31.3 Economic Planning Process

31.3.1 System & Resource Outlook~~Congestion Assessment and Resource Integration Study~~ for Economic Planning

31.3.1.1 General

The ISO shall prepare and publish the System & Resource Outlook~~CARIS~~ as described below. Each System & Resource Outlook~~CARIS~~ shall: (i~~1~~) summarize the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process and the information and sources relied upon by the ISO; (ii) produce ~~develop~~ a twenty~~ten~~-year projection of congestion; (iii) ~~and shall~~ identify, rank, and group the ~~most~~ congested elements on the New York State Transmission System based on the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5~~bulk power system based on historic and projected congestion; and (2) include three studies, selected pursuant to Section 31.3.1.2.2, of~~; and (iv) assess the potential benefits of addressing ~~impacts of generic solutions to mitigate~~ the identified congestion.

The System & Resource Outlook~~CARIS~~ study process shall include the determination~~e~~ of 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 ~~e~~Economic ~~p~~Planning ~~p~~Process, as an economic transmission project in lieu of a proposed regional Regulated ~~e~~Economic ~~t~~Transmission ~~p~~Project for regulated cost allocation and recovery under the ISO Tariff.

The Economic Planning Process~~CARIS~~ 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 System & Resource Outlook~~CARIS~~

31.3.1.2.1 The ISO shall develop the System & Resource Outlook~~CARIS~~ 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 ~~e~~Economic ~~p~~Planning ~~p~~Process. The ISO staff shall report any majority and minority views of these collaborative governance work groups when it submits the System & Resource Outlook ~~CARIS~~ to the Business Issues Committee for a vote, as provided below.

~~31.3.1.2.2 The ISO, in conjunction with ESPWG, will develop criteria for the selection and grouping of the three congestion and resource integration studies that comprise each CARIS, as well as for setting the associated timelines for completion of the selected studies. Study selection criteria may include congestion estimates, and shall include a process to prioritize the three studies that comprise each CARIS. Criteria shall also include a process to set the cut off date for inputs into and completion of each CARIS study cycle.~~

~~31.3.1.2.3 The ISO, in conjunction with ESPWG, will develop a process by which interested parties can request and fund other congestion and resource integration studies, in addition to those included in each CARIS. These individual congestion and resource integration studies are in addition to those studies that a customer can request related to firm point-to-point transmission service pursuant to Section 3.7 of the ISO OATT, studies that a customer can request related to Network Integration Transmission Service pursuant to Section 4.5 of the ISO OATT, studies related to interconnection requests under Attachment X or Attachment Z of the ISO OATT, or studies related to Transmission Interconnection Applications under Attachment P.~~

~~31.3.1.2.4 The ISO shall post all requests for congestion and resource integration studies on its website.~~

31.3.1.3 Preparation of the System & Resource Outlook~~CARIS~~

31.3.1.3.1 The Study Period for the System & Resource Outlook~~CARIS~~ shall be twenty ~~the same ten~~ 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 ~~Study Period covered by the most recently approved CRP~~.

31.3.1.3.2 The System & Resource Outlook~~CARIS~~ will assume a reliable system throughout the Study Period covered by the most recent Reliability Planning Process and Short Term Reliability Process. If any Reliability Needs in the Study Period in the Reliability Planning Process or Short Term Reliability Process remain unresolved at the time the System & Resource Outlook is conducted, the

baseline system for the System & Resource Outlook will incorporate sufficient compensatory MW to resolve those needs for the Reliability Planning Process and Short-Term Reliability Process Study Period, starting with the most recently-approved base cases from the Reliability Planning Process and the Short Term Reliability Process, and updated in accordance with ISO Procedures. The ISO is not required to project reliability needs or compensatory MW for the remainder of the System & Resource Outlook Study Period, but may adjust load and resources in the remainder of the System & Resource Outlook Study Period in the base case and/or scenarios as determined pursuant to ISO Procedures and in consultation with stakeholders.~~, based first upon the solutions identified in the most recently completed viability and sufficiency analysis performed pursuant to 31.2.5.7, as part of the CRP process, and reported to stakeholders and the NYDPS for comment. The baseline system for the CARIS shall first incorporate sufficient viable market-based solutions to meet the identified Reliability Needs as well as any regulated backstop solutions triggered by an ISO request pursuant to Section 31.2.8 of this Attachment Y. The ISO, in conjunction with the ESPWG, will develop methodologies to scale back market-based solutions to the minimum needed to meet the identified Reliability Needs, if more have been proposed than are necessary to meet the identified Reliability Needs. Regulated backstop solutions that have been proposed but not triggered pursuant to Section 31.2.8 shall also be used if there are insufficient market-based solutions for the ten-year Study Period. Multiple market-based solutions, as well as regulated solutions to~~

~~Reliability Needs, may be included in the scenario assessments described in Section 31.3.1.5.~~

31.3.1.3.3 In developing~~conducting~~ the System & Resource Outlook~~CARIS~~, the ISO shall ~~combine the component studies selected and~~ assess system congestion on the New York State Transmission System~~and resource integration~~ over the Study Period for the System & Resource Outlook, measuring congestion by the metrics set forth in Sections 31.3.1.3.4 and 31.3.1.3.5~~discussed in Appendix A to this Attachment Y~~. The ISO, in conjunction with the ESPWG, will develop the specific production costing model to be used in the System & Resource Outlook ~~CARIS~~. ~~All resource types shall be considered on a comparable basis as potential solutions to the congestion identified: generation, transmission, demand response, and energy efficiency.~~ The System & Resource Outlook~~CARIS~~ may include consideration of the economic impacts of advancing a regulated ~~back stop~~ solution contained in the Reliability Planning Process and the Short Term Reliability Process ~~CRP~~.

31.3.1.3.4 In developing~~conducting~~ the System & Resource Outlook~~CARIS~~, the ISO shall identify congestion by conducting~~conduct benefit/cost analysis of each potential solution to the congestion identified, applying benefit/cost metrics that are described in this Section 31.3.1.3. The principal benefit metric for the CARIS analysis will be expressed as the present value of~~ 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~~reduction that would result from each potential solution~~. The present value of the NYCA-wide production cost change~~reduction~~ will be determined in accordance with the following formula:

Present Value in year 1 = Sum of the Present Values from each of the ~~1~~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~~shall~~ include estimates of reductions in losses, LBMP load costs, generator payments, ICAP costs, Ancillary Services costs, emission costs, ~~and~~ TCC payments, and energy deliverability. The ISO will work with the ESPWG to determine the most useful metrics for each System & Resource Outlook~~CARIS~~ cycle, given overall ISO resource requirements. The additional metrics will estimate the benefits of ~~the potential generic solutions in~~ addressing~~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 System & Resource Outlook~~CARIS~~ base case system value and a system value when the ~~potential generic solution is added. All four resource types will be considered as potential generic solutions to the~~ congestion is relieved ~~identified, such as generation, transmission, and/or demand response~~.

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 ~~1~~2*0 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 may include Ancillary Services payments made to electricity suppliers. Ancillary Services costs may~~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, if calculated, 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 CARIS process~~ System & Resource Outlook, and will not be used for ~~r~~Regulated ~~e~~Economic ~~t~~Transmission ~~p~~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, NOx, 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. ~~as set forth below. The ICAP cost metric will be highly dependent on the rules~~

and procedures guiding the calculation of the IRM, LCR, and the ICAP Demand Curves, both for the next capability period and future capability periods. In each CARIS cycle, the ISO will review, with the ESPWG and, as appropriate, other ISO committees, the results of the ICAP cost metric.

31.3.1.3.5.6.1 The ICAP metric, in the form of a megawatt impact, will be computed for both generic and actual economic project proposals based on a methodology that: (1) determines the base system LOLE for the applicable horizon year; (2) adds the proposed project; and (3) calculates the LOLE for the system with the addition of the proposed project. If the system LOLE is lower than that of the base system, the ISO will reduce generation in all NYCA zones proportionally (*i.e.*, based on proportion of zonal capacity to total NYCA capacity) until the base system LOLE is achieved. That amount of reduced generation is the NYCA megawatt impact.

31.3.1.3.5.6.2 The ISO will calculate both of the following ICAP cost metrics described in subsections (1) and (2) below by first determining the megawatt impact described above in Section 31.3.1.3.5.6.1 and then:

(1) For Rest of State, the ISO will measure the cost impact of a proposed generic project for each planning year by: (i) forecasting the cost per megawatt-year of Installed Capacity in Rest of State under the assumption that the proposed generic project is not in place, with that forecast based on the latest available ICAP Demand Curve for the NYCA and the amount of Installed Capacity available in the NYCA, as shown in the NYISO Load and Capacity Data Report developed for that year; and (ii) multiplying that forecasted cost per megawatt-year for Rest of State in that year by the sum of the megawatt impact for all Load Zones contained

~~within Rest of State, as calculated in accordance with subsection (A) of this Section 31.3.1.3.5.4.~~

~~For each Locality, the ISO will measure the cost impact of a proposed generic project for each planning year by: (i) forecasting the cost per megawatt-year of Installed Capacity in that Locality under the assumption that the proposed generic project is not in place, with that forecast based on the latest available ICAP Demand Curve for that Locality and the amount of Installed Capacity available in that Locality as shown in the relevant NYISO Load and Capacity Data Report developed for that year, and (ii) multiplying that forecasted cost per megawatt-year for that Locality in each year by the sum of the megawatt impact for all Load Zones contained within that Locality, as calculated in accordance with subsection (A) of this Section 31.3.1.3.5.4.~~

~~This ICAP cost metric will then be presented for each applicable planning year as a stream of present value benefits for each Locality and for Rest of State. The applicable planning years start with the proposed commercial operation date of the proposed generic project and end ten years after the proposed commercial operation date of the proposed generic project.~~

~~(2) For Rest of State, the ISO will measure the cost impact of a proposed economic project for each planning year by: (i) forecasting the cost per megawatt-year of Installed Capacity in Rest of State under the assumption that the proposed generic project is in place, with that forecast based on the latest available ICAP Demand Curve for the NYCA and the amount of Installed Capacity available in the NYCA; (ii) subtracting that forecasted cost per megawatt-year from the forecasted~~

~~cost per megawatt-year of Installed Capacity in Rest of State calculated in subsection (1) under the assumption that the proposed generic project is not in place; and (iii) multiplying that difference by fifty percent (50%) of the assumed amount of Installed Capacity available in Rest of State as calculated from the relevant NYISO Load and Capacity Data Report developed for the CARIS process.~~

~~For each Locality, the ISO will measure the cost impact of a proposed generic project for each planning year by: (i) forecasting the cost per megawatt-year of Installed Capacity in that Locality under the assumption that the proposed generic project is in place, with that forecast based on the latest available ICAP Demand Curve for that Locality and the amount of Installed Capacity available in that Locality as shown in the relevant NYISO Load and Capacity Data Report developed for that year; (ii) subtracting the greater of that forecasted cost per megawatt-year with the proposed generic project in place or the forecasted Rest of State Installed Capacity cost per megawatt-year with the proposed generic project in place from the forecasted cost of Installed Capacity in that Locality calculated in subsection (1) under the assumption that the proposed generic project is not in place; and (iii) multiplying that difference by fifty percent (50%) of assumed amount of Installed Capacity available in that Locality, as taken from the relevant Load and Capacity tables developed for the CARIS process.~~

~~This ICAP cost metric will then be represented for each applicable planning year as a stream of present value benefits for each Locality and for Rest of State. The applicable planning years start with the proposed commercial operation date of~~

~~the proposed generic project and end with the earlier of: (i) the year when the system, with the proposed generic project in place, reaches an LOLE of 0.1, or (ii) ten years after the proposed commercial operation date of the proposed generic project.~~

~~(3) The forecast of Installed Capacity costs per megawatt-year are developed by: first, escalating the Net Cost of New Entry ("CONE") for the NYCA or a Locality from the most recently completed ICAP Demand Curves for each year of the planning period; second, determining the future proxy Locational Minimum Installed Capacity Requirement or Minimum Installed Capacity Requirement for the NYCA as the actual amount of Installed Capacity in the Locality or the NYCA for the year that NYCA reaches 0.1 LOLE; third, reducing the cost per megawatt-year in each year from the escalated Net CONE to reflect the excess Installed Capacity from the NYISO Load and Capacity Data Report above the future proxy Minimum Installed Capacity Requirement with the adjustment calculated from the excess and the slope of the ICAP Demand Curve.~~

~~The forecasts of Installed Capacity costs for Localities or Rest of State performed in subsections (1) and (2) above shall, in addition to the assumptions listed above, be based upon: (i) the forecasted Net CONE for the Locality (the NYCA in the case of the Rest of State forecast); (ii) the amount of Installed Capacity required to meet the future proxy Locational Minimum Installed Capacity Requirement (the Minimum Installed Capacity Requirement for the NYCA in the case of the Rest of State forecast); (iii) the slope of the relevant ICAP Demand Curve, and~~

~~(iv) the smallest quantity where the cost of Installed Capacity on that ICAP Demand Curve reaches zero.~~

31.3.1.3.5.7 The energy deliverability metric set forth in this section will be used for information purposes in 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 ~~alternative~~ transmission solution might more efficiently or more cost effectively address congestion on the BPTFs identified in the System & Resource Outlook~~CARIS~~ 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 System & Resource Outlook~~CARIS~~. 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; and state policies and related agreements, procurements, and credits. 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 System & Resource Outlook~~Congestion and Resource Integration~~ Scenario Development

The ISO, in consultation with the ESPWG, shall develop congestion ~~and resource integration~~ scenarios in the System & Resource Outlook for~~addressing~~ the Study Period. Variables for consideration in the development of these congestion ~~and resource integration~~ 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 System & Resource Outlook ~~CARIS~~.

31.3.1.6 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a~~n~~ Regulated ~~e~~Economic ~~t~~Transmission ~~p~~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

Economic Transmission Project Evaluation ~~CARIS~~. The ISO shall not bear the costs of required upgrades in another region.

31.3.1.7 System & Resource Outlook~~CARIS Report~~ Preparation

Once all the analyses described above have been completed, ISO staff will prepare a draft of the System & Resource Outlook~~CARIS~~ including a discussion of its assumptions, inputs, methodology, and the results of its analyses.

31.3.1.8~~31.3.2 CARIS~~ System & Resource Outlook Review Process and Actual Project Proposals

31.3.1~~2~~.8.1 Collaborative Governance Process. The draft System & Resource Outlook~~CARIS~~ 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 System & Resource Outlook~~CARIS~~. 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 System & Resource Outlook~~CARIS~~ 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.~~2~~8.2 Board Action. Following the Management Committee vote, the draft System & Resource Outlook~~CARIS~~, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and

action. Concurrently, the draft System & Resource Outlook~~CARIS~~ will be provided to the Market Monitoring Unit for its review and consideration. The Board may approve the System & Resource Outlook~~CARIS~~ as submitted, or propose modifications on its own motion. If any changes are proposed by the Board, the revised System & Resource Outlook~~CARIS~~ shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised System & Resource Outlook~~CARIS~~ until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the System & Resource Outlook~~CARIS~~ 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~~3.2.3~~ Public Information Sessions

In order to provide ample exposure for the market place to understand the content of the System & Resource Outlook~~CARIS~~, the ISO will provide various opportunities for Market Participants and other potentially interested parties to discuss final System & Resource Outlook~~CARIS~~. 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.~~4~~ Economic Transmission Project Evaluation~~Actual Project Proposals~~

31.3.2.1 Overview

As discussed in Section 31.3.1 of this Attachment Y, the System & Resource Outlook~~CARIS~~ analyzes system congestion over the Study Period~~ and, for informational purposes, provides benefit/cost analysis and other analysis of potential generic solutions to the congestion identified~~. If, in response to the System & Resource Outlook~~CARIS~~, a Developer proposes an actual project, including an Interregional Transmission Project, to address specific congestion identified in the System & Resource Outlook~~CARIS~~, 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 information 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~~4.1~~ 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~~4.1~~ 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~~4.1~~.1.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.3.2.2~~4.1~~.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.

31.3.2.24.1.1 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 System & Resource Outlook~~CARIS~~. The ISO shall consider the qualifications of each Developer in an even-handed and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

31.3.2.24.1.1.1 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 System & Resource Outlook~~CARIS~~ based on the following criteria:

31.3.2.24.1.1.1.1 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;

31.3.2.24.1.1.1.2 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~~4.1~~.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 System & Resource Outlook~~CARIS~~.

31.3.2.2~~4.1~~.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~~4.1~~.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~~4.1~~.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 System & Resource Outlook~~CARIS~~ 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~~4.1~~.2 Information Requirements for Projects

The ISO shall consider the criteria in Section 31.3.2.3~~4.2~~ when determining whether a proposed project is eligible to be offered as a ~~r~~Regulated ~~e~~Economic ~~t~~Transmission ~~p~~Project.

31.3.2.2~~4.1~~.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 ~~r~~Regulated ~~e~~Economic ~~t~~Transmission ~~p~~Project will be evaluated using~~against~~ the most recently available ~~CARIS Phase II~~ database for an Economic Transmission Project Evaluation. Any Developer that the ISO has determined under Section 31.3.2.2~~4.1~~.1.2 to be qualified to propose to develop a transmission project to address specific congestion identified in the System & Resource Outlook~~CARIS~~ 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~~4.1~~.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~~4.2~~ Project Information Requirements

Any Developer seeking to offer a ~~r~~Regulated ~~e~~Economic ~~t~~Transmission ~~p~~Project as a solution to address transmission~~specific~~ congestion ~~identified in the CARIS~~ 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 ~~r~~Regulated ~~e~~Economic ~~t~~Transmission ~~p~~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~~4.1~~.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~~5~~ 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 Requested Economic Planning Study

31.3.3.1 A Market Participant or another interested party may request that the ISO perform a Requested Economic Planning Study separate from and in addition to the System & Resource Outlook. For purposes of this Section 31.3.3, the Market Participant or other interested party requesting the Requested Economic Planning Study shall be known as the "Requestor." A Requested Economic Planning Study is separate from and addition to: (i) studies related to firm point-to-point transmission service pursuant to Section 3.7 of the ISO OATT, (ii) studies that a customer can request related to Network Integration Transmission Service pursuant to Section 4.5 of the ISO OATT, (iii) studies related to Interconnection Requests pursuant to Attachment X

or Attachment Z of the ISO OATT, (iv) studies related to Transmission Interconnection Applications pursuant to Attachment P of the ISO OATT, and (v) requests for evaluation of projects as potential solutions to Short-Term Reliability Process Needs, Reliability Needs, or Public Policy Transmission Needs pursuant to Attachment Y or Attachment FF of the ISO OATT. The ISO shall, upon request and subject to resource limits, conduct a Requested Economic Planning Study at any time during the year. The ISO will accommodate all study requests to the extent reasonable and practicable, subject to resource limitations.

31.3.3.2 A Requestor may request that the ISO perform a Requested Economic Planning Study by submitting to the ISO: (i) a completed and executed Requested Economic Planning Study Request Form in the form included in Section 31.13 of this Attachment Y, and (ii) a study deposit in the amount of $25,000. A Requestor must submit a separate request form and a separate study deposit for multiple study requests that involve significant differences in study scope and assumptions. The ISO shall acknowledge receipt of the Requested Economic Planning Study Request Form within ten (10) business days of its receipt and shall inform Requestor whether, in the ISO's judgement, the form is complete. If the form is not complete, the ISO will request additional information. The ISO will post the following on its website regarding a submitted Requested Economic Planning Study Request Form: (i) a general description of the requested study, (ii) the date the NYISO received the request form, and (iii) the identity Requestor.

31.3.3.3 The ISO will process Requested Economic Planning Study Request Forms in the order it receives the requests on a first come, first served basis; *provided, however*, that the ISO is not required to complete and report the results of the Requested Economic Planning Studies in the order the request forms are received. The Requested Economic Planning Study

Request Form will be deemed received by the ISO on the date that the ISO receives the completed request form and the required deposit. If the scope and subject matter of two or more contemporaneous Requested Economic Planning Studies overlap, the ISO, with the agreement of each affected Requestor, may conduct the overlapping study work on a consolidated basis and allocate the costs of such study work equally to each affected Requestor.

31.3.3.4 Following its receipt of a complete Requested Economic Planning Study Request Form, the ISO shall establish with the Requestor a mutually agreeable time for a scoping meeting. The scoping meeting shall determine the nature of the study to be conducted and deliverables to be provided. The Requestor may define the scope for its study, such as: (i) additional metrics for measuring congestion and the benefits of relieving that congestion; (ii) additional scenarios and the assumptions to be used; (iii) whether the Requestor wants the ISO to analyze potential transmission, generation, demand response and/or energy efficiency solutions and the characteristics of those solutions; and (iv) the degree of certainty requested for the solution cost estimates.

31.3.3.5 Following the scoping meeting, the ISO will memorialize in writing the scope of work and the deliverables to be provided by the ISO in a Study Agreement for a Requested Economic Planning Study in the form set forth in Section 31.14 of this Attachment Y. The ISO will provide the study agreement to the Requestor, a non-binding estimate of the total study costs, and any deposit amount in addition to the initial $25,000 deposit that the Requestor must provide to cover the total study cost estimate. For the ISO to commence the Requestor Economic Planning Study, the Requestor must execute the study agreement and provide any required additional study deposit amount. If Requestor modifies the scope of the Requested Economic Planning Study in a manner that increases the estimated total costs of the study, the

ISO may request that Requestor pay an additional deposit to cover any cost increase. The ISO shall hold the study deposit(s) provided by Requestor with its Requested Economic Planning Studies Request Form pursuant to Section 31.3.3.2 and with its Study Agreement for a Requested Economic Planning Study pursuant to this Section 31.3.3.5 in an interest-bearing account for which the interest earned will be associated with Requestor and shall be applied to study costs and subject to refund as described in Section 31.3.3.8.

31.3.3.6 The ISO shall use the database and base case assumptions in the scope agreed upon by the Requestor and the ISO for the Requested Economic Planning Study. The ISO will use reasonable efforts to complete each Requested Economic Planning Study by a date mutually agreed to with the Requestor. If the ISO determines this target date will not be met, the ISO will promptly inform the Requestor and provide the Requestor with an updated estimate of the new date by which the Requested Economic Planning Study will be completed. Requestor may withdraw its Requested Economic Planning Study Request Form at any time by written notice to the ISO. Upon receipt of such request, the ISO will immediately terminate any further study work, except as reasonably necessary to wrap up work and return information to the Requestor.

31.3.3.7 The ISO shall charge, and Requestor shall pay, the actual costs incurred by the ISO in performing a Requested Economic Planning Study. This includes costs that the ISO incurs at its discretion to use contractors or consultants, computing services, and costs that Transmission Owners may incur to supply study-related data at the ISO's request. The ISO shall track its staff and administrative costs, including any costs associated with using contractors or consultants, computing services, and costs incurred by involved Transmission Owners that it incurs in performing the Requested Economic Planning Study.

31.3.3.8 The ISO shall invoice the Requestor monthly for study costs incurred by the ISO in performing the Requested Economic Planning Study. Such invoice shall include a description and an accounting of the study costs incurred by the ISO, estimated consultant and contractor costs, and estimated costs incurred by Transmission Owners. Requestor shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit(s) that Requestor submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5 until settlement of the final invoice; *provided, however*, if a Requestor: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described in Section 31.3.3.9 below, the ISO may draw upon the study deposit(s) to recover the owed amount. If the ISO must draw on the study deposit(s), the ISO shall provide notice to the Requestor, and the Requestor shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Requestor fails to make such payments, the ISO may halt its performance of the Requested Economic Planning Study. Upon the completion of the Requested Economic Planning Study or the withdrawal of the Requestor's Requested Economic Planning Study Request Form, including withdrawal due to the termination of its Requested Economic Planning Study Agreement, the ISO shall issue a final invoice and refund to the Requestor any portion of the Requestor's study deposit(s) submitted to the ISO pursuant to Sections 31.3.3.2 and 31.3.3.5 and any interest actually earned on the deposited amount that together exceeds the outstanding amounts that the ISO has incurred in performing the Requested Economic Planning Study. The ISO shall refund the remaining portion within sixty (60) days of the ISO's receipt of all final invoices from its consultants and contractors, computing services, and involved Transmission Owners.

31.3.3.9 In the event of a Requestor's dispute over invoiced amounts, Requestor shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Requestor fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform the Requested Economic Planning Study or to provide the study results. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) calendar days after resolution of the dispute, Requestor will pay the ISO any amounts due with interest actually earned on such amounts.

31.3.3.10 Upon completion of the Requested Economic Planning Study, the ISO will provide the agreed upon deliverables for the Requested Economic Planning Study to Requestor. If Requestor has withdrawn its Requested Economic Planning Study Request Form prior to the completion of the study, the ISO will forward to the Requestor the results of any study work, related to the deliverables, completed prior to the withdrawal date following Requestor's final payment. The ISO will remove any Confidential Information or aggregate or mask such information to avoid disclosure of Confidential Information prior to providing the study results to Requestor. Upon request, the ISO will schedule a meeting to review the study results with the Requestor. The results of a Requested Economic Planning Study will be treated as Confidential Information under Attachment F to the OATT; *provided*, *however*, the ISO will posts the results of the Requested Economic Planning Study if and when Requestor seeks regulated cost recovery for a Regulated Economic Transmission Project under the ISO Tariff based upon the results of the Requested Economic Planning Study, and the ISO will note in such posting whether the database and base case assumptions used in the study are different from such

study assumptions that are required for seeking regulated cost recovery under the Economic Transmission Project Evaluation.