Class Year/ Interconnection Queue Redesign

Thinh Nguyen
SENIOR MANAGER, INTERCONNECTION PROJECTS

Joint TPAS/ESPWG/ICAP WG
November 1, 2019

*Red text denotes areas of substantive changes/additions from Oct. 22, 2019

Agenda

- Background
- Objective
- NYISO's Proposals and Tariff Revisions
- Substantive Incremental OATT revisions from 10/22/2019:
  - OATT Attachment S, Section 25.5 (Expedited Deliverability Study Schedule and Decision Process)
  - OATT Attachment S, Section 25.6 (Art. VII Regulatory Milestone)
  - OATT Attachment S, Section 25.7 (Simultaneous Evaluations in Expedited Deliverability Study and Class Year Study)
  - OATT Attachment S, Section 25.8 (Expedited Deliverability Study Decision Process)
  - OATT Attachment X, Section 30.8 (Alignment of tariff provisions)
- Next Steps

Background

Date	Working Group	Discussion Points
03-06-19	**TPAS**	Class Year Study: Lessons Learned and Discussion Regarding Potential Process Improvements/Redesign
04-01-19	**TPAS**	Class Year/Interconnection Queue Redesign Discussion • Potential Areas for Improvement • Ideas for Process Improvements/Redesign
05-03-19	**Joint TPAS/ICAP WG**	Class Year/Interconnection Queue Redesign • Feedback on Process Improvements Discussed 4/1/2019 • NYISO's Preliminary Proposals
06-10-19 07-08-19 08-06-19	**Joint TPAS/ESPWG/ ICAP WG**	Class Year/Interconnection Queue Redesign • Detailed Proposals for Deliverability Redesign and Class Year Study Efficiencies
08-20-19	**Joint ESPWG/TPAS/ICAP WG**	Class Year/Interconnection Queue Redesign • Detailed Proposals for Deliverability Redesign and Class Year Study Efficiencies • Review of Proposed Tariff Revisions

Background (Cont.)

Date	Working Group	Discussion Points
08-21-19	**Joint ICAP WG/MIWG/PRLWG**	CRIS Expiration Rules • Detailed Proposal for Changes to CRIS Expiration Rules
09-05-19	**Joint TPAS/ICAP WG**	Class Year/Interconnection Queue Redesign • Review Incremental Revisions to Proposals and Tariff Revisions for Proposals for Deliverability Redesign and Class Year Study Efficiencies
09-20-19	**Joint ICAP WG/MIWG/PRLWG**	Class Year/Interconnection Queue Redesign – BSM Enhancements • Detailed Proposals for Deliverability Redesign BSM Enhancements • Review of Proposed BSM-related Tariff Revisions
09-24-19	**Joint ICAP WG/MIWG/PRLWG/ ESPWG**	CRIS Expiration Rules • Detailed Proposal for Changes to CRIS Expiration Rules • Review of Proposed CRIS Expiration Tariff Revisions
10-01-19	**Joint TPAS/ICAP WG**	Class Year/Interconnection Queue Redesign • Review Incremental Revisions to Proposals and Tariff Revisions for Proposals for Deliverability Redesign and Class Year Study Efficiencies

Background (Cont.)

Date	Working Group	Discussion Points
10-11-19	**Joint ICAP WG/MIWG/PRLWG**	Class Year/Interconnection Queue Redesign – BSM Enhancements • Detailed Proposals for Deliverability Redesign BSM Enhancements • Review of Proposed BSM-related Tariff Revisions
10-22-19	**Joint TPAS/ICAP WG**	Class Year/Interconnection Queue Redesign • Review Incremental Revisions to Proposals and Tariff Revisions for Proposals for Deliverability Redesign and Class Year Study Efficiencies
10-28-19	**Joint ICAP WG/MIWG/PRLWG**	Class Year/Interconnection Queue Redesign– BSM Enhancements • Review Incremental Revisions to Proposals and Tariff Revisions for Deliverability Redesign BSM Enhancements
11-01-19	**Joint TPAS/ESPWG/ICAP WG**	Class Year/Interconnection Queue Redesign • Review Incremental Revisions to Proposals and Tariff Revisions for Proposals for Deliverability Redesign and Class Year Study Efficiencies

Objective

- **Ensure that proposals address the following key areas for improvement identified by stakeholders**
  - Need to expedite the interconnection study process overall, particularly Class Year Study
  - Limit the possibility for unique issues related to a single or few projects to cause delays to numerous other projects
- **Maintain qualities of current process most important to stakeholders**
  - Identification of SUFs for projects to reliably interconnect, including detailed design, engineering and construction estimates
  - Binding, good faith cost estimates that provide reasonable closure on upgrade costs
  - Equitable allocation of upgrade costs

NYISO'S Proposals

NYISO's Proposals

I. Deliverability Redesign

A. Require Deliverability Evaluation in SRIS
B. Remove Additional SDU Studies from Class Year Study
C. Mini Deliverability Study for CRIS-Only Projects
D. CRIS Expiration Rules

I. II. Class Year Clarifications/Efficiencies

A. Frontload Class Year Study Work into Part 1 Studies
B. Eliminate Duplication in SRIS and Class Year
C. Require Class Year Agreements, Deposits and Project Data Earlier in Class Year Process
D. Revise and Clarify Regulatory Milestones and Treatment of Deposits
E. Revise Definition of Class Year Transmission Project

Deliverability Redesign

Deliverability Redesign

A. Deliverability Evaluation in the SRIS

Overview

- For all Large Facilities, require a deliverability evaluation in the project's SRIS

Benefits of this Proposal

- Potential to shorten the duration of Class Year Studies because deliverability evaluations in the SRIS provide information that can be used in the Class Year Study
- May allow Developers to consider changes to projects that might make the project more deliverable
- Not expected to prolong the base SRIS analyses in light of a related proposal – Proposal II(B) – to narrow the scope of other SRIS analyses

Deliverability Redesign (Cont.)

A. Deliverability Evaluation in the SRIS - Details

- If the need for any SDU is identified in the SRIS, the SRIS will identify potential SDUs at a high level and provide preliminary SDU cost estimates
- These high-level SDU designs and cost estimates can be further evaluated in the Class Year Part 1 Studies for the individual project
- If the SDUs are not "new" SDUs (i.e., evaluated previously or substantially similar to SDUs studied previously and, therefore), the information from the SRIS will be used and refined in the Class Year Study
  - These types of SDUs do not require an Additional SDU Study in the Class Year, but are refined based on information from the SRIS

Deliverability Redesign (Cont.)

A. Deliverability Evaluation in the SRIS – Details (Cont.)

- For "new" SDUs (neither evaluated previously nor substantially similar to SDUs studied previously), information from the SRIS will be used and refined in the Class Year subject to the following:
  - Based on high-level information from the SRIS, NYISO can include this "new" SDU in the individual project's Part 1 study in the Class Year, and work to develop refined cost estimates in the Class Year (potentially eliminating the need for an Additional SDU study)
    - If the "new" SDU cannot be fully refined in the Class Year Part 1 Studies, an Additional SDU Study will be required (if Developer elects to pursue its requested CRIS)
  - If the Class Year Deliverability Study indicates that a larger or alternative SDU is required due to the collective impact of multiple Class Year projects, and such SDU is a "new" SDU, an Additional SDU Study will be required (See Proposal I(B))

Deliverability Redesign (Cont.)

A. Deliverability Evaluation in the SRIS – Details (Cont.)

- Scope of the SRIS deliverability analysis
  - For projects proposing to interconnect in areas of potential deliverability constraints, the SRIS will include a full deliverability analysis
  - The deliverability analysis requirement will be documented in the SRIS scope reviewed and approved by TPAS and the OC
  - The need and scope for a deliverability analysis will be identified in the SRIS scoping meeting and documented in the Operating Committee-approved scope

Deliverability Redesign (Cont.)

A. Deliverability Evaluation in the SRIS – Details (Cont.)

- SRIS deliverability analysis will be a preliminary, nonbinding evaluation of deliverability, including identification of conceptual potential SDUs to address indicated deliverability issues
- Deliverability evaluation in the SRIS will:
  - State the assumptions upon which it is based
  - State the results of the preliminary analyses
  - Identify potential SDUs at a high level
  - Provide preliminary SDU cost estimates

Deliverability Redesign (Cont.)

A. Deliverability Evaluation in the SRIS – Details (Cont.)

- Developers would be responsible for the additional study costs related to the deliverability evaluation studied as part of the SRIS
  - Developers not required to submit an additional $30,000 deposit toward the cost of evaluation because the scope of the other analyses in the SRIS is being narrowed pursuant to a complementary proposal under "Class Year Study Efficiencies" (See Proposal II (B))
- Projects not requesting CRIS would be exempt from this requirement, but would be foreclosed from requesting CRIS in the Class Year Study

Deliverability Redesign (Cont.)

A. Deliverability Evaluation in the SRIS – Details (Cont.)

- Transition rule for projects in the queue
  - Applicable to all projects that do not have an OC-approved SRIS scope within 30 days after the effective date of the tariff revisions
  - If a project's SRIS scope is approved by the OC before FERC issues an order or within 30 days after an order, the scope would not be revised to include this deliverability requirement
  - If, however, a project's SRIS scope is not yet approved by the OC within 30 days after a FERC order:
    - Scope would be revised to include this deliverability evaluation if the NYISO determines such an evaluation is required
    - Revised scope would proceed to the next TPAS/OC

Deliverability Redesign (Cont.)

B. Remove Additional SDU Studies from the Rest of the Class Year Study

Overview

- Starting with Class Year 2019, remove additional SDU studies from the Class Year in lieu of the current bifurcation rules
- Background: Additional SDU studies are required for the following subset of SDUs:
  - SDU not previously identified and cost allocated in a Class Year Study and not substantially similar to a SDU previously identified and cost allocated in a Class Year Study

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Overview (Cont.)

- Under this proposal, at the point in the Class Year Study when the need for additional SDU studies is identified:
  - If the project requiring such SDUs elects to proceed with cost allocation for those SDUs, the impacted Developers must pursue such studies outside the normal Class Year process
  - Allow rest of Class Year to proceed to decision and settlement and allow next Class Year to begin

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Overview (Cont.)

Benefits of this Proposal

- Potential to shorten duration of Class Year Studies and expedite commencement of next Class Year Study (allowing for more frequent Class Year Studies)
- Will apply to Class Year 2019
  - NYISO anticipates that a FERC order will predate the point at which projects must elect to proceed with additional SDU studies, this proposal will apply to Class Year 2019
    - NYISO anticipates that an early estimate for this point in the Class Year will be May 2020
    - FERC order is expected by end of February 2020, before this point in the Class Year 2019 schedule

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Details

- Point in Class Year when this separation will occur:
  - Currently NYISO issues a formal Notice of SDUs Requiring Additional Studies after OC-approval of the Class Year Study
  - Starting with Class Year 2019, the NYISO proposes to provide such notice earlier in the Class Year process
    - Rather than waiting until OC-approval, the NYISO proposes to provide this notice as soon as the NYISO has identified the need for an SDU that would require additional SDU studies

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Details (Cont.)

- Developer of project requiring an SDU that triggers additional SDU studies will be provided with a limited number of possible deliverability solutions reviewed at a high level
  - Developer may select one option to be analyzed in detail by the NYISO and CTO
  - Essential that CTOs timely provide the NYISO with required data in order to identify potential solutions early in the Class Year Study
- Decision Period for Projects Subject to Additional SDU Studies and Base Case implications for next Class Year
  - If additional SDU study is completed prior to completion of its Class Year, project completes decision round with its Class Year for both SUFs and SDUs
    - Project, its SUFs and its SDUs are all modeled in the base case for the next Class Year

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Details (Cont.)

- Decision Period for Projects Subject to Additional SDU Studies and Base Case implications for next Class Year (continued)
  - If additional SDU study is not completed at the time the project's "original" Class Year settles, the project may, but is not required to, accept its SUF cost allocation in its original Class Year
    - Project may wish to do this in order that its Point of Interconnection is modeled in the next Class Year's base case
    - Project can settle its SUFs and then continue with the ongoing additional SDU study
  - If project rejects SUFs, project is treated same as projects that rejected SUF cost in their Class Year (i.e., project is not modeled in the base case (ATBA) for the next Class Year)

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Details (Cont.)

- Decision Period for Projects Subject to Additional SDU Studies and Base Case implications for next Class Year (continued)
  - If additional SDU study is completed after completion of its Class Year, but before next Class Year's ATBA lockdown date:
    - The "additional SDU project" has its own separate decision period (iterative if multiple projects)
    - In that decision period, if the project did not accept its SUF cost allocation in the prior Class Year, then it would have to make decisions on both SUFs and SDUs
    - If SUFs not already accepted in the prior Class Year decision period, its SUF cost allocation for will be based on a post-Class Year base case (reflecting decisions from Class Year projects that settled prior to this decision period)
    - If project has already accepted or accepts its SUF cost allocation, it may accept or reject its SDU cost allocation

Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Details (Cont.)

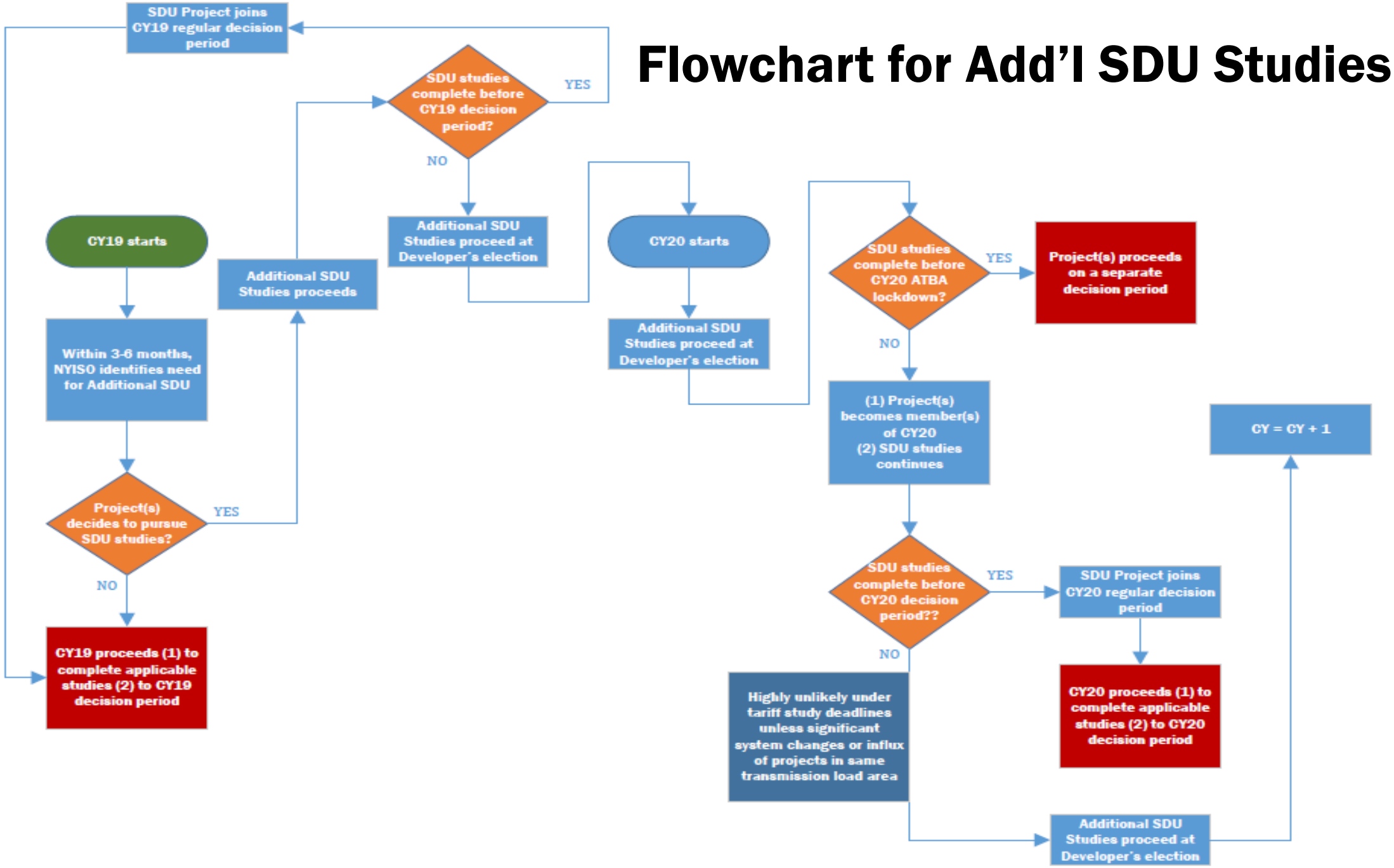
- Decision Period for Projects Subject to Additional SDU Studies and Base Case implications for next Class Year (continued)
  - If additional SDU study is not completed until after the ATBA lockdown of next Class Year:
    - Project's additional SDU study will continue in parallel with the next Class Year, at Developer's election, or may enter a subsequent Class Year
    - Project will be included in the next Class Year post-project base case (as a member of that Class Year) unless the project accepted SUFs already, in which case it will be modeled in the ATBA and its CRIS request modeled in the ATRA-D
    - Being part of that next Class Year will not count as another Class Year strike (*i.e.*, one of the project's two opportunities to enter a Class Year Study)

Deliverability Redesign (Cont.)

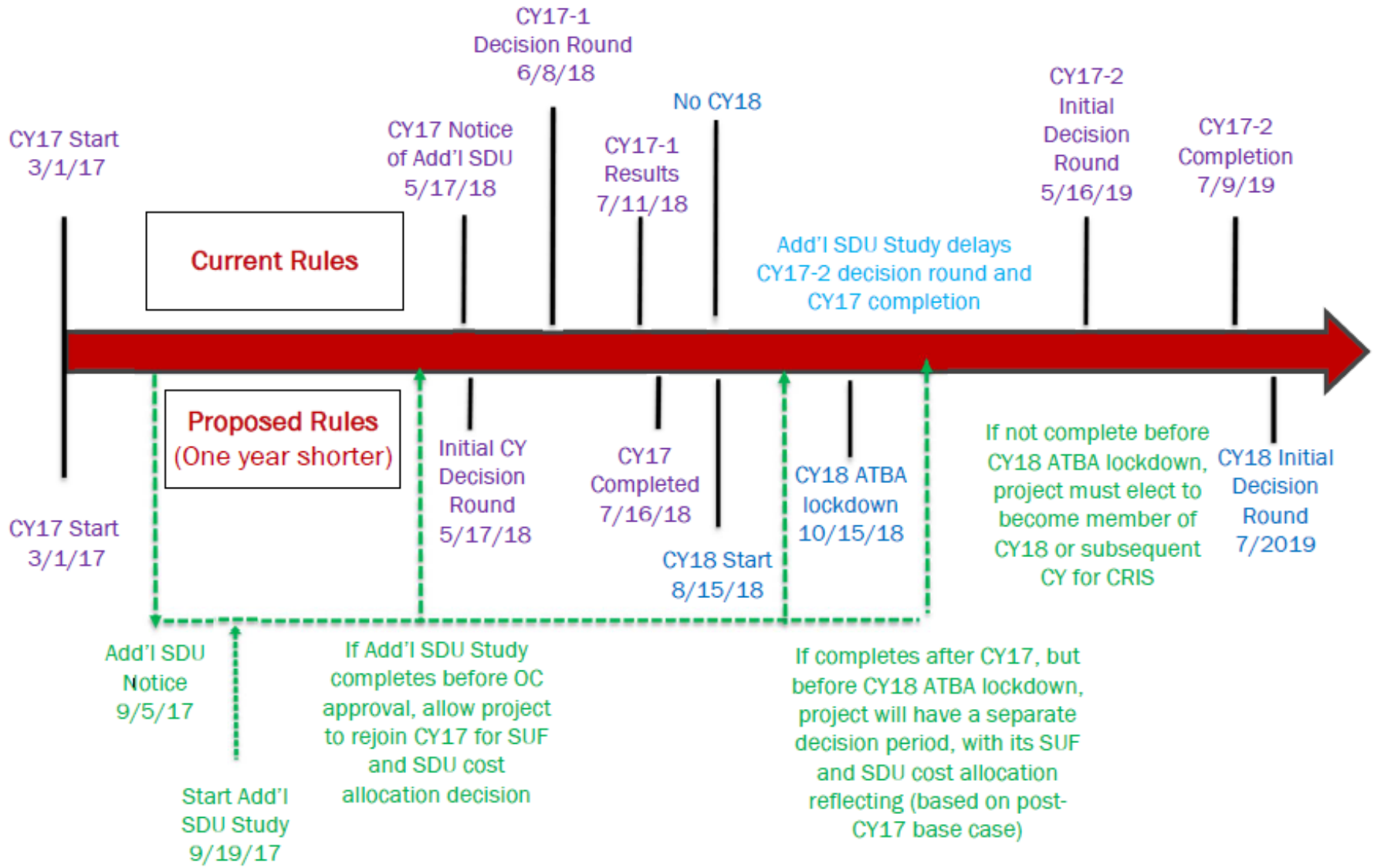
B. Remove Additional SDU Study – Details (Cont.)

- Cost allocation for the SDU if multiple projects contribute to the need for the SDU
  - If more than one project requires SDUs for which additional studies are required, the additional SDU study will study them collectively and cost allocation will be among the projects requiring the SDU that triggered the additional SDU Study
  - Projects can only proceed in separate additional SDU studies if they require different SDUs (e.g., one project in Long Island requiring an SDU and another project in NYC requiring a different SDU)

Flowchart for Add'l SDU Studies



Potential Impact to CY Schedule



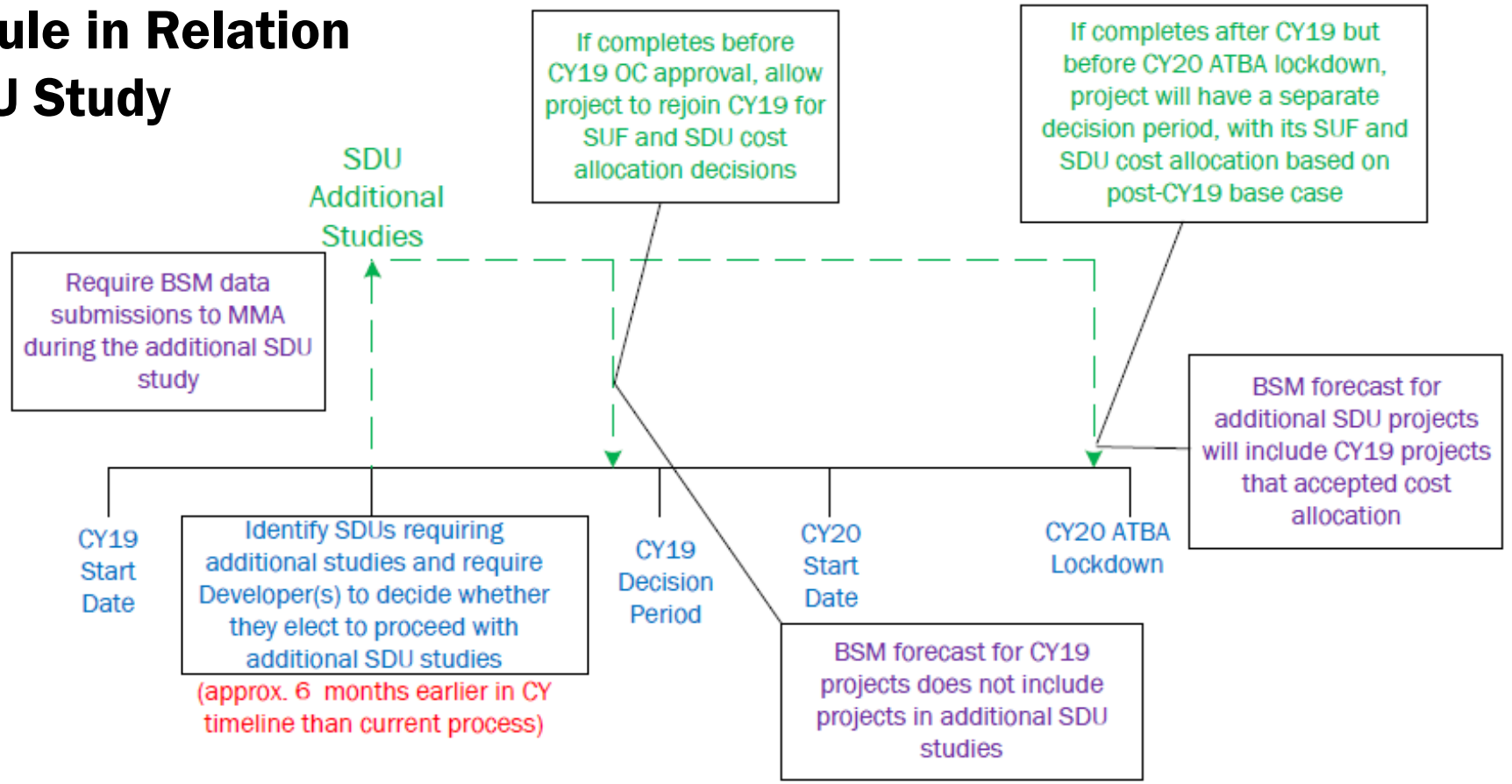
Deliverability Redesign (Cont.)

B. Remove Additional SDU Study – Details (Cont.)

- Impact on BSM evaluations
  - Separation of additional SDU studies from other projects requires enhancements to the forecast assumptions
  - If project electing to pursue additional SDU studies outside the Class Year Study process does not complete the additional SDU studies prior to completion of the Class Year:
    - It will not be included in the BSM forecast for projects remaining in the current Class Year
  - If project does complete the additional SDU studies prior to completion of the Class Year:
    - Project would be able to rejoin the Class Year with their cost allocated SDU and complete the Class Year decision and be subject to BSM rules similar to or the same as current rules
    - Project would be required to continue data submissions needed for BSM evaluations

Deliverability Redesign

BSM Schedule in Relation to Add'l SDU Study



Deliverability Redesign (Cont.)

C. "Mini" Deliverability Study

Overview

- Perform "mini" deliverability analysis outside of Class Year for facilities seeking only CRIS
- Only a determination of deliverable MW
- $30,000 deposit, completed *pro forma* study agreement and submission of technical data needed to perform the study

Benefits of this Proposal

- Expedited deliverability analysis
- Lower study deposit than Class Year CRIS-only evaluation

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details

- Applicable projects:
  - All CRIS-only requests, regardless of requested MW level, including:
    - CRIS request for new facilities or existing facilities with no CRIS
    - Small generators (larger than 2 MW) subject to NYISO's Small Generator Interconnection Procedures
    - Non-FERC jurisdictional facilities not subject to NYISO's interconnection procedures
    - Increased CRIS requests (for facilities with existing CRIS)
- NYISO does not propose to cap the total amount of CRIS that may be evaluated in a "mini" deliverability study
- NYISO does not propose to limit the eligible projects to those under a specified MW level

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details

- Entry requirements:
  - Must meet eligibility requirements:
    - Request to enter by study start date;
    - Have a BSM data submission deemed complete prior to the study start date (for projects in Mitigated Capacity Zone); and
    - Have completed a Class Year Study (for ERIS), if applicable, or have completed an SIS or utility interconnection study (see following slide)
  - Must submit completed Expedited Deliverability Study agreement, required deposit and technical data within 10 Business Days of tender of study agreement

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details

- Large Facilities must obtain ERIS in a Class Year Study before being eligible to enter a "mini" deliverability study for CRIS
- Other facilities, for both the "mini" deliverability study and CRIS-only Class Year CRIS requests:
  - Small Facilities subject to NYISO's Small Gen Interconnection Procedures must have completed an SIS before being eligible to enter a "mini" deliverability study for CRIS
  - Facilities not subject to NYISO Interconnection Procedures must have completed a utility interconnection study (comparable to a NYISO's Small Gen SIS) ~~a valid SIR request or utility interconnection application~~

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

Base Case Assumptions

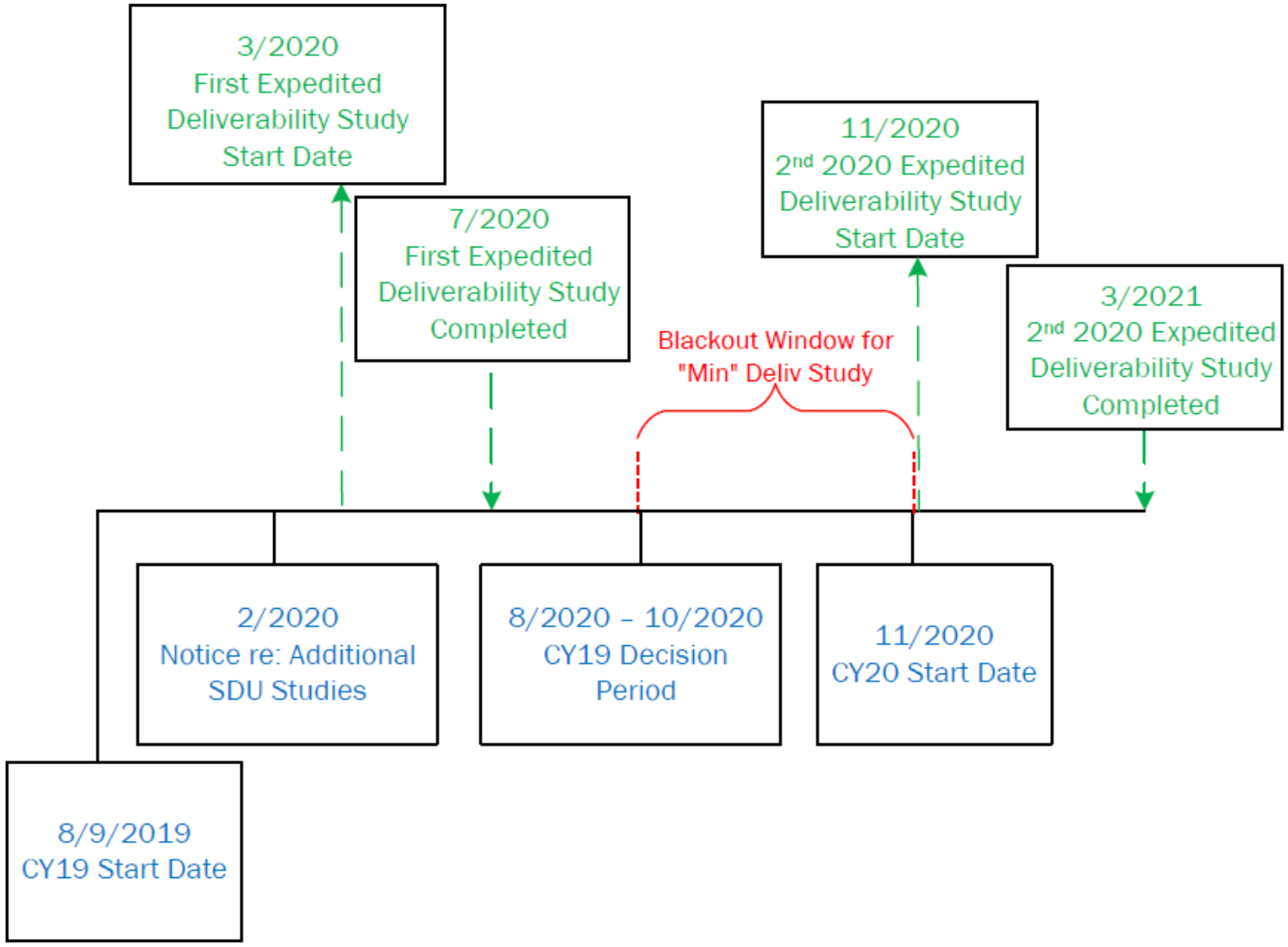
- Base case for the "mini" deliverability study will use same base case inclusion rules as the Class Year deliverability study, but will also include CRIS requests for projects in current Class Year
- Deliverability base cases will be "trued up" before commencement of next "mini" deliverability study or next Class Year Study, whichever occurs earlier
- Base case for the "mini" deliverability study will be revised and deliverability reevaluated for potentially impacts projects if:
  - Pending Class Year completes during the "mini" deliverability study,
  - Class Year project rejects deliverable MW or SDUs, and
  - NYISO determines that the above may impact deliverability of a project in the mini study

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

- The first "mini" deliverability study will commence on the first Business Day after 30 Calendar Days after a FERC order and will be performed as frequently as possible thereafter
  - Parties to use Reasonable Efforts to complete the study within 4 months
- "Mini" deliverability study cannot begin during the Class Year decision window (i.e., between posting of the Class Year Study to the OC and the commencement of the following Class Year)
  - "Mini" deliverability study will begin the first Business Day after 30 Calendar Days following the completion of the prior "mini" deliverability study, subject to the following condition:
  - If the above date falls on a date within the Class Year decision window, the "mini" deliverability study will begin on the first Business Day after 10 Calendar Days following Class Year Study Start Date

“Mini” Deliverability Study (Sample Timeline)



Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

- CRIS-only projects in Class Year 2019 may not withdraw from Class Year 2019 and enter the first "mini" deliverability study
  - Significant possibility of delay in CY19
  - CY19 may go to the OC before the "mini" is completed, thereby holding off completion of the "mini" (blackout date from CY19 OC approval to CY20 Start Date)
  - By the time the first "mini" deliverability study starts, NYISO anticipates having completed the preliminary deliverability analysis for CY19 and identified additional SDU studies
  - "Mini" deliverability study models all pending CY19 CRIS requests in the base case (so likely will only make project less deliverable
  - If project is partially deliverable, can have SDUs identified in CY19 but not in the "mini"

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

- Projects may not enter both a Class Year and a "mini" deliverability study that are running in parallel and may not jump from a Class Year into a "mini"
  - Project may, after completing one, enter the other
  - Project not fully deliverable per "mini" deliverability study may enter the next Open Class Year for evaluation and identification of any required SDUs or may enter a subsequent "mini" deliverability study

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

- "Mini" deliverability study will begin the first Business Day after thirty (30) Calendar Days following the completion of the prior "mini" deliverability study
- If the above date falls on a date within the pending Class Year decision and settlement period, the "mini" deliverability study will begin on the first Business Day after ten (10) Calendar Days following the completion of the Class Year Study
- Entry requirements: Must request to enter by study start date and submit required deposit and technical data within 10 Business Days of tender of study agreement

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

- Projects requesting CRIS through this study will be deemed to accept any deliverable MW, even if only partially deliverable
- For partially deliverable project to obtain full requested CRIS level, must proceed through and complete a Class Year Study
  - May enter a subsequent "mini" deliverability but only for deliverable MW (if, for example, Developer anticipates that system changes make it deliverable)

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

Decision Period and BSM Evaluations

- Single decision period upon completion of the "mini" deliverability study (not iterative – only one round)
- BSM evaluations to be provided by MMA to Examined Facilities upon OC approval
- MMA will post ICAP input and assumptions on its website by close of business the day of OC approval
- Developer decisions due 5 Business Days from OC approval
    - Revised BSM determinations to Developers w/in 10 Business Days after initial decision period runs
    - Since there will be no change to deliverability costs, remaining developers will be deemed to accept their deliverable MW
- MMU to post report on BSM evaluations within 10 Business days after decision periods runs

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

Required Enhancements to BSM Rules

- The BSM evaluation for facilities being evaluated in the "mini" deliverability study will be performed in parallel with the "mini" deliverability study
- This expedited BSM evaluation would evaluate facilities 2 MW or less as well (subject to FERC Order accepting NYISO's Order No. 841 compliance revisions)
- BSM Forecast Assumptions
  - Projects in ongoing Class Year will not be included in BSM forecast for projects in the "mini" deliverability study
  - Projects requesting CRIS in the "mini" deliverability study are largely expected to be distribution-level resources, and thus are more likely to go in-service prior to projects in the ongoing Class Year

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

Required Enhancements to BSM Rules (Cont.)

- Data required for BSM evaluations must be received and deemed complete prior to the "mini" deliverability start date for projects in a Mitigated Capacity Zone to be eligible to enter a "mini" deliverability study
- The starting capability year of the Mitigation Study Period for facilities being evaluated in the "mini" deliverability study will be the same as the starting capability year for Examined Facilities in the on-going Class Year
  - Currently, the starting Capability Period for all Examined Facilities is assumed to be 3 years from the start of the Class Year
  - The 2020 BSM Mitigation Study Period enhancement project will consider changes to the Starting Capability Period

Deliverability Redesign (Cont.)

Revisions consistent with 10/11 ICAP WG

C. "Mini Deliverability Study" – Details (Cont.)

Required Enhancements to BSM Rules (Cont.)

- Facilities being evaluated in the "mini" deliverability study will be eligible to request a Competitive Entry Exemption or Renewable Exemption
  - Renewable Exemptions will limited to eligible "Exempt Renewable Technologies," as identified by the NYISO each ICAP Demand Curve Reset filing year
    - Case specific analysis of facilities that are not an Exempt Renewable Technology will not be performed during a "mini" deliverability study
  - Renewable Exemptions in "mini" deliverability study and Additional SDU studies that share a common Mitigation Study period will count towards the proposed 1,000 MW Class Year Cap (see next slide for further details)
- Facilities being evaluated in the "mini" deliverability study will not be eligible to request a Self-Supply Exemption

Deliverability Redesign (Cont.)

C. "Mini Deliverability Study" – Details (Cont.)

Required Enhancements to BSM Rules (Cont.)

- A total amount not exceeding 1,000 MW of ICAP may be determined to be exempt pursuant to the Renewable Exemption for all Examined Facilities evaluated using a common Mitigation Study Period
  - The 1,000 MW will be allocated in the order each mini deliverability study, Additional SDU and Class Year Study are completed.
    - For example: if 100 MW are awarded in Mini Deliverability Studies prior to the completion of Class Year 2019, then 900 MW will be available for Class Year 2019
- If the amount of MW associated with multiple eligible projects exceeds the 1,000 MW cap for a given Mitigation Study Period then the NYISO would allocate the remaining MW pro rata
  - For example, if two projects in Class Year 2019 are requesting a total of 1,000 MW and only 900 MW are available (100 were awarded in mini deliverability studies) , then the NYISO would pro rate the remaining 900 MW allocation to each project based on the requested CRIS MW

Deliverability Redesign (Cont.)

D. CRIS Expiration Rules

Overview

- Proposed changes to existing CRIS expiration rules:
  - Facility that does not participate in the ICAP market would become CRIS-inactive as soon as the facility begins operation
  - Load modifiers not participating in the ICAP market would be treated as CRIS-inactive
  - A resource exporting capacity would not be CRIS-inactive (even if it has not offered capacity in New York)
  - Clarify that for a project in the interconnection queue that has obtained CRIS, its CRIS terminates in relation to that queue position if the project withdraws or is withdrawn from the queue (i.e., its CRIS never vests)

Deliverability Redesign (Cont.)

D. CRIS Expiration Rules – Details

- Proposal regarding commencement of "3-year CRIS clock" would provide that once a facility begins operation, if it is CRIS-inactive for 3 years, its CRIS will terminate
  - For the purposes of this proposal, a resource begins operation as of its Initial Synchronization
  - Rule would be effective for resources that begin operation after the effective date of provision

Deliverability Redesign (Cont.)

D. CRIS Expiration Rules – Details (Cont.)

- Proposal regarding commencement of "3-year CRIS clock" (continued)
  - All resources with CRIS will be obligated to inform the NYISO when they begin operation
    - Most new resources – resources with 3-party IA with the NYISO – already have this obligation and are required to become operational within 4 years from completion of their CY Study or, for Small Gens, tender of their IA
    - For resources not subject to a NYISO interconnection process, proposal would require their Initial Synchronization date to be within 4 years of obtaining CRIS or their CRIS will terminate

Deliverability Redesign (Cont.)

D. CRIS Expiration Rules – Details (Cont.)

- CRIS for Resources Acting as Load Modifiers
- Proposal to treat resource as CRIS-inactive if the resource has not:
  - Offered capacity into ISO capacity auctions;
  - Been registered as a Capacity Resource for a Load Serving Entity through a bilateral transaction; or
  - Exported capacity to a neighboring control area
- Proposal would treat load modifiers as CRIS-inactive for purposes of CRIS expiration

Deliverability Redesign (Cont.)

D. CRIS Expiration Rules – Details (Cont.)

- CRIS for Resources Acting as Load Modifiers (continued)
  - Rule would be effective so that being evaluated for CRIS-inactivity would begin the month following the effective date:
    - This would allow existing resources wishing to maintain their CRIS opportunity to enter the market
  - For example:
    - If FERC accepts revisions effective February 2020, existing load modifiers that fail to offer into the market for March would first be CRIS-inactive April, 2020
    - The earliest CRIS would expire for these resources would be March 2023

Deliverability Redesign (Cont.)

D. CRIS Expiration Rules – Details (Cont.)

- CRIS for Resources Exporting their ICAP
  - Proposal would allow a resource to maintain its CRIS even if it exports its capability for 3 years
    - Exporting capability would not be deemed CRIS-inactive
    - Prevents the expiration of CRIS for an exporting unit, which then may be unable to participate in our neighbor's markets
    - Rule would be effective for resources exporting after the effective date of provision
- CRIS for Withdrawn Projects
  - Proposal would clarify current rule that precludes a facility's deliverable CRIS request from vesting if the facility withdraws or is withdrawn from the interconnection queue
  - Withdrawn project would have no rights going forward relating to the CRIS evaluated for the project

Class Year Study Efficiencies

Class Year Study Efficiencies

A. Frontload Class Year Study Work in Part 1 Studies

Overview

- Evaluation of SUFs for projects on or near tie lines require additional time in the “Part 2” Class Year Study due to involvement of Affected Systems
- Starting with the Class Year 2019, frontload analyses to Part 1 Study
  - Evaluate non-local elective SUFs in Part 1 Studies
  - If a project’s SRIS identifies potential transfer analysis and/or non-local SUF for an external interface, require the Part 1 Study for this project to include the potential SUF

Class Year Study Efficiencies (Cont.)

A. Frontload Part 1 Study Analyses

Benefits of this Proposal

- Could shorten the duration of the Class Year
  - Part 1 Class Year Studies can leverage SRIS analysis
  - Affected Systems can be brought into the process earlier
- Starts required analyses earlier in the Class Year process
- Could expedite analyses required in iterative decision process
  - For example, an SUF identified to mitigate impacts of 5 projects may need to be resized, or an alternative identified, if only 2 of these projects accept their cost allocation
- Could provide “bookend” cost estimates earlier in the Class Year Process

Class Year Study Efficiencies (Cont.)

A. Frontload Part 1 Study Analyses – Details

- When performing Part 1 Class Year Studies, NYISO will leverage non-Local SUFs identified in SRIS
- NYISO will involve Affected Systems in the Part 1 Studies to commence their work earlier in the Class Year process
- Developer will be responsible for costs of evaluating non-Local SUF studies within the Part 1 Study
  - Currently, Developer is only allocated costs for Local SUF studies in the Part 1 analysis
  - For non-Local SUFs required by multiple projects, NYISO would divide the total study costs by the number of contributing projects

Class Year Study Efficiencies (Cont.)

A. Frontload Part 1 Study Analyses – Details (Cont.)

- If alternative or larger non-Local SUFs are required as a result of the collective impact of Class Year projects identified in the Part 2 Study:
  - Analyses performed in Part 1 studies for the contributing projects can be utilized in the analysis of larger upgrades
  - Analyses performed in Part 1 studies will also be required for iterative decision rounds should all projects triggering the larger or alternative SUF reject their SUF cost allocation

Class Year Study Efficiencies (Cont.)

A. Frontload Part 1 Study Analyses

Tariff Revisions

- This proposal does not require tariff revisions; it can be accomplished through scope of work to be performed as part of Part 1 Studies
- The NYISO is already implementing this proposal in Class Year 2019 Part 1 Studies

Class Year Study Efficiencies (Cont.)

B. Eliminate Duplication in SRIS and Class Year Studies

Overview

- Starting with Class Year 2019, focus Class Year analysis on incremental “system and/or projects' interaction analysis”
- Eliminate above analysis from the SRIS stage when project is unlikely to require SUFs
- Class Year can leverage applicable SRIS analysis for Class Year project's individual system impact
- If there is a significant change in the vicinity of a Class Year project compared to that of the SRIS stage, apply engineering judgment to determine scope of local analysis

Class Year Study Efficiencies (Cont.)

B. Eliminate Duplication in SRIS and Class Year Studies (Cont.)

Benefits of this Proposal

- Could shorten duration of Class Year Study
- Could expedite SRIS by avoiding detailed analyses in SRIS that are duplicated in the Class Year Study
- Can offset study time and costs for deliverability analysis in the SRIS

Class Year Study Efficiencies (Cont.)

B. Eliminate Duplication in SRIS and Class Year Studies – Details

- Specific analyses to be eliminated from Class Year Study, starting in Class Year 2019:
  - Resource adequacy analysis (already covered in the RNA and CRP)
  - Following analyses from SRIS (unless relevant project or system changes or multiple projects in same area join the same Class Year):
    - Local thermal, voltage and stability analysis (N-0, N-1, N-1-1 if conducted in SRIS)

Class Year Study Efficiencies (Cont.)

B. Eliminate Duplication in SRIS and Class Year Studies – Details (Cont.)

- Specific analyses to be eliminated from scope of SRIS
  - Thermal transfer, voltage transfer and stability transfer analyses for all for internal interfaces unless reasonable potential for SUFs
  - Full N-1-1 analysis
- SRIS to include:
  - Limited local N-1-1 analysis to be performed
  - Short circuit, local steady state, local stability and additional analysis if reasonably expected to identify reliability violations requiring SUFs

Class Year Study Efficiencies (Cont.)

C. Require Class Year Agreements, Deposits and Project Data Earlier in Class Year Process

Overview

- Currently, execution of the Class Year Study Agreement, required deposits and project data need not be submitted until 30 days after the agreement is tendered
  - Project data needs to be validated, and if deficient, additional information/clarification is required from the Developer
- Proposal would require completion of the Class Year Study Agreement, submission of required deposits and project data on the earlier of the Class Year Start Date or 10 Business Days after the Class Year Study Agreement is tendered
- Proposal would also require pre-Class Year Start Date notice regarding intent to enter and regulatory milestone

Class Year Study Efficiencies (Cont.)

C. Require Class Year Agreements, Deposits and Project Data Earlier in Class Year Process (Cont.)

Benefits of this Proposal

- Potential to shorten duration of Class Year Study

Details

- Require Developer to notify the NYISO that it elects to enter a Class Year Study following the ISO's announcement of the Class Year Start Date at the first OC or TPAS following the determination of the Class Year Start **Date**
- Require Developer requesting Class Year entry to notify the NYISO whether it has satisfied a regulatory milestone requirement or whether it intends to submit a deposit in lieu of regulatory milestone

Class Year Study Efficiencies (Cont.)

C. Require Class Year Agreements, Deposits and Project Data Earlier in Class Year Process – Details

- Clarify that a Developer that retracts its election to enter a Class Year prior to the deadline for completion of the Facilities Study Agreement may do so, but this counts as one of the two Class Years it may enter
- Would not be applicable to Class Year 2019

Class Year Study Efficiencies (Cont.)

C. Require Class Year Agreements, Deposits and Project Data Earlier in Class Year Process - Details (Cont.)

- Require Developer to submit completed Class Year Study Agreement, required deposits and data requested on Attachment B to the Facilities Study Agreement and data required by the Connecting Transmission Owner ~~by the earlier of the Class Year Start Date or~~ 10 Business Days after the NYISO tenders the Class Year Study Agreement
- Additional technical data required by Connecting Transmission Owner is required within this same deadline to the extent such data is requested when the NYISO posts written notice of a Class Year Start Date or in the email tendering the Facilities Study Agreement
- Cross reference separate BSM data requirements

Class Year Study Efficiencies (Cont.)

C. Require Class Year Agreements, Deposits and Project Data Earlier in Class Year Process - Details (Cont.)

- TO-required data that will be required for Class Year Study to be identified in the SRIS scoping meeting
- Consequence to Developer that fails to provide completed agreement, required deposits and required data is withdrawal from the Class Year
  - If technical data is deficient, Developer must provide the requested additional information within 10 Business Days
  - Counting as one of the two Class Years a project may enter
- Consequence to Developer that fails to provide completed agreement, required deposits and required data is withdrawal from the Class Year

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits

Overview

- Permit a project to rely on certain agreements/alternative milestones in lieu of a regulatory milestone deposit
- Clarify application of regulatory milestone for offshore wind, and projects undergoing an uncoordinated SEQRA review
- Permit return of deposit in lieu of regulatory milestone at completion of Class Year Study – whether project accepts or rejects its cost allocation
- Clarify how interconnection study deposits are refunded

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits

Benefits of this Proposal

- Adds additional flexibility to allow projects to enter a Class Year Study prior to satisfaction of a regulatory milestone
- Adds clarity to required regulatory milestones and the manner in which regulatory milestone deposits are handled
- Provides consistency among provisions of the OATT regarding the refund of study deposits, consistent with FERC's treatment of deposits in other regions

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details

- Alternative milestones in lieu of regulatory milestone deposit
  - NYISO proposes the following milestones that could be used in lieu of the $100,000 + $3,000/MW deposit in lieu of an applicable regulatory milestone:
    - NYSERDA Renewable Energy Credit (REC) contract
    - NYSERDA "Market Bridge Incentive" contract
    - Power purchase agreement
- Additional regulatory milestone
  - Article VII application deemed complete for transmission portions of a generation project subject to Article VII)

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

Details

- Alternative milestones in lieu of regulatory milestone deposit (continued)
  - NYISO does not propose to allow such alternative milestones to satisfy the regulatory milestone itself
    - A financial contract is not a milestone in project development akin to a the permitting milestones currently used as regulatory milestone requirements
  - Transition rule allowing projects in CY19 to get a refund of deposits paid in lieu of regulatory milestone if they meet one of these alternative milestones on or before 30 days of FERC order

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Clarify applicable regulatory milestone requirement for offshore wind facilities on the outer continental shelf
  - Construction and Operations Plan ("COP") deemed sufficient by Bureau of Ocean Energy Management (BOEM) in a BOEM Notice of Intent to prepare a a Draft Environmental Impact Statement (EIS)
  - Notice of Availability of a Draft Environmental Impact Statement (EIS) filed with the U.S. Environmental Protection Agency pursuant to the National Policy Act of 1969 (NEPA)
  - Final Finding of No Significant Impact for the project issued by lead agency (i.e., BOEM) pursuant to NEPA

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Clarify application of regulatory milestone for offshore wind (continued)
  - Applicable NYS regulatory milestones for offshore wind facilities greater than 25 MW and within NYS jurisdictional waters:
    - a determination pursuant to Article 10 of the Public Service Law that the Article 10 application filed for the Large Generator is in compliance with Public Service Law § 164
  - NYISO proposes to add additional detail in the ~~tariff or~~ Transmission Expansion and Interconnection Manual to explain the manner in which the current regulatory milestone requirements apply to offshore wind

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Clarify application of regulatory milestone for uncoordinated SEQRA review
  - The NYISO proposes to clarify existing language to account for projects undergoing an uncoordinated SEQRA review (i.e., where no lead agency is designated)
  - Clarify that a negative declaration issued by any entity in accordance with SEQRA will satisfy the regulatory milestone application

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Additional clarifications regarding deposit in lieu of regulatory milestone
  - For uprates, the deposit is only required for the incremental MW (to be clarified in the Transmission Expansion & Interconnection Manual in new section regarding evaluation of uprates in the interconnection process)
  - Revise Attachment S to mirror Attachment X with regard to when the regulatory milestone deposit it due
  - If project is not submitting deposit in lieu of the regulatory milestones, the regulatory milestone must be met by (1) tender of a Class Year Study Agreement, if project elects to enter prior to the Class Year Start Date; or (2) the Class Year Start Date

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Additional clarification regarding deposit in lieu of regulatory milestone
  - If the Developer elects to submit a deposit in lieu of the regulatory milestone, that deposit is not due until ~~the earlier of the Class Year Start Date or~~ 10 Business Days after the Class Year Study Agreement is tendered
    - A Developer must, however, advise the NYISO within 5 Business Days after the NYISO posts written notice of the Class Year Start Date, whether it will submit a deposit in lieu of the regulatory milestone

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Additional clarification regarding deposit in lieu of regulatory milestone
  - If project requests Class Year entry prior to the Class Year Start Date, it must provide notice that it will pay deposit in lieu of the regulatory milestone or demonstrate that it has satisfied a regulatory milestone before the NYISO will tender a Facilities Study Agreement

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Return of interconnection study deposits, including the deposit in lieu of regulatory milestone
  - Currently, $3,000/MW portion of the deposit in lieu of regulatory milestone is returned upon the earlier of satisfaction of the milestone or withdrawal from the queue
- NYISO proposes to change this to return deposit at earliest of:
  - satisfaction of regulatory milestone;
  - withdrawal from the queue;
  - withdrawal from Class Year Study or rejection of SUF Project Cost Allocation in the Class Year Study for which the deposit was submitted; or
  - completion of Class Year (acceptance of SUF Project Cost Allocation and posting required Security)

Class Year Study Efficiencies (Cont.)

D. Revise & Clarify Regulatory Milestone Requirements and Treatment of Deposits – Details (Cont.)

- Return of interconnection study deposits, including the deposit in lieu of regulatory milestone, upon withdrawal
  - The only circumstance under which interest is payable on a refunded deposit is upon a project's withdrawal from the queue
    - Currently, refundable deposits are returned with interest at the FERC interest rate upon a project's withdrawal from the queue
  - NYISO proposes that upon a project's withdrawal from the queue the amount of the interconnection study deposit due to Developer, including the refundable portion of the deposit in lieu of regulatory milestone will be returned with actual interest earned
- NYISO also proposes to clarify language regarding refundability of site control deposit

Class Year Study Efficiencies (Cont.)

E. Expand Definition of Class Year Transmission Project

Overview

- Expand the definition of Class Year Transmission Project to include controllable transmission not eligible for or requesting CRIS but that wishes to proceed through Attachment X and the Class Year Study for ERIS only

Benefits of this Proposal

- Aligns definition of Class Year Transmission Project with previous definition of Merchant Transmission Project that did not limit Class Year entry to transmission projects based on their CRIS eligibility

Next Steps

Next Steps

- **Anticipated Schedule Going Forward**
  - **November 6:** Business Issues Committee Vote
  - **November 8:** Operating Committee Vote
  - **November 20:** Management Committee Vote
  - **December 17:** Board of Directors Vote
  - **December 18:** Section 205 Filing with FERC
  - **February 16:** FERC order prior to Class Year 2019 Notice of Additional SDU Studies

Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit to consumers by:

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

NEW YORK INDEPENDENT SYSTEM OPERATOR