

Implementing the Northport-Norwalk Intertie as a Scheduled Line

Prepared for the
Management Committee
Agenda 6
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The Northport-Norwalk Intertie/1385 Cables

- ◆ The 1385 Cables are PAR controlled underwater cables between Norwalk CT and Northport NY (Long Island)
- ◆ They are referred to as the “Northport-Norwalk intertie” in the OATT, ISO Agreement and ISO-TO Agreement
- ◆ The Cables are currently modeled as part of the total NY/NE AC interface
- ◆ The NYISO is proposing to implement the Northport-Norwalk intertie as a Scheduled Line

Northport-Norwalk Scheduled Line

- ◆ Will be scheduled independent of the existing NY/NE AC interface, the CSC and Neptune.
- ◆ LBMP computed at the Proxy Generator Bus associated with the Northport-Norwalk Scheduled Line will be independent of LBMP at existing NY/NE AC interface, the CSC and Neptune.
- ◆ Will support import, export, and wheel-through transactions.
 - *The initial capacity of the line is expected to be set in the 100 MW to 150 MW range. The NYISO expects that the posted TTC/ATC will be the same for Imports and Exports.*
- ◆ NYISO transactions will be bid/scheduled in the same manner as other external Proxy Generator Buses that are not subject to an Advance Reservation process.
- ◆ Implementation planned for June 2007.

LIPA Tax Exempt Financing

- ◆ LIPA's facilities are financed by two types of tax exempt bonds:
 - *In order to protect the tax exempt status of bonds issued by LIPA as an instrumentality of the State of New York, LIPA must comply with the IRS's "Output Regulations."*
 - *In addition, prior to its acquisition by LIPA, LILCO was the beneficiary of tax exempt "Local Furnishing Bonds" that were issued by NYSERDA. Some of the LILCO Local Furnishing Bonds are still outstanding. A second/different set of requirements must be satisfied to maintain the tax exempt status of the Local Furnishing Bonds.*

Tax Exempt Financing Related Tariff Revisions



- ◆ See the draft Tariff language proposed jointly by LIPA and the NYISO.
- ◆ Modifications to the relevant provisions of the ISO-TO Agreement require either (a) the approval of all of the Transmission Owners and the NYISO, or (b) a 206 filing.

Northport-Norwalk Scheduled Line, Supporting Tariff Changes

- ◆ The NYISO must:
 - *Identify the Northport-Norwalk intertie as a Scheduled Line in Section 2.161a of the Services Tariff and Section 1.39d.02 of the OATT*
 - *Add a defined term “Northport-Norwalk Scheduled Line” to the Services Tariff and the OATT*
- ◆ Proposed Tariff Definition of Northport-Norwalk Scheduled Line:
 - *“A transmission facility that originates at the Northport substation in New York and interconnects the NYCA to the ISO New England Control Area at the Norwalk Harbor substation in Connecticut.”*

Northport-Norwalk Scheduled Line—Supporting Tariff Changes, cont.

- ◆ The proposed Tariff revisions are designed to allow 3rd parties to submit bids to and receive schedules over the Northport-Norwalk Scheduled Line from the NYISO, while protecting the tax exempt status of LIPA's bonds.
- ◆ LIPA will provide a letter that pre-approves all day-ahead and real-time transactions that are submitted to and scheduled by the NYISO over the Northport-Norwalk Scheduled Line, as LIPA has previously done for the rest of the Long Island Transmission District.
 - *Prescheduled transactions are not permitted on Scheduled Lines*

ICAP and TCCs

- ◆ The initial implementation of the Northport-Norwalk Scheduled Line will permit the scheduling of energy in the Day-Ahead and Real-Time Market over that facility.
- ◆ Issues related to importing Installed Capacity over the Northport-Norwalk Scheduled Line and/or the granting of Transmission Congestion Contracts (TCCs) for transmission upgrades that are related to the Northport-Norwalk Scheduled Line shall be brought to the working groups for discussion and shall be the subject of (at minimum) a BIC vote prior to their implementation.

Market Monitoring

- ◆ The NYISO's Market Advisor has determined that, so long as the NYISO is able to receive day-ahead and real-time bids from all market participants and determine schedules over the Northport-Norwalk Scheduled Line, it should not be necessary to apply the Non-Competitive Proxy Generator Bus Rules or the Special Pricing Rules to the Northport-Norwalk Scheduled Line.