

ATTACHMENT K
REGIONAL SYSTEM PLANNING PROCESS

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APPENDIX 2 – LIST OF ENTITIES ENROLLED IN THE TRANSMISSION PLANNING REGION

APPENDIX 3 – LIST OF QUALIFIED TRANSMISSION PROJECT SPONSORS

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

(“RSP”), described below. Where market responses incorporated into the Needs Assessments or Public Policy Transmission Studies do not eliminate or address the needs identified by the ISO in Needs Assessments, Public Policy Transmission Studies or the RSP, the ISO shall develop or evaluate, pursuant to Sections 4.2(b), 4.3, or 4A of this Attachment, as applicable, 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. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to: (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance, economic, environmental and other considerations as may be agreed upon from time to time.

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

- (i) PTF system reliability and market efficiency needs,
- (ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments;
- (iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT;
- (iv) those projects identified through the Public Policy procedures described in Section 4A of this Attachment K; and

- (v) those projects identified through the longer-term transmission planning procedures described in Section 16 of this Attachment K.

In addition, the RSP shall also provide information on a broad variety of power system requirements that

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

There are no membership requirements to become part of the Planning Advisory Committee. Meetings are open to members of any entity, including State regulators or agencies and NESCOE, subject to the Critical Energy Infrastructure Information (“CEII”) policy as further described in Section 2.4(d) of this Attachment. To be added to the Planning Advisory Committee email distribution list, an email address shall be provided to the Secretary of the Committee. Throughout this Attachment K, a member of the Planning Advisory Committee refers to any individual, whether they attend Planning Advisory Committee meetings or are included on the email distribution list.

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.

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 and Elective Transmission Upgrades) as determined by the ISO, in collaboration with the Planning Advisory Committee, pursuant to Sections 4.1, 4.2, 4.3, 4A, and 16 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

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 Elective Transmission Upgrades and shall be evaluated by the ISO, in consultation with the Planning Advisory Committee, pursuant to Sections 4.1(f), 4A.3(b), 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 addressn4PyTd[(.7 (l)63 39.714 .1 (c)-5 (ng ne)15.4 (e)15.5 (n4Py2

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, Public Policy Transmission Upgrades identified pursuant to Section 4A of this Attachment, and Longer-Term Transmission Upgrades identified pursuant to Section 16 of this Attachment. The RSP Project List shall identify the proposed regulated transmission solutions separately as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade, a Public Policy Transmission Upgrade, or a Longer-Term Transmission Upgrade.

With regard to Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades, Public Policy Transmission Upgrades, and Longer-Term Transmission Upgrades, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Proposed; (ii) Planned; (iii) Under Construction; and (iv) In-Service.

The regulated transmission solution subcategories are defined as follows:

(i) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, “Proposed” shall include a regulated transmission solution that (a) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (b) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(a) of this Attachment, or in the competitive solutions process specified in Section 4.3 of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

For purposes of Public Policy Transmission Upgrades and Longer-Term Transmission Upgrades, “Proposed” means that the ISO has included the project in the RSP Project List pursuant to the procedures described in Section 4A or 16 of this Attachment K, but that the project has not yet been approved by the ISO under Section I.3.9 of the Tariff.

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

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

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

The RSP Project List shall also list External Transmission Projects for which cost allocation and, if applicable, operating agreements have been accepted by the Commission, and indicate whether such External Transmission Projects are proposed, under construction or in service.

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

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

In the case of an Interregional Transmission Project that could meet the needs met by a Public Policy Transmission Upgrade, the associated Public Policy Transmission Upgrade may be removed from the RSP Project List in the circumstances described, and using the procedures specified, in Section 4A of Attachment K.

(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; (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; and (iv) may remove from the RSP Project List regulated transmission solutions or Transmission Upgrades that have been displaced by an Interregional Transmission Project in the circumstances described in Section 3.6(a) of this Attachment. With regard to (iii) above, this may include the removal of a regulated transmission solution or Transmission Upgrade because a market response meeting the need reaches the maturity specified in Sections 4.1(f) or 4A.3(b) of this Attachment and has been determined, pursuant to Sections 4.1(f) or 4A.3(b) of this Attachment, to meet the need described in the pertinent Needs Assessment, Public Policy Transmission Study or RSP, as applicable. In doing so, the ISO shall consult with and consider the input from the Planning Advisory Committee and, as appropriate, the Reliability Committee. In

addition, the ISO shall remove from the RSP Project List any Public Policy Transmission Upgrade if

(b)

(a)

The results of Solutions Studies

Transmission Project Sponsor as part of its response to the request for proposal. The Qualified Transmission Project Sponsor is not required to procure agreements with the PTO for implementation of such upgrades as the PTO is required to implement the upgrade(s) in accordance with Schedule 3.09(a) of the Transmission Operating Agreement if the proposed solution is selected through the competitive process.

A PTO or PTOs identified by the ISO as the Backstop Transmission Solution provider(s) shall submit an individual or joint Phase One Proposal (if more than one PTO is identified) as a Backstop Transmission Solution to comprehensively address all of the needs identified in the request for proposal that would be solved by a project located within or connected to its/their existing electric system, and which it/they would therefore have an obligation to build under Schedule 3.09(a) of the TOA. Such PTOs may recover the costs of preparing the Backstop Transmission Solution in accordance with the mechanisms reflected in the OATT and the terms of the TOA.

A member of the Planning Advisory Committee that is not a Qualified Transmission Project Sponsor but would like the ISO to consider a Phase One Proposal reflecting its concept for a project in response to a request for proposal (that is, a project that is “un-sponsored”) must, before the deadline for the submission of Phase One Proposals, identify a Qualified Transmission Project Sponsor willing to submit a corresponding Phase One Proposal and Phase Two Solution (and to develop and construct the project, if selected in the competitive solution process) in order for the un-sponsored project to be submitted in response to an ISO solicitation in Phase One. Upon request by the pertinent Planning Advisory Committee member for assistance in identifying a sponsor, the ISO shall post on its website and distribute to the Planning Advisory Committee a notice that solicits expressions of interest by Qualified Transmission Project Sponsors for sponsorship of the member’s conceptual project. All expressions of interest shall include a detailed explanation of why the Qualified Transmission Project Sponsor is best qualified to construct, own and operate the un-sponsored project. If only one Qualified Transmission Project Sponsor expresses interest, the ISO shall designate it as the Qualified Transmission Project
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with the requirements of this Attachment K and the ISO Tariff with respect to the project. If no Qualified Transmission Project Sponsor expresses interest, the unsponsored project may not be submitted as a Phase One Proposal.

(b) Use and Control of Right of Way

Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection by the ISO of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including

(v) the estimated installed costs

(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities, or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(f) Proposal Deficiencies; Further Information

If the ISO identifies any minor deficiencies in meeting the requirements of Section 4.3(e) in the information provided in connection with a proposed Phase One Proposal, the ISO will notify the submitting Phase One Proposal Qualified Transmission Project Sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO.

Upon request, Qualified Transmission Project Sponsors of Phase One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's ev(ha)15.4 (I)63.7]TJ.4 (I)-es

system expandability, or feasibility. Information on Phase One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment. The ISO may amend its listing based on stakeholder input. The ISO shall post on its website an explanation of why it has determined to exclude a Phase One Proposal from consideration in the Phase Two Solution process.

(h) Information Required for Phase Two - 15 (t)-39.1 to 39.6 (n)-3ification and Reporting of

- (viii) description of the authority the Qualified Transmission Project Sponsor(s) has to acquire necessary rights of way;
- (ix) experience of the Qualified Transmission Project Sponsor(s) in acquiring rights of way;
- (x) status of acquisition of right, title, and interest in rights of way, substations, and other property or facilities, if any, that are necessary for the proposed Phase Two Solution;
- (xi) detailed explanation of project feasibility and potential constraints and challenges;
- (xii) description of the means by which the Qualified Transmission Project Sponsor(s) proposes to satisfy legal or regulatory requirements for siting, constructing, owning and operating transmission projects; and
- (xiii) detailed explanation of potential future expandability.

Phase Two Solutions must be submitted to the ISO by the deadline specified in the posting of the final listing (following stakeholder input) of Phase One Proposals described in Section 4.3(g). The deadline for submittal of Phase Two Solutions shall not be less than 60 days from the posting date of the final listing. The ISO may reject Phase Two Solution submittals which are insufficient or not adequately supported.

The ISO will identify the Phase Two Solution, individually or as a group, that offers the best combination of electrical performance, cost, future system expandability and feasibility to comprehensively address all of the needs in the required timeframe as the preliminary preferred Phase Two Solution in response to each request for proposal. The ISO will report the preliminary preferred Phase Two Solution, together with explanatory materials, to the Planning Advisory Committee and seek stakeholder input on the preliminary preferred Phase Two Solution.

The ISO will consider several factors during the evaluation process for identification of the

Life-cycle cost, including all costs associated with right of way acquisition, easements, and associated real estate;
System performance;
Cost cap or cost containment provisions;
In-service date of the project or portion(s) thereof;
Project constructability;
Generation and transmission facility outages required during construction;
Extreme contingency performance;
Operational impacts;
Incremental costs for potential resource retirements;
Interface impacts;
Future expandability;
Consistency with Good Utility Practice;
Potential siting/permitting issues or delays;
Loss savings;
Replacement of aging infrastructure;
Environmental impact;
Design standards;
Impact on NPCC Bulk Power System classification; and
Qualified Transmission Project Sponsor(s) capabilities.

(i) Reimbursement of Phase Two Solution Costs; Collection and Refund of ISO Study Costs

Qualified Transmission Project Sponsors whose Phase One Proposals are listed pursuant to Section 4.3(g) for review as Phase Two Solutions shall be entitled to recover, pursuant to rates

Any difference between a Qualified Transmission Project Sponsor's study deposit and the actual cost of the Phase One Proposal and Phase Two Solution studies shall be paid by or refunded to the Qualified Transmission Project Sponsor, as appropriate, with interest calculated in accordance with Section 35.19a(a)(2) of the FERC regulations. Any refund payment shall be accompanied by a detailed and itemized accounting of the actual study costs incurred. Any invoice to collect funds in addition to the deposit shall be accompanied by a detailed and itemized accounting of the actual study costs incurred. Any disputes arising from the study process shall be addressed under the dispute resolution process specified in Section I.6 of the ISO Tariff.

(j) Selection of the Preferred Phase Two Solution

Following receipt of stakeholder input, the ISO will identify the preferred Phase Two Solution, individually or as a group, (with an overview of why the solution is preferred) by a posting on its website. The ISO's identification will select the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe. The ISO will also notify the Qualified Transmission Project Sponsor(s) that proposed the preferred Phase Two Solution that its project has been selected for development. The preferred Phase Two Solution may include an upgrade(s) located on or connected to a PTO's existing transmission system where the Qualified Transmission Project Sponsor is not the PTO for the existing system element(s). In such cases the ISO will notify the PTO that have upgrades required by the preferred Phase Two Solution to proceed in accordance with Schedule 3.09(a) of the Transmission Operating Agreement. Once the ISO has identified the preferred Phase Two Solution, any remaining Phase Two Solutions, along with the Backstop Transmission Solution, must stop all development. The ISO will include the project as a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as appropriate, in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment. Where external impacts of regional projects are identified through coordination by the ISO with neighboring entities, those impacts will be identified in the RSP. Costs associated with such impacts will be addressed as set forth in Schedule 15.

(k) Execution of Selected Qualified Transmission Project Sponsor Agreement

Within 30 days of receiving notification pursuant to Section 4.3(j) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO its acceptance of responsibility to proceed with the preferred PccQeed w

(m) Cancellation of a Request for Proposal

The ISO may cancel a request for proposal at any time. Such cancellation may be due to new or different assumptions which may change or eliminate the identified needs. Any costs associated with solution development shall be recovered pursuant to Sections 3.6(c), 4.3(a) and 4.3(i) of this Attachment.

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

4A.1 NESCOE Requests for Public Policy Transmission Studies

No less often than every three years, by January 15 of that year, the ISO will post a notice indicating that members of the Planning Advisory Committee may, no later than 45 days after the posting of the notice: (i) provide NESCOE, via the process described below, with input regarding state and federal Public Policy Requirements identified as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by those Public Policy Requirements, and (ii) provide the ISO with input regarding local (e.g., municipal and county) Public Policy Requirements identified lic y

no transmission needs are driven by state or federal Public Policy Requirements identified during the stakeholder process), the ISO will note on its website that a NESCOE listing and explanation have not been provided. In that circumstance, the ISO will determine subsequently (after opportunity for Planning Advisory Committee input), and post on its website an explanation of, which transmission needs driven by state or federal Public Policy Requirements the ISO will evaluate in the regional planning process, including why other suggested transmission needs will not be evaluated.

and assumptions (including resource assumptions), and provide the foregoing to the Planning Advisory Committee by no later than September 1 of the request year. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input for consideration by the ISO on the study's scope, parameters and assumptions.

4A.3 Public Policy Transmission Studies

(a) Conduct of Public Policy Transmission Studies; Stakeholder Input

With input from Planning Advisory Committee and potentially impacted PTOs, the ISO will perform the initial phase of the Public Policy Transmission Study to develop a rough estimate of the costs and benefits of high-level concepts that could meet transmission needs driven by Public Policy Requirements. The study's results will be posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input on the results of the initial phase of the study, and the scope, parameters and assumptions (including resource assumptions) for any follow-on phase of the study. The

existing external tie lines will not be relied upon unless such imports (i) have a Capacity Supply Obligation corresponding to the year of study, (ii) have been selected in, and are contractually bound by, a state-sponsored request for proposals, (iii) have a financially binding obligation pursuant to a contract, or (iv) may be

- (ii) a detailed explanation of how the proposed solution addresses the identified need;
- (iii) the proposed schedule, including key high-level milestones, for development, siting, procurement of real estate rights, permitting, construction and completion of the proposed solution;
- (iv) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained; and
- (v) the estimated ins7 Tw [(in)-64 (s7TTw [(in)-64s)-103.5 (d03.6 (5.4 (nd t)-7.7 q7 (i)63.7 (on Td()Tj]29 0 0(n7.7 (he)1.

Project Sponsor is best qualified to construct, own and operate the unsponsored project. If only

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- (i) updates of the information provided in Stage One Proposals, or a certification that the information remains current and correct;
- (ii) list of required major Federal, State and local permits;
- (iii) description of construction sequencing, a conceptual plan for the anticipated transmission and generation outages necessary to construct the Stage Two Solution and their respective durations, and possible constraints;
- (iv) project schedule, with additional detail compared with Stage One Proposals, as specified by the ISO;
- (v) detailed cost component itemization and life-cycle cost including any clarifications to cost component or cost cap measures that were used in the 2014.2 (a) 15.4 p6 (l) 63.7 (a) 15.5 (e) 15.5 (f) 15.5 (g) 15.5 (h) 15.5 (i) 15.5 (j) 15.5 (k) 15.5 (l) 15.5 (m) 15.5 (n) 15.5 (o) 15.5 (p) 15.5 (q) 15.5 (r) 15.5 (s) 15.5 (t) 15.5 (u) 15.5 (v) 15.5 (w) 15.5 (x) 15.5 (y) 15.5 (z) 15.5 (aa) 15.5 (ab) 15.5 (ac) 15.5 (ad) 15.5 (ae) 15.5 (af) 15.5 (ag) 15.5 (ah) 15.5 (ai) 15.5 (aj) 15.5 (ak) 15.5 (al) 15.5 (am) 15.5 (an) 15.5 (ao) 15.5 (ap) 15.5 (aq) 15.5 (ar) 15.5 (as) 15.5 (at) 15.5 (au) 15.5 (av) 15.5 (aw) 15.5 (ax) 15.5 (ay) 15.5 (az) 15.5 (ba) 15.5 (bb) 15.5 (bc) 15.5 (bd) 15.5 (be) 15.5 (bf) 15.5 (bg) 15.5 (bh) 15.5 (bi) 15.5 (bj) 15.5 (bk) 15.5 (bl) 15.5 (bm) 15.5 (bn) 15.5 (bo) 15.5 (bp) 15.5 (bq) 15.5 (br) 15.5 (bs) 15.5 (bt) 15.5 (bu) 15.5 (bv) 15.5 (bw) 15.5 (bx) 15.5 (by) 15.5 (bz) 15.5 (ca) 15.5 (cb) 15.5 (cc) 15.5 (cd) 15.5 (ce) 15.5 (cf) 15.5 (cg) 15.5 (ch) 15.5 (ci) 15.5 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- (xii) description of the means by which the Qualified Transmission Project Sponsor(s) proposes to satisfy legal or regulatory requirements for siting, constructing, owning and operating transmission projects; and

- (xiii) detailed explanation of potential future expandability.

Stage Two Solutions

Environmental impact;
Design standards;
Impact on NPCC Bulk Power System classification; and
Qualified Transmission Project Sponsor(s) capabilities

The ISO will report the preliminary preferred Stage Two Solution(s), along with its views as to whether the preliminary preferred solution(s) also satisfies identified reliability needs of the system, to the Planning Advisory Committee and seek stakeholder input on the preliminary preferred Stage Two Solution(s).

4A.9 Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List; Milestone Schedules; Removal from RSP Project List

(a) Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List

Following receipt of stakeholder input, the ISO will identify the preferred Stage Two Solution (with an overview of why the solution is preferred) by a posting on its website. The ISO's identification will select the Stage Two Solution that best addresses the identified Public Policy Requirement while utilizing the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe. The ISO will also notify the Qualified Transmission Project Sponsor that proposed the preferred Stage Two Solution that its project has been selected for development, and include the project as a Public Policy Transmission Upgrade in the Regional System Plan and RSP Project List, as it is updated from time to time in accordance with this Attachment. The preferred Stage Two Solution may include an upgrade(s) located on or connected to a PTO's existing transmission system where the Qualified Transmission Project Sponsor is not the PTO for the existing system element(s). In such cases the ISO will notify the PTO that have upgrades required by the preferred Stage Two Solution to proceed in accordance with Schedule 3.09(a) of the Transmission Operating Agreement. Once the ISO has identified the preferred Stage Two Solution, any remaining Stage Two Solutions must stop all development. Where external impacts of regional Public Policy Transmission Upgrades are identified through

- (iv) if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;
- (v) demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;
- (vi) the ability of the applicant to comply with all applicable reliability standards; and
- (vii) demonstrated ability of the applicant to meet development and completion schedules.

4B.3 Review of Qualifications

The ISO shall review each application for completeness. The ISO will notify each applicant within 30 calendar days of receipt of such application whether the application is complete, or identify any deficiencies (B.)-59.7 (3)]TJ0i663.7 1 ()TJ0 -1.71o71.dT8 T.TJ0 -1abild

intervening year) submit instead a new application for qualification as a project sponsor. In the latter case, the entity shall not be a Qualified Transmission Project Sponsor unless and until the ISO approves its new application.

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

6.2 Local Coordination

The regional system planning process shall be conducted and the 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 Interregional Coordination

The regional system planning process shall be conducted and the RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern Planning Protocol and other agreements with neighboring systems (including entities that are not Parties to the Northeastern Planning Protocol) and NPCC.

(a) Interregional Coordination and Cost Allocation Among ISO, New York Independent System Operator, Inc. (“NYISO”) and PJM Interconnection, L.L.C. (“PJM”) Under Order No. 1000

Pursuant to Section 7 of the Northeastern Planning Protocol (which is posted on the web at www.iso-ne.com/static-assets/documents/2015/07/northeastern_protocol_dmeast.doc, the Joint ISO/RTO Planning Committee (“JIPC”) reviews regional needs and solutions identified in the regional planning processes of the ISO, NYISO and PJM in order to identify, with input from the Interregional Planning Stakeholder Advisory Committee (“IPSAC”), the potential for Interregional Transmission Projects that could meet regional needs more efficiently or cost-effectively than regional transmission projects. All members of the Planning Advisory Committee shall be considered IPSAC members. The JIPC will coordinate studies deemed necessary to allow the effective consideration by the regions, in the same general timeframe, of a proposed Interregional Transmission Project in comparison to regional transmission solutions. Any stakeholder may propose in the New England planning process, for evaluation under Section 4.2, 4.3, or 4A (as applicable) of Attachment K, an Interregional Transmission Project (or project

concept) that may be more efficient or cost-effective than a regional transmission solution. If a proposed Interregional Transmission Project is approved in each region in which the project is

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(i) The RFAP shall seek generation, demand-

K – Regional System Planning Process Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

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

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 that include certain procedural and substantive challenges that may arise at

- (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 4.1(f) of this Attachment;
- (v) Prioritization and substance of Stakeholder-Requested Scenarios to be conducted by the ISO in a given Economic Study cycle as specified in Section 17.2(d) of this Attachment; and
- (vi) Prioritization of Economic Study scenario sensitivities to be performed in a given Economic Study cycle where the Planning Advisory Committee is not able to prioritize them as specified in Section 17.4 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

(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.

14. Annual Assessment of Transmission Transfer Capability

Each year, the ISO shall issue the results of the annual assessment of transmission transfer capability, conducted pursuant to applicable NERC, NPCC and ISO New England standards and criteria and the identification of potential future transmission system weaknesses and limiting facilities that could imJ0.015 Tc -0.01eohy

upcoming substitution auction, and rejected for reliability Static De-List Bids and rejected for reliability Dynamic De-List Bids from the most recent Forward Capacity Auction.

15. Procedures for the Conduct of Cluster Enabling Transmission Upgrades Regional Planning Study

The purpose of this Section 15 is to support the conduct of Interconnection Studies under the Interconnection Procedures set forth in Schedules 22, 23 and 25 of Section II of the Tariff. Other than Section 2 of this Attachment K regarding the responsibilities of the Planning Advisory Committee and this Section 15, none of the other provisions in this Attachment K apply to the conduct of the Cluster Enabling Transmission Upgrade Regional Planning Study or the results of the study.

15.1 Notice of Initiation of Cluster Enabling Transmission Upgrade Regional Planning Study in Support of Cluster Studies under the Interconnection Procedures.

Pursuant to Section 4.2.2 of Schedule 22, Section 1.5.3.2 of Schedule 23, and Section 4.2.2 of Schedule 25 of Section II of this Tariff, the ISO shall provide notice to the Planning Advisory Committee of the initiation of a cluster for studying certain Interconnection Requests. The cluster study process, known as Clustering, shall consist of two phases. This notice shall trigger the first phase of Clustering, during which the ISO shall conduct a Cluster Enabling Transmission Upgrade (“CETU”) Regional Planning Study (“CRPS”) (the cost of which will be recovered by the ISO pursuant to Schedule 1 of Section IV.A

parameters and assumptions, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section 2.2 of this Attachment. As part of the CRPS's scope, the ISO will describe the circumstances that triggered the conditions in Section 4.2.1 of Schedule 22, Section 1.5.3.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff. In addition, the ISO will identify: (i) the Interconnection Requests, to be referenced by Queue Position, that are expected to be eligible to participate in the Cluster Interconnection System Impact Study, and (ii) the preliminary transmission upgrade concepts proposed to be considered in the CRPS. The preliminary transmission upgrade concepts may account for previously conducted transmission reinforcement studies and previously identified concepts for transmission upgrades in the relevant electrical area, including Elective Transmission Upgrades with Interconnection Requests pending in the interconnection queue prior to the initiation of the CRPS.

A member of the Planning Advisory Committee or an Interconnection Customer may make a written submission to the ISO, requesting that Clustering be considered for specific Interconnection Requests in the ISO New England interconnection queue. In response to such a request, the ISO will either develop a notice of initiation of a cluster pursuant to Section 15.1 of this Attachment K, or identify, in writing, to the Planning Advisory Committee why the conditions in Section 4.2.1 of Schedule 22, Section 1.5.3.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff have not been triggered.

15.3 Conduct of the CRPS

The CRPS will consist of analyses performed under the conditions used in the conduct of an Interconnection System Impact Study under the Interconnection Procedures. The CRPS will consist of steady state thermal analysis, voltage and transient stability analysis, and, as appropriate, other analysis, such as weak-grid-related analyses. The ISO will use Reasonable Efforts to complete the CRPS within twelve (12) months from the notice of the cluster initiation to the Planning Advisory Committee. If less than two (2) Interconnection Requests identified pursuant to Section 4.2.1 of Schedule 22, Section 1.5.3.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff remain in the interconnection queue prior to the completion of the CRPS, the ISO will terminate the CRPS.

15.4 Publication of the CRPS

The ISO shall post a draft report of the CRPS to the Planning Advisory Committee, consistent with Section 2.4(d) of this Attachment K, and a meeting of the Planning Advisory Committee will be held

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deviate from the final scope of work, the ISO will consult with NESCOE prior to incorporating the change. Once NESCOE provides written confirmation, the ISO will notify the Planning Advisory Committee of any changes. The study will assess the ability of the PTF to meet applicable planning criteria under the provided conditions.

The ISO will post on the ISO's website the results of the Longer-Term Transmission Study. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input on the study results. Members of the Planning Advisory Committee shall direct all such input related to the Longer-Term Transmission Study results to the ISO for consideration by the ISO and NESCOE, as applicable.

~~The ISO will consult with NESCOE, and the PTF will provide written confirmation to NESCOE, prior to incorporating any changes to the final scope of work. Once NESCOE provides written confirmation, the ISO will notify the Planning Advisory Committee of any changes. The study will assess the ability of the PTF to meet applicable planning criteria under the provided conditions.~~

NESCOE for confirmation, and once written confirmation is received, will post the final scope of work on the ISO's website and proceed with performing the follow-on study.

The results of the follow-on study will be posted on the ISO's website and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input on the results. Such input shall be directed to the ISO for consideration by NESCOE and the ISO, as applicable. The ISO will prepare a follow-on study report, as needed, and post it on the ISO's website.

16.4 Competitive Solution Process for Longer-Term Transmission Upgrades

(a) Identification of Longer-Term Needs; Request for Proposal Determination

At the request of NESCOE, the ISO will consult with and provide technical support to NESCOE on possible longer-term needs that may be addressed through one or more request for proposal(s) in connection with a Longer-Term Transmission Study or a follow-on study. During this consultation, the ISO, at its sole discretion, may also identify for NESCOE's consideration known non-time-sensitive reliability or market efficiency needs that could be combined with longer-term needs in a request for proposal(s). NESCOE determines which potential needs will be included in a request for proposal(s) and whether to move forward with such a request(s). If the ISO receives from NESCOE a written list identifying the specific needs that NESCOE may be interested in including in one or more potential request for proposal(s), the ISO will post the list on the ISO's website. A meeting of the Planning Advisory Committee will be held promptly thereafter for NESCOE to present the needs. Members of the Planning Advisory Committee shall direct all comments related to the NESCOE-identified needs to the ISO for consideration by NESCOE.

Any time following NESCOE's receipt and consideration of Planning Advisory Committee input but prior to NESCOE submitting a request to initiate a subsequent Longer-Term Transmission Study, NESCOE may submit a written request for the ISO to publicly issue, via a posting on the ISO's website, a request for proposal(s) inviting Qualified Transmission Project Sponsors to submit proposals offering a comprehensive solution that addresses the needs specified in NESCOE's request for the ISO to initiate a request for proposal(s).

Notwithstanding any other provision to the contrary, if a non-time-sensitive reliability or market efficiency need that the ISO identified for NESCOE's consideration under this Section 16.4(a) is

combined with longer-term needs included in a request for proposal(s), then the reliability or market efficiency need and the development of regulated transmission solutions for that need shall be subject to the procedures for longer-term transmission planning in Section 16. If any non-time-sensitive reliability or market efficiency needs are not included in the needs selected by NESCOE to be addressed in a request for proposal(s), then those non-time-sensitive reliability or market efficiency needs shall be addressed pursuant to Section 4.3 of this Attachment K. If the longer-term process is terminated pursuant to Section 16.6 of this Attachment K or corresponding Longer-Term Transmission Upgrade is removed from the RSP Project List pursuant to Section 3.6(c), then: (1) in the case of a market efficiency need, the ISO shall initiate the process under Section 4.3 of this Attachment K, and (2), in the case of a reliability need, notwithstanding any other provisions to the contrary, the ISO shall: (i) assess the reliability need and its time-sensitivity, as appropriate; (ii) determine whether a solution is needed to solve the reliability need in three years or less from the completion of the assessment in this Section 16.4(a); and (iii) initiate the applicable process pursuant to Sections 4.1-4.3 of this Attachment K.

(b) Issuance of Request for Proposal

The ISO will publicly post on its website a request for proposal(s) inviting Qualified Transmission Project Sponsors to submit (by the deadline specified in the request for proposal, which shall not be less than 60 days from the date of posting the request for proposal) a Longer-Term Proposal offering a comprehensive solution that addresses all the needs identified in the request. The request for proposal will indicate that a Qualified Transmission Project Sponsor may submit an individual or joint Longer-Term Proposal(s). In the case where a joint proposal is submitted, all parties must be Qualified Transmission Project Sponsors.

(c) Use and Control of Right of Way

Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection by the ISO of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modifica

A Qualified Transmission Project Sponsor may submit a proposed solution that includes an upgrade(s) located on or connected to a PTO's existing transmission system where the Qualified Transmission Project Sponsor is not the PTO for the existing system element(s). In such cases, the Qualified Transmission Project Sponsor's proposed solution relating to the upgrade(s) of an existing transmission system element(s) must provide all data available to the Qualifi(b215 7 (s)-39.6 (s)-34nt) (h)5

(f) Review of Longer-Term Proposals

Upon receipt of Longer-Term Proposals, the ISO shall perform a review of each proposal to determine whether the proposal:

- (i) provides sufficient data and that the data is of sufficient quality to satisfy Section 16.4(d);
- (ii) satisfies the needs identified in the request for proposal;
- (iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and;
- (iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

For each Longer-Term Proposal that satisfies the criteria specified in this Section 16.4(f), the ISO shall also perform an independent capital cost estimate, using a consistent capital cost estimating methodology, to ensure consistency in its review of the Longer-Term Proposals and their cost estimates.

The ISO will identify the Longer--

performance, cost, future system expandability and feasibility. These financial benefits will consider factors that include, but are not limited to, the following which are listed in no particular order:

- Production cost and congestion savings;
- Avoided capital cost of local resources needed to serve demand;
- Avoided transmission investment;
- Reduction in losses; and
- Reduction in expected unserved energy

To be eligible for consideration as the preliminary preferred Longer-Term Transmission Solution, the Longer-Term Proposal must provide a benefit-to-cost ratio of greater than 1.0. Longer-Term Proposals with a benefit-to-cost ratio of 1.0 or less shall not be eligible for consideration as the preliminary preferred Longer-Term Transmission Solution. The benefit-to-cost ratio shall equal financial benefits divided by project costs. For the purpose of this calculation, financial benefits will be set equal to the present value of all financially quantifiable benefits provided by the project projected for the first 20 years of the project's life and project costs will be set equal to the present value of the annual revenue requirements projected for the first 20 years of the project's life.

The ISO will report the preliminary preferred Longer-Term Transmission Solution to the Planning Advisory Committee and seek input on the preliminary preferred Longer-Term Transmission Solution. Members of the Planning Advisory Committee may provide comments to the ISO on the preliminary preferred Longer-Term Transmission Solution.

(i) ISO Selection of Preferred Longer-Term Transmission Solution; NESCOE Response

Following receipt of stakeholder input, the ISO will identify the preferred Longer-Term Transmission Solution, together with an overview of why the solution is preferred, in a report and post that report on the ISO's website. The ISO will select the project that meets the conditions specified in Section 16.4(h) of this Attachment K. Within 30 days of the ISO's posting of the report identifying the preferred Longer-Term Transmission Solution, NESCOE may submit to the

ISO a written communication: (a) requesting that the ISO terminate the process, or (b) requesting that the ISO continue the process, but specifying an alternative allocation for the recovery of the incremental costs to address longer-term needs beyond those necessary to address any reliability or economic needs included in the longer-term request for proposal(s). If the ISO does not receive a written communication requesting that the ISO terminate the process, the ISO will proceed in accordance with Section 16.5 of this Attachment K, which shall apply solely to Longer-Term Proposals that meet the greater than 1.0 benefit-to-cost ratio threshold. The ISO shall terminate the process if requested to do so in the written NESCOE communication pursuant to Section 16.6 of this Attachment.

(j) ISO Reporting Where No Longer-Term Proposal Meets the Greater than 1.0 Benefit-to-cost Ratio

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Longer-Term Proposals for which NESCOE seeks further analysis. If the communication from NESCOE accepts the ISO-recommended Longer-Term Proposal, this proposal becomes the preferred Longer-Term Proposal and the ISO will proceed in accordance with Section 16.8 of this Attachment K, which shall apply solely to Longer-Term Proposals that do not meet the greater than 1.0 benefit-to-cost ratio threshold. If NESCOE identifies Longer-Term Proposals for further analysis, the ISO will perform further analysis of these proposals, present its findings to the Planning Advisory Committee for input, and post that input on its website. A Longer-Term

it is updated from time to time in accordance with this Attachment. The preferred Longer-Term Transmission Solution may include an upgrade(s) located on or connected to a PTO's existing transmission system where the Qualified Transmission Project Sponsor is not the PTO for the existing system element(s). In such cases, the ISO will notify the PTO that has upgrades required by the preferred Longer-Term Transmission Solution to proceed in accordance with Schedule 3.09(a) of the TOA.

If the ISO receives a written NESCOE communication providing an alternative cost allocation pursuant to Section 16.4(i) of this Attachment, the ISO will notify the Qualified Transmission Project Sponsor that proposed the preferred Longer-Term Transmission Solution that its project has been selected for development and the PTO that has upgrades required by the preferred Longer-Term Transmission Solution, and provide them the written NESCOE communication reflecting the requested alternative cost allocation. In the case where the ISO notifies the PTO that has upgrades required by the preferred Longer-Term Transmission Solution to proceed in accordance with Schedule 3.09(a) of the TOA, any prudently incurred PTO costs associated with a filing to implement the cost allocation requested by NESCOE will be recovered by the applicable PTO in accordance with Attachment F of this OATT.

Within 30 days of the Commission's order addressing the alternative cost allocation, NESCOE will provide the ISO a communication specifying whether the procuniO ad.7 (e)15.J-0.036 Tw

Qualified Transmission Project Sponsors whose projects are listed on the RSP Project List and have executed the Selected Qualified Transmission Project Sponsor Agreement shall be entitled to recover, pursuant to the rates and appropriate financial arrangements set forth in the Tariff and, as applicable, the TOA and NTDOA, all prudently incurred cost associated with developing the Longer-Term Transmission Upgrade subsequent to executing the Selected Qualified Transmission Project Sponsor Agreement.

PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a

The initial economic planning model will use the existing base case model and data and may be adjusted based on historical performance and observations. Historical performance of the system includes recorded observations from the prior year to the beginning of the study cycle.

The study year shall be year N-1 and the simulation length shall be one year for the Benchmark Scenario.

Any identified market efficiency issues resulting from a Benchmark Scenario shall not be evaluated as a market efficiency need against the factors and metrics in Attachment N.

(b) Market Efficiency Needs Scenario

The purpose and scope of the Market Efficiency Needs Scenario is to identify market efficiency issues on the PTF portion of the New England Transmission System at the end of the ten-year planning horizon pursuant to Section 17.5 of this Attachment. Pursuant to Section 4.1 of this Attachment, the ISO shall conduct a market efficiency Needs

selected by the ISO and Planning Advisory Committee pursuant to Section 17.4 of this Attachment.

The model used for the Policy Scenario shall be the base case model resulting from the Benchmark Scenario and forecasted out to a year when relevant New England and other applicable energy policies and goals are in full effect.

The study year for the Policy Scenario shall be dependent on deadlines for achieving the New England region and other energy policies and goals. However, the study year will be at least ten years into the future and cover the deadlines for achieving all applicable goals and policies. The study simulation length shall be one year.

The results from studying a Policy Scenario shall be used for informational purposes only. Any identified market efficiency issues resulting from a Policy Scenario shall not be evaluated as a market efficiency need against the factors and metrics in Attachment N.

(d) Stakeholder-Requested Scenario

The purpose of the Stakeholder-Requested Scenario is to study a scenario with a region-wide scope that is requested by stakeholders and not covered by the other scenarios described in this Section 17.

The model used for the Stakeholder-Requested Scenario shall be the base case model resulting from the Benchmark Scenario

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Results from studies conducted with stakeholder-requested scenario sensitivities shall be used for information purposes only. Any identified market efficiency issues resulting from a study with a stakeholder-requested scenario sensitivity shall not be evaluated as a market efficiency need against the factors and metrics in Attachment N.

17.5 Market Efficiency Needs Assessment

The ISO shall use the Market Efficiency Needs Scenario and criteria in Attachment N to identify market efficiency issues on the PTF portion of the New England Transmission System and, as applicable, identify market efficiency needs on the PTF portion of the New England Transmission System.

All of the market efficiency issues and associated benefits of relieving those issues will be documented in a market efficiency Needs Assessment conducted pursuant to Section 4.1 of this Attachment.

Any market efficiency issues that meet the criteria in Attachment N will be identified as market efficiency needs, and a request for proposal or multiple requests for proposals will be issued to initiate the competitive solution process for Market Efficiency Transmission Upgrades to address the identified market efficiency need or needs pursuant to Section 4.3 of this Attachment.

17.6 Evaluation of Regulated Transmission Solutions for Market Efficiency Transmission Upgrades

The process in Section 4.3 of this Attachment shall be used to solicit and evaluate competitive solutions for identified market efficiency needs.

17.7 Stakeholder Input on Study Results

After the results from the Economic Study reference scenarios described in Section 17.2 and stakeholder-requested scenario sensitivities described in Section 17.4 are available, the ISO shall provide such results to stakeholders at Planning Advisory Committee meetings and solicit feedback based on the results.

17.8 Economic Studies Requested by Individual Stakeholders

An individual stakeholder may request that the ISO conduct Economic Studies at the stakeholder's own expense to examine situations where potential regulated transmission solutions, market responses, or investments could result in (i) a net reduction in total production cost to supply system load based on the

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

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies. It is contemplated that LSP issues for identified local areas will be periodically addressed at the end of regularly scheduled Planning Advisory Committee meetings. Regular meetings of the Planning Advisory Committee shall be extended as necessary to serve the purposes of this section. Each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year. Not less than every three years, each PTO will post a notice as part of its LSP process indicating that members of the Planning Advisory Committee, NESCOE, or any state may provide the PTO with input regarding state and federal Public Policy Requirements identified as driving transmission needs relating to Non-PTF and regarding particular local transmission needs driven by Public Policy Requirements. The PTO will provide a written explanation, to be posted on the ISO website, of why suggested transmission needs driven by Public Policy Requirements will or will not be evaluated for potential solutions in the LSP planning process.

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

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-

transmission needs driven by state or federal Public Policy Requirements will be evaluated by the ISO and why other suggested transmission needs will not be evaluated. If NESCOE does not provide a listing of identified transmission needs and explanation, each PTO will review the ISO's explanations of which transmission needs driven by state or federal Public Policy Requirements will be evaluated by the ISO and why other suggested transmission needs will not be evaluated. In addition, each PTO will review the ISO's explanation of which transmission needs driven by local Public Policy Requirements will be evaluated in the regional system planning process and why other suggested transmission needs driven by local Public Policy requirements will not be evaluated. Each PTO will then determine if any of the posted state, federal or local Public Policy Requirements are driving a need on its Non-PTF transmission system and will include the non-PTF needs in its local planning process.

3. Posting of Assumptions and Criteria

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

4. Cost Responsibility for Transmission Upgrades

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

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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, including Local Public Policy Transmission Upgrades ("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 solutions studies, including any Local Public Policy Transmission Upgrade studies, conducted and communicated by the PTO to the Planning

5.6 Dispute Resolution Procedure

(a)

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 K APPENDIX 2
LIST OF ENTITIES ENROLLED IN THE TRANSMISSION PLANNING REGION

[(A P)]

New England Hydro-Transmission Electric Company Inc.
New England Power Company d/b/a National Grid
New Hampshire Electric Cooperative, Inc.
New Hampshire Transmission, LLC
Town of Norwood Municipal Light Department
NSTAR Electric Company
Public Service Company of New Hampshire
Town of Reading Municipal Light Department
Shrewsbury Electric & Cable Operations
Town of Stowe Electric Department
Taunton Municipal Lighting Plant
The United Illuminating Company
Unitil Energy Systems, Inc.
Vermont Electric Cooperative, Inc.
Vermont Electric Power Company, Inc.
Vermont Electric Transmission Company
Vermont Public Power Supply Authority
Vermont Transco LLC
Versant Power
Town of Wallingford, CT, Department of Public Utilities, Electric Division

ATTACHMENT K APPENDIX 3

LIST OF QUALIFIED

NSTAR Electric Company

PPL Translink, Inc.

Public Service Company of New Hampshire

SP Transmission, LLC

Taunton Municipal Light Plant

The City of Holyoke Gas and Electric Department

The Connecticut Light and Power Company

Town of Braintree Electric Light Department

Transource New England, LLC

United Illuminating Company

Vermont Transco, LLC