

Comments on NYISO's Initial Planning Process proposal

National Grid supports the New York Independent System Operator's initiative to strengthen the area's planning process. We believe that the initial phase of the proposed two-stage approach should include projected (as well as historic) congestion impacts in the needs assessment and incorporate proposed solutions into the regional plan. In addition, National Grid supports the further development of certain issues during the comprehensive phase.

1. Needs Assessment should include projected congestion impacts

The needs assessment would be incomplete if it did not include the impacts of congestion on the area's market. Historic and projected information should be presented in a consistent format and in a manner that would reveal whether congestion trends are likely to be persistent. National Grid believes that more data would better inform the market and decision makers. Therefore, we support the release of projected congestion costs and volumes associated with transmission constraints.

2. Regional Plan should incorporate proposed solutions

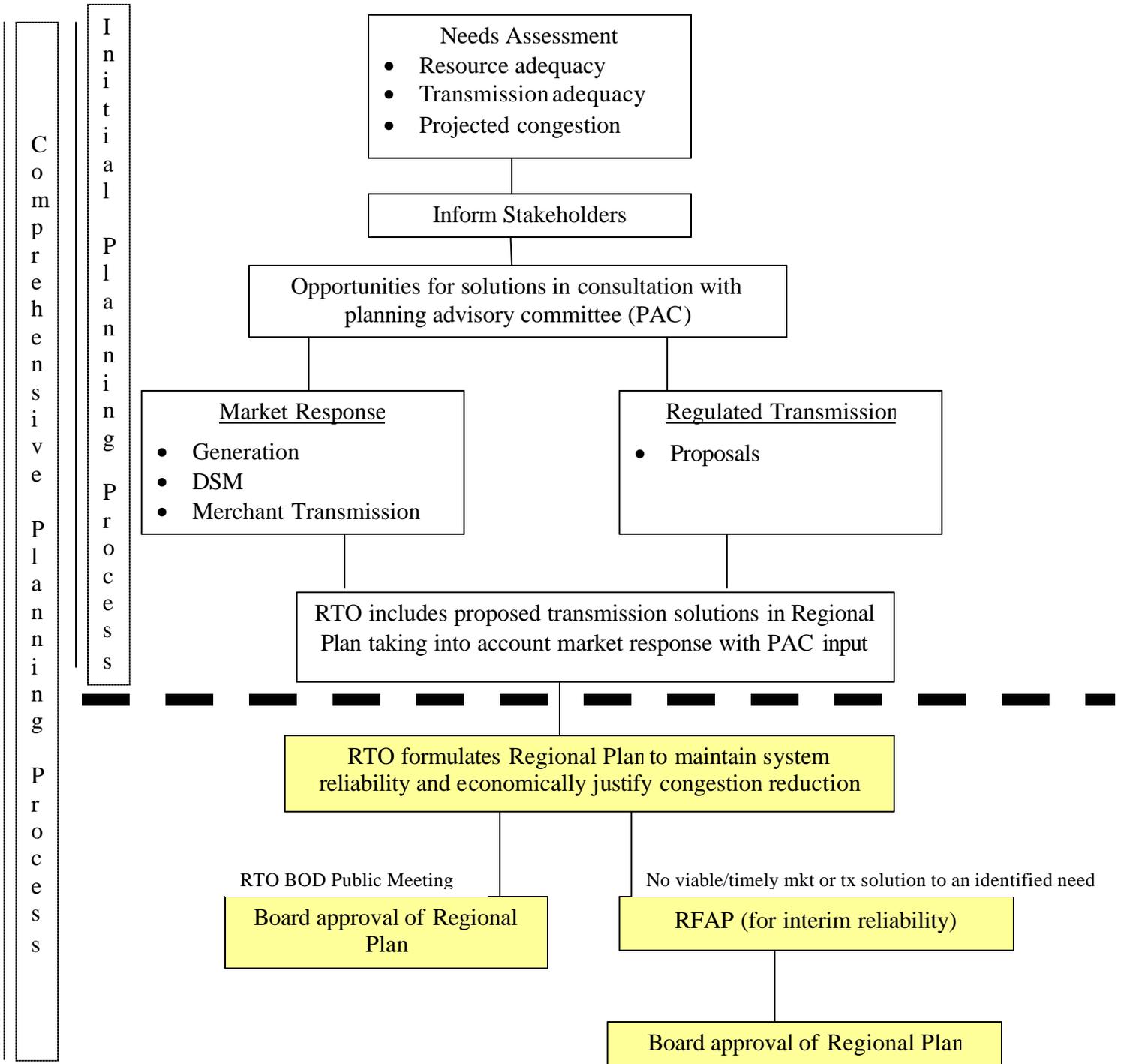
The initial planning process should generally follow the attached flow diagram, which is based on the NERTO proposal, and should include the following steps:

- a. Needs Assessment
In addition to reporting congestion costs and volumes, the needs assessment would identify reliability needs based on analyses using NYISO reliability criteria. Stakeholder input on system modeling would be solicited prior to the start of this phase.
- b. Opportunity for solutions development
The ability for regulated entities to respond to identified needs, taking into account market proposals, is required in the initial phase.
- c. Account for solutions in the plan
A plan with no report on courses of action for deficiencies would render the initial process incomplete.

3. The comprehensive planning process needs to address these issues:

- a. State's role
- b. Determination of economic need
- c. RTO authority to direct expansion
- d. TO obligation to build
- e. Cost recovery for regulated transmission

Regional Planning Process Flow (based on NERTO Proposal)



The steps to be addressed in the Comprehensive Planning Process include:

- State’s role
- Determination of economic need
- TO obligation to build and RTO authority to direct expansion
- Cost recovery of regulated transmission upgrades