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**[ISO-NE WORKING DRAFT  
SEPTEMBER 14, 2007]**

**ATTACHMENT K  
REGIONAL SYSTEM PLANNING PROCESS**

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**1. Overview**

This Attachment describes the ongoing regional system planning process conducted by the ISO to ensure reliability of the system and compliance with national and regional planning standards, criteria and procedures while accounting for market performance, economic and environmental considerations. Pursuant to Section 4.1 of this Attachment, the ISO shall undertake assessments of systemwide and specific area needs to ensure the reliability of Pool Transmission Facilities (“PTF”) in the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance, economic and environmental considerations (“Needs Assessments”). As provided in Section 4.2 of this Attachment, the ISO shall develop or evaluate regulated transmission solutions proposed in response to systemwide or specific area needs identified by the ISO in Needs Assessments, and, as provided in Sections 4.2(a) of this Attachment, consider market responses, such as generation and demand resources and merchant transmission, that may address such needs. As described in Sections 2.5 and 6 of this Attachment, the ISO shall also coordinate the regional system planning activities with the transmission-owning entities in New England and neighboring systems, consistent with the rights and obligations defined in the ISO Tariff, applicable transmission operating agreements, and this Attachment. Additional details regarding the regional system planning process are also

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1 provided in the ISO New England Planning Procedures, which are available on the ISO's  
2 website.

3  
4 Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop a Regional System  
5 Plan ("RSP") through the regional system planning process that is updated on an ongoing  
6 basis to account for changes in system conditions, ensure the reliability of the system,  
7 comply with national and regional planning standards, criteria and procedures and  
8 account for market performance, economic and environmental considerations. The  
9 purpose of the RSP, as described more fully in Section 3 of this Attachment, is to  
10 identify: (i) system reliability, market efficiency and LFTR-related needs, (ii) the  
11 requirements and characteristics of the types of resources that may satisfy such needs and  
12 to provide stakeholders an opportunity to develop and propose efficient market solutions  
13 (e.g., resources, such as demand-side projects, generation, or distributed generation, and  
14 merchant transmission) to meet the needs identified; and (iii) regulated transmission  
15 solutions to meet the needs identified where market responses do not meet those needs or  
16 additional transmission infrastructure may be required to comply with national and  
17 regional planning standards, criteria and procedures or provide market efficiency benefits  
18 in accordance with the provisions set forth in Attachment N.

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1 As described in Section 7 of this Attachment, the ISO shall prepare a comprehensive  
2 Report on the RSP as of that time for approval by the ISO Board of Directors following  
3 stakeholder input through the Planning Advisory Committee established pursuant to  
4 Section 2 of this Attachment. The RSP Report shall address the systemwide and specific  
5 area needs determined by the ISO to ensure reliability of the PTF system and compliance  
6 with national and regional planning standards, criteria and procedures while accounting  
7 for market performance, economic and environmental considerations. The RSP Report  
8 shall also provide information on a broad variety of power system requirements that  
9 serves as input for reviewing the design of the markets and the overall economic  
10 performance of the system. The RSP Report shall also describe the coordination of the  
11 ISO’s regional system plans with regional, local and inter-area planning activities  
12  
13 Pursuant to Section 3.6 of this Attachment, the ISO shall also develop and maintain a  
14 cumulative list reflecting the regulated transmission solutions proposed in response to  
15 Needs Assessments and considered by the ISO as part of the system expansion plan (the  
16 “RSP Project List”) for approval by the ISO Board of Directors or a subcommittee of  
17 Board of Directors. The Project List shall be a cumulative representation of the regional  
18 transmission planning expansion efforts ongoing in New England.

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1    **2.    Planning Advisory Committee**

2            **2.1    Establishment**

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

14  
15           The ISO may form subcommittees that, at the discretion of the ISO, may report to  
16           the Planning Advisory Committee.

17           **2.2    Role of Planning Advisory Committee**

18           The Planning Advisory Committee may provide input and feedback to the ISO  
19           concerning the regional system planning process, including the development of  
20           and review of the system Needs Assessments **[to be defined as assessments**

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1           **performed as needed, from time to time, that will produce high-level**  
2           **functional requirements and characteristics for needed solutions (whether**  
3           **market or transmission)], the conduct of Solution Studies [to be defined as**  
4           **studies performed as needed, from time to time, to evaluate or develop**  
5           **alternative transmission solutions in response to a need identified in a Needs**  
6           **Assessments or in the RSP Report], the development of the RSP Report and**  
7           updates to the Project List. The Planning Advisory Committee serves to review  
8           and comment on the development of the RSP, including input to and comments  
9           on assumptions for studies, comment on the results of Needs Assessments and  
10          Solution Studies, and identification of potential market responses to the ISO’s  
11          identification of needs. The Planning Advisory Committee, with the assistance of  
12          and in coordination with the ISO, serves also to identify and prioritize requests for  
13          Economic Studies to be performed by the ISO, and provides input and feedback to  
14          the ISO concerning the conduct of Economic Studies. Based on input and  
15          feedback provided by the Planning Advisory Committee to the ISO, the ISO shall  
16          refer to the appropriate New England Power Pool (“NEPOOL”) technical  
17          committees, including but not limited to, the Markets, Reliability and  
18          Transmission Committees issues and concerns identified by the Planning  
19          Advisory Committee for further investigation and consideration of potential  
20          changes to rules and procedures.

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1           **2.3    Membership**

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

10           **2.4    Procedures**

11           **(a)    Notice of Meetings**

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

1                   **(b)     Frequency of Meetings**

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

6                   **(c)     Availability of Meeting Materials**

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

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

17                  CEII is defined consistent with the Commission’s regulations, 18 C.F.R. §  
18                  388.113. Specifically, CEII is specific engineering, vulnerability, or  
19                  detailed design information about proposed or existing critical  
20                  infrastructure (physical or virtual) that:

- 
- 1 (i) Relates details about the production, generation, transportation,  
2 transmission, or distribution of energy;
- 3 (ii) Could be useful to a person in planning an attack on critical  
4 infrastructure;
- 5 (iii) Is exempt from mandatory disclosure under the Freedom of  
6 Information Act, 5 U.S.C. 552; and
- 7 (iv) Does not simply give the location of critical infrastructure.
- 8 CEII pertains to existing and proposed system and assets, whether  
9 physical or virtual, the incapacity or destruction of which would  
10 negatively affect security, economic security, public health or safety, or  
11 any combination of those matters.
- 12  
13 Planning-related materials determined to be CEII will be posted on the  
14 ISO's password-protected website. To obtain access to planning-related  
15 materials determined to be CEII, the entity seeking to obtain such access  
16 must contact the ISO's Customer Service department. Authorized Market  
17 Participants or their representatives, such as consultants, are bound by the  
18 ISO New England Information Policy and will be able to access CEII  
19 materials through the ISO's password-protected website. State  
20 governmental agency employees and their consultants will be able to  
21 access such materials through the ISO's password-protected website upon  
22 submittal of a signed non-disclosure agreement, which is available on the  
23 ISO's website. Personnel of the ERO, NPCC, other regional transmission

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1 organizations or independent system operators, and transmission owners  
2 from neighboring regions will be able to access CEII materials pursuant to  
3 governing agreements, rules and protocols. All external requests by other  
4 persons for planning-related materials determined to be CEII shall be  
5 recorded and tracked by ISO’s Customer Services staff. Such requestors  
6 will be able to obtain access to CEII documents filed with the Commission  
7 pursuant to the Commission’s regulations governing access to CEII. For  
8 CEII information not filed with the Commission, such requestors shall  
9 agree to a background check to be performed by the ISO or its agent and  
10 sign a non-disclosure agreement prior to receiving access to CEII  
11 information. Upon approval, the ISO shall grant the requestor access to  
12 the planning-related CEII document through direct distribution or access  
13 to the ISO password-protected website.

14 **2.5 Local System Planning Process**

15 In circumstances where transmission system planning for non-PTF and Local  
16 Area Facilities (“Local Facilities”) is taking place in New England that is not  
17 incorporated into the RSP planning process, the Local System Planning (“LSP”)  
18 process described in the Attachment K- Local Facilities will be utilized for  
19 transmission planning purposes. The PTOs will utilize interested members of the  
20 Planning Advisory Committee for advisory stakeholder input in the LSP process

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1 that will meet, as needed, at the conclusion of, or independent of, scheduled  
2 Planning Advisory Committee meetings. The LSP meeting agenda and meeting  
3 materials will be developed by representatives of the pertinent PTOs and PTO  
4 representatives will chair the LSP meeting. The ISO will post the LSP agenda  
5 and materials for LSP meetings of the Planning Advisory Committee in the same  
6 manner that such information is posted for the RSP meetings.

7  
8 **3. RSP: Principles, Scope, and Contents**

9 **3.1 Description of RSP and RSP Report**

10 The ISO shall develop a RSP based on a periodic comprehensive assessment(s)  
11 (conducted not less than every third year) of the system needs of the PTF to  
12 maintain the reliability of the New England bulk power system while accounting  
13 for market efficiency and other economic and environmental considerations. The  
14 ISO shall update the RSP to reflect the results of ongoing Needs Assessments  
15 conducted pursuant to Section 4.1. The RSP shall also account for projected  
16 improvements to the PTF that are needed to maintain system reliability in  
17 accordance with national and regional standards, operation of efficient markets  
18 and preservation of ongoing feasibility of LFTRs under a set of planning  
19 assumptions.

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1           The ISO shall prepare a Report that describes the RSP in a consolidated manner.  
2           The Report shall describe the assessment of the system needs, the results of such  
3           assessments, and the projected improvements. The Report shall provide the  
4           projected annual and peak demands for electric energy for a five- to ten-year  
5           horizon, the needs for resources over this period and how such resources are  
6           expected to be provided. To this end, the Report shall also specify the physical  
7           characteristics of the physical solutions that can meet the needs defined in the  
8           Needs Assessments and include information on market solutions that can address  
9           them. The Report shall provide sufficient information to allow Market  
10          Participants to assess the quantity, general locations, operating characteristics and  
11          required availability criteria of the type of incremental supply or demand-side  
12          resources, or merchant transmission projects, that would satisfy the identified  
13          needs or that may serve to modify, offset or defer proposed regulated transmission  
14          upgrades.  
15  
16          The Report shall also include a description of proposed regulated transmission  
17          solutions that, based on the Solutions Studies described in Section 4.2 of this  
18          Attachment, may meet the needs identified in the Needs Assessments. To this  
19          end, as further described in Section 3.6 below, the ISO shall develop and maintain  
20          a RSP Project List, a cumulative listing of proposed regulated transmission

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1 solutions classified as Reliability Transmission Upgrades, Market Efficiency  
2 Transmission Upgrades, or LFTR-Related Upgrades (collectively, “Transmission  
3 Upgrades”) that may meet those needs. The Report shall also provide reasons for  
4 any new Transmission Upgrades included in the Project List, any change in status  
5 of a Transmission Upgrade in the Project List, or for any removal of Transmission  
6 Upgrades from the Project List that are known as of that time.

7  
8 Each Report shall be built upon the previous Report by either recertifying the  
9 results reflected on the prior Report or providing specific updates to the ISO’s  
10 RSP.

11 **3.2 Baseline of RSP**

12 The RSP shall account for: (i) all projects that have met milestones, including  
13 market responses and regulated transmission solutions (*e.g.*, planned demand-side  
14 projects, generation and transmission projects, Merchant Transmission Facilities,  
15 and Elective Transmission Upgrades, including transmission upgrades that  
16 support the award of Incremental ARRs in accordance with Appendix C to  
17 Section III of the Tariff) as determined by the ISO, in collaboration with the  
18 Planning Advisory Committee pursuant to Section 2.2 of this Attachment; and (ii)  
19 the requirements for system operation and restoration services, not including the

1 development of a system operations or restoration plan, which is outside the scope  
2 of the regional system planning process.

3 **3.3 RSP Planning Horizon and Parameters**

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

6  
7 The RSP shall conform to: Good Utility Practice; applicable Commission  
8 compliance requirements related to the regional system planning process;  
9 applicable reliability principles, guidelines, criteria, rules, procedures and  
10 standards of the ERO, NPCC, and any of their successors; planning criteria  
11 adopted and/or developed by the ISO; Transmission Owner criteria, rules,  
12 standards, guides and policies developed by the Transmission Owner for its  
13 facilities consistent with the ISO planning criteria, the applicable criteria of the  
14 ERO and NPCC; local transmission planning criteria; and the ISO New England  
15 Planning Procedures and ISO New England Operating Procedures, as they may be  
16 amended from time to time (collectively, the “Planning and Reliability Criteria”).

17 **3.4 Other RSP Principles**

18 The RSP shall be designed and implemented to (i) avoid unnecessary duplication  
19 of facilities; (ii) identify facilities that are necessary to meet Planning and  
20 Reliability Criteria; (ii) avoid the imposition of unreasonable costs upon any

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1 Transmission Owner, Transmission Customer or other user of a transmission  
2 facility; (iii) take into account the legal and contractual rights and obligations of  
3 the Transmission Owners and the transmission-related legal and contractual rights  
4 and obligations of any other entity; (iv) provide for coordination with existing  
5 transmission systems and with appropriate inter-area and local expansion plans;  
6 (v) properly coordinate with market responses, including generation, merchant  
7 transmission and demand-side responses; and (vi) maintain the ongoing feasibility  
8 of LFTRs.

9 **3.5 Market Solutions in RSP**

10 Market solutions shall include investments in resources (such as demand-side  
11 projects, generation and distributed generation) and merchant transmission, and  
12 shall be evaluated by the ISO, in consultation with the Planning Advisory  
13 Committee, pursuant to Sections 4.2(a) and 7 of this Attachment.

14  
15 In developing the RSP, the ISO shall incorporate market solutions: (i) proposed  
16 by Market Participants as addressing needs (and any critical time constraints for  
17 addressing such needs) identified in a Needs Assessment developed pursuant to  
18 Section 4.1 of this Attachment or in an RSP Report; and (ii) that have proved to  
19 be viable by meeting the criteria specified in Section 4.2(a) of this Attachment, as  
20 applicable.

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1  
2           Specifically, market responses (including merchant transmission) that are  
3           identified to the ISO and are determined by the ISO, in consultation with the  
4           Planning Advisory Committee, to be sufficient to alleviate the need for a  
5           particular regulated transmission solution(s), based on the criteria specified in the  
6           pertinent Needs Assessment, and are judged by the ISO to be achievable within  
7           the required time period, shall be reflected in the next RSP Report. That  
8           particular regulated transmission solution may continue to be included in the  
9           appropriate category on the RSP Project List (as described in Section 3.6 below),  
10          subject to the ISO having the flexibility to indicate that the project should proceed  
11          at a later date or it may be removed if it is determined to be no longer needed. If  
12          the market response does not fully meet the defined needs, or if additional  
13          transmission infrastructure is required to facilitate the efficient operation of the  
14          market, the RSP shall also include that particular regulated transmission solution,  
15          subject to the ISO having the flexibility to indicate that the Transmission Upgrade  
16          or regulated transmission solution should proceed at a later date and modified, if  
17          necessary.

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1           **3.6    The RSP Project List**

2                   **(a)    Elements of the Project List**

3                   The Project List shall identify regulated transmission solutions proposed  
4                   in response to Needs Assessments conducted pursuant to Section 4.1 of  
5                   this Attachment. The Project List shall identify the proposed regulated  
6                   transmission solutions separately as proposed: (i) Reliability  
7                   Transmission Upgrades; (ii) Market Efficiency Transmission Upgrades;  
8                   and (iii) LFTR-Related Upgrades.

9  
10                  Within each such category of the Project List, the following subcategories  
11                  will be utilized to indicate each proposed regulated transmission solution’s  
12                  status in the evaluation process described more fully in Section 4.2 of this  
13                  Attachment: “Concept,” “Proposed,” “Planned” “Under Construction,”  
14                  and “In-Service.”

15  
16                  “Concept” shall include a transmission project that (i) has been suggested  
17                  by its proponent as a potential solution to meet a need identified by the  
18                  ISO in the RSP Report or a Needs Assessment, but for which there is little  
19                  or no analysis available to support the transmission project; or (ii) a  
20                  transmission project that is being explored by its proponent, where the  
21                  proponent has identified a need, but for which there is no corresponding

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1                                    need that has been identified by the ISO in the RSP Report or a Needs  
2                                    Assessment.

3  
4                                    “Proposed” shall include a regulated transmission solution that (i) has  
5                                    been proposed in response to a specific need identified by the ISO in the  
6                                    RSP Report or a Needs Assessment and (ii) has been evaluated or further  
7                                    defined and developed in a Solution Study, as specified in Section 4.2(b)  
8                                    of this Attachment, such that there is significant analysis that supports a  
9                                    determination that the proposed regulated transmission solution would  
10                                    likely meet the need identified by the ISO in the RSP Report or the Needs  
11                                    Assessment., but has not received approval under Section I.3.9 of the  
12                                    Tariff.

13  
14                                    “Planned” shall include a regulated transmission solution that has been  
15                                    submitted to the ISO for approval under Section I.3.9 of the Tariff and has  
16                                    received approval under Section I.3.9 of the Tariff to be classified as a  
17                                    Transmission Upgrade in the RSP.

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1                   “Under Construction” shall include a Transmission Upgrade that has  
2                   received the approvals required under the Tariff and a significant level of  
3                   engineering and construction is underway.

4  
5                   “In Service” shall include a Transmission Upgrade that has been placed in  
6                   commercial operation.

7  
8  
9                   Each proposed regulated transmission solution shall also be cross-  
10                  referenced to the specific systemwide or area need identified in a Needs  
11                  Assessment or RSP Report.

12  
13                  For completeness, the Project List shall also include transmission facilities  
14                  (as determined under the ISO interconnection process specified in this  
15                  OATT) to be built to accommodate new generation, merchant  
16                  transmission, and elective transmission interconnections that have satisfied  
17                  the requirements of this OATT.

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

19                  The Project List will be updated by the ISO periodically by adding,  
20                  removing or revising regulated transmission solutions in consultation with

1 the Planning Advisory Committee and, as appropriate, the Reliability  
2 Committee, for approval by the ISO Board of Directors or its  
3 subcommittee.

4  
5 Updating of the Project List shall be considered an update of the RSP to be  
6 reflected in the next RSP Report, as appropriate, pursuant to Section 3.1 of  
7 this Attachment.

8

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

10 As part of the periodic updating of the Project List, the ISO: (i) shall  
11 modify (in accordance with the provisions of this Attachment)  
12 Transmission Upgrades to reflect changes to system conditions, including  
13 ongoing investments by Market Participants or other stakeholders; (ii)  
14 may add to and classify accordingly, regulated transmission solutions; and  
15 (iii) may remove from the Project List Transmission Upgrades previously  
16 identified in the Project List if the ISO determines that the need for the  
17 proposed Transmission Upgrade no longer exists or is no longer feasible,  
18 including because a supply or demand-side solution or a Merchant  
19 Transmission Facility meeting the need reaches the maturity specified in  
20 Section 4.2(a) of this Attachment and has been determined, pursuant to

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1 Section 4.2(a) of this Attachment to meet the need described in the  
2 pertinent Needs Assessment or in the RSP Report. In doing so, the ISO  
3 shall consult with and consider the input from the Planning Advisory  
4 Committee, within the scope of its functions as specified in Section 2.2 of  
5 this Attachment.

6  
7  
8 If a Transmission Upgrade is removed from the RSP by the ISO, the entity  
9 responsible for the construction of the Transmission Upgrade shall be  
10 reimbursed for any costs prudently incurred or prudently committed to be  
11 incurred (plus a reasonable return on investment at existing FERC-  
12 approved ROE levels) in connection with the planning, designing,  
13 engineering, siting, permitting, procuring and other preparation for  
14 construction, and/or construction of the Transmission Upgrades proposed  
15 for removal from the RSP. The cost allocation specific in Schedule 12 of  
16 this OATT shall apply to this cost reimbursement. Prior to finalizing the  
17 RSP, the ISO shall provide the Planning Advisory Committee, all PTOs  
18 and other stakeholders with detailed reasons in writing for each removal of  
19 a Transmission Upgrade included in prior RSPs, as reflected in the Report  
20 or Project List, or change in status from the most recent RSP.

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

2                    Each PTO will be individually responsible for publicly posting and  
3                    updating the status of its respective LSP and the transmission projects  
4                    arising therefrom on its company website. The ISO’s posting of the RSP  
5                    and Project Lists will include links to each PTO’s specific LSP posting.  
6

7     **4.     Procedures for the Conduct of Needs Assessments and Evaluation of Proposed**  
8     **Solutions**

9                    **4.1     Needs Assessments**

10                  The ISO, in coordination with the PTOs and stakeholders, shall conduct  
11                  assessments of the adequacy of the PTF as a whole to maintain their reliability  
12                  while promoting the operation of efficient wholesale electric markets. On a  
13                  regular and on-going basis, the ISO shall conduct studies to identify the location  
14                  and nature of any potential problems with respect to the PTF. These assessments,  
15                  referred to in this Attachment as “Needs Assessments,” shall be conducted to  
16                  identify those factors relevant to the standards which might be solved or mitigated  
17                  by Reliability Transmission Upgrades or Market Efficiency Transmission  
18                  Upgrades, as further specified in Section II of Attachment N to this OATT.  
19                  Specifically, each Needs Assessment will identify situations that significantly  
20                  affect reliable and the efficient operation of the PTF, as well any critical time  
21                  constraints for addressing reliability needs.

1                   **(a)     Triggers for Needs Assessments**

2                   The ISO, in coordination with the PTOs and stakeholders, shall perform

3                   Needs Assessments, *inter alia*, if:

4                   (i)     a need for additional transfer capability is identified by the ISO in  
5                   its ongoing evaluation of the bulk power supply system’s adequacy  
6                   and performance;

7                   (ii)    a need for additional transfer capability is identified as a result of  
8                   an ERO and/or NPCC reliability assessment or more stringent  
9                   publicly available local reliability criteria, if any;

10                  (iii)   constraints or available transfer capability limitations, including,  
11                  but not limited to, available transfer capability diminishment that  
12                  prevents the ongoing feasibility of LFTRs, that are identified  
13                  possibly as a result of generation additions or retirements,  
14                  evaluation of load forecasts or proposals for the addition of  
15                  transmission facilities in the New England Control Area;

16                  (iv)    as requested by a stakeholder pursuant to the provisions of Section  
17                  4.1(b) of this Attachment; or

18                  (v)     as otherwise deemed appropriate by the ISO as warranting such a  
19                  assessment.

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

22                   Stakeholders may request the ISO to initiate a Needs Assessment to  
23                   evaluate potential regulated transmission solutions or other participant-  
24                   developed market solution investments that could result in a net reduction  
25                   in total production cost to supply system load based on the factors  
26                   specified in Attachment N of this OATT, less congestion, or the

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

3  
4 Requests for Economic Studies shall be submitted, considered and  
5 prioritized as follows:

6 (i) By no later than April 1 of each year, any stakeholder may submit  
7 to the ISO for public posting a request for an Economic Study.

8 (ii) The ISO shall thereafter add any of its own proposals for  
9 Economic Studies. The ISO shall also develop a rough work scope  
10 and cost estimate for all requested Economic Studies, and develop  
11 preliminary prioritization based on the ISO’s perceived regional  
12 and/or, as coordinated with the applicable neighboring system,  
13 inter-area benefits to assist stakeholders in the prioritization of  
14 Economic Studies.

15 (iii) By no later than May 1 of each year, the ISO shall provide the  
16 foregoing information to the Planning Advisory Committee, and a  
17 Planning Advisory Committee meeting shall be held at which  
18 Economic Study proponents will provide an explanation of their  
19 request.

20 (iv) By no later than June 1 of each year, the ISO shall hold meeting(s)  
21 of the Planning Advisory Committee for the members of the  
22 Planning Advisory Committee to discuss, identify and prioritize, as  
23 further facilitated by the ISO’s preparation of a straw priority list  
24 to be further discussed at such meeting(s), up to three (3)  
25 Economic Study(ies) (the costs of which will be recovered by the  
26 ISO pursuant to Section IV.A of the Tariff) to be performed by the  
27 ISO in a given year, taking into consideration their impact on the  
28 ISO budget and other priorities.

29 (v) The ISO and the Planning Advisory Committee may agree to hold  
30 additional meetings to further discuss and resolve any issue(s)



1                   **(c)     Notice of Initiation**

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

5                   **(d)     Preparation of Needs Assessment**

6                   Needs Assessments may examine resource adequacy, transmission  
7                   adequacy, maintenance of ongoing feasibility of LFTRs, and projected  
8                   congestion levels. Needs Assessments shall consider the views, if any, of  
9                   the Planning Advisory Committee, NEPOOL, state regulators, a Regional  
10                  State Committee, if in existence, the Market Advisor to the ISO Board of  
11                  Directors, and the ISO Board of Directors. A corresponding assessment  
12                  shall be performed by the PTOs to identify any needs relating to its  
13                  transmission facilities (of whatever voltage) that could affect the provision  
14                  of regional transmission service.

15                  **(e)     Needs Assessment Study Groups**

16                  For the development of the Needs Assessments, the ISO may form a  
17                  targeted study group of representatives of affected stakeholders based on  
18                  the scope of the particular Needs Assessment. Participation in such study  
19                  groups is voluntary and is intended to provide an opportunity to affected  
20                  stakeholders for early involvement in the regional system planning

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1 process. The ISO may form sub-working groups with limited  
2 participation due to ISO New England Information Policy/Code of  
3 Conduct and CEII constraints.

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

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

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

12 The ISO shall post Needs Assessments on its website and provide them to  
13 the members of the Planning Advisory Committee subject to CEII  
14 constraints. Needs Assessments containing CEII will be posted on the  
15 ISO's password-protected website consistent with Section 2.4(d) of this  
16 Attachment. Needs Assessments will identify high-level functional  
17 requirements and characteristics for regulated transmission and market  
18 solutions that can meet the needs described in the assessment. The ISO  
19 will also present the Needs Assessments in appropriate market forums to  
20 facilitate market responses.

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1                                    Generally, following a Needs Assessments the ISO will evaluate the  
2                                    adequacy of proposed solutions by performing Solution Studies, as  
3                                    described in Section 4.2 of this Attachment.

4                    **4.2    Evaluation of the Adequacy of Proposed Solutions**

5                    **(a)    Market Solutions**

6                                    The ISO shall consider the adequacy of proposed market responses  
7                                    (including merchant transmission) in addressing the needs identified in a  
8                                    Needs Assessment. Market responses may include resources (such as  
9                                    demand-side projects and distributed generation) and merchant  
10                                    transmission.

11  
12                                    The ISO may incorporate or update in a Needs Assessment resources that  
13                                    have been proposed and (i) have cleared in a Forward Capacity Auction  
14                                    pursuant to Market Rule 1 of the ISO, (ii) have been selected in, and are  
15                                    contractually bound by, a state-sponsored Request For Proposals, or (iii)  
16                                    have a financially binding obligation pursuant to a contract. With respect  
17                                    to (ii) or (iii) above, the market solution proponent shall inform the ISO of  
18                                    its selection or its assumption of financially binding obligations,  
19                                    respectively. The ISO may incorporate or update in a Needs Assessemtn a  
20                                    proposed Merchant Transmission Facility or Elective Transmission

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1 Upgrades at a time after the corresponding studies are completed  
2 (including receipt of approval under Section I.3.9 of the Tariff) and a  
3 commercial operation date has been ascertained, with the exception of  
4 Elective Transmission Upgrades that are proposed in conjunction with an  
5 interconnection of a resource, which shall be considered at the same time  
6 as the proposed resource is considered in the RSP.  
7

8 **(b) Evaluation and Development of Regulated Transmission Solutions in**  
9 **Solution Studies**

10 The ISO, in coordination with the proponents of regulated transmission  
11 solutions and other interested or affected stakeholders, shall conduct or  
12 participate in studies to evaluate whether proposed regulated transmission  
13 solutions meet the system needs identified in Needs Assessments. The  
14 ISO, in coordination with affected stakeholders shall also identify  
15 regulated transmission projects for addressing the needs identified in  
16 Needs Assessments.  
17

18 The ISO may form targeted study groups to conduct Solution Studies led  
19 by the ISO and including representatives of the proponents of regulated  
20 transmission solutions and of affected stakeholders. Through this process,  
21 the ISO may identify the most cost-effective and reliable solution(s) for

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1                   the region that meets a need identified in a Needs Assessment. This  
2                   solution may differ from a transmission solution proposed by a  
3                   transmission owner.

4  
5                   Proponents of regulated transmission proposal(s) in response to Needs  
6                   Assessments shall also identify any LSP plans that require coordination  
7                   with their regulated transmission proposals addressing regional needs.

8                   **(c) Notice of Initiation of a Solution Study**

9                   The ISO shall provide notice of the initiation of a Solution Study and its  
10                  scope shall be provided to all members of the Planning Advisory  
11                  Committee.

12                  **(d) Classification of Regulated Transmission Solutions**

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

19

1                   (e)     **Inclusion of Results of Solution Studies in the RSP**

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

6  
7     **5.     Supply of Information and Data Required for Regional System Planning**

8                   The Transmission Owners, entities requesting transmission service or interconnection,  
9                   entities proposing facilities to be integrated into the New England Control Area or  
10                  alternatives to such facilities, and Transmission Customers requesting a Needs  
11                  Assessment pursuant to Section 4.1 of this Attachment below, shall supply, as required  
12                  by the TOA, the Participants Agreement, MPSAs, the Tariff and other existing  
13                  agreements and protocols, or upon request by the ISO, and subject to required CEII  
14                  protections as specified in Section 2.4(d) of this Attachment, any information (including  
15                  cost estimates) and data reasonably required to prepare an RSP or to perform a Needs  
16                  Assessment or Solution Study.

17  
18     **6.     Regional, Local and Inter-Area Coordination**

19                  **6.1     Regional Coordination**

20                  Pursuant to Section II.49 of this OATT and Sections 3.02, 3.05 and 3.09 of the  
21                  TOA, the ISO has operating authority over all facilities (PTF, non-PTF and Local

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1 Area Facilities) used for the provision of transmission service under this OATT.

2 The ISO also has operating authority over the United States portions of the  
3 HVDC ties to Quebec and over Merchant Transmission Facilities and Other  
4 Transmission Facilities, pursuant to this OATT or applicable transmission  
5 operating agreements.

6 **6.2 Local Coordination**

7 In accordance with the TOA and OATT provisions identified in Section 6.1 of  
8 this Attachment, the PTOs retain responsibility for planning non-PTF and Local  
9 Area Facilities that are not addressed in the RSP process. The RSP process set  
10 forth in this Attachment applies to non-PTF and Local Area Facilities only to the  
11 extent that modifications to such facilities are directly affected by PTF planning  
12 under the RSP process. However, pursuant to the provisions of the TOA, the  
13 OATT, and the Planning and Reliability Criteria, the PTOs conduct planning of  
14 non-PTF and Local Area Facilities using the LSP process outlined in Section 2.5  
15 of this Attachment and Attachment K – Local to this OATT, in coordination with  
16 the ISO, other entities interconnected with the New England Transmission  
17 System, Transmission Customers and stakeholders. The openness and  
18 transparency of the LSP process is intended to be consistent with the RSP process.

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1           **6.3    Inter-area Coordination**

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

13  
14       **7.    Procedures for Development and Approval of the RSP**

15           **7.1    Initiation of RSP**

16          The ISO shall initiate an effort to develop a new RSP and solicit input on regional  
17          needs for the new RSP from members of the Planning Advisory Committee. The  
18          Planning Advisory Committee shall meet to perform its respective functions in  
19          connection with the preparation of the RSP, as specified in Section 2 of this  
20          Attachment.

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1           **7.2   Draft RSP Report; Public Meeting**

2           On or about August of each year, the ISO shall provide a draft of the Report on  
3           the RSP to the Planning Advisory Committee and input from that Committee shall  
4           be received and considered in preparing and revising subsequent drafts. The ISO  
5           shall post the draft of the RSP Report and provide notice to the Planning Advisory  
6           Committee of a meeting to review the draft RSP Report as specified in Section  
7           2.2 of this Attachment.

8  
9           On or about September of each year, the ISO shall issue a second draft of the RSP  
10          Report to be presented by the ISO staff to the ISO Board of Directors for  
11          approval. The draft RSP Report shall incorporate the results of any Needs  
12          Assessment, and corresponding Solution Studies, performed since the last RSP  
13          Report was approved. A subcommittee of that Board shall hold a public meeting,  
14          at their discretion, to receive input directly and to discuss any proposed revisions  
15          to the RSP Report. The final recommended RSP Report shall be presented to the  
16          ISO Board of Directors no later than September 30 of each year and shall be acted  
17          on by the ISO Board of Directors within 60 days of receipt. The foregoing  
18          timeframes are subject to adjustment as agreed by the ISO and the Planning  
19          Advisory Committee.

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1           **7.3    Action by the ISO Board of Directors on RSP as Reflected in the Report;**  
2           **Request for Alternative Proposals**

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

4           The ISO Board of Directors may approve the recommended RSP Report as  
5           submitted, modify the Report or remand all or any portion of it back with  
6           guidance for development of a revised recommendation. The Board of Directors  
7           may consider the RSP Report in executive session, and shall consider in its  
8           deliberations the views of the subcommittee of the Board of Directors reflecting  
9           the public meeting held pursuant to Section 7.2 of this Attachment. [In  
10          considering whether to include a particular Market Efficiency Transmission  
11          Upgrade in the Project List, the Board of Directors shall consider the potential for  
12          that Market Efficiency Transmission Upgrade to result in a net reduction in total  
13          production cost to supply system load based on the factors specified in  
14          Attachment N of this OATT, less congestion or the integration of new resources  
15          and loads on an aggregate or regional basis. In considering whether to approve  
16          the recommended RSP Report, the Board of Directors may, if it finds a proposed  
17          Reliability Transmission Upgrade not to be viable from a timeliness or financial  
18          standpoint, or if no Reliability Transmission Upgrade has been proposed, direct  
19          the ISO staff to meet with the affected load serving entities and State entities in  
20          order to develop an interim solution. Should that effort fail, and as a last resort,  
21          the Board of Directors may direct the ISO to issue a RFAP, subject to the

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1 procedures described below, and may withhold approval of the RSP Report, or  
2 portions of the RSP Report, pending the results of that RFAP and any  
3 Commission action on any resulting jurisdictional contract or funding mechanism.  
4 The ISO shall provide a written explanation as to any subsequent changes or  
5 modification made in the final version of the RSP Report.

6 **(b) RFAPs**

- 7 (i) The RFAP shall seek generation, demand-side and merchant  
8 transmission alternatives that can be implemented rapidly and  
9 provide substantial reliability benefits over the period solicited in  
10 the RFAP, and normally will focus on an interim (“gap”) solution  
11 until an identified Reliability Transmission Upgrade has been  
12 placed in-service. The ISO will file a proposed RFAP with the  
13 Commission for approval at least 60 days prior to its issuance. The  
14 filing shall explain why the issuance of an RFAP is necessary.
- 15 (ii) The ISO staff shall provide the Board of Directors and subject to  
16 confidentiality requirements, the Planning Advisory Committee  
17 with an analysis of the alternatives offered in response to the  
18 RFAP, and provide a recommendation together with a funding  
19 mechanism reflecting input from the Planning Advisory  
20 Committee.
- 21 (iii) The ISO may enter into contracts awarded pursuant to an RFAP  
22 process, and/or propose a funding mechanism. Bidders that are  
23 awarded contracts through the RFAP process shall file those  
24 contracts with the Commission for approval of the rates to be  
25 charged thereunder to the extent that such contracts are for services  
26 that are jurisdictional to the Commission. The ISO shall file  
27 related or separate funding mechanisms with the Commission as  
28 well. All other contracts entered into pursuant to an RFAP shall be  
29 filed with the Commission for informational purposes.
- 30 (iv) The Board of Directors will reflect the results of the RFAP process  
31 in the approved RSP Report.

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

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

14  
15 In connection with regional system planning, the ISO will not propose to impose on any  
16 PTO obligations or conditions that are inconsistent with the explicit provisions of the  
17 TOA or deprive any PTO of any of the rights set forth in the TOA.

18  
19 Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in  
20 this OATT shall affect the right of any PTO to expand or modify its transmission  
21 facilities in the New England Transmission System on its own initiative or in response to

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1 an order of an appropriate regulatory authority. Such expansions or modifications shall  
2 conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines,  
3 criteria, rules, procedures and standards of national, regional, and local reliability  
4 councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules,  
5 standards, guides and policies. The ISO reserves its right to challenge the permitting of  
6 such expansions or modifications.

7  
8 **9. Merchant Transmission Facilities**

9 **9.1 General**

10 Subject to compliance with the requirements of the Transmission, Markets and  
11 Services Tariff and any other applicable requirements with respect to the  
12 interconnection of bulk power facilities with the New England Transmission  
13 System, any entity shall have the right to propose and construct the addition of  
14 transmission facilities (“Merchant Transmission Facilities”), none of the costs of  
15 which shall be covered under the cost allocation provisions of this OATT. Any  
16 such Merchant Transmission Facilities shall be subject to the requirements of  
17 Section 9.2 of this Attachment. In performing studies in connection with the RSP,  
18 the prospect that proposed Merchant Transmission Facilities will be completed  
19 shall be accounted for as will the prospect that proposed generating units will be  
20 completed.

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1           **9.2    Operation and Integration**

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

8           **9.3    Control and Coordination**

9           Until such time as a Merchant Transmission Owner has transferred operational  
10          control over its Merchant Transmission Facilities to the ISO pursuant to Section  
11          8.2(i), all such Merchant Transmission Facilities shall be subject to the  
12          operational control, scheduling and maintenance coordination of the System  
13          Operator in accordance with the Tariff.

14  
15       **10.   Cost Responsibility for Transmission Upgrades**

16          The cost responsibility for each upgrade, modification or addition to the transmission  
17          system in New England that is included as with the status of “Planned/Approved” in the  
18          RSP Project List as defined in Section 3.6 of this Attachment shall be determined in  
19          accordance with Schedule 12 of this OATT.  
20

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1 **11. Allocation of Incremental ARRs**

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

4

5 **12. Dispute Resolution Procedures**

6 **12.1 Objective**

7 Section 12 of this Attachment sets forth a dispute resolution process (the "Dispute  
8 Resolution Process") through which disputes may be resolved as expeditiously as  
9 possible.

10 **12.2 Confidentiality**

11 The Dispute Resolution Process is confidential. All information disclosed in the  
12 course of the Dispute Resolution Process shall be subject to confidentiality  
13 protections that satisfy the requirements of the ISO New England Information  
14 Policy. Each neutral shall enter into a confidentiality agreement with the ISO.

15 **12.3 Eligible Parties**

16 Any member of the Planning Advisory Committee, subject to Section 12.3(b) of  
17 this Attachment, that has been adversely affected by a Reviewable Decision,  
18 defined in Section 12.4(a) below, with respect to the regional system planning  
19 process described in this Attachment is eligible to raise its dispute, as appropriate,  
20 under this Dispute Resolution Process ("Disputing Party").

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**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 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 Dispute Resolution Process. Examples of matters not within the scope of the Dispute Resolution Process include planning to serve retail native load or state siting issues. The Tariff 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 Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be govern by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Dispute Resolution Process.

1                   **(a)     Reviewable Decisions**

2                   The determinations by the ISO that may be reviewed under this Section 12  
3                   ("Reviewable Decisions") shall include certain procedural and substantive  
4                   challenges at designated key decision points during the regional  
5                   transmission planning process for Pool Transmission Facilities ("Key  
6                   Decision Points"). Procedural challenges will be limited to whether or not  
7                   the steps taken up to a Key Decision Point conform to the requirements set  
8                   forth in this Attachment. Substantive challenges will be limited to  
9                   whether or not a decision or conclusion rendered at a Key Decision Point  
10                  was supported by adequate basis in fact. The Key Decision Points shall be  
11                  limited to the following:

- 12                  (i)     Needs Assessment;
- 13                  (ii)    Changes to the Project List;
- 14                  (iii)   Solution Studies;
- 15                  (iv)   Selection of Market or Regulated Solutions;
- 16                  (v)     Economic Studies;
- 17                  (vi)   RSP;
- 18                  (vii)  Interim Changes to RSP;
- 19                  (viii) RFAP; and
- 20                  (ix)   RFAP Solutions.
- 21

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1                   Where the Planning Advisory Committee is not able to resolve any  
2                   issue(s) concerning the substance of the Economic Studies themselves or  
3                   prioritize the Economic Studies to be performed by the ISO in a given  
4                   year by August 1, the issue(s) regarding the substance and/or prioritization  
5                   of the Economic Studies shall be treated as Reviewable Decisions, though  
6                   not necessarily a determination of the ISO, for purposes of Dispute  
7                   Resolution Process, consistent with Section 4.1(b)(vi) of this Attachment.  
8

9                   **(b)   Material Adverse Impact**

10                   In order to prevail in a challenge to a procedural-based Reviewable  
11                   Decision, the Disputing Party must show that the alleged procedural  
12                   error(s) had a material adverse impact on the ISO's decision or conclusion.

13                   In order to prevail in a challenge to a substantive-based Reviewable  
14                   Decision, the Disputing Party must show that either (i) incorrect data or  
15                   assumptions were used in the ISO's decision making process or (ii)  
16                   incorrect analysis was performed by the ISO, AND (iii) as a result the ISO  
17                   made an incorrect decision or determination.

18                   **12.5   Notice and Comment**

19                   A Disputing Party aggrieved by an ISO decision that qualifies as a Reviewable  
20                   Decision shall have fifteen (15) calendar days to initiate dispute resolution by

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1 giving notice to the ISO ("Request for Dispute Resolution"). A Request for  
2 Dispute Resolution shall be in writing and shall be provided to the ISO's [position  
3 title] and, as appropriate, the affected Transmission Owner(s). Within three (3)  
4 Business Days of the receipt by the ISO of a Request for Dispute Resolution, the  
5 ISO shall prepare and distribute to all members of the Planning Advisory  
6 Committee a notice of the Request for Dispute Resolution including, subject to  
7 the protection of Confidential Information and CEII, the specifics of the Request  
8 for Dispute Resolution and providing the name of an ISO representative to whom  
9 any comments may be sent. Any member of the Planning Advisory Committee  
10 may submit to the ISO's designated representative, on or before the tenth (10<sup>th</sup>)  
11 Business Day following the date the ISO distributes the notice of the Request for  
12 Dispute Resolution, written comments to the ISO with respect to the Request for  
13 Dispute Resolution. The party filing the Request for Dispute Resolution may  
14 respond to any such comments by submitting a written response to the ISO's  
15 designated representative and to the commenting party on or before the fifteenth  
16 (15<sup>th</sup>) Business Day following the date the ISO distributes the notice of the  
17 Request for Dispute Resolution. The ISO may but is not required to consider any  
18 written comments.

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1           **12.6 Informal Dispute Resolution Procedures**

2           Any dispute arising under this Attachment involving a Reviewable Action(s), as  
3           defined in Section 12.4 of this Attachment, between and among the ISO between  
4           and among the Disputing Party, the ISO and, as appropriate, the affected  
5           Transmission Owner(s) (collectively, “Parties”) (excluding applications for rate  
6           changes or other changes to the Tariff, or to any Service Agreement entered into  
7           under the Tariff, which shall be presented directly to the Commission for  
8           resolution) shall be the subject of good-faith negotiations among the Parties.

9           Each Party shall designate a fully authorized senior representative for resolution  
10          on an informal basis as promptly as practicable. In the event the designated  
11          representatives are unable to resolve the dispute within thirty (30) days, or such  
12          other period as the Parties may agree upon, by mutual agreement, such dispute  
13          may be submitted to arbitration, in accordance with the arbitration procedures set  
14          forth below, or any other form of alternative dispute resolution, including  
15          mediation, upon the agreement of all Parties to participate in such an alternative  
16          dispute resolution process.

17  
18          If a Party identifies exigent circumstances reasonably requiring expedited  
19          resolution of the dispute, such Party may file a Complaint with the Commission or  
20          seek other appropriate redress before a court of competent jurisdiction. However,

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1                   once the Parties enter into external arbitration under Section 12.7, neither a  
2                   Complaint before the Commission nor a proceeding before a court may be  
3                   brought, except specifically provided for in herein.  
4

5                   **12.7 External Arbitration Procedures**

6                   **(a) Arbitrator**

7                   Any arbitration initiated under this Attachment shall be conducted before a  
8                   single neutral arbitrator with transmission planning knowledge and  
9                   experience appointed by the Parties. If the Parties fail to agree upon a  
10                  single arbitrator within ten (10) days of the referral of the dispute to  
11                  arbitration, each Party shall choose one arbitrator who shall sit on a three-  
12                  member arbitration panel. The two arbitrators so chosen shall within  
13                  twenty (20) days select a third arbitrator to chair the arbitration panel. In  
14                  either case, the arbitrators shall be knowledgeable in electric utility  
15                  matters, including electric transmission and bulk power issues, and shall  
16                  not have any current or past substantial business or financial relationships  
17                  with any party to the arbitration (except prior arbitration).

18                  **(b) Arbitration Procedures**

19                  The arbitrator(s) shall provide each of the Parties an opportunity to be  
20                  heard and, except as otherwise provided herein, shall generally conduct

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1 the arbitration in accordance with the Commercial Arbitration Rules of the  
2 American Arbitration Association and any applicable Commission  
3 regulations or Regional Transmission Group rules.

4 (c) **Reviewability Determination**

5 The neutral's first decision (apart from any necessary procedural actions),  
6 shall be to determine whether the issue(s) raised for arbitration satisfy the  
7 definition of Reviewable Decision under Section 12.4(a).

8  
9 **12.8 Arbitration Decisions**

10 Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety  
11 (90) days of appointment and shall notify the Parties in writing of such decision  
12 and the reasons therefore. The arbitrator(s) shall be authorized only to interpret  
13 and apply the provisions of the Tariff, including this Attachment K, and shall have  
14 no power to modify or change any of the above in any manner. The decision of  
15 the arbitrator(s) shall be final and binding upon the Parties, and judgment on the  
16 award may be entered in any court having jurisdiction. The decision of the  
17 arbitrator(s) may be appealed solely on the grounds that the conduct of the  
18 arbitrator(s), or the decision itself, violated the standards set forth in the Federal  
19 Arbitration Act and/or the Administrative Dispute Resolution Act. The final

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1 decision of the arbitrator must also be filed with the Commission if it affects  
2 jurisdictional rates, terms and conditions of service or facilities.

3 **12.9 Notice of Results of Dispute Resolution**

4 Within three (3) Business Days following the resolution of a dispute pursuant to  
5 either Section 12.6 or 12.8 of this Attachment, the ISO shall distribute to members  
6 of the Planning Advisory Committee a document reflecting the resolution.

7 **12.10 Costs**

8 Each Party shall be responsible for its own costs incurred during the arbitration  
9 process and for the following costs, if applicable:

- 10 (i) the cost of the arbitrator chosen by the Party to sit on the three member panel  
11 and one half of the cost of the third arbitrator chosen; or  
12 (ii) one half the cost of the single arbitrator jointly chosen by the Parties.

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

15 Except as specifically provided for in Section 12, nothing in this section shall restrict the  
16 rights of any party to file a Complaint with the Commission under relevant provisions of  
17 the Federal Power Act.

**[WORKING DRAFT  
SEPTEMBER 14, 2007]**

## **ATTACHMENT K - LOCAL**

### **LOCAL SYSTEM PLANNING PROCESS**

#### **1. Local System Planning Process**

##### **1.1 General**

In circumstances where transmission system planning for non-PTF and Local Area Facilities (“Local Facilities”) 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 Local Facilities that are not incorporated into the RSP. The LSP shall ensure the opportunity for Planning Advisory Committee review of local area transmission planning efforts.

##### **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. Meetings of the Planning

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1           Advisory Committee shall be extended as frequently as necessary to serve the  
2           purposes of this section. It is contemplated that the transmission planning for  
3           local transmission facilities of all PTOs in New England will be reviewed by the  
4           Planning Advisory Committee no less than once per year.

5           **1.3    Role of the PTOs**

6           Each PTO will be responsible for administering the LSP process pertaining to its  
7           own local area transmission facilities by presenting LSP information for review  
8           by the Planning Advisory Committee, developing an appropriate needs analysis  
9           and addressing LSP needs within its local area. In developing its LSP, each PTO  
10          will ensure comparable treatment of similarly situated customers or potential  
11          customers and will take into consideration data, comments and specific requests  
12          supplied by the Planning Advisory Committee, Transmission Customers and other  
13          stakeholders. To the extent that generation and/or demand resources are  
14          identified that could impact planning for local area transmission facilities, each  
15          PTO will take such resources into account when developing the LSP for its  
16          facilities. Each PTO will also be responsible for addressing any issues or  
17          concerns arising out of Planning Advisory Committee review of its proposed LSP  
18          and posting its LSP to the LSP Project Status List.

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1           **1.4    Description of LSP**

2           The LSP shall provide an annual assessment of the system needs for Local  
3           Facilities. The LSP shall reflect the results of local needs assessments, and  
4           corresponding system planning and expansion studies. The LSP shall describe the  
5           projected improvements to Local Facilities that are needed to maintain system  
6           reliability, operation of efficient markets and preservation of ongoing feasibility  
7           of LFTRs under a set of planning assumptions.

8  
9           The LSP shall specify the physical characteristics of the physical solutions that  
10          can meet the needs defined in the LSP. The LSP shall provide sufficient  
11          information to allow Market Participants to assess the quantity, general locations,  
12          operating characteristics and required availability criteria of the type of  
13          incremental supply or demand-side resources, or merchant transmission projects,  
14          that would satisfy the identified needs or that may serve to modify, offset or defer  
15          proposed regulated transmission upgrades.

16  
17          Each year's LSP shall be built upon the LSP completed in the prior year by either  
18          recertifying the results of the prior LSP or providing specific updates.

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1           **1.5    Economic Studies**

2                    To the extent that the ISO selects any Economic Studies pursuant to Section  
3                    4.1(b) of Attachment K that will impact Local Facilities, the PTOs will coordinate  
4                    with the ISO in the performance of such Economic Studies.

5  
6           **2.     Posting of LSP Project Status**

7                    Each PTO shall develop and maintain a cumulative listing (the “LSP Project  
8                    List”) of proposed regulated transmission solutions that may meet LSP needs.  
9                    The LSP Project list shall also provide reasons for any new Local Facilities, any  
10                   change in status of proposed Local Facilities, or any removal of proposed Local  
11                   Facilities from the LSP Project List. Each PTO will be individually responsible  
12                   for publicly posting and updating the status of its respective LSP and the  
13                   transmission projects arising therefrom on its company website in a format  
14                   comparable to the manner in which RSP plans and projects are posted on the  
15                   Project List. The ISO’s posting of the RSP and Project Lists will include links to  
16                   each PTO’s specific LSP posting. These LSP links are being provided for  
17                   purposes of complying with Commission transparency and coordination  
18                   requirements only and the LSPs will not be subject to approval by the ISO or the  
19                   ISO Board under the RSP.  
20

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1    **3.    Cost Responsibility for Transmission Upgrades**

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

6

7    **4.    LSP Dispute Resolution Procedures**

8                    **4.1    Objective**

9                    It is the intent of this Section 4 to set forth an LSP dispute resolution process (the  
10                    "LSP Dispute Resolution Process") through which disputes may be resolved as  
11                    expeditiously as possible.

12                    **4.2    Confidentiality**

13                    The LSP Dispute Resolution Process is confidential. All information disclosed in  
14                    the course of the Dispute Resolution Process shall be subject to confidentiality  
15                    protections that satisfy the requirements of the ISO New England Information  
16                    Policy. Each arbitrator shall enter into a confidentiality agreement with the PTO  
17                    that is a Party to the LSP Dispute Resolution Process.  
18

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1           **4.3   Eligible Parties**

- 2           a.           Subject to Section 4.3(b) of this Attachment, any member of the Planning  
3                           Advisory Committee that has been adversely affected by a PTO  
4                           Reviewable Decision with respect to the LSP transmission planning  
5                           process described in this Attachment is eligible to raise its dispute, as  
6                           appropriate, under this LSP Dispute Resolution Process (“Disputing  
7                           Party”).
- 8           b.           For LSP related matters, it shall be within the sole discretion of the  
9                           affected PTO to determine eligibility for application of the LSP Dispute  
10                          Resolution Process.

11           **4.4   Scope**

12                           In order to ensure that the LSP transmission planning process set forth under this  
13                           Attachment moves expeditiously forward, the scope of issues that may be subject  
14                           to the LSP Dispute Resolution Process under this Section 4 shall be limited to  
15                           certain key procedural and substantive decisions made by the applicable PTO  
16                           within its authority as specified in documents on file with the Commission. That  
17                           is, decisions not subject to resolution within the jurisdiction of the Commission  
18                           are not within the scope of this LSP Dispute Resolution Process. Examples of  
19                           matters not within the scope of the LSP Dispute Resolution Process include  
20                           planning to serve retail native load or state siting issues. The Tariff explicitly  
21

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1 provides specific dispute resolution procedures for various matters. To this end,  
2 any matter regarding the review and approval of applications pursuant to Section  
3 I.3.9 of the Tariff, which is subject to the dispute resolution process under Section  
4 I.6 of the Tariff, shall not be within the scope of this Dispute Resolution Process.  
5 Similarly, any matter regarding Transmission Cost Allocation shall be governed  
6 by the dispute resolution process under Schedule 12 of the OATT, and shall be  
7 outside the scope of this LSP Dispute Resolution Process.

8  
9 a. **Reviewable Decisions:**

10 The LSP determinations made by the applicable PTO that may be  
11 reviewed under this Section 4 ("Reviewable LSP Decisions") shall include  
12 certain procedural and substantive challenges at designated key decision  
13 points during the local transmission planning process ("Key LSP Decision  
14 Points"). Procedural challenges will be limited to whether or not the steps  
15 taken up to a Key LSP Decision Point conform to the requirements set  
16 forth in this Attachment. Substantive challenges will be limited to  
17 whether or not a decision or conclusion rendered at a Key LSP Decision  
18 Point was supported by adequate basis in fact. The Key LSP Decision  
19 Points shall be limited to the following:  
20

- 21 (i) Needs assessment;

- 
- 1 (ii) Changes to the LSP Project List;  
2 (iii) Solution studies;  
3 (iv) Selection of Market or Regulated Solutions;  
4 (v) LSP;  
5 (vi) Interim Changes to LSP;

6  
7 **b. Material Adverse Impact**

8  
9 In order to prevail in a challenge to a procedural-based Reviewable LSP  
10 Decision, the Disputing Party must show that the alleged procedural  
11 error(s) had a material adverse impact on the decision or conclusion made  
12 by the applicable PTO. In order to prevail in a challenge to a substantive-  
13 based Reviewable LSP Decision, the Disputing Party must show that  
14 either (i) incorrect data or assumptions were used in the decision making  
15 process or (ii) incorrect analysis was performed by the PTO, AND (iii) as  
16 a result thereof, the PTO made an incorrect decision or determination.

17 **4.5 Notice and Comment**

18  
19 A Disputing Party claiming to be aggrieved by a PTO decision that qualifies as a  
20 Reviewable LSP Decision shall have fifteen (15) calendar days to initiate dispute  
21 resolution by giving notice to the Applicable PTO ("Request for LSP Dispute  
22 Resolution"). A Request for LSP Dispute Resolution shall be in writing and shall

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1 be provided to the applicable PTO and, as appropriate, other affected  
2 Transmission Owner(s). Within three (3) Business Days of the receipt by a PTO  
3 of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall  
4 prepare and distribute to all members of the Planning Advisory Committee a  
5 notice of the Request for Dispute Resolution including, subject to the protection  
6 of Confidential Information and CEII, the specifics of the Request for Dispute  
7 Resolution and providing the name of a PTO representative to whom any  
8 comments may be sent. Any member of the Planning Advisory Committee may  
9 submit to the PTO's designated representative, on or before the tenth (10<sup>th</sup>)  
10 Business Day following the date the PTO distributes the notice of the Request for  
11 Dispute Resolution, written comments to the PTO with respect to the Request for  
12 Dispute Resolution. The Disputing Party filing the Request for Dispute  
13 Resolution may respond to any such comments by submitting a written response  
14 to the PTO's designated representative and to the commenting party on or before  
15 the fifteenth (15<sup>th</sup>) Business Day following the date the PTO distributes the notice  
16 of the Request for Dispute Resolution. The PTO may, but is not required to,  
17 consider any written comments.

18  
19 **4.6 Informal Dispute Resolution Procedures**  
20

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1 Any LSP related dispute arising under this Attachment involving a Reviewable  
2 LSP Action(s), as defined in Section 4.4 of this Attachment, between and among  
3 the applicable PTO the Disputing Party, and, as appropriate, other affected  
4 Transmission Owner(s) and the ISO (collectively, “Parties”) (excluding  
5 applications for rate changes or other changes to the Tariff, or to any Service  
6 Agreement entered into under the Tariff, which shall be presented directly to the  
7 Commission for resolution) shall be the subject of good-faith negotiations among  
8 the Parties. Each Party shall designate a fully authorized senior representative for  
9 resolution on an informal basis as promptly as practicable. In the event the  
10 designated representatives are unable to resolve the dispute within thirty (30)  
11 days, or such other period as the Parties may agree upon, by mutual agreement,  
12 such LSP related dispute may be submitted to arbitration, in accordance with the  
13 arbitration procedures set forth below, or any other form of alternative dispute  
14 resolution, including mediation, upon the agreement of all Parties to participate in  
15 such an alternative dispute resolution process.

16  
17 If a Party identifies exigent circumstances reasonably requiring expedited  
18 resolution of the LSP related dispute, such Party may file a complaint with the  
19 Commission or seek other appropriate redress before a court of competent  
20 jurisdiction. However, once the Parties enter into external arbitration under

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1           Section 4.7, neither a Complaint before the Commission nor a proceeding before a  
2           court may be brought, except as specifically provided for herein.

3  
4           **4.7    External Arbitration Procedures**

- 5  
6           a.       Any arbitration initiated under this Attachment shall be conducted before a  
7           single neutral arbitrator appointed by the Parties. If the Parties fail to  
8           agree upon a single arbitrator within ten (10) days of the referral of the  
9           dispute to arbitration, each Party shall choose one arbitrator who shall sit  
10          on a three member arbitration panel. The two arbitrators so chosen shall  
11          within twenty (20) days select a third arbitrator to chair the arbitration  
12          panel. In either case, the arbitrator(s) shall be knowledgeable in electric  
13          utility matters, including electric transmission and bulk power issues, and  
14          shall not have any current or past substantial business or financial  
15          relationships with any Party to the arbitration (except prior arbitration).
- 16          b.       The arbitrator(s) shall provide each of the Parties an opportunity to be  
17          heard and, except as otherwise provided herein, shall generally conduct  
18          the arbitration in accordance with the Commercial Arbitration Rules of the  
19          American Arbitration Association and any applicable Commission  
20          regulations or Regional Transmission Group rules.



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1 to members of the Planning Advisory Committee a document reflecting the  
2 resolution.

3

4 **4.10 Costs**

5

6 Each Party shall be responsible for its own costs incurred during the arbitration  
7 process and for the following costs, if applicable:

8

1. The cost of the arbitrator chosen by the Party to sit on the three member  
9 panel and one half of the cost of the third arbitrator chosen; or

10

11 2 One half the cost of the single arbitrator jointly chosen by the Parties.

12

13 **4.11 Rights under the Federal Power Act:**

14

15 Except as specifically provided for in this Section 4, nothing in this section shall  
16 restrict the rights of any party to file a complaint with the Commission under  
17 relevant provisions of the Federal Power Act.