3.7 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

~~The FERC Order No. 888 p~~Provisions for initiating a transmission system expansion by an Eligible Customer are contained in Section 3.7.1 through 3.7.3 and Attachment FF to the NYISO OATT. Provisions for an Eligible Customer that is a Transmission Owner to initiate upgrades and expansions identified in a Local Transmission Owner Plan or NYPA transmission plan, are contained in Sections 3.7.1 ~~and Sections 3.13~~ through 3.14.2. To the extent a Transmission Owner proposes a new transmission facility or upgrade as part of the NYISO's competitive selection process in the NYISO's Comprehensive System Planning Process in Attachment Y to the NYISO OATT, and for which the Transmission Owner seeks cost allocation under the NYISO OATT, the Transmission Owner must submit a Transmission Interconnection Application and proceed under the procedures set forth in Attachment FF to the NYISO OATT. Additional ISO responsibilities for transmission system expansion are contained in Section 3.8. Study procedures associated with new Load and Large Facility interconnections to the NYS Power System are contained in Section 3.9. Section ~~19C~~ 3.10 addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owner from proposing and constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

3.7.1 Notice of Request for ~~System Impact Study~~Study:

Firm Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Firm Point-To-Point Transmission Service ~~would not normally~~does not require a System Impact Study or Transmission Service Study unless (1) the Eligible Customer specifically requests, at the

Eligible Customer's option, that the ISO conduct such a study of facilities that could be constructed (for example, if the Eligible Customer requesting Firm Transmission Service determines that Congestion Rent or the cost of TCCs is too high and the customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer ~~requests that transmission facilities be constructed~~ seeks to identify possible transmission options to address reliability or other operational concerns) (a "Transmission Service Study Request"); or (2) the Eligible Customer is a Transmission Owner that proposes upgrades and expansions, identified in a Local Transmission Owner Plan or NYPA transmission plan, that (a) are not subject to Attachment FF to the NYISO OATT and (b) either (i) reduce the transfer capability of a NYISO interface by greater than 10 MW or increase the transfer capability of a NYISO interface by greater than 25 MW; or (ii) change the classification of affected facilities to NPCC BPS facilities (a "System Impact Study Request"). When an Eligible Customer submits a Study Request pursuant to Section 3.7.1, it must give the ISO written notice of whether it intends to conduct all or part of the ~~System Impact~~ Study itself. After receiving a complete Study Request, the ISO shall, within thirty (30) days of the date that the Operating Committee approves the scope of the ~~System Impact~~ Study, or such other time as is agreed upon by the ISO and the Eligible Customer, tender a ~~System Impact~~ Study agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO, for performing the required ~~System Impact~~ Study. The ISO shall coordinate with all affected Transmission Owners in performing the ~~System Impact~~ Study. A description of the ISO's methodology for completing a ~~System Impact~~ Study requested pursuant to Section 3.7.1 is provided in Attachment D to the NYISO OATT. Before a Study Request for a Transmission Service Study or System Impact Study is evaluated pursuant to Section 3.7, the Eligible Customer shall execute the ~~System~~

~~Impact~~ Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the ~~System Impact~~ Study agreement, its Study Request shall be deemed withdrawn.

3.7.2 ~~System Impact~~ Study Agreement and Cost Reimbursement:

The ~~System Impact~~ Study agreement for a Transmission Service Request or System Impact Study performed under Section 3.7 will clearly specify the ISO's estimate of the actual cost, and time for completion of the ~~System Impact~~ Study. The charge shall not exceed the actual cost of the study. In performing the ~~System Impact~~ Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Study Request.

~~For System Impact Studies that a Transmission Owner or the ISO conducts on its own behalf, the Transmission Owner or ISO shall record the cost of the System Impact Studies pursuant to Section 2.8.~~

If a Transmission Owner, on behalf of the ISO, performs all or part of a Transmission Service Study or System Impact Study, the ISO shall reimburse the Transmission Owner for any costs that the Transmission Owner incurred.

3.7.3 ~~System Impact~~ Study Procedures:

The ISO shall coordinate with all affected Transmission Owners in performing the Transmission Service Study or System Impact Study.

Upon receipt of an executed ~~System Impact~~ Study agreement, the ISO will complete the

required ~~System Impact~~ Study as follows:

3.7.3.1 if the Study Request specified that the Eligible Customer would not perform any part of the study then the ISO shall use due diligence to complete the study, and to obtain all necessary stakeholder approvals, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed ~~System Impact~~ Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; or

3.7.3.2 if the Study Request specified that the Eligible Customer would perform all or part of the System Impact Study itself, then:

3.7.3.2.1 the ISO shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing, and to obtain all necessary stakeholder approvals of those portions, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed System Impact Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; and

3.7.3.2.2 the ISO shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the ISO. If the ISO determines ~~that~~ that the portion(s) of the study performed by

the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The ISO shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the ISO.

The ISO will normally submit System Impact Studies to the Operating Committee before finalizing them. If the Operating Committee directs the ISO to modify a System Impact Study or to perform other study-related work before granting its approval, then the deadline for completing the study will be extended for an additional time agreed upon by the ISO and the Eligible Customer. If the ISO and the Eligible Customer are unable to agree on an additional time the deadline for completing the study will be extended for another sixty (60) days.

The System Impact Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with a Eligible Customer’s or Transmission Owner’s request. In the event that the ISO is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The ISO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself or a Transmission Owner.

The ISO shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Study Request can be completed at no additional cost (*e.g.*, if the ISO is currently studying requests to construct similar facilities).

After completion of a Transmission Service Study, if an Eligible Customer seeks to pursue construction of transmission upgrades, the Eligible Customer may do so by initiating the Transmission Interconnection Process pursuant to Attachment FF to the NYISO OATT. An Eligible Customer may also proceed directly to Attachment FF to the NYISO OATT without first submitting a Transmission Service Request or completed a Transmission Service Study under Section 3.7.

3.7.4 Facilities Study Procedures:

After completion of a System Impact Study ~~indicates that additions or upgrades to the Transmission System could be constructed in response to the Eligible Customer's Study Request~~, the Transmission Owner(s) whose facilities may be modified in performing the upgrade or addition (the "affected" Transmission Owners), if such entity is other than the Eligible Customer, shall, within thirty (30) days of the later of: (i) the completion of the System Impact Study; (ii) the date on which the Eligible Customer provides the affected Transmission Owner(s) with written notice of whether it intends to perform all or part of the Facilities Study itself; or (iii) such other time as is agreed upon by the Transmission Owner(s) and the Eligible Customer, tender to the Eligible Customer a Facilities Study agreement. The ISO shall cooperate with the affected Transmission Owner(s) in performing any subsequent Facilities Studies. In the Facilities Study agreement, the Eligible Customer shall agree to reimburse the Transmission Owner(s) for performing the required Facilities Study and the ISO for its associated costs. If the

Eligible Customer wants the Transmission Owner(s) to undertake the Facilities Study, the Eligible Customer shall execute the Facilities Study agreement and return it to the Transmission Owner(s) within fifteen (15) days.

Upon receipt of an executed Facilities Study agreement, the affected Transmission Owner(s) will complete the required Facilities Study as follows:

3.7.4.1 if the Eligible Customer gave written notice that it would not perform any part of the study then the affected Transmission Owners(s) shall use due diligence to complete the study within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); or

3.7.4.2 if the Eligible Customer gave written notice that it would perform all or part of the Facilities Study itself, then:

3.7.4.2.1 the affected Transmission Owner(s) shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); and

3.7.4.2.2 the affected Transmission Owner(s) shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day

period or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s). If the affected Transmission Owner(s) determine that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The affected Transmission Owner(s) shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s).

If the Transmission Owner(s) are unable to complete the Facilities Study in the allotted time period, the Transmission Owner(s) shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Section [*]~~Part II~~ of this Tariff, and (iii) the time required to complete such construction. The Facilities Study shall contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new

facilities. If the Eligible Customer decides to proceed with the construction of the facilities described in the Facilities Study, the Eligible Customer shall (1) enter into a construction contract with the Transmission Owner(s) whose system(s) will be directly modified, and with the entity that will construct the facilities under the supervision of the Transmission Owner(s) (if other than the Transmission Owner(s)), and guarantee to compensate the Transmission Owner(s) and constructing entity (if other than the Transmission Owner(s)) for all costs incurred associated with the construction, and (2) provide each Transmission Owner with a letter of credit or other reasonable form of security acceptable to the Transmission Owner equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The construction contract shall contain terms and obligations of the Transmission Customer to pay for the facilities modifications or additions pursuant to the contract.

3.7.5 Facilities Study Modifications:

Any change in design from what was studied in the Facilities Study performed pursuant to Section 3.7.4, arising from inability to site or construct facilities as proposed, will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO or Transmission Owner that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Section [*]~~Part 3~~ of this Tariff.

3.7.6 Due Diligence in Completing New Facilities:

The Transmission Owner(s), in coordination with the ISO, shall use due diligence to add necessary facilities or upgrade their transmission systems within a reasonable time. The

Transmission Owner(s) will not upgrade their existing or planned system if doing so would impair system reliability.

3.7.7 Partial Interim Service:

If the ISO, in cooperation with the Transmission Owner(s), determines that it can satisfy a portion of the Eligible Customers request based on the existing transmission system configuration, the ISO will provide that information to the Eligible Customer. The awarding of such TCCs will be subject to the results of the TCC auction process.

3.7.8 Expedited Procedures for New Facilities:

In lieu of the procedures set forth above, ~~the~~an Eligible Customer requesting a System Impact Study pursuant Section 3.7.1 shall have the option to expedite the process by requesting the ISO to coordinate with the Transmission Owner(s) to tender at one time, together with the results of required studies, an "Expedited Request" pursuant to which the Eligible Customer would agree to compensate the Transmission Owner(s) and ISO for all costs incurred pursuant to the terms of this Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Request covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in order to address the Transmission Customer's request. While the Transmission Owner(s) agree to provide the Eligible Customer with their best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Owner(s) for all costs incurred pursuant to the provisions of this Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a completed application and will be deemed

terminated and withdrawn.

3.7.9 Penalties for Failure to Meet Study Deadlines:

Sections 3.7.3 and 3.7.4 require the ISO, or the affected Transmission Owner, to use due diligence to meet the completion deadlines for System Impact Studies and Facilities Studies, respectively.

(i) The ISO, or a Transmission Owner as appropriate, is required to file a notice with the Commission in the event that more than twenty (20) percent of System Impact Studies and non-Affiliates' Facilities Studies that it completes in any two consecutive calendar quarters are not completed within the study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

(ii) For the purposes of calculating the percent of System Impact Studies and non-Affiliates' Facilities Studies processed outside of the study completion deadlines, the ISO and the Transmission Owner(s) shall consider the total number of System Impact Studies and Facilities Studies for *non-Affiliates* that they collectively completed during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are not completed on time by the total number of completed studies. The ISO or Transmission Owner may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the study completion deadlines.

(iii) The ISO or Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of System Impact Studies and non-Affiliates'

Facilities Studies outside of the study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the ISO's or Transmission Owner's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the ISO or Transmission Owner, as applicable, completes at least ninety (90) percent of all System Impact Studies and non-Affiliates' Facilities Studies within the deadline.

(iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to $500 for each day that the ISO or Transmission Owner takes to complete that study beyond the deadline.

3.7.10 Clustering of Point-to-Point Studies

The Eligible Customer may request that the ISO or affected Transmission Owner(s), as applicable, cluster the System Impact Studies and/or Facilities Studies. The Eligible Customer shall notify the ISO or affected Transmission Owner(s), as applicable, prior to signing a study agreement if the Eligible Customer requests its System ~~Impact~~ Impact Study or Facilities Study to be clustered with another Eligible Customer's System Impact Study or Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer request(s) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The ISO or affected Transmission Owner(s) may, in their discretion, notify Eligible Customers who have requested

studies about potential clustering opportunities. The ISO or affected Transmission Owner(s), as applicable, will accommodate any reasonable clustering request; however, the ISO or affected Transmission Owner(s) will not consider a clustering request to be reasonable if:

(i) The cluster is not supported by all Eligible Customers proposed to be in the cluster; or

(ii) The ISO or affected Transmission Owner(s) determine that the requests should be studied individually rather than in a cluster (*e.g.*, studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable).

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 3.7.3, 3.7.4, 4.5.3 and 4.5.4 with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their System Impact Studies or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their System Impact Study or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for

performing the clustered System Impact Study or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate cost-sharing structure, in which case the Eligible Customers shall provide the ISO or affected Transmission Owner(s) with a copy of that alternate agreement, as executed. If the ISO or an affected Transmission Owner allows a participating Eligible Customer to opt out of a cluster, the Eligible Customer shall remain liable for its share of the ISO or affected Transmission Owner(s)' costs in performing the cluster study.