

**July 19, 2012 - THIS DOCUMENT IS NESCOE'S COMMENTS AND SUGGESTED  
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PLEASE ALSO SEE NESCOE COMMENTS AND EDITS (dated July 19, 2012)  
ASSOCIATED WITH PRIOR TRANSMISSION OWNERS' COMMENTS AND  
SUGGESTED TARIFF LANGUAGE**

**ATTACHMENT K  
REGIONAL SYSTEM PLANNING PROCESS  
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13. Rights Under The Federal Power Act

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[Add the following definitions / capitalized terms to Section I.2.2 of the Tariff:]

1. NESCOE is the New England States Committee on Electricity, recognized by the Commission as the regional state committee for the New England Control Area.

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2. NESCOE Public Policy Transmittal is a written document sent by NESCOE to ISO that indicates which of the NESCOE member New England states support a particular Public Policy Transmission Upgrade in the context of Attachment K of the OATT and briefly summarizes and provides each state regulatory authorities' final decision concerning such proposed Public Policy Transmission Upgrade and associated cost allocation as set forth in such state regulatory authority decisions that is to be utilized for the project costs. [REQUIRES FURTHER STATE AND TRANSMISSION OWNER DISCUSSION]

**NESCOE COMMENT: The passage above and related references throughout the document remain under state discussion.**

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3. Phase One Proposal is defined in Section 4.3 of Attachment K of the OATT.

4. Phase Two Solution is defined in Section 4.3 of Attachment K of the OATT.

5. Public Policy Transmission Study is a study conducted by the ISO pursuant to the process set out at Section 4A.3 of Attachment K of the OATT, and consists of two parts: (i) an initial phase to produce a rough estimate of the costs and benefits of concepts that could meet transmission needs driven by public policy requirements; and (ii) a follow-on phase designed to produce more detailed analysis and engineering work on transmission concepts identified in the first phase.

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6. Public Policy Transmission Upgrade is an addition and/or upgrade to the New England Transmission System that (i) is rated 115 kV or above; (ii) meets the non-voltage criteria for Public Policy Transmission Upgrade PTF classification specified in the OATT; and (iii) has been included in the Regional System Plan and RSP Project List as a Public Policy Transmission Upgrade pursuant to the NESCOE Public Policy Transmittal procedures described in Section 4A of Attachment K of the OATT.

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6. Qualified Project Sponsor is defined in Section 4B.3 of Attachment K of the OATT.

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7. Stage One Proposal is defined in Section 4A.5 of Attachment K of the OATT.

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8. Stage Two Solution is defined in Section 4A.6 of Attachment K of the OATT.

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[ ISO will propose at next TC meeting a modification of the definition of PTF in Section II.49 of the OATT to include as PTF any radial (or otherwise non-PTF) facilities included within an approved Public Policy Transmission Upgrade]

**1. Overview**

This Attachment describes the regional system planning process conducted by the ISO, as well as the coordination with transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems to ensure the reliability of the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance, economic, environmental, and other considerations, as may be agreed upon from time to time. The New England Transmission System is comprised of PTF, Non-PTF, OTF and MTF within the New England Control Area that is under the ISO’s operational authority or control pursuant to the ISO Tariff and/or various transmission operating agreements. This Attachment describes the regional system planning process for the PTF conducted by the ISO, and local system planning process conducted by the PTOs, pursuant to their responsibilities defined in the Tariff, the various transmission operating agreements and this Attachment. Additional details regarding the regional system planning process are also provided in the ISO New England Planning Procedures and ISO New England Operating Procedures, which are available on the ISO’s website.

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and obligations defined in the Tariff, applicable transmission operating agreements and this Attachment. As described in this Attachment’s Section 6 and Appendix 1, entitled “Attachment K -Local System Planning Process”, the PTOs are responsible for the Local System Planning (“LSP”) process for the Non-PTF in the New England Transmission System. As also described in Section 6, and pursuant to the Tariff and/or transmission operating agreements, the OTOs and MTOs are required to participate in the ISO’s regional system planning process for reliability purposes and to perform and/or support studies of the impact of regional system planning projects on their respective OTF and MTF.

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in

Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan (“RSP”), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to [Sections 4.2\(b\) or Section 4.3](#) of this Attachment, [as applicable](#), regulated transmission solutions proposed in response to the needs identified by the ISO.

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Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to: (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance, economic, environmental and other considerations, as may be agreed upon from time to time.

As more fully described in Section 3 of this Attachment, the RSP shall identify:

- (i) PTF system reliability and market efficiency needs,
- (ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments;
- (iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT; and
- (iv) those projects for which there has been a NESCOE Public Policy Transmittal communicating state regulatory authority decisions for construction as Public Policy Transmission Upgrades pursuant to the procedures described in Section 4A of this Attachment K.

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In addition, the RSP shall also provide information on a broad variety of power system requirements that serves as input for reviewing the design of the markets and the overall economic performance of the system. The RSP shall also describe the coordination of the ISO's regional system plans with regional, local and inter-area planning activities.

Pursuant to Section 3.6 of this Attachment, the ISO shall also develop, maintain and post on its website a cumulative list reflecting the regulated transmission solutions proposed in response to Needs Assessments (the "RSP Project List"). The RSP Project List shall be a cumulative representation of the regional transmission planning expansion efforts ongoing in New England.

## **2. Planning Advisory Committee**

### **2.1 Establishment**

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

The ISO may form subcommittees that, at the discretion of the ISO, may report to the Planning Advisory Committee.

### **2.2 Role of Planning Advisory Committee**

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the

results of Needs Assessments, Solutions Studies, and competitive solutions developed pursuant to Section 4.3 of this Attachment, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies and Public Policy Transmission Studies, including the criteria and assumptions for such studies. Based on input and feedback related to the regional system planning process provided by the Planning Advisory Committee to the ISO, the ISO shall consult with the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and Transmission Committees, on issues and concerns identified by the Planning Advisory Committee as requiring further investigation and consideration of potential changes to ISO New England Operating Documents.

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### **2.3 Membership**

Any entity, including State regulators or agencies and NESCOE, as specified in Attachment N of the OATT, may designate a member to the Planning Advisory Committee by providing written notice to the Secretary of that Committee identifying the name of the entity represented by the member and the member's name, address, telephone number, facsimile number and electronic mail address. The entity may remove or replace such member at any time by written notice to the Secretary of the Planning Advisory Committee.

### **2.4 Procedures**

#### **(a) Notice of Meetings**

Prior to the beginning of each year, the ISO shall list on the ISO Calendar, which is available on the ISO's website, the proposed meeting dates for the Planning Advisory Committee for each month of the year. Prior to a Planning Advisory Committee meeting, the ISO shall provide notice to the Planning Advisory Committee by electronic email with the date, time, format for the meeting (i.e., in person or teleconference), and the purpose for the meeting.

#### **(b) Frequency of Meetings**

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified

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elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

**(c) Availability of Meeting Materials**

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO’s website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of the ISO Tariff and Critical Energy Infrastructure Information (“CEII”) policy as further described in Section 2.4(d) of this Attachment.

**(d) Access to Planning-Related Materials that Contain CEII**

CEII is defined as specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

- (i) Relates details about the production, generation, transportation, transmission, or distribution of energy;
- (ii) Could be useful to a person in planning an attack on critical infrastructure;
- (iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and
- (iv) Does not simply give the location of critical infrastructure.

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO’s protected website. To obtain access to planning-related materials determined to be CEII, the entity

seeking to obtain such access must contact the ISO’s Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO’s protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO’s protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO’s website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO’s Customer Services staff. Such requestors will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission’s regulations governing access to CEII. To the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO’s website, prior to receiving access to CEII information. Upon compliance with the ISO’s CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO protected website.

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### **2.5 Local System Planning Process**

The LSP process described in Appendix 1 to this Attachment applies to the transmission system planning for the Non-PTF in the New England Transmission System. The PTOs will utilize interested members of the Planning Advisory Committee for advisory stakeholder input in the LSP process that will meet, as needed, at the conclusion of, or independent of, scheduled Planning Advisory Committee meetings. The LSP meeting agenda and meeting materials will be developed by representatives of the pertinent PTOs and PTO representatives will chair the LSP meeting. The ISO will post the LSP agenda and materials for LSP.

## **3. RSP: Principles, Scope, and Contents**

### **3.1 Description of RSP**

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New

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England Transmission System while accounting for market performance, economic, environmental, and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments conducted pursuant to Section 4.1 of this Attachment. The RSP shall also account for projected improvements to the PTF that are needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

- (i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;
- (ii) provide the projected annual and peak demands for electric energy for a five-to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;
- (iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and
- (iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment [and the competitive solution process described in Section 4.3 of this Attachment](#), may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades, and Public Policy Transmission Upgrades. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the

RSP Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the RSP Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the RSP Project List that are known as of that time.

Each RSP shall be built upon the previous year's RSP.

### **3.2 Baseline of RSP**

The RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission solutions (e.g., planned demand-side projects, generation and transmission projects, Merchant Transmission Facilities, and Elective Transmission Upgrades) as determined by the ISO, in collaboration with the Planning Advisory Committee, pursuant to Sections 4.1, 4.2 and 4.3 of this Attachment; and (ii) the requirements for system operation and restoration services, not including the development of a system operations or restoration plan, which is outside the scope of the regional system planning process.

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### **3.3 RSP Planning Horizon and Parameters**

The RSP shall be based on a five-to ten-year planning horizon, and reflect five-to ten-year capacity and load forecasts.

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the "Planning and Reliability Criteria").

### **3.4 Other RSP Principles**

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other

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user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

### **3.5 Market Responses in RSP**

Market responses shall include investments in resources (e.g., demand-side projects, generation and distributed generation) and Merchant Transmission Facilities, and shall be evaluated by the ISO, in consultation with the Planning Advisory Committee, pursuant to Sections 4.2(a) and 7 of this Attachment.

In developing the RSP, the ISO shall account for market responses: (i) proposed by Market Participants as addressing needs (and any critical time constraints for addressing such needs) identified in a RSP or Needs Assessment, developed pursuant to Section 4.1 of this Attachment; and (ii) that have proved to be viable by meeting the criteria specified in Section 4.2(a) of this Attachment, as applicable.

Specifically, market responses that are identified to the ISO and are determined by the ISO, in consultation with the Planning Advisory Committee, to be sufficient to alleviate the need for a particular regulated transmission solution or Transmission Upgrade, based on the criteria specified in the pertinent Needs Assessment or RSP, and are judged by the ISO to be achievable within the required time period, shall be reflected in the next RSP and/or in a new or updated Needs Assessment. That particular regulated transmission solution or Transmission Upgrade may continue to be included in the appropriate category on the RSP Project List (as described in Section 3.6 below), subject to the ISO having the flexibility to indicate that the project should proceed at a later date or it may be removed if it is determined to be no longer needed. If the market response does not fully address the defined needs, or if additional transmission infrastructure is required to facilitate the efficient operation of the market, the RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

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3.6 The RSP Project List

(a) Elements of the RSP Project List

The RSP Project List shall identify regulated transmission solutions proposed in response to the needs identified in a RSP or Needs Assessments conducted pursuant to Section 4.1 of this Attachment, and shall identify Public Policy Transmission Upgrades identified pursuant to Section 4A of this Attachment. The RSP Project List shall identify the proposed regulated transmission solutions separately as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade, or a Public Policy Transmission Upgrade.

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With regard to Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-Service. A Public Policy Transmission Upgrade will be identified in the RSP Project List as (i) Proposed; (ii) Planned; (iii) Under Construction; or (iv) In-Service.

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Public Policy Transmission Upgrade projects will be included in the RSP Project List upon compliance with the procedures described in Section 4A of this Attachment K, including a NESCOE Public Policy Transmittal. Once included in the RSP Project List, a

The regulated transmission solution subcategories are defined as follows:

(i) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, “Concept” shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

(ii) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, “Proposed” shall include a regulated transmission solution that (a) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (b) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, or in the competitive solutions process specified in Section 4.3 of this Attachment. such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning

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Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

For purposes of Public Policy Transmission Upgrades, “Proposed” means that the inclusion of the project in the RSP Project List has received a NESCOE Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K, but that the project has not yet been approved by the ISO under Section I.3.9 of the Tariff.

(iii) “Planned” shall include a Transmission Upgrade that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.

(iv) “Under Construction” shall include a Transmission Upgrade that has received the approvals required under the Tariff and engineering and construction is underway.

(v) “In Service” shall include a Transmission Upgrade that has been placed in commercial operation.

Each Reliability Transmission Upgrade and Market Efficiency Transmission Upgrade shall be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP. Each proposed Public Policy Transmission Upgrade shall be cross-referenced in the RSP Project List to a specific Public Policy Transmission Study.

For completeness, the RSP Project List shall also include transmission facilities (as determined under the ISO interconnection process specified in this OATT) to be built to accommodate new generation, merchant transmission, and elective transmission interconnections that have satisfied the requirements of this OATT.

**(b) Periodic Updating of RSP Project List**

The RSP Project List will be updated by the ISO periodically by adding, removing or revising regulated transmission solutions or Transmission Upgrades in consultation with the Planning Advisory Committee and, as appropriate, the Reliability Committee.

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Updating of the RSP Project List shall be considered an update of the RSP to be reflected in the next RSP, as appropriate, pursuant to Section 3.1 of this Attachment.

**(c) RSP Project List Updating Procedures and Criteria**

As part of the periodic updating of the RSP Project List, the ISO: (i) shall modify (in accordance with the provisions of this Attachment) regulated transmission solutions or Transmission Upgrades to reflect changes to the PTF system configurations, including ongoing investments by Market Participants or other stakeholders; (ii) may add to and classify accordingly, regulated transmission solutions; and (iii) may remove from the RSP Project List regulated transmission solutions or Transmission Upgrades previously identified in the RSP Project List if the ISO determines that the need for the proposed regulated transmission solution or the approved Transmission Upgrade no longer exists or is no longer feasible. With regard to (iii) above, this may include a removal of a regulated transmission solution or Transmission Upgrade because a market response meeting the need reaches the maturity specified in Section 4.2(a) of this Attachment and has been determined, pursuant to Section 4.2(a) of this Attachment, to meet the need described in the pertinent Needs Assessment or RSP. In doing so, the ISO shall consult with and consider the input from the Planning Advisory Committee and, as appropriate, the Reliability Committee. In addition, the ISO shall remove from the RSP Project List any Public Policy Transmission Upgrade if requested to do so in writing by all of the states that previously agreed to support it as communicated in the NESCOE [Public Policy](#) Transmittal described in Section 4A below.

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If a regulated transmission solution or Transmission Upgrade **other than a Public Policy Upgrade** is removed from the RSP Project List by the ISO, the entity responsible for the construction of the regulated transmission solution or Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of the regulated transmission solution or Transmission Upgrade proposed for removal from the RSP Project List. The provisions of Schedule 12 of this OATT shall apply to any cost reimbursement under this Section. Prior to finalizing the RSP, the ISO shall provide the Planning Advisory

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Committee with written information explaining the reasons for any removal under this Section.

**(d) Posting of LSP Project Status**

Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on its company website. The ISO's posting of the RSP Project Lists will include links to each PTO's specific LSP posting to be provided to the ISO by the PTOs.

**4. Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Regulated Transmission Solutions**

**4.1 Non-Applicability of Sections 4.1 through 4.3; Needs Assessments**

Sections 4.1 through 4.3 of this Attachment are not applicable to the planning of Public Policy Transmission Upgrades, which is governed instead by Section 4A of this Attachment.

On a regular and ongoing basis, the ISO, in coordination with the PTOs and the Planning Advisory Committee, shall conduct assessments (i.e., Needs Assessments) of the adequacy of the PTF system, as a whole or in part, to maintain the reliability of such facilities while promoting the operation of efficient wholesale electric markets in New England. A Needs Assessment shall analyze whether the PTF in the New England Transmission System: (i) meet applicable reliability standards; (ii) have adequate transfer capability to support local, regional, and inter-regional reliability; (iii) support the efficient operation of the wholesale electric markets; (iv) are sufficient to integrate new resources and loads on an aggregate or regional basis; or (v) otherwise examine various aspects of its performance and capability. A Needs Assessment shall also identify: (i) the location and nature of any potential problems with respect to the PTF and (ii) situations that significantly affect the reliable and efficient operation of the PTF along with any critical time constraints for addressing the needs of the PTF to facilitate the development of market responses and to initiate the pursuit of regulated transmission solutions.

**(a) Triggers for Needs Assessments**

The ISO, in coordination with the PTOs and the Planning Advisory Committee, shall perform Needs Assessments, inter alia, if:

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- (i) a need for additional transfer capability is identified by the ISO in its ongoing evaluation of the PTF’s adequacy and performance;
- (ii) a need for additional transfer capability is identified as a result of an ERO and/or NPCC reliability assessment or more stringent publicly available local reliability criteria, if any;
- (iii) constraints or available transfer capability limitations that are identified possibly as a result of generation additions or retirements, evaluation of load forecasts or proposals for the addition of transmission facilities in the New England Control Area;
- (iv) as requested by a stakeholder pursuant to the provisions of Section 4.1(b) of this Attachment; or
- (v) as otherwise deemed appropriate by the ISO as warranting such an assessment.

**(b) Requests by Stakeholders for Needs Assessments for Economic Considerations**

The ISO’s stakeholders may request the ISO to initiate a Needs Assessment to examine situations where potential regulated transmission solutions or market responses or investments could result in (i) a net reduction in total production cost to supply system load based on the factors specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the integration of new resources and/or loads on an aggregate or regional basis (an “Economic Study”).

Requests for Economic Studies shall be submitted, considered and prioritized as follows:

- (i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO’s website a request for an Economic Study.
- (ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO’s perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.

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- (iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.
- (iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss, identify and prioritize, as further facilitated by the ISO's preparation of a straw priority list to be further discussed at such meeting, up to two (2) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year taking into consideration their impact on the ISO budget and other priorities. The ISO may consider performing up to three (3) Economic Studies if a Public Policy Transmission Study will not be concurrently performed.
- (v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.
- (vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.
- (vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

The foregoing timelines are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee. The ISO will provide periodic updates on the status of Economic Studies to the Planning Advisory Committee.

Economic Study requests not within the two or three studies identified to be performed in a given year shall be treated in the same manner as a request for Elective Transmission Upgrade described in the OATT.

**(c) Notice of Initiation of Needs Assessments**

Prior to its commencement, the ISO shall provide notice of the initiation of a Needs Assessment to the Planning Advisory Committee consistent with Section 2 of this Attachment.

**(d) Preparation of Needs Assessment**

Needs Assessments may examine resource adequacy, transmission adequacy, projected congestion levels and other relevant factors as may be agreed upon from time to time. Needs Assessments shall also consider the views, if any, of the Planning Advisory Committee, State regulators or agencies, NESCOE, the Market Advisor to the ISO Board of Directors, and the ISO Board of Directors. A corresponding assessment shall be performed by the PTOs to identify any needs relating to the Non-PTF transmission facilities (of whatever voltage) that could affect the provision of Regional Transmission Service over the PTF.

**(e) Needs Assessment Study Groups**

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment. Participation in such study groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

**(f) Input from the Planning Advisory Committee**

Meetings of the Planning Advisory Committee shall be convened to identify additional considerations relating to a Needs Assessment that were not identified in support of initiating the assessment, and to provide input on the Needs Assessment's scope, assumptions and procedures, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section 2.2 of this Attachment.

**(g) Publication of Needs Assessment and Response Thereto**

The ISO shall report the results of Needs Assessments to the Planning Advisory Committee, subject to CEII constraints. Needs Assessments containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment. Needs Assessments will identify high-level functional requirements and characteristics for regulated transmission solutions and market responses that can meet the needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses.

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Where the forecast year of need is five years or less from the completion of a Needs Assessment, the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment. Where the forecast year of need is more than five years from the completion of a Needs Assessment, the ISO will conduct a solution process based on a two-stage competition, as described in Section 4.3 of this Attachment; provided, however, that if the solution will likely consist solely of an upgrade to a Transmission Owner's existing facilities or rely on rights of way possessed exclusively by a Transmission Owner, Solutions Studies will be performed pursuant to Section 4.2 instead.

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**4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions**

**(a) Treatment of Market Solutions in Needs Assessments**

The ISO shall reflect proposed market responses in the regional system planning process. Market responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation), Merchant Transmission Facilities and Elective Transmission Upgrades.

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its selection or its assumption of financially binding obligations, respectively. The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the

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Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

**(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades**

In the case of Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades, the ISO, in coordination with the proponents of regulated transmission solutions and other interested or affected stakeholders, shall conduct or participate in studies (“Solutions Studies”) to evaluate whether proposed regulated transmission solutions meet the PTF system needs identified in Needs Assessments. The ISO, in coordination with affected stakeholders shall also identify regulated transmission projects for addressing the needs identified in Needs Assessments.

The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the most cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner.

Proponents of regulated transmission proposals in response to Needs Assessments shall also identify any LSP plans that require coordination with their regulated transmission proposals addressing the PTF system needs.

**(c) Notice of Initiation of a Solutions Study**

The ISO shall provide notice of the initiation and scope of a Solutions Study to the Planning Advisory Committee.

**(d) Classification of Regulated Transmission Solutions as Market Efficiency Transmission Upgrades or Reliability Transmission Upgrades**

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As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee to address needs identified in Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

**(e) Identification of the Preferred Solution and Inclusion of Results of Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades in the RSP**

The results of Solutions Studies related to Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades will be reported to the Planning Advisory Committee. After receiving feedback from the Planning Advisory Committee, the ISO will identify the preferred solution. The ISO will inform the appropriate Transmission Owners in writing regarding the identification of the preferred solution.

Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

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**4.3 Competitive Solution Process for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades**

**(a) Public Notice Initiating Competitive Solution Process**

The ISO will issue a public notice with respect to each Needs Assessment for which, pursuant to Section 4.1(g) of this Attachment, a competitive solution process will be utilized. The notice will indicate that Qualified Project Sponsors may submit Phase One Proposals offering solutions that comprehensively address the identified needs. A PTO or PTOs shall submit an individual or joint Phase One Proposal for any need that would be solved by a project located within or connected to its/their existing electric system. [PROVISIONS RE RECOVERY OF PHASE ONE PROPOSAL COSTS TO BE PROPOSED BY PTOs]

**(b) Information Required for Phase One Proposals; Timing**

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Phase One Proposals shall provide the following information:

- (i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;
- (ii) a detailed explanation of how the proposed solution addresses the identified need;
- (iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;
- (iv) the proposed schedule for development and completion of the proposed solution;
- (v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means by which such would be obtained;
- (vi) a list of affected existing transmission system facilities that the PTO or Qualified Project Sponsor believe will require modification as part of the proposal; and
- (vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate.

Phase One Proposals must be submitted by the deadline specified in the posting by the ISO of the public notice described in Section 4.3(a) of this Attachment, which shall not be less than 60 days from the posting date of the notice. The ISO may reject submittals which are insufficient or not adequately supported.

**(c) Reimbursement of Phase One Proposal Costs**

[PROVISIONS RE RECOVERY OF PHASE ONE PROPOSAL COSTS TO BE PROPOSED BY PTOs]

**NESCOE Comment: The TOs have indicated they no longer intend to suggest language for this passage comprehensively but rather intend to suggest language limited to cost recovery for incumbent TOs. NESCOE requests that ISO include the following in this section:**

**NESCOE Proposal: Project proponents that elect to submit Phase One project proposals may recover those Phase One project development costs prudently incurred only if: 1) ISO ultimately places the project in the RSP pursuant to state regulatory authority final order(s) and 2) the project developer whose project is placed in the RSP specifically quantifies Phase One project development costs to enable regulatory review of such costs.**

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**(d) LSP Coordination**

Sponsors of Phase One Proposals shall also identify any LSP plans that require coordination with their proposals.

**(e) Proposal Deficiencies; Further Information**

If the ISO identifies any minor deficiencies, (compared with the requirements of Section 4.3(b)) in the information provided in connection with a proposed Phase One Proposal, the ISO may notify the Phase One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Phase One Proposals shall provide the ISO with additional information to allow for the evaluation of the proposed solutions.

**(f) Preliminary Review by ISO**

If the sole Phase One Proposal in response to a given Needs Assessment has been submitted by PTO(s), proposing a project that would be located within or connected to its/their existing electric system, the ISO shall proceed under Section 4.2(b)-(e) of this Attachment, rather than pursuant to the procedures set forth in the remainder of this Section 4.3.

If more than one Phase One Proposal has been submitted in response to the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

- (i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4.3(b) of this Attachment;
- (ii) appears to satisfy the needs described in the Needs Assessment;
- (iii) is technically practicable; and
- (iv) is not eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities [or utilizes PTO rights-of-way].

**(g) Listing of Qualifying Phase One Proposals**

For each Needs Assessment, the ISO will provide the Planning Advisory Committee with, and post on the ISO's website, a listing of Phase One Proposals that meet the criteria of Section 4.3(f).

A meeting of the Planning Advisory Committee will be held thereafter in order to solicit stakeholder input on the listing, and the listed proposals. Information on Phase One Proposals containing CEH will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment. The ISO may amend its listing based on stakeholder input.

**(h) Phase Two Solutions; Reimbursement of Phase Two Solution Costs**

The ISO will work with Qualified Project Sponsors of projects reflected on the final listing developed pursuant to Section 4.3(g) of this Attachment, and with affected PTOs, to evaluate and further develop the listed projects to create a Phase Two Solution(s) for each Needs Assessment. The ISO will identify the most cost-effective and reliable solution as the preliminary preferred Phase Two Solution in response to each Needs Assessment. The ISO will report the preliminary preferred Stage Two Solution, together with explanatory materials, to the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solution. [PROVISIONS RE RECOVERY OF PHASE TWO PROPOSAL COSTS TO BE PROPOSED BY PTOs]

**(i) Inclusion of Preferred Phase Two Solution in RSP and/or RSP Project List**

Following receipt of stakeholder input, the ISO will identify the preferred Phase Two Solution (with an overview of why the solution is preferred) by a posting on its website. The ISO will also notify the Qualified Project Sponsor that proposed the preferred Phase Two Solution that its project has been selected for development.. The ISO will include the solution as a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as appropriate, in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

**(j) Milestones; Reevaluation**

Within \_\_\_ Business Days of receiving notification pursuant to Section 4.3(i) of this Attachment, the Qualified Project Sponsor shall submit to the ISO a construction schedule that indicates the dates by which construction milestones necessary to develop and construct the project by the required in-service date shall be met. Such schedule shall include the date by which all necessary state approvals must be obtained, which shall be provided by the ISO in the notification specified in Section 4.3(i) of this Attachment. In the event the Qualified Project Sponsor fails to provide a construction schedule, or fails to meet any milestone in the construction schedule, the ISO may (i) remove the project from the RSP and/or RSP Project List, and reevaluate the need for such project or an alternative project, (ii) or retain the project. If the project is retained or an

alternative project is developed, the PTO(s) in whose existing electric system the retained or alternative project would be located and/or to whose existing electric system would be connected shall be designated to construct, own and operate it.

**NESCOE Comment: There needs to be a cure provision for failure to meet a milestone above. Failure to meet one milestone without ability to cure should not give ISO the authority to remove the project from the RSP.**

**4A. Public Policy Transmission Studies; Public Policy Transmission Upgrades**

**4A.1 NESCOE Requests for Public Policy Transmission Studies**

No less often than every three years, by January 15 of that year, the ISO will post a notice indicating that members of the Planning Advisory Committee may provide NESCOE with input regarding public policy requirements identified as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by public policy requirements. A meeting of the Planning Advisory Committee may be held for this purpose. By no later than April 1 of that year, NESCOE may submit to the ISO in writing a request for a new Public Policy Transmission Study, or an update of a previously conducted study. The request will identify the public policy requirements identified as driving transmission needs relating to the New England Transmission System, and may identify particular NESCOE-identified public policy-related transmission needs as well. Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by public policy requirements the ISO will evaluate for potential solutions in the regional planning process, including why other suggested transmission needs will not be evaluated. The ISO will post the NESCOE request and explanation on the ISO's website.

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**4A.2 Preparation for Conduct of Public Policy Transmission Studies; Stakeholder Input**

Upon receipt of the NESCOE request, the ISO will prepare and post on its website a proposed scope for the Public Policy Transmission Study, and associated parameters and assumptions, and provide the foregoing to the Planning Advisory Committee by no later than June 1 of the request year. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input for consideration by NESCOE and the ISO on the scope, parameters and assumptions.

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#### 4A.3 Conduct of Public Policy Transmission Studies; Stakeholder Input

Following NESCOE’s consideration of input and upon receipt in writing from NESCOE of the final scope, parameters and assumptions for the Public Policy Transmission Study, the ISO will conduct the initial phase of the study, and provide NESCOE and the Planning Advisory Committee with the results of its analyses. With input from PAC and potentially impacted PTOs, ISO will develop a rough estimate of the costs and benefits of conceptual projects that could meet transmission needs driven by public policy requirements. As part of the initial phase of the Public Policy Transmission Study, the results will be posted on the ISO’s website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on the results of the initial phase of the study, and the scope, parameters and assumptions for any follow-on phase of the study. Following NESCOE’s receipt and consideration of input, and upon receipt of a request in writing from NESCOE to proceed, the ISO will – as a follow-on phase of the Public Policy Transmission Study – perform more detailed analysis and engineering work on the conceptual projects. In its notice to proceed, NESCOE may include in, or exclude from, the follow-on study, particular conceptual projects or alternatives, and may provide associated parameters and assumptions for the follow-on study. This follow-on study will provide more detail regarding options for system upgrades that would need to be performed in order to accommodate the public policy alternatives for which the follow-on ISO study has been requested.

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#### 4A.4 Response to Follow-On Phase of Public Policy Transmission Studies

The results of the follow-on phase of the Public Policy Transmission Study will be provided to NESCOE and the Planning Advisory Committee and posted on the ISO’s website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on those results. The ISO’s costs of performing both phases of the Public Policy Transmission Study described in Section 4A.3 will be collected by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff.

Upon NESCOE’s receipt and consideration of Planning Advisory Committee input, NESCOE may provide the ISO with a written list of transmission options, if any, that one or more of the states are interested in exploring further, together with a matrix of the key desirable features for each of the options that will be explored further. The matrix is non-binding on any subsequent

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decision by any state regulatory authority in connection with any project proposal. The list will indicate which states have elected to support further analysis of these options. The ISO will provide the results of the Public Policy Transmission Study and the NESCOE list/matrix to Qualified Project Sponsors for their use in preparing Stage One Proposals to develop, build and operate one or more projects based on the options identified by NESCOE for further exploration. The ISO may refer to the matrix in assessing Stage One Proposals.

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#### 4A.5 Stage One Proposals

##### (a) Information Required for Stage One Proposals

[SUBJECT TO FURTHER CONSIDERATION]

For each project identified in the Public Policy Transmission Study that would be located within or connected to a PTO's existing electric system, that PTO ~~may~~ shall, and other Qualified Project Sponsors may, prepare (by the deadline specified by the ISO) a Stage One Proposal providing the following information: [LS Power and TOs have agreed to provide NESCOE with more information regarding the cost of preparing proposals that are responsive to the informational items below]

**NESCOE Comment: The edit above reflects that TOs and other developers both have the opportunity and not the obligation to submit Stage One proposals.**

[POSSIBLE INFORMATIONAL ITEMS BELOW OFFERED FOR DISCUSSION PURPOSES:  
COST OF COMPLYING WITH THE ITEMS NEEDS TO BE EVALUATED]

- (i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;
- (ii) a detailed explanation of how the proposed solution addresses the identified need;
- (iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;
- (iv) the proposed schedule for development and completion of the proposed solution;
- (v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means by which such would be obtained;
- (vi) a list of affected existing transmission system facilities that the PTO or Qualified Project Sponsor believe will require modification as part of the proposal;

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(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate; and

(viii) any other information or supporting documentation required to address the matrix provided by NESCOE in accordance with Section 4A.4.

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**(b) Reimbursement of Stage One Proposal Costs**

[TRANSMISSION OWNERS TO LEAD THE DISCUSSION ON THIS ITEM PURSUANT TO THEIR RIGHTS UNDER THE TOA TO FILE TRANSMISSION RATE DESIGN UNDER THE ISO OATT]

**NESCOE Comment: The TOs have indicated the intent not to suggest comprehensive language in this section but rather to suggest language that would only be applicable to incumbent TOs. The following language should be inserted in the section to apply to all project proponents in keeping with the principle of comparable opportunity and comparable cost recovery for all project developers.**

**NESCOE PROPOSAL: The development costs of projects that qualify as Stage Two Proposed Solutions pursuant to Section 4A.6 shall be recoverable up to a maximum amount of \$3 million per Proposed Solution. Development costs incurred with respect to a project before the date the project is listed pursuant to Section 4A.5(f) shall not be recoverable. However, if ISO-NE ultimately places a project into the RSP pursuant to state regulatory authority order(s), that project placed in the RSP may recover prudently incurred Phase One development costs, provided the project proponent whose project is placed in the RSP specifically quantifies such costs to enable regulatory review. A state that has not elected to support and fund a Stage Two Proposed Solution shall not be assigned costs associated with any such Proposed Solution. For purposes of this Attachment, "development costs" shall mean the prudently incurred costs of [elements of appropriate study to be defined].**

**(c) LSP Coordination**

Sponsors of Stage One Proposals shall also identify any LSP plans that require coordination with their proposals.

**(d) Proposal Deficiencies; Further Information**

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If the ISO identifies any deficiencies (compared with the requirements of Section 4A.5(a)) in the information provided in connection with a proposed Stage One Proposal, the ISO ~~may~~ shall notify the Stage One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Stage One Proposals shall provide the ISO with additional information to allow for the evaluation of the proposed solutions.

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**NESCOE Comment: It is not clear why ISO should have discretion to notify a project about deficiencies. Further, the cure should include a reasonable time frame.**

**(e) Preliminary Review by ISO**

Upon receipt of Stage One Proposals, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

- (i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.5(a);
- (ii) appears to satisfy the NESCOE-identified needs driven by public policy requirements;
- (iii) is technically practicable;
- (iv) is not eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities [or utilizes PTO rights-of-way].

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**(f) List of Qualifying Stage One Proposals; NESCOE Response**

The ISO will provide NESCOE and the Planning Advisory Committee with, and post on the ISO's website, a list of Stage One Proposals that meet the criteria of Section 4A.5(e), including any ISO comments on the proposals in relation to the elements of the NESCOE matrix. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on that list. The ISO shall also indicate whether any of the projects may also satisfy identified reliability needs of the system. Information on Stage One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment. Within Business Days of the Planning Advisory Committee meeting, the ISO may receive from NESCOE a written list of projects included in Stage One Proposals, if any, that one or more of the states are interested in exploring further. In order for

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the ISO to proceed with the development of Stage Two Solutions, the list will indicate which states have elected to receive further analysis on the identified projects, and will therefore fund the development of the related Stage Two Solutions. [NESCOE conferring with munis regarding participation]

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**Deleted:** support exploration of each individual project.

**NESCOE Comment: NESCOE does not oppose municipal systems opting in to projects. Such municipal opt in would be separate from the states' decisions and communications to ISO-NE.**

**4A.6 Stage Two Solutions; Reimbursement of Stage Two Solution Costs**

The ISO will work with Qualified Project Sponsors of projects listed by NESCOE pursuant to Section 4A.5(j) and with affected PTOs to evaluate and further develop the listed projects to create Stage Two Solutions. The ISO will provide analysis to the Planning Advisory Committee regarding the performance of each Stage Two Solution. The participating states through NESCOE will determine the preliminary preferred Stage Two Solution for each objectives reflected in the list provided by NESCOE pursuant to Section 4A.5(j). The ISO will report the preliminary preferred Stage Two Solution(s), along with its views as to whether the preferred solution(s) also satisfies identified reliability needs of the system, to NESCOE and the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solutions. [COST RECOVERY DISCUSSION TO BE LED BY THE TRANSMISSION OWNERS CONSISTENT WITH THEIR RIGHTS UNDER THE TOA TO FILE TRANSMISSION RATE DESIGN UNDER THE OATT]

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**NESCOE Comments: 1. NESCOE will not identify a preferred solution for each objective in the policy matrix. The policy matrix will be a guiding - not binding - document and may include items important to states such as cost estimate levels. 2. The TOs have indicated they will not provide language for all project cost recovery but rather intend to provide language limited to TO recovery. The following language should be inserted in this section and apply to all projects consistent with the principle of comparable opportunity and comparable cost recovery for all.**

**NESCOE PROPOSAL: The development costs of projects that qualify as Stage Two Proposed Solutions pursuant to Section 4A.6 shall be recoverable up to a maximum amount**

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of \$3 million per Proposed Solution. Development costs incurred with respect to a project before the date the project is listed pursuant to Section 4A.5(f) shall not be recoverable, except as provided above. A state that has not elected to support and fund a Stage Two Proposed Solution shall not be assigned costs associated with any such Proposed Solution. For purposes of this Attachment, “development costs” shall mean the prudently incurred costs of [elements of appropriate study to be defined].

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**4A.7 Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List; Subsequent State Opt-In**

**(a) Regional System Plan and RSP Project List**

Upon receipt of a NESCOE Public Policy Transmittal in response to preliminary preferred Stage Two Solutions and the stakeholder input received thereon, the ISO shall notify the corresponding Qualified Project Sponsors, and include in the Regional System Plan and Regional System Plan Project List, as Public Policy Transmission Upgrade(s), the project(s) indicated therein as having been approved by the respective state regulatory authorities. The ISO shall allocate the costs of such Public Policy Transmission Upgrade(s) consistent with the allocation specified in the NESCOE Public Policy Transmittal, and collect and disburse such costs in accordance with mechanisms included in the Tariff and/or other documents filed with the Commission. If not already a party to the TOA, each Qualified Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service.

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**(b) Subsequent State Opt-In**

[CONCEPT SUBJECT TO FURTHER INPUT FROM TRANSMISSION OWNERS ON COST ALLOCATION ISSUES]

To the extent that a state opts in as a supporter of a Public Policy Transmission Upgrade at the NESCOE Public Policy Transmittal stage, but did not opt in for the corresponding project at the Stage One Proposal or the Stage Two Solutions stage, such state will be charged its respective share of the Qualified Project Sponsors’ proposal/solution **Stage Two** costs for that project. The amount payable will be a load ratio-share of the amounts payable by the other states that opted in for the project at earlier stages, with the states previously opting-in receiving corresponding credits. In the event that a state withdraws its support after a Public Policy Transmission Upgrade has been listed on the RSP Project List, or determines to support a Public Policy Transmission

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Upgrade after it has been listed on the RSP Project List, the ISO shall reallocate the costs of the upgrade among the participating states by means consistent with the final decisions of the state regulatory authorities and its Tariff.

**NESCOE Comment: Upon further consideration, NESCOE prefers to strike the language above concerning cost allocation in the event a state withdraws support late in the process. In that case, remaining participating states would need to reconsider cost implications.**

**Stage Two needs to appear in the passage above for consistency with Stage One development costs being assumed by project developers who choose to submit Stage One proposals (but for a project that ISO ultimately places in the RSP, as described above).**

#### 4B. Qualified Project Sponsors

##### 4B.1 Periodic Evaluation of Applications

The ISO will periodically evaluate applications submitted by any entity that seeks to qualify as a sponsor of a proposed Reliability Transmission Upgrade or Public Policy Transmission Upgrade.

##### 4B.2 Information To Be Submitted

The application to be submitted to the ISO by an entity, other than a PTO (which shall be deemed to be a Qualified Project Sponsor), desiring to be a Qualified Project Sponsor will include the following information:

[POSSIBLE INFORMATIONAL ITEMS BELOW OFFERED FOR DISCUSSION PURPOSES]

- (i) the current and expected capabilities of the applicant to finance, license, and construct a Reliability Transmission Upgrade or Public Policy Transmission Upgrade and operate and maintain it for the life of the project;
- (ii) the financial resources of the applicant;
- (iii) the technical and engineering qualifications and experience of the applicant;
- (iv) if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;
- (v) demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;

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(vi) the ability of the applicant to comply with all applicable reliability standards;

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(vii) the legal status of the applicant;

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(viii) the extent to which the applicant satisfies state legal or regulatory requirements for siting, constructing, owning and operating transmission projects;

(ix) the experience of the applicant and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;

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(x) demonstrated ability of the applicant to meet development and completion schedules; and

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(xi) demonstrated ability of the applicant to assume liability for major losses resulting from failure of facilities.

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#### 4B.3 Review of Qualifications

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The ISO shall review each application for completeness. The ISO will notify each applicant within Business Days of receipt of such application whether the applicant is complete, or identify any deficiencies in provision of the information required by Section 4B.2 of this Attachment. An applicant notified of deficiencies must provide any remedial information within Business Days of the receipt of such notice. Thereafter, the ISO will determine whether the applicant is physically, technically, legally, and financially capable of constructing a Reliability Transmission Upgrade or Public Policy Transmission Upgrade in a timely and competent manner; and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. Non-PTO entities determined by the ISO to meet all of these criteria will be eligible to execute an interim operating agreement and, upon such execution, will be deemed Qualified Project Sponsors.

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#### 4B.4 List of Qualified Project Sponsors

The ISO will post and maintain on its website a list of Qualified Project Sponsors. Qualified Project Sponsors must update their financial qualification information [periodically]. [discuss]

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### 5. Supply of Information and Data Required for Regional System Planning

The Transmission Owners, Generator Owners, Transmission Customers, Market Participants and other entities requesting transmission or interconnection service or proposing the integration of

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facilities to PTF in the New England Transmission System or alternatives to such facilities, and stakeholders requesting a Needs Assessment pursuant to Section 4.1 of this Attachment, shall supply, as required by the Tariff, the Participants Agreement, MPSAs, applicable transmission operating agreements, and/or other existing agreements, protocols and procedures, or upon request by the ISO, and subject to required CEII and confidentiality protections as specified in Section 2.4 of this Attachment, any information (including cost estimates) and data that is reasonably required to prepare an RSP or to perform a Needs Assessment or Solutions Study.

**6. Regional, Local and Inter-Area Coordination**

**6.1 Regional Coordination**

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System consistent with the rights and obligations defined in the ISO OATT, applicable transmission operating agreements or protocols, and/or this Attachment. Pursuant to Section II.49 of this OATT and Sections 3.02, 3.05 and 3.09 of the TOA, the ISO has Operating Authority or control over all PTF and Non-PTF within the New England Control Area, which are utilized for the provision of transmission service under this OATT. The ISO also has Operating Authority or control over the United States portions of the HVDC ties to Quebec and over Merchant Transmission Facilities and Other Transmission Facilities, pursuant to this OATT or applicable transmission operating agreements or protocols. The ISO, however, is not responsible for the planning of the Non-PTF, OTF and MTF. As provided in Section 6.2 and Appendix 1 of this Attachment, the PTOs are responsible for the planning of the Non-PTF and coordinating such planning efforts with the ISO. Pursuant to the OATT and/or applicable transmission operating agreements or protocols, the transmission owners of OTF and MTF are required to participate in the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

**6.2 Local Coordination**

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected

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with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

### **6.3 Inter-Area Coordination**

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations. The ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this Attachment, to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

## **7. Procedures for Development and Approval of the RSP**

### **7.1 Initiation of RSP**

Every year, the ISO shall initiate an effort to develop its annual RSP and solicit input on regional system needs for the RSP from the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section 2 of this Attachment.

### **7.2 Draft RSP; Public Meeting**

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

On or about September of each year, the ISO shall issue a second draft of the RSP to be presented by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the

results of any Needs Assessment, and corresponding Solutions Studies, performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion, to receive input directly and to discuss any proposed revisions to the RSP. The final recommended RSP shall be presented to the ISO Board of Directors no later than September 30 of each year and shall be acted on by the ISO Board of Directors within 60 days of receipt. The foregoing timeframes are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee.

**7.3 Action by the ISO Board of Directors on RSP; Request for Alternative Proposals**

**(a) Action by ISO Board of Directors on RSP**

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in its deliberations the views of the subcommittee of the Board of Directors reflecting the public meeting held pursuant to Section 7.2 of this Attachment. In considering whether to approve the draft RSP, the Board of Directors may, if it finds a proposed Reliability Benefit Upgrade not to be viable, or if no Reliability Benefit Upgrade has been proposed, direct the ISO staff to meet with the affected load serving entities and State entities in order to develop an interim solution. Should that effort fail, and as a last resort, the Board of Directors may direct the ISO to issue a Request For Alternative Proposal (“RFAP”), subject to the procedures described below, and may withhold approval of the draft RSP, or portions thereof, pending the results of that RFAP and any Commission action on any resulting jurisdictional contract or funding mechanism. The ISO shall provide a written explanation as to any subsequent changes or modification made in the final version of the RSP.

**(b) Requests For Alternative Proposals**

(i) The RFAP shall seek generation, demand-side and merchant transmission alternatives that can be implemented rapidly and provide substantial reliability benefits over the period solicited in the RFAP, and normally will focus on an interim (“gap”) solution until an identified Reliability Transmission Upgrade has been placed in-service. The ISO will file a proposed RFAP with the Commission for approval at least 60 days prior to its issuance. The filing shall explain why the issuance of an RFAP is necessary.

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(ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.

(iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.

(iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

**8. Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights**

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii) demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such No. 3 Open Access Transmission Tariff Section II – Attachment K – Regional System Planning Process Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

In connection with regional system planning, the ISO will not propose to impose on any PTO obligations or conditions that are inconsistent with the explicit provisions of the TOA or deprive any PTO of any of the rights set forth in the TOA.

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Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in this OATT shall affect the right of any PTO to expand or modify its transmission facilities in the New England Transmission System on its own initiative or in response to an order of an appropriate regulatory authority. Such expansions or modifications shall conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines, criteria, rules, procedures and standards of national, regional, and local reliability councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules, standards, guides and policies. The ISO reserves its right to challenge the permitting of such expansions or modifications.

**9. Merchant Transmission Facilities**

**9.1 General**

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities (“Merchant Transmission Facilities”), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section

9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

**9.2 Operation and Integration**

All Merchant Transmission Facilities shall be subject to: (i) an agreement to transfer to the ISO operational control authority over any facilities which constitute part of the Merchant Transmission Facilities that are to be integrated with, or that will affect, the New England Transmission System; and (ii) taking such other action as may be required to make the facility available for use as part of the New England Transmission System.

**9.3 Control and Coordination**

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the operational control, scheduling and maintenance coordination of the System Operator in accordance with the Tariff.

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**10. Cost Responsibility for Transmission Upgrades**

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included with the status of “Planned” in the RSP Project List as defined in Section 3.6 of this Attachment shall be determined in accordance with Schedule 12 of this OATT.

**Notwithstanding the foregoing, cost responsibility for a Public Policy Transmission Upgrade that is included in the RSP Project List shall be determined in accordance with this Attachment.**

**11. Allocation of ARRs**

The allocation of ARRs in connection with Transmission Upgrades is addressed in Section III.C.8 of the Tariff.

**12. Dispute Resolution Procedures**

**12.1 Objective**

Section 12 of this Attachment sets forth a dispute resolution process (the “Regional Planning Dispute Resolution Process”) through which regional transmission planning-related disputes may be resolved as expeditiously as possible.

**12.2 Confidential Information and CEII Protections**

All information disclosed in the course of the Regional Planning Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

**12.3 Eligible Parties**

Any member of the Planning Advisory Committee that has been adversely affected by a Reviewable Determination, defined in Section 12.4(a) of this Attachment, with respect to the regional system planning process described in this Attachment is eligible to raise its dispute, as appropriate, under this Dispute Resolution Process (“Disputing Party”).

**12.4 Scope**

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning

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Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

**(a) Reviewable Determinations**

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 that include certain procedural and substantive challenges that may arise at limited designated key decision points in the regional transmission planning process for PTF. Procedural challenges will be limited to whether or not the steps taken up to a designated key decision point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a designated key decision point was supported by adequate basis in fact.

The designated key decision points for Reviewable Determinations shall be limited to the following:

- (i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;
- (ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;

- (iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;
- (iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;
- (v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and
- (vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

**(b) Material Adverse Impact**

In order to prevail in a challenge to a procedural-based Reviewable Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In order to prevail in a challenge to a substantive-based Reviewable Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

**12.5 Notice and Comment**

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the

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ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution, written comments to the ISO with respect to the Request for Dispute Resolution. The party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the ISO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution. The ISO may, but is not required to, consider any written comments.

## **12.6 Dispute Resolution Procedures**

### **(a) Resolution Through the Planning Advisory Committee**

The Planning Advisory Committee shall discuss and resolve any dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

### **(b) Resolution Through Informal Negotiations**

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

### **(c) Resolution Through Alternative Dispute Resolution**

In the event the designated representatives are unable to resolve the dispute through informal negotiation within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

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If a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction.

**12.7 Notice of Dispute Resolution Process Results**

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 12.6(b) or Section 12.6(c) of this Attachment, the ISO shall distribute to the Planning Advisory Committee a document reflecting the resolution.

**13. Rights Under The Federal Power Act**

Nothing in this Attachment shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

**ATTACHMENT K APPENDIX 1  
ATTACHMENT K -LOCAL  
LOCAL SYSTEM PLANNING PROCESS**



**APPENDIX 1  
ATTACHMENT K -LOCAL  
LOCAL SYSTEM PLANNING PROCESS**

**1. Local System Planning Process**

**1.1 General**

In circumstances where transmission system planning for Non-Pool Transmission Facilities (“Non-PTF”)<sup>1</sup> is taking place in New England that is not incorporated into the RSP planning process, the following Local System Plan (“LSP”) process will be utilized for transmission planning purposes. The purpose of the LSP is to enable formal stakeholder input to planning for Non-PTF that is not incorporated into the RSP. The LSP shall ensure the opportunity for Planning Advisory Committee participation in the LSP process. The LSP will not be subject to approval by the ISO or the ISO Board under the RSP.

**1.2 Planning Advisory Committee Review**

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies. It is contemplated that LSP issues for identified local areas will be periodically addressed at the end of regularly scheduled Planning Advisory Committee meetings. Regular meetings of the Planning Advisory Committee shall be extended as necessary to serve the purposes of this section. Each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year.

**1.3 Role of the PTOs**

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF by presenting LSP information to the Planning Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will

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<sup>1</sup> For absence of doubt, the PTOs clarify that Non-PTF is meant to include Category B and Local Area Facilities as defined by the TOA.

take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

#### **1.4 Description of LSP**

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability and shall reflect the results of a reliability review within the limited geographical areas that pertain to the LSP, as determined by each PTO (“LSP Needs Assessments”), and corresponding system planning and expansion studies. The LSP Needs Assessments will be coordinated with the RSP and include the information that the ISO-NE incorporates into the RSP plans, as applicable. The proponents of regulated transmission proposals in response to LSP Needs Assessments shall also identify any RSP plans that require coordination with their regulated transmission proposals addressing the Non-PTF system needs.

The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

Each PTO’s LSP will be made available on a website for review by the Planning Advisory Committee, Transmission Customers and other stakeholders, subject to the ISO New England Information Policy and CEII restrictions or requirements. The ISO’s posting of the RSP and the RSP Project List will include links to each PTO’s specific LSP posting.

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO’s presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO. The LSP shall specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow

Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

Each year's LSP shall be based upon the LSP completed in the prior year by either recertifying the results of the prior LSP or providing specific updates.

**1.5 Economic Studies**

To the extent that the ISO selects any Economic Studies pursuant to Section 4.1(b) of Attachment K or otherwise performs Economic Studies that will impact Non-PTF, the PTOs will coordinate with the ISO in the performance of such Economic Studies.

**2. Posting of LSP Project List**

Each PTO shall develop, maintain and make available on a website, a cumulative listing of proposed regulated transmission solutions that may meet LSP needs (the "LSP Project List"). The LSP Project List will be updated at least annually. The LSP Project List shall also provide reasons for any new Non-PTF, any change in status of proposed Non-PTF, or any removal of proposed Non-PTF from the LSP Project List. Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on a website in a format comparable to the manner in which RSP plans and projects are posted on the RSP Project List. The ISO's posting of the RSP and RSP Project List will include links to each PTO's specific LSP Project List.

**3. Posting of Assumptions and Criteria**

Each PTO will make available on a website the planning criteria and assumptions used in its current LSP. A link to each PTO's planning criteria and assumptions will be posted on the ISO website.

**4. Cost Responsibility for Transmission Upgrades**

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included in the LSP Project List of this Appendix 1 shall be determined in accordance with Schedule 21 of this OATT.

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## **5. LSP Dispute Resolution Procedures**

### **5.1 Objective**

Section 5 of this Appendix 1 sets forth an LSP dispute resolution process (the "LSP Dispute Resolution Process") through which LSP-related transmission planning-related disputes may be resolved as expeditiously as possible.

### **5.2 Confidential Information and CEII Protections**

All information disclosed in the course of the LSP Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

### **5.3 Eligible Parties**

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its dispute, as appropriate, under this LSP Dispute Resolution Process ("Disputing Party").

### **5.4 Scope**

In order to ensure that the LSP transmission planning process set forth under this Appendix 1 moves expeditiously forward, the scope of issues that may be subject to the LSP Dispute Resolution Process under this Section 5 shall be limited to certain key procedural and substantive decisions made by the applicable PTO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of this LSP Dispute Resolution Process. Examples of matters not within the scope of the LSP Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this LSP Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall

be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this LSP Dispute Resolution Process.

**(a) Reviewable Determinations:**

The LSP determinations made by the applicable PTO that may be subject to the LSP Dispute Resolution Process under this Section 5 ("Reviewable LSP Determination") shall include certain procedural and substantive challenges at designated key decision points during the LSP transmission planning process for Non-PTF ("Key LSP Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key LSP Decision Point conform to the requirements set forth in this Appendix 1. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a Key LSP Decision Point was supported by adequate basis in fact. The Key LSP Decision Points shall be limited to the following:

- (i) Results of an LSP Needs Assessment conducted and communicated by a PTO to the Planning Advisory Committee as specified in this Appendix 1;
- (ii) Updates to the LSP Project List, including adding, removing or revising regulated Non-PTF transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in this Appendix 1;
- (iii) Results of Non-PTF transmission solution studies conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and
- (iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

**(b) Material Adverse Impact**

In order to prevail in a challenge to a procedural-based Reviewable LSP Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion made by the applicable PTO. In order to prevail in a challenge to a substantive-based Reviewable LSP Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was

performed by the PTO, and (iii) as a result thereof, the PTO made an incorrect decision or determination.

**5.5 Notice and Comment**

A Disputing Party aggrieved by a PTO’s Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO’s presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners. Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the PTO’s designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution. The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO’s designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

**5.6 Dispute Resolution Procedure**

**(a) Resolution Through the Planning Advisory Committee**

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, “Parties”) (excluding

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applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

**(b) Resolution Through Informal Negotiation**

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the Parties, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

**(c) Resolution Through Alternative Dispute Resolution**

In the event the designated representatives are unable to resolve the dispute through informal negotiations within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such LSP related dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the LSP related dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction

**5.7 Notice of Results of Dispute Resolution**

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 5.6(b) or 5.6(c) of this Appendix 1, the PTO shall distribute to members of the Planning Advisory Committee a document reflecting the resolution.

**5.8 Rights under the Federal Power Act:**

Nothing in this Appendix 1 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.