

December 7, 2007

The Hon. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: Amendments to the ISO New England Inc. Transmission, Markets
and Services Tariff in Compliance with Order No. 890,
Docket No. ER08- -000

Dear Secretary Bose:

Pursuant to Rule 1907 of the Federal Energy Regulatory Commission's ("FERC or the "Commission")¹ Rules of Practice and Procedure, 18 C.F.R. § 385.1907 (2007), and Section 206 of the Federal Power Act ("FPA"), ISO New England Inc. ("ISO-NE" or "ISO"), the Participating Transmission Owners Administrative Committee ("PTO AC"),² Cross-Sound Cable Company, LLC ("CSC LLC"), the Schedule 20A Service Providers ("SSPs"), which are the entities providing service over the Phase I/II HVDC-TF tie to Quebec under Schedule 20A of the ISO-NE OATT, the Maine Electric Power Company ("MEPCO"), and the New England Power Pool Participants Committee ("NEPOOL") (collectively, the "Filing Parties") hereby jointly submit this transmittal letter regarding the proposed revisions to Section II of the ISO Tariff to comply with the Commission's Order on *Preventing Undue Discrimination and Preference in Transmission Service*,

¹ Capitalized terms used but not defined in this filing are intended to have the meanings given to such terms in the Second Restated New England Power Pool Agreement (the "Second Restated NEPOOL Agreement"), the Participants Agreement, or the ISO New England Inc. Transmission, Markets and Services Tariff ("ISO Tariff"), including the ISO-NE's Open Access Transmission Tariff ("ISO-NE OATT"), which is Section II of the ISO Tariff, and Market Rule 1, which is Section III of the ISO Tariff. The ISO Tariff is available at www.iso-ne.com/regulatory/tariff/index.html.

² The PTO AC joins this filing on behalf of the Participating Transmission Owners ("PTOs") in New England. The PTOs include: Bangor Hydro-Electric Company; Town of Braintree Electric Light Department; NSTAR Electric & Gas Corporation on behalf of its operating affiliates: Boston Edison Company, Commonwealth Electric Company, Cambridge Electric Light Company and Canal Electric Company; Central Maine Power Company; Central Vermont Public Service Corporation; Connecticut Municipal Electric Energy Cooperative; The City of Holyoke Gas and Electric Department; Florida Power & Light Company – New England Division; Green Mountain Power Corporation; Massachusetts Municipal Wholesale Electric Company; New England Power Company d/b/a National Grid; New Hampshire Electric Cooperative, Inc.; Northeast Utilities Service Company on behalf of its affiliates: The Connecticut Light and Power Company, Western Massachusetts Electric Company, Public Service Company of New Hampshire, Holyoke Power and Electric Company and Holyoke Water Power Company; Taunton Municipal Lighting Plant; Town of Norwood Municipal Light Department; Town of Reading Municipal Light Department; The United Illuminating Company; Unitil Energy Systems, Inc. and Fitchburg Gas and Electric Light Company; Vermont Electric Cooperative, Inc.; Vermont Electric Power Company, Inc.; Vermont Transco, LLC; and Vermont Public Power Supply Authority.

Order No. 890,³ and the subsequently issued order extending the deadline for transmission providers to submit their transmission planning processes.⁴ This transmittal letter and the accompanying new and revised tariff sheets (the “Compliance Sheets”) are referred to herein collectively as the “Attachment K Compliance Filing.”

As demonstrated herein, the provisions reflected in the Compliance Sheets are just and reasonable, and are consistent with or superior to the provisions included as requirements under Order No. 890. The ISO-NE portion of the Attachment K Compliance Filing, with respect to which NEPOOL has advisory voting rights, has the unanimous support of NEPOOL.⁵ The Compliance Sheets have four elements:

- a new Attachment K – Regional System Planning Process (“Attachment K”) to the ISO-NE OATT – filed by ISO-NE;⁶
- a new Appendix 1 to Attachment K (entitled “Attachment K - Local”) – filed by the PTO AC;
- conforming changes to the main body of the ISO-NE OATT – filed by the ISO;⁷ and
- conforming changes to Schedule 21 of the ISO-NE OATT – filed by the PTO AC.⁸

The SSPs, CSC LLC, and MEPCO are not submitting tariff sheets, for the reasons they describe in Sections VI-VIII, below.

I. OVERVIEW OF FILING

The Filing Parties submit the instant filing to comply with Order No. 890, which directs each transmission provider to amend its OATT to, *inter alia*, incorporate a regional system planning process in a new Attachment K that complies with the

³ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 *Fed. Reg.* 12266 (March 15, 2007), *FERC Statutes and Regulations* ¶31,241 (2007), *reh'g pending* (“Order No. 890”).

⁴ *Preference in Transmission Service*, Order Extending Compliance Action Date and Establishing Technical Conferences, 120 *FERC* ¶ 61,103 (2007) (extending the deadline for filing the new Attachment K adopted in Order No. 890 to December 7, 2007, to facilitate the development of the filings and establish additional technical conferences with Commission staff) (“July 27 Order”).

⁵ NEPOOL takes no position, because it has no advisory voting rights, on those portions of the Attachment K Compliance Filing over which transmission providers other than ISO-NE hold Section 205 filing rights.

⁶ NEPOOL joins with ISO-NE in filing this element.

⁷ NEPOOL joins with ISO-NE in filing this element.

⁸ The respective Section 205 filing rights of the ISO and the PTO AC are allocated in the Transmission Operating Agreement (“TOA”), accepted by, and on file with, the Commission.

principles specified thereunder.⁹ Alternatively, Order No. 890 states, a transmission provider (including independent system operators (“ISOs”) and regional transmission organizations (“RTOs”)) may submit a compliance filing “describing its existing coordinated and regional planning process, including the appropriate language in its tariff, and show that this existing process is consistent with or superior to the requirements of the Final Rule.”¹⁰ As to ISOs and RTOs, the Commission recognized that they may already have Commission-approved transmission planning processes, and emphasized that its reform is not intended to “reopen prior approvals, but rather to ensure that the transmission planning process utilized by each RTO and ISO is consistent with or superior to the planning process adopted” in the Final Rule.¹¹ Therefore, each ISO and RTO needs to either reform its process consistent with Order No. 890 principles and/or show that its existing process is consistent with or superior to the Final Rule.

The Attachment K Compliance Filing consists of proposed revisions to the ISO Tariff to move the substance of the existing regional system planning process set forth in Section II.48 of the ISO-NE OATT into a new Attachment K that contains the regional system planning process conducted by ISO-NE, and to add a new Appendix 1 to Attachment K – Local System Planning Process that contains the local system planning process (“LSP Process”) performed by the PTOs in close coordination with ISO-NE.¹² CSC LLC, the SSPs, and MEPCO also join this filing to explain their role, responsibilities and obligations in the ISO-NE regional system planning process pursuant to the ISO Tariff or applicable transmission operating agreements. Importantly, the regional and local system planning processes are based on ISO-NE’s existing regional system planning process, as further improved to implement Order No. 890 reforms and address the concerns raised by New England stakeholders.

A brief review of the Filing Parties’ rights and obligations with respect to the planning activities in New England will facilitate the Commission’s review of the Attachment K Compliance Filing.¹³ Pursuant to Sections II.48 and II.49 of the ISO-NE OATT and Sections 3.02, 3.05, 3.07 and 3.09 of the Transmission Operating Agreement among ISO-NE and the PTOs (“TOA”), which was approved by the Commission as part of its approval of ISO-NE as the New England Regional Transmission Organization (“RTO”), and other OATT provisions and operating agreements on file with the Commission, ISO-NE has operating authority over *all* facilities comprising the New England Transmission System. These facilities include Pool Transmission Facilities

⁹ Order No. 890 at P 437.

¹⁰ *Id.*

¹¹ *Id.* at P 439.

¹² As reflected in the Compliance Sheets, the instant filing eliminates Section II.48 of the ISO-NE OATT.

¹³ Order No. 890 at P 440 (requiring “RTOs and ISOs [to] indicate how all participating transmission owners within their footprint will comply with the planning requirements of this Final Rule.”). To this end, the PTOs are filing, as Appendix 1 to Attachment K, the LSP Process, and CSC LLC, the SSPs, and MEPCO include a statement of their planning obligations relative to the facilities over which they provide transmission service and are interconnected to the New England Transmission System.

(“PTF”), Non-Pool Transmission Facilities (“Non-PTF”), Other Transmission Facilities (“OTF”),¹⁴ and Merchant Transmission Facilities (“MTF”),¹⁵ all of which are used for the provision of transmission service under the ISO-NE OATT. Under the foregoing provisions, ISO-NE’s planning authority extends to the PTF part of the system, and the PTOs retain overall planning responsibility over the Non-PTF. With regard to OTF and MTF, the owners of these facilities are required to meaningfully participate in the regional system planning process under the ISO-NE OATT or applicable transmission operating agreements.

The Filing Parties’ Attachment K Compliance Filing is structured as follows:

- Section II describes the Filing Parties and provides their respective contact information.
- Section III discusses the development of this Attachment K Compliance Filing.
- Section IV describes ISO-NE’s revisions herein to the ISO-NE OATT in compliance with Order No. 890.
- Section V describes the PTOs’ compliance with Order No. 890.
- Section VI describes the SSPs’ compliance with Order No. 890.
- Section VII describes CSC LLC’s compliance with Order No. 890.
- Section VIII describes MEPCOs’ compliance with Order No. 890.
- Section IX describes the stakeholder process through which aspects of this filing was evaluated.
- Section X provides the requested effective date.
- Section XI provides additional supporting information.
- Section XII provides a conclusion.

II. DESCRIPTION OF FILING PARTIES; COMMUNICATIONS

ISO-NE is the private, non-profit entity that serves as the regional transmission organization for New England. ISO-NE operates the New England Transmission System

¹⁴ OTF consists of the HVDC Phase I/II TF and the MEPCO Transmission Facilities, over which transmission service is offered by the SSPs and MEPCO, respectively.

¹⁵ MTF consists of facilities owned by CSC LLC.

(i.e., those facilities located in the New England region) and administers the New England Markets pursuant to the ISO Tariff and Transmission Operating Agreements with the New England transmission owners. In its capacity as the RTO for New England, ISO-NE has the responsibility to protect the short-term reliability of the control area and to operate the system according to the reliability standards established by the Northeast Power Coordinating Council (“NPCC”) and the North American Electric Reliability Corporation (“NERC”).

The PTOs are transmission owners that, pursuant to the terms of the TOA among the PTOs and ISO-NE, physically operate and maintain Transmission Facilities¹⁶ in New England that are under the Operating Authority¹⁷ of ISO-NE. The PTF Transmission Facilities owned by the PTOs are used to provide regional transmission service under the ISO-NE OATT and the Non-PTF Transmission Facilities are used to provide Local Service under Schedule 21 of the ISO-NE OATT. The PTOs are Transmission Providers providing Local Service on an open access basis under Schedule 21 of the ISO-NE OATT. The TOA also grants the PTOs authority under Section 205 of the Federal Power Act to submit filings to the Commission in matters affecting the rates, terms and conditions of Local Service under Schedule 21 and the rates and charges, including cost allocation, for regional transmission service under the ISO-NE OATT. The TOA and the ISO-NE OATT also govern the terms and conditions under which the PTOs are obligated to plan, own and construct new Transmission Facilities.

The SSPs are those public utility transmission providers who hold the rights to the transmission capacity over the Phase I/II HVDC-TF and who make those rights available on an open-access basis to Transmission Customers under Schedule 20A of the ISO-NE OATT.¹⁸

¹⁶ As used herein, the defined term “Transmission Facilities” has the meaning ascribed thereto in Schedule 1.01 of the TOA.

¹⁷ As used herein, the defined term “Operating Authority” has the meaning ascribed thereto in Schedule 1.01 of the TOA.

¹⁸ The SSPs include: Bangor Hydro-Electric Company (“BHE”) (BHE offers the use rights of PPL EnergyPlus, LLC under Schedule 20A); Boston Edison Company (“BEC”), Commonwealth Electric Company (“Commonwealth”) and Cambridge Electric Light Company (“Cambridge”) (BEC administers the Phase I/II HVDC-TF Service for Commonwealth and Cambridge under Schedule 20A; these companies have merged and are now known as NSTAR Electric Company and will make a separate filing in the near future to update Schedule 20A); Central Maine Power Company (“CMP”); Central Vermont Public Service Corp. (“CVPS”) (CVPS offers the Use Rights of Fitchburg Gas and Electric Light Company and UNITIL Power Corp., under Schedule 20A); Green Mountain Power Corp.; New England Power Company; Northeast Utilities Service Company (on behalf of The Connecticut Light and Power Company, Western Massachusetts Electric Company, Holyoke Power and Electric Company, Holyoke Water Power Company, and Public Service Company of New Hampshire); The United Illuminating Company; and Vermont Electric Cooperative. Pursuant to Section 3.05 of the TSAA and subject to certain limitations, the SSPs have the sole authority under Section 205 of the Federal Power Act to submit changes to Schedule 20A of the ISO-NE OATT.

The SSPs are those public utility transmission providers who hold the rights to the transmission capacity over the Phase I/II HVDC-TF and who make those rights available on an open-access basis to Transmission Customers under Schedule 20A of the ISO-NE OATT.¹⁹ The SSPs are a subset of the Interconnection Rights Holders (“IRH”), the entities that pay for the Phase I/II HVDC-TF and in return receive the rights to the transmission capacity under certain financial support agreements. ISO-NE has operating authority over the Phase I/II HVDC-TF in accordance with the HVDC Transmission Operating Agreement (“HVDC TOA”).

CSC LLC is a wholly-owned subsidiary of Babcock & Brown Infrastructure (“BBI”), a specialized infrastructure investment fund listed on the Australian Stock Exchange. BBI’s purpose is to invest in, own and manage long-term infrastructure assets around the world. CSC LLC designed, financed, constructed and owns the Cross Sound Cable (“CSC”), a fully controllable, bi-directional high-voltage direct current transmission link between Connecticut and Long Island that is under the operational authority of ISO-NE. By order issued June 1, 2000, the Commission granted authorization for CSC LLC to make sales on a negotiated basis of transmission capacity over the CSC.²⁰ CSC LLC operates the CSC and provides transmission service over the CSC pursuant to Schedule 18 of the ISO-NE OATT and the Schedule 18 Implementation Rule. Operation of the CSC is conducted in coordination with ISO-NE and the New York Independent System Operator, Inc. (“NYISO”).

MEPCO is Maine Electric Power Company Inc., party to the MEPCO TOA with ISO-NE. MEPCO is jointly owned and operated by three Maine utilities: Central Maine Power Company, Bangor Hydro-Electric Company, and Maine Public Service Company.

¹⁹ The SSPs include: Bangor Hydro-Electric Company (“BHE”) (BHE offers the use rights of PPL EnergyPlus, LLC under Schedule 20A); Boston Edison Company (“BECO”), Commonwealth Electric Company (“Commonwealth”) and Cambridge Electric Light Company (“Cambridge”) (BECO administers the Phase I/II HVDC-TF Service for Commonwealth and Cambridge under Schedule 20A). These companies have merged and are now known as NSTAR Electric Company and will make a separate filing in the near future to update Schedule 20A); Central Maine Power Company (“CMP”); Central Vermont Public Service Corp. (“CVPS”) (CVPS offers the Use Rights of Fitchburg Gas and Electric Light Company and UNITIL Power Corp., under Schedule 20A); Green Mountain Power Corp.; New England Power Company; Northeast Utilities Service Company (on behalf of The Connecticut Light and Power Company, Western Massachusetts Electric Company, Holyoke Power and Electric Company, Holyoke Water Power Company, and Public Service Company of New Hampshire); The United Illuminating Company; and Vermont Electric Cooperative. Pursuant to Section 3.05 of the TSAA and subject to certain limitations, the SSPs have the sole authority under Section 205 of the Federal Power Act to submit changes to Schedule 20A of the ISO OATT.

²⁰ FERC first granted the negotiated rate authorization to TransÉnergie U.S. Ltd. (“TEUS”) in *TransÉnergie U.S. Ltd.*, 91 FERC ¶ 61,230 (2000). Subsequently, by order issued June 15, 2001, the Commission authorized the substitution of CSC LLC for TEUS as to the rights and obligations under the June 1, 2000 order with respect to the CSC. *TransÉnergie U.S. Ltd.*, 95 FERC ¶ 61,410 (2001). On February 1, 2006, the Commission authorized the disposition of CSC LLC’s jurisdictional facilities through the transfer of all of the membership interests in CSC LLC to BBI. *Cross Sound Cable Company, et al.*, 114 FERC ¶ 61,096 (2006). The sale transaction was consummated in February 2006.

MEPCO owns and operates a 345 kV transmission line connected to Central Maine Power Company at the Maine Yankee Substation in Wiscasset Maine, and at the Maxcy's Substation in Windsor, Maine to Bangor Hydro Electric Company at Orrington, Maine and at its northern end, at the Canadian border to a similar 345 kV transmission line owned by New Brunswick Power.

NEPOOL is a voluntary association organized in 1971 pursuant to the New England Power Pool Agreement. NEPOOL has grown to include over 300 members, and is the principal stakeholder organization of the New England RTO. The Participants include all of the electric utilities rendering or receiving services under the ISO Tariff, as well as independent power generators, marketers, load aggregators, brokers, consumer-owned utility systems, demand response providers, end users and a merchant transmission provider. Pursuant to revised governance provisions accepted by the Commission in *ISO New England Inc. et al.*, 109 FERC ¶ 61,147 (2004), the Participants act through the NEPOOL Participants Committee. The Participants Committee is authorized by Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement to represent NEPOOL in proceedings before the Commission.

All correspondence and communications in this proceeding should be addressed to the undersigned for ISO-NE, PTO AC, SSPs, CSC LLC, MEPCO, and NEPOOL as follows:

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Hon. Kimberly D. Bose

December 7, 2007

Page 8 of 44

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III. BACKGROUND

A. The Genesis of the Existing ISO-NE Regional System Planning Process

The existing regional system planning process in New England has been in place since 2000. On June 28, 2000, the Commission issued an order, which, *inter alia*, accepted a comprehensive, open and transparent regional system planning process as part of the NEPOOL OATT, which preceded the ISO-NE OATT.²¹ Subsequently, in 2001, ISO-NE became primarily responsible for transmission planning in New England.²²

By order issued on March 24, 2004, the Commission conditionally approved a proposal of ISO-NE and the New England transmission owners to establish ISO-NE as

²¹ See *ISO New England Inc.*, 91 FERC ¶ 61,311 at 62,076-77 (2000).

²² See *ISO New England Inc. and New England Power Pool*, 95 FERC ¶ 61,384 (2001) (authorizing ISO-NE to oversee regional transmission planning); *New England Power Pool and ISO New England Inc.*, 103 FERC ¶ 61,304 (2003) (accepting October 2001 compliance filing as to the directive regarding then Sections 18.4 and 18.5, now Sections I.39 and I.3.10, of the ISO Tariff, stating “[w]e are persuaded by ISO-NE’s arguments that it is the appropriate authority to approve planning for transmission upgrades and changes to supply and demand-side resources.”).

the RTO for New England.²³ That order, and subsequent orders in Docket No. RT04-2, also approved ISO-NE's regional system planning process as currently set forth in Part II.G (Sections II.46 to II.48) and Attachment N of the ISO-NE OATT.²⁴ The Commission's Order Approving RTO also conditionally accepted the TOA among ISO-NE and the PTOs, which defines the relationship between ISO-NE and the PTOs and their respective rights and responsibilities, including those related to planning discussed above.

B. Description of the Existing Regional System Planning Process

Section II.48 of the ISO-NE OATT sets forth the current standards and procedures for ISO-NE's conduct of the regional system planning process. To ensure that ISO-NE receives the full benefit of input from all interested stakeholders at each stage of that process, ISO-NE convenes multiple meetings over the course of the year with the Planning Advisory Committee ("PAC") – a stakeholder group that is open to any interested entity including, but not limited to, Transmission Customers, Market Participants, and various officials of the New England States. ISO-NE also coordinates the regional system planning process with the PTOs and other asset owners in New England. Because the TOA and the ISO-NE OATT (and other agreements and protocols) require ISO-NE to comply with NERC and NPCC criteria and guidelines, ISO-NE also coordinates its system expansion plans with its neighbors.

In a nutshell, under Section II.48, ISO-NE conducts studies on an on-going and regular basis to detect reliability and market efficiency needs on the regional system, identifies (in collaboration with transmission owners) alternative regulated transmission solutions in the event that market solutions are not forthcoming in response to the identified system needs, and evaluates and determines whether a particular transmission project should be built.²⁵ ISO-NE notifies PAC of its intent to initiate system needs

²³ *ISO New England Inc., et al.*, 106 FERC ¶ 61,280 (2004) (approving ISO-NE's regional system planning process in the context of the Commission's approval of ISO-NE's RTO status subject to fulfillment of requirements and establishing hearing and settlement judge procedures) ("Order Approving RTO").

²⁴ *See id.* at P 210 (finding that the regional system planning process meets the Commission's Order No. 2000 requirements, subject to conditions).

²⁵ Attachment N of the ISO-NE OATT contains the applicable reliability and market efficiency standards that ISO-NE must consider in determining whether a transmission project would ensure the continued reliability of the transmission system or address a market inefficiency. The factors applicable for Reliability Transmission Upgrades considerations are: available supply and transmission, load growth, acceptable stability response, acceptable short circuit capability, acceptable voltage levels, adequate thermal capability, and acceptable system operability and responses. The standard used to identify Market Efficiency Transmission Upgrades is whether the upgrade will provide a net reduction in total production costs to supply system load. The factors considered in making this determination are: energy and capacity costs, cost of supplying total operating reserve, system losses, available supply and transmission, load growth, fuel costs, fuel availability, generator availability, release of bottled generation resources, cost of the project, *inter alia*. Attachment N also specifies that, "[a]lthough not used to evaluate the net economic benefit of the system Upgrade, analysis may be provided to illustrate the net cost to load with and without

(continued...)

assessments, identifies those needs to PAC and posts them on its website, thereby providing information to facilitate the development and implementation, by Market Participants and other stakeholders, of market solutions to those needs. Market responses – such as demand response, new generation, and merchant transmission – that meet appropriate milestones under Section II.48.3(b) of the ISO-NE OATT are incorporated in studies to assess the effects of such responses on the identified system problems. Ultimately, the Regional System Plan (“RSP”) that is the annual product of the regional planning process is adopted only after a public meeting with members of the ISO-NE Board of Directors to obtain direct input from interested and/or affected parties on the draft RSP.²⁶

Though not a part of its system planning responsibilities, ISO-NE also has responsibilities to review (with the advisory input of stakeholders through the NEPOOL Reliability Committee) all proposed system modifications, including transmission and generation additions or significant load reductions or additions, for significant adverse effects upon the reliability or operating characteristics of Transmission Owner and Market Participant facilities and systems,²⁷ and to review the transmission cost allocation for regional transmission projects.²⁸

C. The Strengths and Positive Results of the New England Regional Planning Process

The existing regional planning process has significant strengths. As discussed above, the transmission planning process provides for one entity – ISO-NE – to have clear accountability and responsibility for planning in the region consistent with the rights and obligations specified in the ISO Tariff and applicable transmission operating agreements. In addition, the planning process evaluates and identifies system needs over a 10-year planning horizon and identifies solutions to meet those needs. Under the planning process, a market response that meets appropriate milestones is included in the base case for the studies to determine whether it addresses identified system needs, and transmission solutions – Reliability Transmission Upgrades or Market Efficiency Transmission Upgrades – are identified to be built by one or more of the New England

(...continued)

the transmission upgrade – considering additional factors such as locational ICAP, congestion costs, and impacts on bilateral prices for electricity.”

²⁶ ISO-NE began issuing RSPs in 2002. This year’s RSP – *2007 Regional System Plan* (“RSP07”) – issued on October 18, 2007, is available on the ISO-NE website at http://www.iso-ne.com/trans/rsp/2007/rsp07_final_101907_public_version.pdf.

²⁷ See Section I.3.9 of the ISO Tariff.

²⁸ See Schedule 12C to the ISO-NE OATT. Through this “TCA” process, ISO-NE determines whether projects exceed reasonable requirements are that are consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. ISO-NE considers alternate feasible and practical Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrades.

transmission owners, pursuant to the obligation to build included in the TOA, when a market response does not come forward to address system needs.²⁹

ISO-NE's regional system planning process has identified and facilitated significant and beneficial improvements to transmission infrastructure in all six New England States in a manner that, as further discussed below, is consistent with Order No. 890 principles. More specifically, 202 projects representing an investment of about \$1.2 billion have been placed in service since ISO-NE began issuing RSPs in 2002. In addition, a total of \$3.5 to \$6.2 billion of active transmission projects are identified in the current RSP. Importantly, states are actively siting projects identified in the RSP, including five major new 345-kV projects in four different states, three of which are now in-service.

D. The Development of Attachment K and Appendix 1

In Order No. 890, the Commission recognized that ISOs and RTOs “may well have adopted practices that are already consistent with or superior to the reforms adopted here. For example, ISOs and RTOs tend to have transmission planning processes that are significantly more open and transparent than the processes used by non-independent transmission providers.”³⁰ As described above, the existing regional system planning process for New England is highly transparent, has significant strengths and has produced notable and much-needed transmission investment. Recognizing that planning processes may already be in place in ISOs and RTOs, the Commission encouraged them to “meet with their stakeholders to discuss whether *any improvements* are necessary to comply with the Final Rule.”³¹ Following this guidance, ISO-NE undertook numerous and sustained initiatives to consult with its stakeholders, as detailed below. First, ISO-NE initiated stakeholder discussions through the Order No. 890 Working Group established in coordinate with the NEPOOL Transmission Committee to review and provide input on the material that comprises the Attachment K Compliance Filing.³² The Order No. 890 Working Group included members of NEPOOL, the PTO AC, the SSPs, CSC LLC, MEPCO, representatives of the New England States, State commission and other agencies, NEPOOL counsel and ISO-NE counsel. The Order No. 890 Working Group met eight times over the past several months, at times joined by members of PAC or the Transmission Committee, to specifically discuss, and solicit input from a broad array of stakeholders on the material for the Attachment K Compliance Filing. The PTO AC also participated in these discussions and made several presentations of the PTOs' proposed LSP Process.

²⁹ Importantly, if a market solution subsequently materializes, ISO-NE may defer or cancel a transmission solution; the transmission owner is kept whole by having the right to recover reasonable expenses incurred in pursuing the transmission solution at ISO-NE's directive.

³⁰ Order No. 890 at P 158.

³¹ *Id.* (emphasis added).

³² Available at http://www.iso-ne.com/committees/comm_wkgrps/trans_comm/890_wg/index.html.

Second, to facilitate the preparation – in consultation with stakeholders – of a “strawman” planning process proposal as required by Order No. 890, ISO-NE, representatives of the PTO AC, the PAC and members of the Order No. 890 Working Group met on May 16, 2007 to discuss the existing regional system planning process and proposed improvements. Also, on May 24, 2007, and regularly thereafter, ISO-NE and representatives of the New England States through the New England Conference of Public Utilities Commissioners, Inc. (“NECPUC”) engaged in conference calls to discuss the regional system planning process and proposed improvements. On May 29, 2007, ISO-NE posted on its website for consideration and comment by all the New England stakeholders a regional system planning process strawman, which included a list of the concerns raised by stakeholders in the various meetings.³³

Third, on June 28, 2007, representatives of ISO-NE and the PTO AC participated in a panel discussion at a technical conference on regional transmission planning sponsored by the Commission and open to all interested entities.³⁴ There, ISO-NE presented the regional system planning process and the PTO AC presented the local system planning process in New England, and received additional input on the process from stakeholders. As noted above, the Commission thereafter issued the July 27 Order extending the deadline for filing the transmission planning processes, instituting additional technical conferences and directing transmission providers to post a draft of their Attachment K by September 14, 2007. On August 2, 2007, Commission staff issued a Notice of White Paper providing further guidance on the development of planning processes consistent with the Order No. 890 requirements.

Fourth, and shortly thereafter, ISO-NE circulated a draft of Attachment K to *all* New England stakeholders. This initiated the stakeholder advisory input process specified in the Participants Agreement, which included several meetings of the NEPOOL Transmission Committee and the NEPOOL Participants Committee with the participation of members of the Order No. 890 Working Group. Intensive dialogue between ISO-NE and NECPUC also continued.

Fifth, on October 16, 2007, representatives of ISO-NE and the PTO AC participated in a second technical conference on regional transmission planning sponsored by the Commission and open to all interested entities. There, ISO-NE presented the regional system planning process and the PTO AC presented the local system planning process in New England, and received additional input of the process from stakeholders and Commission staff.

³³ See http://www.iso-ne.com/trans/rsp/2007/order_890_planning_strawman.pdf.

³⁴ ISO-NE’s presentation at the technical conference is posted on its website at http://www.iso-ne.com/pubs/pubcomm/pres_spchs/2007/iso-ne_6-28-07.pdf.

The result of these extensive consultations is an Attachment K which builds on the existing strengths of the regional planning process and which, as demonstrated below, fully meets (and, in many cases, exceeds) the requirements of Order No. 890.

IV. ISO-NE'S REVISIONS TO THE ISO-NE OATT IN COMPLIANCE WITH ORDER NO. 890

A. Overview of Attachment K and Related Changes

To comply with Order No. 890 using the broad participatory process described above, a new Attachment K to the ISO-NE OATT and conforming changes to other provisions of the ISO-NE OATT have been developed and are filed herewith. These changes are “consistent with or superior to the planning process” adopted in the Final Rule.³⁵

1. Core Improvements to Existing Process

As discussed above, ISO-NE's Attachment K is based on the solid foundation of the existing regional system planning process provided in Section II.48 of the ISO-NE OATT, as further improved to comply with Order No. 890 and address stakeholder concerns. In addition to reorganizing and providing additional clarity where needed, ISO-NE modified the regional system planning process contained in Section II.48 to, *inter alia*:

- provide clarity and transparency to the transmission planning process, particularly, the method for evaluating transmission solutions and their inclusion in the project list;
- add additional detail for evaluating proposed market responses and their incorporation into the planning process;
- add provisions for economic planning studies, including a process for selecting and prioritizing requests for such studies;
- add a dispute resolution process for planning-related disputes; and
- expand the current PAC process and reformat the project list to accommodate the local system planning process detailed in Appendix 1 to ISO-NE's Attachment K.

2. The Organizational Structure of Attachment K

Attachment K is organized as follows:

³⁵ Order No. 890 at P 442.

- Section 1 provides an **overview** of the planning process;
- Section 2 describes the **role of the PAC**;
- Section 3 specifies the **principles, scope and contents of the RSP**;
- Section 4 provides for the conduct of **needs assessments** (including studies based on **economic considerations**), and describes the **treatment of market responses** and the process for **evaluating proposed solutions**;
- Section 5 addresses the **supply of information and data** required for regional system planning;
- Section 6 details the **required coordination** on regional, local and inter-area levels;
- Section 7 specifies the procedures for **developing and approving the RSP**;
- Section 8 states the PTOs' **obligation to build**, and conditions and rights appurtenant thereto;
- Section 9 addresses **Merchant Transmission Facilities**;
- Section 10 cross-references Schedule 12 of the ISO-NE OATT as determining **the cost responsibility** for projects identified as "Planned" in the RSP Project List as defined in Section 3.6 of Attachment K;
- Section 11 provides a cross-reference to other sections of the ISO Tariff governing the **allocation of Auction Revenue Rights** in connection with Transmission Upgrades;
- Section 12 spells out the **dispute resolution process** applicable to planning-related disputes; and
- Section 13 confirms that Attachment K does not restrict the **Section 206 rights** of any party.

3. The Location of Detailed Provisions Required by Order No. 890

In Order No. 890, the Commission specified certain details that a transmission provider must include in its OATT.³⁶ For New England, these details are found in the proposed Attachment K and/or other existing or modified provisions of the OATT in the locations identified below:

- Sections 2 and 6 of Attachment K provide “the process for consulting with customers and neighboring transmission providers;”³⁷
- Sections 2 and 7 of Attachment K provide “the notice procedures and anticipated frequency of meetings or planning-related communications;”³⁸
- Sections 3, 4, 5 and 7 of Attachment K provide “a written description of the methodology, criteria, and processes used to develop transmission plans,”³⁹ as further detailed in the ISO New England Planning Procedures available on the ISO-NE’s website;
- Sections 4 and 6 of Attachment K provide “the method of disclosure of transmission plans and related studies and the criteria, assumptions and data underlying those plans and studies;”⁴⁰
- Section 5 of Attachment K provides “the obligations of and methods for customers to submit data to the transmission provider;”⁴¹
- Section 12 of Attachment K provides “the dispute resolution process;”⁴²
- Section 4 of Attachment K provides “the transmission provider’s study procedures for economic upgrades to address congestion or the integration of new resources;”⁴³ and
- Sections 10 of Attachment K, and Schedules 12, 12A, 12B, and 12C of ISO-NE OATT provide “the relevant cost allocation procedures or principles.”⁴⁴

³⁶ *Id.* at P 602.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

These provisions are further discussed in detail in subsection B, below.

For the LSP Process, these details are found in the following provisions of Attachment K – Local and/or Schedule 21 of the ISO OATT:

- Section 1 of Attachment K – Local provides “the process for consulting with customers and neighboring transmission providers;”
- Sections 1 and 2 of Attachment K – Local provide that “the notice procedures and anticipated frequency of meetings or planning-related communications;”
- Sections 1, 2, and 3 of Attachment K – Local provide that “a written description of the methodologies, criteria, and processes used to develop transmission plans;”
- Sections 1, 2, and 3 of Attachment K – Local provide “the method of disclosure of transmission plans and related studies and the criteria, assumptions and data underlying those plans and studies;”
- Sections 1 and 5 of Attachment K – Local provide “the obligations of and methods for customers to submit data to the transmission provider;”
- Section 5 of Attachment K – Local provides “the dispute resolution process;”
- Sections 1 and 2 of Attachment K – Local provide “the transmission provider’s study procedures for economic upgrades to address congestion or the integration of new resources;” and
- Section 1 of Attachment K – Local and Schedule 21 of the ISO OATT provide “the relevant cost allocation procedures or principles.”

4. Conforming Changes to ISO-NE OATT

In addition to the provision of a new Attachment K, the Compliance Sheets include a number of conforming changes to the ISO-NE OATT. These include: (i) the addition to the definitions in Section II.1 of the ISO-NE OATT of new terms used on a recurring basis in Attachment K; (ii) the elimination of Section II.48; (iii) modifications throughout of cross-references in the ISO-NE OATT to refer to Attachment K rather than

II.48; and (iv) modifications of the type made throughout the pro forma OATT associated with Attachment K.⁴⁵

B. The Regional System Planning Process Meets the Order No. 890 Principles and Other Concepts

As noted above, Order No. 890 requires that the transmission planning process satisfy nine principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation. ISO-NE's regional system planning process meets these principles, as described in the subsections below. Each subsection begins with an excerpt from Order No. 890 expressing the pertinent principle.

1. Coordination

Transmission providers are, however, required to craft a process that allows for a reasonable and meaningful opportunity to meet or otherwise interact meaningfully.

...

[A] transmission provider could meet this standard by facilitating the formation of a permanent planning committee made up of itself, its neighboring transmission providers, affected state authorities, customers and other stakeholders.⁴⁶

ISO-NE's regional system planning process complies with the Commission's Coordination principle. Section 2 of Attachment K describes the formal committee – the PAC – that will continue to provide advisory input to ISO-NE in its conduct of regional system planning activities. The PAC was established to perform the functions that are specified in Section 2.2 of Attachment K. As that section describes, the PAC plays an extremely important role in the regional system planning process. Specifically, in conducting the regional system planning process and developing the RSP, ISO-NE must consult and seek input from the PAC. PAC, *inter alia*, facilitates the development of the RSP by reviewing study assumptions and scope, providing input regarding the results of system needs assessments, and identifies and prioritizes desired economic planning studies.

ISO-NE, as the regional transmission provider, leads and facilitates the PAC meetings. As described in Section 2.3, ISO-NE's planning process allows for a broad array of stakeholder participation by providing that any entity (including State regulators or agencies) may designate a member to PAC. To comply with Order No. 890 reforms,

⁴⁵ See October 11, 2007 filing letter of the Filing Parties. In addition, ISO-NE is including changes to Sheet 405, due to the inadvertent failure in a recent ISO-NE OATT filing to carry forward the already-accepted and appropriate Table of Contents line items for Sections II.1.95, II.1.96, and II.1.96A.

⁴⁶ Order No. 890 at P 451.

Section 2.4 of Attachment K includes procedures followed by ISO-NE for conducting PAC meetings, specifying the issuance of meeting notices, the vehicle by which such notices will be provided, and the availability of planning-related materials. To ensure attendance and meaningful participation by PAC members, ISO-NE provides advance notices to New England stakeholders of PAC meetings by posting the meeting dates on the Calendar available on the ISO-NE website, as well as circulating the notices, agendas, and meeting materials to members of PAC. Section 2.4 specifies that PAC meetings shall be convened to serve the purposes stated in Section 2.2, at the following junctures: the initiation of an ISO-NE Needs Assessment, the consideration of proposed regulated transmission solutions, and the identification and prioritization of Economic Studies. As a matter of practice, ISO-NE convenes meetings with PAC on a regular basis to carry out its planning process obligations and seek the input required from the PAC throughout Attachment K.

The regional system planning process provides, through PAC, an opportunity for direct participation and involvement in the conduct of assessments of system needs and review or development of transmission solutions. Pursuant to Section 4.1(e) and 4.2(b), ISO-NE may also form study groups that allow for affected or other interested parties to participate and provide input at an earlier stage in the process. Moreover, ISO-NE seeks specific input from the PAC prior to finalizing the annual RSP. ISO-NE's planning process provides for additional input from all stakeholders before ISO-NE's publication of a formal, annual RSP. Specifically, Section 7 of Attachment K provides for a subcommittee of the ISO-NE Board of Directors to hold a public meeting to receive input directly and to discuss any proposed revisions to the RSP.

As further discussed under the Regional Participation principle below, ISO-NE's regional system planning process requires ISO-NE to coordinate with owners of facilities that comprise the New England Transmission System and its neighboring systems. Section 6 of Attachment K sets forth the ongoing coordination among ISO-NE and the PTOs with respect to the planning for PTF and Non-PTF in New England. That section also provides for Other Transmission Owners ("OTOs") and Merchant Transmission Owners ("MTOs") to participate in the regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities. Moreover, Attachment K states that the regional system planning process shall "be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and NPCC." ISO-NE proactively engages in local, regional and inter-area coordination, as further discussed below.

2. Openness

[T]ransmission planning meetings [must] be open to all affected parties including, but not limited to, all transmission and interconnection customers, state commissions and other stakeholders

. . . [S]afeguards must be in place to ensure that confidentiality and CEII concerns are adequately addressed in transmission planning activities. Accordingly, we will require that transmission providers, in consultation with affected parties, develop mechanisms, such as confidentiality agreements and password-protected access to information, in order to manage confidentiality and CEII concerns.⁴⁷

ISO-NE's regional system planning process complies with this principle because PAC meetings are open to all affected and any other interested parties. Today, registered PAC members include NEPOOL Participants, transmission owners, transmission customers, representatives of State commissions and other State agencies, environmental regulators and interest groups and other stakeholders. As Section 2.3 of Attachment K specifically provides, any entity may designate a member to PAC.

To date, ISO-NE has been able to conduct an open and transparent planning process while protecting: (i) confidential and market-sensitive information as required under the ISO New England Information Policy contained in Attachment D of the ISO Tariff, and (ii) Critical Energy Infrastructure Information ("CEII"), in a manner consistent with the Commission's guidance. Sections 2.4(c) and (d) of Attachment K continue these protections. In addition, Section 2.4(d) defines CEII consistent with the guidance provided by the Commission in the final rule issued with Order No. 702,⁴⁸ and specifies the availability and access to planning-related materials that contain CEII. ISO-NE will continue its practice of protecting CEII by placing such information in its password-protected website, as it does today, and making it available to individuals pursuant to confidentiality agreements or other agreements governing the treatment and dissemination of CEII.⁴⁹

3. Transparency

The Commission . . . will require transmission providers to disclose to all customers and other stakeholders the basic criteria, assumptions, and data that underlie their transmission system plans. . . and reduce to writing and make available the basic methodology, criteria, and processes they use to develop the transmission plans⁵⁰

[W]here demand resources are capable of providing the functions assesses in a transmission planning process, and can be relied upon on

⁴⁷ *Id.* at P 460.

⁴⁸ *See Critical Energy Infrastructure Information*, Order No. 702, 72 Fed. Reg. 63,980 (November 14, 2007).

⁴⁹ *See* Order No. 890 at P 460.

⁵⁰ *Id.* at P 471.

a long-term basis, [the transmission planning process should allow for their participation in the process] on a comparable basis.⁵¹

a. Availability of Data

The ISO-NE regional system planning process is conducted in an open and transparent manner. Pursuant to Section 4.1(c) of Attachment K, ISO-NE notifies the PAC and other affected or interested parties of the initiation of ISO-NE's Needs Assessments to identify the needs of the PTF system, and coordinates with the PTOs and other transmission owners regarding any impacts of such needs on their transmission facilities. At the initiation of studies to develop and/or review proposed regulated transmission solutions, pursuant to Section 4.2(c), ISO-NE also provides notices to the PAC and other affected or interested parties to ensure their early involvement and understanding of the system problems and potential solutions to resolve such problems.

ISO-NE's regional system planning process also mandates transparency by requiring ISO-NE to supplement these initial notices through updating the PAC at its regularly scheduled meetings regarding the status of upgrades included in the system plan. Specifically, Section 3.6 of Attachment K requires ISO-NE to maintain a cumulative list – the “RSP Project List” – of all the regulated transmission projects that are considered part of the regional system plan in New England. The RSP Project List is available on the ISO-NE's website along with other system planning materials. To address concerns raised by New England stakeholders, ISO-NE has incorporated Section 3.6 of Attachment K, which describes the elements of the RSP Project List including the specific categories that indicate the status of each transmission project included in the RSP as well as the definition of each such category. These categories are: “Concept”, “Proposed”, “Planned”, “Under Construction”, and “In-Service.” For transparency purposes, Section 3.6 also specifies the procedures and criteria applicable to periodic updating of the RSP Project List.⁵²

While the regional system planning process provides for the conduct of Needs Assessments and Solution Studies on an ongoing basis, it clearly specifies the timetable for the initiation, development and finalization of the annual RSP in Section 7 of Attachment K. As that section provides, ISO-NE initiates the review of the draft RSP around August of each year so that a final recommended RSP may be presented to the ISO-NE Board of Directors by the end of September of each year. Attachment K also provides specific deadlines and milestones for the process and conduct of Economic Studies. These milestones are further discussed below under the Economic Planning Studies principle.

⁵¹ *Id.* at P 479 and n. 274.

⁵² ISO-NE is currently reviewing and will be revising the present structure of the RSP Project List consistent with Section 3.6 of Attachment K, and expects to have the RSP Project List finalized by April 2008 when ISO-NE for the transmission projects update at PAC.

ISO-NE's regional system planning process also provides for transparency of the methodologies, criteria and protocols used to develop ISO-NE's system plan. Section 3.3 of Attachment K specifies the planning and reliability criteria that govern the ISO-NE regional system planning process; namely:

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

The details of the methodology are set forth in the ISO New England Operating and Planning Procedures, all of which are available on the ISO-NE website.⁵³ The NPCC criteria and NERC standards applicable to the New England bulk power system are also made available on the ISO-NE website. This practice is consistent with the Commission's guidance that not all rules, practices and procedures need to be filed as part of a transmission provider's OATT, and instead may be made available on the transmission provider's website. As a matter of practice, ISO-NE discusses the assumptions, standards and criteria applied in conducting system assessments and studies of transmission solutions with stakeholders through PAC. The availability of targeted study groups for affected and/or interested parts, pursuant to Sections 4.1(e) and 4.2(c), also provides stakeholders the opportunity for early involvement in the planning process.

Finally, the regional system planning process informs stakeholders of the factors that ISO-NE must consider in identifying transmission projects that meet reliability and market efficiency needs in Attachment N of the ISO-NE OATT. The standards and criteria applied in reviewing applications for proposed additions or modifications to the New England Transmission System, pursuant to Section I.3.9 of the ISO-NE OATT are also specified in the ISO-NE Planning Procedures. The review undertaken by ISO-NE of applications for regional transmission cost recovery is clearly specified in Schedule 12C of the ISO-NE OATT.

b. Demand Response

In Order No. 890, the Commission directs transmission providers to allow demand resource participation in the planning process, in a manner comparable to generation, where the demand resource is capable of providing the functions assessed in

⁵³ Available at http://www.iso-ne.com/rules_proceeds/index.html.

the transmission planning process and may be relied upon on a long-term basis.⁵⁴ With regard to this requirement, the Commission states:

The transmission planning processes we require in this Final Rule are not intended in any way to infringe upon state authority with regard to integrated resource planning. Rather, we believe that the transparency provided under an open regional transmission planning process can provide useful information which will help states to coordinate transmission and generation siting decisions, allow consideration of regional resource adequacy requirements, facilitate consideration of demand response and load management programs at the state level.⁵⁵

First, ISO-NE's regional system planning process allows for any entity to propose market solutions (*e.g.*, demand-side resources, demand response resources, conservation and energy efficiency, distributed generation, merchant transmission, etc.) that could obviate the need for a transmission solution. To add further clarity to the treatment of market responses in ISO-NE's planning process, Attachment K includes Section 4.2, which specifies the manner in which market responses, including demand-response resources, are accounted for in needs assessments to determine whether the reliability or market efficiency need persists in light of a market solution.

In addition, to ensure equal consideration of demand response and generation resources, Section 4.2(a) requires ISO-NE to incorporate in the needs assessments resources that "have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff" or "have been selected in, and are contractually bound by, a state-sponsored Request For Proposals" or other "financially binding obligation pursuant to a contract." To illustrate, at the conclusion of each Forward Capacity Auction and related milestones, as specified in Section 13 of Market Rule 1,⁵⁶ ISO-NE will incorporate the resources that result from the Auction into its base case to either update an existing, or initiate a new, system needs assessment that takes into account the results of the Auction (*i.e.*, the resources that have cleared in the Auction and thus have an obligation to be available at a specified time). The inclusion or consideration of the cleared resources, for example, may resolve previously identified problems in the system and modify or obviate the need for a regulated transmission solution. The regional system planning process also provides for the deferment or cancellation of a transmission project included in the regional system plan if a market response materializes that meets the milestones specified in Section 4.2(a).

⁵⁴ See Order No. 890 at P 479.

⁵⁵ *Id.* at n. 274.

⁵⁶ Section 13 of Market Rule 1 contains the Forward Capacity Market ("FCM") rules submitted on the February 15, 2007 Filing Containing Revisions to Market Rules Implementing the FCM Settlement Agreement in Docket No. ER07-546-000. In accordance with Section III.13.8.1(a) of the FCM rules, the first Forward Capacity Auction is scheduled for February 4, 2008.

Relying upon the results of the Forward Capacity Auction and other state-sponsored programs provides the level of certainty necessary for the planning process to account for the availability and capability of resources to meet the needs of the system. Notably, as ISO-NE's November 6, 2007 Informational Filing for Qualification in the Forward Capacity Market ("Informational Filing"), Docket No. ER08-190-000, indicates: "Demand Resources comprise a significant percentage of the new resources offering into the FCA. This is evidence that the FCM Rules are providing significant incentives for Demand Resources to bid on a level of parity with generating resources."⁵⁷ Accounting for various adjustments described in the Informational Filing, "190 New Demand Resources representing 2.483 MW of capacity are qualified to participate in the first FCA."⁵⁸ The Qualified Existing Capacity Resources for 2010 included 941 MW from Existing Demand Resources.⁵⁹

Second, under Section 3.1 of Attachment K, ISO-NE provides certain information to Market Participants and other stakeholders that address a broad variety of power system requirements. Specifically, the RSP:

- provides the projected annual and peak demand for energy for a five- to ten-year horizon, including the need for resources over this period;
- specifies the characteristics of the physical solutions that could meet the needs identified through ISO-NE's assessments of the system and include information of market responses that could address such needs; and
- provides information to allow Market Participants and other stakeholders to assess the quantity, general area, operating characteristics and required availability criteria of the incremental supply or demand-side resource that would satisfy the needs identified or may serve to offset a regulated transmission solution.

The availability of this information is consistent with the Commission's goal of providing useful information through the regional transmission planning process that will assist the coordination of transmission and generation siting decisions, consideration of resource adequacy, facilitate the development of demand response and load management program.

⁵⁷ Informational Filing at 7. ISO-NE submitted the Informational Filing pursuant to Section III.13.8.1, which requires ISO-NE to file make an informational filing no later than 90 days prior to each FCA. The first FCA is scheduled for February 4, 2008. The Informational Filing details determinations made by ISO-NE with respect to that FCA and provides supporting materials for such determinations. Among other things, the Informational Filing details the new resources that have qualified to offer in the FCA and provides a detailed discussion of resources that ISO-NE disqualified and the reasons therefore.

⁵⁸ *Id.*

⁵⁹ *See id.* at 5.

To that end, ISO-NE has also developed and administers markets and programs to encourage and enable the further development of demand and load response resources in New England. For instance, ISO-NE has developed a Load Response Program, which facilitates load response during periods of peak electricity demand by providing appropriate incentives, and sponsored the Demand Load Response Pilot Program to examine whether demand-response resources could provide functionally equivalent reserve projects. The success of these programs is evidenced by the numbers. ISO-NE's Demand Response Program enrollment has grown from approximately 100 megawatts in 1997 to over 1500 megawatts in November 2007.⁶⁰ ISO-NE also conducts monthly meetings of the Demand Response Working Group, a stakeholder forum that provides input to ISO-NE and the Markets Committee on demand response policies, program designs, rules and other related matters. This Working Group is comprised of a wide variety of stakeholders, including representatives of New England States and NEPOOL Participants.

4. Information Exchange

[T]ransmission providers, in consultation with their customers and other stakeholders . . . [are to] develop guidelines and a schedule for the submittal of information.⁶¹

ISO-NE's regional system planning process, as set forth in Attachment K, meets the Information Exchange principles. Section 5 of Attachment K requires Market Participants, Transmission Owners, Transmission Customers and other entities to supply information for ISO-NE to conduct its planning function pursuant to the ISO Tariff and other agreements. Specifically, Section 5 states:

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

⁶⁰ The growth in the enrollments over time is documented on the ISO-NE website at: http://www.iso-ne.com/genrtion_resrcs/dr/stats/enroll_sum/index.html.

⁶¹ Order No. 890 at P 486.

Importantly, information regarding generation and demand response resources is available to ISO-NE through its generation interconnection program, the demand and load response programs, and its market structures, such as the Forward Capacity Market. As information becomes available and the resources have met the milestones set forth in Section 4.2(a) of Attachment K, ISO-NE incorporates such resources into the system planning process. ISO-NE also obtains from the Transmission Owners information regarding projected loads to ensure that the infrastructure required for transmission service is in place.

5. Comparability

The Commission . . . require[s] the transmission provider, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that (1) meets the specific requests of its transmission customers and (2) otherwise treats similarly-situated customers . . . comparably in transmission system planning.⁶²

ISO-NE's regional system planning process meets the Comparability principle – in the most fundamental sense – by virtue of ISO-NE's independent structure.⁶³ The regional system planning process provides for ISO-NE to meet the specific requests of its Transmission Customers and other stakeholders comparably. Moreover, the open and inclusive structure of ISO-NE's planning process serves as a method by which any interested party can remain apprised of, and provide input into, how ISO-NE is carrying out its planning function.

While ISO-NE's regional system planning process provides for comparable treatment throughout, a few areas are worth highlighting. First, ISO-NE's regional planning process allows any stakeholder to request the initiation of a needs assessment to explore potential problems in the system based on its particular concerns. The new provisions governing Economic Studies, consistent with the reforms adopted in Order No. 890, provides stakeholders an opportunity to request – and collectively identify and prioritize – studies that ISO-NE will conduct during a given year to address market inefficiencies, address congestion constraints or integrate new resources or load. To ensure that such requests are considered by the PAC in their full context, ISO-NE will review them and provide information on the perceived benefits of a requested economic study based on the information and knowledge of the bulk-power system that it possesses.

⁶² *Id.* at P 494.

⁶³ *See ISO New England Inc. and New England Power Pool*, 95 FERC ¶ 61,384 at p. 62,431 (2001) (stating that the planning process “would allow all market participants the opportunity to contribute whatever information that might be helpful to the process, and Transmission Owners would be on the same footing as all other parties in this regard”).

Second, ISO-NE's regional system plan provides for comparable treatment of all market responses. As discussed above, the ISO-NE's Forward Capacity Market treats demand resources on a comparable basis to generation. The development and availability of resources in New England can address certain reliability or market inefficiencies. Importantly, though, not all resources provide comparable service and, as such, may not be a substitute for one another. Moreover, while ISO-NE can develop market mechanisms to encourage the development of non-transmission resources in New England, it does not have the ability to direct their construction. To the extent that a resource addresses an identified system need, ISO-NE does not favor one resource or, for that matter, one Market Participant, over another.

6. Dispute Resolution

[T]ransmission providers [are required] to develop a dispute resolution process to manage disputes that arise from the Final Rule's planning process....The dispute resolution process should be available to address both procedural and substantive planning issues.

...

[T]he intent of the dispute resolution process here is not to address issues over which the Commission does not have jurisdiction, such as a transmission provider's planning to service its retail native load or state siting issues.⁶⁴

ISO-NE's regional system planning process complies with the Dispute Resolution principle. As an initial matter, the regional system planning process affords stakeholders numerous opportunities to discuss with ISO-NE staff and/or PAC any concerns at various stages of the process. As evidenced in Attachment K, ISO-NE does not conduct the regional planning process in a vacuum. The openness and transparency of the planning process promotes stakeholder discussion and usually alleviates the need for dispute resolution over inputs or the conduct of planning-related studies (*e.g.*, Needs Assessments and Solutions Studies). To comply with Order No. 890's directive, however, ISO-NE (with stakeholder input) has developed a three-step dispute resolution process to address both procedural and substantive regional system planning disputes. The dispute resolution process for planning-related matters is set forth in Section 12 of Attachment K.

Pursuant to Section 12.3 of Attachment K, "[a]ny member of the Planning Advisory Committee that has been adversely affected by a Reviewable Determination . . . is eligible to raise its dispute" under the regional dispute resolution process. As noted above, any entity may designate a member to PAC, including, but not limited to Transmission Owners, Transmission Customers, NEPOOL Participants, State regulators or agencies. Section 12.4 defines the scope of the dispute resolution process as pertaining to certain key procedural and substantive decisions made by ISO-NE within its authority

⁶⁴ See Order No. 890 at PP 501-03.

as specified in the ISO Tariff and other documents filed with the Commission.⁶⁵ The dispute resolution process does not extend to matters regarding the review and approval of transmission project applications under Section I.3.9 of the ISO Tariff or the transmission cost allocation process specified in Schedule 12C of the ISO-NE OATT, because these determinations are subject to the dispute resolution processes under Section I.6 of the ISO Tariff and Schedule 12 of the ISO-NE OATT, respectively.⁶⁶

Planning-related matters that are subject to resolution through Section 12 are specified in Section 12.4(a). These include key decisions points in the regional system planning process.

The three-step dispute resolution process is specified in Section 12.6 of Attachment K. As a first step, that process requires the disputing parties to attempt to resolve the dispute through discussions at PAC. This step provides an opportunity for participation by stakeholders that share the concerns raised, may be impacted by the outcome of the dispute resolution process, or have information that may be useful to the resolution of the dispute. Furthermore, because of the role and expertise of the PAC, it is appropriate for a resolution of a dispute that relates to the regional system planning process to be discussed and resolved in that forum. Next, the process provides that, in the event resolution is not achieved through PAC, the parties will engage in good-faith negotiations among authorized senior representatives. Finally, the dispute resolution process allows for the parties, by mutual agreement, to engage in a form of alternative dispute resolution process, not to include *binding* arbitration.

Order No. 890 and the Commission staff's White Paper suggest that the final step of the three-step dispute resolution process be binding arbitration. The draft Attachment K posted on September 14, 2007, in accordance with the July 27 Order, included binding arbitration provisions. In the ongoing consultations with numerous state regulators in the region, a significant and appropriate concern was raised with regard to mandating or permitting the use of binding arbitration. The concerns of the state regulators were based on potential legal prohibitions for states to participate in binding arbitration and the fact that if such participation is barred, very meaningful input into critical regional system planning decisions could be lost due to the absence of state regulators in that process. Given these concerns, ISO-NE and NEPOOL worked closely with various regulators from the New England States and unanimously agreed to exclude binding arbitration as a means of dispute resolution. This elimination, however, should not harm the regional system planning process in New England or hamper the ability to effectively resolve disputes. With the vigorous PAC process, higher level negotiation and the availability of other means of alternative dispute resolution, all of New England constituents have ample means to resolve disputes before they might be brought to the Commission for resolution. As required in Order No. 890, however, parties are not precluded from initiating a

⁶⁵ *Id.* at PP 501-02.

⁶⁶ *See id.* at P 501.

complaint under the Federal Power Act at any time during these processes, as confirmed in Section 13 of Attachment K.⁶⁷

7. Regional Participation

Each transmission provider will be required to coordinate with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.⁶⁸

The regional system planning process requires ISO-NE to conduct planning activities in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems.

On a regional and local basis, ISO-NE must coordinate its planning-related activities with the PTOs. The PTOs, pursuant to the ISO Tariff and the TOA, retain planning-responsibility over the Non-PTF. ISO-NE also must coordinate with the owners of OTF and MTF that are part of the New England Transmission System. While this coordination is explicitly provided in the ISO Tariff or applicable transmission operating agreements, ISO-NE has revised the existing transmission planning process to provide further transparency on regional/local coordination level. To this end, the PTOs have developed the LSP Process included in Appendix 1 of Attachment K that is based on and coordinated with the regional system planning process. The LSP Process, described further in Section V below, applies to planning for Non-PTF regardless of voltage level, and matters relating to these facilities should be addressed in that process. In Sections 2.5 and 3.6(d) of Attachment K, ISO-NE has expanded the scope of the PAC and the RSP Project List to include matters relating to the planning for Non-PTF. ISO-NE also added Section 6.1 of Attachment K to provide transparency on the coordination between ISO-NE and owners of OTF and MTF in New England. Under the ISO Tariff and applicable transmission operating agreements, these transmission owners are required to participate in the regional system planning process and perform and/or support studies of the impacts of regional system plans on their respective facilities.⁶⁹

Pursuant to Section 6.3 of Attachment K, ISO-NE also proactively engages in inter-area coordination. Section 6.3 specifically requires ISO-NE to conduct the regional system planning process and develop the annual RSP “in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring

⁶⁷ See Order No. 890 at P 503 (“Regardless of the process adopted by a transmission provider, affected parties of course would retain any rights they may have under FPA section 206 to file complaints with the Commission.”).

⁶⁸ *Id.* at P 523.

⁶⁹ See, e.g., Section 3.07(a) of the HVDC TOA.

systems and NPCC.” That Section also requires that inter-area studies be conducted in as broad a region as feasible including the adjacent Canadian systems, and members of NPCC, MAAC and Reliability First. As further required by Section 6.3, ISO-NE convenes meetings of PAC that focus on providing input to ISO-NE on inter-area needs, as well as solutions that could address those needs. ISO-NE also coordinates its findings with its neighboring Control Areas (*i.e.*, NYISO, Hydro-Québec TransÉnergie and New Brunswick System Operator).

ISO-NE’s inter-area planning has continued through ISO-NE’s participation in NPCC activities and the implementation of the Northeast ISO/RTO Planning Coordination Protocol (the “Protocol”). First, the Protocol among ISO-NE, PJM and NYISO, with the technical participation of the Ontario Independent Electric System Operator (“IESO”), Ontario Power Authority, Hydro-Québec TransÉnergie and New Brunswick, has served as the vehicle for exchange of data and information among these systems. The Protocol describes the committee structure established for the coordination of inter-area planning activities, provides the procedures for exchange of planning-related data and information, and establishes the system planning analysis procedures to be utilized by the parties. The Protocol’s primary purpose is to contribute to the ongoing reliability and enhanced operational and economic performance of the neighboring systems. To this end, the Protocol requires the parties to coordinate the review and revisions to *pro forma* services to recognize the impacts across seams between systems. The Protocol also provides for the parties to develop a Northeastern Coordinated System Plan, which integrates the individual system plans, *inter alia*. Through this Protocol, the parties have also formed the Joint Interregional Planning Committee (“JIPC”) to coordinate the planning process among the system operators, and the Inter-area Planning Stakeholder Committee (“IPSAC”) to allow for a broader stakeholder participation form all sectors in the entire Northeast Region.

As an active member of NPCC, ISO-NE fully participates in NPCC’s coordinated interregional studies with its neighboring control areas. ISO-NE, for instance, has also completed several studies of resource adequacy and cross-border transmission reliability, including loss-of-source contingencies in New England, studies of the interregional grid’s overall fuel mix and concerns of the risk to fuel-supply claims.⁷⁰

8. Economic Planning Studies

[S]takeholders [must] be given the right to request a defined number of high priority studies annually . . . to address congestion and/or integration of new resources or loads. The intent of this approach is to allow customers, not the transmission provider, to identify those portions of the transmission system where they have encountered transmission problems due to congestion or whether they believe

⁷⁰ RSP07 provides a description of ISO-NE’s recent inter-area planning activities at 105-11.

upgrades and other investments may be necessary to reduce congestion and to integrate new resources. . . The cost of the defined number of high priority studies would be recovered as part of the overall pro forma OATT cost of service.⁷¹

In compliance with Order No. 890, ISO-NE has revised its existing regional planning process to include a process by which stakeholders may submit requests for economic planning studies to ISO-NE. Specifically, under Section 4.1(b) of Attachment K, stakeholders may request ISO-NE to initiate a Needs Assessment to evaluate any potential upgrades or investments that could result in (i) a net reduction of total production costs to supply system load, (ii) reduced congestion, or (iii) the integration of new resources and/or loads. The factors that must be considered in studying the potential of an upgrade to result in a net reduction of production costs, as briefly discussed above, are specified in Attachment N of the ISO-NE OATT. While Attachment N allows for the consideration of additional data provided by stakeholders (*e.g.*, congestion costs), ISO-NE, in coordination with the New England stakeholders (including NEPOOL Participants, members of PAC, and representatives of the New England States) will be forming a working group to consider and identify the factors to be considered in association with Economic Studies that could address congestion or the integration of new resources and/or loads. The stakeholder process for developing these factors will not hinder stakeholders' ability to submit requests for Economic Studies pursuant to Section 4.1(b) of Attachment K.

Section 4.1(b) also provides the process for stakeholders to request economic planning studies and the procedures for prioritizing these studies. Specifically, Section 4.1(b)(i) provides for stakeholders to submit their requests for economic studies to be conducted by ISO-NE by April 1, 2008. Thereafter, under Section 4.1(b)(ii), ISO-NE will "develop a rough work scope and cost estimate for all requested Economic Studies" and prepare a "preliminary prioritization" on the basis of ISO-NE's perceived inter-area and regional benefits. ISO-NE will then submit this information to the PAC for its consideration and discussions at a PAC meeting to be held prior to May 1 of each year. Pursuant to Sections 4.1(b)(iv)-(v), the PAC will meet to identify and prioritize the economic planning studies, not to exceed three, for ISO-NE to conduct in a given year. This process is consistent with the Commission's directives in Order No. 890 in that it provides a mechanism for stakeholders to request economic studies, establishes a timeline for the identification and prioritization of these studies and provides for the recovery of these costs to be through Section IV.A of the ISO Tariff, as part of the OATT-related services. ISO-NE will honor stakeholder requests to conduct additional economic or

⁷¹ Order No. 890 at P 547.

other studies consistent with the ISO-NE OATT provisions regarding Elective Transmission Upgrade studies provisions, at stakeholders' requests.⁷²

In addition to conducting studies related to *pro forma* OATT-type services and as part of the system planning process (including economic planning and other needs assessments and solutions), ISO-NE began in the fall of 2006 a region-wide initiative to provide stakeholders with tools to evaluate the economic, reliability and environmental impacts that various resource technologies could have on satisfying future resource needs in New England. ISO-NE conducted these "Scenario Analysis" studies through an open stakeholder process that included the participation of over 100 representatives from ISO-NE, utility and environmental regulators from New England States, Market Participants, environmental and efficiency advocates and other interested stakeholders. Among the objectives of this initiative were to provide a public forum for examining and discussing how various ways of supplying electricity to the region could affect the costs to provide power, the system's reliability, and the environment, as well as to provide information and data that regional policymakers and other stakeholders could take into account as they develop their respective policies and investments that can affect the performance of the New England electricity markets, power system reliability, the environment, and the ability to meet customer electricity needs. While ISO-NE's initiative goes beyond the scope of Order No. 890, it is indicative of the ongoing initiatives in New England to provide stakeholders a broad array of information that may be useful in making their determinations, whatever their objectives may be.

9. Cost Allocation

For a planning process to comply with the Final Rule, it must address the allocation of costs of new facilities.⁷³

In Order No. 890, the Commission specifically states:

[W]e note that the intent of our reform in this Final Rule is not to reopen prior approvals, but rather to ensure that the transmission planning process utilized by each RTO and ISO is consistent with or superior to the planning process adopted here.⁷⁴

⁷² Order No. 890 at P 548 ("By limiting this principle to a defined number of high priority studies annually, we are not precluding stakeholders from requesting additional studies. However . . . stakeholder(s) requesting these additional studies would be responsible for paying the cost of such studies."). *See also* ISO-NE OATT, Section II.47.5.

⁷³ Order No. 890 at PP 557-58.

⁷⁴ *Id.* at P 439.

The current transmission cost allocation methodology – reflected in Schedule 12 of the ISO-NE OATT – provides clear rules for the cost allocation process, as required by Commission orders in 2002 and 2003.⁷⁵

Specifically, Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the New England Transmission System. As discussed earlier, the ISO-NE OATT identifies various categories of upgrades that address potential situations warranting needs and provides the transmission cost allocation for each upgrade. Under the current methodology, only two types of upgrades qualify as Regional Benefit Upgrades and can receive recovery through regional rates from transmission customers taking service under the ISO-NE OATT. Those two types are Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades. Reliability Transmission Upgrades are those upgrades that are necessary to ensure continued reliability of the regional system. Market Efficiency Transmission Upgrades are those upgrades designed to provide a net reduction in total production cost to supply the system load. The current methodology also excludes from region-wide cost support projects or components of projects that do not provide system-wide benefits. Under Schedule 12 and 12C, ISO-NE “localizes” costs even for Regional Benefit Upgrades to the extent they exceed the reasonable requirements for upgrades. Furthermore, the methodology provides for costs associated with upgrades that do not meet the criteria specified in the ISO-NE OATT for PTF, to be directly allocated to the local beneficiaries as Local Benefit Upgrades.

While ISO-NE conducts an independent and comprehensive review of all transmission cost allocation applications for regional rate recovery, under Schedule 12C, NEPOOL Participants, governmental authorities and other stakeholders provide advisory input to ISO-NE with respect to such applications through their participation in the open stakeholder process.

The approved cost allocation rules are consistent with the three factors that Order No. 890 states will be considered by the Commission when it evaluates a cost allocation dispute.⁷⁶ Importantly, pursuant to Section 3.04 of the TOA, the PTOs and not ISO-NE have the Section 205 rights over the current methodology for the allocation of transmission upgrade costs. The TOA also imposes stringent limitations on attempts to change the methodology by providing that neither ISO-NE nor the PTOs have Section 205 filing rights to propose amendments to the current methodology during a five-year period ending January 31, 2010. Furthermore, pursuant to Section 11.04(c) of the TOA,

⁷⁵ See *New England Power Pool and ISO New England Inc.*, 105 FERC ¶ 61,300 (2003).

⁷⁶ Order No. 890 at P 559 (specifying the factors as: “First, we consider whether a cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred and those who otherwise benefit from them. Second, we consider whether a cost allocation proposal provides adequate incentives to construct new transmission. Third, we consider whether the proposal is generally supported by State authorities and participants across the region.”). See also *New England Power Pool and ISO New England Inc.*, 105 FERC ¶ 61,300 (2003).

a non-consensual attempt to modify Section 3.04 of the TOA is subject to review under the “public interest” standard established by the Mobile-Sierra Doctrine. As discussed above, the cost recovery certainty that exists due to the approved methodology has resulted in the planning and construction of major transmission projects throughout the New England Transmission System.

With regard to the allocation of costs for upgrades stemming from inter-area planning efforts, Section 4.4 of the Protocols discussed under the Regional Participation principles provide for the cost allocation elements to be addressed consistent with the applicable provisions of each party’s tariff. The replacement of the Norwalk Northport underwater cable in Long Island, New York,⁷⁷ and the development of a second 345 kV tie to New Brunswick are testaments of the successful implementation of inter-area planning, as guided by the Protocol.⁷⁸

V. PTOS’ COMPLIANCE WITH ORDER NO. 890

A. Background and Overview

As briefly described in Section II above, the PTOs are Transmission Providers that, pursuant to the TOA, own, physically operate and maintain PTF and Non-PTF⁷⁹ Transmission Facilities in the New England RTO under the operating authority of ISO-NE. Both the TOA and the ISO-NE OATT govern the obligations and rights of each PTO with respect to planning and expansion of New England’s Transmission Facilities.⁸⁰ Section 3.09 of the TOA sets forth rights and obligations of both the PTOs and ISO-NE and Schedule 3.09 sets forth the additional rights and obligations of the PTOs, including the conditions under which the PTOs are obligated to build new Transmission Facilities.⁸¹ Under the terms of the TOA and the ISO-NE OATT, the PTOs have planning authority over the Non-PTF Transmission Facilities in New England.

Under Order No. 890, the Commission made clear that its principles for open and transparent transmission planning extend to local planning matters such as the Non-PTF transmission planning performed by the PTOs. Specifically, Order No. 890 states:

⁷⁷ The Long Island Replacement Cable Project provides for the replacement of seven fluid-filled transmission cables between Norwalk, CT, and Northport, NY, with three new three-phased non-fluid filled 138-kV transmission cables.

⁷⁸ The Northeast Reliability Interconnection Project consists of a new 144-mile, 345-kV transmission line connecting the Point Lepreau substation in New Brunswick to the Orrington substation in northern Maine and supporting equipment. This line improves area stability and voltage performance, and provides for increase in transfer capability.

⁷⁹ Non-PTF are those transmission facilities owned by the PTOs that do not constitute PTF, OTF or MTF. See TOA, Schedule 1.01; ISO OATT, Section II.1.89.

⁸⁰ TOA, Section 3.09.

⁸¹ *Id.*

In order for an RTO's or ISO's planning process to be open and transparent, transmission customers and stakeholders must be able to participate in each underlying transmission owner's planning process. This is important because, in many cases, RTO planning processes may focus principally on regional problems and solutions, not local planning issues that may be addressed by individual transmission owners. These local planning issues, however, may be critically important to transmission customers... [Therefore] individual TOs must, to the extent that they perform transmission planning within an RTO or ISO, comply with the Final Rule as well....Accordingly, as part of their compliance filing RTOs and ISOs must indicate how all participating transmission owners within their footprint will comply with the planning requirement in the Final Rule.⁸²

ISO-NE's RSP process is one such process that is "focus[ed] primarily on regional problems and solutions, not local planning issues."⁸³ While Section I.3.9 of the ISO Tariff makes provision for ISO-NE approval of proposed changes in transmission capacity for both regional and local facilities rated at 69 kV or above, there is no existing ISO-NE OATT provision providing for open and transparent stakeholder review of local transmission facilities at the planning stage.

Accordingly, the PTO AC, on behalf of the PTOs, is jointly filing Attachment K – Local, an LSP Process in Appendix 1 to the ISO-NE Attachment K.⁸⁴ Attachment K – Local is intended to comply with and address the Commission's transmission planning criteria as they pertain to the Non-PTF Transmission Facilities in New England. In addition to the filing of Attachment K – Local, the PTO AC, on behalf of the PTOs, is also sponsoring amendments to Schedule 21- Common to include specific references to Attachment K. These amendments are provided in Attachments 3 (blacklined) and 4 (clean), hereto.

For purposes of the Attachment K Compliance Filing, the PTOs, through the PTO AC, have worked together in coordination with each other, ISO-NE and the other transmission owners in New England to make this compliance filing. Pursuant to the provisions of the TOA and the Disbursement Agreement, the PTO AC has unanimously

⁸² Order No. 890 at P 440.

⁸³ *Id.*

⁸⁴ While the PTOs are separately sponsoring Appendix 1 to ISO-NE's Attachment K, they are not doing so under the conditions contemplated by the Commission in Footnote 247 of Order 890. In footnote 247, the Commission directed that transmission owners in an RTO must separately submit an Attachment K compliance filing if they provide service over certain transmission facilities that they did not turn over to the operational control of the RTO or ISO. This is not the case for the PTOs. The Transmission Facilities at issue in this filing are all under the operating authority of ISO-NE and all provide service under the ISO-NE OATT.

approved the LSP Process tariff provisions in Attachment K – Local and the Schedule 21-Common amendments proposed in this filing.⁸⁵

In compliance with the notice requirements under Section 3.04 of the TOA, the PTOs have provided stakeholder notice of this proposed LSP Process in Appendix 1 and have invited consultation with any interested stakeholders that may have any questions or concerns. The proposed changes to the ISO-NE OATT to incorporate the PTOs' LSP Process were presented, reviewed and discussed during multiple NEPOOL stakeholder meetings. While, pursuant to Section 3.04 (a) of the TOA, NEPOOL advisory voting was not required before making this filing with the Commission, it is important to note that NEPOOL stakeholders have not raised any indication that they disagree with the changes proposed herein for the LSP Process.

B. The Local System Planning Process Meets the Order No. 890 Principles and Other Concepts

As noted above, Order No. 890 requires that the transmission planning process satisfy nine principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation. A brief description of how the LSP Process under Attachment K – Local meets these principles is described below.

Coordination: LSP issues are to be periodically reviewed by all interested individuals of the ISO-NE PAC at regularly scheduled PAC meetings, thus providing the opportunity for a coordinated review by all interested parties. The review by the PAC provides for input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies.

Openness: The LSP Process meets the Commission's goal of openness through review in an open forum, and will provide a consistency with ISO-NE CEII policies at the local level. PAC meetings are open to participation by all affected and any other interested parties. Today, registered PAC members include NEPOOL Participants, transmission owners, transmission customers, representatives of State commissions and other State agencies, environmental regulators and interest groups and other stakeholders. As Section 2.3 of Attachment K specifically provides, any entity may designate a member to PAC. Additionally, the PTOs will coordinate with ISO-NE so that the process for access to CEII information, including the safeguarding of such data, is consistent with and applicable to local area transmission planning.

⁸⁵ At its November 27, 2007 meeting, the PTO AC voted, with three abstentions, to unanimously approve (the resulting vote was 99.53% in favor) the enclosed Attachment K – Local and amendments to Schedule 21 – Common to provide specific references to Attachment K.

Transparency: Each PTO's LSP will be made available on a website for review by the PAC, Transmission Customers and other stakeholders. Each PTO's LSP is intended to describe the projected improvements to Non-PTF that are needed to maintain system reliability and to reflect the results of a reliability review of the specified limited geographical areas encompassed under the LSP. Each PTO will be responsible to provide the planning procedures, criteria, data, and assumptions used in its planning process. To the extent the LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP. Furthermore, to the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of PAC review of its proposed LSP and posting its LSP and the LSP Project List which will also be available on a website.

Information Exchange: Each PTO will be responsible for administering the LSP Process pertaining to its own Non-PTF by presenting LSP information to the PAC, developing an appropriate needs analysis and addressing LSP needs within its local area. Each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the PAC, Transmission Customers and other stakeholders. Non-transmission alternatives or market solutions (*e.g.*, demand-side resources, demand response resources, conservation and energy efficiency, distributed generation, merchant transmission, etc.) identified in the local system planning process that could obviate the need for a transmission solution will be addressed by each PTO in its LSP where applicable. Regular meetings of the PAC will provide a forum for direct information exchange of interested parties and web access to the LSP, its supporting assumptions and study information will provide convenient information access to all interested parties. Lastly, each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year.

Comparability: The open and inclusive structure of the LSP Process serves as a means by which any interested party can remain apprised of, and provide input to, how a PTO is carrying out its planning function. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the PAC, Transmission Customers and other stakeholders. The transparency of data, assumptions or criteria used by the PTO in its LSP will provide interested parties the ability to compare various local projects on a comparable basis.

Dispute resolution: To comply with Order No. 890's directive, the PTOs (with stakeholder input) have developed a three-step dispute resolution process nearly identical to the process developed by ISO-NE for Attachment K to address both procedural and substantive LSP-related planning disputes. The dispute resolution process for LSP-

related planning matters is set forth in Section 5 of Attachment K – Local. Dispute resolution may be conducted through the PAC, informal negotiation between interested parties, or through an alternative dispute resolution mechanism.

Regional Participation: Regional participation is at the heart of the development of Attachment K – Local. The provision of a forum for review and comment by the PAC, composed of regional stakeholders, provides the opportunity for LSP review by a multitude of regional participants in the planning process. Review of various LSPs by the PAC will also potentially bring transparency to the differences between the planning procedures and assumptions used at the local planning level.

Economic Planning Studies: In planning for non-PTF transmission facilities, the PTOs will address stakeholder requests for elimination of significant and recurring congestion by participating in and performing economic studies in coordination with ISO-NE pursuant to Section 1.5 of Attachment K – Local. In that effort, stakeholders will be able to supply the relevant data to the PTOs through the PAC review process, or to the extent that the congestion costs are known only to ISO-NE, such costs may be provided to the PTOs consistent with ISO-NE's Information Policy.

Cost Allocation: The ISO-NE OATT, pursuant to Section II, Schedule 21, (Local Service), and the individual respective PTO local service schedules incorporated therein, contains Commission-approved cost allocation provisions that address allocation of costs for new local facilities.

VI. SSPS' STATEMENT IN COMPLIANCE WITH ORDER NO. 890

As briefly described in Section II above, the SSPs, a subset of the IRH, are those public utility transmission providers who hold the rights to the transmission capacity over the Phase I/II HVDC-TF⁸⁶ and who make those rights available on an open-access basis to Transmission Customers under Schedule 20A of the ISO-NE OATT. The Phase I/II HVDC-TF is under the operational control of ISO-NE pursuant to the HVDC TOA between ISO-NE and the Asset Owners, filed and accepted in 2005.⁸⁷ As presented at the FERC Technical Conference on June 28, 2007, the IRH members have no contractual rights or obligations to expand the Phase I/II Interconnection facilities. Under the HVDC TOA, the Asset Owners have a limited obligation to build upgrades to the Phase I/II HVDC-TF if needed to maintain existing levels of reliability.⁸⁸ As required by Section 3.07 of the HVDC TOA, the Asset Owners will participate in, and are committed to working with ISO-NE as part of, the regional system planning process set forth in

⁸⁶ United States portion of the 2,000 MW (nominal) high-voltage direct current transmission facilities interconnecting the transmission systems operated by ISO-NE and Hydro-Quebec TransÉnergie.

⁸⁷ The HVDC TOA was filed on March 31, 2005 in Docket No. ER05-754-000. The Commission accepted the filing on May 25, 2005. *ISO New England Inc., et al.*, 111 FERC ¶ 61,244 (2005).

⁸⁸ HVDC TOA, Section 3.08.

Attachment K filed herein in a manner that also respects the terms of the support agreements, equity funding agreements and financing arrangements. There is no local planning for these facilities.

VII. CSC LLC'S STATEMENT IN COMPLIANCE WITH ORDER NO. 890

A. Background on CSC and Relationship with ISO-NE

In approving negotiated rate authority for the CSC, the Commission rejected a stand-alone OATT for transmission service over the CSC and instead required that "service [over the CSC] should be provided under the RTO's tariff."⁸⁹ Accordingly, and as approved by the Commission, CSC LLC provides transmission service over the CSC pursuant to Schedule 18 of the ISO-NE OATT and the Schedule 18 Implementation Rule.⁹⁰

Furthermore, CSC LLC operates the CSC under the direction of ISO-NE pursuant to existing Section II.48.7(c) of the ISO-NE OATT, which as discussed above is being carried over into Attachment K. This provision, specifying that ISO-NE has operational control authority over the CSC, forms part of the provisions of the ISO-NE's regional system planning process currently set forth in Section II.48 of the ISO-NE OATT. As explained in this filing, ISO-NE's compliance filing provides for Section II.48 of the ISO-NE OATT to be superseded by the Attachment K filed herein.

Importantly, Section 11 of Schedule 18 of the ISO-NE OATT specifies that CSC LLC's provision of service over the CSC does not impose on CSC LLC an obligation to build transmission facilities.⁹¹ Notwithstanding this provision, CSC LLC is an active participant in the ISO-NE regional system planning process.

B. CSC LLC's Compliance Obligation Under Order No. 890

As a transmission-owning entity that operates transmission facilities and provides transmission service used in interstate commerce, CSC LLC is a "public utility" under the Federal Power Act and thus subject to the Commission's jurisdiction. As a public utility and a transmission service provider in the ISO-NE control area, CSC LLC is subject to the requirements of Order No. 890 and has a compliance obligation under that Order.

⁸⁹ *TransEnergie U.S. Ltd.*, 91 FERC ¶ 61,230 (2000) at page 11; *see also Cross-Sound Cable Company, LLC*, 109 FERC ¶ 61,223 at P 19(2004).

⁹⁰ The Commission approved Schedule 18 of the ISO-NE OATT in *New England Power Pool*, 99 FERC ¶ 61,338 (2002). The Commission approved the Schedule 18 Implementation Rule in *Cross-Sound Cable Company, LLC*, 109 FERC ¶ 61,223 (2004).

⁹¹ CSC LLC's lack of an obligation to build under Schedule 18 was specifically approved by the Commission in *New England Power Pool*, 100 FERC ¶ 61,259 (issued September 6, 2002).

As explained in the Filing Parties' October 11 Compliance Filing, CSC LLC does not have: (a) an obligation to build; (b) captive customers and native load (network or otherwise); or (c) a stand-alone OATT. As a result, many of the directives in Order No. 890 cannot be directly applied to CSC LLC, including requirements related to system impact studies and transmission planning. Accordingly, and in recognition of CSC LLC's negotiated rate authority, CSC LLC fulfills its Order No. 890 compliance obligation via a combination of: (a) ISO-NE's compliance efforts and revisions to the ISO-NE OATT; and (b) the revisions to Schedule 18, the Schedule 18 Implementation Rule, and the Attachments to Schedule 18, as filed in the October 11 Compliance Filing presently before the Commission.

With respect to the Attachment K compliance requirements, CSC LLC notes that Section 9 of Attachment K appropriately carries forward without substantive changes the planning provisions concerning MTF under the ISO-NE OATT, as contained in Section II.48.7 of the presently effective ISO-NE OATT. As a result, the instant filing does not propose any revisions to the existing Commission-approved relationship between CSC LLC and ISO-NE.

Notwithstanding the inapplicability of Order No. 890's transmission planning requirements to CSC LLC, CSC LLC has been and will continue to be an active participant in the ISO-NE regional system planning process. CSC LLC fully supports the continuation and refinement of the ISO-NE planning process as contained in this filing.

VIII. MEPCO'S STATEMENT IN COMPLIANCE WITH ORDER NO. 890

MEPCO is not submitting tariff sheets as part of the Attachment K Compliance Filing, as MEPCO's transmission facilities, once defined as PTF, would be subject to the Regional System Planning Process (*i.e.*, Attachment K) to the ISO-NE OATT.⁹²

IX. STAKEHOLDER PROCESS

The NEPOOL Transmission Committee and the NEPOOL Participants Committee reviewed and provided unanimous advisory votes in support of the portions of the Attachment K Compliance Filing over which ISO-NE has Section 205 filing rights. The NEPOOL Participants also had an opportunity to review and provide informal feedback to the appropriate transmission providers on the other portions of this filing. Representatives of the New England states also reviewed and provided input into the development and finalization of this Attachment K Compliance Filing.

⁹² The classification of the MEPCO transmission facilities as PTF is currently pending before the Commission in Docket No. Er07-1289; *see also* Request for Temporary Waiver of Order No. 890 of Maine Electric Power Company, Inc. (filed Sept. 11, 2007), currently pending before the Commission in Docket No. OA07-99-000.

X. REQUESTED EFFECTIVE DATE

The Filing Parties request an effective date for the Compliance Sheets of December 7, 2007.

XI. ADDITIONAL SUPPORTING INFORMATION

The Filing Parties submit the following additional information in substantial compliance with relevant provisions of Section 35.13 of the Commission's regulations:⁹³

35.13(b)(1) - Materials included herewith are as follows:

This transmittal letter;

Attachment 1: Blacklined Compliance Sheets (consisting of Attachment K and conforming ISO-NE OATT changes) filed by ISO-NE;

Attachment 2: Clean Compliance Sheets filed by ISO-NE;

Attachment 3: Blacklined Compliance Sheets (consisting of Appendix 1 to Attachment K and conforming changes to ISO-NE OATT Schedule 21) filed by the PTO AC;

Attachment 4: Clean Compliance Sheets (consisting of Appendix 1 to Attachment K and conforming changes to ISO-NE OATT Schedule 21); and

Attachment 5: List of governors and utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont to which an electronic copy of this filing has been sent in CD format.

35.13(b)(2) - As set forth in Section X above, the Filing Parties request that the proposed changes become effective on December 7, 2007, or any subsequent date that the Commission shall so designate.

35.13(b)(3) - Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at http://www.iso-ne.com/regulatory/ferc/nepool/gov_prtcpts_eserved.pdf. A paper copy of this transmittal letter and the accompanying materials have also been sent to the governors and electric utility regulatory agencies for the six New England states that comprise the New England Control Area, and to NECPUC. The names and addresses of these governors and regulatory agencies are shown in Attachment 5. In accordance with

⁹³ 18 C.F.R. § 35.13 (2005).

Commission rules and practice, there is no need for the Governance Participants or the entities identified on Attachment 5 to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) - A brief description of the materials submitted pursuant to this filing is contained in Section I of this transmittal letter.

35.13(b)(5) - The reasons for this filing are discussed in this transmittal letter.

35.13(b)(6) - The Filing Parties' approval of their respective changes is evidenced by this filing.

35.13(b)(7) - The Filing Parties have no knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

35.13(b)(8) - A form of notice and electronic media are no longer required for filings in light of the Commission's Combined Notice of Filings notice methodology.

35.13(c)(1) - The proposed changes will not effect any rate increase.

35.13(c)(2) - The Filing Parties do not provide services under other rate schedules that are similar to those in the ISO Tariff and its relevant schedules.

35.13(c)(3) - No specifically assignable facilities have been or will be installed or modified in connection with the proposed changes.

XII. CONCLUSION

The Filing Parties request that the Commission accept the Compliance Sheets as submitted and without modification or condition to become effective on December 7, 2007.

Respectfully submitted,

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December 7, 2007

Page 44 of 44

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Attachment 1

Sheet No.

II.A.	COMMON SERVICE PROVISIONS	419
II.1	Definitions.....	419
II.1.1	Administrative Costs.....	419
II.1.2	Affiliate	419
II.1.3	Ancillary Services	419
II.1.4	Annual Transmission Revenue Requirements	419
II.1.5	Application.....	420
II.1.6	Auction Revenue Rights	420
II.1.7	Backyard Generation	420
II.1.8	Business Day.....	420
II.1.9	Commission	420
II.1.10	Completed Application	420
II.1.11	Compliance Effective Date	420
II.1.12	Control Area.....	421
II.1.13	Congestion	422
II.1.14	Congestion Component.....	422
II.1.15	Congestion Cost	422
II.1.16	Curtailment	422
II.1.17	Day-Ahead Energy Market	422
II.1.18	Delivering Party	422
II.1.19	Direct Assignment Facilities	423
II.1.20	Disbursement Agreement.....	423
II.1.20A	Economic Studies.....	423

II.1.43	Interruption	431
II.1.44	ISO Control Center	431
II.1.45	ISO New England Manuals	431
II.1.46	ISO System Rules	431
II.1.47	ITC Rate Schedule	431
II.1.48	ITC System	431
II.1.49	ITC System Planning Procedures	432
II.1.50	Load Shedding	432
II.1.51	Load Zone	432
II.1.52	Local Benefit Upgrade(s) (“LBUs”)	432
II.1.53	Local Control Center.....	432
II.1.54	Local Delivery Service	433
II.1.55	Local Network	433
II.1.56	Local Network Load	433
II.1.57	Local Network RNS Rate	433
II.1.58	Local Network Parties.....	434
II.1.59	Local Network Service (LNS)	434
II.1.60	Local Network Upgrades	434
II.1.61	Local Point-To-Point Service (LPTP)	434
II.1.62	Local Service	434
II.1.63	Local Service Schedule.....	435
<u>II.1.63A</u>	<u>Local System Planning (“LSP”)</u>	<u>435</u>
II.1.64	Localized Costs.....	435

II.1.65	Locational Marginal Price (“LMP”)	436
II.1.66	Long-Term	436
II.1.67	Loss Component	436
II.1.68	Market Efficiency Transmission Upgrade	436
II.1.69	Market Rule 1	436
II.1.70	Material Adverse Impact.....	436
II.1.71	Minimum Interconnection Standard	437
II.1.72	Monthly Network Load.....	437
II.1.73	Monthly Peak	437
II.1.74	MTF or Merchant Transmission Facilities	437
II.1.75	MTF Provider.....	438
II.1.76	MTF Service	438
II.1.77	Merchant Transmission Owner (“MTO”).....	438
II.1.78	Merchant Transmission Operating Agreement (“MTOA”).....	438
II.1.79	Native Load Customers.....	438
<u>II.1.79A</u>	<u>Needs Assessment.....</u>	<u>438</u>
II.1.80	NEMA or “Northeast Massachusetts” Upgrade	438
II.1.81	NEPOOL.....	439
II.1.82	NEPOOL Agreement	439
II.1.83	Network Customer	439
II.1.84	Network Resource.....	439
II.1.85	New England Control Area.....	440
II.1.86	New England Transmission System	441

II.1.87	Node.....	441
II.1.88	Non-Firm Point-To-Point Service.....	441
II.1.89	Non-Market Participant	441
II.1.90	Non-PTF Transmission Facilities (“Non-PTF”).....	441
II.1.91	Open Access Transmission Tariff (OATT)	441
II.1.92	Open Access Same-Time Information System (OASIS)	442
II.1.93	Operating Authority	442
II.1.94	Operating Day	442
II.1.95	Operating Reserve – <u>Ten-Minute Non-Spinning Reserve</u> Service (<u>TMNSR</u>).....	442
II.1.96	Operating Reserve – <u>Ten-Minute Spinning</u> Supplemental Reserve Service (<u>TMSR</u>).....	442
II.1.96A	<u>Operating Reserve - Operating Reserve - Thirty-Minute Operating</u> <u>Reserve Service (TMOR)</u>	442
II.1.97	OTF Service	442
II.1.98	Other Transmission Facility (“OTF”).....	442
II.1.99	Other Transmission Operating Agreements (OTOA).....	443
II.1.100	Other Transmission Owner (“OTO”).....	443
II.1.101	Ownership Share	443
II.1.102	Planning Advisory Committee.....	443A
II.1.103	Point(s) of Delivery.....	443A
II.1.104	Point(s) of Receipt	443A
II.1.105	Point-To-Point Service.....	443A
II.1.106	Pool-Planned Unit.....	444
II.1.107	Pool RNS Rate	444
II.1.108	Pool PTF Rate	444
II.1.109	Pool Supported PTF.....	444

II.1.110	Power Purchaser.....	445
II.1.111	Pool Transmission Facility (“PTF”)	445
II.1.112	Pre-1997 PTF Rate.....	445
II.1.113	PTO Administrative Committee	445
II.1.114	Qualified Upgrade Award.....	445
II.1.115	Reactive Supply and Voltage Control From Qualified Reactive Resources Service	445
II.1.116	Real-Time	445
II.1.117	Real-Time Energy Market	446
II.1.118	Receiving Party	446
II.1.119	Regional Benefit Upgrade(s) (“RBUs”)	446
II.1.120	Regional Network Load.....	447
II.1.121	Regional Network Service	447
<u>II.1.121A</u>	<u>Regional Planning Dispute Resolution Process.....</u>	<u>447</u>
II.1.122	Regional System Plan (“RSP”).....	447
II.1.123	Regulation and Frequency Response Service	448
II.1.124	Related Person	448
II.1.125	Reliability Committee	448
II.1.126	Reliability Region	448
II.1.127	Reliability Transmission Upgrade	448
II.1.128	Request for Alternative Proposals (RFAP).....	449
II.1.129	Reserved Capacity	449
II.1.130	Resource.....	450
<u>II.1.130A</u>	<u>RSP Project List.....</u>	<u>450</u>
II.1.131	RTEP02 Upgrade(s).....	450

II.1.132	RTO.....	450
II.1.133	Scheduling, System Control and Dispatch Service.....	450
II.1.134	Service Agreement.....	450
II.1.135	Service Commencement Date.....	450
II.1.136	Short-Term.....	451
II.1.137	SMD Effective Date.....	451
<u>II.1.137A</u>	<u>Solutions Study</u>	<u>451</u>
II.1.138	System Condition.....	451
II.1.139	System Impact Study	451
II.1.140	Third-Party Sale.....	451A
II.1.141	Through or Out Service	452
II.1.142	Transition Period.....	452
II.1.143	Transmission Congestion Revenue.....	452
II.1.144	Transmission Owner	452
II.1.145	Transmission Upgrade(s)	453
II.1.146	Year.....	453
II.2	Purpose of This OATT.....	453
II.3	Market Rule 1	454
II.4	Ancillary Services	454
II.4.1	Scheduling, System Control and Dispatch Service.....	455
II.4.2	Reactive Supply and Voltage Control from Qualified Reactive Resources Service	456
II.4.3	Regulation and Frequency Response Service	456
II.4.4	Energy Imbalance Service	456
II.4.5	Operating Reserve – Ten Minute Spinning Reserve Service (TMSR).....	456

II.46	General.....	563
II.47	Interconnection Procedures and Requirements.....	567
II.47.1	Interconnection of Generating Unit Under the Minimum Interconnection Standard	567
II.47.2	Generator Interconnection Proposal Review	568
II.47.3	Generator Right to Interconnection	568
II.47.4	Compliance with Schedule 11	568
II.47.5	Interconnection of Elective Transmission Upgrades	571
II.48	[Reserved] Regional System Planning Process	582
II.48.1	General.....	582
II.48.2	Planning Advisory Committee.....	583
II.48.3	RSP: Principles, Scope, and Contents.....	585
II.48.4	Procedures for the Conduct of System Enhancement and Expansion Studies.....	592
II.48.5	Procedures for Development, Approval and Interim Modification of the RSP.....	597
II.48.6	Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights.....	605
II.48.7	Merchant Transmission Facilities.....	607
II.48.8	Alternative Remedies.....	608
II.H.	OTHER TRANSMISSION PROVISIONS	609
II.49	Definition of PTF.....	609
II.50	Additions to or Upgrades of PTF.....	613
SCHEDULE 1 SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE.....		700

ATTACHMENT G-2 LIST OF CERTAIN ARRANGEMENTS OVER EXTERNAL TIES	6085
ADDENDUM TO ATTACHMENTS G	6087
ATTACHMENT G-3 COMPLETE LIST OF EXCEPTED TRANSACTION (TRANSMISSION) AGREEMENTS OVER EXTERNAL TIES	6092
ATTACHMENT H GRANDFATHERED INTERTIE AGREEMENTS [RESERVED]	6095
ATTACHMENT I SYSTEM IMPACT STUDY AGREEMENT	6200
EXHIBIT 1 INFORMATION TO BE PROVIDED TO THE ISO BY THE CUSTOMER FOR SYSTEM IMPACT STUDY	6208
EXHIBIT 2 STUDY TIMETABLE	6212
EXHIBIT 3 PREPAYMENT SCHEDULE	6213
ATTACHMENT J FACILITIES STUDY AGREEMENT	6214
ATTACHMENT K <u>REGIONAL SYSTEM PLANNING PROCESS</u> [RESERVED]	6226
<u>APPENDIX 1 TO ATTACHMENT K - LOCAL SYSTEM PLANNING PROCESS</u>	6290
ATTACHMENT L1 ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY FOR MARKET PARTICIPANTS	6400
ATTACHMENT L2 ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY FOR NON- MARKET PARTICIPANT TRANSMISSION CUSTOMERS	6401
ATTACHMENT L3 ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY FOR FTR- ONLY CUSTOMERS AND DRP-ONLY CUSTOMERS	6402
ATTACHMENT L4 ISO NEW ENGLAND BILLING POLICY	6403
ATTACHMENT M ROLE OF INDEPENDENT TRANSMISSION COMPANIES	6600
ATTACHMENT N PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES	6618

II.1.19 Direct Assignment Facilities: Facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under this OATT or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement among the ISO, Interconnection Customer and Transmission Customer, as applicable, and the Transmission Owner whose transmission system is to be modified to include and/or interconnect with the Direct Assignment Facilities, shall be subject to applicable Commission requirements, and shall be paid for by the Customer in accordance with the applicable agreement and the Tariff.

II.1.20 Disbursement Agreement: The Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

II.1.20A Economic Studies: As defined in Section 4.1(b) of Attachment K to this OATT.

II.1.21 Elective Transmission Upgrade: A Transmission Upgrade that is participant-funded (i.e., voluntarily funded by an entity or entities that have agreed to pay for all of the costs of such Transmission Upgrade), and is not: (i) a Generator Interconnection Related Upgrade; (ii) a Reliability Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iii) an Market Efficiency Transmission Upgrade (including a NEMA Upgrade, as appropriate); or (iv)

II.1.63 Local Service Schedule: A PTO-specific schedule to this OATT setting forth the rates, charges, terms and conditions applicable to Local Service.

II.1.63A Local System Planning (“LSP”): The process defined in Section 1 of Attachment K to this OATT.

II.1.64 Localized Costs: The incremental costs resulting from a RTEP02 Upgrade or a Regional Benefit Upgrade that exceeds those requirements that the ISO deems reasonable and consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of this OATT, the reasonableness of the proposed engineering design and construction method with respect to alternate feasible Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrade. Prior to any recovery of costs under this OATT associated with a RTEP02 Upgrade or a Regional Benefit Upgrade, the ISO, with advisory input from the Reliability Committee, as appropriate, shall review such Transmission Upgrade, and determine whether there are any Localized Costs resulting from such Transmission Upgrade. If there are any such costs, the ISO shall identify them in the Regional System Plan.

above and required to allow energy from significant power sources to move freely on the New England Transmission System.

II.1.75 MTF Provider: An entity as defined in Schedule 18.

II.1.76 MTF Service: Transmission service over MTF as provided for in Schedule 18.

II.1.77 Merchant Transmission Owner (“MTO”): An owner of MTF that is a signatory to an MTOA with the ISO.

II.1.78 Merchant Transmission Operating Agreement (“MTOA”): An agreement between the ISO and an MTO with respect to its MTF.

II.1.79 Native Load Customers: The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

II.1.79A Needs Assessment: As described in Section 4.1 of Attachment K to this OATT.

II.1.80 NEMA or “Northeast Massachusetts” Upgrade: Is an addition to or modification of the PTF into or within the Northeast Massachusetts Reliability

II.1.102 Planning Advisory Committee: The committee described in Attachment K ~~Section II.48.2~~ of the OATT.

II.1.103 Point(s) of Delivery: Point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available to the Receiving Party under this OATT.

II.1.104 Point(s) of Receipt: Point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available by the Delivering Party under this OATT.

II.1.105 Point-To-Point Service: The transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery

II.1.117 Real-Time Energy Market: Is as defined and determined pursuant to Market Rule 1.

II.1.118 Receiving Party: The entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under this OATT.

II.1.119 Regional Benefit Upgrade(s) (“RBUs”): A Transmission Upgrade that: (i) is rated 115kV or above; (ii) meets all of the non-voltage criteria for PTF classification specified in this OATT; and (iii) is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade identified as needed pursuant to Attachment K~~Section II.48~~ of this OATT. The category of RBU shall not include any Transmission Upgrade that has been categorized under any of the other categories specified in Schedule 12 of this OATT (e.g., an Elective Transmission Upgrade shall not also be categorized as an RBU). Any upgrades to transmission facilities rated below 115kV that were PTF prior to January 1, 2004 shall remain classified as PTF and be categorized as an RBU if, and for so long as, such upgrades meet the criteria for PTF specified in this OATT.

II.1.120 Regional Network Load: The load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

II.1.121 Regional Network Service: The transmission service over the PTF described in Part II.B of this OATT, including such service which is used with respect to Network Resources or Regional Network Load that is not physically interconnected with the PTF.

II.1.121A Regional Planning Dispute Resolution Process: As described in Section 12 of Attachment K to this OATT.

II.1.122 Regional System Plan ("RSP"): The plan developed under the process specified in Attachment K~~Section II.48~~ of this OATT.

guidelines, criteria, rules, procedures and standards of ERO and NPCC and any of their successors, applicable publicly available local reliability criteria, and the ISO System Rules, as they may be amended from time to time, will be used to define the system facilities required to maintain reliability in evaluating proposed Reliability Transmission Upgrades. A Reliability Transmission Upgrade may provide market efficiency benefits as well as reliability benefits to the New England Transmission System.

II.1.128 Request for Alternative Proposals (RFAP): The request described in Attachment K~~Section II.48.5(d)~~ of the OATT.

II.1.129 Reserved Capacity: The maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the New England Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II.C or Schedule 18, 20 or 21 of this OATT, as applicable. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis, or, in the case of Reserved Capacity for Local Point-to-Point Service, in terms of whole megawatts on a sixty-minute interval basis.

II.1.130 Resource: Is as defined pursuant to Market Rule 1.

II.1.130A RSP Project List: As defined in Section 1 of Attachment K to this OATT.

II.1.131 RTEP02 Upgrade(s): A Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known s the “Regional Transmission Expansion Plan” or “RTEP”) for the year 2002, as approved by ISO New England Inc.’s Board of Directors, or the functional equivalent of such Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of this OATT.

II.1.132 RTO: A regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission’s corresponding regulation.

II.1.133 Scheduling, System Control and Dispatch Service: This service is the form of Ancillary Service described in Schedule 1.

II.1.134 Service Agreement: A Transmission Service Agreement or an MPSA.

II.1.135 Service Commencement Date: The date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in

accordance with the sections of this OATT addressing the filing of
unexecuted Service Agreements.

II.1.136 Short-Term: A period of less than one year.

II.1.137 SMD Effective Date: Is as defined and determined pursuant to
Market Rule 1 (i.e., March 1, 2003).

II.1.137A Solutions Study: As described in Section 4.2(b) of Attachment K
to this OATT.

II.1.138 System Condition: A specified condition on the New England
Transmission System or on a neighboring system, such as a constrained
transmission element or flowgate, that may trigger Curtailment of Long-
Term Firm MTF or OTF Service on the MTF or the OTF using the
curtailment priority pursuant to Section II.44 of the Tariff or Curtailment
of Local Long-Term Firm Point-to-Point Transmission Service on the
non-PTF using the curtailment priority pursuant to Schedule 21 of the
Tariff. Such conditions must be identified in the Transmission Customer's
Service Agreement.

II.1.139 System Impact Study: An assessment pursuant to Part II.B, II.C,
II.G, Schedule 21, or Schedule 22 of this OATT of (i) the adequacy of the
PTF or Non-PTF to accommodate a request for the interconnection of a
new or materially changed generating unit or a new or materially changed

II.15 Nature of Regional Network Service

II.15.1 Scope of Service: Regional Network Service is the transmission service described above that allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Regional Network Load located in the New England Control Area and any additional load that may be designated pursuant to Section II.18.3 of this OATT. The Network Customer taking Regional Network Service must obtain or provide Ancillary Services pursuant to Section II.4 of this OATT.

II.15.2 ISO and PTO Responsibilities: As provided in the TOA and this OATT, the ISO and the PTOs will plan, construct, operate and maintain the PTF in accordance with Good Utility Practice and their planning obligations in Attachment K in order to allow the ISO to provide the Network Customer with Regional Network Service over the PTF. Each PTO, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part II.B of this OATT. This information must be consistent with the information used by the ISO to calculate available transfer capability. The PTOs and the ISO as applicable and in accordance with the TOA shall include the Network

Customer's Regional Network Load in PTF planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver Network Resources to serve the Network Customer's Regional Network Load on a basis comparable to the PTOs' delivery of their own generating and purchased resources to their Native Load Customers.

II.15.3 Real Power Losses: Real Power Losses are associated with all transmission service. Neither the ISO nor the Transmission Owners nor the Schedule 20A Service Providers are obligated to provide Real Power Losses. The cost of PTF losses shall be recovered through the Loss Component of the Locational Marginal Prices provided for in ISO New England Operating Documents.

II.15.4 Restrictions on Use of Service: The Network Customer is entitled to use Regional Network Service for any of the uses specified in Part II.B of this OATT.

II.16 Initiating Service

II.16.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part II.B of this OATT, the ISO will provide Regional Network

- (g) Service Commencement Date and the term of the requested Regional Network Service. The minimum term for Regional Network Service is one (1) year; and
- (h) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 16.2(e) satisfy the following conditions:
- (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part II.B of the OATT; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis; and
- (i) Any additional information required of the Transmission Customer as specified in Attachment K.

Service (the addition of a new Network Resource, if any, or designation of a new Regional Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the PTOs and charged to the Network Customer as reflected in the applicable Transmission Service Agreement or other appropriate agreement. However, the ISO must treat any requested change in Regional Network Service in a non-discriminatory manner.

II.18.6 Annual Load and Resource Information Updates: The Network

Customer shall provide the ISO with annual updates of Regional Network Load and Network Resource forecasts consistent with those included in its Application under Part II.B of this OATT including, but not limited to, any information provided under Section 16.2(i) pursuant to Attachment K. The Network Customer also shall provide the ISO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Regional Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the ability of the ISO to provide reliable service.

II.31.4 Obligation to Provide Transmission Service that Requires Expansion

or Modification of the New England Transmission System: If a

Transmission Customer requests that the PTF be expanded or modified, one or more PTOs or other entities will be designated to use due diligence to expand or modify the PTF to increase transfer capability, provided that the Transmission Customer agrees to compensate the PTO(s) or other entities that will be responsible for the construction of any new facilities or upgrades for the costs of such new facilities or upgrades pursuant to the terms of Section II.38. The ISO and the designated PTOs or other entities will conform to Good Utility Practice and the planning obligations in Attachment K in determining the need for new transmission facilities or upgrades and in coordinating the design and construction of such facilities. This obligation applies only to those facilities that the designated PTO(s) or other entities have the right to expand or modify.

II.31.5 Deferral of Service: Any Qualified Upgrade Award associated with new transmission facilities or upgrades shall be subject to completion of construction of those transmission facilities and upgrades and to such upgrades being placed in service.

- d. The Transmission Customer has executed a Transmission Service Agreement or has agreed to receive service pursuant to Section II.31.3 of this OATT;
- e. The Transmission Customer must submit Real-Time External Transactions in accordance with the applicable ISO System Rules and will receive transmission service in conjunction with the scheduled energy in the Real-Time Energy Market in accordance with Market Rule 1;
- f. The Transmission Customer agrees to pay for all applicable transmission service and market charges chargeable to such Transmission Customer under the Transmission, Markets and Services Tariff;~~:- and~~
- g. The Transmission Customer provides the information required by the planning process in Attachment K.

II.32.2 Transmission Customer Responsibility for Third-Party

Arrangements: Any arrangements for transmission service and the scheduling of capacity and energy that may be required by neighboring electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO, notification to

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this OATT;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted. The ISO will treat this information as confidential in accordance with the ISO New England Information Policy except to the extent that disclosure of this information is required by this OATT, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice. The ISO will treat this information consistent with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested transmission service; ~~and~~
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the PTF and/or MTF or OTF; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement; ~~and~~
- (ix) Any additional information required by the planning process in Attachment K.

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II.48 ~~[Reserved]~~ Regional System Planning Process

~~II.48.1 General: The process defined in this document shall be utilized for regional planning in the ISO. Additional details regarding the planning process are provided in OATT Attachment N. The Regional System Plan (the “RSP”), including the related system enhancement and expansion studies, shall be completed by the ISO. The purpose of the RSP is to identify system reliability and market efficiency needs and types of resources that may satisfy such needs so that Market Participants may provide efficient market solutions (e.g., demand side projects, distributed generation and/or merchant transmission) to identified needs. The purpose of the RSP is also to assess the ability of proposed market solutions to address identified needs with due cognizance of the operational characteristics of those proposed market solutions and to identify a regulated transmission solution to be built by one or more PTO(s) in the event that market responses do not meet identified needs or that additional transmission infrastructure may be required to facilitate the market. That regulated transmission solution shall be modified (in accordance with the provisions of this Section II.48) to reflect changes to system conditions including ongoing investments by Market Participants. In completing the RSP, the ISO shall consult with the Planning Advisory Committee. The Planning Advisory Committee shall be established in accordance with the~~

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~~provisions of Section II.48.2 of this OATT, and shall be responsible for the functions identified in that Section.~~

~~II.48.2 Planning Advisory Committee:~~

~~(a) **Establishment:** A Planning Advisory Committee shall be established to perform the functions set forth in Section II.48.2(b) of this OATT. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO shall consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.~~

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~~(b) **Role of Planning Advisory Committee:** The Planning Advisory Committee may provide input and feedback to the ISO concerning the development of the RSP and the conduct of system enhancement and expansion studies. The Planning Advisory Committee serves to facilitate the needs assessment and development of the RSP including input to assumptions for the studies, comment on the results of the needs assessment, identification of potential market responses to the ISO's identification of needs that may have been made known in previous plans or more recent studies presented at the Planning Advisory Committee. Any entity (including state agencies and, if in existence, a Regional State Committee or similarly situated entity) may designate a member to the Planning Advisory Committee by providing written notice to the Secretary of that Committee identifying the name of the entity represented by the member and the member's name, address, telephone number, facsimile number and electronic mail address. The entity may remove or replace such member at any time by written notice to~~

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~~the Secretary of the Planning Advisory Committee. Based on input and feedback provided by the PAC to the ISO, the ISO shall refer to the Markets and Reliability Committee issues and concerns identified by the PAC for further investigation and consideration of potential changes to rules and procedures.~~

~~II.48.3RSP: Principles, Scope, and Contents:~~

~~(a)Description of RSP: The RSP shall provide an annual assessment of the system needs of the New England Control Area in a consolidated manner, and is designed to maintain the New England Control Area's reliability while accounting for market performance, economic and environmental considerations. At least every three (3) years, the RSP shall reflect the results of a new comprehensive system planning and expansion study conducted pursuant to Section II.48.4 of this OATT. In other years, the RSP may be only an update to a prior approved RSP. Comprehensive system enhancement and expansion studies include a needs assessment by the ISO (as described in Section II.48.4(d)) of this~~

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~~OATT, and the ISO analysis of the market and regulated transmission solutions in response thereto (as described in Section II.48.4(e) of this OATT).~~

~~**(b)RSP Baseline:** The baseline for the RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission determined by the ISO in collaboration with the Planning Advisory Committee, including but not limited to proposed generation and transmission projects, Merchant Transmission Facilities, and Elective Transmission Upgrades; (ii) demand-side projects planned within the New England Control Area and identified to the ISO; and (iii) the requirements for system restoration services. The development of the RSP will not include development of a system restoration plan (the restoration plan to be developed under a separate process).~~

~~**(c)RSP Contents:** The RSP shall utilize at least a five year planning horizon, and reflect at least five year capacity and load forecasts. The RSP shall identify, based on the results of system~~

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~~enhancement and expansion studies conducted pursuant to Section II.48.4 of this OATT, a list of proposed Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades to the New England Transmission System for at least each of the ensuing five years, not otherwise proposed as Merchant Transmission Facilities or Elective Transmission Upgrades, that are determined by the ISO to be appropriate at the time of the issuance of the Plan (collectively referred to as “Transmission Upgrades”). Each RSP shall also include the list of Transmission Upgrades included in the prior RSP (including the prior New England Regional Transmission Expansion Plan), as updated, that have not been completed at that time. The lists of Transmission Upgrades shall identify separately: (i) Reliability Transmission Upgrades, and (ii) Market Efficiency Transmission Upgrades. The RSP shall describe the projected improvements to the bulk power system that are needed to maintain system reliability and operation of efficient markets under a set of planning assumptions. The RSP shall provide sufficient information, based on the results of system~~

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~~enhancement and expansion studies conducted pursuant to Section II.48.4 of this OATT, to allow members of the PAC to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources that would satisfy the identified need or that may serve to modify, offset or defer proposed regulated transmission upgrades. The RSP shall also list transmission facilities (as determined under the ISO interconnection process specified in this OATT) to be built to accommodate new generation, merchant transmission, and elective transmission interconnections that have satisfied the requirements of this OATT. The RSP shall also include a description of the reasons for any new Transmission Upgrades proposed in the RSP, any change in status of a Transmission Upgrade in the RSP, or for any removal of Transmission Upgrades from the RSP pursuant to Section II.48.5 of this OATT.~~

~~(d) Additions and Removals of Transmission Upgrades: A~~

~~Transmission Upgrade may be added to the RSP by the ISO at any~~

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~~time in a given year (in accordance with the procedures specified in Section II.48.5 of this OATT) or in a subsequent year's RSP and in doing so the ISO shall consult with and consider input from the Planning Advisory Committee, within the scope of its respective functions as specified in Section II.48.2 of this OATT. Similarly, a Transmission Upgrade may be removed from the RSP by the ISO at any time in a given year (in accordance with the procedures specified in Section II.48.5 of this OATT) or in a subsequent year's RSP if the market responds by developing credible alternative generation projects, demand side projects, or Merchant Transmission Facilities in accordance with Section II.48.7 of this OATT, or other circumstances arise such that the need for the Transmission Upgrade no longer exists, or if the Transmission Upgrade is no longer feasible, and in doing so the ISO shall consult with and consider input from the Planning Advisory Committee, within the scope of its functions as specified in Section II.48.2 of this OATT; provided that (if the Transmission Upgrade is removed from the RSP by the ISO) the entity responsible for the~~

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~~construction of the Transmission Upgrade is reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing FERC approved ROE levels) in connection with the planning, designing, engineering, permitting, procuring and other preparation for construction, and/or construction of the Transmission Upgrades proposed for removal from the RSP. The cost allocation specified in Schedule 12 of this OATT shall apply to this cost reimbursement. Prior to finalizing the RSP, the ISO will provide all PTOs and other stakeholders with detailed reasons in writing for each removal of a Transmission Upgrade included in prior RSPs or change in status from the most recent RSP.~~

~~(e) **RSP Parameters:** The RSP shall conform to: Good Utility Practice; applicable reliability principles, guidelines, criteria, rules, procedures and standards of ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent~~

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~~with the ISO planning criteria, the applicable criteria of ERO and the criteria of area reliability counsels; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time.~~

~~(f) **Other RSP Principles:** The RSP shall be designed (i) to avoid unnecessary duplication of facilities; (ii) to avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iii) to take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (iv) to provide for coordination with existing transmission systems and with appropriate interregional and local expansion plans; (v) to properly coordinate with market responses, including generation, merchant transmission and demand side responses.~~

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~~H.48.4 Procedures for the Conduct of System Enhancement and Expansion~~

~~Studies:~~

~~(a) Relation Between System Enhancement and Expansion Studies~~

~~and the RSP: System enhancement and expansion studies shall be conducted in accordance with the procedures set forth in this Section H.48.4 of this OATT. The results of these studies shall be reflected in the RSP.~~

~~(b) Study Cycle: The ISO shall initiate system enhancement and expansion studies at least once every three years. A more targeted study shall be conducted if: (i) a need for additional transfer capability is identified by the ISO in its evaluation of requests for firm transmission service with a term of one year or more or as a result of the ISO's ongoing evaluation of the bulk power supply system's adequacy and performance; (ii) a need for additional transfer capability is identified as a result of the ERO and/or NPCC reliability assessment or more stringent publicly available local reliability criteria, if any; or (iii) constraints or available transfer capability limitations are identified possibly as a result of~~

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~~generation additions or retirements, evaluation of load forecasts or proposals for the addition of transmission facilities in the New England Control Area. A system enhancement and expansion study may also be initiated for any other circumstances which may warrant such a study.~~

~~(c)**Notice of Initiation:** Written notice of the initiation of a system enhancement and expansion study shall be provided to all members of the Planning Advisory Committee. That notice shall identify the needs supporting the initiation of the study.~~

~~(d)**Preparation of Needs Assessment:** The ISO shall prepare a needs assessment that may examine resource adequacy, transmission adequacy, and projected congestion levels, and that considers the views, if any, of the PAC, state regulators, the Market Advisor to the ISO Board of Directors, and the ISO Board of Directors. PTOs shall identify any needs relating to its transmission facilities (of whatever voltage) that could affect the provision of regional transmission service. Meetings of the~~

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~~Planning Advisory Committee shall be convened to identify additional considerations relating to such a system enhancement and expansion study that were not identified in support of initiating the study, and to provide input on the study's scope, assumptions and procedures, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section II.48.2 of this OATT. The needs assessment will identify situations that significantly affect the efficient operation of the ISO bulk power system, and any critical time constraints for addressing reliability needs. The criteria for determining which market efficiency needs shall be included in the completed needs assessment, and for assessing the cost effectiveness of solutions proposed in response thereto, will be developed by the ISO with input from the Planning Advisory Committee. A subcommittee of the ISO Board of Directors will convene a public meeting to review the proposed needs assessment as a part of the RSP.~~

~~(e) **Publication of Needs Assessment and Response Thereto:** As part of the RSP, the ISO shall publish the completed needs~~

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~~assessment on its website, including both reliability needs as well as projected congestion levels under various conditions, and issue a final RSP report that also serves as an identification of requirements and characteristics for market solutions that can meet the needs described in the assessment. The ISO will also present the results in appropriate market forums to facilitate market responses. The affected PTO(s) will provide a regulated transmission proposal(s) in response to the ISO's needs assessment for all identified needs and in response to market solutions which develop in response to the identification of needs, and shall identify any local transmission plans that require coordination with its regulated transmission proposals addressing regional needs.~~

~~(f)~~**Evaluation of Responses:** Upon receipt of the market responses to the identification of needs, the ISO shall (with input from the Planning Advisory Committee) evaluate such responses to determine whether, and to what extent, any such response will meet the identified needs. The evaluation shall be premised on the goals of maintaining reliability and reducing congestion where

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~~economically justified under the criteria developed in accordance with Section II.48.4(d) of this OATT above. If the market response (including merchant transmission) is determined by the ISO to be sufficient to alleviate the need for a particular Transmission Upgrade, and is judged to be achievable within the required time period, the ISO will reflect this finding (without selecting a particular market proposal) in its updates or recommended RSP to be submitted to the ISO Board for approval, and that particular additional Transmission Upgrade will be listed in the recommended RSP, subject to the ISO having the flexibility to indicate that the project should proceed at a later date. If the market response (including merchant transmission) is determined by the ISO to be insufficient to alleviate the need for a Transmission Upgrade, that Transmission Upgrade will be listed or modified in the recommended RSP (assuming that it is considered viable from both a timeliness and a financial standpoint) with an indication to begin development in accordance with Section II.48.3(c) of this OATT, together with the information required~~

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~~therein. Prior to finalizing the RSP, the ISO will provide PTOs and other stakeholders with detailed reasons in writing for including each Transmission Upgrade in the RSP, or modifying the status of a Transmission Upgrade from the most recent RSP.~~

~~**(g)Publication of Results and Incorporation in RSP:** The results of the system enhancement and expansion study(ies), along with a discussion of the study assumptions and input(s), shall be made public and shall be included as part of the next annual RSP in accordance with Sections II.48.3 and II.48.5 of this OATT.~~

~~II.48.5Procedures for Development, Approval and Interim Modification of the RSP:~~

~~**(a)Initiation of RSP:** At the initiation of an effort to update an RSP or develop a new RSP, the ISO shall solicit input on regional needs for the updated or new RSP from members of the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section II.48.2 of this~~

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~~OATT. Thereafter, drafts of the RSP shall be provided to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts.~~

~~(b)**Supply of Information and Data:** The Transmission Owners, those entities requesting transmission service or interconnection, and any other entities proposing to provide facilities to be integrated into the New England Control Area or alternatives to such facilities shall supply upon request and subject to applicable confidentiality requirements of the ISO New England Information Policy/Code of Conduct any information (including cost estimates) and data reasonably required to prepare an RSP or to perform a transmission enhancement and expansion study. Any other information or data provided shall be subject to the rights and obligations of the ISO New England Information Policy/Code of Conduct.~~

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~~(c)Draft RSP:~~ A draft of a recommended Plan shall be presented at least annually by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the results of any expansion and enhancement studies performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion but at least annually, to receive input directly and to discuss any proposed revisions to the RSP. Interim updates to the RSP made in accordance with the procedures set forth in Section II.48.5(e) of this OATT may be treated as an addition or removal of an Upgrade from the Plan under Section II.48.3(d) of this OATT. The final recommended RSP shall be presented to the ISO Board of Directors no later than September 30 of each year and shall be acted on by the Board within 60 days of receipt.

~~(d)Action by the ISO Board of Directors on RSP; Request for~~
~~Alternative Proposals:~~

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~~(i) The ISO Board of Directors may approve the recommended RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation in accordance with this Section II.48.5 of this OATT. The Board of Directors may consider the RSP in executive session, and shall consider in its deliberations the views of the subcommittee of the Board of Directors reflecting the public meeting held pursuant to Section II.48.5(c) of this OATT. In considering whether to include a particular Market Efficiency Transmission Upgrade in the approved RSP, the Board of Directors shall consider the relative severity of the congestion addressed by that Market Efficiency Transmission Upgrade. In considering whether to approve the recommended RSP, the Board of Directors may, if it finds a proposed Reliability Transmission Upgrade not to be viable from a timeliness or financial standpoint, or if no Reliability Transmission Upgrade has been proposed, direct~~

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~~the ISO staff to meet with the affected load serving entities and State entities in order to develop an interim solution. Should that effort fail, the Board of Directors may direct the ISO to issue a RFAP, subject to the procedures described below, and may withhold approval of the RSP, or portions of the RSP, pending the results of that RFAP and any Commission action on any resulting jurisdictional contract or funding mechanism. The ISO shall provide a written explanation as to any changes or modification made in the final version of the RSP.~~

~~(ii) The RFAP shall seek generation, demand side and merchant transmission alternatives that can be implemented rapidly and provide substantial reliability benefits over the period solicited in the RFAP, and normally will focus on an interim (“gap”) solution until an identified Reliability Transmission Upgrade has been placed in service. The ISO will file a proposed RFAP with the Commission for~~

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~~approval at least 60 days prior to its issuance. The filing shall explain why the issuance of an RFAP is necessary.~~

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

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

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~~other contracts entered into pursuant to an RFAP shall be
filed with the Commission for informational purposes.~~

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

~~(e) **Procedures for Interim Modification of RSP:** A Transmission
Upgrade meeting criteria established by the ISO in consultation with the
Planning Advisory Committee may be added to the RSP anytime during
a year by the ISO following posting of a description of the Transmission
Upgrade on the ISO website and transmittal of the description to the
members of the Planning Advisory Committee and Reliability
Committee. Other Transmission Upgrades exceeding these criteria shall
be presented to the Planning Advisory Committee and Reliability
Committee for comment, posted on the ISO website, and considered by
the ISO Board of Directors using the procedures set forth in Section
II.48.5(c) and (d) of this OATT. In the event that the estimated cost of a
proposed Upgrade exceeds the criteria posted (criteria~~

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~~which shall be reviewed annually by the ISO and reset as it reasonably deems appropriate but initially set at \$20 million), a member of a subcommittee of the ISO's Board will attend such meeting at which the ISO will seek the Reliability Committee's advice on the inclusion of the proposed Upgrade into the Regional System Plan. An approval of the interim Regional System Plan by the ISO shall have the same effect with regard to cost reimbursement and with regard to inclusion or removal of an Upgrade from the Regional System Plan as an approval of the Regional System Plan made by the ISO's Board of Directors pursuant to Section II.48.5(c) of this OATT.~~

~~(f) **Inter-Area Coordination:** The RSP shall be developed in coordination with the similar plans of the surrounding RTOs and Control Areas. Inter-Area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, MAAC and ECAR, the ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section~~

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~~H.48.2 of this OATT, to focus to provide input and feedback to the ISO concerning an Inter-Area needs assessment and identification of potential market and regulated responses to the ISO's identification of Inter-Area needs.~~

~~(g)Cost Responsibility for Transmission Upgrades: The cost responsibility for each Transmission Upgrade that is listed in the RSP shall be determined in accordance with Schedule 12 of this OATT.~~

~~(h)Allocation of Auction Revenue Rights: The allocation of Auction Revenue Rights in connection with Transmission Upgrades is addressed in Section III.C.8 of the Tariff.~~

~~H.48.6Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights:~~

~~(a)In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a~~

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~~Transmission Upgrade included in the RSP; or (ii) demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.~~

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

~~(c) Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in this OATT shall affect the right of any PTO to expand or modify its transmission facilities in the New England Transmission System on its own initiative or in response to an order of an appropriate regulatory authority. Such expansions or modifications shall conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines, criteria, rules,~~

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~~procedures and standards of national, regional, and local reliability councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules, standards, guides and policies. The ISO reserves its right to challenge the permitting of such expansions or modifications.~~

~~II.48.7 Merchant Transmission Facilities:~~

~~(a) **General:** Subject to compliance with the requirements of the Transmission, Markets and Services Tariff and any other applicable requirements with respect to the interconnection of bulk power facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities (“Merchant Transmission Facilities”), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section II.48.7(b) of this OATT. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will~~

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~~be completed shall be accounted for as will the prospect that
proposed generating units will be completed.~~

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

~~(c)**Control and Coordination:** Until such time as an MTO has
transferred operational control over its MTF to the ISO pursuant to
Section II.48.7(b)(i), all such MTF shall be subject to the operational
control, scheduling and maintenance coordination of the System Operator
in accordance with the Tariff. [Proposed Change]~~

~~II.48.8**Alternative Remedies:** Nothing herein shall limit in any way the right of
any entity to seek any available relief pursuant to the provisions of the Federal
Power Act.~~

II.50 Additions to or Upgrades of PTF

The possible need for an addition to or upgrade of PTF may be identified in connection with the planning process of Attachment K~~Section II.48~~ of this OATT, an application or request for service under this OATT, or a request for the installation of or material change to a generation or transmission facility, or may be separately identified by an ISO committee under the Participants Agreement, a Market Participant or the ISO. In such cases, a study, if necessary, to assess available transfer capability and, if necessary, a System Impact Study and a Facility Study, shall be performed by the affected PTO(s) in whose Local Network(s) the addition or upgrade would or might be effected or their designee(s), or the ISO, in the case of a System Impact Study, or the ISO's designee(s), with review of the study by the ISO if it does not perform the study. Studies to assess available transfer capability and System Impact Studies and Facilities Studies shall be conducted, as appropriate, in accordance with any affected PTO's Local Service Schedule of this OATT, or in accordance with the applicable methodology specified in Attachments C and D to this OATT, and the provisions of the Local Service Schedules to this OATT or the applicable provisions of Attachments I and J to this OATT shall apply, as appropriate, with respect to the payment of the costs of the study and the other matters covered thereby.

SCHEDULE 12

TRANSMISSION COST ALLOCATION ON AND AFTER JANUARY 1, 2004

This Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the transmission system in New England on and after January 1, 2004. Nothing in this Schedule 12 shall eliminate the PTF status of transmission facilities that were PTF on December 31, 2003; and any upgrades to such facilities that continue to meet the definition of PTF specified in this OATT shall be classified as PTF for all purposes under this OATT. The costs of all upgrades to the Highgate Transmission Facilities will be treated as HTF and allocated according to this schedule, as may be amended from time to time, provided that such HTF upgrades shall not be limited by Appendix B to Attachment F Implementation Rule under this OATT if classified as Regional Benefit Upgrades.

A. Process for Categorizing Upgrades for Cost Allocation:

Upgrades, modifications or additions to the New England Transmission System shall be categorized by the ISO, with advisory input from the Reliability Committee and the Planning Advisory Committee, as appropriate. A list of categorized Transmission Upgrades shall be made part of each annual and interim RSP, subject to the provisions of Attachment K Section II.48 of this OATT.

ATTACHMENT K

REGIONAL SYSTEM PLANNING PROCESS~~[RESERVED]~~

Sheet Nos. 6227–6399 reserved for future use.

TABLE OF CONTENTS

1.	Overview.....	6229
2.	Planning Advisory Committee.....	6232
2.1	Establishment.....	6232
2.2	Role of Planning Advisory Committee.....	6233
2.3	Membership	6234
2.4	Procedures.....	6235
	(a) Notice of Meetings.....	6235
	(b) Frequency of Meetings	6235
	(c) Availability of Meeting Materials.....	6235
	(d) Access to Planning-Related Materials that Contain CEII.....	6236
2.5	Local System Planning Process	6238
3.	RSP: Principles, Scope, and Contents.....	6239
3.1	Description of RSP	6239
3.2	Baseline of RSP	6241
3.3	RSP Planning Horizon and Parameters.....	6241
3.4	Other RSP Principles	6242
3.5	Market Responses in RSP.....	6242
3.6	The RSP Project List.....	6244
	(a) Elements of the Project List.....	6244
	(b) Periodic Updating of RSP Project List	6246
	(c) Project List Updating Procedures and Criteria	6247
	(d) Posting of LSP Project Status	6248
4.	Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Proposed Solutions	6249
4.1	Needs Assessments	6249
	(a) Triggers for Needs Assessments.....	6250
	(b) Requests by Stakeholders for Needs Assessments for Economic Considerations	6250
	(c) Notice of Initiation of Needs Assessments	6253
	(d) Preparation of Needs Assessments	6253
	(e) Needs Assessment Study Groups.....	6253
	(f) Input from the Planning Advisory Committee.....	6254
	(g) Publication of Needs Assessment and Response Thereto.....	6254

4.2	Treatment of Market Responses and Evaluation of Regulated Transmission Solutions.....	6255
(a)	Treatment of Market Solutions in Needs Assessments.....	6255
(b)	Evaluation and Development of Regulated Transmission Solutions in Solutions Studies	6256
(c)	Notice of Initiation of a Solutions Study	6257
(d)	Classification of Regulated Transmission Solutions	6257
(e)	Inclusion of Results of Solutions Studies in the RSP	6258
5.	Supply of Information and Data Required for Regional System Planning.....	6258
6.	Regional, Local and Inter-Area Coordination	6259
6.1	Regional Coordination.....	6259
6.2	Local Coordination	6260
6.3	Inter-Area Coordination.....	6260
7.	Procedures for Development and Approval of the RSP	6261
7.1	Initiation of RSP	6261
7.2	Draft RSP; Public Meeting	6261
7.3	Action by the ISO Board of Directors on RSP; Request for Alternative Proposals	6262
(a)	Action by ISO Board of Directors on RSP	6262
(b)	Requests for Alternative Proposals	6263
8.	Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights	6264
9.	Merchant Transmission Facilities	6265
9.1	General.....	6265
9.2	Operation and Integration	6266
9.3	Control and Coordination	6266
10.	Cost Responsibility for Transmission Upgrades.....	6267
11.	Allocation of ARRs.....	6267
12.	Dispute Resolution Procedures	6267
12.1	Objective.....	6267
12.2	Confidential Information and CEII Protections.....	6268
12.3.	Eligible Parties.....	6268
12.4	Scope.....	6268
(a)	Reviewable Determinations.....	6269
(b)	Material Adverse Impact.....	6270
12.5	Notice and Comment	6271
12.6	Dispute Resolution Procedures.....	6272
(a)	Resolution Through the Planning Advisory Committee.....	6272
(b)	Resolution Through Informal Negotiations.....	6273
(c)	Resolution Through Alternative Dispute Resolution.....	6273
12.7	Notice of Dispute Resolution Process Results.....	6274
13.	Rights Under The Federal Power Act.....	6274

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1. Overview

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

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and

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

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan (“RSP”), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to Section 4.2(b) of this Attachment, regulated transmission solutions proposed in response to the needs identified by the ISO.

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Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to:

(i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance and economic, environmental and other considerations as may be agreed upon from time to time.

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

- (i) PTF system reliability and market efficiency needs,
- (ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments; and
- (iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT.

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

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

2. Planning Advisory Committee

2.1 Establishment

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall

consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

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

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments and Solutions Studies, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies, including the criteria and assumptions for such studies. Based on input and feedback provided by the Planning Advisory

Committee to the ISO, the ISO shall refer to the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and Transmission Committees, issues and concerns identified by the Planning Advisory Committee for further investigation and consideration of potential changes to rules and procedures.

2.3 Membership

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

2.4 Procedures

(a) Notice of Meetings

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

(b) Frequency of Meetings

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

(c) Availability of Meeting Materials

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO's website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory

Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of the ISO Tariff and Critical Energy Infrastructure Information (“CEII”) policy as further described in Section 2.4(d) of this Attachment.

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

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

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

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information

on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors

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will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

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

meetings of the Planning Advisory Committee in the same manner that such
information is posted for the meetings on the regional system planning process.

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments
(conducted not less than every third year) of the PTF systemwide needs to
maintain the reliability of the New England Transmission System while
accounting for market efficiency, economic, environmental and other
considerations, as agreed upon from time to time. The ISO shall update the RSP
to reflect the results of ongoing Needs Assessments conducted pursuant to Section
4.1 of this Attachment. The RSP shall also account for projected improvements
to the PTF that are needed to maintain system reliability in accordance with
national and regional standards and the operation of efficient markets under a set
of planning assumptions.

The RSP shall, among other things:

- (i) describe, in a consolidated manner, the assessment of the PTF system
needs, the results of such assessments, and the projected improvements;
- (ii) provide the projected annual and peak demands for electric energy for a
five- to ten-year horizon, the needs for resources over this period and how
such resources are expected to be provided;

- (iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and
- (iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment, may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades that may meet those needs. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the Project List that are known as of that time.

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

3.2 Baseline of RSP

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

3.3 RSP Planning Horizon and Parameters

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

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the

ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the “Planning and Reliability Criteria”).

3.4 Other RSP Principles

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

3.5 Market Responses in RSP

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

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

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

RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

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

Within each category of the RSP Project List, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-Service.

“Concept” shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

“Proposed” shall include a regulated transmission solution that (i) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (ii) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

“Planned” shall include a Transmission Upgrade that has been approved by the ISO under Section I.3.9 of the Tariff.

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

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

Each proposed regulated transmission solution or Transmission Upgrade shall also be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP.

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

(b) Periodic Updating of RSP Project List

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

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

(c) RSP Project List Updating Procedures and Criteria

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

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

(d) Posting of LSP Project Status

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

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

4.1 Needs Assessments

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

(a) Triggers for Needs Assessments

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

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

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

The ISO's stakeholders may request the ISO to initiate a Needs Assessment to evaluate potential regulated transmission solutions or market responses or investments that could result in (i) a net reduction in total production cost to supply system load based on the factors specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the

integration of new resources and/or loads on an aggregate or regional basis
(an “Economic Study”).

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

- (i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO’s website a request for an Economic Study.
- (ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO’s perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.
- (iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.
- (iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss, identify and prioritize, as further facilitated by the ISO’s preparation of a straw priority list to be further discussed at such meeting, up to three (3) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year, taking into consideration their impact on the ISO budget and other priorities.

- (v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.
- (vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.
- (vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

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

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

(c) Notice of Initiation of Needs Assessments

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

(d) Preparation of Needs Assessment

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

(e) Needs Assessment Study Groups

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment. Participation in such study

groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

(f) Input from the Planning Advisory Committee

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

(g) Publication of Needs Assessment and Response Thereto

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

needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses. Generally, following a Needs Assessment, the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment.

4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

(a) Treatment of Market Solutions in Needs Assessments

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

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its

selection or its assumption of financially binding obligations, respectively.

The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies

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

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

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

(c) Notice of Initiation of a Solutions Study

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

(d) Classification of Regulated Transmission Solutions

As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee, to address needs identified in

Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

(e) Inclusion of Results of Solutions Studies in the RSP

The results of Solutions Studies will be reported to the Planning Advisory Committee and will, as appropriate, be reflected in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

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

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

6. Regional, Local and Inter-Area Coordination

6.1 Regional Coordination

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

the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

6.2 Local Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

6.3 Inter-Area Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and

NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations, the ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this Attachment, to focus to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

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

7.2 Draft RSP; Public Meeting

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post

the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

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

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

(a) Action by ISO Board of Directors on RSP

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in

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

(b) Requests For Alternative Proposals

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

- (ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.
- (iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.
- (iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

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

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii) demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such

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Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

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

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

9. Merchant Transmission Facilities

9.1 General

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power

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facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities (“Merchant Transmission Facilities”), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section 9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

9.2 Operation and Integration

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

9.3 Control and Coordination

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the

operational control, scheduling and maintenance coordination of the System

Operator in accordance with the Tariff.

10. Cost Responsibility for Transmission Upgrades

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

11. Allocation of ARRs

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

12. Dispute Resolution Procedures

12.1 Objective

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

12.2 Confidential Information and CEII Protections

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

12.3 Eligible Parties

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

12.4 Scope

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute

Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

(a) Reviewable Determinations

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 ("Reviewable Determinations") shall include certain procedural and substantive challenges that may arise at designated key decision points in the regional transmission planning process for PTF ("Key Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key Decision Point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion

rendered at a Key Decision Point was supported by adequate basis in fact.

The Key Decision Points shall be limited to the following:

- (i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;
- (ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;
- (iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;
- (iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;
- (v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and
- (vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In order to prevail in a challenge to a substantive-based Reviewable Determination, the Disputing Party must show that either (i) the

determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

12.5 Notice and Comment

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for

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

12.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

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

(b) Resolution Through Informal Negotiations

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

(c) Resolution Through Alternative Dispute Resolution

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

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

12.7 Notice of Dispute Resolution Process Results

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

13. Rights Under The Federal Power Act

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

Sheet Nos. 6275 - 6289 reserved for future use.

Sheet Nos. 6304 - 6399 reserved for future use.

ATTACHMENT N

PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES

I. INTRODUCTION

Pursuant to Part II.G of the ISO New England Open Access Transmission Tariff (the “Tariff”) (Sections II.46 – II.47~~8~~ and Attachment K) and this Procedure, the ISO shall classify upgrades as Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades during the Regional System Plan (“RSP”) process. Pursuant to established standards, that process is designed to collect and reflect broad input from all stakeholders through the Planning Advisory Committee (“PAC”). The PAC is composed of a wide variety of regional stakeholders, including Governance Participants (such as generator owners, marketers, load serving entities, merchant transmission owners and participating transmission owners), governmental representatives, public interest groups, state agencies (including those participating in the New England Conference of Public Utilities Commissioners), retail customers, representatives of local communities, and consultants. The PAC meets regularly throughout the year.

This procedure describes the standards used by the ISO to identify Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades and the process for making such identifications pursuant to Part II.G of the Tariff.

The ISO may amend these standards and procedures from time to time, as appropriate, with input from the Reliability Committee and PAC.

II. STANDARDS FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

A. Identification of Reliability Transmission Upgrades

Reliability Transmission Upgrades are those upgrades necessary to ensure the continued reliability of the New England Transmission System based on applicable reliability standards. In applying the applicable reliability standards, some of the considerations that will be taken into account are as follows:

On a regular and on-going basis, the ISO shall conduct studies to identify the location and nature of any potential problems on the New England Transmission System. These assessments shall be conducted to identify those factors relevant to the standards for identifying needs which might be solved or mitigated by Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, as specified in Section II of this Procedure.

The ISO will publish its identification of such relevant factors on the New England Transmission System on its website and to the PAC, thereby providing market signals for generation, merchant transmission and load responses to develop and implement market-based solutions for the relief of actual and projected system reliability concerns, transmission constraints and market inefficiencies. The ISO will also present the results of its assessments in appropriate market forums to facilitate market responses to those needs. Market responses having met appropriate milestones pursuant to Attachment K ~~Section II.48.3(b)~~ of the Tariff will be included in studies to assess the effects of such market responses on the identified problems with reliability and market inefficiencies.

Based on input and feedback provided by the PAC, the ISO shall refer to the Markets Committee and Reliability Committee issues and concerns identified by the PAC for further investigations and consideration of potential changes to rules and procedures.

2. Adequacy of the market responses, and as necessary, adequacy of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

The ISO shall assess the adequacy of proposed market responses in addressing identified system needs. The ISO shall also ensure that there are no significant adverse effects associated with such market responses, pursuant to Section I.3.9 of the Tariff and Planning Procedure 5-3, "Guidelines for Conducting and Evaluating Proposed Plan Application Analysis".

If the market does not respond with adequate solutions to address the system needs identified by the ISO, the ISO shall present a coordinated transmission plan in the RSP that identifies appropriate projects for addressing both reliability and market efficiency needs.

This coordinated plan is updated by the ISO as market responses to identified problems are developed. Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are implemented only after market solutions have been given first consideration.

3. Periodic Updates to the RSP

A Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may be added to the RSP at any time in a given year, and in doing so the ISO shall consult with and consider input from the PAC and the Reliability Committee, within the scope of their respective functions.

The time required to implement transmission projects, however, is often longer than that needed for market-based solutions. Thus, the RSP process recognizes that a new market response could result in a deferral or a significant change in the proposed timing and/or configuration of a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrades. Also, a needed Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may become delayed due to other factors.

As a result, the ISO may remove or defer a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade project from the RSP at any time in a given year, if the market responds by developing credible market-based solutions, or other circumstances arise that impact the need for the Transmission Upgrade. If market-based solutions have not met appropriate milestones prior to significant sunk transmission expense being made to provide the Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, then the ISO will assess the risks and costs associated with adding or advancing a transmission project from the RSP. The ISO shall consult with and consider input from the PAC and the Reliability Committee with regard to such changes in the RSP. In the event that a transmission project is removed, deferred, added or advanced, the ISO shall promptly notify the affected Participating Transmission Owners.

IV. COST-EFFECTIVENESS AND COST ALLOCATION DETERMINATION OF RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

The cost-effectiveness and cost allocation of identified Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades will be determined pursuant to the Tariff, Attachment K~~Section II.48~~; Schedule 12; and Planning Procedure 4. The level of detail needed to fulfill the requirements of the RSP process and Planning Procedure 4 will ensure that, in addition to a determination of Pool-supported PTF costs and Localized Costs, the planning and stakeholder review processes will include a comprehensive examination of all Transmission Upgrade construction alternatives and their associated costs and will thus evaluate the cost-effectiveness of each Transmission Upgrade and its potential alternatives.

Attachment 2

Sheet No.

II.A.	COMMON SERVICE PROVISIONS	419
II.1	Definitions.....	419
II.1.1	Administrative Costs.....	419
II.1.2	Affiliate	419
II.1.3	Ancillary Services	419
II.1.4	Annual Transmission Revenue Requirements	419
II.1.5	Application.....	420
II.1.6	Auction Revenue Rights	420
II.1.7	Backyard Generation	420
II.1.8	Business Day	420
II.1.9	Commission	420
II.1.10	Completed Application	420
II.1.11	Compliance Effective Date	420
II.1.12	Control Area.....	421
II.1.13	Congestion	422
II.1.14	Congestion Component.....	422
II.1.15	Congestion Cost	422
II.1.16	Curtailment	422
II.1.17	Day-Ahead Energy Market	422
II.1.18	Delivering Party	422
II.1.19	Direct Assignment Facilities.....	423
II.1.20	Disbursement Agreement.....	423
II.1.20A	Economic Studies.....	423

II.1.43	Interruption	431
II.1.44	ISO Control Center	431
II.1.45	ISO New England Manuals	431
II.1.46	ISO System Rules	431
II.1.47	ITC Rate Schedule	431
II.1.48	ITC System	431
II.1.49	ITC System Planning Procedures	432
II.1.50	Load Shedding	432
II.1.51	Load Zone	432
II.1.52	Local Benefit Upgrade(s) (“LBUs”).....	432
II.1.53	Local Control Center.....	432
II.1.54	Local Delivery Service	433
II.1.55	Local Network	433
II.1.56	Local Network Load	433
II.1.57	Local Network RNS Rate	433
II.1.58	Local Network Parties.....	434
II.1.59	Local Network Service (LNS)	434
II.1.60	Local Network Upgrades	434
II.1.61	Local Point-To-Point Service (LPTP)	434
II.1.62	Local Service	434
II.1.63	Local Service Schedule.....	435
II.1.63A	Local System Planning (“LSP”)	435
II.1.64	Localized Costs.....	435

II.1.65	Locational Marginal Price (“LMP”)	436
II.1.66	Long-Term	436
II.1.67	Loss Component	436
II.1.68	Market Efficiency Transmission Upgrade	436
II.1.69	Market Rule 1	436
II.1.70	Material Adverse Impact.....	436
II.1.71	Minimum Interconnection Standard	437
II.1.72	Monthly Network Load.....	437
II.1.73	Monthly Peak	437
II.1.74	MTF or Merchant Transmission Facilities	437
II.1.75	MTF Provider.....	438
II.1.76	MTF Service	438
II.1.77	Merchant Transmission Owner (“MTO”).....	438
II.1.78	Merchant Transmission Operating Agreement (“MTOA”).....	438
II.1.79	Native Load Customers.....	438
II.1.79A	Needs Assessment.....	438
II.1.80	NEMA or “Northeast Massachusetts” Upgrade	438
II.1.81	NEPOOL.....	439
II.1.82	NEPOOL Agreement	439
II.1.83	Network Customer	439
II.1.84	Network Resource.....	439
II.1.85	New England Control Area.....	440
II.1.86	New England Transmission System	441

II.1.87	Node	441
II.1.88	Non-Firm Point-To-Point Service.....	441
II.1.89	Non-Market Participant	441
II.1.90	Non-PTF Transmission Facilities (“Non-PTF”).....	441
II.1.91	Open Access Transmission Tariff (OATT)	441
II.1.92	Open Access Same-Time Information System (OASIS)	442
II.1.93	Operating Authority	442
II.1.94	Operating Day	442
II.1.95	Operating Reserve – Ten-Minute Non-Spinning Reserve Service (TMNSR)	442
II.1.96	Operating Reserve – Ten-Minute Spinning Reserve Service (TMSR)	442
II.1.96A	Operating Reserve - Operating Reserve - Thirty-Minute Operating Reserve Service (TMOR)	442
II.1.97	OTF Service	442
II.1.98	Other Transmission Facility (“OTF”).....	442
II.1.99	Other Transmission Operating Agreements (OTOA).....	443
II.1.100	Other Transmission Owner (“OTO”).....	443
II.1.101	Ownership Share	443
II.1.102	Planning Advisory Committee.....	443A
II.1.103	Point(s) of Delivery.....	443A
II.1.104	Point(s) of Receipt	443A
II.1.105	Point-To-Point Service.....	443A
II.1.106	Pool-Planned Unit.....	444
II.1.107	Pool RNS Rate	444
II.1.108	Pool PTF Rate	444
II.1.109	Pool Supported PTF.....	444

II.1.110	Power Purchaser.....	445
II.1.111	Pool Transmission Facility (“PTF”)	445
II.1.112	Pre-1997 PTF Rate.....	445
II.1.113	PTO Administrative Committee	445
II.1.114	Qualified Upgrade Award.....	445
II.1.115	Reactive Supply and Voltage Control From Qualified Reactive Resources Service	445
II.1.116	Real-Time	445
II.1.117	Real-Time Energy Market	446
II.1.118	Receiving Party	446
II.1.119	Regional Benefit Upgrade(s) (“RBUs”)	446
II.1.120	Regional Network Load.....	447
II.1.121	Regional Network Service	447
II.1.121A	Regional Planning Dispute Resolution Process.....	447
II.1.122	Regional System Plan (“RSP”).....	447
II.1.123	Regulation and Frequency Response Service	448
II.1.124	Related Person	448
II.1.125	Reliability Committee	448
II.1.126	Reliability Region	448
II.1.127	Reliability Transmission Upgrade	448
II.1.128	Request for Alternative Proposals (RFAP).....	449
II.1.129	Reserved Capacity	449
II.1.130	Resource.....	450
II.1.130A	RSP Project List.....	450
II.1.131	RTEP02 Upgrade(s).....	450

II.1.132	RTO.....	450
II.1.133	Scheduling, System Control and Dispatch Service.....	450
II.1.134	Service Agreement.....	450
II.1.135	Service Commencement Date.....	450
II.1.136	Short-Term.....	451
II.1.137	SMD Effective Date.....	451
II.1.137A	Solutions Study	451
II.1.138	System Condition.....	451
II.1.139	System Impact Study	451
II.1.140	Third-Party Sale	451A
II.1.141	Through or Out Service	452
II.1.142	Transition Period.....	452
II.1.143	Transmission Congestion Revenue.....	452
II.1.144	Transmission Owner	452
II.1.145	Transmission Upgrade(s)	453
II.1.146	Year.....	453
II.2	Purpose of This OATT.....	453
II.3	Market Rule 1	454
II.4	Ancillary Services.....	454
II.4.1	Scheduling, System Control and Dispatch Service.....	455
II.4.2	Reactive Supply and Voltage Control from Qualified Reactive Resources Service	456
II.4.3	Regulation and Frequency Response Service	456
II.4.4	Energy Imbalance Service	456
II.4.5	Operating Reserve – Ten Minute Spinning Reserve Service (TMSR).....	456

II.46	General.....	563
II.47	Interconnection Procedures and Requirements.....	567
II.47.1	Interconnection of Generating Unit Under the Minimum Interconnection Standard	567
II.47.2	Generator Interconnection Proposal Review	568
II.47.3	Generator Right to Interconnection	568
II.47.4	Compliance with Schedule 11	568
II.47.5	Interconnection of Elective Transmission Upgrades	571
II.48	[Reserved]	
II.H.	OTHER TRANSMISSION PROVISIONS	609
II.49	Definition of PTF.....	609
II.50	Additions to or Upgrades of PTF.....	613
SCHEDULE 1	SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE.....	700

ATTACHMENT G-2 LIST OF CERTAIN ARRANGEMENTS OVER EXTERNAL TIES	6085
ADDENDUM TO ATTACHMENTS G	6087
ATTACHMENT G-3 COMPLETE LIST OF EXCEPTED TRANSACTION (TRANSMISSION) AGREEMENTS OVER EXTERNAL TIES	6092
ATTACHMENT H GRANDFATHERED INTERTIE AGREEMENTS [RESERVED]	6095
ATTACHMENT I SYSTEM IMPACT STUDY AGREEMENT	6200
EXHIBIT 1 INFORMATION TO BE PROVIDED TO THE ISO BY THE CUSTOMER FOR SYSTEM IMPACT STUDY	6208
EXHIBIT 2 STUDY TIMETABLE.....	6212
EXHIBIT 3 PREPAYMENT SCHEDULE	6213
ATTACHMENT J FACILITIES STUDY AGREEMENT	6214
ATTACHMENT K REGIONAL SYSTEM PLANNING PROCESS	6226
APPENDIX 1 TO ATTACHMENT K - LOCAL SYSTEM PLANNING PROCESS	6290
ATTACHMENT L1 ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY FOR MARKET PARTICIPANTS	6400
ATTACHMENT L2 ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY FOR NON- MARKET PARTICIPANT TRANSMISSION CUSTOMERS	6401
ATTACHMENT L3 ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY FOR FTR- ONLY CUSTOMERS AND DRP-ONLY CUSTOMERS.....	6402
ATTACHMENT L4 ISO NEW ENGLAND BILLING POLICY	6403
ATTACHMENT M ROLE OF INDEPENDENT TRANSMISSION COMPANIES	6600
ATTACHMENT N PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES	6618

II.1.19 Direct Assignment Facilities: Facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under this OATT or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement among the ISO, Interconnection Customer and Transmission Customer, as applicable, and the Transmission Owner whose transmission system is to be modified to include and/or interconnect with the Direct Assignment Facilities, shall be subject to applicable Commission requirements, and shall be paid for by the Customer in accordance with the applicable agreement and the Tariff.

II.1.20 Disbursement Agreement: The Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

II.1.20A Economic Studies: As defined in Section 4.1(b) of Attachment K to this OATT.

II.1.21 Elective Transmission Upgrade: A Transmission Upgrade that is participant-funded (i.e., voluntarily funded by an entity or entities that have agreed to pay for all of the costs of such Transmission Upgrade), and is not: (i) a Generator Interconnection Related Upgrade; (ii) a Reliability Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iii) an Market Efficiency Transmission Upgrade (including a NEMA Upgrade, as appropriate); or (iv)

II.1.63 Local Service Schedule: A PTO-specific schedule to this OATT setting forth the rates, charges, terms and conditions applicable to Local Service.

II.1.63A Local System Planning (“LSP”): The process defined in Section 1 of Attachment K to this OATT.

II.1.64 Localized Costs: The incremental costs resulting from a RTEP02 Upgrade or a Regional Benefit Upgrade that exceeds those requirements that the ISO deems reasonable and consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of this OATT, the reasonableness of the proposed engineering design and construction method with respect to alternate feasible Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrade. Prior to any recovery of costs under this OATT associated with a RTEP02 Upgrade or a Regional Benefit Upgrade, the ISO, with advisory input from the Reliability Committee, as appropriate, shall review such Transmission Upgrade, and determine whether there are any Localized Costs resulting from such Transmission Upgrade. If there are any such costs, the ISO shall identify them in the Regional System Plan.

above and required to allow energy from significant power sources to move freely on the New England Transmission System.

II.1.75 MTF Provider: An entity as defined in Schedule 18.

II.1.76 MTF Service: Transmission service over MTF as provided for in Schedule 18.

II.1.77 Merchant Transmission Owner (“MTO”): An owner of MTF that is a signatory to an MTOA with the ISO.

II.1.78 Merchant Transmission Operating Agreement (“MTOA”): An agreement between the ISO and an MTO with respect to its MTF.

II.1.79 Native Load Customers: The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

II.1.79A Needs Assessment: As described in Section 4.1 of Attachment K to this OATT.

II.1.80 NEMA or “Northeast Massachusetts” Upgrade: Is an addition to or modification of the PTF into or within the Northeast Massachusetts Reliability

II.1.102 Planning Advisory Committee: The committee described in Attachment K of the OATT.

II.1.103 Point(s) of Delivery: Point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available to the Receiving Party under this OATT.

II.1.104 Point(s) of Receipt: Point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available by the Delivering Party under this OATT.

II.1.105 Point-To-Point Service: The transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery

II.1.117 Real-Time Energy Market: Is as defined and determined pursuant to Market Rule 1.

II.1.118 Receiving Party: The entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under this OATT.

II.1.119 Regional Benefit Upgrade(s) (“RBUs”): A Transmission Upgrade that: (i) is rated 115kV or above; (ii) meets all of the non-voltage criteria for PTF classification specified in this OATT; and (iii) is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade identified as needed pursuant to Attachment K of this OATT. The category of RBU shall not include any Transmission Upgrade that has been categorized under any of the other categories specified in Schedule 12 of this OATT (e.g., an Elective Transmission Upgrade shall not also be categorized as an RBU). Any upgrades to transmission facilities rated below 115kV that were PTF prior to January 1, 2004 shall remain classified as PTF and be categorized as an RBU if, and for so long as, such upgrades meet the criteria for PTF specified in this OATT.

II.1.120 Regional Network Load: The load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

II.1.121 Regional Network Service: The transmission service over the PTF described in Part II.B of this OATT, including such service which is used with respect to Network Resources or Regional Network Load that is not physically interconnected with the PTF.

II.1.121A Regional Planning Dispute Resolution Process: As described in Section 12 of Attachment K to this OATT.

II.1.122 Regional System Plan ("RSP"): The plan developed under the process specified in Attachment K of this OATT.

guidelines, criteria, rules, procedures and standards of ERO and NPCC and any of their successors, applicable publicly available local reliability criteria, and the ISO System Rules, as they may be amended from time to time, will be used to define the system facilities required to maintain reliability in evaluating proposed Reliability Transmission Upgrades. A Reliability Transmission Upgrade may provide market efficiency benefits as well as reliability benefits to the New England Transmission System.

II.1.128 Request for Alternative Proposals (RFAP): The request described in Attachment K of the OATT.

II.1.129 Reserved Capacity: The maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the New England Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II.C or Schedule 18, 20 or 21 of this OATT, as applicable. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis, or, in the case of Reserved Capacity for Local Point-to-Point Service, in terms of whole megawatts on a sixty-minute interval basis.

II.1.130 Resource: Is as defined pursuant to Market Rule 1.

II.1.130A RSP Project List: As defined in Section 1 of Attachment K to this OATT.

II.1.131 RTEP02 Upgrade(s): A Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the “Regional Transmission Expansion Plan” or “RTEP”) for the year 2002, as approved by ISO New England Inc.’s Board of Directors, or the functional equivalent of such Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of this OATT.

II.1.132 RTO: A regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission’s corresponding regulation.

II.1.133 Scheduling, System Control and Dispatch Service: This service is the form of Ancillary Service described in Schedule 1.

II.1.134 Service Agreement: A Transmission Service Agreement or an MPSA.

II.1.135 Service Commencement Date: The date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in

accordance with the sections of this OATT addressing the filing of
unexecuted Service Agreements.

II.1.136 Short-Term: A period of less than one year.

II.1.137 SMD Effective Date: Is as defined and determined pursuant to
Market Rule 1 (i.e., March 1, 2003).

II.1.137A Solutions Study: As described in Section 4.2(b) of Attachment K
to this OATT.

II.1.138 System Condition: A specified condition on the New England
Transmission System or on a neighboring system, such as a constrained
transmission element or flowgate, that may trigger Curtailment of Long-
Term Firm MTF or OTF Service on the MTF or the OTF using the
curtailment priority pursuant to Section II.44 of the Tariff or Curtailment
of Local Long-Term Firm Point-to-Point Transmission Service on the
non-PTF using the curtailment priority pursuant to Schedule 21 of the
Tariff. Such conditions must be identified in the Transmission Customer's
Service Agreement.

II.1.139 System Impact Study: An assessment pursuant to Part II.B, II.C,
II.G, Schedule 21, or Schedule 22 of this OATT of (i) the adequacy of the
PTF or Non-PTF to accommodate a request for the interconnection of a
new or materially changed generating unit or a new or materially changed

II.15 Nature of Regional Network Service

II.15.1 Scope of Service: Regional Network Service is the transmission service described above that allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Regional Network Load located in the New England Control Area and any additional load that may be designated pursuant to Section II.18.3 of this OATT. The Network Customer taking Regional Network Service must obtain or provide Ancillary Services pursuant to Section II.4 of this OATT.

II.15.2 ISO and PTO Responsibilities: As provided in the TOA and this OATT, the ISO and the PTOs will plan, construct, operate and maintain the PTF in accordance with Good Utility Practice and their planning obligations in Attachment K in order to allow the ISO to provide the Network Customer with Regional Network Service over the PTF. Each PTO, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part II.B of this OATT. This information must be consistent with the information used by the ISO to calculate available transfer capability. The PTOs and the ISO as applicable and in accordance with the TOA shall include the Network

Customer's Regional Network Load in PTF planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver Network Resources to serve the Network Customer's Regional Network Load on a basis comparable to the PTOs' delivery of their own generating and purchased resources to their Native Load Customers.

II.15.3 Real Power Losses: Real Power Losses are associated with all transmission service. Neither the ISO nor the Transmission Owners nor the Schedule 20A Service Providers are obligated to provide Real Power Losses. The cost of PTF losses shall be recovered through the Loss Component of the Locational Marginal Prices provided for in ISO New England Operating Documents.

II.15.4 Restrictions on Use of Service: The Network Customer is entitled to use Regional Network Service for any of the uses specified in Part II.B of this OATT.

II.16 Initiating Service

II.16.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part II.B of this OATT, the ISO will provide Regional Network

- (g) Service Commencement Date and the term of the requested Regional Network Service. The minimum term for Regional Network Service is one (1) year; and
- (h) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 16.2(e) satisfy the following conditions:
 - (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part II.B of the OATT; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis; and
- (i) Any additional information required of the Transmission Customer as specified in Attachment K.

Service (the addition of a new Network Resource, if any, or designation of a new Regional Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the PTOs and charged to the Network Customer as reflected in the applicable Transmission Service Agreement or other appropriate agreement. However, the ISO must treat any requested change in Regional Network Service in a non-discriminatory manner.

II.18.6 Annual Load and Resource Information Updates: The Network

Customer shall provide the ISO with annual updates of Regional Network Load and Network Resource forecasts consistent with those included in its Application under Part II.B of this OATT including, but not limited to, any information provided under Section 16.2(i) pursuant to Attachment K. The Network Customer also shall provide the ISO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Regional Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the ability of the ISO to provide reliable service.

II.31.4 Obligation to Provide Transmission Service that Requires Expansion

or Modification of the New England Transmission System: If a

Transmission Customer requests that the PTF be expanded or modified, one or more PTOs or other entities will be designated to use due diligence to expand or modify the PTF to increase transfer capability, provided that the Transmission Customer agrees to compensate the PTO(s) or other entities that will be responsible for the construction of any new facilities or upgrades for the costs of such new facilities or upgrades pursuant to the terms of Section II.38. The ISO and the designated PTOs or other entities will conform to Good Utility Practice and the planning obligations in Attachment K in determining the need for new transmission facilities or upgrades and in coordinating the design and construction of such facilities. This obligation applies only to those facilities that the designated PTO(s) or other entities have the right to expand or modify.

II.31.5 Deferral of Service: Any Qualified Upgrade Award associated with new transmission facilities or upgrades shall be subject to completion of construction of those transmission facilities and upgrades and to such upgrades being placed in service.

- d. The Transmission Customer has executed a Transmission Service Agreement or has agreed to receive service pursuant to Section II.31.3 of this OATT;
- e. The Transmission Customer must submit Real-Time External Transactions in accordance with the applicable ISO System Rules and will receive transmission service in conjunction with the scheduled energy in the Real-Time Energy Market in accordance with Market Rule 1;
- f. The Transmission Customer agrees to pay for all applicable transmission service and market charges chargeable to such Transmission Customer under the Transmission, Markets and Services Tariff; and
- g. The Transmission Customer provides the information required by the planning process in Attachment K.

II.32.2 Transmission Customer Responsibility for Third-Party

Arrangements: Any arrangements for transmission service and the scheduling of capacity and energy that may be required by neighboring electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO, notification to

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this OATT;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted. The ISO will treat this information as confidential in accordance with the ISO New England Information Policy except to the extent that disclosure of this information is required by this OATT, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice. The ISO will treat this information consistent with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested transmission service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the PTF and/or MTF or OTF; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement; and
- (ix) Any additional information required by the planning process in Attachment K.

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II.48 [Reserved]

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II.50 Additions to or Upgrades of PTF

The possible need for an addition to or upgrade of PTF may be identified in connection with the planning process of Attachment K of this OATT, an application or request for service under this OATT, or a request for the installation of or material change to a generation or transmission facility, or may be separately identified by an ISO committee under the Participants Agreement, a Market Participant or the ISO. In such cases, a study, if necessary, to assess available transfer capability and, if necessary, a System Impact Study and a Facility Study, shall be performed by the affected PTO(s) in whose Local Network(s) the addition or upgrade would or might be effected or their designee(s), or the ISO, in the case of a System Impact Study, or the ISO's designee(s), with review of the study by the ISO if it does not perform the study. Studies to assess available transfer capability and System Impact Studies and Facilities Studies shall be conducted, as appropriate, in accordance with any affected PTO's Local Service Schedule of this OATT, or in accordance with the applicable methodology specified in Attachments C and D to this OATT, and the provisions of the Local Service Schedules to this OATT or the applicable provisions of Attachments I and J to this OATT shall apply, as appropriate, with respect to the payment of the costs of the study and the other matters covered thereby.

SCHEDULE 12

TRANSMISSION COST ALLOCATION ON AND AFTER JANUARY 1, 2004

This Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the transmission system in New England on and after January 1, 2004. Nothing in this Schedule 12 shall eliminate the PTF status of transmission facilities that were PTF on December 31, 2003; and any upgrades to such facilities that continue to meet the definition of PTF specified in this OATT shall be classified as PTF for all purposes under this OATT. The costs of all upgrades to the Highgate Transmission Facilities will be treated as HTF and allocated according to this schedule, as may be amended from time to time, provided that such HTF upgrades shall not be limited by Appendix B to Attachment F Implementation Rule under this OATT if classified as Regional Benefit Upgrades.

A. Process for Categorizing Upgrades for Cost Allocation:

Upgrades, modifications or additions to the New England Transmission System shall be categorized by the ISO, with advisory input from the Reliability Committee and the Planning Advisory Committee, as appropriate. A list of categorized Transmission Upgrades shall be made part of each annual and interim RSP, subject to the provisions of Attachment K of this OATT.

ATTACHMENT K
REGIONAL SYSTEM PLANNING PROCESS

TABLE OF CONTENTS

1.	Overview.....	6229
2.	Planning Advisory Committee.....	6232
2.1	Establishment.....	6232
2.2	Role of Planning Advisory Committee.....	6233
2.3	Membership	6234
2.4	Procedures.....	6235
	(a) Notice of Meetings.....	6235
	(b) Frequency of Meetings	6235
	(c) Availability of Meeting Materials.....	6235
	(d) Access to Planning-Related Materials that Contain CEII.....	6236
2.5	Local System Planning Process	6238
3.	RSP: Principles, Scope, and Contents.....	6239
3.1	Description of RSP	6239
3.2	Baseline of RSP	6241
3.3	RSP Planning Horizon and Parameters.....	6241
3.4	Other RSP Principles	6242
3.5	Market Responses in RSP	6242
3.6	The RSP Project List.....	6244
	(a) Elements of the Project List.....	6244
	(b) Periodic Updating of RSP Project List	6246
	(c) Project List Updating Procedures and Criteria	6247
	(d) Posting of LSP Project Status	6248
4.	Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Proposed Solutions	6249
4.1	Needs Assessments	6249
	(a) Triggers for Needs Assessments	6250
	(b) Requests by Stakeholders for Needs Assessments for Economic Considerations	6250
	(c) Notice of Initiation of Needs Assessments	6253
	(d) Preparation of Needs Assessments	6253
	(e) Needs Assessment Study Groups.....	6253
	(f) Input from the Planning Advisory Committee.....	6254
	(g) Publication of Needs Assessment and Response Thereto.....	6254

4.2	Treatment of Market Responses and Evaluation of Regulated Transmission Solutions	6255
(a)	Treatment of Market Solutions in Needs Assessments.....	6255
(b)	Evaluation and Development of Regulated Transmission Solutions in Solutions Studies	6256
(c)	Notice of Initiation of a Solutions Study	6257
(d)	Classification of Regulated Transmission Solutions	6257
(e)	Inclusion of Results of Solutions Studies in the RSP	6258
5.	Supply of Information and Data Required for Regional System Planning.....	6258
6.	Regional, Local and Inter-Area Coordination	6259
6.1	Regional Coordination.....	6259
6.2	Local Coordination	6260
6.3	Inter-Area Coordination.....	6260
7.	Procedures for Development and Approval of the RSP	6261
7.1	Initiation of RSP	6261
7.2	Draft RSP; Public Meeting	6261
7.3	Action by the ISO Board of Directors on RSP; Request for Alternative Proposals	6262
(a)	Action by ISO Board of Directors on RSP	6262
(b)	Requests for Alternative Proposals	6263
8.	Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights	6264
9.	Merchant Transmission Facilities	6265
9.1	General.....	6265
9.2	Operation and Integration	6266
9.3	Control and Coordination	6266
10.	Cost Responsibility for Transmission Upgrades.....	6267
11.	Allocation of ARRs.....	6267
12.	Dispute Resolution Procedures	6267
12.1	Objective	6267
12.2	Confidential Information and CEII Protections.....	6268
12.3.	Eligible Parties	6268
12.4	Scope.....	6268
(a)	Reviewable Determinations	6269
(b)	Material Adverse Impact.....	6270
12.5	Notice and Comment	6271
12.6	Dispute Resolution Procedures	6272
(a)	Resolution Through the Planning Advisory Committee.....	6272
(b)	Resolution Through Informal Negotiations	6273
(c)	Resolution Through Alternative Dispute Resolution.....	6273
12.7	Notice of Dispute Resolution Process Results.....	6274
13.	Rights Under The Federal Power Act.....	6274

1. Overview

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

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and

obligations defined in the Tariff, applicable transmission operating agreements and this Attachment. As described in this Attachment's Section 6 and Appendix 1, entitled "Attachment K - Local System Planning Process", the PTOs are responsible for the Local System Planning ("LSP") process for the Non-PTF in the New England Transmission System. As also described in Section 6, and pursuant to the Tariff and/or transmission operating agreements, the OTOs and MTOs are required to participate in the ISO's regional system planning process for reliability purposes and to perform and/or support studies of the impact of regional system planning projects on their respective OTF and MTF.

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan ("RSP"), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to Section 4.2(b) of this Attachment, regulated transmission solutions proposed in response to the needs identified by the ISO.

Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to:

- (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance and economic, environmental and other considerations as may be agreed upon from time to time.

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

- (i) PTF system reliability and market efficiency needs,
- (ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments; and
- (iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT.

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

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

2. Planning Advisory Committee

2.1 Establishment

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall

consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

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

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments and Solutions Studies, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies, including the criteria and assumptions for such studies. Based on input and feedback provided by the Planning Advisory

Committee to the ISO, the ISO shall refer to the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and Transmission Committees, issues and concerns identified by the Planning Advisory Committee for further investigation and consideration of potential changes to rules and procedures.

2.3 Membership

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

2.4 Procedures

(a) Notice of Meetings

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

(b) Frequency of Meetings

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

(c) Availability of Meeting Materials

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO's website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory

Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of the ISO Tariff and Critical Energy Infrastructure Information (“CEII”) policy as further described in Section 2.4(d) of this Attachment.

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

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

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

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information

on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors

will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

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

meetings of the Planning Advisory Committee in the same manner that such information is posted for the meetings on the regional system planning process.

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New England Transmission System while accounting for market efficiency, economic, environmental and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments conducted pursuant to Section 4.1 of this Attachment. The RSP shall also account for projected improvements to the PTF that are needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

- (i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;
- (ii) provide the projected annual and peak demands for electric energy for a five- to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;

- (iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and
- (iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment, may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades that may meet those needs. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the Project List that are known as of that time.

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

3.2 Baseline of RSP

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

3.3 RSP Planning Horizon and Parameters

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

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the

ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the “Planning and Reliability Criteria”).

3.4 Other RSP Principles

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

3.5 Market Responses in RSP

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

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

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

RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

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

Within each category of the RSP Project List, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-Service.

“Concept” shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

“Proposed” shall include a regulated transmission solution that (i) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (ii) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

“Planned” shall include a Transmission Upgrade that has been approved by the ISO under Section I.3.9 of the Tariff.

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

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

Each proposed regulated transmission solution or Transmission Upgrade shall also be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP.

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

(b) Periodic Updating of RSP Project List

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

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

(c) RSP Project List Updating Procedures and Criteria

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

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

(d) Posting of LSP Project Status

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

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

4.1 Needs Assessments

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

(a) Triggers for Needs Assessments

The ISO, in coordination with the PTOs and the Planning Advisory

Committee, shall perform Needs Assessments, *inter alia*, if:

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

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

The ISO's stakeholders may request the ISO to initiate a Needs

Assessment to evaluate potential regulated transmission solutions or

market responses or investments that could result in (i) a net reduction in

total production cost to supply system load based on the factors specified

in Attachment N of this OATT, (ii) reduced congestion, or (iii) the

integration of new resources and/or loads on an aggregate or regional basis
(an “Economic Study”).

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

- (i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO’s website a request for an Economic Study.
- (ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO’s perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.
- (iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.
- (iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss, identify and prioritize, as further facilitated by the ISO’s preparation of a straw priority list to be further discussed at such meeting, up to three (3) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year, taking into consideration their impact on the ISO budget and other priorities.

- (v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.
- (vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.
- (vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

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

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

(c) Notice of Initiation of Needs Assessments

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

(d) Preparation of Needs Assessment

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

(e) Needs Assessment Study Groups

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment. Participation in such study

groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

(f) Input from the Planning Advisory Committee

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

(g) Publication of Needs Assessment and Response Thereto

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

needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses. Generally, following a Needs Assessment, the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment.

4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

(a) Treatment of Market Solutions in Needs Assessments

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

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its

selection or its assumption of financially binding obligations, respectively.

The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies

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

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

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

(c) Notice of Initiation of a Solutions Study

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

(d) Classification of Regulated Transmission Solutions

As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee, to address needs identified in

Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

(e) Inclusion of Results of Solutions Studies in the RSP

The results of Solutions Studies will be reported to the Planning Advisory Committee and will, as appropriate, be reflected in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

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

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

6. Regional, Local and Inter-Area Coordination

6.1 Regional Coordination

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

the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

6.2 Local Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

6.3 Inter-Area Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and

NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations, the ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this Attachment, to focus to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

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

7.2 Draft RSP; Public Meeting

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post

the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

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

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

(a) Action by ISO Board of Directors on RSP

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in

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

(b) Requests For Alternative Proposals

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

- (ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.
- (iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.
- (iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

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

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii) demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such

Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

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

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

9. Merchant Transmission Facilities

9.1 General

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power

facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities (“Merchant Transmission Facilities”), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section 9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

9.2 Operation and Integration

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

9.3 Control and Coordination

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the

operational control, scheduling and maintenance coordination of the System

Operator in accordance with the Tariff.

10. Cost Responsibility for Transmission Upgrades

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

11. Allocation of ARRs

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

12. Dispute Resolution Procedures

12.1 Objective

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

12.2 Confidential Information and CEII Protections

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

12.3 Eligible Parties

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

12.4 Scope

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute

Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

(a) Reviewable Determinations

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 ("Reviewable Determinations") shall include certain procedural and substantive challenges that may arise at designated key decision points in the regional transmission planning process for PTF ("Key Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key Decision Point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion

rendered at a Key Decision Point was supported by adequate basis in fact.

The Key Decision Points shall be limited to the following:

- (i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;
- (ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;
- (iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;
- (iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;
- (v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and
- (vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable

Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In

order to prevail in a challenge to a substantive-based Reviewable

Determination, the Disputing Party must show that either (i) the

determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

12.5 Notice and Comment

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for

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

12.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

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

(b) Resolution Through Informal Negotiations

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

(c) Resolution Through Alternative Dispute Resolution

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

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

12.7 Notice of Dispute Resolution Process Results

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

13. Rights Under The Federal Power Act

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

Sheet Nos. 6275 - 6289 reserved for future use.

Sheet Nos. 6304 - 6399 reserved for future use.

ATTACHMENT N

PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES

I. INTRODUCTION

Pursuant to Part II.G of the ISO New England Open Access Transmission Tariff (the “Tariff”) (Sections II.46 – II.47 and Attachment K) and this Procedure, the ISO shall classify upgrades as Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades during the Regional System Plan (“RSP”) process. Pursuant to established standards, that process is designed to collect and reflect broad input from all stakeholders through the Planning Advisory Committee (“PAC”). The PAC is composed of a wide variety of regional stakeholders, including Governance Participants (such as generator owners, marketers, load serving entities, merchant transmission owners and participating transmission owners), governmental representatives, public interest groups, state agencies (including those participating in the New England Conference of Public Utilities Commissioners), retail customers, representatives of local communities, and consultants. The PAC meets regularly throughout the year.

This procedure describes the standards used by the ISO to identify Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades and the process for making such identifications pursuant to Part II.G of the Tariff.

The ISO may amend these standards and procedures from time to time, as appropriate, with input from the Reliability Committee and PAC.

II. STANDARDS FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

A. Identification of Reliability Transmission Upgrades

Reliability Transmission Upgrades are those upgrades necessary to ensure the continued reliability of the New England Transmission System based on applicable reliability standards. In applying the applicable reliability standards, some of the considerations that will be taken into account are as follows:

On a regular and on-going basis, the ISO shall conduct studies to identify the location and nature of any potential problems on the New England Transmission System. These assessments shall be conducted to identify those factors relevant to the standards for identifying needs which might be solved or mitigated by Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, as specified in Section II of this Procedure.

The ISO will publish its identification of such relevant factors on the New England Transmission System on its website and to the PAC, thereby providing market signals for generation, merchant transmission and load responses to develop and implement market-based solutions for the relief of actual and projected system reliability concerns, transmission constraints and market inefficiencies. The ISO will also present the results of its assessments in appropriate market forums to facilitate market responses to those needs. Market responses having met appropriate milestones pursuant to Attachment K of the Tariff will be included in studies to assess the effects of such market responses on the identified problems with reliability and market inefficiencies.

Based on input and feedback provided by the PAC, the ISO shall refer to the Markets Committee and Reliability Committee issues and concerns identified by the PAC for further investigations and consideration of potential changes to rules and procedures.

2. Adequacy of the market responses, and as necessary, adequacy of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

The ISO shall assess the adequacy of proposed market responses in addressing identified system needs. The ISO shall also ensure that there are no significant adverse effects associated with such market responses, pursuant to Section I.3.9 of the Tariff and Planning Procedure 5-3, "Guidelines for Conducting and Evaluating Proposed Plan Application Analysis".

If the market does not respond with adequate solutions to address the system needs identified by the ISO, the ISO shall present a coordinated transmission plan in the RSP that identifies appropriate projects for addressing both reliability and market efficiency needs.

This coordinated plan is updated by the ISO as market responses to identified problems are developed. Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are implemented only after market solutions have been given first consideration.

3. Periodic Updates to the RSP

A Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may be added to the RSP at any time in a given year, and in doing so the ISO shall consult with and consider input from the PAC and the Reliability Committee, within the scope of their respective functions.

The time required to implement transmission projects, however, is often longer than that needed for market-based solutions. Thus, the RSP process recognizes that a new market response could result in a deferral or a significant change in the proposed timing and/or configuration of a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrades. Also, a needed Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may become delayed due to other factors.

As a result, the ISO may remove or defer a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade project from the RSP at any time in a given year, if the market responds by developing credible market-based solutions, or other circumstances arise that impact the need for the Transmission Upgrade. If market-based solutions have not met appropriate milestones prior to significant sunk transmission expense being made to provide the Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, then the ISO will assess the risks and costs associated with adding or advancing a transmission project from the RSP. The ISO shall consult with and consider input from the PAC and the Reliability Committee with regard to such changes in the RSP. In the event that a transmission project is removed, deferred, added or advanced, the ISO shall promptly notify the affected Participating Transmission Owners.

IV. COST-EFFECTIVENESS AND COST ALLOCATION DETERMINATION OF RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

The cost-effectiveness and cost allocation of identified Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades will be determined pursuant to the Tariff, Attachment K; Schedule 12; and Planning Procedure 4. The level of detail needed to fulfill the requirements of the RSP process and Planning Procedure 4 will ensure that, in addition to a determination of Pool-supported PTF costs and Localized Costs, the planning and stakeholder review processes will include a comprehensive examination of all Transmission Upgrade construction alternatives and their associated costs and will thus evaluate the cost-effectiveness of each Transmission Upgrade and its potential alternatives.

Attachment 3

modify its Local Network to provide the requested Firm Local Point-To-Point Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the PTO for such costs. The PTO, in consultation with the ISO, will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation of the PTO to expand or modify its Local Network obligation to provide the requested Firm Local Point-To-Point Service applies only to those facilities that the PTO has the right to expand or modify.

e) Deferral of Service: The PTO may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Local Point-To-Point Service whenever the PTO determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

f) Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

g) Real Power Losses: Real Power Losses are associated with all transmission service. Neither the ISO nor the PTOs are obligated to provide Real Power Losses. Non-PTF Real Power Losses shall be calculated and charged for in accordance with the applicable Local Service Schedule.

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h) Load Shedding: Load Shedding shall occur in accordance with the applicable
Local Service Schedule to the extent provided for in such Local Service Schedule.

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4) Transmission Customer Responsibilities

a) Conditions Required of Transmission Customers: Firm Local and Non-Firm

Local Point-To-Point Service shall be provided only if the following conditions are satisfied by the Transmission Customer:

- (i) The Transmission Customer has pending a Completed Application for service;
- (ii) The Transmission Customer meets the creditworthiness procedures in Attachment L to this Schedule 21 and each PTO's creditworthiness criteria;
- (iii) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the PTO prior to the time service commences;
- (iv) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer, whether or not the Transmission Customer takes service for the full term of its reservation;
- (v) The Transmission Customer provides the information required by the PTO's planning process established in Attachment K; and
- (vi) The Transmission Customer has executed a Local Service Agreement or has requested the filing of an unexecuted Local Service Agreement pursuant to Section I.3.c of this Schedule 21.

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- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the PTO's Local Network; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Local Service upon acceptance on OASIS by the PTO that can provide the requested Local Service; and
- (x) Any additional information required by the PTO's planning process established in Attachment K.

The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

e) Deposit: Except as is otherwise provided in the Local Service Schedule, a Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, in the Local Service Schedule or, in the case of requests for service arising in connection with losing bidders, in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the PTO in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the PTO if the PTO is unable to complete new

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facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Local Service Agreement for Firm Local Point-To-Point Service, the

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c) Scope of Service: Local Network Service allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Local and Regional Network Load and any additional load that may be designated pursuant to the Tariff. The Network Customer taking Local Network Service must obtain or provide Ancillary Services.

d) PTO Responsibilities: The PTO in accordance with the TOA will plan, construct, operate and maintain its Local Network in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Local Network Service. Each PTO, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer. This information must be consistent with the information used by the PTO to calculate available transfer capability. The PTO in accordance with the TOA shall include the Network Customer's Local Network Load in Local Network planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver Network Resources to serve the Network Customer's Local and Regional Network Load on a basis comparable to the PTO's delivery of its own generating and purchased resources to its Native Load Customers.

e) Comparability of Service: Local Network Service will be provided to the Network Customer for the delivery of energy and/or capacity from its resources to serve its Local and Regional Network Loads on a basis that is comparable to the PTO's use of its Local Network to reliably serve Native Load Customers.

f) Real Power Losses: Real Power Losses are associated with all transmission

service. The PTOs are not obligated to provide Real Power Losses. Non-PTF Real Power

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arrangements and delivery point(s);

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the ISO and the PTOs
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Local Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- ten-year projection of system expansions or upgrades
- transmission system maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested service. The minimum term for service is one year; and

(viii) Any additional information required of the Transmission Customer as specified in the PTO's planning process established in Attachment K.

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any information provided under Section II.3.b of this Schedule 21 pursuant to the PTO's
planning process in Attachment K. The Network Customer also shall provide the ISO and the
PTO with timely written notice of material changes in any

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ATTACHMENT K APPENDIX 1

ATTACHMENT K – LOCAL

LOCAL SYSTEM PLANNING PROCESS

APPENDIX 1
ATTACHMENT K - LOCAL
LOCAL SYSTEM PLANNING PROCESS

1. Local System Planning Process

1.1 General

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

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated

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

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

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF by presenting LSP information to the Planning Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of

Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability and shall reflect the results of a reliability review within the limited geographical areas that pertain to the LSP, as determined by each PTO (“LSP Needs Assessments”), and corresponding system planning and expansion studies. The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

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

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning

Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO.

The LSP shall specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

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

1.5 Economic Studies

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

2. Posting of LSP Project List

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

3. Posting of Assumptions and Criteria

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

4. Cost Responsibility for Transmission Upgrades

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

5. LSP Dispute Resolution Procedures

5.1 Objective

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

5.2 Confidential Information and CEII Protections

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

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its

dispute, as appropriate, under this LSP Dispute Resolution Process (“Disputing Party”).

5.4 Scope

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

under Schedule 12 of the OATT, and shall be outside the scope of this LSP
Dispute Resolution Process.

(a) Reviewable Determinations:

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

1. Substantive challenges will be limited to whether or not a
determination or conclusion rendered at a Key LSP Decision Point was
supported by adequate basis in fact. The Key LSP Decision Points shall
be limited to the following:

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

- (iii) Results of Non-PTF transmission solution studies conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and
- (iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

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

5.5 Notice and Comment

A Disputing Party aggrieved by a PTO's Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO's presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution

by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners.

Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for

Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent.

Any member of the Planning Advisory Committee may submit to the PTO's designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution.

The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO's designated representative and to the commenting party on or before the fifteenth (15th)

Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

5.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, “Parties”) (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

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

(c) Resolution Through Alternative Dispute Resolution

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

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

5.7 Notice of Results of Dispute Resolution

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

5.8 Rights under the Federal Power Act:

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

Attachment 4

modify its Local Network to provide the requested Firm Local Point-To-Point Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the PTO for such costs. The PTO, in consultation with the ISO, will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation of the PTO to expand or modify its Local Network obligation to provide the requested Firm Local Point-To-Point Service applies only to those facilities that the PTO has the right to expand or modify.

e) Deferral of Service: The PTO may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Local Point-To-Point Service whenever the PTO determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

f) Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

g) Real Power Losses: Real Power Losses are associated with all transmission service. Neither the ISO nor the PTOs are obligated to provide Real Power Losses. Non-PTF Real Power Losses shall be calculated and charged for in accordance with the applicable Local Service Schedule.

h) Load Shedding: Load Shedding shall occur in accordance with the applicable Local Service Schedule to the extent provided for in such Local Service Schedule.

4) Transmission Customer Responsibilities

a) Conditions Required of Transmission Customers: Firm Local and Non-Firm

Local Point-To-Point Service shall be provided only if the following conditions are satisfied by the Transmission Customer:

- (i) The Transmission Customer has pending a Completed Application for service;
- (ii) The Transmission Customer meets the creditworthiness procedures in Attachment L to this Schedule 21 and each PTO's creditworthiness criteria;
- (iii) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the PTO prior to the time service commences;
- (iv) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer, whether or not the Transmission Customer takes service for the full term of its reservation;
- (v) The Transmission Customer provides the information required by the PTO's planning process established in Attachment K; and
- (vi) The Transmission Customer has executed a Local Service Agreement or has requested the filing of an unexecuted Local Service Agreement pursuant to Section I.3.c of this Schedule 21.

- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the PTO's Local Network; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Local Service upon acceptance on OASIS by the PTO that can provide the requested Local Service; and
- (x) Any additional information required by the PTO's planning process established in Attachment K.

The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

e) **Deposit:** Except as is otherwise provided in the Local Service Schedule, a Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, in the Local Service Schedule or, in the case of requests for service arising in connection with losing bidders, in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the PTO in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the PTO if the PTO is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Local Service Agreement for Firm Local Point-To-Point Service, the

c) Scope of Service: Local Network Service allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Local and Regional Network Load and any additional load that may be designated pursuant to the Tariff. The Network Customer taking Local Network Service must obtain or provide Ancillary Services.

d) PTO Responsibilities: The PTO in accordance with the TOA will plan, construct, operate and maintain its Local Network in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Local Network Service. Each PTO, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer. This information must be consistent with the information used by the PTO to calculate available transfer capability. The PTO in accordance with the TOA shall include the Network Customer's Local Network Load in Local Network planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver Network Resources to serve the Network Customer's Local and Regional Network Load on a basis comparable to the PTO's delivery of its own generating and purchased resources to its Native Load Customers.

e) Comparability of Service: Local Network Service will be provided to the Network Customer for the delivery of energy and/or capacity from its resources to serve its Local and Regional Network Loads on a basis that is comparable to the PTO's use of its Local Network to reliably serve Native Load Customers.

f) Real Power Losses: Real Power Losses are associated with all transmission service. The PTOs are not obligated to provide Real Power Losses. Non-PTF Real Power

arrangements and delivery point(s);

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the ISO and the PTOs
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Local Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- ten-year projection of system expansions or upgrades
- transmission system maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested service. The minimum term for service is one year; and

(viii) Any additional information required of the Transmission Customer as specified in the PTO's planning process established in Attachment K.

any information provided under Section II.3.b of this Schedule 21 pursuant to the PTO's
planning process in Attachment K. The Network Customer also shall provide the ISO and the
PTO with timely written notice of material changes in any

ATTACHMENT K APPENDIX 1

ATTACHMENT K – LOCAL

LOCAL SYSTEM PLANNING PROCESS

APPENDIX 1
ATTACHMENT K - LOCAL
LOCAL SYSTEM PLANNING PROCESS

1. Local System Planning Process

1.1 General

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

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated

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

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

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF by presenting LSP information to the Planning Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of

Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability and shall reflect the results of a reliability review within the limited geographical areas that pertain to the LSP, as determined by each PTO (“LSP Needs Assessments”), and corresponding system planning and expansion studies. The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

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

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning

Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO.

The LSP shall specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

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

1.5 Economic Studies

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

2. Posting of LSP Project List

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

3. Posting of Assumptions and Criteria

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

4. Cost Responsibility for Transmission Upgrades

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

5. LSP Dispute Resolution Procedures

5.1 Objective

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

5.2 Confidential Information and CEII Protections

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

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its

dispute, as appropriate, under this LSP Dispute Resolution Process (“Disputing Party”).

5.4 Scope

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

under Schedule 12 of the OATT, and shall be outside the scope of this LSP
Dispute Resolution Process.

(a) Reviewable Determinations:

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

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

- (iii) Results of Non-PTF transmission solution studies conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and
- (iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

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

5.5 Notice and Comment

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

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners.

Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent.

Any member of the Planning Advisory Committee may submit to the PTO's designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution.

The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO's designated representative and to the commenting party on or before the fifteenth (15th)

Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

5.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, “Parties”) (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

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

(c) Resolution Through Alternative Dispute Resolution

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

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

5.7 Notice of Results of Dispute Resolution

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

5.8 Rights under the Federal Power Act:

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

Attachment 5

**New England Governors
and Utility Regulatory
and Related Agencies**

Connecticut

The Honorable M. Jodi Rell
State Capitol
210 Capitol Ave.
Hartford, CT 06106

Connecticut Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051-2605

Maine

The Honorable John E. Baldacci
One State House Station
Rm. 236
Augusta, ME 04333-0001

Maine Public Utilities Commission
State House, Station 18
242 State Street
Augusta, ME 04333-0018

Massachusetts

The Honorable Deval Patrick
Office of the Governor
Rm. 360 State House
Boston, MA 02133

Massachusetts Department of Public Utilities
One South Station
Boston, MA 02110

New Hampshire

The Honorable John H. Lynch
State House
25 Capitol Street
Concord, NH 03301

New Hampshire Public Utilities Commission
21 South Fruit Street
Suite 10
Concord, NH 03301-2429

Rhode Island

The Honorable Donald L. Carcieri
State House Room 115
Providence, RI 02903

Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Vermont

The Honorable James H. Douglas
109 State Street, Pavilion
Montpelier, VT 05609

Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, VT 05620-2701

**New England Governors
and Utility Regulatory
and Related Agencies**

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