

# TOs and NYISO Planning Process for Reliability Projects

ESPWG

April 15, 2004

# TO Majority View

This presentation identifies the majority TO view, which represents the views of Energy East, LIPA, NYPA, Central Hudson, and Con Edison

# Issues

- Scope of the NYISO Planning Process
- TO Role in the NYISO Planning Process
- TO Obligations to Respond to Reliability Needs
- Cost Allocation
- Cost Recovery

# Basic Assumptions

- The Planning Process is long term – 10 years
- In the process, the NYISO identifies reliability needs

# TO Role in the Process

- TOs will continue to plan for their systems to meet their local reliability rules
- Upgrades (at any voltage level) and other projects that result from this TO system planning will serve as inputs to NYISO planning process
- NYISO will identify incremental system needs based on planning reliability needs

# TO Obligations to Respond to Reliability Needs

- The TOs will assume responsibility to ensure reliability is maintained if the market does not respond to needs identified by the NYISO during the planning process
- As a default, the TO in whose service territory the reliability need has been identified, will assume responsibility to ensure reliability is maintained
- If a reliability project will reside in more than one service territory, or in a service territory other than the one with the identified need, then the relevant TOs will collaborate to determine an appropriate solution
- The TOs recognize that an ultimate backstop may become necessary if they cannot reach agreement on a solution. The TOs will continue to work to determine that backstop

# Cost Allocation

- Costs will be allocated to customers who receive incremental benefits based on
  - Who has need
  - Who, other than those with the need, receives reliability benefits.
- Specific cost allocation tools will be developed that will, to the extent practicable
  - Identify meaningful and substantial deferred capital investment
  - Eliminate free riders

# Cost Recovery

- NYISO tariff or other regional tariff, provided that:
  - The TOs will determine their own revenue requirement pursuant to regulatory procedures currently in place and appropriate regulatory review
  - Credit and security issues will be adequately addressed
  - Acceptable administrative and billing procedures will be implemented by the NYISO