

Cross-Border Planning & Cost Allocation Discussions PJM - NYISO

**IPSAC WebEx
4/30/2010**

- **Scope and Applicability**
 - Initially, for reliability based transmission projects
 - Solution options to consider all resources
 - Studied in a cross-border planning process
 - Viable under each region's criteria and process
 - Project must address a cross-border reliability issue(-s)
 - Cost allocation not applicable to:
 - Projects subject to existing cross-border allocation mechanisms
 - Merchant (market-based) projects
 - Interconnection Upgrades
 - Transmission Service Requests

- Reliability Criteria

A cross-border reliability planning process to be compliant with the most stringent of the applicable criteria, including:

- NERC
- NPCC
- Reliability First
- NYSRC
- NYISO/PJM
- Transmission Owner

- Cost Allocation Principles
 - Based upon “beneficiaries pay”
 - Project should be designed to provide benefits to both regions
 - Materiality threshold
 - Cross-border methodology applies to Inter-regional cost allocations only
 - Applicable Intra-regional cost allocation methodology applies to each Regional cost share
 - Cross-border methodology can be different from current regional methods

Other Issues

- How to provide market-based incentives
- Ease of implementation
- Cost recovery certainty to investors
- “Through-and-out” charges
- Free riders

Process - 2010

- PJM/NYISO to outline existing reliability planning processes & develop straw principles
- Achieve agreement on principles, process steps & schedule through:
 - Separate PJM and NY Stakeholder meetings
 - PJM and NY Incorporate Feedback
 - Joint Stakeholder meeting
- PJM/NY develop straw man based upon stakeholder comments
- Round one review
 - Separate PJM and NY Stakeholder meetings
 - PJM and NY Incorporate Feedback
 - Joint Stakeholder meeting
- PJM/NY revise straw man based upon stakeholder comments
- Round two review
- PJM / NY narrow cross border planning process & cost allocation proposal