

**Summary of Proposed Tariff Revisions to
Public Policy Transmission Planning Process**

January 20, 2016

Unanimously Approved by the Management Committee on April 29, 2015 (with abstentions)

For January 21, 2016 ESPWG and January 27, 2016 MC:

- NYISO is providing an update today on the two orders FERC issued on the NYISO's planning process just before the holidays.
- By way of background, on August 1, 2014, the NYISO commenced its initial Public Policy Transmission Planning Process ("Process") by soliciting potential transmission needs driven by Public Policy Requirements. The NYISO submitted the potential transmission needs that it received to the PSC. Under the NYISO's tariff, the PSC identifies any Public Policy Transmission Need(s) ("Need") for which the NYISO must solicit and evaluate solutions in the current transmission planning cycle.
- In early 2015, the NYISO identified certain tariff revisions and clarifications that are needed to implement the next steps of its Process.
 - The proposed tariff revisions were reviewed at multiple ESPWG meetings and were approved without objection at the April 15, 2015 BIC meeting, the April 16th OC meeting and the April 29th MC meeting and were filed with FERC under Section 205 on June 29th.
- On December 23, 2015, FERC issued an Order rejecting the entire Section 205 filing based solely on the NYISO's proposed inclusion of interconnection-related milestones in the Process that referenced the existing, different interconnection requirements for incumbent and non-incumbent developers. The Order did not address the merits of the numerous other process revisions and clarifications proposed by the NYISO that were the principal reason for the filing, and that were not related to the NYISO's interconnection requirements.
 - The PSC has recently identified Needs in Western NY and in conjunction with the AC Transmission Case and has requested the NYISO to solicit solutions to address these Needs.
 - To implement the next steps of its Process in light of the recently-identified Needs, the NYISO continues to require the Process revisions and clarifications approved by the MC in April 2015 and left unaddressed in the FERC Order.
 - The NYISO, therefore, is proposing to re-file with FERC in early February following MC and Board approval the identical Process revisions and clarifications previously approved at the April 29, 2015 MC meeting and included in the June 29 filing, excluding those revisions concerning the NYISO's interconnection requirements that were expressly addressed and rejected by the FERC.

- The interconnection issues, *pro forma* development agreements and *pro forma* operating agreement will be addressed in a separate compliance filing in response to a separate FERC Order also issued on December 23rd in the NYISO's Order No. 1000 regional compliance proceeding. On January 7th, the NYISO filed a request to extend the deadline for that compliance filing by 60 days to March 22, 2016.
- **Highlights of the previously-approved tariff revisions are as follows:**
 - Specify that the NYISO will allocate to all LSEs using a default load ratio share (unless otherwise determined by FERC) the costs the developer of a selected transmission project may recover if a governmental agency rejects, or withdraws, a necessary authorization. The developer may begin to recover these costs as determined by FERC. (Sections 31.4.12.1, 31.5.5.3, and 31.5.6.5.2)
 - Require the developer of a selected transmission project to enter into a development agreement with the NYISO, and specify the consequence if the parties fail to enter into the agreement or it is terminated. Specifically, the NYISO will submit a report to the PSC and/or FERC and may take such action as is reasonably necessary, following consultation with the PSC, to provide that the Need is satisfied. (Sections 31.4.12.2 and 31.4.12.3) FERC directed the NYISO to submit this agreement in the Order No. 1000 regional proceeding. The NYISO is developing this agreement and will review with stakeholders prior to its compliance filing.
 - Insert a process step requiring the developer of a viable/sufficient transmission project to indicate its intent to proceed to be evaluated for selection and its consent to the NYISO disclosing details regarding its project. (Section 31.4.6.6) The tariff provides that the NYISO will maintain the confidentiality of bilateral contracts and preliminary cost data.
 - Establish flexibility in the administration of the process by permitting the NYISO, with notice to stakeholders, to extend its deadlines within Attachment Y and to extend other parties' deadlines, so long as the extensions are applied equally to all parties and will not result in a reliability violation. (Sections 31.1.8.6 and 31.1.8.7)
 - Clarify that the NYISO will proceed with its Process in the event of a dispute regarding a Need identified by the PSC, unless the PSC's order has been stayed pending the resolution of the appeal. (Section 31.4.3.1)
 - Clarify the scope of the base case that the NYISO will use to study proposed solutions to a Need. The NYISO will utilize the most recent Reliability Planning Process base case and maintain a reliable system for the study period using compensatory megawatts. (Section 31.4.6.1)
 - Clarify that the developer of a selected project must execute the ISO/TO agreement or a comparable operating agreement with the NYISO prior to energizing its project. (Section 31.4.12.4) FERC directed the NYISO to submit a comparable operating agreement in the Order No. 1000 regional proceeding. The NYISO is developing this agreement and will review with stakeholders prior to its compliance filing.

- Propose other clean-ups and clarifications, including:
 - Create defined terms to standardize terminology;
 - Insert project information requirements for non-transmission and hybrid transmission/non-transmission projects (Section 31.4.5.2);
 - Clarify project information and developer qualification submission requirements (Section 31.4.4.3);
 - Make explicit that developer must execute a study agreement for the NYISO's evaluation of its project in the selection phase of the Process (Section 31.4.4.4);
 - Clarify confidentiality requirements (Section 31.4.15);
 - Provide for PSC to set forth a required timeframe for completion of any solution(s) to a Need (Sections 31.4.2.1, 31.4.6.2, 31.4.6.3, and 31.4.6.5);
 - Clarify that there may be more than one Need in a planning cycle;
 - Clarify that NYISO will consider all of the information submitted by developer in evaluating project's viability/sufficiency (Section 31.4.6.3); and
 - Make other minor revisions, including relocating certain provisions, removing duplication, and making non-substantive clean-ups.
- **Highlights of NYISO's edits to exclude references to NYISO's interconnection requirements that were rejected by FERC in its December 23, 2015 compliance order:**
 - All references to Attachment X and to Sections 3.7 and 4.5 of the OATT have been removed.
 - Refer to the following Sections:
 - Section 31.4.4.3.1: Requirement to submit a valid interconnection request
 - Section 31.4.5.2.5: Requirement for developer to notify NYISO upon completion of an interconnection study
 - Section 31.4.6.6: Requirement to demonstrate execution of an interconnection study agreement
 - Section 31.4.8: Requirement for NYISO to give due consideration of the status and results of interconnection studies
 - Section 31.4.15.1: Confidentiality and transparency requirements