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ATTACHMENT S - RULES TO ALLOCATE RESPONSIBILITY FOR THE COST OF NEW
INTERCONNECTION FACILITIES653

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First Revised Sheet Nos. 18 through 20
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scheduled ahead of time and can be changed only manually in real-time.

1.9b Developer: An Eligible Customer developing a generation project larger than 10 megawatts, or a merchant transmission project, proposing to connect to the New York State Transmission System at 115 kilowatts or above, in compliance with the NYISO Minimum Interconnection Standard.

1.10 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Owner(s) for **the** sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.10a Direct Sale: The sale of TCCs directly to a buyer by the Primary Owner through a non-discriminatory auditable sale conducted on the ISO's OASIS, in compliance with the requirements and restrictions set forth in Commission Orders 888 et seq. and 889 et seq.

1.10b Dispatchable: A Generator or Load that is capable of responding to real-time control from the ISO.

1.10c Dispatch Day: The twenty-four (24) hour period commencing at the beginning of each day (0000 hour).

1.10d Dispute Resolution Administrator ("DRA"): An individual hired by the ISO to administer the Dispute Resolution Process established in the ISO Tariffs and ISO Agreement.

1.10e Dispute Resolution Process ("DRP"): The procedures: (1) described in the ISO Tariffs and the ISO Agreement that are used to resolve disputes between Market Participants and the ISO involving services provided under the ISO Tariffs (excluding applications for rate changes or other changes to the ISO Tariffs or rules relating to such services); and (2) described in the ISO/NYSRC Agreement that are used to resolve disputes between the ISO and NYSRC involving the implementation and/or application of the Reliability Rules.

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- 1.11 Eligible Customer:** (i) Any electric utility (including the Transmission Owner and any power marketer), Federal power marketing agency, or any person generating Energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission

may elect to designate less than its total Load as Network Load but may not designate only part of the Load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular Load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated Load.

- 1.23 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff. For Eligible Customers that take service under the ISO Services Tariff, that Tariff shall function as their Network Operating Agreement.
- 1.24 Network Operating Committee:** The ISO Operating Committee will serve this function.
- 1.25 Network Resource:** Any generating resource that provides Installed Capacity to the NYCA designated under the Network Integration Transmission Service provisions of the Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.
- 1.26 Network Upgrades:** Modifications or additions to transmission facilities that are integrated with and support the Transmission Owner's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.26a Network Upgrade Agreement:** An agreement entered into between a Transmission Customer and a Transmission Owner that identifies the rights and obligations of each party with respect to the Network Upgrade, as described in this Tariff.

1.26a.1 New Interconnection: A proposed generation or merchant transmission project that must satisfy the requirements of a System Reliability Impact Study before it can connect to the New York State Transmission System in compliance with the NYISO Minimum Interconnection Standard. A

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project is considered to be a New Interconnection, or not, as a result of the application of specified materiality criteria set out in ISO Procedures.

1.26b New York Control Area (“NYCA”): The Control Area that is under the control of the ISO which includes transmission facilities listed in the ISO/TO Agreement Appendices A-1 and A-2, as amended from time-to-time, and Generation located

19B Study Procedures For New Interconnections To The NYS Power System

19B.1 Request for Interconnection Study: Any Eligible Customer proposing to

interconnect its Load or generation with the NYS Power System shall submit its

New Interconnection proposal to the ISO. The ISO, in cooperation with the

Transmission Owner with whose system the Eligible Customer proposes to

interconnect, shall perform a System Reliability Impact Study to determine

whether the proposed New Interconnection may degrade system reliability or

adversely affect the operation of the NYS Power System. The study shall be

conducted in accordance with the procedures specified in Section 19B.2. The

New Interconnection shall not proceed if the ISO concludes in the study that the

proposed New Interconnection may degrade system reliability or adversely affect

the operation of the NYS Power System. If the proposal is rejected, the ISO shall

provide in writing the reasons why the proposal was rejected.

19B.2 Study Procedures: Upon receipt of the New Interconnection proposal and a

written guarantee by the Eligible Customer to pay all costs incurred by the ISO

and Transmission Owner(s) conducting the study, the ISO and Transmission

Owner with whose system the Eligible Customer proposes to interconnect shall

perform the study. The study shall address the following:

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- (i) An evaluation of the potential significant impacts of the ~~new~~New Interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude of the impacts and the reasonable likelihood of their occurrence;
- (ii) An evaluation of impacts of the New~~new~~ Interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;
- (iii) An evaluation as to whether modifications to the NYS Power System would be required to maintain ~~interface~~Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;
- (iv) An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed New Interconnection; and
- (v) An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.

19B.3 Interconnection Agreements: After receiving the approval of the proposed New Interconnection, and after the Eligible Customer makes payment to the ISO and Transmission Owner for the cost of the study, the Eligible Customer may elect to continue with the New Interconnection by entering into an Interconnection interconnection agreement

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with the Transmission Owner with whose system the Eligible Customer proposes to interconnect.

19B.4 Interconnection Facilities Cost: The Eligible Customer, as Developer of the proposed New Interconnection, shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.

19C Prioritizing Transmission and Interconnection Studies

For the purposes of determining the priority for: (i) Interconnection proposals submitted by an Eligible Customer, in writing, and currently pending with one or more Transmission Owner(s) prior to the effective date of this Tariff; (ii) transmission studies requested pursuant to the provisions of a Transmission Owner's Open Access Tariff prior to the date of ISO OATT Tariff implementation or transmission studies requested pursuant to Sections 19.4, 19.8 and 32.4 of this Tariff; (iii) transmission studies requested by Eligible Customers pursuant to Sections 19A.2 and 32A.2 of this Tariff; (iv) proposals submitted pursuant to Section 18.02 of the ISO Agreement; and (v) interconnection proposals submitted pursuant to 19B and 32B of this Tariff; the ISO shall give priority to each transmission study or Interconnection proposal on the basis of

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its date of submittal to the ISO or Transmission Owner. Before the effective date of this Tariff, the date of submittal of each transmission study or Interconnection proposal shall be determined by the application procedures of each Transmission Owner. New transmission studies or Interconnection proposals submitted after the effective date of this Tariff shall be subject to the same prioritization procedures, unless such procedures are modified by the ISO. In the event of different submission dates before one or more Transmission Owners or the ISO, the earliest

reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission Interface Transfer Capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.

32A.2 Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 32A.1 above. The Eligible Customer shall comply with the provisions of Sections 32.1 through 32.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.

32A.3 Requests to proceed with a system expansion shall be subject to the provisions of Section 32.

32B Study Procedures For New Interconnections To The NYS Power System

32B.1 Request for Interconnection Study: Any Eligible Customer proposing to interconnect its Load or generation with the NYS Power System shall submit its New Interconnection proposal to the ISO. The ISO, in cooperation with the

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Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform a system reliability impact study to determine whether the proposed New Interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The study shall be conducted in accordance with the procedures specified in Section 32B.2. The New Interconnection shall not proceed if the ISO concludes in the study that the proposed New Interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. If the proposal is rejected, the ISO shall provide in writing the reasons why the proposal was rejected.

32B.2 Study Procedures: Upon receipt of the New Interconnection proposal and a written guarantee by the Eligible Customer to pay all costs incurred by the ISO and Transmission Owner(s) conducting the study, the ISO and Transmission Owner with whose system the Eligible Customer proposes to interconnect shall perform the study. The study shall address the following:

- (i) An evaluation of the potential significant impacts of the ~~n~~New Interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude of the impacts and the reasonable likelihood of their occurrence;

- (ii) An evaluation of impacts of the ~~n~~New Interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;
- (iii) An evaluation as to whether modifications to the NYS Power System would be required to maintain Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;
- (iv) An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed New Interconnection; and
- (v) An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.

32B.3 Interconnection Agreements: After receiving the approval of the proposed New Interconnection, and after the Eligible Customer makes payment to the ISO and Transmission Owner for the cost of the study, the Eligible Customer may elect to continue with the New Interconnection by entering into an Interconnection agreement with the Transmission Owner with whose system the Eligible Customer proposes to interconnect.

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32B.4 Interconnection Facilities Cost: The Eligible Customer, as Developer of the proposed New Interconnection, shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.