Updates to Pro Forma Operating Agreement for Non-Incumbent Transmission Owners

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Agenda

- Background
- Proposed Updates to Pro Forma Operating Agreement
- Next Steps

Background

Background

- Section 31.1.5 of the OATT requires non-incumbent Transmission Owners to execute an "operating agreement" prior to energizing a transmission facility that provides, among other things, the terms and conditions for turning over operational control of a transmission facility to the NYISO
- The *pro forma* Operating Agreement has been accepted by FERC and is contained in Section 31.11 of the OATT

New York ISO

Background

- **The *pro forma* Operating Agreement was modeled on the ISO/TO Agreement with certain variations accepted by FERC to account for differences between the Member Systems and non-incumbent Transmission Owners**
  - The *pro forma* Operating Agreement contains provisions that address transmission facilities with revenue requirements for which the Transmission Owner recovers a regulated rate
  - However, the *pro forma* Operating Agreement does not specifically address transmission facilities for which the Transmission Owner recovers its costs through negotiated rates approved by FERC

Background

- Champlain Hudson Power Express ("CHPE") is an HVDC transmission line that is nearing completion with a proposed In-Service Date of May 2026
- The owner of CHPE has already sought and received approval from FERC for a negotiated rate and, therefore, is not expected to have any captive rate payers or receive regulated rate recovery through the NYISO's Tariffs
- NYISO has been working with stakeholders to, among other things, provide rules in the OATT for the operation of CHPE
- NYISO has identified an update to the OATT that is necessary to facilitate the owner of CHPE to turn over operational control of the transmission facility consistent with FERC's approval of its negotiated rate
- Pursuant to the OATT requirements, CHPE will enter into an Operating Agreement with NYISO based on the pro forma agreement in the tariff

Previous Stakeholder Discussions

Date	Committee / Group	Discussion points and links to materials
9-25-2025	ESPWG/TPAS	Update to Pro Forma Operating Agreement for Non-Incumbent Transmission Owners and presentation of draft tariff revisions
10-14-2025	BIC	Update to Pro Forma Operating Agreement for Non-Incumbent Transmission Owners and presentation of draft tariff revisions
10-16-2025	OC	Update to Pro Forma Operating Agreement for Non-Incumbent Transmission Owners and presentation of draft tariff revisions

New York ISO

Proposed Updates to Operating Agreement

Proposed Updates to Operating Agreement

- **NYISO proposes targeted updates to the *pro forma* Operating Agreement that:**
  - Account for Transmission Owners that turn over operational control of transmission facilities for which they will recover their costs outside of the NYISO's tariffs through negotiated rates accepted by FERC (e.g., CHPE)
  - Clarify two provisions concerning the transfer of ownership of a transmission facility

New York ISO

Proposed Updates to Operating Agreement

- **Targeted revisions to the *pro forma* Operating Agreement related to transmission facilities with a negotiated rate**
  - Add a defined term, “Negotiated Rate Transmission Facility,” in a new Article 1.02
  - Modify the WHEREAS clauses to account for the potential that an NTO owns and is turning operational control of a Negotiated Rate Transmission Facility to the NYISO
  - Clarify certain conditions under Article 3.03 that do not apply in connection with Negotiated Rate Transmission Facilities, as the Transmission Owner will recover its costs for these facilities outside of the NYISO’s tariffs
  - Clarify that the NTO’s reserved filing rights pursuant to Section 205 of the Federal Power Act to change the OATT, a Service Agreement under the OATT, or the ISO Agreement do not apply in connection with an NTO’s Negotiated Rate Transmission Facilities, as the Transmission Owner will recover its costs for these facilities outside of the NYISO’s tariffs and agreements

Proposed Updates to Operating Agreement

- **Targeted revisions to the *pro forma* Operating Agreement related to transmission facilities with a negotiated rate (cont.)**
  - Revise Article 3.06 to account for the potential that a Transmission Owner will have Open Access Same-Time Information System (“OASIS”) requirements under certain circumstances established in the OATT
    - For example, NYISO is proposing under new Section 41 of the OATT that CHPE, and similarly situated facilities, maintain a limited OASIS to notify of reservations over the facility

New York ISO

Proposed Updates to Operating Agreement

- **Other Enhancements to the *pro forma* Operating Agreement**
  - Align Articles 3.08(b) and 4.01 to include "sale" as a potential transaction that might occur regarding an NTOs' transmission facilities
  - NYISO also proposes to make certain non-substantive corrections to the agreement form (*e.g.*, extra spaces, grammar)

Effective Date of Proposed Updates

- Consistent with Section 205 of the Federal Power Act, NYISO intends to seek an effective date on the day following the conclusion of the statutory 60-day notice period

Next Steps

Targeted Next Steps

- NYISO targets the following stakeholder meetings:
  - October 29, 2025 – Management Committee
  - November 2025 – Review and Approval by Board of Directors
  - Filing under Section 205 of the Federal Power Act following approval by Board of Directors

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

New York ISO