

# **Phase II: NYISO COMPREHENSIVE PLANNING PROCESS FOR RELIABILITY NEEDS**

By

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**Management Committee Meeting**

**Agenda #6**

**July 7, 2004**

**Saratoga Springs**

# NYISO Planning Process

## ➤ Phase I: Initial Planning Process

- *Approved by OC on Sept 10th*
- *Identifies reliability needs only: 10-year planning horizon*
- *Reports on historic congestion*
- *First draft report issued in June 2004*

## ➤ Phase II: Comprehensive Planning Process

- *Builds on Initial Planning Process*
- *No substantive changes to Sections 1 through 5*
- *Agreement to address reliability needs first*
- *Objective: To ensure that upgrades will be built when needed for reliability*
- *ESPWG achieved general agreement on 6/23*

# Phase II: Comprehensive Process

- The Initial Planning Process stops with the issuance of the NYISO's Needs Assessment
- Phase II has added the following elements to the Initial Planning Process:
  - *Request for Solutions*
    - ▶ Market Based
    - ▶ Regulated solutions
    - ▶ Non-TOs may submit alternative regulated solutions to DPS
  - *Evaluation of Proposed Solutions*
    - ▶ NYISO will evaluate whether proposed solutions will meet the identified reliability need
    - ▶ NYISO will not select among alternate proposals
  - *Provision made for "gap" solutions*
    - ▶ May be needed to ensure reliability

# Request for Solutions: Timing

## ➤ Normally a two-step process

- *NYISO will allow time for market-based responses first*
- *If response meets the need, the process stops there*
- *If not, then NYISO will seek regulated responses*
  - ▶ TOs will prepare a regulated response
  - ▶ Non-TO's may submit alternate regulated proposals to DPS

## ➤ Exception to the normal process

- *First round: NYISO to request TOs to develop regulated responses in parallel with market-based responses*
- *Subsequent rounds: Whenever a need is first determined*
- *Reason for exception: The development time for the regulated response provides the benchmark for the lead time for market-based responses*

# Phase II: Other Elements

- Preparation, review and approval of Comprehensive Reliability Plan
- Cost Allocation
  - *Based upon a “beneficiaries pay” principle*
  - *Specific methodology to be developed by NYISO/ESPWG*
- Cost Recovery for Regulated Projects
  - *Transmission solutions*
    - ▶ Filed with FERC
    - ▶ Recovery through NYISO Tariff
  - *Non-transmission solutions*
    - ▶ In accordance with NYS Public Service Law

# Phase II: Tariff Filing

- **MC is being asked to vote on the Planning Process as described in the document approved by the OC**
  - *Revised to include language on roles of the FERC/PSC in dispute resolution (See July 1 Final Draft)*
- **NYISO Counsel will turn this document into the appropriate tariff format**
  - *To conform to OATT definitions, review terminology, improve internal consistency, include administrative provisions*
  - *No substantive changes will be made*
- **Agreement between NYISO & TO's**
  - *Defining TO rights and obligations*
  - *Not subject to OC/MC approval*
  - *Will be filed with FERC concurrently with Tariff changes*

# Schedule

- **Jun 30**      **OC approved Planning Process**
  - *100% affirmative vote; with several abstentions & caveats*
- **July 1**      **Planning Process sent to MC**
  - *Revised to include language on dispute resolution*
- **July 2**      **NYISO to distribute to MC**
  - *NYISO-TO Agreement (for information purposes)*
- **July 7**      **MC Vote**
- **July**      **Finalize Tariff language**  
**Board A&R Committee Review**
- **August**      **Board Action**  
**File with FERC**