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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Canandaigua Power Partners, LLC	)	
	)	
v.	)	**Docket No. EL08-**
	)	**Fast Track Processing Requested**
New York Independent System Operator, Inc.	)	
	)	

COMPLAINT OF CANANDAIGUA POWER PARTNERS, LLC AGAINST NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Pursuant to Rule 206 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure and Section 206 of the Federal Power Act ("FPA"), 16 U.S.C. §824e, Canandaigua Power Partners, LLC ("CPP") hereby files this Complaint against the New York Independent System Operator, Inc. ("NYISO"), seeking an order requiring the NYISO to interpret its Open Access Transmission Tariff ("Tariff") properly to create a Headroom account for certain system protection facilities that are qualifying System Upgrade Facilities ("SUFs") under its Tariff. In the alternative, if the Tariff is not interpreted by the Commission as suggested by CPP, the Tariff is unjust, unreasonable and unduly burdensome and the NYISO must make a Tariff filing implementing changes to Tariff Attachment S to properly calculate, credit and assess Headroom to system protection facilities under the NYISO's cost allocation process. The Commission should establish a refund effective date of June 18, 2008 under Section 206 of the FPA.

While CPP does not believe a Tariff change is necessary, as will be shown in more detail below, NYISO has sought to make clarifying changes to its Tariff. However, those changes have been caught up in committee issues not related substantively to the proposed changes. CPP cannot wait any longer for the NYISO to clarify its Tariff -- if the NYISO continues to

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improperly interpret its Tariff and the proposed changes are not implemented prior to approval of the Class Year 2007 cost allocation report, the fair and reasonable allocation of Headroom will not be made in the Class Year 2007, depriving CPP of contributions for substantial substation and related upgrades made to interconnect its wind facility in New York. As a result, CPP seeks the following relief. First, CPP seeks an order from the Commission finding that the NYISO has improperly interpreted its Tariff in such a way as to unduly discriminate against Developers sponsoring SUFs that do not meet the NYISO's narrow definition of a facility that is eligible as Headroom. Second, to the extent that the Commission believes that NYISO must make a Tariff change in order to remedy this unjust and unreasonable and unduly discriminatory Tariff, CPP seeks an order from the Commission requiring NYISO to make the requisite Tariff filing and establish a refund effective date that permits the Tariff changes to be implemented and applicable to the 2007 Class Year.

CPP also seeks fast track processing its Complaint. On June 19, 2008, the NYISO Operating Committee is scheduled to vote on the Class Year 2007 cost allocation report which will commence the "opt in" provisions of Attachment S. The Commission must rule expeditiously on this Complaint so that those members of Class Year 2007 can finalize the cost allocation report with certainty. In support of this Complaint, CPP submits as follows:

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I.
PARTIES

CPP is a developer of an approximately 82.5 MW wind facility currently under construction near Cohocton, New York (the "Project"). CPP is a member of the 2006 Class Year for cost allocation/study purposes. It has been negotiating an Interconnection Agreement with the NYISO and the Connecting Transmission Owner, New York State Electric & Gas Corporation ("NYSEG"). The Interconnection Agreement specifies the System Upgrade Facilities and Attachment Facilities necessary to interconnect the CPP facilities to the New York bulk transmission system. As a member of the 2006 Class Year, CPP has been allocated approximately $8 million in SUF costs, of which $3,060,000 are related to system protection facilities.[1]

CPP is a wholly owned subsidiary of First Wind Holdings, LLC, an independent North American wind energy company focused exclusively on the development, ownership and operations of wind energy projects.

NYISO is the regional transmission organization that administers the wholesale electric markets in New York. NYISO administers the Tariff and a Market Services Tariff ("Market Tariff"). NYISO also, as part of its Tariff duties, administers the generator interconnection process, via the Interconnection Procedures contained in Attachment X to the Tariff and the cost allocation rules contained in Attachment S.

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[1] CPP's affiliate, Canandaigua Power Partners II, LLP ("CPP II") is a member of Class Year 2007.

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II.
CORRESPONDENCE AND COMMUNICATIONS

All correspondence and communications with respect to this filing should be addressed to the following individuals, whose name should be included on the Official Service List compiled by the Secretary in this proceeding:

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III.
STATEMENT OF THE FACTS

NYISO administers the generator interconnection process via Attachments S and X of the Tariff. The interconnection process is generally orderly and is generally consistent with the Commission's *pro forma* interconnection procedures. The form of Interconnection Agreement included in the NYISO Tariff also is generally consistent with the Commission's *pro forma* agreement.[2]

A. NYISO Cost Allocation Process

Briefly, under Attachments S and X, after an Interconnection Request is deemed complete and the project is assigned a queue position, the Developer must contract for a

[2] *New York Independent System Operator, Inc.*, 97 FERC ¶ 61,118 (2001)(accepting Attachment S to the Tariff); *New York Independent System Operator, Inc.*, 108 FERC¶ 61,159 (2004)(conditionally accepting Attachment X).

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Feasibility Study.[3] At the time the Feasibility Study results are provided, the NYISO tenders to the Developer the System Reliability Impact Study ("SRIS") Agreement for execution.[4] The SRIS evaluates the impact of the proposed interconnection on the reliability of the New York State Transmission System. The SRIS must consider in the Base Case for the study, "all generating and merchant transmission facilities. . . that, on the date the SRIS is commenced: (i) are directly interconnected to the New York State Transmission System; (ii) are interconnected to affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnection to the New York State Transmission System; and (iv) have no Queue Position, but have executed a Standard Large Generator Interconnection Agreement. . . ." The SRIS consists of a short circuit analysis, a stability analysis and a power flow analysis. The SRIS results give a non-binding estimate of the transmission facilities required and their costs necessary for the individual project to interconnect with the NYISO bulk transmission system. These facilities are identified as either System Upgrade Facilities or Attachment Facilities.

Once the SRIS is completed, the SRIS results are presented to the TPAS committee, which makes a recommendation as to whether the Operating Committee should approve the SRIS.

Once the Operating Committee approves the SRIS, the Facility Study process can commence. Section 8.1 of Attachment X provides that a developer may execute a Facility Study Agreement 60 days prior to the commencement of the next class year study or any Eligible

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[3] It is possible that the Feasibility Study may be waived. NYISO Attachment X, Section 6.1.

[4] *Id.* at Section 7.1.

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Developer may sign a Facility Study Agreement.[5] An Eligible Developer is defined in the Tariff as a Developer that has opted out of a prior class year or a developer that meets the criteria for inclusion in a Class Year under Attachment S. The criteria are: (1) Operating Committee approval of an SRIS; and (2) a state regulator determination that a necessary permit application is complete.[6]

1. Facility Study

The Facility Study process is described in Attachment S. Pursuant to Attachment S, the NYISO studies all projects properly included in a Class Year in one, large study. The NYISO studies the effects of projects in the Class Year on the NYS bulk transmission system by comparing the Annual Transmission Baseline Assessment ("ATBA") against the Annual Transmission Reliability Assessment ("ATRA").[7] As part of the process, the NYISO updates each SRIS for each developer.[8] Upon completion of the study, the NYISO published a cost allocation report for the Class Year. Each Developer in the Class Year is provided information respecting the System Upgrade Facilities ("SUFs") and Attachment Facilities necessary to interconnect its project and the cost of those facilities.[9] The NYISO then commences an opt-in and opt-out process. Those who opt-in to the Class Year must post security and are bound to pay

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5 *Id.* at Section 8.1.

6 The criteria is identified in Section IV.G.9.c of NYISO Attachment S.

7 For a description of the ATBA, ATRA process, *see* Attachment S Sheet Nos. 663C through 669D.

8 Attachment S, Sheet No. 674.

9 SUFs are defined in the Tariff as: ". . . the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard." Attachment S, Sheet No. 659.

"Attachment Facilities" include Transmission Owner Attachment Facilities and Developer Transmission Facilities. Attachment Facilities collectively "include all facilities and equipment between the Large Generating Facility. . . and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Large Facility to the New York State Transmission System. Attachment S, Sheet No. 656. Attachment Facilities do not include SUFs. *Id.*

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their respective cost allocations.[10] Facilities associated with Developers who opt-in and become part of the cost allocation Class Year are included in the ATBA for the next Class Year.

In accordance with Attachment S, a Developer that accepts its cost allocation in a Class Year must post security "for the full amount of its respective Project Cost Allocation within 5 business days after the end of the Initial Decision Period or Subsequent Decision Period, as applicable."[11] Once posted, the Security is irrevocable and subject to forfeiture under certain circumstances if the Developer that posted the Security abandons the project.[12]

2. Headroom

The rules governing the creation of and compensation for Headroom – excess capacity created when a SUF is installed that is in excess to the Developer's needs – also reside in Attachment S. Headroom is defined in the Tariff as:

> In the case of any System Upgrade Facility that has been paid for by a Developer, the electrical capacity of the System Upgrade Facility that is in excess of the electrical capacity actually used by the Developer's generation or merchant transmission project.[13]

Attachment S expressly provides that:

> [if] a Transmission Owner or a Developer elects, for whatever reason, to construct System Upgrade Facilities that are larger or more extensive than the minimum facilities reliably required to interconnect the proposed project, then the Transmission Owner or Developer is responsible for the cost of those System Upgrade Facilities in excess of the minimum System Upgrade Facilities required by the Developer projects. If there is Headroom associated with these larger System

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10 The opt-in and opt-out process is described in Attachment S, Sheet Nos. 680 through 688.

11 Attachment S, Original Sheet No. 680A. Security can be "a bond, irrevocable letter of credit, parent company guarantee or other form of security from an entity with an investment grade rating, executed for the benefit of the Connecting Transmission Owner. . . ." *Id.*

12 Attachment S, Sheet No. 683.

13 Attachment S, Sheet No. 656A.

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> Upgrade Facilities and a Developer of any subject project interconnects and uses the Headroom within ten years of its creation, such subsequent Developer shall pay the Transmission Owner or the Developer for this Headroom in accordance with these rules...[14]

Thus, under NYISO's interpretation of its Tariff, under these rules, if a Developer pays for SUFs that create electrical capacity in excess of the electrical capacity actually used by its project, the Developer will be repaid the depreciated cost of the headroom by Developers of subsequent projects that use the Headroom. "Electrical capacity" is not defined in the Tariff, yet the NYISO considers "electrical capacity" to require the SUF to be allocable to Developers based on that Developer's a megawatt ("MW") or ampere use of the applicable SUF. Developers using Headroom must go through the same cost allocation procedures as every other Developer. However, rather than posting security after opting-into the Class Year, the Developer of a subsequent project is required to repay the prior Developer for use of Headroom as soon as the cost responsibilities of the subsequent Developer are determined.[15]

The NYISO maintains a Headroom account. NYISO has assessed developers in prior Class Years Headroom obligations that have been paid.

B. <u>CPP's Cost Allocation</u>

In the 2006 Class Year cost allocation report,[16] CPP has an obligation to construct a number of SUFs, totaling approximately $8 million. A number of these SUFs, especially, as relevant here, system protection facilities, are located within existing substations. The NYISO has identified a number of CPP-sponsored system protection facilities SUFs ("CPP SUFs") that

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[14] Attachment S, Sheet No. 670.

[15] *Id.*

[16] *See* Affidavit of Michael Jacobs in Support of Complaint ("Jacobs Affidavit"), Exhibit A.

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will be used by other Developers participating in the 2007 Class Year.[17] *But for* these CPP SUFs, Class Year 2007 Developers would not be able to interconnect unless they sponsored and paid for those identical facilities. These system protection facilities create electrical capacity as that term is commonly used and as should be applied by the NYISO. However, NYISO takes the view that these system protection facilities do not create "electrical capacity" so that these CPP SUFs are not eligible to be treated as Headroom under the Tariff. It is the view of the NYISO that in order to consider these system protection facilities as Headroom, NYISO must clarify its Tariff. Jacobs Affidavit at ¶ 9.

The CPP SUFs constructed as part of its obligations in the Class Year 2006 cost allocation report must be eligible for treatment as Headroom and each Class Year 2007 (and subsequent) Developer using the SUFs should pay to CPP a share of the costs of the SUFs in accordance with the Headroom accounting provisions in the Tariff. To do otherwise is to perpetuate an unjust and unreasonable rate that does not follow basic principles of cost causation.

C. Attempts to Clarify the Tariff

Recognizing that SUFs eligible to be treated as Headroom should not be limited to those facilities that create "electrical capacity," but somehow feeling bound to interpret "electrical capacity" unjustifiably narrowly, beginning in October 2007, NYISO prepared and circulated to TPAS proposed Tariff language changes that would afford system protection-related SUFs Headroom treatment. The Tariff sheets were generally supported in the committee process. The Tariff sheets were intended to be filed with the Commission and effective prior to completion of the Class Year 2007 cost allocation report. Jacobs Affidavit at ¶¶ 18-20.

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[17] These facilities are identified as "other SUFs" in CPP's Class Year 2006 cost allocation report.

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However, starting in January 2008, Transmission Owners seeking other, more controversial changes to the cost allocation rules of Attachment S held these Tariff changes to Headroom provisions hostage, preventing their approval by the Operating Committee, Management Committee and Board necessary for the NYISO to make the necessary FPA Section 205 filing in order to implement the Tariff changes.[18]

Finally, the log jam was broken and, at the TPAS meeting in May, 2008, the TPAS reached a consensus package of Tariff changes to send to the Operating Committee for approval. Included in the package are the applicable changes to the Tariff necessary to implement this important change. The Operating Committee is scheduled to vote on the Tariff changes on June 19, 2008. Jacobs Affidavit at ¶ 19. If all goes as planned, the Management Committee would approve the changes at its meeting on June 27, 2008 and the Board would approve the Tariff changes at its meeting on July 14, 2008. This means that, assuming that Tariff changes are necessary, the earliest the Tariff changes can be effective would be July 15, 2008, assuming: (1) that NYISO makes the filing with the Commission on the same day that the Board votes; and (2) the Commission grants waiver of the 60 day filing requirement.

Absent a finding that the NYISO is improperly interpreting its Tariff, a July 15, 2008 effective date of the Tariff provisions clarifying the Headroom provisions will be too late for the Tariff modifications to apply to the 2007 Class Year cost allocation report. This is because the Class Year 2007 report is scheduled to be approved by the Operating Committee at its June 19, 2008 meeting (the same date that the Operating Committee is set to approve the clarification of

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[18] Pursuant to the terms of the NYISO Agreement, in order for the NYISO to make modifications to the Tariff under FPA Section 205, the Tariff changes must be approved by both the Management Committee and NYISO Board of Directors. See Article 19 to the Independent System Operator Agreement, Composite Agreement reflecting Commission orders and filings through June 22, 2007.

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the Tariff deemed necessary). If the Tariff changes to properly reflect the benefits accruing to Developers associated with SUFs that were paid for by other Developers are not in place for the 2007 Class Year, it will result in an unjust and unreasonable windfall to those Developers that should pay Class Year 2006 Developers for SUFs which Class Year 2007 Developers will use and benefit. While it is likely that the Tariff provisions will be filed with the Commission after their approval by the NYISO Committees and the Board, CPP seeks an order from the Commission under FPA Section 206 that the current Tariff, while could be clarified, should be interpreted to consider as Headroom system protection facility and related SUF changes as creating "electrical capacity." In the event that the Commission considers the changes to be unnecessary, CPP seeks a finding of the Commission that the current Tariff is unjust and unreasonable as it applies to the NYISO's Headroom provisions in Attachment S of the Tariff. CPP then seeks establishment of an immediate refund effective date, thereby allowing NYISO's clarifying provisions, once found to be necessary to ensure a just and reasonable and not unduly discriminatory rate, to be implemented prior to the approval date by the Operating Committee of the 2007 Class Year cost allocation report. In this way, the modifications to the Tariff can be applied to the 2007 Class Year Developers and CPP will receive compensation for SUFs that it has funded and that will be used by other Developers.

IV.
ARGUMENT

A. The NYISO is Mis-Interpreting Its Tariff – System Protection-Related SUFs are Eligible for Headroom Treatment

The NYISO has taken a narrow view in its interpretation of its Tariff by limiting the availability of SUFs used by more than one Developer considered as Headroom by narrowly construing what constitutes "electrical capacity." This interpretation cannot stand and, by

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excluding SUFs that meet the *but for* standard, the NYISO is discriminating against certain Developers without justification. Moreover, such a narrow interpretation is at odds with the purpose of SUFs – to require a Developer to pay its "responsibility for the cost of the net impact of the interconnection of its project on the reliability of the transmission system." *New York Independent System Operator, Inc.*, 97 FERC ¶ 61,118 at 61,576 (2001). It is at issue with another provision of its Tariff, which expressly recognizes that the purpose of the cost allocation rules, including those that assess and collect for Headroom, is "to allocate to the Developer the responsibilities for the cost of the net impact of its project or the needs of the transmission system for System Upgrade Facilities." *See* Attachment S, Sheet No. 671.

The NYISO's interpretation of its Tariff is an important component of providing non-discriminatory open access transmission. Importantly, the NYISO's obligations extend to its practices – its interpretations of the Tariff. The Commission held in Order No. 888:"[w]e must determine whether any rule, regulation, *practice* or contract affecting rates for such transmission . . . is unduly discriminatory or preferential." *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities,* III FERC Stats. & Regs. Regulation Preambles 1991 – 1996 ¶ 31,036 at 31,669 (1996). The Commission must find that NYISO's interpretation is too narrow and results in an unjust, unreasonable and unduly discriminatory rate.

"Electrical capacity" is not a defined term in the NYISO Tariff. However, the intent of Headroom and a plain reading of the term must lead to the conclusion that SUFs eligible for Headroom treatment must include facilities such as system protection and related facilities that are capable of use by other Developers. Electrical capacity must include all SUFs that allow generation to be connected to the grid.

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"Electrical" is defined in the dictionary as: "of, relating to, or operated by electricity." "Capacity" is defined as: ""the potential or suitability for holding, storing or accommodating." *See* Merriam Webster's Collegiate Dictionary, Tenth Ed. SUFs such as system protection facilities clearly meet the plain meaning of the term "electrical capacity" as should be includable as Headroom under the NYISO Tariff. Jacobs Affidavit at ¶ 9.

The theory behind Headroom is consistent with this interpretation. Headroom was created so that Developers who were assigned cost responsibility for SUFs that were larger than necessary could be compensated by subsequent Developers who come along and use that capacity. This methodology is intended to ensure that Developers pay the costs that they caused. The Tariff expressly acknowledges this. *See* Attachment S, Sheet No. 670.

Under the NYISO's unduly narrow interpretation of its Tariff, it considers "electrical capacity" to require a SUF to be considered Headroom only if the facilities' use can be determined on a MW or ampere basis. Apparently, the interpretation is based on how the NYISO has, to date, allocated SUFs considered as Headroom and utilized by more than one Developer in prior Class Years. Thus, internally, and not pursuant to any explicit Tariff language, NYISO has allocated costs of Headroom based on the MW or ampere contribution of that Developer. NYISO believes that, system protection facilities cannot be allocated on a MW or ampere basis and therefore, cannot be considered as Headroom. Of course, these facilities' use can be allocated among Developers in any one of a number of ways, including on a MW or ampere basis.

NYISO has been chastised previously for taking a narrow interpretation of its Tariff. In *Hudson Transmission Partners, LLC v. New York Independent System Operator, Inc.*, 120 FERC

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¶ 61,179 (2007); *order denying reh'g*, 122 FERC ¶ 61,024 (2008), *appeal pending* ("*HTP*"), the Commission expressly found that the NYISO had too narrowly interpreted what it meant to provide "notice" to the NYISO. The NYISO argued that it interpreted its Tariff to mean that "notice" should be directly addressed to the NYISO. The Commission found that indirect notice can constitute notice under the Tariff and that NYISO's interpretation was too narrow and in error. *HTP* at P.55.

In this case, the NYISO is interpreting its Tariff to *create* unjust, unreasonable and unduly discriminatory results when a reasonable interpretation of electrical capacity does not so discriminate.

B. The Rates that the NYISO Applies to Headroom Allocation and Accounting Are Unjust and Unreasonable and Inconsistent with Principles of Cost Causation

A fundamental principle embodied in the Federal Power Act, caselaw and Commission precedent is that rates should be based on principles of cost causation. The Headroom allocation provisions in Attachment S as interpreted by the NYISO are not consistent with these fundamental principles and are, therefore, unjust and unreasonable. However, if the NYISO interpreted properly its Tariff, these unjust and unreasonable results would disappear. As the Commission noted in *California Independent System Operator, Inc.*, 108 FERC ¶ 61,022 at P. 62 (2004), "[a]s a general matter, the Commission believes that the entities that cause costs should pay for such costs." In addition, noting that it is not necessary for the entity to be solely responsible for the incurrence of the cost, the Commission stated in *California Power Exchange Corp.*, 106 FERC ¶ 61,196 at P.17 (2004) that: "[t]he well-established principle of cost causation requires that the costs should be allocated, where possible, to customers based on customer

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benefits and cost incurrence."[19] Finally, courts have looked to see whether this important principle has been applied by "comparing the costs assessed against a party to the burdens imposed or benefits drawn by that party." *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361 at 1368.

In this case, the Headroom accounting provisions as applied by the NYISO are inconsistent with cost causation principles. As currently in effect, SUFs that are larger than necessary to serve a Developer's Project are only considered to be Headroom if the SUFs create what the NYISO considers to be "electrical capacity." NYISO excludes from its interpretation of "electrical capacity" SUFs such as system protection facilities that are clearly shown and acknowledged by the NYISO to be used by other Developers. Thus, there are many SUFs that the NYISO believes do not create "electrical capacity" despite the fact that these SUFs allow another generator access to the bulk transmission system and that, but for the prior Developer's project, the new Developer would have to pay just as the prior Developer did.

The result of the NYISO's unduly discriminatory and unjust and unreasonable interpretation of its Tariff causes significant injury to CPP. CPP, a Class Year 2006 Developer, built a new system protection equipment, redundant support systems and new control houses to provide existing substations with the NYISO-required system protection equipment ("CPP SUF"). This system protection equipment cost CPP in excess of $3 million. CPP's investments for CPP SUFs will directly benefit a number of Developers in the 2007 Class Year. NYISO has made the determinations of which Developer will use the CPP SUFs and noted such in the

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[19] *See also, KN Energy, Inc. v. FERC*, 968 F.2d 1295 (D.C. Cir. 1992); *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004); *Pacific Gas & Electric Co.*, 100 FERC ¶ 61,160 (2002); *Midwest Independent Transmission System Operator, Inc.*, 108 FERC ¶ 61,163 (2004).

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preliminary draft of the Class Year 2007 cost allocation report, yet has not actually allocated a portion of the costs to the Class Year 2007 Developers and has not included those Headroom contributions in the proposed cost allocations to those affected Developers. The inability of the NYISO to allocate *costs* that are *caused* by a Developer clearly violates the fundamental cost causation principle and results in an unjust and unreasonable rate for CPP.

Without action imposing an obligation on the NYISO to allocate these system protection SUF costs from a prior Class Year that the NYISO arbitrarily has determined do not create electrical capacity but that are excess to the needs of the Developer paying for and constructing them that are then used by other Developers in a subsequent Class Year, CPP will lose the ability to receive compensation for the CPP SUFs. Subsequent Developers will receive a free ride – getting to use these CPP SUFs for free. The affect of this unjust and unreasonable rate results in an inability of CPP to collect from 2007 Class Year Developers approximately $900,000 for system protection facilities that will be used by 2007 Class Year Developers that were constructed by CPP.

Not only is the NYISO's interpretation of its Tariff at odds with Commission and FPA precedent, as well as its own Tariff, it is inconsistent with the treatment these types of facilities receive in other RTOs. Logically, other RTOs do not distinguish between SUFs (network facilities) based on whether or not they contribute excess electrical capacity. For example, in PJM, a Developer can receive compensation for facilities that others use. *See* PJM Open Access Transmission Tariff, Subpart C of Part VI, Section 219, Sheet Nos. 224PP-QQ.

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C. The Headroom Provisions of the Tariff as Interpreted by the NYISO are Unduly Discriminatory

Attachment S as it applies to Headroom-related issues described in this Complaint and as interpreted by the NYISO, is unduly discriminatory. The Tariff as interpreted by NYISO is unduly discriminatory because NYISO treats some Developers who build SUFs that the NYISO narrowly defines to create "electrical capacity" as eligible to receive Headroom credits and those Developers who build SUFs associated with system protection equipment (also creating electrical capacity) that are used by others cannot receive Headroom credit. There is no justification for treating these Developers differently.

Commission precedent is clear. Undue discrimination occurs "when there is a difference in rates or services among similarly situated customers that is not justified by some legitimate factor." *California Independent System Operator Corp.*, 121 FERC ¶ 61,286 at P.64 (2007). The NYISO's treatment of Headroom as between Developers who are similarly situated is inconsistent. The Developers are all Developers seeking to interconnect their projects to the NYS bulk transmission system. They are all participating through the NYISO cost allocation process in Attachments S and X. The NYISO has identified SUFs for each Developer. The cost of some SUFs are allocable by the MW contribution of the generator; some are allocable in a more *pro rata* fashion. The facilities required are all SUFs and are all available for use by more than one Developer. *But for* the facilities constructed in 2006 Class Year, the Class Year 2007 Developers would have to build the identical facilities. Yet, the SUFs determined by the NYISO to create excess capacity are eligible to be compensated by other Developers and those sponsoring and paying for system protection facilities are not.

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Not only is the Tariff unduly discriminatory as between Developers' rights to Headroom based on the type of SUF, but it is unduly discriminatory because the NYISO affords this allocation among Developers *within* a particular Class Year, just not *between* Class Years. Jacobs Affidavit at ¶ 12. This problem is particularly pernicious and allows Developers to improperly game the Attachment S cost allocation process.

For example, assume that two Developers, A and B are proposing projects of the same approximate size in the same region and will interconnect in the same substation. Assume that a new substation must be built and system protection equipment is required to be installed at the cost of $1,000,000 by the Class Year 1 cost allocation report. The NYISO will, in its cost allocation report, assess $500,000 for system protection equipment to Developer A and $500,000 to Developer B.

Now, assume that Developer B is participating in the next Class Year (Class Year 2). Under the Tariff as written today, Developer A would pay $1,000,000 and Developer B would pay $0. As a result of this clearly unfair allocation, Developers can easily game the Attachment S process. As indicated above, when each Developer receives its cost allocation, it may opt-in to the Class Year and post the required Security, or opt-out and not participate in that Class Year. A Developer, faced with an allocation of system protection equipment that it seeks to avoid, may opt-out of Class Year 1 and into Class Year 2 (or a subsequent year) and escape paying its fair share of the system protection facility costs. This opt-out would not prevent the opting-out Developer from signing an Interconnection Agreement and otherwise moving forward with its project – once a Developer is an Eligible Developer, under the Tariff, it may negotiate and

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execute an Interconnection Agreement.[20] In fact, as illustrated in the Jacobs Affidavit this is just what happened. One of the Developers initially in Class Year 2006 opted out of the 2006 Class Year and into Class Year 2007 and obtained a free ride at the expense of CPP which was left to pay for the system protection facilities by itself. Jacobs Affidavit at ¶ 10.

The NYISO could avoid this undue discrimination by interpreting its Tariff according to the plain meaning of the words and the intent of the interconnection cost allocation process established by the Commission and more broadly interpret "electrical capacity." Electrical capacity cannot be limited in the way that NYISO suggests. The Commission must order NYISO to interpret properly its Tariff to avoid unduly discriminating against certain Developers. However, to the extent that the Commission determines that Tariff changes are necessary in order to remedy this undue discrimination, Tariff sheets proposed by the NYISO to clarify the Headroom provisions must be implemented and the Commission must implement a refund effective date so that the Tariff changes can apply to Class Year 2007. These proposed changes are described in Part D below.

D. The Proposed Tariff Sheets Remedy the Unjust and Unreasonable Effects of the Current Rates

While the NYISO must interpret its Tariff in a just and reasonable and not unduly discriminatory manner, NYISO believes that clarification of its Tariff is necessary in order to treat SUFs consistently for Headroom purposes. According to the NYISO, rather than interpreting reasonably its Tariff, it must modify the Tariff to correct this unjust, unreasonable and unduly discriminatory result. In fact, the NYISO has already developed Tariff Sheets that remedy the deficiency. These changes, shown on Exhibit I to the Jacobs Affidavit are modest

[20] Attachment X, Sheet No. 789.

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and allow Headroom accounts to be created for SUFs that create "functional or electrical capacity" excess to the needs of the sponsoring Developer. These changes would be sufficient to enable Developers such as CPP to obtain compensation for the system protection facilities SUFs. However, because of the timing of the course of approval of these Tariff sheets, without granting this Complaint, these critical Tariff changes proposed by NYISO will not be in effect in time for the changes to be applied to the 2007 Class Year.

As currently scheduled, the Class Year 2007 cost allocation report is scheduled on the agenda for the Operating Committee's June 19, 2008 meeting. That is the same day that the necessary Tariff sheets are slated for approval by the Operating Committee. However, in order for the NYISO to make a FPA Section 205 filing to propose these necessary changes, not only must the Operating Committee approve of the Tariff changes, but the Management Committee and NYISO Board must also approve the changes. The timing of these approvals makes it impossible for these Tariff changes to be approved by the NYISO Committees and Board and filed with the Commission prior to the approval of the Class Year 2007 cost allocation report, which, at this time, does not allocate any costs as Headroom except as to those SUFs that create electrical capacity.

Thus, if the Commission determines than, rather that properly interpret its Tariff, the NYISO must modify its Tariff in order to eliminate this unjust, unreasonable and unduly discriminatory effect on Developers, establishment of an immediate refund effective date and an order to impose these Tariff changes to the Class Year 2007 cost allocation report is critical to ensuring that all Market Participants pay their fair share and that the rates are consistent with cost causation principles.

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E. The Commission has the Authority to Remedy the Unjust and Unreasonable Rates

The Commission possesses the authority to remedy the unjust, unreasonable and unduly discriminatory rates existing today. The Commission has ample authority to remedy rates as unjust and unreasonable by ensuring that the NYISO interprets properly its Tariff or, in the alternative, by imposing a just and reasonable rate. In this case, the just and reasonable rate exists – the NYISO refuses to interpret reasonably its Tariff to apply Headroom in accordance with the intent of the Tariff and consistent with the philosophy behind Developers' payment of SUFs. A reasonable interpretation of the Tariff would ensure that all Developers pay for the facility costs that they cause via interconnection of their project to the NYS Bulk Transmission System. Thus, the Commission should find that a proper interpretation of its Tariff results in treatment of system protection facilities as eligible Headroom, requiring the NYISO to assess Class Year 2007 Developers their fair share of costs associated with SUFs constructed by Class Year 2006 Developers. Once the Commission determines that the NYISO has not been interpreting its Tariff properly, the Tariff provisions will be applicable to Class Year 2007. *See e.g.*, *Quest Energy, LLC v. Detroit Edison Company*, 106 FERC ¶ 61,227 (2004).

In the event that the Commission agrees with NYISO's view that a Tariff change is required, implementation of the Tariff changes circulated by the NYISO to clarify that all such SUFs are eligible for Headroom treatment must be ordered to be filed and the Commission must establish a June 18, 2008 refund effective date to allow those Tariff changes to be applicable to Class Year 2007. The NYISO's filing to make these clarifying Tariff changes has been delayed in the Committee process not because the Tariff language faces opposition, but because the Transmission Owners held the language hostage while they attempted to have the NYISO implement other changes to Attachment S.

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In addition, no hearing is necessary to determine as just and reasonable rate, because the "fix" to the unjust and unreasonable rate has already been designed and is poised to be approved by the Operating and Management Committee and by the NYISO Board. CPP, however, seeks an order from the Commission to implement the Headroom provisions effective and applicable to the 2007 Class Year. Establishment of a June 18, 2008 refund effective date will allow the changes to be applied as required.

The Commission has granted similar relief in the past. For example, in the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO"), the Commission determined that the Revenue Sufficiency Guarantee ("RSG") rate and methodology was unjust and unreasonable. *Ameren Services Co. v. Midwest Independent Transmission System Operator, Inc.*, 121 FERC ¶ 61,205 (2007), *reh'g pending*. Despite the fact that, at the time, the Midwest ISO committee process to change the rate was underway, the Commission established a refund effective date and directed the Market Participants to expeditiously develop and the Midwest ISO file a new RSG rate. Failure to promptly derive an agreeable rate would result in a hearing to determine the just and reasonable RSG rate.

In this case, a refund effective date is similarly applicable. However, unlike the Midwest ISO RSG example, in the case of the NYISO, the Committee process has resulted in a consensus Tariff filing. However, the filing of the Sheets and the effective date will be too late for the provisions to be applied to the 2007 Class Year, despite the intention of the parties at the time the Tariff provisions were designed.

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Finally, all parties participating in the Class Year 2007 cost allocation process have been on notice that the Tariff changes to Headroom were proposed and were intended to apply to Class Year 2007. *See* Jacobs Affidavit at ¶¶ 17-20.

F. The Commission has Primary Jurisdiction to Handle This Dispute

The Commission has primary jurisdiction to rule on this dispute. While the Commission may, under certain circumstances defer contract-related matters to state courts, under the *Arkla* precedent[21], the Commission must assert jurisdiction over this matter. In *Arkla,* the Commission has articulated a three part test for determining when a matter is within its jurisdiction or when a matter is better handled by a court. In *Arkla*, the Commission stated:

> Whether the Commission should assert jurisdiction over contractual issues otherwise litigable in state courts depends, we think on three factors. Those factors are: (1) whether the Commission possesses some special expertise which makes the case peculiarly appropriate for Commission decision; (2) whether there is a need for uniformity of interpretation of the type of question raised in the dispute; and (3) whether the case is important in relation to the regulatory responsibilities of the Commission.

Arkla, 7 FERC at 61,322. In this case, the three prong *Arkla* test is met. First, the Commission possesses special expertise which makes it appropriate to address the issues raised here. The dispute centers around the interpretation of Attachment S to the NYISO Tariff.

In addition, uniformity of result is important here. This provision will apply to all Class Years, including Class Year 2007. CPP seeks compensation from other Developers pursuant to the Headroom provisions of the Tariff and this new language would apply to all relevant interconnection customers. Finally, this matter lies within the specific expertise of the

[21] *Arkansas Louisiana Gas Company*, 7 FERC ¶ 61,175, *reh'g denied*, 8 FERC ¶ 61,031 (1979) ("Arkla").

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Commission to ensure that the Tariff is applied on a non-discriminatory basis at just and reasonable rates for all customers. In sum, the *Arkla* standards have been met.

V.
OTHER INFORMATION REQUIRED BY COMMISSION RULES

Pursuant to Rule 206, CPP respectfully states:

1. As set forth in this Complaint, NYISO's Tariff is unjust and unreasonable and unduly discriminatory because it treats Developers paying for SUFs that are in excess to a Devleoper's project differently based on whether the facility creates excess capacity or is a system protection facility.
2. Commission action is required because CPP has suffered financial harm as a result of NYISO's refusal to include in the 2007 cost allocation report prepared under Attachments S and X, cost allocations associated with system protection facilities paid for by 2006 Class Year Developers.
3. There are no other complaints or proceedings involving this issue.
4. CPP estimates that, without this relief, certain Developers will receive a windfall of approximately **$900,000** at the expense of CPP, which paid for the system protection equipment (as well as a substation) as part of the 2006 Class Year cost allocation process.
5. CPP has not availed itself of the FERC Enforcement Hotline. CPP has not availed itself of the dispute resolution provisions of the NYISO Tariff. First, this matter involves fundamental issues relating to the just and reasonableness of the NYISO Tariff. It does not relate to a service or typical dispute for which the dispute resolution provisions relate. In addition, the need for prompt resolution and the

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alternative need for a refund effective date would not permit relief required in the CPP to first utilize the dispute resolution provisions. Finally, CPP has worked with the NYISO on this issue for many months. NYISO's position is clear and unlikely to be changed by further proceedings at the NYISO level.

6. CPP is not opposed to utilizing alternative dispute resolution, however, it is unlikely that, without a Commission order establishing a refund effective date, the relief requested by CPP may not be attainable using ADR.

7. CPP requests fast track processing of this complaint, pursuant to Rule 206(b)(11) and 206(h) of the Commission's Rules of Practice and Procedure. In support of its request, CPP states that resolution of this matter must be achieved quickly because the NYISO Tariff changes requested by CPP must be implemented prior to approval of the 2007 cost allocation report. Because the 2007 report is scheduled to be approved by the Operating Committee on June 19, 2008, the July 15, 2008 effective date of the Tariff sheets clarifying the Headroom provisions will be too late for those modifications to apply to the 2007 cost allocation report. Consequently, the standard complaint procedures are inadequate.

VI.
CONCLUSION

CPP requests that the Commission issue an order finding that the NYISO is misinterpreting its Tariff by too narrowly defining what types of SUFs are eligible to be considered Headroom and that the provision is unjust, unreasonable and unduly discriminatory in order that CPP an other Developers paying for system protection equipment can be lawfully compensated. In the alternative, the Commission should find that the NYISO Tariff as it relates to Headroom is unjust, unreasonable and unduly discriminatory. In the case of the first

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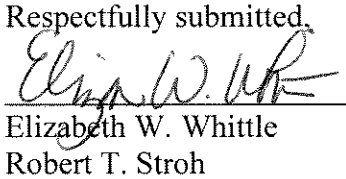
alternative, CPP requests that the Commission require SUFs for system protection-related facilities such as those constructed by CPP be considered Headroom so that it can be properly compensated. With respect to the second alternative, CPP requests that the Commission order the NYISO to modify the Tariff as described herein and in that order establish a June 18, 2008 refund effective date.

Respectfully submitted,



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ewhittle@nixonpeabody.com (e-mail)

Dated: June 17, 2008

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Canandaigua Power Partners, LLC	)	
	)	
v.	)	**Docket No. EL08-**
	)	**Fast Track Processing Requested**
New York Independent System Operator, Inc.	)	
	)	

AFFIDAVIT OF MICHAEL JACOBS
IN SUPPORT OF COMPLAINT

1. My name is Michael Jacobs, and I am currently Vice President, Transmission for First Wind Energy, LLC ("First Wind").

2. I have been employed by First Wind and its predecessor company, UPC Wind Management, LLC since March 2007. Prior to employment at First Wind, I was employed by the American Wind Energy Association in various capacities. My responsibilities at First Wind include: management of interconnection procedures, ISO affairs, and wind integration with electric power systems.

3. This affidavit is submitted to the Federal Energy Regulatory Commission ("Commission") in support of the Complaint in this docket by First Wind's affiliates, Canandaigua Power Partners, LLC ("CPP") against the New York Independent System Operator, Inc. ("NYISO"). In this Complaint, CPP seeks an order from the Commission finding either: (1) that the NYISO is misinterpreting its Tariff by so narrowly defining what types of System Upgrade Facilities ("SUFs") are eligible to be considered Headroom that the provision is unjust, unreasonable and unduly discriminatory; or (2) the NYISO Tariff as it relates to Headroom is unjust, unreasonable and unduly discriminatory. In the case of alternative (1), CPP seeks an order from the Commission requiring SUFs for system protection-related facilities such as those

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constructed by CPP be considered Headroom. With respect to alternative (2), CPP seeks an order from the Commission that the Tariff must be modified and seeks an order establishing a refund effective date.

4. My Affidavit contains 9 exhibits.

5. CPP is developing an approximately 82.5 MW wind generating facility currently under construction near Cohocton, New York (the "Project"). Pursuant to the NYISO's interconnection process, found in NYISO Tariff Attachments S and X, CPP is a member of the 2006 Class Year for cost allocation/study purposes. It has been negotiating an Interconnection Agreement with the NYISO and the Connecting Transmission Owner, New York State Electric & Gas Corporation ("NYSEG"). The Interconnection Agreement specifies the System Upgrade Facilities and Attachment Facilities necessary to interconnect the CPP facilities to the New York bulk transmission system.

6. As a member of the 2006 Class Year, CPP has been allocated approximately $ 8 million in SUF costs, of which $ 3,060,000 are related to system protection facilities. These system protection facilities are classified as SUFs and are necessary for projects to connect to the New York State bulk transmission system.

7. In developing the Project as well as other wind projects actively in the NYISO's interconnection queue, I have been very active in the NYISO interconnection processes, including participating actively in the Transmission Planning Advisory Subcommittee ("TPAS") of the NYISO Operating Committee. One of the items that has been the subject of TPAS meetings is consideration of changes to Attachment S the NYISO Tariff to clarify the NYISO's Headroom accounting provisions.

8. Headroom is defined in the NYISO Tariff as:

> In the case of any System Upgrade Facility that has been paid for by a Developer, the electrical capacity of the System Upgrade Facility that is in excess of the

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electrical capacity actually used by the Developer's generation or merchant transmission project.

9. NYISO takes the position that in order to allow certain of CPP's SUFs associated with system protection facilities as "electrical capacity" and eligible for inclusion as Headroom, Tariff changes are needed. While electrical capacity is not defined in the Tariff, NYISO staff treats as facilities eligible for Headroom treatment only those that are allocable on a megawatt ("MW") or ampere basis. *See* Attachment S, Sheet No. 676. Thus, an SUF for a circuit breaker is treated as eligible for Headroom (so long as its total MW or ampere use is not used by the Developer's facility). NYISO takes the position that system protection equipment cannot be allocated based on MW or amperes, therefore, there is no way to allocate these costs without a Tariff change.

10. In Class Years 2006 and 2007, NYISO has allocated the costs of system protection facilities among the Developers within the Class Year. System protection facilities identified in Class Year 2006 were allocated to Developers within Class Year 2006. System protection facilities identified in Class Year 2007 were allocated to Developers within Class Year 2007. However, system protection facilities identified in Class Year 2006 that were necessary to interconnect Class Year 2006 Developers and that also allow the interconnection of Class Year 2007 and subsequent Class Year Developers are not counted as Headroom for future Class Years. As a result, Class Year 2006 Developers are not able to collect a contribution to those costs from Class Year 2007 Developers using those Class Year 2006 facilities. Class Year 2007 Developers get a free ride and free use of these facilities.

11. Of the approximately $8 million in SUFs to be funded by CPP, approximately $3 million should be eligible for treatment as Headroom. These facilities are system protection facilities. They are facilities that may, and in some cases will be used by other generators interconnecting to the New York State bulk transmission system in the vicinity of the Project. In

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fact, certain identified members of the 2007 Class Year will utilize some of these SUFs. CPP should be entitled to approximately $1 million in contributions from Class Year 2007 Developers.

12. As the NYISO implements its Tariff, it allows Developers to game the Attachment S system by escaping the obligation to pay for facilities such as system protection facilities. Because allocations of system protection facilities are assessed among Developers *within* the Class Year but not among Developers in *different* Class Years, a Developer can opt out of one Class Year and into the next Class Year and avoid paying for the necessary facilities. In fact, as shown by the Attached Class Year 2006 reports, that is exactly what happened.

13. In the Class Year 2006 cost allocation report approved by the NYISO Operating Committee, CPP was allocated a share of the system protection facilities. CPP opted into the Class Year; the other Developer opted out. When the NYISO re-ran the cost allocation study as required by Attachment S, the entire cost of the system protection facilities fell to CPP. The Developer that opted out of Class Year 2006 opted into Class Year 2007 and has been assigned NO cost responsibility for a share of these system protection facilities. This Developer was able to use the Attachment S process to escape a fair share of its obligation for SUFs clearly required by the NYISO and good utility practice.

14. Attached to my Affidavit as Exhibits A through C, are the relevant cost allocation reports. Exhibit A is an excerpt of the Class Year 2006 report as approved by the Operating Committee. Exhibit B is an excerpt of the revised Class Year 2006 cost allocation report reflecting the Developer's opt out. Exhibit C is the Class Year 2007 cost allocation report draft that will be submitted to the NYISO Operating Committee on June 19, 2008 showing a $0 cost allocation for Headroom. Note that I have included excerpts of these studies. The full studies are on the NYISO's website. However, the site is password protected and these documents are

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not generally available. In order to not inadvertently release confidential information, I have attached only relevant pages.

15. I disagree with the NYISO's interpretation that precludes SUFs such as system protection facilities from being eligible for Headroom treatment. "Electrical" is defined in the dictionary as: "of, relating to, or operated by electricity." "Capacity" is defined as: ""the potential or suitability for holding, storing or accommodating." *See* Merriam Webster's Collegiate Dictionary, Tenth Ed. SUFs such as system protection facilities clearly meet the plain meaning of the term "electrical capacity" as should be includable as Headroom under the NYISO Tariff. To date, in the 2006 and 2007 cost allocation reports, NYISO refers to these SUFs as "other SUFs."

16. The NYISO refuses to treat system protection facilities as Headroom because they cannot be allocated by MW or amperes basis, yet the NYISO could develop an allocation method that allocates the costs of system protection equipment by MW or amperes, based, for example on the Developer's overall effect on the bulk transmission system. The allocation methodology is simply not dispositive as to whether the facilities create electrical capacity. In addition, and importantly, it just isn't true that system protection facilities cannot be allocated based on MW or amperes. These facilities can be allocated to and among Developers in many ways, including pro rata, or by the MW of the facilities being interconnection. What is important to keep in mind is that these system protection facilities are necessary for the interconnection of the project – they are *but for* facilities.

17. The Point of Interconnection substation for a Developer's new project must communicate with the protection equipment at the existing substations at both terminals of the transmission line that is used by the Project. The system protection SUFs are built at the existing substations to upgrade and coordinate the communication of the protection systems. Any

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amount of new generation connected through the new Point of Interconnection facilities on the transmission lines that terminate at the existing substation can use the system protection SUFs and, in fact, must use the facilities or build their own. This is why the NYISO commissioned as part of the Class Year 2007 cost allocation report, study of the use by Class Year 2007 Developers' projects of the Class Year 2006 SUFs. Because the Tariff sheets implementing what NYISO believes must be done in order for system protection equipment SUFs to be considered Headroom were not implemented in time to be applicable to Class Year 2007, the NYISO never completed the study showing the exact cost impact of the Class Year 2006 SUFs on Class Year 2007 Developers. A copy of an excerpt from the System Protection Facility Study is attached as Exhibit D.

18. While I disagree that the Tariff needs to be modified, because SUFs such as system protection equipment create electrical capacity as that term is commonly defined, and should be considered Headroom, CPP worked with the NYISO and other parties in TPAS to develop the necessary Tariff language to make it explicitly clear that SUFs such as system protection facilities can be afforded Headroom treatment under the Tariff. At the time these changes were proposed, it was the intent of the NYISO and the other TPAS members interested in the issue that the Tariff clarifications would be in place and applicable to Class Year 2007.

19. The implementation and approval of the Tariff language was delayed not because there was opposition to the Tariff sheets, but because the proposed changes were held hostage by the Transmission Owner sector which refused to support the Headroom changes without consideration of other, more controversial changes. As a result, the following meetings and developments took place.

20. As the October 3, 2007 TPAS minutes show, changes to the Tariff to clarify the Headroom provisions were raised at this meeting. Transmission Owners also raised the issues

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that they wanted changed. On October 9, 2007, UPC (now First Wind) filed comments in support of the Headroom Tariff changes. A copy of these minutes are attached as Exhibit E.

21. TPAS dealt with Attachment S-related changes, including Headroom changes and those sought by the Transmission Owners at its November 8, 2007, December 20, 2007 and January 10, 2008 meetings.

22. On January 28, 2008, the Headroom Tariff changes appeared on the Agenda for Operating Committee discussion. The Transmission Owner-sought changes were not on the agenda. A copy of these minutes are attached to my Affidavit as Exhibit F.

23. At the January 28, 2008 Operating Committee meeting, the motion to approve the Headroom-related Tariff changes did not pass. 53.75% affirmative vote was recorded. The Transmission Owners opposed the Headroom changes.

24. On February 11, 2008, at a joint meeting with TPAS and IITF, both the Headroom Tariff changes and those sought by the Transmission Owners were discussed. These issues were also discussed at the March 11, 2008 TPAS/IITF meeting. A copy of the Agenda is attached to my Affidavit as Exhibit G.

25. At the April 17, 2008 Operating Committee meeting, NYISO Staff reported that TPAS continued to work on changes to Attachments S and X. Also in April 2008, IITF discussed deliverability-related issues. A copy of the TPAS Report is attached to my Affidavit as Exhibit H.

26. At the June 6, 2008 TPAS meeting, the NYISO and TPAS members packaged consensus changes to the Tariff, which include the Headroom changes and another package (sponsored by the Transmission Owners) for separate discussion.

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27. It is critical to note that the Headroom-related Tariff sheets were not modified from their introduction in January 2008 until today. The proposed Tariff sheets are included as Exhibit I to my Affidavit.

28. The Tariff changes in the consensus package and the Transmission Owner-sponsored changes are now scheduled for consideration at the June 19, 2008 Operating Committee Meeting.

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Further affiant sayeth not.

Michael Jacobs, being first duly sworn, deposes and says that the foregoing Affidavit is true and correct to the best of his knowledge, information and belief.

Michael Jacobs

Sworn to before me
this 17 day of June 2008

Priscilla Bossard
Notary Public

PRISCILLA BOSSARD
Notary Public
Commonwealth of Massachusetts
My Commission Expires
September 11, 2009

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EXHIBIT A

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NEW YORK INDEPENDENT SYSTEM OPERATOR

Facilities Study for Class 2006:
Part 2 - System Upgrade Facilities

Annual Transmission Baseline Assessment
And
Annual Transmission Reliability Assessment

Prepared by:

NYISO Staff

May 2, 2007

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5.3.8 UPC Canandaigua I and Invenergy High Sheldon

UPC Canandaigua I project will tap the Meyer-Avoca-Hillside 230 kV circuit to create a new substation. Invenergy High Sheldon will tap the Stolle Rd-Meyer 230 kV circuit to create a new substation. As a result, modifications to Stolle Rd, Meyer, and Hillside 230 kV substation will be required in order to accommodate the new substations.

NYSEG/RG&E and NYISO's consultant were working together to complete the Attachment Facilities studies for the projects. NYSEG/RG&E estimated that the SUFs cost at Stolle Rd, Meyer and Hillside 230 kV substations will be $1,639,000, $2,588,000, and $995,000, respectively. For more details of the cost estimate, see the Canandaigua I and High Sheldon Attachment Facilities reports, 070327 CS Facilities Study.pdf and 070327 HS Facilities Study.pdf.

Based on the information provided in the reports, the SUFs cost at Stolle Rd 230 kV substation is solely responsible by the High Sheldon project. The SUFs cost at Hillside 230 kV substation is solely responsible by the Canandaigua I project. Some of the SUFs

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cost at the Meyer 230 kV substation will be shared among the two projects and some of the SUFs cost will be solely responsible by a particular project.

Of $2,588,000 SUFs cost at Meyer 230 kV substation, $523,000 will be solely responsible by the Canandaigua I project and $523,000 will be solely responsible by the High Sheldon project. The remaining $1,542,000 will be shared equally between the two projects.

Based on the above discussion, Canandaigua I project will be responsible for $2,289,000 and High Sheldon project will be responsible for $2,933,000.

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EXHIBIT B

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NEW YORK INDEPENDENT SYSTEM OPERATOR

Addendum to Facilities Study for Class 2006 Part 2 – System Upgrade Facilities

First Revised Part 2 – System Upgrade Facilities
Annual Transmission Reliability Assessment

Prepared by:

NYISO Staff

June 25, 2007

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2.4.2 SUFs Identified via Attachment Facilities Studies

Since some of the Project Developers did not accept their cost allocation during the "Initial Decision Period", the cost allocation of SUFs that are required to be replaced, upgraded or built in order for Class Year projects to reliably interconnect into the system will be changed for the Canandaigua I project. As identified in the Canandaigua I Attachment Facilities report, 070327 CS Facilities Study.pdf, Canandaigua I is solely responsible for the SUFs cost at Hillside and Meyer 230 kV substations. Their cost responsibility will be $3,060,000 instead of $2,289,000 as described in the original study.

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EXHIBIT C

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NEW YORK INDEPENDENT SYSTEM OPERATOR

Facilities Study for Class 2007 Projects: Part 2 - System Upgrade Facilities

Annual Transmission Baseline Assessment

Annual Transmission Reliability Assessment

Draft 4
June 12, 2008

Prepared by: NYISO Interconnection Projects Staff

5.5. CY07 projects - SUF cost per project summary

Table 5.5.1 summarizes the SUF cost estimates per Class Year 2007 project.

Table 5.5.1 CY07 projects SUF cost estimates ($)									
SUFs (major elements and categories)	NYSEG projects					NYPA projects			VOA/N Grid
	High Sheldon	Dairy Hills	Wethersfield	Canandaigua II	Howard	Clinton II	Ellenburg II	Chateauga y	Bliss II
Part 2 Studies: SUF cost estimates ($)									
New SUFs	0	0	0	0	0	0	0	0	0
Headroom SUFs	0	0	0	0	0	0	0	0	0
Total Part 2	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
Part 1 Studies: SUF cost estimates ($)									
SUF at POI (e.g.: 3 breaker ring substation, tap, etc)									
Transmission Work at the Point of Interconnection									
Protection SUF at each POI									
Protection SUF at remote ends, as applicable	**Stolle Rd 230 kV: 1,639,000** / 3 projects								
	Meyer 230 kV (New Protection SUF): **457,000**/ 3 projects								
	Bennett 115 kV								
	Bath 115 kV								
Total Part 1									
Total Part 1 and Part 2									

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EXHIBIT D

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System Protection Study for Class Year 2007 (CY07) Wethersfield, Dairy Hills, High Sheldon and Canandaigua II Projects

System Upgrade Facilities (SUF)

Point of Interconnection (POI):
NYSEG's Stolle Rd – Meyer 230 kV Line (No. 67)
NYSEG's Meyer – Hillside 230 kV Line (No. 68)

Draft: 02

Date: 01/24/08

Prepared by: **TRC** for New York Independent System Operator (NYISO)

Contribution and Review by: NYSEG, NYISO, Noble Wethersfield Windpark, LLC, Invenergy Wind LLC, UPC Wind Management, LLC, Dairy Hills Wind Farm, LLC

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System Protection Study for Class Year 2007 (CY07) Wethersfield, Dairy Hills, High Sheldon, and Canandaigua II Projects
System Upgrade Facilities (SUF)

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System Upgrade Facilities (SUF)

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System Protection Study for Class Year 2007 (CY07) Wethersfield, Dairy Hills, High Sheldon, and Canandaigua II Projects
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   1.4. Substation Control House Layout Drawing – (By Transmission Owner)

2. Reference Drawings – (By Transmission Owner)
   2.1. AC/DC Station Service Connection Diagram
   2.2. AC Panel – Connection Diagrams
   2.3. DC Panel Connection Diagrams
   2.4. 230 kV Structures with Bills of Materials
   2.5. EHV Connector Drawings

Appendix B – NYSEG Engineering Notes – By TRC
1. Stolle Road 230 kV Substation
2. Meyer 230 kV Substation
3. SUF at POI Substations

Appendix C – NYSEG System Protection Requirements (SPR) – By TRC
1. Stolle Road 230 kV Substation
2. Meyer 230 kV Substation
3. SUF at POI Substations

Appendix D – Study Schedule – (By TRC)
1. Stolle Road 230 kV Substation
2. Meyer 230 kV Substation
3. SUF at POI Substations

System Protection Study for Class Year 2007 (CY07) Wethersfield, Dairy Hills, High Sheldon, and Canandaigua II Projects System Upgrade Facilities (SUF)

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2. Meyer 230 kV Substation
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Appendix F –230 kV Substation Codes and Standards

Appendix G - NYSEG Substation Engineering and Design Reference Manual

Appendix H - NYSEG Substation Design Standards Manual
1. Section SC – Conduit Details
2. Section SF – Foundation Details
3. Section SG – Grounding Details
4. Section SM – Standard Substation Modules
5. Section SUO – G/A Operating Standards
6. Section SUS – General Arrangement Details

Appendix I - NYSEG 230 kV Substation Installation Specification (SP-1757-230)
1. Above Grade Grounding Installation Specification
2. Above-Grade Conduit Installation Specification
3. Substation Structure Installation Specification
4. Bus work and Insulator Installation Specification
5. Disconnect Switch Installation Specification
6. Installation Specification for Fault Interrupting Devices
7. Instrument Transformer Installation Specification
8. Switchboard and Panel Installation Specification (SP-1782)
9. Control Cable Installation Specification (SP-1781)

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System Protection Study for Class Year 2007 (CY07) Wethersfield, Dairy Hills, High Sheldon, and Canandaigua II Projects
System Upgrade Facilities (SUF)

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5. Protection & Control Switchboard Specification SPR-884
6. Station Battery Specification SP-1315
7. Power and Control Cable for Substation Use SP-1319
8. Motor Operator, High Voltage & EHV Switch SP-1689

Appendix K - NYSEG Construction Standard Specifications
1. Site Development Standard SP-1442
2. Materials Specification For Concrete TD-1070
3. Foundations Standard Requirements Sp-1445
4. Substation Grounding Installation Specification SP-1496
5. Structures Material Requirements For Substation Structures SP-1252

Appendix L – NYSEG CADD Standards
1. Vendor Drawing Documentation SP-1712
2. CAE/CADD Standard Procedure
3. CADD Drawing Naming Convention

Appendix M –230 kV Commissioning Checklists – (By TRC)

Appendix N – NYSEG Approved Supplier Lists

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1.3. **Protection SUF at Meyer Substation**

1.3.1. **Headroom Protection SUF** – Headroom Protection SUF refers to functional or electrical capacity created by a prior Class Year Developer that is beyond what is needed for the prior Class Year Developer Project. The Meyer 230 kV Substation system protection upgrades for transmission line No. 68 were identified previously as an SUF related to Class Year 2006 project Canandaigua I and as such, system protection upgrade work for transmission line No. 68, including the construction of a new control house and the addition of three (3) new Coupling Capacitor Voltage Transformers on the 230 kV bus at Meyer will be completed there. The new Meyer control house will house all 230 kV protection elements associated with both transmission Line No. 67 and transmission Line No. 68. Availability of physical space in the new control house was evaluated for this Study and the conclusion is that there is sufficient space at the new Meyer control house to accommodate the required system protection equipment for the applicable Class Year 2007 projects that interconnect to transmission line No. 67 and an additional control house will not be required. The Meyer Substation Protection upgrades associated with Line No.68 for the Canandaigua I project will accommodate the Class Year 2007 Canandaigua II project and no additional protection upgrades for Line No.68 will be required.

1.3.1.1. **Estimated Cost** - (See Appendix E for details). The estimated cost for constructing the above identified Meyer Protection System Upgrades, paid for by Class Year 2006 Canandaigua I, is $1,226,000. This estimate was prepared using 2007 constant dollars which are defined earlier in this Study. Any related reimbursement of this cost and allocation between the Class Year 2007 projects will be determined by NYISO based on the input provided by this Study.

1.3.2. **New Protection SUF** – Additional protection required beyond those created by a prior Class Year Developer for a prior Class Year Developer Project, or beyond what the existing system can accommodate. This category includes the line protection upgrades required at the Meyer 230 kV Substation for the Class

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EXHIBIT E

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Transmission Planning Advisory Subcommittee

(TPAS Meeting #112)

October 3, 2007 – 9:00 AM – 4:00 PM

NYISO KCC • 10 Krey Blvd., Rensselaer, NY

RSVP is required to lbullock@nyiso.com

Call in Number: 866-280-1753 • Participant Code: 51835605

MEETING AGENDA – Revised 9/28/07

1. **Administrative Matters** — Marczewski/Corey
   - 1.1 Introductions
   - 1.2 Review of Agenda – Meeting Objectives
   - 1.3 Review of meeting Minutes: April 19, May 31, June 26, and August 2, 2007
   - 1.4 Action Items
   - 1.5 Next Scheduled Meeting (To Be Determined)

2. **Chairman's Report**
   - 2.1 Correspondence
   - 2.2 Operating Committee Feedback

3. **Studies Under Consideration for Recommendation for OC Approval**
   - 3.1 (none)

4. **Review of Study Scopes**
   - 4.1 QP#206 – Hudson Transmission Partners / Hudson Transmission (revised) – SRIS
   - 4.2 QP#219 – NRG Energy, Inc. / Huntley – SRIS
   - 4.3 QP#232 – Hess Corporation / Bayonne Energy Center – SRIS
   - 4.4 QP#243 – Astoria Energy, LLC / Astoria Uprate (revised) – SRIS
   - 4.5 QP#247 – RG&E / Russell Station – SRIS
   - 4.6 QP#253 – Marble River, LLC / Willis-Plattsburgh Wind Farms Combined SPS – SIS

5. **Review of Projects Re: New Interconnection or Material Change Criteria**
   - 5.1 Changes at Con Edison's Jamaica Substation
   - 5.2 QP#119 – ECOGEN Prattsburgh Wind Farm / Potential change of machines and (< 1 MW) size reduction
   - 5.3 QP#186 – Jordanville Wind Farm / Change: Size reduced from 150 MW to 98 MW (or up to 136 MW)
   - 5.4 QP#219 – Huntley / Changes: Size increased from 630 MW (Net Output) to 661 MW, and in-service date

6. **Review of Transmission & Interconnection Outstanding Issues** — Gach /Corey
   - 6.1 FERC Order on Deliverability
   - 6.2 Status Report on Interconnection Queue
   - 6.3 Transmission Expansion and Interconnection Manual
   - 6.4 Discussion of Data Requirements for SRISs — NYSEG
   - 6.5 Other Interconnection Issues

7. **Reactive Power Working Group** — Hajagos

8. **Attachment S : Possible amendments to clarify Cost Allocation and Headroom associated with system protection facilities**

9. **Status of NYISO Studies/Activities**
   - 9.1 Class 2007 Facilities Study — Corey/Popa
   - 9.2 RNA / Comprehensive Reliability Planning Process — Lamanna/Adams

9.3	Inter-ISO Planning Activities	Adams
9.4	Evaluation of NPCC Bulk Power System Classification Methodology	Waldele
9.5	NPCC/NYSRC Activities	Adams/Lamanna

10. Status of System Reliability Impact Studies in Progress

10.1	East Coast Power Linden Generation Expansion	Marczewski
10.2	Gotham Power Zerega Bronx I Project	Brown
10.3	River Hill Project	Cella
10.4	NGrid Leeds-Pleasant Valley Reconductoring	Pfleiderer
10.5	Reunion/Cherry Valley Wind Power	Marczewski
10.6	LIPA Brentwood-Pilgram-Holbrook Transmission Project	Hajagos
10.7	Invenergy/Canisteo Hills Wind Project	Groberg
10.8	BP Alternative Energy/Orion Energy NY I Wind Project	
10.9	Clipper Windpower/Paragon I (Pine Hills) Wind Project	Rivas
10.10	FPL Energy/LI Offshore Wind Park Project	Villar
10.11	Noble Environmental/Cherry Hill	
10.12	NY Windpower/North Scope Wind	Bartlett
10.13	New York Regional Interconnection HVDC	
10.14	PPM Roaring Brook/Tug Hill Project	McMichael
10.15	Picket Brook Windpower/Picket Brook Project (SRIS & OIS)	
10.16	NRG Energy/Berrians GT	
10.17	GenWy Wind/GenWy Wind Farm (SRIS & OIS)	
10.18	Clipper Windpower/Paragon II (Pine Hills II)	
10.19	Hudson Transmission Partners/Hudson Transmission Project (SRIS)	
10.20	BP Alternative Energy/Cape Vincent Project	
10.21	Noble Environmental/Noble Burke Windpower	
10.22	Nine Mile Point 2 Uprate	McCartney
10.23	AES Keystone Wind/Cherry Flats Wind Project	
10.24	AES Keystone Wind/Armenia Mountain I Wind Project	
10.25	AES Keystone Wind/Armenia Mountain II Wind Project	
10.26	Noble Environmental/Ball Hill Windpark	
10.27	Seneca Energy II/Seneca Project	
10.28	Erie Blvd Hydro Power/Sherman Island Uprate	
10.29	Steel Winds/Steel Winds II	
10.30	Astoria Energy/Astoria Uprate	
10.31	Brookfield Power/Harbor Cable II	

11. Status of Feasibility Studies in Progress

11.1	Canadian Niagara/Fortran Project
11.2	NRG Energy/Berrians GT II
11.3	NRG Energy/Huntley Combined-Cycle
11.4	Airtricity/Orleans Wind Project
11.5	Hess Corporation/Bayonne Energy Center
11.6	Gamesa Energy/Canfield Wind
11.7	Gamesa Energy/Dean Wind
11.8	Allegany Wind/Allegany Wind
11.9	Tonawanda Creek Wind/Tonawanda Creek Wind
11.10	Western Door Wind/Western Door Wind
11.11	Noble Environmental/Farmersville Windpark
11.12	Noble Environmental/Chateaugay II Windpark
11.13	Innovative Energy Systems/Fulton County Landfill
11.14	PPM Energy/Dutch Gap Wind
11.15	Seneca Energy II/Ontario Project
11.16	CPV Valley/CPV Valley Project

12. Other Business

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Discussion Draft

Clarification Regarding System Protection SUFs

Attachment S First Revised Sheet No. 686

14. If a Developer pays for any System Upgrade Facilities, or for any Attachment Facilities that are later determined to be System Upgrade Facilities, that create ~~electrical capacity or~~ "Headroom" ~~in excess of the electrical capacity actually used by its project~~, then that Developer will be repaid the depreciated cost of that ~~headroom~~**Headroom** by the Developer of any subsequent project that interconnects and uses the Headroom within ten years of the creation of the headroom**. In the case of System Upgrade Facilities denoted to system protection, Headroom means that the System Upgrade Facilities have the physical or functional capacity to accommodate additional Developers. In the case of all other System Upgrade Facilities, Headroom means that the System Upgrade Facilities have the electrical capacity to accommodate additional Developers**.

a. Developers of terminated projects who have paid for Headroom with forfeited security instruments, as well as Developers of completed projects who have paid for Headroom, will be repaid in accordance with these results.

b. The Developer of the subsequent project shall repay the prior Developer as soon as the cost responsibilities of the subsequent Developer are determined in accordance with these results.

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c. The NYISO will determine the depreciated cost of the System Upgrade Facilities associated with the Developer-created Headroom using the FERC-approved depreciation schedule applied to comparable facilities by the Connecting Transmission Owner.

d. Developer-created Headroom will be measured by the NYISO in accordance with these rules. The use that a subsequent project makes of Developer-created Headroom~~, that is, the reliability impact that a subsequent project has on the transmission system and its pro rata~~ **will also be measured by the NYISO in accordance with these rules. In the case of Headroom on System Upgrade Facilities devoted to system protection, the pro rata responsibility of the subsequent Developer will be based on the total number of Developer projects using the System Upgrade Facilities devoted to system protection. In the case of all other System Upgrade Facilities, the pro rata responsibility of the subsequent Developer will be based on the electrical reliability impact and** cost responsibility ~~for the System Upgrade Facilities, will also be~~**of the subsequent project, as** measured by the NYISO in accordance with these rules. The NYISO will publish accounts showing the Headroom for each Class Year of Developers, and will update those accounts to reflect the impact of subsequent projects. The NYISO will close the Headroom account of a Developer when the ~~electrical~~**capacity** values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.

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EXHIBIT F

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New York Independent System Operator
OPERATING COMMITTEE MEETING
Monday January 28, 2008
9:30 PM – 11:30 AM

Teleconference
Dial-in Number: 866-280 1753
Participant Code: 51835604

Agenda – Revised

1. Introductions	L. Baker
Actions pertaining to: 2. Attachment S tariff amendments pertaining to Cost Allocation and Headroom accounting for System Protection Facilities	K. Gach
3. Other Proposed Changes to Attachment S and X Related to Cost Allocation	E. Farrah

January 17, 2008

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New York Independent System Operator

OPERATING COMMITTEE MEETING

January 28, 2008
10:00-12:00 pm

NYISO KCC
10 Krey Boulevard, Rensselaer, NY

Dial-in Number: 866-280 1753
Participant Code: 51835604

Meeting Minutes

I. Introductions

Mr. Liam Baker, Chairperson of the Operating Committee (OC), called the meeting to order at 10:00 a.m. and welcomed the members of the Operating Committee.

II. Attachment S tariff amendments pertaining to Cost Allocation and Headroom accounting for System Protection Facilities

Motion #1
Motion to table motion #2.

Motion failed with 46.25% affirmative votes.

Karen Gach (NYISO) reviewed the Headroom Accounting examples and referred to the presentation that describes the proposed tariff changes. The changes were intended to clarify Headroom Accounting for System Upgrade Facilities (SUFs) related to System Protection Facilities.

Eli Farrah (TOs) questioned the characterization that this is a clarification, he stated it's a proposed change the NYISO believes is consistent with their interpretation of the tariff. Mr. Farrah expressed concern that the proposed change violates the NYISO's obligation to be independent, he added many of the TO's proposed changes are clarifications, but feels the NYISO has chosen to champion this issue, leaving the others off. For that reason Mr. Farrah recommended the TOs vote against this item.

Tom Rudebusch asked why a Cost Allocation issue was before the OC, instead of the BIC. Karen Gach replied Attachment S issues have historically gone through the OC.
Liam Baker (US PowerGen) stated the methodology used to determine headroom is linked to the methodology used to allocate cost, how segregating the two would almost

have to be done on a case by case basis. Eli Farrah stated the OC could decide how cost is allocated, if it is allocated, and the BIC could decide if they should be allocated. Liam Baker replied that is a possible discussion issue for the MC or the BY-Laws Subcommittee. Ernie Cardone (NYISO) explained that this issue has historically been handled by TPAS and the OC, so for the purposes of today's meeting, the OC is the proper forum. Karen Gach added that all issues related to Attachment S and those associated with Interconnection Studies go through TPAS and OC. Liam Baker asked if the proposed tariff changes were approved by the OC, would they be brought to the MC for final approval. Karen Gach replied that they would.

Eli Farrah expressed concern that the studies may not have been done in accordance with the Tariff and suggested this agenda item is not within the proper purview of the OC. Liam Baker asked for NYISO Council's opinion of the issue. Karen Gach stated the NYISO views this issue as proper before the OC. Liam Baker added if the motion before OC passed, it would be possible for someone to make a motion at the MC to send it to the BIC.

Ray Kinney (NYSEG) stated Attachment S was developed by the IITF, joint task force of BIC and OC, and the reason for was because of the issue, BIC had to opine and vote on the business related function. Glenn Haake (Dynegy) replied that this was discussed at the previous OC meeting, and procedurally the OC has jurisdiction.

Motion #2
Motion to approve tariff amendments to Attachment S clarifying Cost Allocation and Headroom associated with system protection facilities, as presented by the NYISO at the January 17, 2008 Operating Committee meeting.

Motion failed with 53.75% affirmative votes.

III. Other Proposed Changes to Attachment S and X Related to Cost Allocation

Tim Bush (IPPNY) raised a concern that this agenda item wasn't presented at TPAS with enough time to properly vet the issue. Glenn Haake (Dynegy) asked if the motion was provided to the OC with 5 business notice, as required by the By-Laws. Karen Gach confirmed that the revised agenda and related materials were provided on 1/18, which met the 5 day requirement.

Eli Farrah stated that these issues have been kicking around since last September and all the way back to the Order 2003 Compliance Filing. The TOs are uncomfortable with Attachment S as it prevents the recovery of O&M costs. He added the NYISO was unwilling to make changes to Attachment S at that time, but agreed to add placeholder language to the pro forma LGIA. The TOs are upset the NYISO moved forward with its changes and moved the changes through on behalf of the Generators, ignoring the TOs' issue.

Motion #3
Motion to table Motion #3.

Motion failed with 53.75% affirmative votes.

Mark Younger (Slater Consulting) asked if the TOs brought these changes to the IITF as they suggested the NYISO should have done. Eli Farrah replied the TOs brought this issue with the NYISO change because they wanted to be heard. Mark Younger asked if all of this should be brought back for further discussion. Neil Butterklee (Con Ed) stated he would confirm with the other TOs that it would be acceptable.

Liam Baker expressed concern over where to bring the issue, he would like the direction of the MC prior to proceeding. Glenn Haake stated the IITF was created so that issues that cross the Reliability and Economic realm are properly vetted. Neil Butterklee suggested a joint IITF/TPAS meeting to review, followed by an information presentation at both BIC and OC, and MC approval. Ray Kinney stated he would convene a call of the MC, BIC and OC Chairs and Vice Chairs, as well as NYISO legal to work through the issues.

The next regularly scheduled meeting will be held on February 28, 2008 at the NYISO.

The meeting adjourned at 11:15 am.

Respectfully Submitted,
Ernie Cardone
NYISO Committee Liaison

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NYISO
Operating Committee
January 28, 2008
Final Motions

Motion #1
Motion to table the motion for agenda item #2.

Motion failed with 46.25% affirmative votes.

Motion # 2
Motion to approve tariff amendments to Attachment S clarifying Cost Allocation and Headroom associated with system protection facilities, as presented by the NYISO at the January 17, 2008 Operating Committee meeting.

Motion failed with 53.75% affirmative votes.

Motion #3
Motion to table the Motion for agenda item #3.

Motion failed with 53.75% affirmative votes.

New York Independent System Operator - Committee Membership

Operating Committee - Attendance January 28, 2008 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	Paul DeCotis	Karl Michael	David Coup	✓ Erin Hogan	Christopher Hall			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Craig Wilson			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	Michael Mager	Jay Goodman					
Atco Properties & Management Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos						
IBM Corporation	End Use - Large Consumer	Robert Loughney	Michael Mager	Jay Goodman					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	Michael Mager	Jay Goodman					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	Michael Mager	Jay Goodman					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	Michael Mager	Jay Goodman					
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
American Sugar Refining, Inc.	End Use - Small Consumer	Catherine Luthin	John Dowling						
Association for Energy Affordability, Inc.	End Use - Small Consumer	David Hepinstall	Christopher Young						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	John Dowling						
Fordham University	End Use - Small Consumer	John Dowling	Catherine Luthin						
Memorial Sloan Kettering Cancer Center	End Use - Small Consumer	John Dowling	Catherine Luthin						
Mount Sinai Medical Center	End Use - Small Consumer	Catherine Luthin	John Dowling	Jennifer Kearney	Tariq Niazi	Doug Elfner			
New York Presbyterian Hospital	End Use - Small Consumer	David Bomke	Jennifer Kearney	Tariq Niazi	Doug Elfner				
New York University	End Use - Small Consumer	Catherine Luthin	John Dowling						
NY State Consumer Protection Board	End Use - State Agency	Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Charles Sjoberg	Doug Roll	Christopher Wentlent	Dave Evanoski				
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer	Chuck McCall	Lathrop Craig				
Calpine	Generation Owners	Brett Kruse	Kris Zadlo	Brent Hebert					
East Coast Power Linden Holding LLC	Generation Owners	✓ John Marczewski	Kurt Schreder	Andy Keleman	Mark Mellana				
Edison Mission Marketing & Trading	Generation Owners	✓ Ray Stalter	Jeff Ellis						
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	Angelo Vai	Ron Mackowiak	Angelo Vai				
Horizon Wind Energy	Generation Owners	Patrick Doyle	Gary Davidson						
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
Innovative Energy Systems Inc.	Generation Owners	✓ Carol Muessigbrodt	Peter Zeliff						
KeySpan Ravenswood, LLC	Generation Owners	Joe Vignola	James Flannery	Madison Mihous	Jim D'Andrea	Edwin Kichline	Erwin Schaub		
Mirant New York, Inc.	Generation Owners	Philip Smith	✓ Doreen Saia						
New Athens Generating Co.	Generation Owners	Jack Breen	Chris Bursaw	Dan DeVinney	Rich Felak				
Noble Environmental Power LLC	Generation Owners	✓ Glenn Sampson	Liz Grisaru	'Sidney Change					
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kamppila						
TransCanada Power Marketing	Generation Owners	William Taylor	John McWilliams						
UPC Wind	Generation Owners	Steve Vavrik	Mike Jacobs						
Amerada Hess Corporation	Other Suppliers	Kevin Laguardia	Blas Hernandez	George Braulke					
BJ Energy	Other Suppliers	Bing Ni	George Lee						
Brookfield Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	Walt Yeager						
Con Edison Solutions	Other Suppliers	Rich Staines	Ken Bekman						
Conectiv	Other Suppliers	Robert Steele	Tony Gabrieli	Gloria Ogenyi					
Constellation Energy Commodities, Inc.	Other Suppliers	✓ Glen McCartney	Don Schopp	Donald Schopp					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine							
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chaue Shen	Pamela Quinlin	Chelle Izzi		
Coral Power, LLC	Other Suppliers	Dave French	Tom Spencer						
Cross Sound Cable Co.	Other Suppliers	John Miller	Brian Reinhart	Bradley Railing	Jose Rotger				
DC Energy	Other Suppliers	Bruce Bleiweis	Chris Carpenter	Matthew Tate					
Dynegy	Other Suppliers	✓ Glenn Haake	Barry Huddleston						
Energy Curtailment Specialists, Inc	Other Suppliers	Glen Smith	Stephen Lynch	Marie Pieniazek	Mike Jaeger				
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskowitz	Ruben Brown	Arthur Pearson			
EnerNoc	Other Suppliers	David Brewster	Aaron Breidenbaugh						
Epic Merchant Energy NY, LP	Other Suppliers	Michael Kinsey	Robert Erbrick	Pierre Toumois	Erik Abend	Gordon Scott	Wesley Anderson		
Exelon Generating Co. LLC	Other Suppliers	Denise Foster	Jack Crowley						
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Tom Gesicki	✓ Mark Younger						
FPL Energy	Other Suppliers	David Applebaum	Fernando DaSilva	Ron Scheirer				✓ Tim Bush	
Galt Power	Other Suppliers	Rick Mancini	Stephen Fernands	Bill Schofield	✓ Alan Ackerman				
HQ Energy Services	Other Suppliers	Michel Prevost	✓ Paul Norris	Erik Bellavance					
Integrys Energy Services	Other Suppliers	Michael Haugh							
KeySpan Energy Services	Other Suppliers	Terrance Kain	Jim D'Andrea	Edwin Kichline	James Cross	John Vaughn			

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New York Independent System Operator - Committee Membership

Operating Committee - Attendance January 28, 2008 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Liberty Power Corp.	Other Suppliers	David Hernandez							
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				
NRG Power Marketing	Other Suppliers	✓ Brad Kranz	Lee Davis	Jon Sepich					
Ontario Power Generation Inc.	Other Suppliers	Scott McArthur	Dave Barr	Jim Mastorakos	Ken Lacivita				
PPM Energy	Other Suppliers	Thressa Allen	T.H. Rawls	Tom Shields					
PP&L Energy Plus	Other Suppliers	✓ Joseph Langan	Tom Hyzinski	Deborah Gross	Mark Heimbach	Sharon Weber			
PSEG Energy Resources & Trade	Other Suppliers	Robert Logan	James Hebson	Thomas Piascik	✓ Howard Fromer			✓ Mark Younger	
Reliant Energy Solutions Northeast	Other Suppliers	Derek Bandera	John Rohrback						
Sempra Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	Scott Englander	Barry Trayers				
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	Jason Barker	Jeff Knox	Pamela Melton					
U.S. Power Generating Co.	Other Suppliers	✓ Liam Baker	Mark Sudbey						
Long Island Power Authority	Public Power - Authorities	Patrick Hogan	✓ Ted Pappas	Doug Voos	Kevin Jones				
New York Power Authority	Public Power - Authorities	✓ Gerry LaRose	Kateri Sparks	Scott Brown	Maryam Sharif				
American Lung Association	Public Power - Environmental	Christopher Young	Michael Seilback						
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Carol Murphy	Rob Gramlich					
Environmental Advocates	Public Power - Environmental	Christopher Young	David Gahl	Robert Moore					
Nat'l Resources Defense Council	Public Power - Environmental	Christopher Young	Ashok Gupta	Dale Bryk					
Pace University	Public Power - Environmental	Chrisopher Young	Tom Bourgeois	Dan Rosenblum					
Scenic Hudson	Public Power - Environmental	Christopher Young							
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Jim Hamilton	Matthew Benesh	Ken Moore					
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	David Gustafson	David Leathers	Steven Kulig	✓ Tom Rudebusch				
Lake Placid Village	Public Power - Munis & Co-ops	Peter Kroha							
Municipal Commission of Boonville	Public Power - Munis & Co-ops	Kenneth Stabb							
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	William Treacy	James Hamilton						
Village of Arcade	Public Power - Munis & Co-ops	Larry Kilburn							
Village of Fairport	Public Power - Munis & Co-ops	Jim Hamilton	Paul Pallas						
Village of Freeport	Public Power - Munis & Co-ops	Anthony Fiore	Ted Kimlingen	✓ Tom Rudebusch					
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul Pallas	Jim Hamilton	Jim Hamilton	Ken Moore	Matthew Benesh		✓ Tom Rudebusch	
Village of Solvay	Public Power - Munis & Co-ops	Anthony Modafferi							
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	Matthew Benesh	Ken Moore					
Central Hudson Gas & Electric	Transmission Owners	✓ John Watzka	Jim McCloskey	Rich Wright					
Consolidated Edison	Transmission Owners	John McAvoy	Milo Blair	Louis Maiocco	John Spivak			✓ Neil Butterklee	
National Grid	Transmission Owners	Michael Schiavone	Joe Farella	Terron Hill	Joseph Rossignoli			✓ Dan Galaburda	Roxeanne Maywalt
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	Jeff Crandall	John Hauber	Mike Craven	Brian Gordon	Hank Masti		Patti Caletka
Orange & Rockland, Inc.	Transmission Owners	Ed Olsen							
Rochester Gas & Electric	Transmission Owners	None Assigned							
Ace Energy Company, Inc	Non-voting	Marie Pieniazek	Stephen Lynch						
ACENY	Non-voting	Carol Murphy	✓ Valerie Strauss						
Boundless Energy, L.L.C	Non-voting	John Tompkins	Chuck Gilbert						
Caithness Energy, L.L.C	Non-voting	Ross Ain	Gary Keevill	Mitchell Garber					
Customized Energy Solutions	Non-voting	Rick Mancini	Stephen Fernands	Bill Schofield	✓ Alan Ackerman				
DTE Energy	Non-voting	Gregory Pakela	Raymond Wieszczyk						
Ecogen, L.L.C	Non-voting	Tom Hagner							
Energetix, Inc.	Non-voting	Barney Farnsworth	Robert Hobday						
Fluent Energy	Non-voting	Michael Mastroianni	David Koplas	Margie Miller					
Hudson River Energy Group	Non-voting	Frank Radigan	Richard Canfield						
Hydro-Quebec TransEnergie	Non-voting	Glenn Sylvain	Jean-Marie Gagnon						
NYS Department of Public Service	Non-voting	Howard Tarler	Ed Schrom						
The Structure Group	Non-voting	Ishita Roy	Phung Nguyen						
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	Marie Pieniazek	Stephen Lynch	Glen Smith					
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member									
zNew Member									
zNew Member									
zNew Member	Non-voting	None Assigned							

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New York Independent System Operator - Committee Membership

Operating Committee - Attendance January 28, 2008 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYISO and Hunton & Williams Members in Attendance:									
Ken Davis	Hunton & Williams								
Paul Kiernan	NYISO								
John Bub	NYISO								
Eric Mitchell	NYISO								
Jim Castle	NYISO								
✓ Karen Gach	NYISO								
Carl Patka	NYISO								
✓ Ernie Cardone	NYISO								
✓ Leigh Bullock	NYISO								
✓ Debbie Eckels	NYISO								
Henry Chao	NYISO								
Don Goodwill	NYISO								
Dean Ellis	NYISO								
Steve Corey	NYISO								
Bob Waldele	NYISO								
Bill Porter	NYISO								

Key:

✓ = in attendance

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New York Independent System Operator

Operating Committee - January 28, 2008

Motion: Motion #1

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against
Generation Owners	21.5	✓	✓	21.50	0.00	4.00	1	0.00	21.50
Other Suppliers	21.5	✓	✓	21.50	0.00	8.00	2	0.00	21.50
Transmission Owners	20.0	✓	✓	20.00	4.00	0.00	0	20.00	0.00
End Use Consumer			×						
Large Consumer	9.0	✓		0.00	0.00	0.00	0	0.00	0.00
Large Cons. Gov. Agency	2.0	✓		0.00	0.00	0.00	0	0.00	0.00
Small Consumer	4.5	✓	×	0.00	0.00	0.00	0	0.00	0.00
Gov. State-wide Cons. Advocate	2.7	✓		0.00	0.00	0.00	0	0.00	0.00
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	0.00	1	0.00	0.00
Public Power			✓						
State Power Authorities	8	✓		9.07	1.00	0.00	1	9.07	0.00
Munis and Coops	7	✓		7.93	3.00	0.00	0	7.93	0.00
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00
			4	81.80	8.00	12.00	5	37.00	43.00
				80.00	Normalized to 100% :			46.25	53.75

New York Independent System Operator

Operating Committee - January 28, 2008

Motion

Motion #1

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Erin Hogan		y		
End Use - Gov. Agency/Aggr.	The City of New York					
End Use - Large Consumer	Alcoa/Reynolds Metals Company					
End Use - Large Consumer	Atco Properties & Management Inc.					
End Use - Large Consumer	IBM Corporation					
End Use - Large Consumer	Occidental Chemical Corp.					
End Use - Large Consumer	Praxair Inc.					
End Use - Large Consumer	Wegmans Food Markets					
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.					
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System					
End Use - Small Consumer	Fordham University					
End Use - Small Consumer	Memorial Sloan Kettering Cancer Center					
End Use - Small Consumer	Mount Sinai Medical Center					
End Use - Small Consumer	New York Presbyterian Hospital					
End Use - Small Consumer	New York University					
End Use - State Agency	NY State Consumer Protection Board					
Generation Owners	AES NY					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine					
Generation Owners	East Coast Power Linden Holding LLC	John Marczewski		y		1.00
Generation Owners	Edison Mission Marketing & Trading	Ray Stalter		y		1.00
Generation Owners	Entergy Nuclear Northeast					
Generation Owners	Horizon Wind Energy					
Generation Owners	Indeck Energy Services	Mark Younger		y		
Generation Owners	Innovative Energy Systems Inc.					
Generation Owners	KeySpan Ravenswood, LLC		y			
Generation Owners	Mirant New York, Inc.	Doreen Saia		y		1.00
Generation Owners	New Athens Generating Co.					
Generation Owners	Noble Environmental Power LLC	Glenn Sampson		y		1.00
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	TransCanada Power Marketing					
Generation Owners	UPC Wind					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	BJ Energy					
Other Suppliers	Brookfield Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation Energy Commodities, Inc.	Glen McCartney		y		1.00
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Consumer Powerline					
Other Suppliers	Coral Power, LLC					
Other Suppliers	Cross Sound Cable Co.					
Other Suppliers	DC Energy					
Other Suppliers	Dynegy	Glenn Haake		y		1.00
Other Suppliers	Energy Curtailment Specialists, Inc					
Other Suppliers	Energy Spectrum					
Other Suppliers	EnerNoc					
Other Suppliers	Epic Merchant Energy NY, LP					
Other Suppliers	Exelon Generating Co. LLC					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y		
Other Suppliers	FPL Energy	Tim Bush		y		1.00
Other Suppliers	Galt Power	Alan Ackerman		y		
Other Suppliers	HQ Energy Services	Paul Norris		y		1.00
Other Suppliers	Integrys Energy Services					
Other Suppliers	KeySpan Energy Services		y			
Other Suppliers	Liberty Power Corp.					
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Brad Kranz		y		1.00
Other Suppliers	Ontario Power Generation Inc.					
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y		1.00
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y		1.00
Other Suppliers	Reliant Energy Solutions Northeast					
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	U.S. Power Generating Co.	Liam Baker		y		1.00
Public Power - Authorities	Long Island Power Authority	Ted Pappas		y		
Public Power - Authorities	New York Power Authority	Gerry LaRose		y	1.00	
Public Power - Environmental	American Lung Association					
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Nat'l Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems					
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	Tom Rudebusch		y	1.00	
Public Power - Munis & Co-ops	Lake Placid Village					
Public Power - Munis & Co-ops	Municipal Commission of Boonville					
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.					
Public Power - Munis & Co-ops	Village of Arcade					
Public Power - Munis & Co-ops	Village of Fairport					
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y	1.00	
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y	1.00	
Public Power - Munis & Co-ops	Village of Solvay					
Public Power - Munis & Co-ops	Village of Westfield					
Transmission Owners	Central Hudson Gas & Electric	John Watzka		y	1.00	
Transmission Owners	Consolidated Edison	Neil Butterklee		y	1.00	
Transmission Owners	National Grid	Dan Galaburda		y	1.00	
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y	1.00	
Transmission Owners	Orange & Rockland, Inc.		y			

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New York Independent System Operator

Operating Committee - January 28, 2008

Motion: Motion #2

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against
Generation Owners	21.5	✓	✓	21.50	6.00	0.00	0	21.50	0.00
Other Suppliers	21.5	✓	✓	21.50	9.00	0.00	1	21.50	0.00
Transmission Owners	20.0	✓	✓	20.00	0.00	4.00	0	0.00	20.00
End Use Consumer			×						
Large Consumer	9.0	✓		0.00	0.00	0.00	0	0.00	0.00
Large Cons. Gov. Agency	2.0	✓		0.00	0.00	0.00	0	0.00	0.00
Small Consumer	4.5	✓	×	0.00	0.00	0.00	0	0.00	0.00
Gov. State-wide Cons. Advocate	2.7	✓		0.00	0.00	0.00	0	0.00	0.00
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	0.00	1	0.00	0.00
Public Power			✓						
State Power Authorities	8	✓		9.07	0.00	1.00	1	0.00	9.07
Munis and Coops	7	✓		7.93	0.00	3.00	0	0.00	7.93
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00
			4	81.80	15.00	8.00	3	43.00	37.00
				80.00	Normalized to 100% :			53.75	46.25

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New York Independent System Operator

Operating Committee - January 28, 2008

Motion

Motion #2

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Erin Hogan		y		
End Use - Gov. Agency/Aggr.	The City of New York					
End Use - Large Consumer	Alcoa/Reynolds Metals Company					
End Use - Large Consumer	Atco Properties & Management inc.					
End Use - Large Consumer	IBM Corporation					
End Use - Large Consumer	Occidental Chemical Corp.					
End Use - Large Consumer	Praxair Inc.					
End Use - Large Consumer	Wegmans Food Markets					
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.					
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System					
End Use - Small Consumer	Fordham University					
End Use - Small Consumer	Memorial Sloan Kettering Cancer Center					
End Use - Small Consumer	Mount Sinai Medical Center					
End Use - Small Consumer	New York Presbyterian Hospital					
End Use - Small Consumer	New York University					
End Use - State Agency	NY State Consumer Protection Board					
Generation Owners	AES NY					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine					
Generation Owners	East Coast Power Linden Holding LLC	John Marczewski		y	1.00	
Generation Owners	Edison Mission Marketing & Trading	Ray Stalter		y	1.00	
Generation Owners	Entergy Nuclear Northeast					
Generation Owners	Horizon Wind Energy					
Generation Owners	Indeck Energy Services	Mark Younger		y	1.00	
Generation Owners	Innovative Energy Systems Inc.	Carol Muessigbrodt		y	1.00	
Generation Owners	KeySpan Ravenswood, LLC		y			
Generation Owners	Mirant New York, Inc.	Doreen Saia		y	1.00	
Generation Owners	New Athens Generating Co.					
Generation Owners	Noble Environmental Power LLC	Glenn Sampson		y	1.00	
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	TransCanada Power Marketing					
Generation Owners	UPC Wind					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	BJ Energy					
Other Suppliers	Brookfield Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation Energy Commodities, Inc.	Glen McCartney		y	1.00	
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Consumer Powerline					
Other Suppliers	Coral Power, LLC					
Other Suppliers	Cross Sound Cable Co.					
Other Suppliers	DC Energy					
Other Suppliers	Dynegy	Glenn Haake		y	1.00	
Other Suppliers	Energy Curtailment Specialists, Inc					
Other Suppliers	Energy Spectrum					
Other Suppliers	EnerNoc					
Other Suppliers	Epic Merchant Energy NY, LP					
Other Suppliers	Exelon Generating Co. LLC					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y	1.00	
Other Suppliers	FPL Energy	Tim Bush		y	1.00	
Other Suppliers	Galt Power	Alan Ackerman		y		
Other Suppliers	HQ Energy Services	Paul Norris		y	1.00	
Other Suppliers	Integrys Energy Services					
Other Suppliers	KeySpan Energy Services		y			
Other Suppliers	Liberty Power Corp.					
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Brad Kranz		y	1.00	
Other Suppliers	Ontario Power Generation Inc.					
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y	1.00	
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y	1.00	
Other Suppliers	Reliant Energy Solutions Northeast					
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	U.S. Power Generating Co.	Liam Baker		y	1.00	
Public Power - Authorities	Long Island Power Authority	Ted Pappas		y		1.00
Public Power - Authorities	New York Power Authority	Gerry LaRose		y		
Public Power - Environmental	American Lung Association					
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Nat'l Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems					
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Lake Placid Village					
Public Power - Munis & Co-ops	Municipal Commission of Boonville					
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.					
Public Power - Munis & Co-ops	Village of Arcade					
Public Power - Munis & Co-ops	Village of Fairport					
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Village of Solvay					
Public Power - Munis & Co-ops	Village of Westfield					
Transmission Owners	Central Hudson Gas & Electric	John Watzka		y		1.00
Transmission Owners	Consolidated Edison	Neil Butterklee		y		1.00
Transmission Owners	National Grid	Dan Galaburda		y		1.00
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y		1.00
Transmission Owners	Orange & Rockland, Inc.		y			

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New York Independent System Operator

Operating Committee - January 28, 2008

Motion: Motion #3

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against
Generation Owners	21.5	✓	✓	21.50	6.00	0.00	0	21.50	0.00
Other Suppliers	21.5	✓	✓	21.50	9.00	0.00	1	21.50	0.00
Transmission Owners	20.0	✓	✓	20.00	0.00	4.00	0	0.00	20.00
End Use Consumer			×						
Large Consumer	9.0	✓		0.00	0.00	0.00	0	0.00	0.00
Large Cons. Gov. Agency	2.0	✓		0.00	0.00	0.00	0	0.00	0.00
Small Consumer	4.5	✓	×	0.00	0.00	0.00	0	0.00	0.00
Gov. State-wide Cons. Advocate	2.7	✓		0.00	0.00	0.00	0	0.00	0.00
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	0.00	1	0.00	0.00
Public Power			✓						
State Power Authorities	8	✓		9.07	0.00	2.00	0	0.00	17.00
Munis and Coops	7	✓		7.93	0.00	0.00	3	0.00	0.00
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00
			4	81.80	15.00	6.00	5	43.00	37.00
				80.00	Normalized to 100% :			53.75	46.25

New York Independent System Operator

Operating Committee - January 28, 2008

Motion
Motion #3

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Erin Hogan		y		
End Use - Gov. Agency/Aggr.	The City of New York					
End Use - Large Consumer	Alcoa/Reynolds Metals Company					
End Use - Large Consumer	Atco Properties & Management Inc.					
End Use - Large Consumer	IBM Corporation					
End Use - Large Consumer	Occidental Chemical Corp.					
End Use - Large Consumer	Praxair Inc.					
End Use - Large Consumer	Wegmans Food Markets					
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.					
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System					
End Use - Small Consumer	Fordham University					
End Use - Small Consumer	Memorial Sloan Kettering Cancer Center					
End Use - Small Consumer	Mount Sinai Medical Center					
End Use - Small Consumer	New York Presbyterian Hospital					
End Use - Small Consumer	New York University					
End Use - State Agency	NY State Consumer Protection Board					
Generation Owners	AES NY					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine					
Generation Owners	East Coast Power Linden Holding LLC	John Marczewski		y	1.00	
Generation Owners	Edison Mission Marketing & Trading	Ray Stalter		y	1.00	
Generation Owners	Entergy Nuclear Northeast					
Generation Owners	Horizon Wind Energy					
Generation Owners	Indeck Energy Services	Mark Younger		y	1.00	
Generation Owners	Innovative Energy Systems Inc.	Carol Muessigbrodt		y	1.00	
Generation Owners	KeySpan Ravenswood, LLC		y			
Generation Owners	Mirant New York, Inc.	Doreen Saia		y	1.00	
Generation Owners	New Athens Generating Co.					
Generation Owners	Noble Environmental Power LLC	Glenn Sampson		y	1.00	
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	TransCanada Power Marketing					
Generation Owners	UPC Wind					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	BJ Energy					
Other Suppliers	Brookfield Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation Energy Commodities, Inc.	Glen McCartney		y	1.00	
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Consumer Powerline					
Other Suppliers	Coral Power, LLC					
Other Suppliers	Cross Sound Cable Co.					
Other Suppliers	DC Energy					
Other Suppliers	Dynegy	Glenn Haake		y	1.00	
Other Suppliers	Energy Curtailment Specialists, Inc					
Other Suppliers	Energy Spectrum					
Other Suppliers	EnerNoc					
Other Suppliers	Epic Merchant Energy NY, LP					
Other Suppliers	Exelon Generating Co. LLC					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y	1.00	
Other Suppliers	FPL Energy	Tim Bush		y	1.00	
Other Suppliers	Galt Power	Alan Ackerman		y		
Other Suppliers	HQ Energy Services	Paul Norris		y	1.00	
Other Suppliers	Integrys Energy Services					
Other Suppliers	KeySpan Energy Services		y			
Other Suppliers	Liberty Power Corp.					
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Brad Kranz		y	1.00	
Other Suppliers	Ontario Power Generation Inc.					
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y	1.00	
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y	1.00	
Other Suppliers	Reliant Energy Solutions Northeast					
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	U.S. Power Generating Co.	Liam Baker		y	1.00	
Public Power - Authorities	Long Island Power Authority	Ted Pappas		y		1.00
Public Power - Authorities	New York Power Authority	Gerry LaRose		y		1.00
Public Power - Environmental	American Lung Association					
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Nat'l Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems					
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	Tom Rudebusch		y		
Public Power - Munis & Co-ops	Lake Placid Village					
Public Power - Munis & Co-ops	Municipal Commission of Boonville					
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.					
Public Power - Munis & Co-ops	Village of Arcade					
Public Power - Munis & Co-ops	Village of Fairport					
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y		
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y		
Public Power - Munis & Co-ops	Village of Solvay					
Public Power - Munis & Co-ops	Village of Westfield					
Transmission Owners	Central Hudson Gas & Electric	John Watzka		y		1.00
Transmission Owners	Consolidated Edison	Neil Butterklee		y		1.00
Transmission Owners	National Grid	Dan Galaburda		y		1.00
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y		1.00
Transmission Owners	Orange & Rockland, Inc.		y			

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NYISO
Operating Committee
January 28, 2008
Proposed Motions

Agenda Item # 2.

Motion to approve tariff amendments to Attachment S clarifying Cost Allocation and Headroom associated with system protection facilities, as presented at the January 17, 2008 Operating Committee meeting.

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January 28, 2008
Operating Committee
Proposed Motion

Agenda #3:
Motion to approve tariff amendments to Attachment S and X related to cost allocation as presented at the January 28, 2008 Special Operating Committee teleconference.

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NEW YORK INDEPENDENT SYSTEM OPERATOR
Building the Energy Markets of Tomorrow . . . Today

Proposed Amendments to Attachment S:

Cost Allocation and Headroom Associated with System Protection Facilities

Operating Committee Meeting
January 17, 2007
Ken Davis, Hunton & Williams, for NYISO

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NEW YORK INDEPENDENT SYSTEM OPERATOR
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Introduction

- Proposed tariff amendments clarify the cost allocation and "Headroom" accounting under Attachment S of the OATT.
- Proposed clarification applies to a specific type of System Upgrade Facility that is not readily measured in discrete electrical units—for example, system protection facilities.

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Background - Current Tariff

- Attachment S to the OATT contains the procedures and methodologies used to allocate the cost of the System Upgrade Facilities ("SUFs") required to interconnect Developer projects.
- Under Attachment S, Developer projects are processed in successive groups, or Class Years.
- Each project in a Class Year is responsible for its *pro rata* share of the cost of the SUFs needed to interconnect the projects in the Class Year.

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Headroom – Current Tariff

- A new SUF paid for by a Class Year Developer may have some "Headroom," or capacity in excess of the capacity actually needed and used by the Developer's project.
- The Developer who paid for and created this Headroom on the system will be repaid by any Developer of a later project that interconnects within ten years and uses any of this Headroom.
  - *Developer-created Headroom, and the payments to be made by later Developers, are calculated in accordance with the rules in Attachment S.*

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Headroom Concerns

- Attachment S currently discusses Headroom in terms of electrical capacity. This reflects the history of Attachment S. However, the capacity of some SUFs is not readily measured in terms of amperes or other discrete electrical units.
  - *For example, SUFs dedicated to communications/system protection are not readily measured in discrete electrical units.*
  - *Class Year 2006 communication/system protection SUFs have capacity for subsequent projects.*

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Tariff Clarification

- In the case of SUFs not readily measured in discrete electrical units, the NYISO allocates Class Year cost responsibility, and measures Headroom, on the basis of the number of projects needing or using the SUF.

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Implementation

- The NYISO will establish Headroom *accounts* for projects that were/are allocated costs of an SUF not readily measured in discrete electrical units, beginning with Class Year 2006 projects.
- The NYISO will calculate Headroom *payments* for SUFs that are not readily measured in discrete electrical units, beginning with Class Year 2007 projects.

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NEW YORK INDEPENDENT SYSTEM OPERATOR
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Committee Review

- TPAS reviewed the proposed tariff language over several meetings.
  - *At its January 10, 2008 meeting, TPAS recommended, with one objection, that the Operating Committee approve the tariff amendments.*

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Clarification Regarding Headroom Accounting

Attachment S

First Revised Sheet No. 686

14. If a Developer pays for any System Upgrade Facilities, or for any Attachment Facilities that are later determined to be System Upgrade Facilities, that create ~~electrical capacity or~~ "Headroom" ~~in excess of the electrical capacity actually used by its project~~, then that Developer will be repaid the depreciated cost of that ~~headroom~~**Headroom** by the Developer of any subsequent project that interconnects and uses the Headroom within ten years of the creation of the headroom**. Headroom means that the System Upgrade Facilities have the electrical or functional capacity to accommodate additional projects**.

    a. Developers of terminated projects who have paid for Headroom with forfeited security instruments, as well as Developers of completed projects who have paid for Headroom, will be repaid in accordance with these ~~results~~**rules**.

    b. The Developer of the subsequent project shall repay the prior Developer as soon as the cost responsibilities of the subsequent Developer are determined in accordance with these ~~results~~**rules**.

    c. The NYISO will determine the depreciated cost of the System Upgrade Facilities associated with the Developer-created Headroom using the FERC-approved depreciation schedule applied to comparable facilities by the Connecting Transmission Owner.

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d. Developer-created Headroom will be measured by the NYISO in accordance with these rules. The use that a subsequent project makes of Developer-created Headroom~~, that is, the reliability impact that a subsequent project has on the transmission system and its pro rata cost responsibility for the~~ **will also be measured by the NYISO in accordance with these rules. In the case of Headroom on** System Upgrade Facilities~~, will also be measured~~ **that have an excess functional capacity not readily measured in amperes or other discrete electrical units, the use the subsequent project makes of the Develop-created Headroom will be measured solely by using the total number of projects in the current or prior Class Years needing or using the System Upgrade Facility. In the case of System Upgrade Facilities that have an excess capacity readily measured in amperes or other discrete electrical units, the use the subsequent project makes of the Developer-created Headroom will be measured in terms of the electrical impact of the subsequent project, as that electrical impact is determined** by the NYISO in accordance with these rules. The NYISO will publish accounts showing the Headroom for each Class Year of Developers, and will update those accounts to reflect the impact of subsequent projects. The NYISO will close the Headroom account of a Developer when the ~~electrical~~**capacity** values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.

(1) If a subsequent Developer uses up all the Headroom of an earlier Developer, and also triggers the need for a new System Upgrade Facility, then the subsequent Developer will pay the Transmission Owner for the

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new System Upgrade Facility but will not pay the earlier Developer for the Headroom used up or the account extinguished. However, the earlier Developer will get a new Headroom account and a *pro rata* share of the Headroom in the new System Upgrade Facility purchased by the subsequent Developer. The economic value of this pro rata share will be equal to the economic value of the earlier Developer's Headroom account that was extinguished by the subsequent Developer.

e. For Class Years 2001 and 2002, the NYISO shall account for Headroom as provided by the Non-Financial Settlement. Developers in Class Year 2002 shall reimburse Class Year 2001 Developers in accordance with the terms of the Non-Financial Settlement.

15. In addition to the adjustments made by the NYISO in Headroom accounts to reflect the impact of subsequent projects, the NYISO will make other adjustments to Headroom accounts when preparing for each Annual Transmission Baseline Assessment. The NYISO will make these adjustments to reflect the impact of changes in the Existing System Representation modeled for the Annual Transmission Baseline Assessment that result from the installation, expansion or retirement of generation and transmission facilities for load growth and changes in load patterns. Such changes in the Existing System Representation can also result from changes in these rules or the criteria, methods or, software used to apply these rules.

a. No compensation will be paid as a result of these changes to the Existing System Representation. However, the NYISO will adjust the ratios of dollars to electrical values in each Developer's account to maintain the economic value of the

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Developer's account that existed before the changes were made in the Existing System Representation.

b. The NYISO will make no adjustments to Headroom accounts for the impact of subsequent generic solutions, except in those cases where the generic solution is a Class Year project and the adjustment is made to reflect the impact of the Class Year project.

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Clarification Regarding Headroom Accounting

Attachment S Fourth Revised Sheet No. 656

Contribution Percentage: The ratio of an interconnection project's measured impact or pro rata ~~electrical~~ contribution to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment, to the sum of the measure impacts or pro rata ~~electrical~~ contributions of all the projects that have at least a *de minimus* impact or contribution to the System Upgrade Facility.

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Clarification Regarding Headroom Accounting

Attachment S

Third Revised Sheet No. 656A

Headroom: In the case of any System Upgrade Facility that has been paid for by a Developer, the **functional or** electrical capacity of the System Upgrade Facility that is in excess of the **functional or** electrical capacity actually used by the Developer's generation or merchant transmission project.

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Split/Merged cell	
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Deletions	3
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Moved to	0
Style change	0
Format changed	0
Total changes	8

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Clarification Regarding Headroom Accounting

7. There will be no prioritization of the projects grouped and studied together in a Class Year. Each such project will share in the then currently available **functional or** electrical capability of the transmission system, and share in the cost of the System Upgrade Facilities required to interconnect its respective project, in accordance with the rules set forth herein.

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EXHIBIT G

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Interconnection Issues Task Force

Transmission Planning Advisory Subcommittee

Joint Meeting

February 11, 2008 – 10:00 AM – 2:00 PM

NYISO KCC
10 Krey Blvd.
Rensselaer, NY

RSVP is required by calendar web link

Call in Number: 866-280-1753
Participant Code: 51835606

MEETING AGENDA

1. **Administrative Matters** — Haake/Marczewski
   - 1.1 Introductions
   - 1.2 Review of Agenda – Meeting Objectives

2. **Deliverability** — Lamanna/Corey
   - 2.1 Deliverability Filing update
   - 2.2 Deliverability Test Methodology

3. **Proposed Tariff Amendments to Attachment S and X**
   - 3.1 Attachment S tariff amendments pertaining to Cost Allocation and Headroom Accounting for System Protection Facilities — Gach/Davis
   - 3.2 Other Proposed changes to Attachment S and X related to Cost Allocation. — Farrah

4. **Other Business**

5. **Adjourn**

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EXHIBIT H

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TPAS Report to the Operating Committee – 4-17-2008 Meeting

April 8, 2008 TPAS Meeting:

1. Noted that IITF meeting is scheduled for approximately 10:30 a.m. this same day following completion of the TPAS meeting. This meeting will include a continuation of discussions related to development and implementation of a deliverability test.

2. One study was considered and recommended for Operating Committee approval:

   - National Grid Northeast Reinforcement project System Impact Study – this is a study for a transmission project to supply National Grid's northeast region. A large driver for this project is expected load at the new Luther Forest substation. This study was recommended for OC approval.

3. Two study scopes were considered and recommended for Operating Committee approval:

   - Corning Valley Reinforcement System Impact Study - load growth in the Corning area has triggered a need to reinforce the area transmission system and move some load currently being supplied at 34.5 kV to a new 115-12 kV distribution substation. This study scope was recommended for OC approval.

   - National Grid Frontier Reinforcement System Impact Study – this is a study for rearrangement of 115 kV lines in Buffalo area and retirement of Huntley 115 kV station. This study scope was recommended for OC approval.

4. Two projects had changes evaluated relative to Material Change criteria:

   - Niagara Generation LLC – essentially non-electrical plant changes primarily in the fuel handling area.
   - Steel Winds II – reduction in number of wind turbines; keeping same wind turbine type. Changes will be captured in the CY2008 Facilities Study.

   TPAS concurred that the proposed changes for both projects are non-material.

5. NYISO reported on the status of deliverability and development of a deliverability test. FERC has issued its order on implementation of a deliverability test and generally accepted the consensus deliverability plan. NYISO and TOs are now required to file tariff sheets.

6. NYISO reported on FERC technical conference discussions related to interconnection process queuing. One of FERC's directives is for NYISO to report to FERC the status of its interconnection queue and process, including an update on status of the queue, study backlog, and timeline for proposed tariff changes.

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7. A discussion on FERC 890 changes to the transmission study deadlines and impacts on Section 19 of the NYISO OATT was offered – this continued a discussion at an earlier meeting. A compliance filing is being developed to make appropriate tariff changes.

8. The Reactive Power Working Group offered an update on their activities.

9. An update on the CY2007 study process was given. NYISO is also evaluating deliverability for CY2007 projects per the recent FERC order. Questions were raised on the timing of FERC approval of tariff language vs. completion of CY2007 SUF study, as well as the ability to perform deliverability testing since no test methodology has been formally accepted as part of tariff changes. NYISO indicated that a compliance filing containing the deliverability test methodology is expected in May. Consideration of the CY2007 study and cost allocations is currently targeted for the June Operating Committee meeting.

   CY2008 studies cannot fully commence until the CY2007 study is completed and cost allocations are final. NYISO is looking to firm up the CY2008 project list as best as can be done until the CY2007 study is final.

10. An update was given on the CRP/RNA process. The next ESPWG meeting (April 9, 2008) will discuss preliminary CRP 2008 results as well as kickoff the 2009 RNA.

11. John Adams of NYISO offered a presentation on the scope and timeline of an update to the NYISO Wind Integration Study. A significant amount of wind generation is expected to come on line by 2011 in New York as well as across the Eastern Interconnection in general. Other studies are being reviewed as well as the current state of wind project development and deployment. Parts of the study have started and the balance is expected to be complete by the end of 2008. Among other discussions it was suggested that NYISO broadly disseminate information on this topic due to a high level of Market Participant interest.

12. The next regular TPAS meeting will be May 6, 2008. The next joint TPAS/IITF meeting to continue Attachment S and X changes is scheduled for April 10, 2008.

<u>April 10, 2008 Joint TPAS/IITF Meeting</u>

This meeting was a continuation of discussions on various proposed changes to Attachments X and S of the OATT. A total of 6 issues have been identified, some consisting of minor language changes and others relating to more involved issues.

Consensus was reached on many of these issues at this meeting. However, several open issues remain. These open issues primarily relate to (1) TO recovery of ongoing O&M and taxes for SUFs, and (2) deposit amounts and TO reimbursement of Scoping Meeting preparation and participation costs related to new interconnection requests.

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This entire group of issues has been moving forward as a package to this point. At this meeting it was proposed that the issues for which consensus was reached be moved forward separately to prevent further delay, and the remaining issues continue in discussion. The TOs agreed to consider this proposal. The need for future joint meetings will be decided upon the TOs response.

Prepared By: J. Marczewski
TPAS Chair

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EXHIBIT I

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New York Independent System Operator
Operating Committee Meeting

Thursday June 19, 2008
10:00 AM – 4:00 PM

Dial-in Number: 866-280-1753
Participant Code: 51835604

Meeting Agenda

1. Introductions	L. Baker
2. *Approval of the Meeting Minutes of:* – May 22, 2008	P. Lemme
3. Chairperson's Report – Correspondence – OC Action Items	L. Baker
4. NYISO Operations – Operations Report – Reliability Performance Report – ERO Update	R. Gonzales
Actions Pertaining to: 5. Approval of the 2008 CRP	W. Lamanna
Actions Pertaining to: 6. System Reliability Impact Studies: 6.1 Q#222 – Noble Environmental Ball Hill Windpark SRIS	S. Corey
Actions Pertaining to: 7. Approval of the Class Year 2007 Facilities Study	L. Popa / S. Corey
Actions Pertaining to: 8. Approval of amendments to OATT Attachments S & X	K. Gach
Actions Pertaining to: 9. Approval of the Operating Protocol for Astoria East and West Stations Fault Current Mitigation	D. Ellis
10. Subcommittee Items *SOAS:* - Status Update	D. Voos

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RWG: - Status Update	L. Panzica
CDAS: - Status Update	R. A'Brial
RPWG: - Status Update	J.Hajagos
ESPWG: - Status Update	T. Niazi
IITF: - Status Update	G. Haake
TPAS: - Status Update	J. Marczewski S. Corey
11. New York State Reliability Council	E. Schrom
12. Open Issues	All
13. New Business - Review of Action Items from Meeting - Next OC Meeting July 17, 2008	All P. Lemme

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ISSUE 7

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6/19/08 Operating Committee Meeting

Clarification Regarding Headroom Accounting

Attachment S

Fourth Revised Sheet No. 656

Contribution Percentage: The ratio of an interconnection project's measured impact or pro rata ~~electrical~~ contribution to a System Upgrade Facility identified in the Annual Transmission Reliability Assessment, to the sum of the measure impacts or pro rata ~~electrical~~ contributions of all the projects that have at least a *de minimus* impact or contribution to the System Upgrade Facility.

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6/19/08 Operating Committee Meeting

Clarification Regarding Headroom Accounting

Attachment S

Third Revised Sheet No. 656A

Headroom: In the case of any System Upgrade Facility that has been paid for by a Developer, the **functional or** electrical capacity of the System Upgrade Facility that is in excess of the **functional or** electrical capacity actually used by the Developer's generation or merchant transmission project.

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6/19/08 Operating Committee Meeting

Clarification Regarding Headroom Accounting

Attachment S Fourth Revised Sheet No. 675

e. For interconnection projects included in each Annual Transmission Reliability Assessment, the Interconnection System Reliability Impact Study updated results will specify the impact of each project in the Class Year on the reliability of the transmission system, that is, the pro rata contribution of each project in the Class Year to each ~~of the~~ individual System Upgrade ~~Facilities~~ **Facility** identified in the updates.

(1) ~~The~~**In the case of a System Upgrade Facility that has a functional capacity not readily measured in amperes or other discrete electrical units, such as a System Upgrade Facility dedicated to system protection, the** pro rata impact of each project in the Class Year on the reliability of the transmission system will ~~not simply~~ be based upon the number of projects in the Class Year **contributing to the need for the System Upgrade Facility**.

(2) ~~Instead~~**In the case of a System Upgrade Facility that has a capacity readily measured in amperes or other discrete electrical units**, the impact of each project in the Class Year will be stated in terms of its pro rata contribution to the total electrical impact on each individual System Upgrade Facility in the Class Year of all projects that have at least a *de*

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minimus impact, as described in Section IV.F.5.e.(1) of these rules. The contribution to electrical impact will be measured in various ways depending on the nature of the transmission problem primarily causing the need for the individual System Upgrade Facility.

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6/19/08 Operating Committee Meeting

Clarification Regarding Headroom Accounting

Attachment S

Fourth Revised Sheet No. 679

There will be no prioritization of the projects grouped and studied together in a Class Year. Each such project will share in the then currently available **functional or** electrical capability of the transmission system, and share in the cost of the System Upgrade Facilities required to interconnect its respective project, in accordance with the rules set forth herein.

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6/19/08 Operating Committee Meeting

Clarification Regarding Headroom Accounting

Attachment S First Revised Sheet No. 686

14. If a Developer pays for any System Upgrade Facilities, or for any Attachment Facilities that are later determined to be System Upgrade Facilities, that create ~~electrical capacity or~~ "Headroom" ~~in excess of the electrical capacity actually used by its project~~, then that Developer will be repaid the depreciated cost of that ~~headroom~~**Headroom** by the Developer of any subsequent project that interconnects and uses the Headroom within ten years of the creation of the headroom**. Headroom means that the System Upgrade Facilities have the electrical or functional capacity to accommodate additional projects**.

    a. Developers of terminated projects who have paid for Headroom with forfeited security instruments, as well as Developers of completed projects who have paid for Headroom, will be repaid in accordance with these ~~results~~**rules**.

    b. The Developer of the subsequent project shall repay the prior Developer as soon as the cost responsibilities of the subsequent Developer are determined in accordance with these ~~results~~**rules**.

    c. The NYISO will determine the depreciated cost of the System Upgrade Facilities associated with the Developer-created Headroom using the FERC-approved depreciation schedule applied to comparable facilities by the Connecting Transmission Owner.

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d. Developer-created Headroom will be measured by the NYISO in accordance with these rules. The use that a subsequent project makes of Developer-created Headroom~~, that is, the reliability impact that a subsequent project has on the transmission system and its pro rata cost responsibility for the~~ **will also be measured by the NYISO in accordance with these rules. In the case of Headroom on** System Upgrade Facilities~~, will also be measured~~ **that have an excess functional capacity not readily measured in amperes or other discrete electrical units, the use the subsequent project makes of the Develop-created Headroom will be measured solely by using the total number of projects in the current or prior Class Years needing or using the System Upgrade Facility. In the case of System Upgrade Facilities that have an excess capacity readily measured in amperes or other discrete electrical units, the use the subsequent project makes of the Developer-created Headroom will be measured in terms of the electrical impact of the subsequent project, as that electrical impact is determined** by the NYISO in accordance with these rules. The NYISO will publish accounts showing the Headroom for each Class Year of Developers, and will update those accounts to reflect the impact of subsequent projects. The NYISO will close the Headroom account of a Developer when the ~~electrical~~**capacity** values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.

(1) If a subsequent Developer uses up all the Headroom of an earlier Developer, and also triggers the need for a new System Upgrade Facility, then the subsequent Developer will pay the Transmission Owner for the

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new System Upgrade Facility but will not pay the earlier Developer for the Headroom used up or the account extinguished. However, the earlier Developer will get a new Headroom account and a *pro rata* share of the Headroom in the new System Upgrade Facility purchased by the subsequent Developer. The economic value of this pro rata share will be equal to the economic value of the earlier Developer's Headroom account that was extinguished by the subsequent Developer.

e. For Class Years 2001 and 2002, the NYISO shall account for Headroom as provided by the Non-Financial Settlement. Developers in Class Year 2002 shall reimburse Class Year 2001 Developers in accordance with the terms of the Non-Financial Settlement.

15. In addition to the adjustments made by the NYISO in Headroom accounts to reflect the impact of subsequent projects, the NYISO will make other adjustments to Headroom accounts when preparing for each Annual Transmission Baseline Assessment. The NYISO will make these adjustments to reflect the impact of changes in the Existing System Representation modeled for the Annual Transmission Baseline Assessment that result from the installation, expansion or retirement of generation and transmission facilities for load growth and changes in load patterns. Such changes in the Existing System Representation can also result from changes in these rules or the criteria, methods or, software used to apply these rules.

a. No compensation will be paid as a result of these changes to the Existing System Representation. However, the NYISO will adjust the ratios of dollars to electrical values in each Developer's account to maintain the economic value of the

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Developer's account that existed before the changes were made in the Existing System Representation.

b. The NYISO will make no adjustments to Headroom accounts for the impact of subsequent generic solutions, except in those cases where the generic solution is a Class Year project and the adjustment is made to reflect the impact of the Class Year project.

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New York Independent System Operator
Operating Committee
June 19, 2008
Proposed Motions

Agenda Item # 2

Motion to approve the May 22, 2008 Operating Committee meeting minutes.

Agenda Item # 5

Motion to recommend that the Management Committee recommend that the Board of Directors approve the NYISO 2008 Comprehensive Reliability Plan as presented by the NYISO to the Operating Committee at its June 19, 2008 meeting. The 2008 CRP was the subject of prior review by the Electric System Planning Working Group and the Transmission Planning Advisory Subcommittee.

Agenda Item # 6

Motion to approve the Noble Environmental Ball Hill Windpark System Reliability Impact Study (Q#222) as recommended to the Operating Committee by the Transmission Planning Advisory Subcommittee.

Agenda Item # 7

Motion to approve the NYISO Class Year 2007 Facilities Study Part 2: SUFs.

Agenda Item # 8

Motion to approve Tariff amendments to Attachments X and S as identified in Items 3-10 of the "June 12 Table of Proposed Tariff Amendments to Attachments X and S" and presented at the June 19, 2008 Operating Committee meeting.

Motion to approve amendment to Attachment S to permit the recovery by Transmission Owners from Developers of two categories of operation and maintenance expenses for System Upgrade Facilities ("SUF"), including (a) incremental property taxes, and (b) third-party telecommunication charges for System Protection Facilities SUFs as presented at the June 19 Operating Committee meeting.

Motion to approve amendment to Attachment X to require a Developer to pay the reasonable, actual costs incurred by the NYISO and Transmission Owner in furtherance of Interconnection Studies, including costs associated with the Scoping Meeting, and to apply the initial deposit towards those costs even if a project withdraws before executing a study agreement as presented at the June 19 Operating Committee meeting.

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Agenda Item # 9

Motion to approve the Operating Protocol for Astoria East and West Stations Fault Current Mitigation as recommended to the Operating Committee by the System Operations Advisory Subcommittee.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Complaint via electronic mail on the following individual:

Robert E. Fernandez
New York Independent System Operator, Inc.
210 Krey Boulevard
Rensselaer, N.Y. 12144

Dated in Washington, DC this 17th day of June, 2008.

Elizabeth W. Whittle

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