

## **“PLANNING WORKING GROUP”**

### **SCOPE OF RESPONSIBILITY**

#### **BACKGROUND**

**There is a FERC requirement for an ISO/RTO to administer a comprehensive planning process within its region. This has been a requirement, with some modifications, in Order 2000, the SMD NOPR and most recently, the FERC White Paper on the Wholesale Market Platform. While the NYISO has previously submitted proposals for such a planning process to the Commission, those have either been rejected as not providing sufficient specificity (NYISO RTO filing—Jan 2001) or have been withdrawn from consideration (NERTO filing, August 2002).**

**While NYISO has various planning processes already in place (e.g. – periodic reliability analyses; interconnection study procedures; cost allocation procedures for interconnectios; resource adequacy analyses, etc.) it has yet to develop a comprehensive planning process which pulls together these elements. There is clearly a need to do so without delay.**

#### **NYISO PROPOSAL**

**The NYISO Staff, at the direction of the NYISO Board, has proposed a two-phased approach to the development of a comprehensive planning process:**

- During Phase I, the initial steps would be taken to bring together the various planning elements into a single, logical process with coordination of input requirements, internal timelines and improved interregional coordination. The principal addition to the existing NYISO reliability-based analyses would be to include a procedure for the computation of congestion cost projections through some future planning horizon. It is anticipated that this initial phase can begin implementation by Fall 2003 under the provisions of the existing NYISO Tariffs, agreements and governance procedures.**
- During Phase II, the initial process would be extended to include procedures for the evaluation of responses (provided as either market-based proposals and/or by regulated entities) to the NYISO’s needs assessment, and further procedures to ensure that needed upgrades will be built. The comprehensive planning process would address critical issues such as: the NYISO’s role in the planning process, identification of the NYPSC role in the planning process, reliability and economic needs, cost recovery and cost allocation issues and a mechanism to ensure construction of needed upgrades (“obligation-to-build” issues). It is envisioned that the comprehensive planning process will require tariff modifications to be filed with FERC—possibly in response to the Commission’s final rulemaking in**

the “Standard Market Design” docket.

## **PLANNING WORKING GROUP**

The NYISO Staff has requested the assistance of its market participants in the development of a comprehensive planning process for the NYISO, in accordance with its phased-in approach during the initial sector meetings held in January and February in conjunction with the Strategic Planning Initiative. All sectors were supportive of this process. Following discussions with the TOs during the Spring, NYISO Staff outlined its proposed approach to the BIC and OC during their May 2003 meetings, requesting stakeholder assistance in this effort. As a result of discussions among the chairs of the MC, BIC and the OC, the Planning Working Group—an interdisciplinary group comprised of both OC and BIC members--has been established.

## **SCOPE OF WORKING GROUP RESPONSIBILITY**

The following tasks are envisioned to be within the scope of the Planning Working Group during Phase I:

- Provide a forum for stakeholder input in the development of the initial NYISO planning process
- Stakeholder input to address various issues, including:
  - Input data
  - Study Assumptions
  - Scenario development
  - Projection of congestion costs
  - Break point for initial planning phase
  - Information desired from the planning process
- Provide recommendations on the role of stakeholders in the initial phase of the NYISO planning process
- Provide recommendations on the appropriate vehicle for stakeholder input to the initial planning process (e.g. – existing NYISO committee, ad hoc working group/advisory committee, etc)
- Goal is to achieve stakeholder consensus on the initial phase of the NYISO planning process
- If consensus is not achieved, provide majority and minority positions to the BIC and OC

**Schedule:** The Goal is to complete the Phase I development process during the Summer so that implementation of the Initial Planning Process can begin in September 2003.

**During Phase II, the scope of the Planning Working Group will be expanded to include input on and recommendations for the following additional issues:**

- **Address the FERC requirement that “ISOs/RTOs must be responsible for... directing or arranging, necessary transmission expansions...to reliably and economically serve the needs of the customers in the region.” (White Paper)**
- **TOs obligation to build new or upgrade facilities as determined through the NYISO planning process**
- **Role of the State in the NYISO planning process**
- **Consideration of alternative resources (including generation, transmission and demand response)**
- **Cost recovery methodology for regulated transmission upgrades**
- **Address the roles of the marketplace, NYISO and state and federal regulators regarding cost allocation for system upgrades**
- **Provide recommendations on the role of stakeholders in the comprehensive NYISO planning process**
- **The desirability of creating a new, higher-level, Planning Committee in recognition of the increased importance of the planning function for ISOs**
- **Goal is to achieve stakeholder consensus on the NYISO comprehensive planning process**
- **If consensus is not achieved, provide majority and minority positions to the BIC and OC**
- **Provide assistance to NYISO Staff in the preparation of necessary tariff modifications for filing with FERC**

**Schedule: It is anticipated that the Working Group would begin its development efforts on Phase II of the comprehensive planning process during Fall 2003.**

#### **ISSUES NOT INCLUDED IN WORKING GROUP SCOPE**

**The following issues are not anticipated to be within the scope of responsibility of the Planning Working Group:**

- **Proposing changes to the existing NYISO governance structure for the initial planning process**
- **Serving as the stakeholder advisory committee for the implementation of the initial NYISO planning process**
- **Determining the site-ability of any particular transmission or generation options**
- **Addressing whether the FERC or the State has jurisdiction/authority over various issues**

