

Mechanism to Implement Transmission Owners' ROFR for Upgrades: Reliability and Economic Processes

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Agenda

- **Background**
- **Proposed ROFR Mechanisms for Upgrades**
 - Proposed Reliability Planning Process Mechanism
 - Proposed Short-Term Reliability Process Mechanism
 - Proposed Economic Planning Process Mechanism
- **Proposed Alignment of Designated NUFs**
- **Conforming and Ministerial Revisions**
- **Next Steps**

Background

Background

- On April 15, 2021, the Commission issued a declaratory order finding that the Transmission Owners in New York possess a federal ROFR for upgrades to their own existing transmission facilities, including upgrades that are part of another Developer's proposed transmission project that the NYISO selects in one of its competitive transmission planning processes.
- As a result, the NYISO developed a mechanism to effectuate the Transmission Owners' reserved rights and filed the revisions to the OATT under Section 206 of the Federal Power Act ("FPA"), which the Commission accepted as just and reasonable on March 11, 2022.
- The findings in the 2021 declaratory order regarding the Transmission Owners' reserved rights to their existing facilities was not limited to the transmission facilities selected in the Public Policy Transmission Planning Process ("Public Policy Process").

Background

- In 2023, the incumbent Transmission Owners commenced an initiative to revise the tariff to align the funding and cost recovery of Network Upgrade Facilities (“NUF”) that are identified for a selected Public Policy Transmission Project and that meet the definition of upgrade.
- Following approval by the Committees and the Board of Directors, NYISO filed the revisions under Section 205 of the FPA, which revisions were accepted by the Commission in Docket No. ER23-1151-000.

Background

- The reliability and economic planning processes also result in regulated transmission solutions being triggered or selected by the NYISO or approved by identified beneficiaries for inclusion in NYISO's regional transmission plan for purposes of cost allocation and recovery under the OATT.
- However, there is no defined mechanism that implements the Transmission Owners' rights related to their existing facilities in the reliability and economic planning processes.

Background

- Under the current initiative, NYISO discussed proposed revisions to effectuate the rights of Transmission Owners for and enable the efficient handling of a regulated transmission solution that is identified through the reliability and economic transmission planning processes and that contains an upgrade to a Transmission Owner's existing transmission facility.
- NYISO proposes revisions to Attachments Y and FF, as well as Attachment P, to:
 1. Establish a mechanism to effectuate the right of Transmission Owners related to upgrades in the Reliability Planning Process, Short-Term Reliability Process, and Economic Planning Process; and
 2. Expand the mechanism that designates eligible NUFs to Transmission Owners to include NUFs identified for triggered, selected, or voted on regulated transmission solution resulting from the Reliability Planning Process, Short-Term Reliability Process, and Economic Planning Process.

Previous Stakeholder Discussions

Date	Working Group	Discussion points and links to materials
1-21-2025	TPAS/ESPGWG	Initial Discussion on Mechanisms to Implement Transmission Owners' ROFR over Upgrades: Reliability and Economic Processes
2-20-2025	TPAS/ESPGWG	Mechanism to Implement Transmission Owners' ROFR over Upgrades: Reliability and Economic Processes
3-27-2025	ESPGWG/TPAS	Mechanism to Implement Transmission Owners' ROFR over Upgrades: Reliability and Economic Processes and presentation of draft tariff revisions
5-6-2025	TPAS/ESPGWG	Mechanism to Implement Transmission Owners' ROFR over Upgrades: Reliability and Economic Processes and presentation of draft tariff revisions
5-21-2025	ESPGWG/TPAS	Mechanism to Implement Transmission Owners' ROFR over Upgrades: Reliability and Economic Processes and presentation of draft tariff revisions
6-17-2025	BIC	Mechanism to Implement Transmission Owners' ROFR over Upgrades: Reliability and Economic Processes and presentation of draft tariff revisions

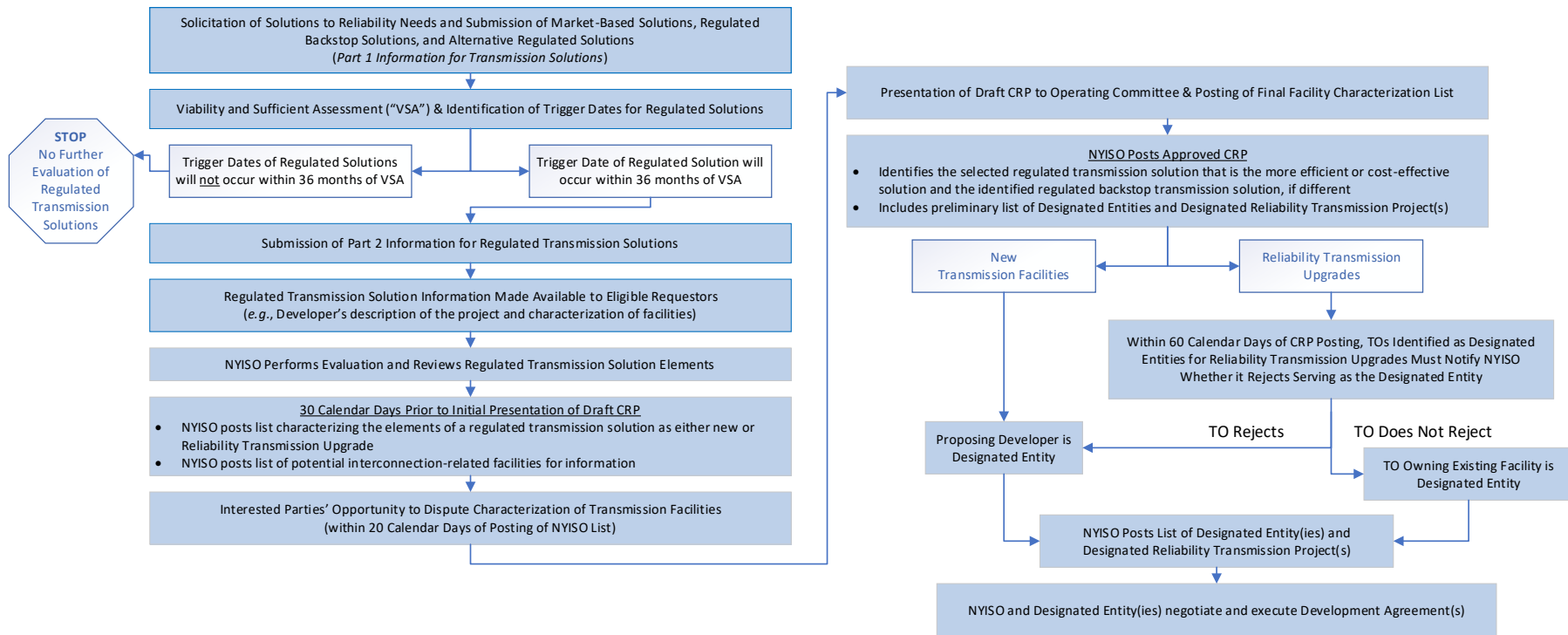
Proposed ROFR Mechanisms for Upgrades

General Approach

- **Similar to the Public Policy Process, the proposed designation processes will serve as the mechanism to implement the Transmission Owners' rights related to upgrades contained in a solution identified through the Reliability Planning Process, Short-Term Reliability Process, and Economic Planning Process.**
- **Each planning process will have a designation process with the following:**
 1. Obligation of qualified transmission developer to identify in its submittal the components of its proposed transmission solution as either new facilities or “upgrades” based on the definition in Section 31.6.4 of the OATT
 2. Characterization of the components of a proposed transmission solution by NYISO as either a new facility or an “upgrade”
 3. Opportunity for interested parties to submit comments on the characterization of the components of proposed transmission solutions
 4. Designation of the components of a triggered, selected, or approved regulated transmission solution to the applicable Designated Entity(ies) in the appropriate report/analysis
 5. Opportunity for applicable Transmission Owners to decline its designation to develop, own, and recover the cost under the NYISO OATT of upgrade components and procedures to address such declination
 6. Post-designation responsibilities of a Designated Entity, including, but limited to, entering into a development agreement
- **While each planning process will contain a designation process, the timing and other details will differ to account for the differences among the processes.**

Reliability Process Mechanism

Overview of Proposed Reliability Planning Process With a Mechanism to Implement NYTOs' ROFR Rights



Reliability Process Mechanism (cont.)

■ Submission Requirements and Review of Submissions

- Similar to the Public Policy Process, a Responsible Transmission Owner, Transmission Owner, or Other Developer of a proposed regulated transmission solution will be required to also provide the following information:
 - 1) identify the transmission facilities that it believes satisfies the definition of “Reliability Transmission Upgrade,”
 - 2) interconnection-related facilities that either (a) NYISO has identified as required to interconnect the proposed project through a NYISO-conducted study or (b) the Responsible Transmission Owner, Transmission Owner, or Other Developer voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on a NYISO-conducted study), and
 - 3) a major milestone schedule, including the identification of any in-service dates for specific components (such as a Reliability Transmission Upgrade) to properly sequence the project to meet the overall in-service date
- Following submission of proposed solutions to address a Reliability Need, the NYISO will review the proposed regulated solutions, including facility characterizations for transmission components submitted by the Responsible Transmission Owner, Transmission Owner, or Other Developer, and the NYISO will use existing provisions to seek additional information.

Reliability Process Mechanism (cont.)

■ Availability of Project Information for Transmission Projects

- Following (i) NYISO's report that a proposed regulated transmission solution that was found to be viable and sufficient has a Trigger Date within 36 months of NYISO's presentation of the Viability and Sufficiency Assessment to the ESPWG *and* (ii) submission of the evaluation information requirements in accordance with Section 31.2.6.1 of the OATT, interested parties may request certain information for the proposed regulated transmission solutions that NYISO determined to be viable and sufficient.
- Information that would be available to a requestor at this point in the process will include:
 - 1) sponsoring entity's identification of any Reliability Transmission Upgrade(s) included as part of its proposed solution, and
 - 2) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings
- The above information will be available subject to the requestor's compliance with NYISO's requirements concerning the disclosure of Critical Energy Infrastructure Information.

Reliability Process Mechanism (cont.)

■ Availability of Project Information for Transmission Projects

- The proposed revisions to the Reliability Planning Process also clarify the confidentiality of proposed regulated solutions and the availability of information to facilitate parties' review of the facility characterizations.
- Consistent with the Public Policy Process, the following information would be classified as “Confidential Information” throughout the process and, therefore, not subject to disclosure:
 - 1) any part of its Developer qualification requirements pursuant to Section 31.2.4.1, or
 - 2) any part of its submission of the project information requirements for its market-based solution, regulated backstop solution, or alternative regulated solution to satisfy its project information requirements pursuant to Sections 31.2.4.4, 31.2.4.6, and 31.2.4.8 that includes: (a) all details of the Developer's financing arrangements; (b) any non-public financial qualification information submitted; and (c) any contracts provided under Sections 31.2.4.4.2.3, 31.2.4.6, and 31.2.4.8.2.3.
- To the extent that a Developer designates information in its proposed solution as Confidential Information, the Developer will be required to submit a redacted and unredacted version of its project information.

Reliability Process Mechanism (cont.)

■ Preparation and Posting of List Characterizing Transmission Facilities

- During NYISO's evaluation of regulated transmission solutions and at least 30 calendar days prior to the presentation of the initial draft Comprehensive Reliability Plan to stakeholders, NYISO posts on its website an initial list that characterizes the transmission facilities making up the regulated transmission solutions that NYISO found viable and sufficient.
 - List will distinguish between new facilities and "Reliability Transmission Upgrades" and specify the Transmission Owner, to the extent the information is available.
 - In a separate list for informational purposes only, NYISO will also identify interconnection facilities identified by the sponsoring developer (e.g., potential interconnection facilities) but will not characterize them.
 - Parties will have 20 calendar days to provide comments on or dispute the draft list of transmission facility characterizations.
 - Disputes will be attempted to be resolved as provided in Section 31.1.8.4 of the OATT.
 - NYISO shall post the final list characterizing the facilities in a regulated transmission solution on or before the presentation of the draft CRP to the Operating Committee.

Reliability Process Mechanism (cont.)

■ Identification of the Designated Entity(ies) Responsible for a Designated Reliability Transmission Project(s)

- Prior to the presentation of the draft CRP, or updated draft CRP, to the Operating Committee, NYISO will include in the draft CRP a preliminary list of Designated Entities and Designated Reliability Transmission Projects.
 - Designated Reliability Transmissions Projects will be designated as follows:
 - New transmission facilities will be designated to the entity that proposed either the regulated backstop solution or alternative regulated transmission solution
 - Reliability Transmission Upgrades will be designated to the Transmission Owner owning the existing facility to be upgraded
- The Designated Reliability Transmission Project(s) will contain all of the facilities that are designated to a particular Designated Entity.
- Designated Reliability Transmission Projects will be also be distinguish as either a “Designated Backstop Transmission Project” or “Designated Alternative Transmission Project for purposes of the NYISO’s determination whether a regulated solution is required to address the Reliability Need (see *generally*, Section 31.2.8 of the OATT).

Reliability Process Mechanism (cont.)

- **Exercise of Right of First Refusal for a Designated Reliability Transmission Upgrade**
 - Within 60 calendar days of the posting of a CRP, or an updated CRP, that was approved by the Board of Directors and that identifies a selected regulated transmission solution or a regulated backstop transmission solution that NYISO determined to be viable and sufficient (if different), any Transmission Owner that is identified as a Designated Entity must notify NYISO if it rejects the obligation to build, own, and recover the costs of one or more facilities contained in its Designated Reliability Transmission Project that is comprised of Reliability Transmission Upgrades.
 - Similar to the Public Policy Process mechanism, the following would occur:
 - If a Transmission Owner does not reject (either through an affirmative communication or no response), the Transmission Owner will be responsible for the Designated Reliability Transmission Project.
 - If a Transmission Owner rejects one or more of the components of its Designated Reliability Transmission Project, then the sponsoring Responsible Transmission Owner, Transmission Owner, or Other Developer will be responsible for the rejected facilities.

Reliability Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Reliability Transmission Project**
 - Following NYISO's posting of a list of Designated Entities and Designated Reliability Transmission Projects and based on NYISO's decision whether to trigger or not trigger a regulated transmission solution in accordance with Section 31.2.8, a Designated Entity shall have the responsibilities currently set forth in the OATT:
 - Obtain necessary approvals and authorizations for its Designated Reliability Transmission Project
 - Enter into a Development Agreement for its Designated Reliability Transmission Project in the form contained in Appendix C of Section 31.7 of the OATT
 - Complete the applicable interconnection process for its Designated Reliability Transmission Project, and
 - Consistent the existing rules in Attachment P for Designated Public Policy Projects, proposed revisions would allow a Designated Entity of a Designated Reliability Transmission Project to elect to join an existing TIP application with the permission of the Transmission Developer or initiate a new TIP application for the Designated Reliability Transmission Project.
 - Eligibility to recover the costs of a Designated Reliability Transmission Project under Rate Schedule 10.

Reliability Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Reliability Transmission Project**
 - Proposed Revisions to the *pro forma* Development Agreement:
 - NYISO proposes revisions to the current *pro forma* Reliability Planning Process Development Agreement in Appendix B of Section 31.7 of the OATT to incorporate the responsibilities of a Designated Entity for a Designated Reliability Transmission Project.
 - The proposed revisions are similar to those included in the Public Policy Transmission Planning Process Development Agreement with differences to account for the Reliability Planning Process. The general categories of revisions include, but not limited to:
 - Revisions to the recitals and definitions to align with the proposed tariff rules for Designated Reliability Transmission Projects and the potential for different in-service dates for individual Designated Reliability Transmission Projects than the overall in-service date to meet the Reliability Need, as identified in the CRP;
 - Revisions that address the coordination of the Designated Entities for the Designated Reliability Transmission Projects required to address the same Reliability Need, including project monitoring, milestones, and modifications;
 - Revisions to the milestone requirements to, among other things, clarify that action by another Designated Entity is an Advisory Milestone;
 - Revisions to the default and termination provisions to address the impact with other Designated Reliability Transmission Projects required to address the same Reliability Need; and
 - Other conforming revisions related to the use of new defined terms and the alignment of the treatment of certain NUFs (discussed later in this presentation).

Reliability Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Reliability Transmission Project**
 - In addition to the existing remedies under Section 31.2.10, proposed revisions would address the remedies related to the inability for a Designated Reliability Transmission Project to complete and the potential impact on other Designated Reliability Transmission Projects that are components of the same regulated transmission solution to a Reliability Need.
 - For example, a Designated Reliability Transmission Project that was originally designated to a Transmission Owner is unable to move forward, the project will be offered to the proposing Developer to complete the development and construction of the Designated Reliability Transmission Project.

Reliability Process Mechanism (cont.)

Proposed Tariff Revisions:

- Tariff modifications related to submission requirements and review of submissions are contained in the following sections:
 - Section 31.2.4.4.1
 - Section 31.2.4.4.2.2
 - Section 31.2.4.8.1
 - Section 31.2.4.8.2
- Tariff modifications for the availability of information for transmission projects are contained the following sections:
 - Section 31.2.5.1.3
 - Section 31.2.12.2
 - Section 31.2.12.3
 - Section 31.2.12.4
- Tariff modifications related to preparing and posting the list characterizing transmission facilities are contained in the following sections:
 - Section 31.1 (addition of “Reliability Transmission Upgrades” definition)
 - Section 31.5.6.5.2
 - Section 31.5.6.5.3
- Tariff modifications related to identifying the Designated Entity(ies) for a Designated Reliability Transmission Project(s) are contained in the following sections:
 - Section 31.1
 - Section 31.2.7
 - Section 31.2.7.3

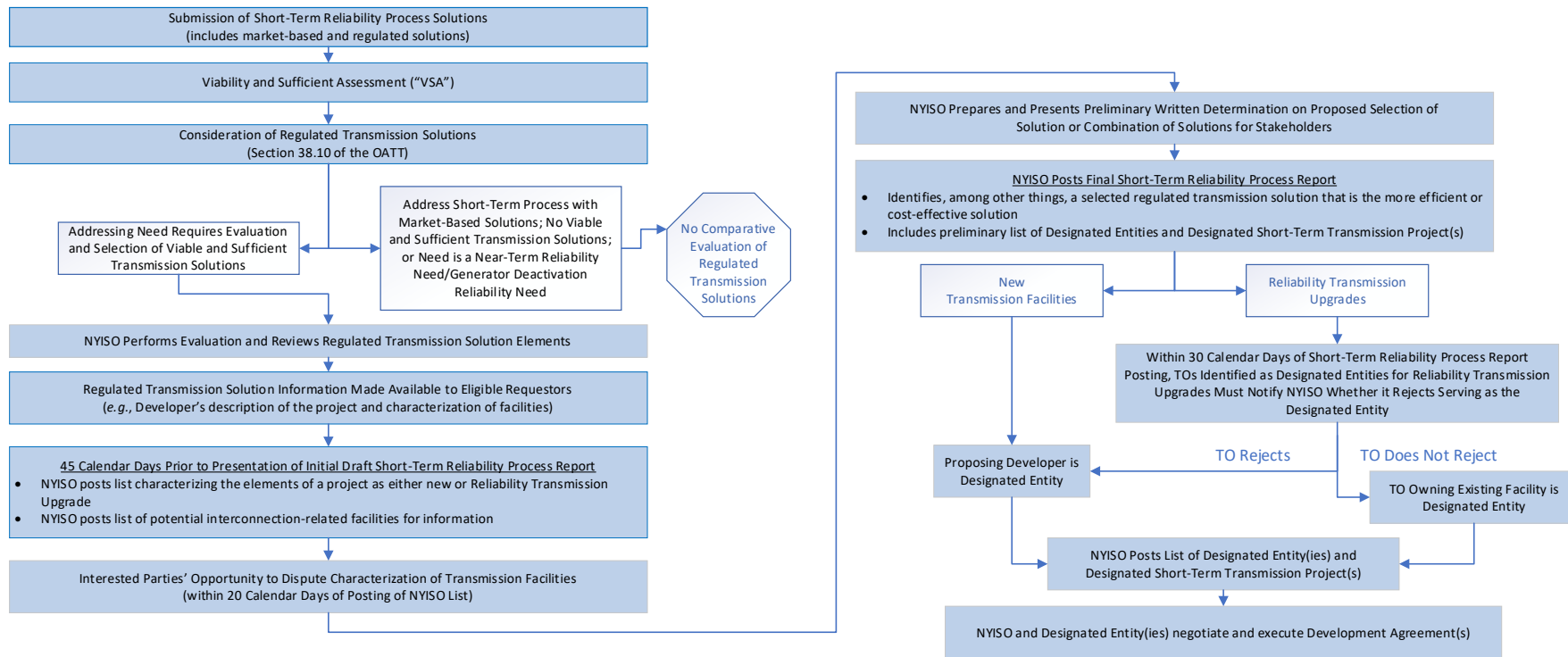
Reliability Process Mechanism (cont.)

Proposed Tariff Revisions:

- Tariff modifications related to the exercise of right of first refusal for a Designated Reliability Transmission Upgrade are contained in the following sections:
 - Section 31.1
 - Section 31.2.7
 - Section 31.2.7.3
 - Section 31.2.7.5
- Tariff modifications related to the responsibilities of a Designated Entity for a Designated Reliability Transmission Project are contained in the following sections:
 - Section 6.10
 - Section 31.2.8
 - Section 31.2.9
 - Section 31.2.10.1
 - Section 31.2.10.2
 - New Section 31.2.10.3
 - Section 31.5.1
 - Section 31.5.3
 - Section 31.5.6.1
 - Section 31.7 (Appendix C – *pro forma* Development Agreement)

Short-Term Process Mechanism

Overview of Proposed Short-Term Reliability Process With a Mechanism to Implement NYTOs' ROFR Rights



Short-Term Process Mechanism (cont.)

■ Submission Requirements and Review of Submissions

- Continuing the current structure of the Short-Term Reliability Process that relies on the information submission requirements in the Reliability Planning Process (see Section 38.4.2), the proposed revisions to Sections 31.2.4.4.2.2 and 31.2.4.8.1 would also apply to Short-Term Reliability Process Solutions.
- A Responsible Transmission Owner or Developer of a proposed regulated transmission solution must include in its proposal:
 - 1) identify the transmission facilities that it believes satisfies the definition of “Reliability Transmission Upgrade,”
 - 2) interconnection-related facilities that either (a) NYISO has identified as required to interconnect the proposed project through a NYISO-conducted study or (b) the Responsible Transmission Owner or Developer voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on a NYISO-conducted study), and
 - 3) a major milestone schedule, including the identification of any in-service dates for specific components (such as a Reliability Transmission Upgrade) to properly sequence the project to meet the overall in-service date.
- Following submission of proposed solutions to address a Short-Term Reliability Process Need, NYISO will review the proposed regulated transmission solutions, including facility characterizations for transmission components submitted by the Responsible Transmission Owner or Developer, and NYISO will use existing provisions to seek additional information, as needed.

Short-Term Process Mechanism (cont.)

■ Availability of Project Information for Transmission Projects

- Following submission of proposed solutions to address a Short-Term Reliability Process Need and prior to the posting of the initial facility characterization list (discussed on the next slide), NYISO will make available upon request certain project information.
 - Regulated transmission solution information that may be made available to stakeholders would include:
 - 1) sponsoring entity's identification of any Reliability Transmission Upgrade(s) included as part of its proposed solution, and
 - 2) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings.
 - The above information would be available subject to the NYISO's requirements concerning the disclosure of Critical Energy Infrastructure Information.

Short-Term Process Mechanism (cont.)

■ Preparation and Posting of List Characterizing Transmission Facilities

- In NYISO's evaluation of regulated transmission solutions and at least 45 calendar days prior to the presentation of the initial draft Short-Term Reliability Process Report, NYISO will post an initial list that characterizes the transmission facilities making up the regulated transmission solutions that NYISO determined to be viable and sufficient.
 - List will distinguish between new facilities and "Reliability Transmission Upgrades" and specify the Transmission Owner, to the extent the information is available.
 - In a separate list for informational purposes only, NYISO will also identify interconnection facilities identified by the sponsoring developer (e.g., potential interconnection facilities) but will not characterize them.
 - Parties will have 20 calendar days to provide comments on or dispute the draft list of transmission facility characterizations.
 - Disputes will be attempted to be resolved as provided in Section 31.1.8.4 of the OATT.
 - NYISO shall include the final list characterizing the facilities in the final Short-Term Reliability Process Report.

Short-Term Process Mechanism (cont.)

■ Identification of the Designated Entity(ies) Responsible for a Designated Short-Term Transmission Project(s)

- If NYISO selects a regulated transmission solution to address a Short-Term Reliability Process Need, including a Near-Term Reliability Need, it will include a list preliminarily identifying any Designated Short-Term Transmission Project(s) and the Designated Entity(ies) in a Short-Term Reliability Process Report pursuant to Sections 38.10.2 and 38.10.5 of the OATT.
 - The Designated Short-Term Transmission Project(s) will be designated based on the criteria used in Section 31.2.7 as follows:
 - New transmission facilities will be designated to the entity that proposed either the regulated transmission solution
 - Reliability Transmission Upgrades will be designated to the Transmission Owner owning the existing facility to be upgraded
 - Designated Short-Term Transmission Projects will contain all the transmission facilities from the submitted regulated transmission solution that NYISO preliminarily identifies as being designated to a particular Designated Entity.

Short-Term Process Mechanism (cont.)

- **Exercise of Right of First Refusal for Reliability Transmission Upgrade(s)**
 - Within 30 calendar days of the posting of a list preliminarily identifying any Designated Short-Term Transmission Project(s) that is, or a part of, a selected regulated transmission solution, and the Designated Entity responsible for each Designated Short-Term Transmission Project, any Transmission Owner that is identified as a Designated Entity for a Designated Short-Term Transmission Project composed of Reliability Transmission Upgrades must notify NYISO if it rejects the obligation to build, own, and recover the costs of one or more facilities.
 - Similar to the mechanism in the Public Policy Process and the proposed mechanism in the Reliability Planning Process, the following would occur:
 - If a Transmission Owner does not reject (either through an affirmative communication or no response), the Transmission Owner will be responsible for the Designated Short-Term Transmission Project
 - If a Transmission Owner rejects one or more of the components of its Designated Short-Term Transmission Project, then the sponsoring Responsible Transmission Owner, Transmission Owner, or Other Developer will be responsible for the rejected facilities

Short-Term Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Short-Term Transmission Project**
 - Following NYISO's posting of a list of Designated Entities and Designated Short-Term Transmission Projects, a Designated Entity shall have the responsibilities currently set forth in the Short-Term Planning Process, as well as coordination with the other Designated Entities:
 - Obtain necessary approvals and authorizations for its Designated Short-Term Transmission Project.
 - Enter into a Development Agreement for its Designated Reliability Transmission Project in the form contained in Appendix C of Section 31.7 of the OATT, as amended by NYISO to reflect the Short-Term Reliability Process.
 - Complete the applicable interconnection process for its Designated Short-Term Transmission Project.
 - Consistent the existing rules in Attachment P for Designated Public Policy Projects, proposed revisions would allow a Designated Entity of a Designated Short-Term Transmission Project to elect to join an existing TIP application with the permission of the Transmission Developer or initiate a new TIP application for the Designated Short-Term Transmission Project.
 - Eligibility to allocate and recover the costs of a Designated Short-Term Transmission Project under Attachment FF and Rate Schedule 16.

Short-Term Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Short-Term Transmission Project**
 - In addition to the existing remedies under Section 38.12.4.3 if a solution is unable to complete, proposed revisions would address the remedies related to the inability for a Designated Short-Term Transmission Project to complete and the potential impact on another Designated Short-Term Transmission Project that is a component of the same regulated transmission solution to a Short-Term Reliability Process Need.
 - For example, a Designated Short-Term Transmission Project that was originally designated to a Transmission Owner is unable to move forward, the project will be offered to the proposing Developer to complete the development and construction of the Designated Short-Term Transmission Project.

Short-Term Process Mechanism (cont.)

Proposed Tariff Revisions:

- Tariff modifications related to submission requirements and review of submissions are proposed in the following sections:
 - Section 31.2.4.4.1
 - Section 31.2.4.4.2.2
 - Section 31.2.4.8.1
 - Section 31.2.4.8.2
- Tariff modifications for the availability of information for transmission projects are proposed the following sections:
 - Section 38.4.6
- Tariff modifications related to preparing and posting the list characterizing transmission facilities are proposed in the following sections:
 - Section 31.1 (addition of “Reliability Transmission Upgrades” definition)
 - Section 31.2.4.4 (by reference)
 - Section 31.2.4.8 (by reference)
 - Section 38.1 (addition of “Reliability Transmission Upgrades” definition)
 - Section 38.10.2.1.2
- Tariff modifications related to identifying the Designated Entity(ies) for a Designated Short-Term Transmission Project(s) are proposed in the following sections:
 - Section 31.1
 - Section 31.2.7
 - Section 38.1
 - Section 38.10.2.1.2
 - Section 38.10.2.1.3

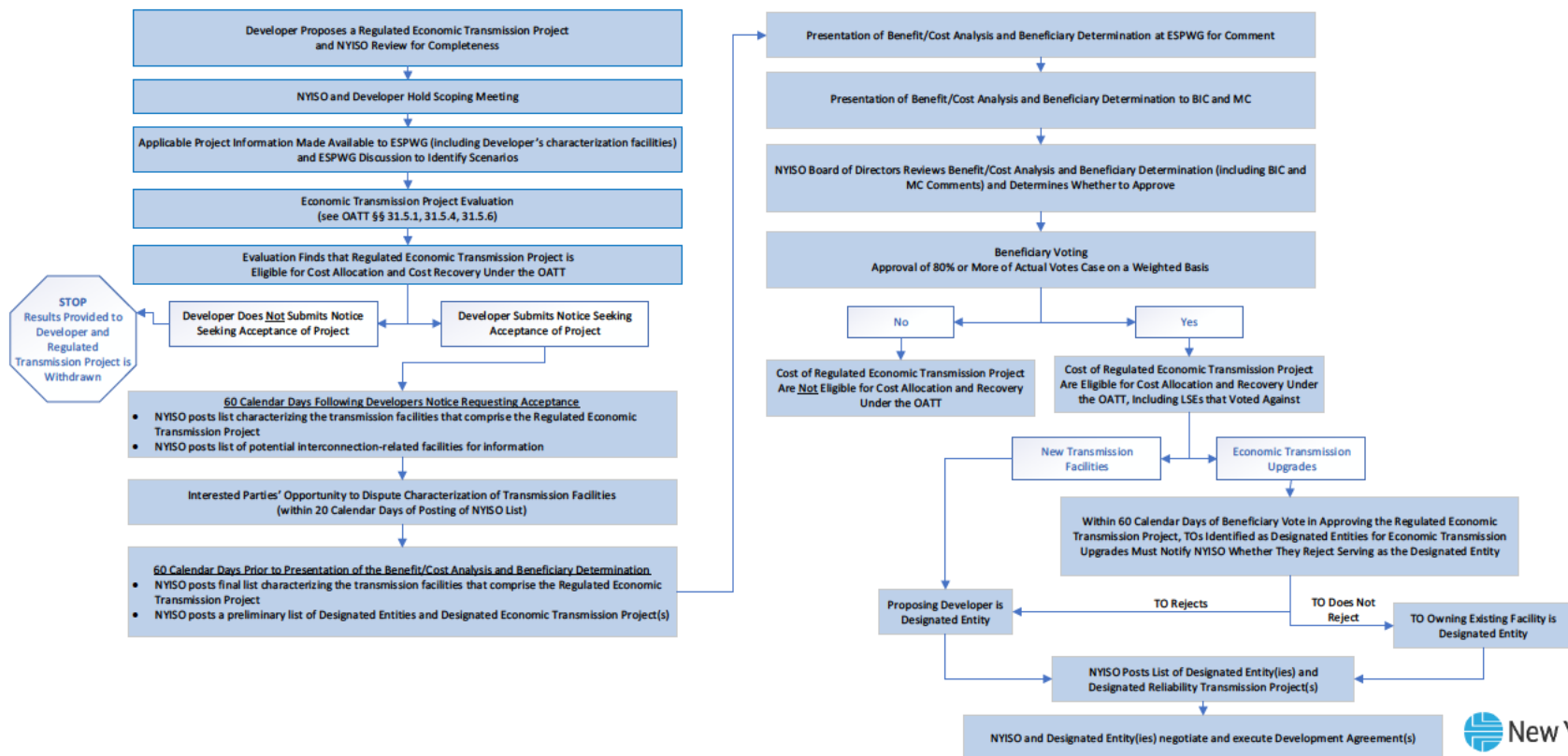
Short-Term Process Mechanism (cont.)

Proposed Tariff Revisions:

- Tariff modifications related to the exercise of right of first refusal for a Reliability Transmission Upgrade are contained in the following sections:
 - Section 38.1
 - Section 38.10.6
- Tariff modifications related to the responsibilities of a Designated Entity for a Designated Reliability Transmission Project are contained in the following sections:
 - Section 6.16
 - Section 38.12.2
 - Section 38.12.3
 - Section 38.12.4
 - Section 38.12.4.1
 - Section 38.12.4.3
 - Section 38.12.4.4
 - Section 38.12.4.5
 - Section 38.22
 - Section 38.23

Economic Proposed Mechanism

Overview of Proposed Economic Planning Process
With a Mechanism to Implement NYTOs' ROFR Rights



Economic Process Mechanism (cont.)

■ Submission Requirements and Review of Submissions

- Similar to the Public Policy Process, a Developer of a proposed Regulated Economic Transmission Project will be required to also provide the following information:
 - 1) identify the transmission facilities that it believes satisfies the definition of “Economic Transmission Upgrade,”
 - 2) interconnection-related facilities that either (a) NYISO has identified as required to interconnect the proposed project through a NYISO-conducted study or (b) the Developer voluntarily identifies as potentially necessary to reliably interconnect the proposed project (subject to modification based on a NYISO-conducted study), and
 - 3) a major milestone schedule, including the identification of any in-service dates for specific components (such as an Economic Transmission Upgrade) to properly sequence the project to meet the overall in-service date.
- Following submission of a proposed Regulated Economic Transmission Project, NYISO will process the submission in accordance with the Economic Planning Process Manual.

Economic Process Mechanism (cont.)

■ Availability of Project Information for Transmission Projects

- Information related to the Regulated Economic Transmission Project will be made available in accordance with the process in the Economic Planning Process Manual, which information would include:
 - 1) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings, and
 - 2) sponsoring Developer's identification of any Economic Transmission Upgrade(s) included as part of its proposed Regulated Economic Transmission Project.
- Following acceptance of the revisions by the Commission, NYISO will consider relevant revisions to the Economic Planning Process Manual to specifically address the sponsoring Developer's identification of Economic Transmission Upgrades.

Economic Process Mechanism (cont.)

■ Preparation of List Characterizing Transmission Facilities

- Following the completion of the Economic Transmission Project Evaluation and the sponsoring Developer's written request seeking acceptance of an eligible Regulated Economic Transmission Project by the identified project beneficiaries, NYISO will post a preliminary list of facilities that comprise the Regulated Economic Transmission Project within 60 calendar days of the Developer's request.
 - List will distinguish between new facilities and "Economic Transmission Upgrades" and specify the Transmission Owner, to the extent the information is available.
 - In a separate list for informational purposes only, NYISO will also identify interconnection facilities identified by the sponsoring Developer (e.g., potential interconnection facilities) but will not characterize them.
 - Parties will have 20 calendar days to provide comments on or dispute the draft list of transmission facility characterizations.
 - Disputes will be attempted to be resolved as provided in Section 31.1.8.4 of the OATT.

Economic Process Mechanism (cont.)

■ Preparation of List Characterizing Transmission Facilities (cont.)

- NYISO shall post the final list characterizing the transmission facilities in a Regulated Economic Transmission Project no later than 60 calendar days prior to the date on which NYISO submits the beneficiary determination and NYISO's benefit/cost analysis, which may be updated as a result of an update to the Developer's capital cost estimate based on NYISO's facility characterization determinations, to the ESPWG and the identified beneficiaries.
- Similar to the Public Policy Process, NYISO proposes that a Developer may update its capital cost estimate or its identification of permitting or other risks facing the project (i.e., risk profile) if NYISO's facility characterization determination differs from the Developer's characterizations of its proposed project.

Economic Process Mechanism (cont.)

- **Identification the Designated Entity(ies) Responsible for a Designated Economic Transmission Project**
 - Together with the posting of the final list characterizing the transmission facilities in a Regulated Economic Transmission Project, NYISO will include a list that preliminarily identifies the Designated Economic Transmission Project(s) that make up the Regulated Economic Transmission Project and the responsible Designated Entity(ies).
 - The Designated Economic Transmissions Projects will be designated as follows:
 - New transmission facilities will be designated to the entity that proposed the Regulated Economic Transmission Project
 - Economic Transmission Upgrades will be designated to the Transmission Owner owning the existing facility to be upgraded
 - A Designated Economic Transmission Project will contain all the facilities from the Regulated Economic Transmission Project that NYISO preliminarily identifies as being designated to a particular Designated Entity.

Economic Process Mechanism (cont.)

■ Exercise of Right of First Refusal for Economic Transmission Upgrade(s)

- Within 60 calendar days following the report of a vote of the identified beneficiaries approving a Regulated Economic Transmission Project, any Transmission Owner that is identified as a Designated Entity for a Designated Economic Transmission Project comprised of Economic Transmission Upgrades must notify NYISO if it rejects the obligation to build, own, and recover the costs of one or more facilities contained in its project.
- Similar to the Public Policy Process mechanism, the following would occur:
 - If a Transmission Owner does not reject (either through an affirmative communication or no response), the Transmission Owner will be responsible for the Designated Economic Transmission Project
 - If a Transmission Owner rejects one or more of the components of its Designated Economic Transmission Project, then the sponsoring Developer of the Regulated Economic Transmission Project will be responsible for the rejected facilities
- Following the approval of the Regulated Economic Transmission Project or the conclusion of the 60-day period for Transmission Owners to reject their designations, NYISO will post a list of the Designated Entities that have undertaken a commitment to build Designated Economic Transmission Projects.

Economic Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Economic Transmission Project**
 - Following NYISO's posting of a list of Designated Entities and Designated Economic Transmission Projects in accordance with Section 31.3.2.5 of the OATT, a Designated Entity shall have the following responsibilities:
 - Obtain necessary approvals and authorizations for its Designated Economic Transmission Project
 - Enter into a Development Agreement for its Designated Economic Transmission Project in the form contained in Appendix C of Section 31.7 of the OATT
 - Complete the applicable interconnection process for its Designated Economic Transmission Project, and
 - Consistent the existing rules in Attachment P for Designated Public Policy Projects, proposed revisions would allow a Designated Entity of a Designated Economic Transmission Project to elect to join an existing TIP application with the permission of the Transmission Developer or initiate a new TIP application for the Designated Reliability Transmission Project.
 - Eligibility to recover the costs of a Designated Economic Transmission Project under Rate Schedule 10.
 - Revisions clarify that any cost sharing proposal submitted by a Developer shall not apply to a Designated Entity, which is designated a Designated Economic Transmission Project due to the Transmission Owner owning the transmission facility to be upgraded, unless the Transmission Owner otherwise agrees to be so responsible.

Economic Process Mechanism (cont.)

■ Post-Evaluation Responsibilities of a Designated Entity for a Designated Economic Transmission Project

- The tariff currently does not contain specific provisions addressing the inability of an approved Regulated Economic Transmission Project to be completed.
- Similar to the rules set forth in the other planning process, the proposed tariff provisions would provide actions that may be taken to address the inability of a Designated Entity to complete a Designated Economic Transmission Project, which contains provisions addressing the recovery of costs if a Designated Economic Transmission Project cannot be completed or is halted but tailored the rules to the nature of the Economic Planning Process.
- Specifically, if a Designated Entity fails to execute a Development Agreement or request the filing of an unexecuted Development Agreement or a Development Agreement is subject to or is terminated in accordance with the terms of the agreement, the following actions may be permitted under a proposed Section 31.5.4.7:
 - Offer the original Developer to be the Designated Entity of a Designated Economic Transmission Project that was initially designated to the owner of the impacted, existing transmission facility and, if accepted, inform the LSE or LSEs that voted to approve the Regulated Economic Transmission Project
 - Where the original Developer is unable to complete its Designated Economic Transmission Project, advise the other Designated Entity(ies) with a Designated Economic Transmission Project(s) that is a part of the same Regulated Economic Transmission Project to halt its respective Designated Economic Transmission Project and inform the LSE or LSEs that approved the Regulated Economic Transmission Project.

Economic Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Economic Transmission Project**
 - Post-Approval Modifications to a Designated Economic Transmission Project: NYISO also proposes revisions to provide for a vote of the identified beneficiaries to consider subsequent changes to the Regulated Economic Transmission Project.
 - Proposal adds language to the voting procedures under Section 31.5.4.6 of the OATT to provide for a vote for the “continued implementation of a Regulated Economic Transmission Project” when a Designated Entity seeks one of the following:
 - (a) Significant Modifications to a Designated Economic Transmission Project that arise during the development of the project—e.g., resulting from the permitting process or during detail engineering, or
 - (b) Modifications to the in-service date of the project that was presented to the identified beneficiaries when they voted to approve, or continue the development of, the Regulated Economic Transmission Project.

Economic Process Mechanism (cont.)

- **Post-Evaluation Responsibilities of a Designated Entity for a Designated Economic Transmission Project**
 - Addition of a *pro forma* Economic Planning Process Development Agreement:
 - NYISO proposes to include a *pro forma* Development Agreement as Appendix E in Section 31.7 of the OATT to incorporate the responsibilities of a Designated Entity for a Designated Economic Transmission Project to facility a mechanism to effectuate the rights of the Transmission Owners related to upgrades.
 - The proposed *pro forma* Development Agreement is based on substantially the same provisions of the Public Policy Transmission Planning Process Development Agreement with differences to account for the Economic Planning Process, such as defined terms, the voting process to approve a Regulated Economic Transmission Project, the provisions governing modifications to the project, and the provisions to address the inability for a Designated Economic Transmission Project to complete (discussed previously).

Economic Process Mechanism (cont.)

■ Post-Evaluation Responsibilities of a Designated Entity for a Designated Economic Transmission Project

- Addition of a *pro forma* Economic Planning Process Development Agreement (cont.):
 - Included in the proposed *pro forma* Economic Planning Process Development Agreement are provisions that would include requirements for a Designated Entity to comply with before significantly modifying the Designated Economic Transmission Project or the required in-service date(s) of a Designated Economic Transmission Project.
 - Proposed Article 3.4 would address changes to the in-service date(s) of the approved Regulated Economic Transmission Project or Designated Economic Transmission Project, including a requirement for a subsequent vote of the identified beneficiaries to continue the implementation of the project.
 - Proposed Article 3.5 would address requests for a significant modification, as proposed to be defined in the *pro forma* Development Agreement, including the requirements that the Designated Entity (i) satisfy the specific criteria and (ii) obtain a vote of the identified beneficiaries to continue the implementation of the project in light of the requested modification.
 - » A “Significant Modification” includes: “a Designated Entity’s proposed modification to its Designated Project that: (i) could impair the Transmission Project’s or Designated Project’s ability to achieve the benefit/cost ratio provided to the Identified Project Beneficiaries pursuant to Section 31.5.4.5.2 of Attachment Y of the OATT, (ii) could delay the In-Service Date of the Transmission Project or Designated Project beyond the Required Transmission Project In-Service Date or Required Designated Project In-Service Date, respectively, or (iii) would constitute a material change to the project information submitted by the Developer under Attachment Y of the OATT for use in evaluating and approving the Transmission Project”

Economic Process Mechanism (cont.)

Proposed Tariff Revisions:

- Tariff modifications related to submission requirements and review of submissions are proposed in the following sections:
 - Section 31.3.2.3
- Tariff modifications related to preparing and posting the list characterizing transmission facilities are proposed in the following sections:
 - Section 31.1
 - Section 31.3.2.3.7
 - Section 31.3.2.4.1
 - Section 31.3.2.4.2
- Tariff modifications related to identifying the Designated Entity(ies) for a Designated Economic Transmission Project(s) are proposed in the following sections:
 - Section 31.1
 - Section 31.3.2.4.2
- Tariff modifications related to the exercise of right of first refusal for an Economic Transmission Upgrade are contained in the following sections:
 - Section 31.1
 - Section 31.3.2.4.3
 - Section 31.3.2.5
- Tariff modifications related to the responsibilities of a Designated Entity for a Designated Economic Transmission Project are contained in the following sections:
 - Section 6.10
 - Section 31.3.2.6
 - Section 31.3.2.6.1
 - Section 31.3.2.6.2
 - Section 31.5.4.6.6
 - Section 31.5.4.7
 - Section 31.5.6.2
 - Section 31.7 (Appendix E – *pro forma* Development Agreement)

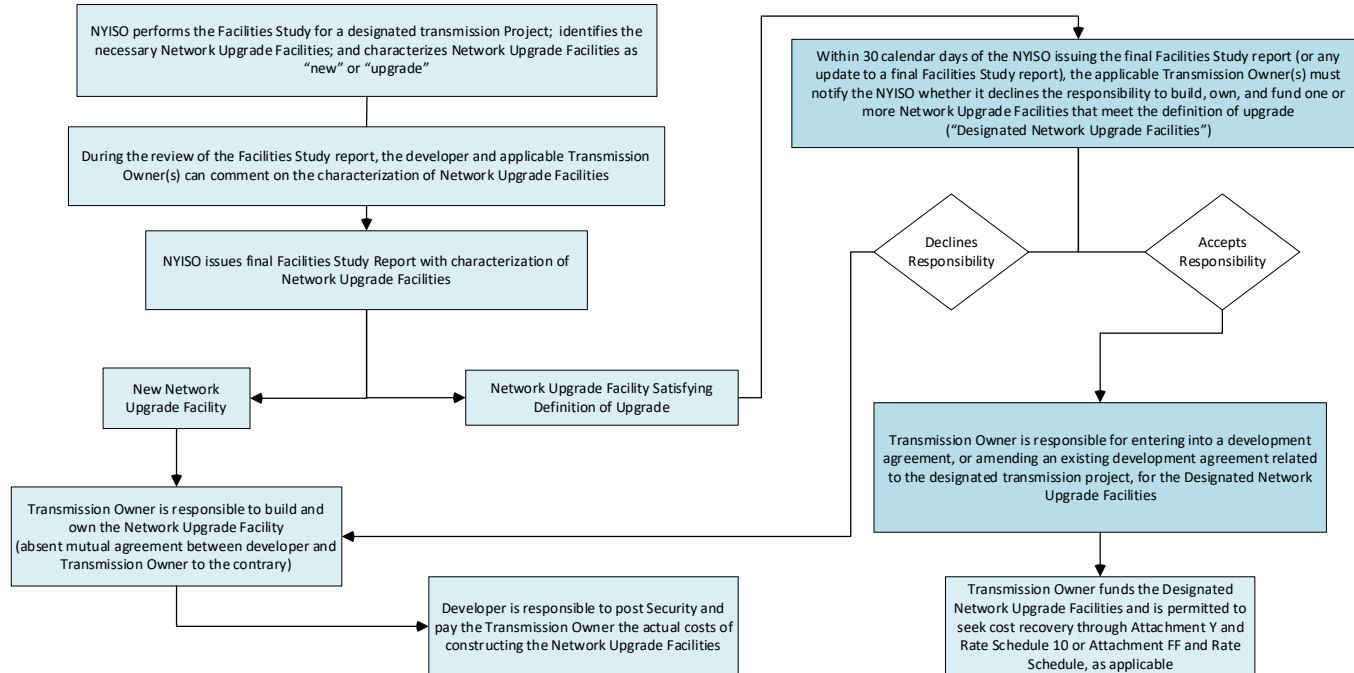
Proposed Alignment of Designated NUFs

Proposed Alignment of Designated NUFs

- In 2023, incumbent New York Transmission Owners commenced an initiative to revise the tariff to align the funding and cost recovery NUFs that are identified for a selected Public Policy Transmission Project and that meet the definition of upgrade in Section 31.6.4 of the OATT.
- Consistent with the revisions accepted by the Commission for the designation of these NUFs, NYISO seeks to align the funding responsibilities and cost recovery of eligible NUFs identified in the Transmission Interconnection Procedures for regulated transmission projects selected, triggered, or voted on:
 - Designated Reliability Transmission Project
 - Designated Short-Term Transmission Project
 - Designated Economic Transmission Project

Proposed Alignment of Designated NUFs (cont.)

Overview of Designation Decision for Network Upgrade Facilities for a Designated Transmission Project



Proposed Alignment of Designated NUFs (cont.)

■ Proposed revisions would include:

- Adjustments to the terminology associated with a Designated NUF to not only include eligible NUFs identified for Designated Public Policy Projects but also those identified for:
 - Designated Reliability Transmission Projects,
 - Designated Short-Term Transmission Projects, and
 - Designated Economic Transmission Projects.
- Conforming changes in Sections 6.10, 6.16, 31.5, and 38.20 of the OATT
 - Eligibility for the recovery of costs for Designated NUFs identified for Designated Reliability Transmission Projects, Designated Short-Term Transmission Projects, and Designated Economic Transmission Projects.
 - Cost allocation for Designated NUFs will be consistent with the method for the associated Designated Reliability Transmission Project, Designated Short-Term Transmission Project, Designated Economic Transmission Project, and Designated Public Policy Project.
- Conforming changes or inclusions in the *pro forma* Development Agreements for the Reliability Planning Process and the proposed *pro forma* Development Agreement for the Economic Planning Process.

Proposed Alignment of Designated NUFs (cont.)

■ Proposed Tariff Revisions:

- Section 6.10
- Section 6.16
- Section 22.1
- Section 22.4.1
- Section 22.4.2.4
- Section 22.5.4.2
- Section 22.9.6
- Section 22.11.1
- Section 22.11.2
- Section 22.11.3
- Section 31.7, Appendices C and E

Conforming and Ministerial Revisions

Conforming & Ministerial Tariff Revisions

- NYISO proposes conforming revisions based on the additional definitions and the proposed mechanisms to effectuate the Transmission Owners' rights related to upgrades to their existing transmission facilities.
- NYISO proposes to update the list of Transmission Owners in Section 31.1.7.6 of the OATT.
- NYISO also proposes ministerial and clean-up revisions discovered in its review of the relevant tariff provisions and *pro forma* development agreements.

Next Steps

Targeted Next Steps

- NYISO targets presentations at the following committees:
 - June 20, 2025 - Operating Committee
 - June 30, 2025 - Management Committee
- NYISO targets a filing under Section 205 of the FPA in or around July 2025 following authorization by the Board of Directors.
 - Effective Date: Filing will seek the revisions to be effective following the statutory sixty-day notice period under Section 205 of the FPA.

Our Mission & Vision



Mission

Ensure power system reliability
and competitive markets for New
York in a clean energy future



Vision

Working together with stakeholders
to build the cleanest, most reliable
electric system in the nation