NYISO Transmission Planning: Criteria for Project Construction

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NYISO Planning Processes

- Comprehensive System Planning Process ("CSPP")
  - Adopted as part of FERC Order 1000 compliance
- "Sponsorship" or 'Needs-Based Model"
- NYISO identifies needs and solicits solutions through its planning process
- Developers (non-incumbent and incumbent transmission owners) propose solutions
- NYISO evaluates and selects solutions separately under each of the three planning processes in accordance with the NYISO Tariff requirements

NYISO CSPP

- Composed of three interrelated processes
- Reliability Planning Process (RPP)
- Public Policy Planning Process
- Economic Planning Process (CARIS)

NYISO Reliability Planning Process

- **Process modified under Order 1000**
  - Criteria unchanged
- **Needs identified in biennial Reliability Needs Assessment (RNA)**
- **Transmission Security Criteria**
  - Relevant NERC, NPCC, and NYSRC Reliability Standards
- **Resource Adequacy Criteria**
  - New York State Reliability Council Standard
  - LOLE < 0.1, or 1 day in 10 years

NYISO Public Policy Planning Process

- New process under FERC Order 1000
- Public Policy Transmission Needs (PPTN) are identified through iterative process with New York Public Service Commission ("NYPSC")
- NYPSC confirms the PPTN following NYISO's initial Viability and Sufficiency evaluation of proposed projects (transmission, generation, demand response)
- Selected project must meet or exceed criteria established in NYPSC's public policy transmission need
  - Only transmission projects eligible for cost recovery through NYISO's Tariff

NYISO Economic Planning Process

- Congestion Assessment and Resource Integration Studies (”CARIS”)
- Implemented under FERC Order 890
- Process largely unchanged under Order 1000
  - Additional accommodation for interregional planning
  - Tariff provisions reference Northeastern ISO/RTO Planning Coordination Protocol
- Conducted biennially

NYISO Economic Planning Process

- **CARIS Phase I: Generic Study**
  - Identifies three top congested locations in NYCA
    - Based on 5-year historic and 10-year forecasted Demand Congestion
  - Analyzes cost-effectiveness of generic solutions (transmission, generation, energy-efficiency and demand response)
  - Informs potential developers and stakeholders
- **CARIS Phase II: Evaluation and Selection**
  - Specific projects may be proposed by incumbent Transmission Owners and other Developers
    - Only Transmission projects are eligible for cost recovery through NYISO Tariff under economic planning provisions
  - Projects must exceed $25M, and b/c ratio for project must be in excess of 1.0 for consideration
  - Benefiting loads must approve project with 80% majority for cost recovery under the NYISO Tariff.

NYISO Economic Planning Criteria

- **Project Benefits**
  - Developed using production cost model
  - Ten-Year NPV of reduction in system production costs
- **Project Costs**
  - Revenue requirements submitted by project developers
  - NPV of aggregate revenue requirements calculated for first ten years project is in service

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- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system

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