

Revised Draft for Discussion at
9/20/06 ESPWG Meeting

**“New York Independent System Operator
Comprehensive Reliability Planning Process
Proposed Criteria for Determining Viability
and Monitoring the Progress of Reliability
Solutions”**

Criteria for Evaluating the Viability of Proposed Market Solutions

DRAFT FOR DISCUSSION
9/20/06 ESPWG MEETING

Deleted: 6/7/06

Includes

Comments Submitted by
Transmission Owners,
LIPA and NPYA

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 6.3 of Attachment Y

The NYISO will develop procedures establishing qualifications and criteria for a valid market-based solution in conjunction with ESPWG. Such qualifications shall recognize the differences between various resources' characteristics and development time lines.

Regulated Backstop Solution Benchmark

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- The Regulated Backstop Solution Benchmark ("BM") is defined as the date a regulated solution must be triggered to allow a solution to be planned, designed, attain permits as required, and be implemented to meet an identified reliability need.
- NYISO to determine the BM based upon the time necessary to implement the regulated backstop solution proposed by the Responsible TO(s) and updated plans, if any, the TOs provide to the NYISO with respect to their systems. The NYISO shall make this determination based upon its independent analysis of the project schedule provided by the Responsible TO(s).
- If by the benchmark date the NYISO determines that the market-based solution is not likely to be available to meet the reliability need in a timely manner, the NYISO will trigger the backstop solution.

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Proposed Criteria

Comment: NYISO's comment: Although it is consistent with the tariff, this statement does not belong in the criteria for determining the viability of a solution. Rather, this language on triggering should be included elsewhere in the CRPP Manual to reflect this language.

- NYISO to determine the estimated time to complete the market-based solution (MBS) based upon the schedules and other information submitted by the developer. Information that may be required includes, but is not limited to:
 - Evidence of a commercially viable technology
 - Major milestone schedule
 - Demonstration of site control or schedule to obtain necessary site control
 - Whether a contract is under negotiation or in place
 - Status of NYISO interconnection studies
 - Status of NYISO interconnection agreement
 - Schedule for obtaining any required permits and other certifications
 - Evidence of equipment procurement
 - Evidence of financing
- The developer shall promptly provide all data required to assist the NYISO in its review of the MBS within the schedule provided for the Request for Solutions process.
- NYISO will treat any confidential data and data requests in accordance with the provisions of Attachment F or the NYISO OATT (“The Code of Conduct”), Attachment Y of the NYISO OATT (“the CRP Confidentiality Policy”), and the LGIA.
- Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed MBS from further consideration in that round of the Comprehensive Reliability Planning Process.
- Between 3-5 years earlier than the BM, the NYISO will use a screening analysis to verify the feasibility of the MBS. This analysis will not require such things as final permit approvals or final contract documents.
- Between 1-2 years earlier than the BM, the NYISO will perform a more extensive review of the proposed MBS. This review will include such elements as status of interconnection studies, contract negotiations, permit applications, financing and site control.
- Less than 1 year earlier than the BM, the NYISO will perform a detailed review of the proposed MBS status and schedule. At this stage it is expected that the proposed MBS will have obtained its final permits, any required interconnection studies will be completed, an interconnection agreement has been filed, financing will be in place and equipment will be on order.
- The NYISO, prior to making a final determination about the viability* of an MBS, will communicate an interim determination to the developer along with the basis for its interim determination. The NYISO shall provide the developer a reasonable period (not more than 2 weeks) to respond to the NYISO’s interim determination, including an opportunity to provide additional information to the NYISO to support the viability of the MBS.
- If the NYISO, following its analysis, determines that an MBS is not viable the MBS will not be included in the CRP.

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* Note: In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable likelihood that the MBS will effectively address the identified reliability need in a timely fashion.

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Criteria for Evaluating the Viability of Proposed Regulated Backstop Solutions

DRAFT FOR DISCUSSION
9/12/06 ESPWG MEETING

Deleted: 6/7/06

Includes
Comments Submitted by
Transmission Owners,
LIPA and NYPA

DRAFT FOR DISCUSSION **NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS**

Section 6.1.a: Regulated Backstop Solutions

The first time a Reliability Need is identified in an RNA issued under this tariff, the NYISO shall request and the Responsible TO shall provide to the NYISO, as soon as reasonably possible, a proposal for a regulated solution that shall serve as a potential backstop. Such proposals may include reasonable alternatives that would effectively address the Reliability Need. The Responsible TO shall also estimate the lead time necessary for the implementation of its proposal.

Proposed Requirements for a Regulated Backstop Solution

- The Responsible TO shall estimate the lead time necessary for the implementation of its proposal.

- The NYISO shall establish the benchmark (BM) through its independent analysis of the project schedule, to implement the regulated backstop solution proposed by the Responsible TO(s).

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[REDAUNDANT]

- The Responsible TO(s)' proposal for a regulated backstop solution addressing the needs identified in the RNA shall provide the information requested by the NYISO to support its proposed implementation schedule. The information requested, as well as the degree of specificity, may vary depending upon the particular form of the regulated backstop solution, the date of need and the lead time needed for completion. Among the information that may be requested is:

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- Project milestones
 - Project description which may include Planning and/or engineering specifications as appropriate
 - Evidence of a commercially viable technology
 - Major milestone schedule
 - A schedule for obtaining required siting permits and other certifications
 - Demonstration of site control or schedule to obtain necessary site control
 - Status of NYISO interconnection studies
 - Status of NYISO interconnection agreement if applicable
 - Evidence of equipment procurement

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- If the regulated backstop solution does not meet the needs identified in the RNA, the NYISO will provide sufficient information to the Responsible TO(s) to determine how the regulated backstop should be modified to meet the identified reliability needs. Such information that will be provided includes, but is not limited to the type, size, location and timing of the remaining need.
- The Responsible TO(s) shall make necessary changes to its proposed backstop solution to address reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review. This is an iterative process that will continue between the NYISO and Responsible TO(s) until identified needs are appropriately addressed. The NYISO will continue to provide detailed information regarding the remaining needs in each iteration.
- NYISO will respect the confidentiality of data provided by the Responsible TO(s) and will release information related to a proposed regulated backstop solution or set of proposed regulated backstop solutions only upon final acceptance of the solution or set of solutions by the NYISO.

Criteria for Evaluating the Viability of Proposed Alternative Regulated Solutions

**DRAFT FOR DISCUSSION
9/20/06 ESPWG MEETING**

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Includes

**Comments Submitted by
Transmission Owners,
LIPA and NPYA**

§6.4.(a)

In the event that no market-based solution qualified under section 6.3 is proposed, the NYISO will initiate the second step of the solicitation process by requesting alternative regulated responses to Reliability Needs. Such proposals may include reasonable alternatives that would effectively address the identified Reliability Need.

Proposed Requirements for Alternative Regulated Solutions

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New York Independent System
Operator¶
Comprehensive Reliability Planning
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Criteria for Evaluating the Viability of¶
Proposed Alternative Regulated
Solutions¶

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THE NYISO IS RESTORING THIS
CRITERIA DOCUMENT TO THE
ORIGINAL VERSION BECAUSE IT
BELIEVES THAT THE CRITERIA
FOR VIABILITY AND MONITORING
SHOULD APPLY EQUALLY TO
ALTERNATIVE REGULATED
SOLUTIONS. THE NYISO WILL
DISCUSS THIS AT THE MEETING.

- NYISO to establish the benchmark (BM) based upon its independent analysis of the project schedule, to implement the regulated backstop solution proposed by the Responsible TO(s).

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- NYISO to determine the estimated time to complete the alternative regulated solution (ARS) based upon the schedules and other information submitted by the developer. Information that may be required includes, but is not limited to:
 - Evidence of a commercially viable technology
 - Major milestone schedule
 - Demonstration of site control or a schedule to obtain necessary site control
 - Whether a contract is under negotiation or in place
 - Status of NYISO interconnection studies
 - Status of NYISO interconnection agreement needed
 - Schedule for obtaining any required permits, and any other necessary certifications
 - Evidence of equipment procurement
 - Information on financing

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- Developer shall promptly provide all data required to assist the NYISO in its review of the proposed ARS within the schedule provided for the Request for Solutions process.
- NYISO will treat any confidential data and data requests in accordance with the provisions of Attachment F of the NYISO OATT (“The Code of Conduct”), Attachment Y of the NYISO OATT (“The CRP Confidentiality Policy”) and the LGIA.
- Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) may result in the rejection of the ARS from further consideration in that round of the Comprehensive Reliability Planning Process.

Between 3-5 years earlier than the BM, the NYISO will use a screening analysis to verify the feasibility of the ARS. This analysis will not require such things as final permit approvals or final contract documents.

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If the completion date for the ARS is from

Between 1-2 years earlier than the BM, the NYISO will perform a more extensive review of the ARS. This review will include such elements as status of interconnection studies, contract negotiations, permit applications, financing and site control and regulatory status.

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- Less than 1 year earlier than the BM, the NYISO will perform a detailed review of the ARS’s status and schedule. At this stage it is expected that the ARS will have obtained its final permits, any required interconnection studies will be completed, an interconnection agreement has been filed, financing and regulatory approvals will be in place and equipment will be on order.

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- The NYISO, prior to making a final determination about the viability* of a specific proposed solution, will communicate an interim determination to the developer along with the basis for its interim determination. The NYISO shall provide the developer a reasonable period (not more than 2 weeks) to respond to the NYISO’s interim

determination, including an opportunity to provide additional information to the NYISO to support the viability of the ARS..

- If the NYISO, following its analysis, determines that the ARS is not viable the ARS will not be included in the CRP.

* Note: In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable certainty that the ARS will effectively address the identified reliability need in a timely fashion.

Criteria for Monitoring Market-Based Solutions

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 9.0(a)

0 The NYISO will monitor and report on the status of market-based solutions to ensure their continued viability to meet Reliability Needs on a timely basis in the CRP. The NYISO will develop criteria, in conjunction with the ESPWG, to assess the continued viability of such projects.

Proposed Criteria

- Beginning with the first round of the Comprehensive Reliability Planning Process, the NYISO will develop a list of potential market-based solutions (MBS) that it has determined would, if implemented, satisfy an identified reliability need
- In order to remain on the CRP list as a potential MBS, the developer will submit **updated information** to the NYISO, twice during each CRPP cycle, first during the input phase of the RNA, and again during the solutions phase during the period allowed for the solicitation for market based and regulated backstop solutions. If no solutions are requested in a particular year, then the second update will be provided during the NYISO's analysis of whether existing solutions continue to meet identified reliability needs. The updated information of the project status shall include:
 - Evidence of a commercially viable technology
 - Major milestone schedule
 - Demonstration of site control
 - Whether a contract is under negotiation or in place
 - Status of NYISO interconnection studies
 - Status of NYISO interconnection agreement
 - Status of any required permits
 - Evidence of equipment procurement
 - Evidence of financing

o Any other information that is requested by the NYISO

Comment: The NYISO is deleting this language because it is not necessary and conflicts with the language in the first bullet on when updates will be provided to the NYISO.

- NYISO will treat any confidential data in accordance with the provisions of Attachment Y of the NYISO OATT and the LGIA when preparing its report on project status.
- Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed MBS from further consideration in that round of the Comprehensive Reliability Planning Process. The proposed MBS will be removed from that year's CRP.
- Developer will immediately notify the NYISO when it has any indication of a material change* in the status of the MBS.
- If the NYISO, at any time, learns of a material change in the status of an MBS, it may, at that time, make a determination as to the continued viability** of the proposed MBS.
- Between 3-5 years earlier than the benchmark (BM) established by the regulated backstop solution, the NYISO will use a screening analysis to verify the feasibility of the proposed MBS. This analysis will not require such things as final permit approvals or final contract documents.
- Between 1-2 years earlier than the BM, the NYISO will perform a more extensive review of the proposed MBS. This review will include such elements as status of interconnection studies, contract negotiations, permit applications, financing and site control.
- Less than 1 year earlier than the BM, the NYISO will perform a detailed review of the proposed MBS status and schedule. At this stage it is expected that the proposed MBS will have obtained its final permits, any required interconnection studies will be completed, an interconnection agreement has been filed, financing will be in place and equipment will be on order.
- The NYISO, prior to making a determination about the viability of a proposed MBS, will communicate its intended determination to the project sponsor along with the basis for its intended determination. The NYISO shall provide sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO's intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed MBS.
- If the NYISO, following its analysis, determines that a proposed MBS is no longer viable the proposed MBS will be removed from the list of potential market-based solutions in the next CRP.

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Notes:

* **In the context of the Comprehensive Reliability Planning Process, the term “material change” shall include, but not be limited to: (a) a change in the financial viability of the developer; (b) a change in the siting status; or (c) a change in a major element of the project development.**

** **In the context of the Comprehensive Reliability Planning Process, the terms “viable” and “viability” shall mean that there is a reasonable likelihood that the proposed project will effectively address the identified reliability need in a timely fashion.**

Criteria for Monitoring Regulated and Alternative Solutions

Includes

Comments Submitted by
Transmission Owners,
LIPA and NYPA

Deleted: THE NYISO IS RESTORING THIS MONITORING DOCUMENT TO THE ORIGINAL VERSION BECAUSE IT BELIEVES THAT THE CRITERIA FOR VIABILITY AND MONITORING SHOULD APPLY EQUALLY TO ALTERNATIVE REGULATED SOLUTIONS. THE NYISO WILL DISCUSS THIS AT THE MEETING.¶

Section 9.0(b)

1 The NYISO will monitor and report on the status of regulated solutions to ensure their continued viability to meet Reliability Needs on a timely basis in the CRP. The NYISO will develop criteria, in conjunction with the ESPWG, to assess the continued viability of such projects.

Proposed Criteria

- Beginning with the first round of the Comprehensive Reliability Planning Process, the NYISO will develop a list of potential regulated solutions that it has determined would, if implemented, satisfy an identified reliability need.
- Such solutions will include backstop regulated solutions proposed by the Responsible TO(s), as well as alternative regulated solutions proposed by a Transmission Owner or Other Developer.

Regulated Backstop Solutions Proposed by the Responsible TO(s)

- In order to remain on the CRP list as a potential regulated backstop solution, the Responsible TO(s) shall provide to the NYISO, on an annual basis, verification that the proposed solution remains its choice for the regulated backstop solution. Such verification shall also include a statement that the implementation schedule is still valid.
- The Responsible TO shall establish a timeline for permitting activity, for ordering major equipment and for construction.
- Following the first year that a regulated project is proposed, such verification shall be provided during the Request for Solutions phase of each subsequent CRP process
- The Responsible TO(s) shall immediately notify the NYISO of any material change* in the status of a regulated backstop solution or that a regulated backstop solution may

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not longer be viable after which the NYISO shall determine whether another regulated backstop solution is needed outside of the normal CRP cycle.**

- **If the Responsible TO(s) determines that there is another solution it wishes to propose as its regulated backstop solution to meet the needs identified in the RNA, it shall notify the NYISO during the Request for Solutions phase of a subsequent CRP process.** Deleted: first five year period of the respective
- **Subject to a determination by the NYISO that the new solution will meet the identified reliability need, such solution shall be included in the CRP, in place of the original regulated backstop solution.** Deleted: in the first five year period
- If the new regulated backstop solution does not meet the needs identified in the RNA, the NYISO will provide sufficient information to the Responsible TO(s) to determine how the regulated backstop should be modified to meet the identified reliability needs. Such information that will be provided includes, but is not limited to the type, size, location and timing of the remaining need. Deleted: first five year period of the
- The Responsible TO(s) shall make necessary changes to its newly proposed backstop solution to address reliability deficiencies identified by the NYISO, and submit a revised proposal to the NYISO for review. This is an iterative process that will continue between the NYISO and Responsible TO(s) until identified needs are appropriately addressed. The NYISO will continue to provide detailed information regarding the remaining needs in each iteration.
- These criteria for monitoring regulated backstop solutions shall also apply to monitoring by the NYISO of Transmission Owners' implementation of their bulk and non-bulk power system plans for system upgrades and resource additions. **[PAUL GIOIA TO PROVIDE EDITS TO THIS BULLET]** Formatted: Font: Bold

Alternative Regulated Solutions Proposed by a Transmission Owner or Other Developer

- **In order to remain on the CRP list as a potential alternative regulated solution, the Transmission Owner or Other Developer shall provide to the NYISO, on an annual basis, updated information on the proposed solution , including:**
 - **Verification that the proposed implementation schedule is within the timeframe of the benchmark (BM) established by the regulated backstop solution.**
- **Following the first year that an Alternative Regulated Solution is proposed, such verification shall be provided during the Request for Solutions phase of each subsequent CRP process.**
- **Failure to provide any data requested by the NYISO within a reasonable period of time (not to exceed 60 days from the date of the NYISO request) will result in the rejection of the proposed alternative regulated solution from further consideration in that round of**

the Comprehensive Reliability Planning Process. Such solution shall be removed from that year's CRP.

- **The Transmission Owner or Other Developer will immediately notify the NYISO when it has any indication of a material change** in the status of its project.**
- **If the NYISO, at any time, learns of a material change in the status of an alternative regulation solution, it may, at that time, make a determination as to the continued viability of such solution.**
- **The NYISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the sponsor along with the basis for its intended determination. The NYISO shall provide the sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO's intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed solution.**
- **If the NYISO, following its analysis, determines that a proposed solution is no longer viable it will be removed from the list of potential alternate regulated solutions in the next CRP.**
- **If the Transmission Owner or Other Developer determines that there is another solution it wishes to propose as its alternative regulated solution, it shall submit such proposed solution to the NYISO.**
- **Subject to a determination by the NYISO that the new proposed regulated solution will meet the identified reliability need, such solution shall be included in the CRP, in place of the alternative regulated solution originally proposed.**

Notes:

* **In the context of the Comprehensive Reliability Planning Process, the term "material change" shall include, but not be limited to: (a) a change in the financial viability of the developer; (b) a change in the siting status; or (c) a change in a major element of the project development.**

** **In the context of the Comprehensive Reliability Planning Process, the terms "viable" and "viability" shall mean that there is a reasonable likelihood that the proposed project will effectively address the identified reliability need in a timely fashion.**

Criteria for Invoking a Regulated Solution

Comment: NYISO's Comment; this title change is not consistent with the tariff, because the tariff speaks to the "cutoff date" for a determination that a market solution will not be available.

REVISED DRAFT FOR DISCUSSION

NYISO COMPREHENSIVE RELIABILITY PLANNING PROCESS

Section 9.0(d)

The NYISO, in conjunction with the ESPWG, will develop criteria for determining the cutoff date for a determination that a market-based solution will not be available to meet a Reliability Need on a timely basis.

Comment: The NYISO deleted NYDPS's suggested changes to this language because it comes directly from the tariff and cannot be changed without a tariff amendment. That being said, it is possible that this tariff amendment change could be made if the Working Group and Committees agree, when the NYISO makes tariff amendments to Attachment Y.

Proposed Criteria

- **In the first instance, the NYISO shall employ its procedures for monitoring the viability of a market-based solution to determine when it may no longer be viable.***
- **Under the conditions where a market-based solution is proceeding after the date on which the NYISO would otherwise have invoked a regulated backstop solution, it becomes even more critical for the NYISO to conduct a continued analysis of the viability of such market-based solutions.**
- **The developer of such a market-based solution shall submit updated information to the NYISO twice during each CRPP cycle, first during the input phase of the RNA, and again during the solutions phase during the period allowed for the solicitation for market based and regulated backstop solutions. If no solutions are requested in a particular year, then the second update will be provided during the NYISO's analysis of whether existing solutions continue to meet identified reliability needs. The updated information of the project status shall include:**
 - Major milestone schedule
 - Status of final permits
 - Status of major equipment
 - Current status of construction schedule
 - Estimated in-service date
 - Any potential impediments to completion by the reliability need date
 - Any other information requested by the NYISO
- **The developer shall immediately report to the NYISO when it has any indication of a material change** in the project status or that the project in-service date may slip beyond the reliability need date**

Deleted: , on a periodic basis [period to be determined], updated information on the project's status, including:

- **Based upon the above information, the NYISO will perform an independent review of the development status of the market-based solution to determine that it remains viable to meet the identified reliability need in a timely fashion.**
- **If the NYISO, at any time, learns of a material change in the project status of a market-based solution, it may, at that time, make a determination as to the continued viability of such project.**
- **The NYISO, prior to making a determination about the viability of a specific proposed solution, will communicate its intended determination to the project sponsor along with the basis for its intended determination. The NYISO shall provide sponsor a reasonable period (not more than 2 weeks) to respond to the NYISO's intended determination, including an opportunity to provide additional information to the NYISO to support the continued viability of the proposed solution.**
- **If the NYISO determines that a market-based solution that is needed to meet an identified reliability need is no longer viable, it will immediately request the Responsible TO(s) to invoke the regulated backstop solution, or to seek other measures to ensure the reliability of the system.**
- **If the NYISO determines that the market-based solution is still viable, but that its in-service date is likely to slip beyond the reliability need date, the NYISO will request the Responsible TO(s) to prepare a "gap solution" in accordance with the provisions of Attachment Y of the NYISO OATT.**

Notes:

* **In the context of the Comprehensive Reliability Planning Process, the terms "viable" and "viability" shall mean that there is a reasonable likelihood that the proposed project will effectively address the identified reliability need in a timely fashion.**

** **In the context of the Comprehensive Reliability Planning Process, the term "material change" shall include, but not be limited to: (a) a change in the financial viability of the developer; (b) a change in the siting status; or (c) a change in a major element of the project development.**