section 25.9.3.4.1, or Section 25.9.3.5, as applicable. regardless of subsequent changes to the transmission system or the transfer of facility ownership, provided the facility remains capable of operating at the capacity level studied and is not CRIS-inactive for more than three (3) continuous years. For the purpose of the rules in this Section 25.9.3, and in Sections 25.9.4 and 25.9.5 of Attachment S, a facility becomes CRIS-inactive on the last day of the month during which (i) it ceases to offer capacity into NYISO capacity auctions, or (ii) it ceases to be registered as a Capacity Resource for a Load Serving Entity through a bilateral transaction(s) or self-supply arrangement. ~~For Large Facilities and Small Generating Facilities pre-dating Class Year 2007, i.e., facilities interconnected or completely studied for interconnection before the projects in Class Year 2007, the facility shall qualify for CRIS service so long as (i) it is not retired (e.g., identified as retired in a NYISO Load and Capacity Data Report prior to October 5, 2008, (ii) its interconnection agreement is not terminated, and (iii) the facility begins commercial operations within three years of the commercial operation date or comparable commencement date specified in its initial interconnection agreement filing. A generator or merchant transmission facility pre-dating Class Year 2007 without an interconnection agreement on October 5, 2008, or one with an initial interconnection agreement filing that does not specify a commercial operation date or any~~

**Comment [A3]:** In the RMR compliance filing, the NYISO proposed to replace the term "deactivation" in this section with the term "CRIS-inactive."

~~comparable commencement date, shall qualify for CRIS so long as it is not retired (e.g., identified as retired in a NYISO Load and Capacity Data Report) prior to October 5, 2008 and it begins commercial operations within three years of its in-service date specified in the 2008 NYISO Load and Capacity Data Report. For generators pre-dating Class Year 2007, the CRIS capacity level will be set at the maximum DMNC level achieved during the five most recent Summer Capability Periods prior to October 5, 2008, even if that DMNC value exceeds nameplate MWs.~~

~~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 MW. The CRIS capacity level for intermittent resources pre-dating Class Year 2007 will be set at nameplate MW, and the CRIS capacity level for controllable lines pre-dating Class Year 2007 will be set at the MW of Unforced Capacity Deliverability Rights awarded to them.~~ In the case of a CRIS-inactive ~~Large Facility or Small~~

~~Generating F~~ facility, the facility's CRIS status at the capacity level eligible for CRIS ~~found deliverable~~ terminates three years after the facility becomes CRIS-inactive, except as provided in Sections 5.18.2.3.2, 5.18.3.3.2, and 5.18.5 of the Services Tariff, unless the CRIS-inactive 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

**Comment [A4]:** Moved to New Subsection 25.9.3.3

or a different electrical location that becomes operational within three years from the deactivation of the original facility.

### **25.9.3.2 Term of External CRIS Rights**

25.9.3.2.1 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.

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

25.9.3.2.2.1 An entity holding External CRIS Rights based on a Contract Commitment may renew its External CRIS Rights, provided that the NYISO receives from the entity a request to renew on or before the date specified in Section 25.9.3.2.2.3 indicating that the entity has renewed its bilateral contract to supply External Installed Capacity 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 Installed Capacity covered by the renewed bilateral contract.

25.9.3.2.2.2 An entity holding External CRIS Rights based on a Non-Contract Commitment may renew its External CRIS Rights, provided that the NYISO receives from the entity a request to renew on or before the date specified in Section 25.9.3.2.2.3. Any Non-Contract Commitment renewal must be 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 Installed Capacity associated with the Non-Contract Commitment.

25.9.3.2.2.3 Requests for renewal of External CRIS Rights must be received by 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 of an Award Period.

25.9.3.2.3 External CRIS Rights will terminate at the end of the effective Award Period or renewal of an Award Period if those rights have not been renewed for an additional term, pursuant to the process described above.

#### **25.9.3.3 CRIS for Facilities Pre-Dating Class Year 2007**

For Large Facilities and Small Generating Facilities pre-dating Class Year 2007, i.e., facilities interconnected or completely studied for interconnection before the projects in Class Year 2007, the facility shall qualify for CRIS service so long as (i) it is not retired (e.g., identified as retired in a NYISO Load and Capacity Data Report prior to October 5, 2008, (ii) its interconnection agreement is not terminated, and (iii) the facility begins commercial operations within three years of the commercial operation date or comparable commencement date specified in its initial interconnection agreement filing. A generator or merchant transmission facility pre-dating Class Year 2007 without an interconnection agreement on October 5, 2008, or one with an initial interconnection agreement filing that does not specify a commercial operation date or any comparable commencement date, shall qualify for CRIS so long as it is not retired (e.g., identified as retired in a NYISO Load and Capacity Data Report) prior to October 5, 2008 and it

begins commercial operations within three years of its in-service date specified in the 2008 NYISO Load and Capacity Data Report. For generators pre-dating Class Year 2007, the CRIS capacity level will be set at the maximum DMNC level achieved during the five most recent Summer Capability Periods prior to October 5, 2008, even if that DMNC value exceeds nameplate MWs.

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 MW. The CRIS capacity level for intermittent resources pre-dating Class Year 2007 will be set at nameplate MW, and the CRIS capacity level for controllable lines pre-dating Class Year 2007 will be set at the MW of Unforced Capacity Deliverability Rights awarded to them. Existing generators that are eligible for CRIS under this Section 25.9.3.3.3 that wish to obtain CRIS pursuant to this provision must request CRIS within 60 days of [effective date of tariff revisions]; CRIS cannot be obtained under this Section 25.9.3.3.3 if not requested by such date.

**Comment [A5]:** Moved from Section 25.9.3.1

**Comment [A6]:** This last sentence is the only revision to the existing GF rules.

#### **25.9.3.4 CRIS for Facilities Not Subject to NYISO Interconnection Procedures**

Starting [effective date of these tariff revisions], all facilities that wish to become eligible to participate as Installed Capacity Suppliers pursuant to the requirements of Section 5.12 of the NYISO Services Tariff, must have CRIS, even if the facility is not or was not, when interconnected, subject to the NYISO's interconnection procedures set forth in Attachments X or Z to the OATT.

Facilities not subject to the NYISO's interconnection procedures set forth in Attachments X and Z to the OATT may obtain CRIS rights by (i) entering a Class Year Deliverability Study and satisfying the NYISO Deliverability Interconnection Standard or (ii) satisfying the requirements set forth in Section 25.9.3.4.1.

25.9.3.4.1 A facility not subject to the NYISO's interconnection procedures set forth in Attachments X and Z to the OATT may obtain CRIS without being evaluated in a Class Year Deliverability Study so long as if it meets the following requirements (i) if the facility has not commenced Commercial Operation, it must have completed all required interconnection studies and have an effective interconnection agreement it is interconnected or completely studied for interconnection by [effective date of these tariff revisions], (ii) if the facility has commenced Commercial Operation by [effective date of these tariff revisions], it must have an effective interconnection agreement and must not have it has not been out-of-service for more than three (3) consecutive years; (iii) it has an effective interconnection agreement; (iv) (iii) it is not or was not, when first interconnected, subject to the NYISO's interconnection procedures set forth in Attachments X and Z to the OATT, and (iv) the facility owner must requests CRIS within 60 days of [effective date of these tariff revisions]. The CRIS level for a facility that qualifies for CRIS under this Section 25.9.3.4.1 will be set in accordance with Section 25.9.3.1.4.1 and 25.9.3.1.4.2.

**25.9.3.4.1.1 BTM:NG Resource**

Prior to the establishment of the first Net ICAP value for a Summer Capability Period, the A BTM:NG Resource's initial CRIS level will be set at its Estimated Net ICAP level. The CRIS level will be set, and reset if necessary, at the maximum Net ICAP level achieved during successive Summer Capability Periods until the facility has Net ICAP levels recorded for five

Summer Capability Periods. The five-year CRIS set and reset period begins with the first Summer Capability Period, following receipt of an initial CRIS value, for which the BTM:NG Resource's Net ICAP calculation incorporates a demonstrated Average Coincident Host Load. The final CRIS level will be the highest Net ICAP recorded for the Summer Capability Period during the five-year set and reset period, excluding the Net ICAP or Estimated Net ICAP value used for the initial CRIS level.

The five-year CRIS set and reset period will terminate early, before five Net ICAP values have been recorded if either of the following conditions occurs: (i) the BTM:NG Resource ceases to qualify as a BTM:NG Resource; or (ii) the BTM:NG Resource elects to participate as another type of Installed Capacity Supplier, other than as a BTM:NG Resource. Upon an early termination of the five-year CRIS set and reset period, the final CRIS value will be determined based on the available data from the CRIS set and reset period up to the point of early termination – i.e., the highest Net ICAP value recorded during the CRIS set and reset period prior to the point of early termination.

#### **25.9.3.4.1.2. Facilities Other than BTM:NG Resources.**

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 MW. The CRIS level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods until the facility has DMNC levels recorded for five Summer Capability Periods.

#### **25.9.3.5 CRIS for BTM:NG Resources Evaluated in a Class Year Deliverability Study**

If meter data is available for both the Load and the generator, the initial CRIS that can be requested is limited to the demonstrated Net ICAP. If meter data is not available for either the Load or the generator of the BTM:NG Resource, the initial CRIS that can be requested is limited

to ~~Estimated Net ICAP~~, using the Net ICAP calculation set forth in ~~§~~Section 5.12.1 of the NYISO Services Tariff. The initial CRIS level will set at the CRIS MW level evaluated in the Class Year Deliverability Study and either found to be deliverable or for which the Developer accepted its Project Cost Allocation and posted Security for any required System Deliverability Upgrades.

The CRIS level will be set, and reset if necessary, at the maximum DMNC level achieved during successive Summer Capability Periods, not to exceed the initial CRIS level, until the facility has DMNC levels recorded for five Summer Capability Periods – i.e., the initial CRIS level will act as a cap through the set and reset period and for the final CRIS level. The final CRIS level will be the highest Net ICAP recorded for the Summer Capability Period during the five-year set and reset period, excluding ~~the Net ICAP or Estimated Net ICAP value used for the initial CRIS level.~~

The five-year CRIS set and reset period will terminate early, before five Net ICAP values have been recorded if ~~either any~~ of the following conditions occurs: (i) the BTM:NG Resource ceases to qualify as a BTM:NG Resource pursuant to ~~§~~Section 5.12.1 of the Services Tariff; or (ii) the BTM:NG Resource elects to participate as another type of Installed Capacity Supplier, other than as a BTM:NG Resource; or (iii) the BTM:NG Resource's Net ICAP is equal to or less than zero for a Capability Period. Upon an early termination of the five-year CRIS set and reset period, the final CRIS value will be determined based on the available data from the CRIS set and reset period up to the point of early termination – i.e., the highest Net ICAP value recorded during the CRIS set and reset period prior to the point of early termination.

#### **25.9.4 Transfer of Deliverability Rights - Same Location**

If a facility deactivates an existing unit within the NYCA 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 new facility will only acquire the assigned capacity deliverability rights once the new facility becomes operational. Capacity rights will be stated in MWs of Installed Capacity. In the case of transfers between the same or different resource types, those MWs of Installed Capacity will be adjusted by the derate factor applicable to the existing facility (based on the asset-class derate factors used in the most recent Class Year Deliverability Study) before the transfer and, following the transfer, will be readjusted to MWs of Installed Capacity in accordance with the derate factor applicable to the new facility (based on the asset-class derate factors used in the most recent Class Year Deliverability Study).

#### **25.9.5 Transfer of Deliverability Rights - Different Locations**

Rights may also be transferred on a bilateral basis between an existing facility within the NYCA and a new facility at a different location within the NYCA to the extent that the new facility is found to be deliverable after the existing facility assumes ERIS status or deactivates. The new facility may contract with an existing facility (with assigned capacity rights) to transfer some or all of the existing facility's assigned capacity rights. The new facility will be allowed to acquire these rights if it meets the deliverability test executed in the following manner:

- 25.9.5.1 Prior to the Class Year Deliverability Study, the new and existing facilities involved in the transfer transaction must tell the NYISO the MW level of capacity rights proposed to be transferred. Capacity rights will be stated in MWs of

Installed Capacity. In the case of transfers between different resource types, those MWs of Installed Capacity will be adjusted by the derate factor applicable to the existing facility before the transfer and, following the transfer, will be readjusted to MWs of Installed Capacity in accordance with the derate factor applicable to the new project. All derate factors will be based on the asset-class derate factors in the current Class Year Deliverability Study.

25.9.5.1.1 The NYISO will evaluate the deliverability of the Class Year projects together, with no transfers, to determine the extent to which new facilities in the Class Year that are parties to proposed transactions are deliverable without the proposed transfers.

25.9.5.1.2 The NYISO will then reduce the output of all established facilities that are parties to proposed transactions to see if the new facility counterparties benefit, *i.e.*, their undeliverable capacity is made deliverable, from the proposed transfers; provided, however, the established facilities will be reduced only to the extent that their reduction does not adversely impact the deliverability of Class Year projects that are not parties to the proposed transactions.

25.9.5.1.3 If the deliverability test conducted by the NYISO shows that the new Class Year projects that are parties to the proposed transactions are fully or partially deliverable with these reductions of the established facility counterparties, then the new projects will be given five business days to notify the NYISO as to whether their particular transaction is final or not. If any proposed transactions are not finalized, then Sections 25.9.5.1.1 and 25.9.5.1.2 will be repeated until all proposed transactions have been terminated or finalized.

25.9.5.2 For each finalized transaction, the existing facility that is a party to the transaction will be modeled in Class Year Interconnection Facilities Study at its reduced output level (current level less CRIS finally transferred adjusted by the applicable derate factors). The Deliverability of Class Year Projects not parties to finalized transactions may benefit, but will not be adversely affected, by those transactions.

25.9.5.3 The existing facility will be restricted in future capacity sales up to levels consistent with the CRIS rights that were transferred to the new project counterparty.

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

#### **25.9.6 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:

25.9.6.1 The entity to receive the External CRIS Rights must, prior to the transfer, make either (i) a Contract Commitment of External Installed Capacity satisfying the requirements of Section 25.7.11.1.1 of this Attachment S, or (ii) a Non-Contract Commitment of External Installed Capacity satisfying the requirements of Section 25.7.11.1.2 of this Attachment S; and

25.9.6.2 The External Installed Capacity of the entity to receive the External CRIS Rights must use the same External Interface(s) used by the External Installed Capacity of the entity currently holding the External CRIS Rights; and

25.9.6.3 The transfer must be for the remaining duration of the Award Period or renewal of an Award Period currently effective for the External CRIS Rights to be transferred; and

25.9.6.4 If the holder of External CRIS Rights transfers some, but not all of its CRIS MW, the number of CRIS MW transferred must be such that, following the transfer, both the holder and the entity receiving External CRIS Rights satisfy the applicable requirements of Section 25.7.11.1.1 and 25.7.11.1.2 of this Attachment S; and

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

25.9.6.5.1 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

25.9.6.5.2 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 of an Award Period.

## **25.10 Miscellaneous Provisions**

### **25.10.1 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.

25.10.1.1 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.

25.10.1.2 Except as provided below, the initial cost allocation shall determine the System Upgrade Facilities required for the reliable interconnection of all Developer projects that have met the milestones identified in Section IV.G.6.c.1, above, on or before the Study Start Date. The NYISO shall prepare an ATRA with respect to these Developer projects as a single class (the “Catch Up Class Year”). The Catch Up Class Year shall not include (1) Class Year 2001 Developer projects that have accepted their Project Cost Allocation prior to the Study Start Date, or (2) Class Year 2002 Developer Projects that have accepted their Project Cost Allocation pursuant to the terms of the Non-Financial Settlement.

25.10.1.3 The NYISO shall use the 2004 Load and Capacity Data Report for the Catch Up Class Year cost allocation studies, unless the Study Start Date is later than January 1, 2005 in which event the NYISO shall use the 2005 Load and Capacity Data Report. The Catch Up Class Year cost allocation studies shall identify system needs for the five-year period beginning January 1, 2005. In the

event the Study Start Date is later than January 1, 2005 the Catch Up Class Year cost allocation studies shall identify system needs for the five-year period beginning January 1, 2006. The NYISO shall present the results of the Catch Up Class Year cost allocation studies to the Operating Committee for approval as provided in Section IV.F.8 of these rules.

25.10.1.4 The NYISO shall represent the NYPA Poletti project in the ATBA and ATRA for the Catch Up Class Year as connected to the Astoria West Substation.

25.10.1.5 Once all Developers in the Catch Up Class Year have either (i) accepted their Project Cost Allocation, or (ii) dropped out of the class, the NYISO shall resume annual cost allocations with respect to individual Class Years in accordance with the time frames set out in these rules.

25.10.1.6 All Developer projects in the Catch Up Class Year who do not accept their Project Cost Allocation shall be included in the ATRA in the next Class Year cost allocation process.

25.10.1.7 The NYISO shall finalize the results of the Class Year 2002 cost allocation (including headroom issues) in accordance with the provisions of the Non-Financial Settlement.

## **25.10.2 Combined Study of Class Years 2009 and 2010**

Notwithstanding any foregoing provisions to the contrary, the following special provisions apply to the Interconnection Facilities Studies for Class Year 2009 and Class Year 2010. These provisions provide that Class Year 2009 and Class Year 2010 will be performed on a combined basis. However, cost allocation for these two Class Years will be calculated separately, as described herein. All provisions of this Attachment S that are not inconsistent with

the special provisions of this Section 25.10.2 shall apply as they normally do to projects in Class Year 2009 and Class Year 2010.

25.10.2.1 A single ATBA under the Minimum Interconnection Standard for the Class Year 2009 and Class Year 2010 will be developed using the 2010 NYISO Load and Capacity Data Report and will be the same ATBA as would otherwise be developed for the 2010 Class Year Interconnection Facilities Study absent the combination of Class Year 2010 with Class Year 2009. This ATBA will be the starting point for a single deliverability baseline used under the Deliverability Interconnection Standard for Class Year 2009 and Class Year 2010. For purposes of this Section 25.10.2, “ATBA-Deliverability” refers to the deliverability baseline developed for Class Year 2009 and Class Year 2010 pursuant to this Section, and “ATRA-Deliverability” refers to the ATBA-Deliverability with the relevant Class Year projects added, as described below.

25.10.2.2 There will be two ATRAs and two ATRAs-Deliverability in the combined Class Year study: an ATRA and ATRA-Deliverability for Class Year 2009, as well as an ATRA and ATRA-Deliverability for Class Year 2010.

25.10.2.2.1 The ATRA and ATRA-Deliverability for Class Year 2009 will be the ATBA and ATBA-Deliverability, respectively, developed pursuant to Section 25.10.2.1 above, plus the projects that qualified for Class Year 2009 on or before March 1, 2009 and entered Class Year 2009.

25.10.2.2.2 The ATRA and ATRA-Deliverability for Class Year 2010 will be the ATRA and ATRA-Deliverability for Class Year 2009, plus the projects that qualified for Class Year 2010 on or before March 1, 2010 and entered Class Year

2010.

25.10.2.3 Cost Allocation for the Two Class Years

25.10.2.3.1 The cost allocation for Class Year 2009 System Upgrade Facilities and System Deliverability Upgrades will be calculated based on the incremental impact of the Class Year 2009 projects (i.e., the 2009 ATRA and ATRA-Deliverability) over the ATBA and ATBA-Deliverability, respectively, developed pursuant to Section 25.10.2.1 above.

25.10.2.3.2 The cost allocation for Class Year 2010 System Upgrade Facilities and System Deliverability Upgrades will be calculated based on the incremental impact of the Class Year 2010 projects (i.e., the 2010 ATRA and ATRA-Deliverability) over the Class Year 2009 ATRA and ATRA-Deliverability, respectively, as described fully below.

25.10.2.3.3 If Class Year 2010 projects use Headroom on System Upgrade Facilities or System Deliverability Upgrades identified for Class Year 2009 projects, the Class Year Interconnection Facilities Study for Class Year 2010 will identify the Headroom use payments that must be made by Class Year 2010 projects to Class Year 2009 projects.

25.10.2.3.4 In the event that a System Upgrade Facility or System Deliverability Upgrade identified for Class Year 2009 is replaced in the Class Year Interconnection Facilities Study for Class Year 2010 by a more capable System Upgrade Facility or System Deliverability Upgrade required for projects in Class Year 2010, the cost allocation for Class Year 2009 will be based on the System Upgrade Facility or System Deliverability Upgrade identified for Class Year

2009, and the cost allocation to Class Year 2010 will be based on the more capable replacement System Upgrade Facility or System Deliverability Upgrade.

25.10.2.4 Operating Committee Approval, Project Cost Allocation Decision Process and Class Year Settlement.

25.10.2.4.1 The initial Project Cost Allocation contained in the ATRA and Class Year Deliverability Study for Class Year 2009 will be based upon all projects in Class Year 2009. The initial Project Cost Allocation contained in the ATRA and Class Year Deliverability Study for Class Year 2010 will be based upon all projects in Class Year 2009 and Class Year 2010, except as described below in Section 25.10.2.4.4.3.

25.10.2.4.2 The NYISO will undertake to complete the Class Year Interconnection Facilities Study Report for Class Year 2009 and the Class Year Interconnection Facilities Study Report for Class Year 2010 in parallel so that both study reports are ready to be presented at the same Operating Committee meeting. However, if at any time, the NYISO determines that the Class Year Interconnection Facilities Study Report for Class Year 2009 is ready for presentation to the Operating Committee (following applicable working group and subcommittee review), the NYISO will present that study report to the Operating Committee regardless of the status of the Class Year Interconnection Facilities Study Report for Class Year 2010. The Operating Committee will separately vote to approve the study report for Class Year 2009 and the study report for Class Year 2010, even if both study reports are presented at the same Operating Committee meeting.

25.10.2.4.3 If the Class Year Interconnection Facilities Study Reports for Class Year

2009 and Class Year 2010 are both approved at the same Operating Committee meeting, the Project Cost Allocation decision process will commence at that time and be conducted in parallel for the projects in both Class Years, as described in Section 25.10.2.4.5 below.

25.10.2.4.4 If the Class Year Interconnection Facilities Study Report for Class Year 2009 is approved at an Operating Committee meeting where either (1) the study report for Class Year 2010 is not presented for approval, or (2) the study report for Class Year 2010 is presented for approval but not approved, the following process will be followed:

25.10.2.4.4.1 The Project Cost Allocation decision process for Class Year 2009 will not commence until the following Operating Committee meeting (“Second Operating Committee Meeting”), held not more than forty-five (45) days after the Operating Committee meeting where the study report for Class Year 2009 was approved.

25.10.2.4.4.2 If the Class Year Interconnection Facilities Study Report for Class Year 2010 is approved at the Second Operating Committee Meeting, the Project Cost Allocation decision process for the projects in both Class Year 2009 and Class Year 2010 will commence at that time and be conducted in parallel for the projects in both Class Years as described in Section 25.10.2.4.5 below.

25.10.2.4.4.3 If the Class Year Interconnection Facilities Study Report for Class Year 2010 is not approved at the Second Operating Committee Meeting, the Project Cost Allocation decision process for the projects in Class Year 2009 will commence immediately upon the Second Operating Committee Meeting and will follow the existing Project Cost Allocation decision process described in Sections

25.8.1-25.8.4 of Attachment S, with initial Acceptance Notices and/or Non-Acceptance Notices due 30 days after the Second Operating Committee Meeting. When the Project Cost Allocation decision process for the projects in Class Year 2009 is completed, and the Class Year Interconnection Facilities Study Report for Class Year 2010 has been revised to reflect the final settlement of Class Year 2009 and is otherwise complete, the Class Year Interconnection Facilities Study Report for Class Year 2010 will be presented to the Operating Committee meeting for approval. Upon Operating Committee approval of the Class Year Interconnection Facilities Study Report for Class Year 2010, the Project Cost Allocation decision process for the projects in Class Year 2010 will begin.

25.10.2.4.4.4 Only in the event that the Class Year Interconnection Facilities Study Report for Class Year 2010 is not approved at the Second Operating Committee Meeting, as described immediately above in Section 25.10.2.4.4.3, a Developer or Interconnection Customer in Class Year 2009 providing a Non-Acceptance Notice for its System Upgrade Facility Project Cost Allocation may, by the due date for providing such notice, elect to enter Class Year 2010, and its project will be placed in Class Year 2010, provided that (a) the project is otherwise eligible under the Class Year re-entry rules, (b) it submits to the NYISO an executed Interconnection Facilities Study Agreement, together with the required deposit and data, within ten (10) days of its receipt of the Interconnection Facilities Study Agreement, and (c) cures any deficiency in its submittal within five (5) Business Days after receiving notice from the NYISO about such deficiency. A project in Class Year 2009 committing a Security Posting Default may not enter Class Year

2010. Other than as described in this Section 25.10.2.4.4.4, projects in Class Year 2009 may not enter Class Year 2010.

25.10.2.4.5 If both Class Year Interconnection Facilities Study Reports are approved by the Operating Committee, either at the same meeting or by the Second Operating Committee Meeting, as described above in Sections 25.10.2.4.2-25.10.2.4.4, the Developers and Interconnection Customers in both Class Year 2009 and Class Year 2010 will have thirty (30) days from the date of Operating Committee approval of the Interconnection Facilities Study Report for Class Year 2010 to provide an Acceptance Notice(s) or Non-Acceptance Notice(s) in accordance with Sections 25.8.1-25.8.4 of Attachment S. If any Developer or Interconnection Customer in either Class Year 2009 or Class Year 2010 provides a Non-Acceptance Notice or commits a Security Posting Default, the NYISO will prepare a revised Class Year Interconnection Facilities Report by the following process:

25.10.2.4.5.1 If any Developer or Interconnection Customer in Class Year 2009 provides a Non-Acceptance Notice(s) and/or commits a Security Posting Default, the NYISO will notify all Developers and Interconnection Customers in both Class Years as required by Section 25.8.2 of Attachment S, and will prepare (1) a revised ATRA and/or Class Year Deliverability Study for Class Year 2009 to reflect impact of the Non-Acceptance Notice(s) and/or Security Posting Default(s) from Class Year 2009 projects, and (2) a revised ATRA and/or Class Year Deliverability Study for Class Year 2010 to reflect the impact of the Non-Acceptance Notice(s) and/or Security Posting Default(s) from Class Year 2009

project and Class Year 2010 projects. The NYISO will prepare and publish the required ATRAs and/or Class Year Deliverability Study(ies) for both Class Years within four (4) weeks of its receipt of the last Non-Acceptance Notice or its receipt of notice of the last Security Posting Default, whichever is later.

25.10.2.4.5.2 If any Developer or Interconnection Customer in Class Year 2010

provides a Non-Acceptance Notice(s) and/or commits a Security Posting Default, but no Developer or Interconnection Customer in Class Year 2009 does so, the NYISO will notify all Developers and Interconnection Customers in both Class Years as required by Section 25.8.2 of Attachment S, and will prepare and publish a revised ATRA and/or Class Year Deliverability Study for Class Year 2010 within two (2) weeks of its receipt of the last Non-Acceptance Notice or its receipt of notice of the last Security Posting Default, whichever is later. The NYISO will not revise the ATRA or the Class Year Deliverability Study for Class Year 2009 as a result of a Non-Acceptance Notice from or a Security Posting Default by a Developer or Interconnection Customer in Class Year 2010.

25.10.2.4.5.3 The process described in the foregoing Sections 25.10.2.4.5.1 and/or

25.10.2.4.5.2 will be repeated until either (1) none of the remaining eligible Class Year Developers or Interconnection Customers provides a Non-Acceptance Notice or commits a Security Posting Default, or (2) all Developers or Interconnection Customers have dropped out of their respective Class Years.

25.10.2.5 Except for projects in Class Year 2009 that elect to enter Class Year 2010

pursuant to the procedures described above in Section 25.10.2.4.4, Class Year 2009 and Class Year 2010 will be considered as a single Class Year for purposes

of calculating the number of Class Years a project may enter pursuant to Section 25.8.2.3 of Attachment S. A project that was in Class Year 2009 but elects to enter Class Year 2010 under section 25.10.2.4.4.4 that subsequently provides a Non-Acceptance Notice or commits a Security Posting Default related to its System Upgrade Facilities for Class Year 2010 will be deemed to have withdrawn its Interconnection Request in accordance with Section 30.3.6 of the Large Facility Interconnection Procedures in Attachment X of the OATT, or in accordance with Attachment Z of the OATT, as applicable.

#### **25.10.3 NYISO Data Requirements**

Developers and Transmission Owners shall provide the NYISO with all data necessary to make the determinations contemplated by these rules.

#### **25.10.4 Rights Under the Federal Power Act**

Nothing in these rules restricts the rights of any person under the OATT, or the right of any person to file a complaint with the Federal Energy Regulatory Commission under the relevant provisions of the Federal Power Act.

#### **25.10.5 Transmission Service Customer Rights**

Nothing in these rules precludes any transmission service customer from receiving transmission service charge credits to the extent the customer is entitled to such credits under FERC policy and precedent.

## **ATTACHMENT S - APPENDIX ONE – Allocation of Overage Cost**

An Example of the Allocation of Overage Cost Among Class Year Developers, in

Accordance with Section 25.6.2 of Attachment S:

- There are five Developer projects in Class Year 200X.
- The Annual Transmission Reliability Assessment (“ATRA”) determines that 10 System Upgrade Facilities (“SUFs”) are needed to reliably interconnect the Class Year 200X projects, at a total cost of \$30 million.
- The Annual Transmission Baseline Assessment (“ATBA”) determines that 7 SUFs would be needed to meet reliability standards without the Class Year 200X projects, at a total cost of \$20 million. (Note: The ATBA may have included some generic “projects” identical to or similar to some of the Class Year 200X projects, but not necessarily. Also, some of the SUFs identified by the ATBA may be the same as those identified in the ATRA, but not necessarily.)
  - (1) The total cost of ATRA SUFs allocated to the Transmission Owners (“TOs”) is equal to the total cost of the ATBA SUFs (\$20 million).
  - (2) The total cost of ATRA SUFs allocated to the Developers, the Overage Cost, is the net of the total cost of the ATRA vs. ATBA SUFs (\$30 million - \$20 million = \$10 million).
  - (3) The ratio of the Overage Cost to the total cost of ATRA SUFs, the Overage Cost Percentage, is used to compute the Developers’ cost allocations for each ATRA SUF. In this example, the Overage Cost Percentage, the ratio, = \$10 million/\$30 million = 1/3 (The Developers pay 1/3 the cost of each ATRA SUF). Assume the cost of one of the ATRA SUFs (SUF#1) is \$3 million. The Developers’ share of the cost of that SUF = 1/3 x \$3 million = \$1 million.
  - (4) The Developers’ share of the cost of each ATRA SUF is allocated among all the Developers that have at least a *de minimus* impact causing the need for that SUF. In this example, the ATRA determines that 3 of the 5 Class Year 200X projects

have at least a *de minimus* impact causing the need for SUF#1.

- (5) The Developers' cost of an ATRA SUF is allocated to each Developer that has at least a *de minimus* impact in accordance with the Contribution Percentage, or ratio of that Developer's measured impact, its electrical contribution, to the sum of the measured impact of all the Developers that have at least a *de minimus* impact.

In this example, the measured impacts of the three projects are 200, 300, and 500 amps, respectively. Thus the pro rata shares of the projects' cost of SUF#1 are \$200K, \$300K, and \$500K, respectively.