

31.3 Economic Planning Process

31.3.1 [Study] for Economic Planning

31.3.1.1 General

The ISO shall prepare and publish the [Study] as described below. Each [Study] shall develop a twenty-year projection of congestion and shall, based on the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5, identify, rank, and group the congested elements on the New York State Transmission System, and assess the potential benefits of mitigating the identified congestion.

The [Study] process shall determine whether to approve an Interregional Transmission Project, identified and evaluated under the “Analysis and Consideration of Interregional Transmission Projects” section of the Interregional Planning Protocol, if any, and proposed in the NYISO’s Economic Planning Process, as an economic transmission project in lieu of a proposed regional Regulated Economic Transmission Project for regulated cost allocation and recovery under the ISO Tariff.

The Economic Planning Process will align with the Reliability Planning Process as provided in Section 31.1.8 of this Attachment Y.

31.3.1.2 Interested Party Participation in the Development of the [Study]

31.3.1.2.1 The ISO shall develop the [Study] in consultation with Market Participants and all other interested parties. The TPAS will have responsibilities consistent with ISO Procedures for review of the ISO’s technical analyses. ESPWG will have responsibilities consistent with ISO Procedures for providing commercial input and assumptions to be used in the development of the congestion assessment and the congestion assessment scenarios provided for under Section 31.3.1.5, and

in the reporting and analysis of congestion costs. Coordination and communication will be established and maintained between these two groups and ISO staff to allow Market Participants and other interested parties to participate in a meaningful way during each stage of the Economic Planning Process. The ISO staff shall report any majority and minority views of these collaborative governance work groups when it submits the [Study] to the Business Issues Committee for a vote, as provided below.

[NYISO relocating additional study requirements to end of Section 31.3]

31.3.1.3 Preparation of the [Study]

31.3.1.3.1 The Study Period for the [Study] shall be twenty years, with year one being the first year or the second year of the current biennial Comprehensive System Planning Process, as determined by the ISO in consultation with stakeholders.

31.3.1.3.2 The [Study] will assume a reliable system throughout the first ten years of the Study Period covered by the most recent RPP or STRP. If any Reliability Needs in the first ten years of the Study Period remain unresolved in the RPP or STRP at the time the [Study] is conducted, the baseline system for the [Study] will incorporate sufficient compensatory MW to resolve those needs starting with the most recently-approved reliability planning process base case from the RPP and the STRP, and updated in accordance with ISO Procedures.

31.3.1.3.3 In conducting the [Study], the ISO shall assess system congestion on the New York State Transmission System over the Study Period for the [Study],

measuring congestion by the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5. The ISO, in conjunction with the ESPWG, will develop the specific production costing model to be used in the [Study]. The [Study] may include consideration of the economic impacts of advancing a regulated solution contained in the RPP and the STRP.

31.3.1.3.4 In conducting the [Study], the ISO shall identify congestion by conducting the NYCA-wide production cost simulations both with the existing constraints on the New York State Transmission System and without such constraints, and report the production cost change that results from relaxing individual constraints or groups of constraints as determined by the ISO in consultation with stakeholders. The present value of the NYCA-wide production cost change will be determined in accordance with the following formula:

Present Value in year 1 = Sum of the Present Values from each of the 20 years of the Study Period.

The discount rate to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners.

31.3.1.3.5 Additional benefit metrics may include estimates of reductions in losses, LBMP load costs, generator payments, ICAP costs, Ancillary Services costs, emission costs, TCC payments, and energy deliverability. The ISO will work with the ESPWG to determine the most useful metrics for each [Study] cycle, given overall ISO resource requirements. The additional metrics will estimate the benefits of mitigating the congestion identified for information purposes only. All the quantities, except ICAP, will be the result of the forward looking production cost simulation. The additional benefit metrics will be determined by

measuring the difference between the [Study] base case system value and a system value when the congestion is relieved. The value of the additional metrics will be expressed in present value by using the following formula:

Present Value in year 1 = Sum of the Present Values from each of the 20 years of the Study Period.

The discount rate to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners. The definitions of the LBMP load cost metric, generator payments metric, reduction in losses metric, Ancillary Services costs metric, and TCC payment metric are set forth below.

31.3.1.3.5.1 LBMP load costs measure the change in total load payments and unhedged load payments. Total load payments will include the LBMP payments (energy, congestion and losses) paid by electricity demand (forecasted load, exports, and wheeling). Exports will be consistent with the input assumptions for each neighboring control area. Unhedged load payments will represent total load payments minus the TCC payments.

31.3.1.3.5.2 Reductions in losses measure the change in marginal losses payments. Losses payments will be based upon the loss component of the zonal LBMP load payments.

31.3.1.3.5.3 Generator payments measure the change in generation payments. Generation payments will include the LBMP payments (energy, congestion, losses), and Ancillary Services payments made to electricity suppliers. Ancillary Services costs will include payments for Regulation Services and Operating Reserves, including 10 Minute Synchronous, 10 Minute Non-synchronous and 30

Minute Non-synchronous. Generator payments will be the sum of the LBMP payments and Ancillary Services payments to generators and imports. Imports will be consistent with the input assumptions for each neighboring Control Area.

31.3.1.3.5.4 The TCC payment metric set forth below will be used for purposes of the study phase of the [Study] process, and will not be used for regulated economic transmission project cost allocation under Section 31.5.4.4 of this Attachment Y. The TCC payment metric will measure the change in total congestion rents collected in the day-ahead market. These congestion rents shall be calculated as the product of the Congestion Component of the Day-Ahead LBMP in each Load Zone or Proxy Generator Bus and the withdrawals scheduled in each hour at that Load Zone or Proxy Generator Bus, minus the product of the Congestion Component of the Day-Ahead LBMP at each Generator Bus or Proxy Generator Bus and the injections scheduled in each hour at that Generator bus or Proxy Generator Bus, summed over all locations and hours.

31.3.1.3.5.5 The emission metric will measure the change in CO₂, NO_x, and SO₂, emissions in tons on a zonal basis as well as the change in emission cost by emission type. Emission costs will be reflected in the development of the production cost curve.

31.3.1.3.5.6 The calculation of the ICAP cost metric will be determined in accordance with ISO Procedures and in consultation with interested parties in the ISO stakeholder process. Where practicable, the ICAP calculation will be consistent with the tools and methods pursuant to Section 5.11.4 of the ISO Services Tariff.

31.3.1.3.5.7 The energy deliverability metric set forth in this section will be used for purposes of the study phase of the Economic Planning Process, and will not be used for Regulated Economic Transmission Project cost allocation under Section 31.5.4.4 of this Attachment Y. This metric will include quantification of the energy projected to be produced by each Resource considering the impact of applicable local, statewide, and interregional transmission constraints as compared to the total amount of energy that such Resource is capable of producing in the absence of transmission constraints, and accounting for fuel availability of each Resource type including wind, solar, and water. The metric may be expressed as a percentage of such total amount of energy or as the amount of curtailed energy.31.3.1.3.6 As referenced in Section 31.2.1.3, the ISO, using engineering judgment, will determine whether a regional transmission solution might more efficiently or more cost effectively address congestion on the BPTFs identified in the [Study] that impacts more than one Transmission District than any local transmission solutions identified by the Transmission Owners in their LTPs in the event the LTPs specify that such transmission solutions are included to address congestion for economic reasons.

31.3.1.4 Planning Participant Data Input

At the ISO's request, Market Participants, Developers, and other parties shall provide, in accordance with the schedule set forth in the ISO Procedures, the data necessary for the development of the [Study]. This input will include but not be limited to existing and planned additions and modifications to the New York State Transmission System (to be provided by Transmission Owners and municipal electric utilities); proposals for Merchant Transmission

Facilities (to be provided by merchant Developers); generation additions and retirements (to be provided by generator owners and Developers); demand response programs (to be provided by demand response providers); and any long-term firm transmission requests made to the ISO.

The relevant Transmission Owners will assist the ISO in developing the potential solution cost estimates to be used by the ISO to conduct benefit/cost analysis of each of the potential solutions.

31.3.1.5 [Study] Scenario Development

The ISO, in consultation with the ESPWG, shall develop congestion scenarios in the [Study] for the Study Period. Variables for consideration in the development of these congestion scenarios include but are not limited to: federal, state, and local policies and regulations, load forecast uncertainty, fuel price uncertainty, new resources, retirements, emission data, the cost of allowances and potential requirements imposed by proposed environmental and energy efficiency mandates, as well as overall ISO resource requirements. The ISO shall report the results of these scenario analyses in the [Study].

31.3.1.6 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of an Regulated Economic Transmission Project on such neighboring ISO/RTO Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in the [study addressing a Regulated Economic Transmission Process under Section 31.5]. The ISO shall not bear the costs of required upgrades in another region.

31.3.1.7 [Study] Preparation

Once all the analyses described above have been completed, ISO staff will prepare a draft of the [Study] including a discussion of its assumptions, inputs, methodology, and the results of its analyses.

31.3.1.8[Study] Review Process and Actual Project Proposals

31.3.1.8.1 Collaborative Governance Process. The draft [Study] shall be submitted to both TPAS and the ESPWG for review and comment. The ISO shall make available to any interested party sufficient information to replicate the results of the draft [Study]. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft [Study] reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and action.

31.3.1.8.2 Board Action. Following the Management Committee vote, the draft [Study], with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft [Study] will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the [Study] as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised [Study] shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised [Study] until it has

reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the [Study] to the marketplace by posting it on its website.

The responsibilities of the Market Monitoring Unit that are addressed in the above section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.4 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.3.1.9 Public Information Sessions

In order to provide ample exposure for the market place to understand the content of the [Study], the ISO will provide various opportunities for Market Participants and other potentially interested parties to discuss final [Study]. Such opportunities may include presentations at various ISO Market Participant committees, focused discussions with various industry sectors, and /or presentations in public venues.

31.3.2 Actual Project Proposals

31.3.2.1 Overview

As discussed in Section 31.3.1 of this Attachment Y, the [Study] analyzes system congestion over the Study Period. If, in response to the [Study], a Developer proposes an actual project, including an Interregional Transmission Project, to address specific congestion identified in the [Study], then the ISO will: (i) process that project proposal in accordance with the relevant provisions of Sections 31.5.1, 31.5.4 and 31.5.6 of this Attachment Y, and, for informational purposes, may provide benefit/cost analysis and other analysis of potential generic solutions to the congestion identified; and (ii) for Interregional Transmission Projects, jointly evaluate the project proposal with the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol.

31.3.2.2 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.3.2.2 and its subsections, the term “Developer” includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.3.2.2.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.3.2.2.1.1 to demonstrate its capability to satisfy the applicable qualification criteria, and (ii) a notarized officer’s certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer’s project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures related and applicable to the Affiliate’s participation.

31.3.2.2.1 Developer Qualification and Timing

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to finance, develop, construct, operate and maintain a transmission project proposed to address specific congestion identified in the [Study]. The ISO shall consider the qualifications of each Developer in an even-handed and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

31.3.2.2.1.1 Developer Qualification Criteria

The ISO shall make a determination on the qualification of a Developer to propose to develop a transmission project as a solution to address specific congestion identified in the [Study] based on the following criteria:

31.3.2.2.1.1.1 The technical and engineering qualifications and experience of the Developer relevant to the development, construction, operation and maintenance of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;

31.3.2.2.1.1.2 The current and expected capabilities of the Developer to develop and construct a transmission facility and to operate and maintain it for the life of the facility. If the Developer has previously developed, constructed, maintained or operated transmission facilities, the Developer shall provide the ISO a description of the transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities; and

31.3.2.2.1.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

- (1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, if any, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through

- rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;
- (2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information;
 - (3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch or equivalent information, if available;
 - (4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and
 - (5) such other evidence that demonstrates its current and expected capability to finance a project to address specific congestion identified in the [Study].

31.3.2.2.1.1.4 A detailed plan describing how the Developer – in the absence of previous experience financing, developing, constructing, operating, or maintaining transmission facilities – will finance, develop, construct, operate, and maintain a transmission facility, including the financial, technical, and engineering qualifications and experience and capabilities of any third parties with which it will contract for these purposes.

31.3.2.2.1.2 Developer Qualification Determination

Any Developer seeking to become qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.3.2.2.1.1.3 and is designated by the Developer as “Confidential

Information.” The ISO shall within 15 days of a Developer’s submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO’s request. The ISO shall notify the Developer of its qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however*, that the ISO may revoke this status if it determines that there has been a material change in the Developer’s qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO’s revocation of a Developer’s qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a regulated transmission project as a solution to address specific congestion identified in the [Study] and shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and Rate Schedule 10 of the ISO OATT for any approved project.

31.3.2.2.2 Information Requirements for Projects

The ISO shall consider the criteria in Section 31.3.2.3 when determining whether a proposed project is eligible to be offered as a regulated economic transmission project.

31.3.2.2.3 Timing for Submittal of Project Information and Entity Qualification Information and Opportunity to Provide Additional Information

The required project information may be submitted at any time, but the proposed regulated economic transmission project will be evaluated against the most recently available [Regulated Economic Transmission Project study] database. Any Developer that the ISO has determined under Section 31.3.2.2.1.2 to be qualified to propose to develop a transmission project to address specific congestion identified in the [Study] may submit the required project information; *provided, however*, that based on the specific congestion identified that requires a solution, the ISO may request that the qualified Developer provide additional Developer information. Any Developer that the ISO has not determined to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.3.2.2.1. The ISO shall within 30 days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer or project information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

31.3.2.3 Project Information Requirements

Any Developer seeking to offer a regulated economic transmission project as a solution to address specific congestion identified in the [Study] must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and

engineering specifications as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining such control; (8) status of any contracts (other than an interconnection agreement) that are under negotiation or in place, including any contracts with third-party contractors; (9) status of ISO interconnection studies and interconnection agreement; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) detailed capital cost estimates for each segment of the project; (13) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates, all based on the information available at the time of the submission; and (14) any other information requested by the ISO.

A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or (ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as “Confidential Information.”

A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a

timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

Upon the completion of any interconnection study or transmission expansion study of a proposed regulated economic transmission project that is performed under Sections 3.7 or 4.5 of the ISO OATT or Attachments P or X of the ISO OATT, the Developer of the proposed project shall notify the ISO that the study has been completed and, at the ISO's request, shall submit to the ISO any study report and related materials prepared in connection with the study.

Failure to provide any data requested by the ISO within the timeframe provided in Section 31.3.2.2.3 of this Attachment Y will result in the rejection of the proposed solution from further consideration during that planning cycle.

31.3.2.4 Posting of Approved Solutions

The ISO shall post on its website a list of all Developers who have undertaken a commitment to build a project that has been approved by project beneficiaries, in accordance with Section 31.5.4.6 of this Attachment Y.

31.3.3 [Placeholder for additional study requirements.]