ATTACHMENT K

REGIONAL SYSTEM PLANNING PROCESS

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1. Overview

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

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

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment, or System Efficiency Needs Assessment, as described in Section 17 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Sections 4.1(f) and 4A.3(b) of this Attachment into the Needs Assessments, Public Policy Transmission Studies or the Regional System Plan ("RSP"),

described below. The ISO shall incorporate market responses that have met the criteria specified Section 17 of this Attachment into the System Efficiency Needs Assessment or the Regional System Plan ("RSP"), described below. Where market responses incorporated into the Needs Assessments, Public Policy Transmission Studies, or System Efficiency Needs Assessment do not eliminate or address the needs identified by the ISO in Needs Assessments, Public Policy Transmission Studies, or System Efficiency Needs Assessment or the RSP, the ISO shall develop or evaluate, pursuant to Sections 4.2(b), 4.3, 4A, or 17 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 system efficiency needs,

(ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and system efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments or System Efficiency Needs Assessment;

(iii) regulated transmission solutions to meet the needs identified in Needs Assessments or System Efficiency Needs Assessment 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 system 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 serves as input for reviewing the design of the markets and the overall economic performance of the system. The RSP shall also describe the coordination of the ISO's regional system plans with regional, local and inter-area planning activities.

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

1.1 Enrollment

For purposes of participating as a transmission provider in the New England transmission planning region pursuant to this Attachment K, and distinct from Transmission Providers as defined in Section I of this Tariff, an entity chooses to enroll by executing (or having already executed) a: (i) transmission operating agreement with the ISO, or (ii) a Market Participant Service Agreement coupled with a written notification to the ISO that the entity desires to be a transmission provider in the New England region. Such enrollment in the transmission planning region is not necessary to participate in the Planning Advisory Committee, which is open to any entity as described in Section 2.3 of this Attachment K.

1.2 A List of Entities Enrolled in the Planning Region

A list of entities enrolled in the transmission planning region as transmission providers as described in Section 1.1. above, is included as Appendix 2 of this Attachment K.

2. Planning Advisory Committee

2.1 Establishment

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

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

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments, Solutions Studies, System Efficiency Needs Assessment and competitive solutions developed pursuant to Sections 4.3 and 17 of this Attachment, (iv) potential market responses to the needs identified by the ISO in a Needs Assessment, System Efficiency Needs Assessment, or the RSP, (v) Cluster Enabling Transmission Upgrades Regional Planning Studies, (vi) the results of Public Policy Transmission Studies and competitive solutions developed pursuant to Section 4A of this Attachment, and (vii) Longer-Term Transmission Studies and competitive solutions developed pursuant to Section 16 of this Attachment. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize the Stakeholder-Requested Scenario and stakeholder-requested scenario sensitivities for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies, including the criteria and assumptions. Based on input and feedback related to the regional system planning process provided by the Planning Advisory Committee to the ISO, the ISO shall

consult with the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and Transmission Committees, on issues and concerns identified by the Planning Advisory Committee as requiring further investigation and consideration of potential changes to ISO New England Operating Documents.

2.3 Membership

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.

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

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

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

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement,

which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

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

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New England Transmission System while accounting for system efficiency, economic, environmental, and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments or System Efficiency Needs Assessment conducted pursuant to Sections 4.1 or 17 of this Attachment. The RSP shall also account for projected improvements to the PTF that are

needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

(i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;

(ii) provide the projected annual and peak demands for electric energy for a five-to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;

(iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and

(iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment and the competitive solution process described in Sections 4.3 16 and 17 of this Attachment, meets the needs identified in the Needs Assessments or System Efficiency Needs Assessment. The RSP shall also include a description of proposed regulated transmission solutions that, based on the competitive solution process described in Section 4A of this Attachment, meet the needs identified in a Public Policy Transmission Study. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades, System Efficiency Transmission Upgrades, Longer-Term Transmission Upgrades, and Public Policy Transmission Upgrades (which, for the foregoing types of upgrades, may include the portions of Interregional Transmission Projects located within the New

England Control Area) and of External Transmission Projects. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the RSP Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the RSP Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the RSP Project List that are known as of that time.

Each RSP shall be built upon the previous RSP.

3.2 Baseline of RSP

The RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission solutions (e.g., planned demand-side projects, generation and transmission projects 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, 16, and 17 of this Attachment; and (ii) the requirements for system operation and restoration services, not including the development of a system operations or restoration plan, which is outside the scope of the regional system planning process.

3.3 RSP Planning Horizon and Parameters

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

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

The revisions to this Attachment K submitted to comply with FERC's Order No. 1000 shall not apply to any Proposed or Planned project included in an RSP approved by the ISO Board of Directors (or in an RSP Project List update) prior to the May 18, 2015 effective date of the Order No. 1000 compliance filing

of the ISO and the PTOs, unless the ISO is re-evaluating the solution design for such project as of that effective date, or subsequently determines that the solution design for such project requires re-evaluation.

3.4 Other RSP Principles

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

3.5 Market Responses in RSP

Market responses shall include investments in resources (e.g., demand-side projects, generation and distributed generation) and 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 17 of this Attachment.

In developing the RSP, the ISO shall account for market responses: (i) proposed by Market Participants as addressing needs (and any critical time constraints for addressing such needs) identified in an RSP, Needs Assessment, System Efficiency Needs Assessment, or Public Policy Transmission Study; and (ii) that have proved to be viable by meeting the criteria specified in Sections 4.1(f) or 4A.3(b) and 17 of this Attachment, as applicable.

Specifically, market responses that are identified to the ISO and are determined by the ISO, in consultation with the Planning Advisory Committee, to be sufficient to alleviate the need for a particular regulated transmission solution or Transmission Upgrade, based on the criteria specified in the pertinent Needs Assessment, System Efficiency Needs Assessment, or RSP, and are judged by the ISO to be achievable within the required time period, shall be reflected in the next RSP and/or in a new or updated Needs Assessment or System Efficiency Needs Assessment. That particular regulated transmission solution or Transmission Upgrade may continue to be included in the appropriate category on the RSP

Project List (as described in Section 3.6 below), subject to the ISO having the flexibility to indicate that the project should proceed at a later date or it may be removed if it is determined to be no longer needed. If the market response does not fully address the defined needs, or if additional transmission infrastructure is required to facilitate the efficient operation of the market, the RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

The RSP Project List shall identify regulated transmission solutions proposed in response to the needs identified in a RSP or Needs Assessments or System Efficiency Needs Assessment conducted pursuant to Sections 4.1 and 17 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 System Efficiency Transmission Upgrade, a Public Policy Transmission Upgrade, or a Longer-Term Transmission Upgrade.

With regard to Reliability Transmission Upgrades, System 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 System 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, System Efficiency 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 Sections 4.3 and 17.12 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, System Efficiency 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 System Efficiency Transmission Upgrade shall be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment, System Efficiency 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.

An Interregional Transmission Project developed pursuant to Section 6.3 of this Attachment K may displace a regional Reliability Transmission Upgrade or System Efficiency Transmission Upgrade on the RSP Project List where the ISO has determined that the Interregional Transmission Project is a more efficient or cost-effective solution. 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), 4A.3(b) or 17 of this Attachment and has been determined, pursuant to Sections 4.1(f), 4A.3(b), or 17 of this Attachment, to meet the need described in the pertinent Needs Assessment, Public Policy Transmission Study, System Efficiency Needs Assessment, 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 the ISO determines, with input from the Planning Advisory Committee, that the need to which the Public Policy Transmission Upgrade responds no longer exists. Furthermore, the ISO shall remove from the RSP Project List any Longer-Term Transmission Upgrade if requested to do so in a written NESCOE communication.

If a regulated transmission solution or Transmission Upgrade is removed from the RSP Project List by the ISO, the entity responsible for the construction of the regulated transmission solution or Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of the regulated transmission solution or Transmission Upgrade proposed for removal from the RSP Project List. The provisions of Schedule 12, Schedule 13, Schedule 14, Schedule 14A, and Schedule 14B of this OATT shall apply to any cost reimbursement under this Section. Prior to finalizing the RSP, the ISO shall provide the Planning Advisory Committee with written information explaining the reasons for any removal under this Section.

(d) Posting of LSP Project Status

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

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

4.1 Needs Assessments

The regional system planning process established in this Attachment K has four different processes. Except as otherwise provided in Section 16 of this Attachment, the reliability planning process established in Section 4 of this Attachment K shall apply to all transmission solutions adopted to resolve a reliability need, and the system efficiency planning process established in Section 17 of this Attachment K shall apply to all transmission solutions adopted to resolve a system efficiency need. The public policy planning process established in Section 4A of this Attachment K shall apply to all transmission solutions adopted to resolve a public policy need. The longer-term transmission planning procedures established in Section 16 of this Attachment K shall apply to all transmission solutions adopted to resolve a longer-term need, and may apply to a non-time-sensitive reliability or system efficiency need to the extent identified by the ISO and combined with longer-term needs in a request for proposal(s) requested by NESCOE in accordance with Section 16.4(a) of this Attachment K.

For needs identified initially as reliability, system efficiency or public policy needs, the collateral benefits of potential solutions to those needs shall not change the planning process applicable to those identified needs; notwithstanding the foregoing, the ISO shall report its views as to whether a project or preferred solution may also satisfy identified reliability needs of the system as described in Section 4A.8 of this Attachment K.

Sections 4.1 through 4.3 of this Attachment are not applicable to the planning of Public Policy Transmission Upgrades, which is governed instead by Section 4A of this Attachment. Sections 4.1 through 4A of this Attachment are not applicable to the planning of Longer-Term Transmission Upgrades, which is governed instead by Section 16 of this Attachment. Sections 4.1 to 4.3 of this

Attachment K are not applicable to the planning of System Efficiency Transmission Upgrades, which is governed instead by Section 17 of this Attachment K.

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

(a) Triggers for Needs Assessments

The ISO, in coordination with the PTOs and the Planning Advisory Committee, shall perform Needs Assessments, inter alia, as needed to:

- Assess compliance with reliability standards and criteria (including those established by the ISO, NERC, and NPCC) consistent with the long term needs of the system.
- Assess the adequacy of the transmission system capability, such as transfer capability, to support local, regional and interregional reliability.
- Assess sufficiency of the system to integrate new resources and loads on an aggregate or regional basis as needed for the reliable and efficient operation of the system.
- Analyze various aspects of system performance. (Including but not limited to, transient network analysis, small signal analysis, electromagnetic transients program analysis, or delta P analysis).
- Examine short circuit performance of the system.

- Assess the ability to efficiently operate and maintain the transmission system.
- Address system performance in consideration of de-list bids and cleared demand bids consistent with sections 4.1(c) and 4.1(f) of Attachment K.
- Address system performance as otherwise deemed appropriate by the ISO.

(b) [RESERVED]

(c) Conduct of a Needs Assessment for Rejected De-List Bids

(i) In the case of a rejected Static De-List Bid or Dynamic De-List Bid, the ISO may as warranted, with advisory input from the Reliability Committee, examine the unavailability of the resource(s) with the rejected bid as a sensitivity in a Needs Assessment, or examine the unavailability of the resource(s) in the base representation in a Needs Assessment. The ISO may as warranted, with advisory input from the Reliability Committee, initiate a Needs Assessment for the purpose of modeling rejected Static De-List Bids or Dynamic De-List Bids where the ISO believes that the initiation of such a study is warranted.

(ii) Prior to the start of each New Capacity Show of Interest Submission Window, the ISO shall present to the Reliability Committee the status of any prior rejected Dynamic De-List Bids, Static De-List Bids, Permanent De-List Bids or Retirement De-List Bids being studied in the regional system planning process.

(d) Notice of Initiation of Needs Assessments

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

(e) Preparation of Needs Assessment

Needs Assessments may examine transmission adequacy, and other relevant factors as may be agreed upon from time to time. Needs Assessments shall also consider the views, if any, of the Planning Advisory Committee, State regulators or agencies, NESCOE, the Market Advisor to the

ISO Board of Directors, and the ISO Board of Directors. A corresponding assessment shall be performed by the PTOs to identify any needs relating to the Non-PTF transmission facilities (of whatever voltage) that could affect the provision of Regional Transmission Service over the PTF.

(f) Treatment of Market Responses in Needs Assessments

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

In performing Needs Assessments, the ISO shall rely on certain resources to prevent the identification of system needs. Specifically, the ISO shall incorporate or update information regarding future resources, with the exception of imports across external tie lines, in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored request for proposals, (iii) have a financially binding obligation pursuant to a contract, or (iv) have been forecast in the ISO's Forecast Report of Capacity, Energy, Loads and Transmission. The ISO shall also incorporate or update information regarding all existing resources, with the exception of imports across external tie lines, in Needs Assessments. Imports across future or 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 represented by a minimum flow based on HQ Interconnection Capability Credits. The ISO will model out-of-service all submitted Retirement De-List Bids, submitted Permanent De-List Bids, and demand bids that have cleared in a substitution auction, and may model out-of-service rejected-for-reliability Static De-List Bids and rejected-for-reliability Dynamic De-List Bids from the most recent Forward Capacity Auction. With respect to having been selected in, and being contractually bound by a state-sponsored request for proposals, or having a financially binding obligation pursuant to a contract, demonstration of such contracts is accomplished through submittal for ISO review of an order or other similar authorization from the appropriate state regulatory agency, along with a copy of the contract, that together demonstrate the contractual requirements. These documents may be submitted by: the Project Sponsor; the state regulatory

agency authorizing the contract; a transmission company that is a counterparty to the contract; or by a third-party organization representing the interests of the New England states regarding energy related issues, such as NESCOE. The ISO shall incorporate or update information regarding a proposed Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff), a commercial operation date has been ascertained, and for which the certification has been accepted in accordance with Section III.12 of the Tariff. In the case where the Elective Transmission Upgrades are proposed in conjunction with the interconnection of a resource, these Elective Transmission Upgrades shall be considered at the same time as the proposed resource is considered in the Needs Assessment provided that the studies corresponding to the Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff), a commercial operation date has been ascertained, and for which the certification has been accepted in accordance with Section III.12 of the Tariff.

(g) Needs Assessment Support

For the development of the Needs Assessments, the ISO will coordinate with the PTOs and the Planning Advisory Committee to support the ISO's performance of Needs Assessments. To facilitate this support, the ISO will post on its website the models, files, cases, contingencies, assumptions and other information used to perform Needs Assessments. The ISO may establish requirements that any PTO or member of the Planning Advisory Committee must satisfy in order to access certain information used to perform Needs Assessments, due to ISO New England Information Policy and CEII constraints. The ISO may ask PTOs or Planning Advisory Committee members with special expertise to provide technical support or perform studies required to assess one or more potential needs that will be considered in the Needs Assessments process. These entities will provide, and the ISO will post on its website, the models, files, cases, contingencies, assumptions and other information used by those entities to perform studies. The ISO will post the draft results of any such Needs Assessment studies on its website. The ISO will convene meetings open to any representative of an entity that is a member of the Planning Advisory Committee to facilitate input on draft Needs Assessments studies and the inputs to those studies prior to the ISO's completion of a draft Needs Assessment report to be reviewed by the entire Planning Advisory Committee pursuant to Section 4.1(i) of this Attachment. All

provisions of this subsection (g) relating to the provision and sharing of information shall be subject to the ISO-NE Information Policy.

(h) Input from the Planning Advisory Committee

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

(i) Publication of Needs Assessment and Response Thereto

The ISO shall report the results of Needs Assessments to the Planning Advisory Committee, subject to CEII constraints. Needs Assessments containing CEII will be posted on the ISO's password-protected website consistent with Section 2.4(d) of this Attachment. Needs Assessments will identify high-level functional requirements and characteristics for regulated transmission solutions and market responses that can meet the needs described in the assessment. Where the ISO forecasts that a solution is needed to solve reliability criteria violations in three years or less from the completion of a Needs Assessment, and the requirements of Section 4.1(j) of this Attachment have been met or where there is only one Phase One Proposal submitted in response to a request for proposal issued under Sections 4.3(a) of this Attachment or only one proposed solution that is selected to move on as a Phase Two Solution, the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment. Where the forecast year of need for a solution that is likely to be a Reliability Transmission Upgrade is more than three years from the completion of a Needs Assessment, the ISO will conduct a solution process based on a two-stage competitive solution process, as described in Section 4.3 of this Attachment.

(j) Requirements for Use of Solutions Studies Rather than Competitive Solution Process for Projects Based on Year of Need

The following requirements must be met in order for the ISO to use Solutions Studies in the circumstances described in Section 4.1(i) based on the solution's year of need:

(i) The ISO shall separately identify and post on its website an explanation of the reliability criteria violations and system conditions that the region has a time-sensitive need to solve within three years of the completion of the relevant Needs Assessment. The explanation shall be in sufficient detail to allow stakeholders to understand the need and why it is time-sensitive.

(ii) In deciding whether to utilize Solutions Studies, such that the regulated transmission solution will be developed through a process led by the ISO and built by the PTO(s), the ISO shall:

(A) Provide to the Planning Advisory Committee and post on its website a full and supported written description explaining the decision to designate a PTO as the entity responsible for construction and ownership of the reliability project, including an explanation of other transmission or non-transmission options that the region considered but concluded would not sufficiently address the immediate reliability need, and the circumstances that generated the reliability need and an explanation of why that reliability need was not identified earlier.

(B) Provide a 15-day period during which comments from stakeholders on the posted description may be sent to the ISO, which comments will be posted on the website, as well.

(iii) The ISO shall maintain and post on its website a list of prior year designations of all projects in the limited category of transmission projects for which the PTO(s) was designated as the entity responsible for construction and ownership of the project following the performance of Solutions Studies. The list must include the project's need-by date and the date the PTO(s) actually energized the project, i.e., placed the project into service. The ISO shall file such list with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year, when applicable.

4.2 Evaluation of Regulated Transmission Solutions in Solutions Studies, Where Competitive Solution Process of Section 4.3 Is Not Applicable

The procedures described in this Section 4.2 shall be utilized for the evaluation of regulated transmission solutions for reliability needs where the requirements of Sections 4.1(i) and/or (j) of this Attachment are satisfied. Otherwise, the procedures of Section 4.3 shall be utilized for that purpose.

(a) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies for Reliability Transmission Upgrades

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

The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the solutions for the region that offer the best combination of electrical performance, cost, future system expandability, and feasibility to meet a need identified in a Needs Assessment in the required time frame. These solutions may differ from a transmission solution proposed by a transmission owner.

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

(b) Notice of Initiation of a Solutions Study

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

(c) Classification of Regulated Transmission Solutions as Reliability Transmission Upgrades

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

(d) Evaluation Factors Used for Identification of the Preferred Solution

Factors to be considered during the evaluation process for identification of the preferred solution may include, but are not limited to, the following which are listed in no particular order:

- Installed cost;
- 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; and
- Impact on NPCC Bulk Power System classification.

(e) Identification of the Preferred Solution and Inclusion of Results of Solutions Studies for Reliability Transmission Upgrades in the RSP

The results of Solutions Studies related to Reliability Transmission Upgrades will be reported to the Planning Advisory Committee. After receiving feedback from the Planning Advisory Committee, the ISO will identify the preferred solution. The ISO will inform the appropriate Transmission Owners in writing regarding the identification of the preferred solution.

Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) 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.

(f) Cancellation of a Solutions Study

The ISO may cancel a Solutions Study 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 Solutions Study development shall be recovered pursuant to Section 3.6(c) of this Attachment.

4.3 Competitive Solution Process for Reliability Transmission Upgrades

(a) Initiating the Competitive Solution Process

The ISO will publicly issue a request for proposal for which, pursuant to Section 4.1(i) of this Attachment, a competitive solution process will be utilized. The request for proposal will indicate that a Qualified Transmission Project Sponsor may submit an individual or joint Phase One Proposal(s) offering a solution that addresses the identified needs or address a subset of those needs. In the case where a joint Phase One Proposal is submitted, all parties must be Qualified Transmission Project Sponsors. A Qualified Transmission Project Sponsor may propose a comprehensive solution to address the identified needs, or a subset thereof, 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 Qualified 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 "unsponsored") 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 unsponsored 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 unsponsored project. If only one Qualified Transmission Project Sponsor expresses interest, the ISO shall designate it as the Qualified Transmission Project Sponsor. If more than one Qualified Transmission Project Sponsor expresses interest, the Planning Advisory Committee member shall select the Qualified Transmission Project Sponsor. In either case, the designated Qualified Transmission Project Sponsor shall thereafter comply 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 property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K requires a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

(c) Information Required for Phase One Proposals; Study Deposit; Timing

Phase One Proposals shall provide the following information:

(i) a detailed description of the proposed solution, in the manner specified by the ISO, including an identification of the proposed route for the solution and technical details of the project, such as interconnection into the existing transmission system;

(ii) a detailed explanation of the identified needs that are addressed, how the proposed solution addresses those identified needs, a description of those needs which have not been addressed, and a description of the impact of the Phase One Proposal on those needs which have not been addressed;

(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 installed costs of the proposed solution, including a high-level itemization of the components of the cost estimate and any cost containment or cost cap measures.

With each proposal, the submitting Qualified Transmission Project Sponsor must include payment of a $100,000 study deposit per submitted Phase One Proposal to support the cost of Phase One Proposal and Phase Two Solution study work by the ISO. The study deposit of $100,000 shall be applied towards the costs incurred by the ISO associated with the study of the Phase One Proposal and Phase Two Solution.

Phase One Proposals must be submitted by the deadline specified in the public posting by the ISO of the request for proposal described in Section 4.3(a) of this Attachment, which shall not be less than 60 days from the posting date of the request for proposal. The ISO may reject submittals which are insufficient or not adequately supported.

(d) LSP Coordination

Qualified Transmission Project Sponsors of Phase One Proposals shall also identify any LSP plans that require coordination with their Phase One Proposals.

(e) Review of Phase One Proposals by ISO

If any identified need is only solved by the Backstop Transmission Solution, the ISO shall proceed under Section 4.2 of this Attachment, rather than pursuant to the procedures set forth in the remainder of this Section 4.3.

If all of the identified needs are solved by more than one Phase One Proposal, the ISO shall perform a review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4.3(c) of this Attachment;

(ii) satisfies one or more of the needs as identified in Section 4.3(c)(ii);

(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 evaluation of the proposed Phase One Proposals. This identification and notification will occur prior to the publication by the ISO of any Phase One Proposals. In providing information under this subsection (f), or in Phase Two Solutions, the Qualified Transmission Project Sponsor may not modify its project materially or submit a new project, but instead may clarify its Phase One Proposal. Phase Two Solutions reflecting a material modification to a Phase One Proposal or representing a new project will be rejected.

(g) Listing of Qualifying Phase One Proposals or Groups of Phase One Proposals

The ISO will provide the Planning Advisory Committee with, and post on the ISO's website, a listing of Phase One Proposals that meet the criteria of Section 4.3(e). The listing will contain Phase One Proposals, either individually or as a group, that solve all of the identified needs. A meeting of the Planning Advisory Committee will be held thereafter in order to solicit stakeholder input on the listing, and the listed proposals. The ISO with input from the Planning Advisory Committee may exclude Phase One Proposals, from the list, and from consideration in Phase Two Solutions, based on a determination that the Phase One Proposal is not competitive with other Phase One Proposals, that have been submitted in terms of cost, electrical performance, future

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 Solutions; Identification and Reporting of Preliminary Preferred Phase Two Solution

Qualified Transmission Project Sponsors of Phase One Proposals reflected on the final listing developed pursuant to Section 4.3(g) of this Attachment shall provide the following information in their proposed Phase Two Solutions:

(i) updates of the information provided in Phase 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 Phase Two Solution and their respective durations, and possible constraints;

(iv) project schedule, with additional detail compared with Phase One Proposals, as specified by the ISO;

(v) detailed cost component itemization and life-cycle cost including any clarifications to cost containment or cost cap measures that were not included as part of the Phase One Proposal;

(vi) description of the financing being used;

(vii) design and equipment standards to be used;

(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 preliminary preferred Phase Two Solution. These factors may include, but are not limited to, the following which are listed in no particular order:

- 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 and appropriate financial arrangements set forth in the Tariff (and, as applicable, the TOA and NTDOA), all prudently incurred costs associated with developing a Phase Two Solution. 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 listed Phase One Proposal proposed by any other Qualified Transmission Project Sponsor.

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, 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 Phase Two Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Within 30 days of receiving notification pursuant to Section 4.3(j) of this Attachment, each Qualified Transmission Project Sponsor that is part of the joint proposal shall submit to the ISO its acceptance of responsibility to proceed with the preferred Phase Two Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Any cost cap or cost containment provisions shall be included in each Selected Qualified Transmission Project Sponsor Agreement.

(l) Failure to Proceed

If the ISO finds, after consultation with a PTO Qualified Transmission Project Sponsor(s), that one or more of the Qualified Transmission Project Sponsors is failing to pursue approvals or construction in a reasonably diligent fashion, the ISO will notify all Qualified Transmission Project Sponsors that one or more of the Qualified Transmission Project Sponsors is failing to pursue approvals or construction in a reasonably diligent fashion. The Qualified Transmission Project Sponsor(s) that is failing to pursue approvals or construction in a reasonably diligent fashion will have 60 days from the ISO's notification to reassign a portion or all of the preferred Phase Two Solution to another Qualified Transmission Project Sponsor in accordance with Section 8 of the Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). In the event that such reassignment does not occur within 60 days, the ISO shall require the applicable PTO(s) to execute the Selected Qualified Transmission Project Sponsor Agreement and implement the Backstop Transmission Solution pursuant to Schedule 3.09(a) of the Transmission Operating Agreement. In such cases the ISO shall prepare a report explaining why it has reassigned the project. If the Qualified Transmission Project Sponsor that is failing or unable to proceed is a PTO, the report shall be consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement, including the ISO's proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report (whether with respect to a PTO or non-PTO Qualified Transmission Project Sponsor) with the Commission.

(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 as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by those Public Policy Requirements. A meeting of the Planning Advisory Committee may be held for this purpose. Members of the Planning Advisory Committee shall direct all such input related to state, federal, and local Public Policy Requirements that drive transmission needs to the ISO and the ISO will post such input on the ISO's website. By no later than May 1 of that year, NESCOE may submit to the ISO in writing a request for a new Public Policy Transmission Study, or an update of a previously conducted study. The request will identify the Public Policy Requirements identified as driving transmission needs relating to the New England Transmission System, and may identify particular NESCOE-identified public policy-related transmission needs as well. Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by state or federal Public Policy Requirements the ISO will evaluate for potential solutions in the regional planning process, including why other suggested transmission needs will not be evaluated. The ISO will post the NESCOE request and explanation on the ISO's website. If NESCOE does not provide that listing of identified transmission needs (which may consist of a NESCOE statement of its determination that no transmission needs are driven by state or federal Public Policy Requirements identified during the stakeholder process) and that explanation (which may consist of a NESCOE explanation of why 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.

4A.1.1 Study of Federal Public Policy Requirements Not Identified by NESCOE; Local Public Policy Requirements

If a stakeholder believes that a federal Public Policy Requirement that may drive transmission needs relating to the New England Transmission System has not been appropriately addressed by NESCOE, it may file with the ISO, no later than 15 days after the posting of NESCOE's explanation as described in Section 4A.1 of this Attachment, a written request that explains the stakeholder's reasoning and that seeks reconsideration by the ISO of NESCOE's position regarding that requirement. The ISO will post the stakeholder's written request on the ISO's website. Where the ISO agrees with a stated stakeholder position, or on its own finding, the ISO may perform an evaluation under Sections 4A.2 through 4A.4 of this Attachment of a federal Public Policy Requirement not otherwise identified by NESCOE. The ISO will post on its website an explanation of those transmission needs driven by federal Public Policy Requirements not identified by NESCOE that will be evaluated for potential transmission solutions in the regional system planning process, and why other suggested transmission needs driven by federal Public Policy Requirements not identified by NESCOE will not be evaluated. In addition, the ISO will post on its website an explanation of those transmission needs driven by local Public Policy Requirements that will be evaluated for potential transmission solutions in the regional system planning process, and why other suggested transmission needs driven by local Public Policy Requirements will not be evaluated.

4A.2 Preparation for Conduct of Public Policy Transmission Studies; Stakeholder Input

Upon receipt of the NESCOE request, or as the result of the ISO's consideration of a federal or local Public Policy Requirement pursuant to Section 4A.1.1, the ISO will prepare and post on its website a proposed scope for the Public Policy Transmission Study, and associated parameters 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 ISO may − as a follow-on phase of the Public Policy Transmission Study − perform more detailed analysis and engineering work on the high-level concepts.

(b) Treatment of Market Solutions in Public Policy Transmission Studies

The ISO shall reflect proposed market responses in the Public Policy Transmission Study. Market responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation), Merchant Transmission Facilities and Elective Transmission Upgrades.

In performing Public Policy Transmission Studies, the ISO shall rely on certain resources to prevent the identification of transmission needs driven by Public Policy Requirements. Specifically, the ISO shall incorporate in the Public Policy Transmission Study information regarding future resources, with the exception of imports across external tie lines, that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored request for proposals, (iii) have a financially binding obligation pursuant to a contract, or (iv) have been forecast in the ISO's Forecast Report of Capacity, Energy, Loads and Transmission. The ISO shall also incorporate or update information regarding all existing resources, with the exception of imports across external tie lines, in Public Policy Transmission Studies. Imports across future or 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 represented by a minimum flow based on HQ Interconnection Capability Credits. The ISO will model out-of-service all submitted Retirement De-List Bids, submitted Permanent De-List Bids, and demand bids that have cleared in a substitution auction, and may model out-of-service rejected-for-reliability Static De-List Bids and rejected-for-reliability Dynamic De-List Bids from the most recent Forward Capacity Auction. With respect to having been selected in, and being contractually bound by a state-sponsored request for proposals, or having a financially binding obligation pursuant to a contract, demonstration of such contracts is accomplished through submittal for ISO review of an order or other similar authorization from the appropriate state regulatory agency, along with a copy of the contract, that together demonstrate the contractual requirements. These documents may be submitted by: the Project Sponsor; the state regulatory agency authorizing the contract; a transmission company that is a counterparty to the contract; or by a third-party organization representing the interests of the New England states regarding energy related issues, such as NESCOE. The ISO shall incorporate information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Public Policy Transmission Study at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff), and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Public Policy Transmission Study.

4A.4 Response to Public Policy Transmission Studies

The results of the Public Policy Transmission Study will be provided to the Planning Advisory Committee and posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for the ISO on those results, including any updates from the states on any methods by which they are satisfying their respective Public Policy Requirements included in the Public Policy Transmission Study. The ISO's costs of performing the Public Policy Transmission Study described in Section 4A.3 will be collected by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff. Any prudently incurred PTO costs for assistance requested by the ISO to support the Public Policy Transmission Study will be

recovered by the applicable PTO(s) in accordance with Attachment F and Schedule 21 of the Tariff.

The ISO will evaluate the input from the Planning Advisory Committee and provide the results of the Public Policy Transmission Study to Qualified Transmission Project Sponsors for their use in preparing Stage One Proposals to develop, build and operate one or more projects consistent with the general design requirements identified by the ISO in the study.

4A.5 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 property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K requires a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

4A.6 Stage One Proposals

(a) Information Required for Stage One Proposals

The ISO will publicly post on its website a request for proposal inviting, for each high-level general project concept identified by the ISO pursuant to Section 4A.3(a) above, Qualified Transmission Project Sponsors to submit (by the deadline specified in the request for proposal, which shall be not less than 60 days from the date of posting the request for proposal) an individual or joint Stage One Proposal. In the case where a joint Stage One Proposal is submitted, all parties must be Qualified Transmission Project Sponsors. The following information must be provided as part of the Stage one Proposal:

(i) a detailed description of the proposed solution, in the manner specified by the ISO, including an identification of the proposed route for the solution and technical details of the project, such as interconnection into the existing transmission system;

(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 installed costs of the proposed solution, including a high-level itemization of the components of the cost estimate, and any cost containment or cost cap measures.

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 Qualified 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 member of the Planning Advisory Committee that is not a Qualified Transmission Project Sponsor but would like the ISO to consider a Stage One Proposal reflecting its concept for a project in response to a request for proposal (that is, a project that is "unsponsored") must identify a Qualified Transmission Project Sponsor willing to submit a corresponding Stage One Proposal and Stage Two Solution (and to develop and construct the project, if selected in the competitive solution process) in order for the unsponsored project to be submitted in response to an ISO solicitation in Stage One Proposal. Upon request of 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 unsponsored project. If only

one Qualified Transmission Project Sponsor expresses interest, the ISO shall designate it as the Qualified Transmission Project Sponsor. If more than one Qualified Transmission Project Sponsor expresses interest, the Planning Advisory Committee member shall select the Qualified Transmission Project Sponsor. In either case, the designated Qualified Transmission Project Sponsor shall thereafter comply 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 Stage One Proposal.

With each proposal, the submitting Qualified Transmission Project Sponsor must include payment of a $100,000 study deposit per submitted project to support the cost of Stage One Proposal and Stage Two Solution study work by the ISO. The study deposit of $100,000 shall be applied towards the costs incurred by the ISO associated with the study of the Stage One Proposal and Stage Two Solution.

(b) LSP Coordination

Qualified Transmission Project Sponsors of Stage One Proposals shall also identify any LSP plans that require coordination with their Stage One Proposals.

(c) Review of Stage One Proposals by ISO

Upon receipt of Stage One Proposals, the ISO shall perform a review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.6(a);

(ii) satisfies the needs driven by Public Policy Requirements identified in the request for proposal, as reflected in the Public Policy Transmission Study;

(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.

(d) Proposal Deficiencies; Further Information

If the ISO identifies any deficiencies (compared with the requirements of Section 4A.6(a)) in the information provided in connection with a proposed Stage One Proposal, the ISO will notify the Stage One Proposal Qualified Transmission Project Sponsor and provide an opportunity for the Qualified Transmission Project Sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, Qualified Transmission Project Sponsors of Stage One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions. This identification and notification will occur prior to the publication by the ISO of any Stage One Proposals. In providing information under this subsection (d), or in Stage Two Solutions, the Qualified Transmission Project Sponsor may not modify its project materially or submit a new project, but instead may clarify its project. Stage Two Solutions reflecting a material modification to a Stage One Proposal or representing a new project will be rejected.

(e) List of Qualifying Stage One Proposals

The ISO will provide the Planning Advisory Committee with, and post on the ISO's website, a list of Stage One Proposals that meet the criteria of Section 4A.6(c). A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for the ISO on that list. The ISO shall also indicate whether any of the Stage One Proposals may also satisfy identified reliability needs of the system. The ISO with input from the Planning Advisory Committee may exclude Stage One Proposals from the list, and from consideration in Stage Two Solutions, based on a determination that the Stage One Proposal is not competitive with other Stage One Proposals that have been submitted in terms of cost, electrical performance, future system expandability, or feasibility. Information on Stage 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.

4A.7 Reimbursement of Stage One Proposal and Stage Two Solution Costs; Collection and Refund of ISO Study Costs

Qualified Transmission Project Sponsors that are requested by NESCOE in writing or by one or more states' governors or regulatory authorities directly to submit a Stage One Proposal shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and the TOA, their prudently incurred costs from the Regional Network Load of the states identified by NESCOE in the written communication as having made the request or from the Regional Network Load of the states that made the request directly. Stage One Proposal costs shall otherwise not be subject to recovery under the ISO Tariff.

Qualified Transmission Project Sponsors whose projects are listed by the ISO pursuant to Section 4A.6(e) shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and, as applicable, the TOA and NTDOA, all prudently incurred costs associated with developing a Stage Two Solution. 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 listed Stage Two Solution proposed by any other Qualified Transmission Project Sponsor.

Any difference between a Qualified Transmission Project Sponsor's study deposit and the actual cost of the Stage One Proposal and Stage Two Solutions 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 Tariff.

4A.8 Information Required for Stage Two Solutions; Identification and Reporting of Preliminary Preferred Stage Two Solution

Qualified Transmission Project Sponsors of Stage One Proposals listed pursuant to Section 4A.6(e) of this Attachment shall provide the following information in their proposed Stage Two Solutions:

(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 containment or cost cap measures that were not included as part of the Stage One Proposal;

(vi) description of the financing being used;

(vii) design and equipment standards to be used;

(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 Stage 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.

Stage Two Solutions must be submitted to the ISO by the deadline specified in the posting of the final listing (following stakeholder input) of Stage One Proposals described in Section 4A.6(e). The deadline for submittal of Stage Two Solutions shall not be less than 60 days from the posting date of the final listing. The ISO may reject Stage Two Solution submittals which are insufficient or not adequately supported.

The ISO will consider several factors during the evaluation process for identification of the preliminary preferred Stage Two Solution. These factors may include, but are not limited to, the following which are listed in no particular order:

- 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

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

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.

(b) Execution of Selected Qualified Transmission Project Sponsor Agreement

Within 30 days of its receiving notification pursuant to Section 4A.9(a) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO its acceptance of responsibility to proceed with the preferred Stage Two Solution by execution of the Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Within 30 days of receiving notification pursuant to Section 4A.9(a) of this Attachment, each Qualified Transmission Project Sponsor that is part of the joint proposal shall submit to the ISO its acceptance of responsibility to proceed with the preferred Stage Two Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Any cost cap or cost containment provisions shall be included each Selected Qualified Transmission Project Sponsor Agreement.

(c) Failure to Proceed

If the ISO finds, after consultation with a Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that one or more of the Qualified Transmission Project Sponsors is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report, including a proposed course of action. If the Qualified Transmission Project Sponsor that is failing or unable to proceed is a PTO, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement, including the ISO's proposed course of action. The proposed course of action may include, for example, a consideration and selection of another Stage Two Proposal relating to the pertinent Public Policy Requirement, or the re-solicitation of Stage One Proposals to meet the pertinent Public Policy Requirement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO

shall file its report (whether with respect to a PTO or a non-PTO Qualified Transmission Project Sponsor) with the Commission.

4A.10 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 solutions development shall be recovered pursuant to Sections 3.6(c) and 4A.7 of this Attachment.

4A.11 Local Public Policy Transmission Upgrades

The costs of Local Public Policy Transmission Upgrade(s) that are required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan in accordance with Section 4A.9 shall be allocated in accordance with Schedule 21 of the ISO OATT.

4B. Qualified Transmission Project Sponsors

4B.1 Evaluation of Applications

The ISO will evaluate applications submitted by an entity that seeks to qualify as a sponsor of a proposed Reliability Transmission Upgrade, System Efficiency Transmission Upgrade, Public Policy Transmission Upgrade, or Longer-Term Transmission Upgrade.

4B.2 Information To Be Submitted

The application to be submitted to the ISO by an entity desiring to be a Qualified Transmission Project Sponsor will include the following information:

(i) the current and expected capabilities of the applicant to finance and construct a Reliability Transmission Upgrade, System Efficiency Transmission Upgrade, Public Policy Transmission Upgrade, or Longer-Term Transmission Upgrade, and operate and maintain it for the life of the project;

(ii) the financial resources of the applicant;

(iii) the technical and engineering qualifications and experience of the applicant;

(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 in provision of the information required by Section 4B.2 of this Attachment. An applicant notified of deficiencies must provide any remedial information within 30 calendar days of the receipt of such notice. Thereafter, the ISO will determine whether the applicant is physically, technically, legally, and financially capable of constructing a Reliability Transmission Upgrade, System Efficiency Transmission Upgrade, Public Policy Transmission Upgrade, or Longer-Term Transmission Upgrade in a timely and competent manner, and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project, and use its best efforts to inform the applicant within 90 days from the date on which it has a completed application on file with the ISO whether it has met all of these criteria. A PTO determined by the ISO to meet all of these criteria will be deemed a Qualified Transmission Project Sponsor. A non-PTO entity determined by the ISO to meet all of these criteria will, upon its execution of the Non-incumbent Transmission Developer Operating Agreement (in the form specified in Attachment O of the OATT) and the Market Participant Service Agreement, be deemed a Qualified Transmission Project Sponsor.

4B.4 List of Qualified Transmission Project Sponsors

Qualified Transmission Project Sponsors are listed in Appendix 3 of this Attachment K.

4B.5 Annual Certification

Each Qualified Transmission Project Sponsor shall submit to the ISO annually a certification that the information initially submitted in response to Section 4B.2 of this Attachment K has not changed adversely in a material fashion, or (if a material adverse change has occurred in the

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 or a System Efficiency Needs Assessment pursuant to Section 17 of this Attachment, shall supply, as required by the Tariff, the Participants Agreement, MPSAs, applicable transmission operating agreements, and/or other existing agreements, protocols and procedures, or upon request by the ISO, and subject to required CEII and confidentiality protections as specified in Section 2.4 of this Attachment, any information (including cost estimates) and data that is reasonably required to prepare an RSP or perform a Needs Assessment, Solutions Study, or any other study performed under this Attachment K.

6. Regional, Local and Interregional Coordination

6.1 Regional Coordination

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

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

6.2 Local Coordination

The regional system planning process shall be conducted and the 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 Sections 4.2, 4.3, 4A (as applicable), or 17 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 located, the corresponding New England regional transmission project(s) will be displaced in the circumstances described in Section 3.6(a) of this Attachment, and the costs of the Interregional Transmission Project will be allocated among the regions based on the formula provided in Schedule 15 of this OATT, or in accordance with another funding arrangement filed with and accepted by the Commission. The amount of the costs of an Interregional Transmission Project allocated as the responsibility of New England pursuant to the methodology referenced in Section 6.3(a) of this Attachment shall be allocated within New England as specified in Schedule 15 of the ISO OATT.

(b) Other Interregional Assessments and Other Interregional Transmission Projects

Interregional system assessments and/or interregional system expansion planning studies may be performed periodically by the ISO with Planning Authorities who are not parties to the Northeastern Planning Protocol, or with the JIPC pursuant to Section 6 of the Northeastern Planning Protocol, or both. The ISO shall convene periodic meetings of the Planning Advisory Committee (which may be combined with meetings of the IPSAC), to provide input and feedback to the ISO concerning such assessments and studies. To the extent that an Interregional Transmission Project is agreed to by ISO and by another region (not a Party to the Northeastern Planning Protocol) in which a portion of the project is located, the related cost allocation and operating agreements will be filed with the Commission (and, as applicable, with Canadian jurisdictional agencies) in accordance with existing filing rights.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

No less often than once every three years, the ISO shall initiate an effort to develop its RSP and solicit input on regional system needs for the RSP from the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section 2 of this Attachment. The ISO shall issue the periodic planning reports that support the RSP, such as Needs Assessments, as those reports are completed.

7.2 Draft RSP; Public Meeting

The ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

After the ISO has provided a draft of the RSP to the Planning Advisory Committee, the ISO shall issue a second draft of the RSP to be presented by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the results of any Needs Assessment, and corresponding Solutions Studies, performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion, to receive input directly and to discuss any proposed revisions to the RSP. The final recommended RSP shall be presented to the ISO Board of Directors and shall be acted on by the ISO Board of Directors within 60 days of receipt. The foregoing timeframes are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee.

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

(a) Action by ISO Board of Directors on RSP

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

(b) Requests For Alternative Proposals

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

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

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

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

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

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

report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such Open Access Transmission Tariff Section II – Attachment 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 limited designated key decision points in the regional transmission planning process for PTF. Procedural challenges will be limited to whether or not the steps taken up to a designated key decision point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a designated key decision point was supported by adequate basis in fact.

The designated key decision points for Reviewable Determinations shall be limited to the following:

(i) Results of a Needs Assessment or a System Efficiency Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Sections 4.1 or 17 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 and in System Efficiency Needs Assessments as specified in Section 17 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

Transmission Owner, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

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

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

12.7 Notice of Dispute Resolution Process Results

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

13. Rights Under The Federal Power Act

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

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 impact the transmission system's ability to reliably transfer energy in the planning horizon. Each annual assessment will identify those portions of the New England system, along with the associated interface boundaries, that should be considered in the assessment of Capacity Zones to be modeled in the Forward Capacity Market pursuant to ISO Tariff Section III.12. This report will be posted on the ISO website.

Each annual assessment will model out-of-service resources associated with the following bids, if the ISO determines the removal of the resource is likely to have an impact on the transmission transfer limits for the relevant period: Retirement De-List Bids, Permanent De-List Bids, demand bids submitted for the 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 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 of the Tariff). The results of the CRPS will inform the Cluster Study and Transitional Cluster Study entry process and requirements for Interconnection Requests for Generating Facilities and Elective Transmission Upgrades that the System Operator determines need the CETU to meet the standards described in Sections 3.2.1 and 3.2.2 Schedules 22, 23, and 25 of Section II of the Tariff.

15.2 Preparation for Conduct of CRPS; Stakeholder Input

The purpose of the CRPS shall be to identify the new transmission infrastructure and any associated system upgrades to enable the interconnection of potentially all of the resources that fall under the interconnection circumstances described in Section 4.2.1 of Schedule 22, Section 4.2.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff. The ISO will prepare and post on its website, consistent with Section 2.4(d) of this Attachment K, a proposed scope of the CRPS and associated parameters and assumptions, and provide the foregoing to the Planning Advisory Committee. 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 CRPS's scope, 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 interconnection circumstances that it has identified pursuant to Section 4.2.1 of Schedule 22, Section 4.2.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff. In addition, the ISO will identify, to the extent practicable: (i) the Interconnection Requests, to be referenced by Queue Position, that have experienced the interconnection circumstances described in Section 4.2.1 of Schedule 22, Section 4.2.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff and would need new transmission infrastructure to enable their interconnection, 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 that have previously been submitted 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 the ISO consider the conduct of a CRPS for certain described interconnection circumstances. In response to such a request, the ISO will either develop a notice of initiation of a CRPS pursuant to Section 15.1 of this Attachment K, or identify, in writing, to the Planning Advisory Committee why the interconnection circumstances described in Section 4.2.1 of Schedule 22, Section 4.2.1 of Schedule 23, and Section 4.2.1 of Schedule 25 of Section II of the Tariff are not present.

15.3 Conduct of the CRPS

The CRPS will consist of analyses performed under the conditions used in the conduct of a Cluster 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 to the Planning Advisory Committee.

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

promptly thereafter in order to discuss the results of the CRPS. A comment period will follow the Planning Advisory Committee meeting. The ISO will post on its website any comments received and the ISO's responses to those comments.

The CRPS report will provide:

(i) a planning level description of the CETU(s) and a non-binding good faith order-of-magnitude estimate, developed by the applicable Transmission Owner(s), of the costs for the CETU(s);

(ii) a list of other facilities that may be needed in addition to the CETU(s) and a non-binding good faith order-of-magnitude estimate, developed by the applicable Transmission Owner(s), of the costs for those facilities (the CRPS will not provide descriptions of expected Interconnection Facilities for specific Interconnection Requests in the cases where the Interconnection Facilities cannot be finalized until the actual Interconnection Requests that will be moving forward in the cluster are known); and

(iii) the approximate megawatt quantity (or quantities if more than one level of megawatt injection was studied in the CRPS) of resources that could be interconnected in a manner that meets the Network Capability Interconnection Standard and the Capacity Capability Interconnection Standard in accordance with Schedules 22, 23 and 25 of Section II of the Tariff.

The non-binding good faith order-of-magnitude estimates under Section 15.4(i)-(ii) of this Attachment will be developed by the applicable Transmission Owner(s), and the costs of developing such estimates shall be recovered in the same manner as the costs incurred by the ISO in conducting the CRPS.

The final CRPS will be posted on the ISO's website, consistent with Section 2.4 (d) of this Attachment K.

16. Procedures for the Conduct of Longer-Term Transmission Studies and Evaluation of Longer-Term Transmission Upgrades

This Section 16 sets forth the procedures for the ISO's conduct of Longer-Term Transmission Studies and evaluation of Longer-Term Transmission Upgrades. These procedures supplement, and are not intended to replace, other study processes provided in this Attachment K. The costs incurred by the ISO in consulting or providing technical support, performing the Longer-Term Transmission Study and any follow-on study, and conducting the solicitation process for Longer-Term Transmission Upgrades (excluding any costs incurred by the ISO associated with the evaluation of Longer-Term Proposals) shall be recovered pursuant to Schedule 1 of Section IV.A of the Tariff.

16.1 Request for Longer-Term Transmission Studies

The ISO, at its sole discretion, may collaborate with and provide technical support to NESCOE or the New England states in connection with the states' procurements, and efforts to secure federal funding for transmission investments. In addition, NESCOE may submit a written request for the ISO to conduct a Longer-Term Transmission Study to identify high-level concepts of transmission infrastructure and, if requested, high-level cost estimates that could meet State-identified Requirements specified in the request based on state-identified scenarios and timeframes, which may extend beyond the five-to-ten year planning horizon. A request for a Longer-Term Transmission Study may be submitted to the ISO no earlier than six months from conclusion of the prior cycle, which includes Longer-Term Transmission Studies, follow-on studies, and any associated competitive solicitation. The Longer-Term Transmission Study request shall identify the State-identified Requirements that serve as the basis of the request; the proposed objectives of the study; and the scenarios and timeframe(s) proposed for use in the study.

16.2 Preparation for Conduct of the Longer-Term Transmission Studies; Stakeholder Input

Upon receipt of a request for a Longer-Term Transmission Study from NESCOE, the ISO will post the request on the ISO's website. A meeting of the Planning Advisory Committee will be held promptly thereafter for NESCOE to present the Longer-Term Transmission Study request. NESCOE will then provide the ISO written confirmation of the specific scenarios to be analyzed in the study, together with the specific information to facilitate the conduct of the study, including, but not limited to: assumptions, types and location of new resource development, location of new loads and load serving stations, and injection points or geographic zones. The ISO will then develop a scope of work that may be performed, and post on the ISO's website the Longer-Term Transmission Study's proposed scope of work, associated parameters, and assumptions. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input on the study's scope, parameters, and assumptions.

Members of the Planning Advisory Committee shall direct all such input related to the Longer-Term Transmission Study's scope, parameters, and assumptions to the ISO for consideration by the ISO and NESCOE, as applicable. Depending on the scope and objectives of a Longer-Term Transmission Study request, the ISO may request information to support consideration of new loads in the study. The ISO will provide the final scope of work for the Longer-Term Transmission Study to NESCOE for confirmation, and once written confirmation is received, will post the final scope of work on the ISO's website.

16.3 Conduct of the Longer-Term Transmission Study; Follow-on Studies; Stakeholder Input

The ISO, in consultation with NESCOE, will perform the Longer-Term Transmission Study, supplemented by third-party consultants as necessary. The ISO may ask Participating Transmission Owners or Planning Advisory Committee members with special expertise to provide technical support or assist in the performance of the study. The study will consist of transmission system analysis to be performed under the conditions specified in the confirmed scope of work. If the ISO identifies a need to 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, in consultation with NESCOE, will prepare a Longer-Term Transmission Study report and post it on the ISO's website. The report will identify the overview of transmission system limitations and the high-level concepts of transmission infrastructure and, if requested, associated cost estimates, required to solve the longer-term issues identified in the study based on the state-identified scenarios and timeframe. Members of the Planning Advisory Committee shall direct all such input related to the Longer-Term Transmission Study report to the ISO for consideration by the ISO and NESCOE, as applicable.

NESCOE may submit a written request for the ISO to perform follow-on studies based on the results of the Longer-Term Transmission Study. In its request, NESCOE will provide the ISO specific scenarios to be analyzed in the follow-on study, together with specific information to facilitate the conduct of the study, including, but not limited to scope, parameters and assumptions. Upon receipt of the request for a follow-on study, the ISO will post the request for a follow-on study on the ISO's website and a meeting of the Planning Advisory Committee will be held promptly thereafter for NESCOE to present the follow-on study request. NESCOE will then provide the ISO written confirmation of the specific scenarios to be analyzed in the follow-on study, together with the specific information to facilitate the conduct of the study, including, but not limited to scope, parameters and assumptions. The ISO will then develop a scope of work that may be performed and post on the ISO's website the follow-on study's proposed scope of work, associated parameters, and assumptions. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input on the study's scope, parameters, and assumptions. Members of the Planning Advisory Committee shall direct all such input related to the follow-on study's scope, parameters, and assumptions to the ISO for consideration by the ISO and NESCOE, as applicable. The ISO will provide the final scope of work for the follow-on study to 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 system 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 system 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 system 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 system 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 system efficiency needs shall be addressed pursuant to Sections 4.3 or 17.12 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 system efficiency need, the ISO shall initiate the process under Section 17.12 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, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K requires a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

(d) Information Required for Longer-Term Proposals; Study Deposit; Timing

The following information must be provided as part of the Longer-Term Proposal:

(i) detailed description of the proposed solution, in the manner specified by the ISO, including an identification of the proposed route for the solution and technical details of the project, such as interconnection into the existing transmission system;

(ii) detailed explanation of how the proposed solution addresses the identified need(s);

(iii) list of required major Federal, State and local permits

(iv) proposed schedule, including key high-level milestones, for development, siting, procurement of real estate rights, permitting, construction and completion of the proposed solution;

(v) 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;

(vi) description of the authority the Qualified Transmission Project Sponsor(s) has to acquire necessary rights of way;

(vii) experience of the Qualified Transmission Project Sponsor(s) in acquiring rights of way;

(viii) description of construction sequencing, a conceptual plan for the anticipated transmission and generation outages necessary to construct the proposed solution and their respective duration, and possible constraints;

(ix) detailed cost component itemization and life-cycle cost, including cost containment or cost cap measures;

(x) description of the financing being used;

(xi) design and equipment standards to be used;

(xii) detailed explanation of project feasibility and potential constraints and challenges;

(xiii) 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

(xiv) detailed explanation of potential future expandability.

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 Qualified 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.

With each proposal, the submitting Qualified Transmission Project Sponsor must include payment of a $100,000 study deposit per submitted Longer-Term Proposal to support the cost of Longer-Term Proposal evaluation by the ISO. The study deposit of $100,000 shall be applied toward the costs incurred by the ISO associated with the evaluation of the Longer-Term Proposal. Any difference between a Qualified Transmission Project Sponsor's study deposit and the actual

cost of the evaluation of a Longer-Term Proposal 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.

Longer-Term Proposals must be submitted by the deadline specified in the public posting by the ISO of the request for proposal. The ISO may reject submittals which are insufficient or not adequately supported.

(e) LSP Coordination

Qualified Transmission Project Sponsors of Longer-Term Proposals shall also identify any LSP plans that require coordination with their Longer-Term Proposals.

(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.

(g) Proposal Deficiencies; Further Information

If the ISO identifies any minor deficiencies (compared with the requirements of Section 16.4(d)) in the information provided in connection with a Longer-Term Proposal, the ISO will notify the Qualified Transmission Project Sponsor that submitted the Longer-Term Proposal and provide an opportunity for the Qualified Transmission Project Sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, Qualified Transmission Project Sponsors of Longer-Term Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions. In providing information under this subsection (g), the Qualified Transmission Project Sponsor may not modify its project materially or submit a new project, but instead may clarify its Longer-Term Proposal.

(h) Identification and Reporting of Preliminary Preferred Longer-Term Transmission Solution; Stakeholder Input

The ISO will identify the Longer-Term Transmission Solution that offers the best combination of electrical performance, cost, future system expandability and feasibility to comprehensively address all of the needs in the timeframes specified in the request for proposal(s) as the preliminary preferred Longer-Term Transmission Solution in response to each request for proposal.

The ISO will consider several factors during the evaluation process for identification of the preliminary preferred Longer-Term Transmission Solution. These factors may include, but are not limited to, the following which are listed in no particular order:

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

The ISO will determine the financial benefits associated with Longer-Term Proposals that meet the needs identified in the request for proposal(s) and are competitive in terms of electrical 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 Threshold; NESCOE Response

In the event that no Longer-Term Proposal meets the benefit-to-cost ratio threshold, the ISO will present its findings to the Planning Advisory Committee. In the absence of a Longer-Term Proposal that meets the benefit-to-cost ratio threshold, the ISO will not identify a preliminary

preferred Longer-Term Transmission Solution, but will make a recommendation on a Longer-Term Proposal. Members of the Planning Advisory Committee may provide comments to the ISO on its findings, and the ISO will provide and post on its website responses to written comments. If, after considering stakeholder input, the ISO determines that no Longer-Term Proposal meets the benefit-to-cost ratio threshold, the ISO will cancel the request for proposal in accordance with Section 16.6 of this Attachment K after the 15th day from the posting of the ISO's responses on the website.

Notwithstanding any other provision of this Attachment K, the ISO will not cancel the request for proposal in accordance with Section 16.6 of this Attachment K if, by the 15th day from the posting of the ISO's responses on the website, the ISO receives a written communication from NESCOE: (a) accepting the ISO recommended Longer-Term Proposal, identifying the New England states, individually or jointly, that have agreed to voluntarily fund the costs of that Longer-Term Proposal in excess of those eligible for treatment as Regional Benefit Upgrades pursuant to Schedule 12 of the OATT, and identifying the manner in which those excess costs shall be allocated among the states identified in the communication, or (b) identifying up to three 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 Proposal is eligible for NESCOE's identification as a preferred Longer-Term Proposal if the ISO, at its sole discretion, has determined that it addresses all the needs in the timeframes specified in the request for proposal(s) and is viable. The ISO will cancel the request for proposal in accordance with Section 16.6 of this Attachment K after 15 days from posting the Planning Advisory Committee's input, unless the ISO receives a written communication from NESCOE identifying a preferred Longer-Term Proposal, the New England states, individually or jointly, that have agreed to voluntarily fund the costs of that Longer-Term Proposal in excess of those eligible for treatment as Regional Benefit Upgrades pursuant to Schedule 12 of the OATT, and identifying the manner in which those excess costs shall be allocated among the states identified

in the communication, in which case, the ISO will proceed in accordance with Section 16.8 of this Attachment K.

16.5 Where the Greater than 1.0 Benefit-to-Cost Ratio Threshold has Been Met: Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List; Milestone Schedule; Removal from RSP Project List

(a) Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List

If the ISO does not receive a written NESCOE communication requesting that the ISO terminate the process or providing an alternative cost allocation within the 30 day period specified in 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 include the project as a Longer-Term Transmission Upgrade in the Regional System Plan or RSP Project List, as 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 process should proceed in accordance with Section 16.5(b) or terminate in accordance with Section 16.6 of this Attachment K. If the written NESCOE communication provides for the process to proceed, then the ISO will notify the Qualified Transmission Project Sponsor and PTO and include the project as a Longer-Term Transmission Upgrade in the Regional System Plan or RSP Project List, as it is updated from time to time in accordance with this Attachment. If the written NESCOE communication requests termination of the process, the ISO shall terminate the process pursuant to Section 16.6 of this Attachment.

Costs for the Longer-Term Transmission Upgrade included in the Regional System Plan or RSP Project List shall be allocated in accordance with Section 10 of Schedule 12 to this OATT.

(b) Execution of Selected Qualified Transmission Project Sponsor Agreement

If the ISO does not receive a written NESCOE communication requesting that the ISO terminate the process or providing an alternative cost allocation pursuant to Section 16.4(i) of this Attachment, within 30 days of receiving notification pursuant to Section 16.5(a) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO its acceptance of responsibility to proceed with the preferred Longer-Term Transmission Solution by execution of the Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Within 30 days of receiving notification pursuant to Section 16.5(a) of this Attachment, each Qualified Transmission Project Sponsor that is part of the joint proposal shall submit to the ISO its acceptance of responsibility to proceed with the preferred Longer-Term Transmission Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Any cost cap or cost containment provisions shall be included in each Selected Qualified Transmission Project Sponsor Agreement.

If the ISO receives a written NESCOE communication providing an alternative cost allocation pursuant to Section 16.4(i) of this Attachment, within 30 days of the ISO's notification to the Qualified Transmission Project Sponsor that NESCOE has elected to proceed, the Qualified Transmission Project Sponsor shall submit to the ISO its acceptance of responsibility to proceed with the preferred Longer-Term Transmission Solution by execution of the Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Within 30 days of the ISO's notification to the Qualified Transmission Project Sponsor that NESCOE has elected to proceed, each Qualified Transmission Project Sponsor that is part of the joint proposal shall submit to the ISO its acceptance of responsibility to proceed with the preferred Longer-Term Transmission Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Any cost cap or cost containment provisions shall be included in each Selected Qualified Transmission Project Sponsor Agreement.

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 Longer-Term Transmission Solution proposed by any other Qualified Transmission Project Sponsor.

Notwithstanding the foregoing, a PTO is not precluded from recovering, pursuant to the applicable rates and appropriate financial arrangements set forth in the Tariff and the TOA, all prudently incurred costs associated with meeting its obligations to plan and maintain its Transmission Facilities as defined in Section 2.01 of the TOA.

(c) Failure to Proceed

If the ISO finds, after consultation with a Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that one or more of the Qualified Transmission Project Sponsors is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report, including a proposed course of action. If the Qualified Transmission Project Sponsor that is failing or unable to proceed is a PTO, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement, including the ISO's proposed course of action. The proposed course of action may include, for example, a consideration and selection of another Longer-Term Proposal, or the re-solicitation of Longer-Term Proposals. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report (whether with respect to a PTO or a non-PTO Qualified Transmission Project Sponsor) with the Commission.

16.6 Cancellation of a Longer-Term Transmission Study; Cancellation of a Request for Proposal

The ISO may cancel a Longer-Term Transmission Study process or a request for proposal at any time. Such cancellation may be due, but is not limited to, new or different assumptions which may change or eliminate the identified needs. The ISO shall cancel a Longer-Term Transmission Study process or a request for proposal if requested to do so in a written NESCOE communication.

16.7 Local Longer-Term Transmission Upgrades

The costs of Local Longer-Term Transmission Upgrade(s) that are required in connection with the construction of a Longer-Term Transmission Upgrade approved for inclusion in the Regional System Plan in accordance with Section 16.5(a) of this Attachment K shall be allocated in accordance with Schedule 21 of the OATT.

16.8 Where the Greater than 1.0 Benefit-to-Cost Ratio Threshold has not been Met: Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List; Milestone Schedule; Removal from RSP Project List

(a) Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List

Upon receipt of a written NESCOE communication identifying a preferred Longer-Term Proposal pursuant to Section 16.4(j) of this Attachment K, the ISO will notify the Qualified Transmission Project Sponsor that proposed the Longer-Term Proposal that its project has been selected for development as the preferred Longer-Term Transmission Solution and the PTO that has upgrades required by the preferred Longer-Term Transmission Solution, and provide them the written NESCOE communication identifying the New England states that have voluntarily agreed to fund costs in excess of those eligible for treatment as Regional Benefit Upgrades pursuant to Schedule 12 of this OATT and the agreed-to allocation for the excess costs. 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 cost allocation, NESCOE will provide the ISO a communication specifying whether the process should proceed in accordance with Section 16.8(b) or terminate in accordance with Section 16.6 of this Attachment K. If the written NESCOE communication provides for the process to proceed, then the ISO will notify the Qualified Transmission Project Sponsor and PTO and include the project as a Longer-Term Transmission Upgrade in the Regional System Plan or RSP Project List, as it is updated from time to time in accordance with this Attachment. If the written NESCOE communication requests termination of the process, the ISO shall terminate the process pursuant to Section 16.6 of this Attachment.

Costs for the Longer-Term Transmission Upgrade included in the Regional System Plan or RSP Project List shall be allocated in accordance with Section 10 of Schedule 12 to this OATT.

(b) Execution of Selected Qualified Transmission Project Sponsor Agreement

Within 30 days of the ISO's notification to the Qualified Transmission Project Sponsor that NESCOE has elected to proceed under Section 16.8(a) of this Attachment K, the Qualified Transmission Project Sponsor shall submit to the ISO its acceptance of responsibility to proceed with the preferred Longer-Term Transmission Solution by execution of the Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Within 30 days of the ISO's notification to the Qualified Transmission Project Sponsor that NESCOE has elected to proceed under Section 16.8(a) of this Attachment K, each Qualified Transmission Project Sponsor that is part of the joint proposal shall submit to the ISO its acceptance of responsibility to proceed with the preferred Longer-Term Transmission Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Any cost cap or cost containment provisions shall be included in each Selected Qualified Transmission Project Sponsor Agreement.

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 Longer-Term Transmission Solution proposed by any other Qualified Transmission Project Sponsor.

Notwithstanding the foregoing, a PTO is not precluded from recovering, pursuant to the applicable rates and appropriate financial arrangements set forth in the Tariff and the TOA, all prudently incurred costs associated with meeting its obligations to plan and maintain its Transmission Facilities as defined in Section 2.01 of the TOA.

(c) Failure to Proceed

If the ISO finds, after consultation with a Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that one or more of the Qualified Transmission Project Sponsors is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report, including a proposed course of action. If the Qualified Transmission Project Sponsor that is failing or unable to proceed is a PTO, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement, including the ISO's proposed course of action. The proposed course of action may include, for example, a consideration and selection of another Longer-Term Proposal, or the re-solicitation of Longer-Term Proposals. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report (whether with respect to a PTO or a non-PTO Qualified Transmission Project Sponsor) with the Commission.

17. Procedures for the Conduct of Economic Studies; System Efficiency Needs Assessment; Competitive Solution Process for System Efficiency Transmission Upgrades

This Section 17 sets forth the procedures for the ISO's conduct of Economic Studies, including the System Efficiency Needs Assessment and the competitive solution process for System Efficiency Transmission Upgrades.

17.1 Overview

The Economic Study process shall be used to identify system efficiency issues on the PTF portion of the New England Transmission System and, as applicable, evaluate competitive solutions to alleviate identified system efficiency needs. The process will also provide information to facilitate the evaluation of economic and environmental impacts of New England regional policies, federal policies, and various resource technologies on satisfying future resource needs in the region.

17.2 Economic Study Reference Scenarios

The ISO shall develop and study the following four reference scenarios. The ISO shall consult with, and consider the input from, the Planning Advisory Committee on the scope, parameters, and assumptions used in modeling the scenarios described in this Section 17.2.

(a) Benchmark Scenario

The purpose and scope of the Benchmark Scenario is to improve the economic planning model and associated assumptions and criteria used in the other scenarios by comparing it against historical performance of the system in the previous year and adjusting the assumptions and model accordingly. This scenario will help identify any modeling issues in the base set of input data.

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 system efficiency issues resulting from a Benchmark Scenario shall not be evaluated as a system efficiency need against the factors and metrics in Section 17.9 of this Attachment.

(b) System Efficiency Needs Scenario

The purpose and scope of the System Efficiency Needs Scenario is to identify system efficiency needs of the PTF portion of the New England Transmission System. The System Efficiency Needs Scenario shall be evaluated in accordance with Section 17.9 of this Attachment.

The model used for the System Efficiency Needs Scenario shall be the updated base case from the Benchmark Scenario and forecasted out to the ten-year planning horizon year at the time of the initiation of the System Efficiency Needs Assessment using assumptions in Section 17.10 of this Attachment and Section B.1 of Attachment N.

The study year shall be year N+10 and the simulation length shall be one year for the System Efficiency Needs Scenario.

(c) Policy Scenario

The purpose and scope of the Policy Scenario is to identify long-term trends and illustrate possible future system efficiency issues resulting from the New England states' energy policies and goals, among others (e.g., federal legislation, state legislation, or utility renewable portfolio standard targets). The policies and goals selected for the Policy Scenario shall be 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 range of years when relevant New England and other applicable energy policies and goals are in 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 from the initiation of the System Efficiency Needs Assessment and cover the deadlines for achieving all applicable goals and policies. The study simulation length shall be multiple years.

The results from studying a Policy Scenario shall be used for informational purposes only. Any identified system efficiency issues resulting from a Policy Scenario shall not

be evaluated as a system efficiency need against the factors and metrics in Section 17.9 of this Attachment.

(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 and then forecasted out to a year with assumptions requested by the stakeholders and agreed upon by the ISO.

The study year shall be dependent on the requested scenario and the simulation length shall be one year.

The results from studying a Stakeholder-Requested Scenario shall be used for informational purposes only. Any identified system efficiency issues resulting from a Stakeholder-Requested Scenario shall not be evaluated as a system efficiency need against the factors and metrics in Section 17.9 of this Attachment.

17.3 Frequency, Initiation, and Schedule

The Economic Study process shall be conducted at least once every three years and at most once every two years. The process shall be initiated for the first time under this Section 17 in January 2024.

Each Economic Study cycle shall be initiated by the ISO providing the Planning Advisory Committee with notice that the ISO will be initiating the process for the Economic Study cycle. The ISO shall provide to the Planning Advisory Committee the schedule for the Economic Study cycle within three months of initiating the process. The schedule shall include dates for the ISO's collection, and stakeholders' submission, of data to be used in the studies, the preparation of models, the completion of studies, and the issuance of study results. The schedule shall include a one-month period for stakeholders to submit proposals for the Stakeholder-Requested Scenario. If the Economic Study cycle and potential resulting competitive request for proposals process cannot be completed within the initial schedule, the

ISO shall notify stakeholders of such, provide a revised estimated completion date, and provide an explanation of the reason or reasons why the additional time is required.

17.4 Preparation of the Economic Study Reference Scenarios and Stakeholder Sensitivity Requests

The ISO shall prepare and post on its website a proposed scope for the scenarios described in Section 17.2, and the associated parameters and assumptions. The ISO shall either provide the Planning Advisory Committee with notice that the ISO posted the information or send the information itself to the Planning Advisory Committee after it is posted. A Planning Advisory Committee meeting will be held thereafter to solicit stakeholder input for consideration by the ISO on the study's scope, parameters, and assumptions.

Following the analyses, runs, and presentation of the results of the Economic Study reference scenarios described in Section 17.2, stakeholders may request, and the ISO may propose, additional sensitivities to test the effect of a specific change to input assumptions. The sensitivities shall be limited to a single theme or category of changes to allow for better understanding of the causal effect of the change to the results. The ISO shall prioritize and list the sensitivities that can be completed during the Economic Study cycle taking into consideration the impact of the additional efforts on the ISO resources and other priorities.

Results from studies conducted with stakeholder-requested scenario sensitivities shall be used for information purposes only. Any identified system efficiency issues resulting from a study with a stakeholder-requested scenario sensitivity shall not be evaluated as a system efficiency need against the factors and metrics in Section 17.9 of this Attachment.

17.5 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.

17.6 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 utilization of the base economic evaluation model specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the integration of new resources or loads, or both, on an aggregate or regional basis. The scope, assumptions, and deliverables shall be agreed to by the ISO and the stakeholder requesting the study. The notice and schedule initiating the Economic Study process described in Section 17.3 shall include the dates for submitting requests for studies under this Section 17.6.

The ISO may hire a consultant to conduct the analysis, and the entity requesting the study shall be responsible for the ISO's costs for study administration, study analysis, and consultants used to perform the study.

The ISO shall provide an estimated cost and duration to each stakeholder that requests an Economic Study. Each stakeholder that requests a study under this Section 17.6 shall provide written confirmation with the ISO that the stakeholder would like the ISO to proceed with conducting the study after receiving the estimated cost and duration for the study it requested.

The results from studies conducted pursuant to this Section 17.6 shall be used for informational purposes only. Any identified system efficiency issues resulting from studies conducted pursuant to this Section 17.6 shall not be evaluated as a system efficiency need against the factors and metrics in Section 17.9 of this Attachment.

17.7 Cost Recovery

The costs of the Economic Study process described in Sections 17.1 through 17.5 shall be recovered by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff. The costs of Economic Studies performed by the ISO under Section 17.6 of this Attachment shall be paid for by the stakeholder requesting the study.

17.8 Coordination with PTOs

The PTOs shall coordinate with the ISO in the performance of the Economic Study process pursuant to and as described in Section 5 of this Attachment.

17.9 System Efficiency Needs Assessment

The ISO shall use the System Efficiency Needs Scenario, factors in Section 17.10 of this Attachment and Section B.1 of Attachment N to identify instances where system efficiency production cost savings at a given part of the system are equal to or greater than $4.3 million/year on the PTF portion of the New England Transmission System and, as applicable, identify system efficiency needs on the PTF portion of the New England Transmission System.

All of the system efficiency issues and associated benefits of relieving those issues will be documented in a System Efficiency Needs Assessment conducted pursuant to Section 17 of this Attachment.

Any system efficiency production cost savings equal to or greater than $4.3 million/year determined using the factors in Section 17.10 of this Attachment and Section B.1 of Attachment N will be identified as system efficiency needs, and a request for proposal or multiple requests for proposals will be issued to initiate the competitive solution process for System Efficiency Transmission Upgrades to address the identified system efficiency need or needs pursuant to Section 17.12 of this Attachment.

17.10 Treatment of Market Responses in System Efficiency Needs Assessments

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

In performing System Efficiency Needs Assessments, the ISO shall incorporate or update information regarding future resources, with the exception of imports across external tie lines, in System Efficiency Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored request for proposals, (iii) have a financially binding obligation pursuant to a contract, or (iv) have been forecast in the ISO's Forecast Report of Capacity, Energy, Loads and Transmission. The ISO shall also incorporate or update information regarding all existing resources, with the exception of imports across external tie lines, in System Efficiency Needs Assessments. For imports, if a tie line from an external area has an associated energy contract, the minimum energy interchange will be respected. Otherwise, imports and exports will be reflective of the least cost economic dispatch. The ISO will model out-of-service all submitted Retirement De-List Bids, submitted Permanent De-List Bids, and demand

bids that have cleared in a substitution auction, and may model out-of-service rejected-for-reliability Static De-List Bids and rejected-for-reliability Dynamic De-List Bids from the most recent Forward Capacity Auction. With respect to having been selected in, and being contractually bound by a state-sponsored request for proposals, or having a financially binding obligation pursuant to a contract, demonstration of such contracts is accomplished through submittal for ISO review of an order or other similar authorization from the appropriate state regulatory agency, along with a copy of the contract, that together demonstrate the contractual requirements. These documents may be submitted by: the Project Sponsor; the state regulatory agency authorizing the contract; a transmission company that is a counterparty to the contract; or by a third-party organization representing the interests of the New England states regarding energy related issues, such as NESCOE. The ISO shall incorporate or update information regarding a proposed Elective Transmission Upgrade in a System Efficiency Needs Assessment at a time after the studies corresponding to the Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff), a commercial operation date has been ascertained, and for which the certification has been accepted in accordance with Section III.12 of the Tariff. In the case where the Elective Transmission Upgrades are proposed in conjunction with the interconnection of a resource, these Elective Transmission Upgrades shall be considered at the same time as the proposed resource is considered in the System Efficiency Needs Assessment provided that the studies corresponding to the Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff), a commercial operation date has been ascertained, and for which the certification has been accepted in accordance with Section III.12 of the Tariff.

17.11 System Efficiency Needs Assessment Support

For the development of System Efficiency Needs Assessments, the ISO will coordinate with the PTOs and the Planning Advisory Committee to support the ISO's performance of System Efficiency Needs Assessments. To facilitate this support, the ISO will post on its website the models, files, cases, contingencies, assumptions and other information used to perform System Efficiency Needs Assessments. The ISO may establish requirements that any PTO or member of the Planning Advisory Committee must satisfy in order to access certain information used to perform System Efficiency Needs Assessments, due to ISO New England Information Policy and CEII constraints. The ISO may ask PTOs or Planning Advisory Committee members with special expertise to provide technical support or perform studies required to assess one or more potential needs that will be considered in the System Efficiency Needs

Assessments process. These entities will provide, and the ISO will post on its website, the models, files, cases, contingencies, assumptions and other information used by those entities to perform studies. The ISO will post the draft results of any such System Efficiency Needs Assessment studies on its website. The ISO will receive input on draft System Efficiency Needs Assessment studies from the Planning Advisory Committee prior to finalizing System Efficiency Needs Assessments.

17.12 Competitive Solution Process for System Efficiency Transmission Upgrades

(a) Initiating the Competitive Solution Process

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 System Efficiency Transmission Upgrade offering a solution that addresses the minimum threshold of needs identified in the request. The request for proposal will indicate that a Qualified Transmission Project Sponsor may submit an individual or joint System Efficiency Transmission Upgrade Proposal(s). In the case where a joint proposal is submitted, all parties must be Qualified Transmission Project Sponsors.

(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 property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K requires a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

(c) Information Required for System Efficiency Transmission Upgrade Proposals; Study Deposit; Timing

The following information must be provided as part of the System Efficiency Transmission Upgrade Proposal:

(i) detailed description of the proposed solution, in the manner specified by the ISO, including an identification of the proposed route for the solution and technical details of the project, such as interconnection into the existing transmission system;

(ii) detailed explanation of how the proposed solution addresses the identified need(s);

(iii) list of required major Federal, State and local permits

(iv) proposed schedule, including key high-level milestones, for development, siting, procurement of real estate rights, permitting, construction and completion of the proposed solution;

(v) 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;

(vi) description of the authority the Qualified Transmission Project Sponsor(s) has to acquire necessary rights of way;

(vii) experience of the Qualified Transmission Project Sponsor(s) in acquiring rights of way;

(viii) description of construction sequencing, a conceptual plan for the anticipated transmission and generation outages necessary to construct the proposed solution and their respective duration, and possible constraints;

(ix) detailed cost component itemization and life-cycle cost, including cost containment or cost cap measures;

(x) description of the financing being used;

(xi) design and equipment standards to be used;

(xii) detailed explanation of project feasibility and potential constraints and challenges;

(xiii) 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

(xiv) detailed explanation of potential future expandability.

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 Qualified 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.

With each proposal, the submitting Qualified Transmission Project Sponsor must include payment of a $100,000 study deposit per submitted System Efficiency Transmission Upgrade Proposal to support the cost of System Efficiency Transmission Upgrade Proposal evaluation by the ISO. The study deposit of $100,000 shall be applied toward the costs incurred by the ISO associated with the evaluation of the System Efficiency Transmission Upgrade Proposal. Any difference between a Qualified Transmission Project Sponsor's study deposit and the actual cost of the evaluation of a System Efficiency Transmission Upgrade Proposal 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.

System Efficiency Transmission Upgrade Proposals must be submitted by the deadline specified in the public posting by the ISO of the request for proposal. The ISO may reject submittals which are insufficient or not adequately supported.

(d) LSP Coordination

Qualified Transmission Project Sponsors of System Efficiency Transmission Upgrade Proposals shall also identify any LSP plans that require coordination with their System Efficiency Transmission Upgrade Proposals.

(e) Review of System Efficiency Transmission Upgrade Proposals

Upon receipt of System Efficiency Transmission Upgrade 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 17.12(c);

(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 System Efficiency Transmission Upgrade Proposal that satisfies the criteria specified in this Section 17.12(e), 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 System Efficiency Transmission Upgrade Proposals and their cost estimates.

(f) Proposal Deficiencies; Further Information

If the ISO identifies any minor deficiencies (compared with the requirements of Section 17.12(c) in the information provided in connection with a System Efficiency Transmission Upgrade Proposal, the ISO will notify the Qualified Transmission Project Sponsor that submitted the System Efficiency Transmission Upgrade Proposal and provide an opportunity for the Qualified Transmission Project Sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, Qualified Transmission Project Sponsors of System Efficiency Transmission Upgrade Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions. In providing information under this subsection (f), the Qualified Transmission Project Sponsor may not modify its project materially or submit a new project, but instead may clarify its System Efficiency Transmission Upgrade Proposal.

(g) Identification and Reporting of Preliminary Preferred System Efficiency Transmission Upgrade Solution; Stakeholder Input

The ISO will identify the System Efficiency Transmission Upgrade Solution that offers the best combination of electrical performance, cost, future system expandability and feasibility to

comprehensively address all of the needs in the timeframes specified in the request for proposal(s) as the preliminary preferred System Efficiency Transmission Upgrade Solution in response to each request for proposal.

The ISO will consider several factors during the evaluation process for identification of the preliminary preferred System Efficiency Transmission Upgrade Solution. These factors may include, but are not limited to, the following which are listed in no particular order:

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

The ISO will determine the financial benefits associated with System Efficiency Transmission Upgrade Proposals that meet the needs identified in the request for proposal(s) and are competitive in terms of electrical performance, cost, future system expandability and feasibility. These financial benefits will consider the following factors, which are listed in no particular order:

- Production cost savings;
- Avoided transmission costs; and

- Reduced transmission losses.

To be eligible for consideration as the preliminary preferred System Efficiency Transmission Upgrade Solution, the System Efficiency Transmission Upgrade Proposal must provide a benefit-to-cost ratio of greater than 1.0. System Efficiency Transmission Upgrade Proposals with a benefit-to-cost ratio of 1.0 or less shall not be eligible for consideration as the preliminary preferred System Efficiency Transmission Upgrade Solution. The benefit-to-cost ratio shall equal financial benefits divided by project costs. For the purpose of this calculation, financial benefits will be equal to the present value of one year's financial benefits for the project, ten years from the initiation of the System Efficiency Needs Assessment. For the purpose of this calculation, cost will be equal to the present value of the yearly carrying cost of the project for one year, ten years from the initiation of the System Efficiency Needs Assessment.

The ISO will report the preliminary preferred System Efficiency Transmission Upgrade Solution to the Planning Advisory Committee and seek input on the preliminary preferred System Efficiency Transmission Upgrade Solution. Members of the Planning Advisory Committee may provide comments to the ISO on the preliminary preferred System Efficiency Transmission Upgrade Solution.

(h) ISO Selection of Preferred System Efficiency Transmission Upgrade Solution

Following receipt of stakeholder input, the ISO will identify the preferred System Efficiency Transmission Upgrade 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 17.12(g) of this Attachment K. 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 14B.

(i) ISO Reporting Where No System Efficiency Transmission Upgrade Proposal Meets the Greater than 1.0 Benefit-to-Cost Ratio Threshold

In the event that no System Efficiency Transmission Upgrade Proposal meets the benefit-to-cost ratio threshold, the ISO will present its findings to the Planning Advisory Committee. In the absence of a System Efficiency Transmission Upgrade Proposal that meets the benefit-to-cost ratio threshold, the ISO

will not identify a preliminary preferred System Efficiency Transmission Upgrade Solution. Members of the Planning Advisory Committee may provide comments to the ISO on its findings, and the ISO will provide and post on its website responses to written comments. If, after considering stakeholder input, the ISO determines that no System Efficiency Transmission Upgrade Proposal meets the benefit-to-cost ratio threshold, the ISO will cancel the request for proposal in accordance with this Section of Attachment K.

(j) Cost Recovery

The costs incurred by the ISO in conducting the solicitation process for System Efficiency Transmission Upgrades (excluding any costs incurred by the ISO associated with the evaluation of System Efficiency Transmission Upgrade Proposals) shall be recovered pursuant to Schedule 1 of Section IV.A of the Tariff.

17.13 Where the Greater than 1.0 Benefit-to-Cost Ratio Threshold has Been Met: Inclusion of System Efficiency Transmission Upgrade in the Regional System Plan and RSP Project List; Milestone Schedule; Removal from RSP Project List

(a) Inclusion of System Efficiency Transmission Upgrade in the Regional System Plan and RSP Project List

The ISO will notify the Qualified Transmission Project Sponsor that proposed the preferred System Efficiency Transmission Upgrade Solution that its project has been selected for development, and include the project as a System Efficiency Transmission Upgrade in the Regional System Plan or RSP Project List, as it is updated from time to time in accordance with this Attachment. The preferred System Efficiency Transmission Upgrade 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 System Efficiency Transmission Upgrade Solution to proceed in accordance with Schedule 3.09(a) of the TOA.

(b) Execution of Selected Qualified Transmission Project Sponsor Agreement

Within 30 days of receiving notification pursuant to Section 17.13(a) of this Attachment, the Qualified Transmission Project Sponsor or each Qualified Transmission Project Sponsor that is part of a joint proposal shall submit to the ISO its acceptance of responsibility to proceed with the preferred System Efficiency Transmission Upgrade Solution by execution of a Selected Qualified Transmission Project Sponsor Agreement (Attachment P to the OATT). Any cost cap or cost containment provisions shall be included in each Selected Qualified Transmission Project Sponsor Agreement.

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 under Schedule 14B and, as applicable, the TOA and NTDOA, all prudently incurred cost associated with developing the System Efficiency 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 System Efficiency Transmission Upgrade proposed by any other Qualified Transmission Project Sponsor.

Notwithstanding the foregoing, a PTO is not precluded from recovering, pursuant to the applicable rates and appropriate financial arrangements set forth in the Tariff and the TOA, all prudently incurred costs associated with meeting its obligations to plan and maintain its Transmission Facilities as defined in Section 2.01 of the TOA.

(c) Failure to Proceed

If the ISO finds, after consultation with a Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that one or more of the Qualified Transmission Project Sponsors is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall, after consultation with the Planning Advisory Committee, prepare a report, including a proposed course of action. If the Qualified Transmission Project Sponsor that is failing or unable to proceed is a PTO, the ISO shall, after consultation with the Planning Advisory

Committee, prepare a report consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the TOA including the ISO's proposed course of action. The proposed course of action may include, for example, a consideration and selection of another System Efficiency Transmission Upgrade Proposal, or the re-solicitation of System Efficiency Transmission Upgrade Proposals. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report (whether with respect to a PTO or a non-PTO Qualified Transmission Project Sponsor) with the Commission.

17.14 Cancellation of a System Efficiency Transmission Upgrade Request for Proposal

The ISO may cancel a System Efficiency Transmission Upgrade request for proposal at any time. The reasons for such cancellation may be, but are not limited 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) and 17 of this Attachment.

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.

1.3 Role of the PTOs

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

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

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability or as Local Public Policy Transmission Upgrades, and shall reflect the results of such reviews within the limited geographical areas that pertain to the LSP, as determined by each PTO ("LSP Needs Assessments"), and corresponding system planning and expansion studies. The LSP Needs Assessments will be coordinated with the RSP and include the information that the ISO-NE incorporates into the RSP plans, as applicable. The proponents of regulated transmission proposals in response to LSP Needs Assessments shall also identify any RSP plans that require coordination with their regulated transmission proposals addressing the Non-PTF system needs.

The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

Each PTO shall consult with NESCOE and applicable states, local authorities and stakeholders to consider their views prior to including a Local Public Transmission Upgrade in its LSP, as described in Section 1.6.

Each PTO's LSP will be made available on a website for review by the Planning Advisory Committee, Transmission Customers and other stakeholders, subject to the ISO New England Information Policy and

CEII restrictions or requirements. The ISO's posting of the RSP and the RSP Project List will include links to each PTO's specific LSP posting.

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO. The LSP shall specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

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

1.5 Economic Studies

To the extent that the ISO selects any Economic Studies pursuant to Section 17 of Attachment K or otherwise performs Economic Studies that will impact Non-PTF, the PTOs will coordinate with the ISO in the performance of such Economic Studies.

1.6 Public Policy Studies

As part of the LSP process, each PTO will evaluate potential transmission solutions on its Non-PTF system that are likely to be both efficient and cost-effective for meeting Public Policy Requirements.

1.6A Process to Identify Public Policy Requirements Driving Non-PTF Transmission Needs

Within six months of publication, each PTO will review the Public Policy Requirements posted by the ISO to determine and evaluate at a high level any public policy needs potentially driving transmission needs on their respective Non-PTF systems. Such evaluations will also include potential public policy needs suggested by third parties. Each PTO will review NESCOE's written explanation 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. 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.

As part of the local planning process, each PTO will list the identified transmission needs on its non-PTF transmission system driven by state, federal, or local Public Policy Requirements that will be evaluated, and provide an explanation of why any identified transmission needs will not be evaluated as part of its LSP. The list will be posted in the PTO's LSP and presented at the annual PAC meeting. The PTO will seek input at the PAC meeting from stakeholders about whether further study is warranted to identify solutions for local transmission system needs and seek recommendations about whether to proceed with such studies. A stakeholder may provide written input on the list within 30 days from the date of presentation for consideration by the PTO. Each PTO will then confirm, or modify if appropriate, its determination of which identified transmission needs on its non-PTF transmission system driven by state, federal, or local Public Policy Requirements will be evaluated and which will not be evaluated, and revise its annual LSP accordingly. If the potential Non-PTF transmission needs identified would affect the Non-PTF facilities of more than one PTO, the affected PTOs will coordinate their efforts with other affected PTOs, as necessary.

1.6B Procedure for Evaluating Potential Public Policy Solutions on the Non-PTF

Once it has been determined that a non-PTF need driven by state, federal or local Public Policy Requirements will be evaluated, each PTO will prepare a scope and associated assumptions as part of a Public Policy Local Transmission Study. For those needs where a scope is available, a PTO may present the proposed scope for the Public Policy Local Transmission Study within its LSP and as part of its LSP presentation described in Section 1.6A. A stakeholder may provide written input to the scope within 30 days after the LSP presentation for the PTO to consider.

Each PTO will schedule a follow-up PAC meeting presentation for additional stakeholder input within 4 months after the PTO's LSP presentation as described in Section 1.6A if the proposed scope for a Public

Policy Local Transmission Study was not included in its annual LSP presentation. Within 30 days after the follow-up meeting, a stakeholder may provide written input to the scope for the PTO to consider. Subsequently, the PTO will determine the study scope for the Public Policy Local Transmission Study and revise its annual LSP.

In preparation of a Public Policy Local Transmission Study that will be presented to the PAC as part of the LSP for the following year, the PTO will undertake the following: First, the PTO will perform the initial phase of the Public Policy Local Transmission Study to develop an estimate of costs and benefits and post its preliminary results on a website. Second, the PTO will use good faith efforts to contact stakeholders and the appropriate state and/or local authorities informing them of the posting, requesting input on whether further study is warranted to identify solutions for local transmission system needs, and seeking recommendations about whether to proceed with further planning and construction of a Local Public Policy Transmission Upgrade. Each PTO will then make a determination of whether further study is warranted to identify solutions for local transmission system needs, or will select its final solution, and revise its annual LSP accordingly. If the potential Non-PTF transmission needs identified would affect the Non-PTF facilities of more than one PTO, the affected PTOs will coordinate their efforts with other affected PTOs, as necessary. Results of a Public Policy Local Transmission Study will be provided to the PAC as part of the LSP for the following year.

2. Posting of LSP Project List

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

3. Posting of Assumptions and Criteria

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

4. Cost Responsibility for Transmission Upgrades

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

5. LSP Dispute Resolution Procedures

5.1 Objective

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

5.2 Confidential Information and CEII Protections

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

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its dispute, as appropriate, under this LSP Dispute Resolution Process ("Disputing Party").

5.4 Scope

In order to ensure that the LSP transmission planning process set forth under this Appendix 1 moves expeditiously forward, the scope of issues that may be subject to the LSP Dispute Resolution Process under this Section 5 shall be limited to certain key procedural and substantive decisions made by the applicable PTO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of

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

(a) Reviewable Determinations:

The LSP determinations made by the applicable PTO that may be subject to the LSP Dispute Resolution Process under this Section 5 ("Reviewable LSP Determination") shall include certain procedural and substantive challenges at designated key decision points during the LSP transmission planning process for Non-PTF, 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 Advisory Committee as specified in this Appendix 1; and

(iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

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

5.5 Notice and Comment

A Disputing Party aggrieved by a PTO's Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO's presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

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

5.6 Dispute Resolution Procedure

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the Parties, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

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

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

5.7 Notice of Results of Dispute Resolution

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 5.6(b) or 5.6(c) of this Appendix 1, the PTO shall distribute to members of the Planning Advisory Committee a document reflecting the resolution.

5.8 Rights under the Federal Power Act:

Nothing in this Appendix 1 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT K APPENDIX 2

LIST OF ENTITIES ENROLLED IN THE TRANSMISSION PLANNING REGION

APPENDIX 2

ATTACHMENT K

LIST OF ENTITIES ENROLLED IN THE TRANSMISSION PLANNING REGION

The entities listed in this Appendix 2 are those enrolled for the purpose of participating as a transmission provider in the New England transmission planning region pursuant to Attachment K as of the date the revisions to this Appendix 2 were filed with the Commission. The most current list of entities enrolled for the purpose of participating as a transmission provider in the New England transmission planning region pursuant to Attachment K is available on the ISO-NE website. This Appendix 2 will be updated to reflect any subsequent enrollments as part of unrelated OATT filings at the time ISO-NE undertakes such unrelated filings.

Town of Braintree Electric Light Department
Central Maine Power Company
Chicopee Municipal Lighting Plant
The Connecticut Light and Power Company
Connecticut Municipal Electric Energy Cooperative
Connecticut Transmission Municipal Electric Energy Cooperative
Cross-Sound Cable Company, LLC
Fitchburg Gas and Electric Light Company
Green Mountain Power Corporation
The City of Holyoke Gas and Electric Department
Town of Hudson Light & Power Department
Maine Electric Power Company
Massachusetts Municipal Wholesale Electric Company
Town of Middleborough Gas & Electric Department
The Narragansett Electric Company d/b/a Rhode Island Energy
New England Electric Transmission Corporation
New England Energy Connection, LLC
New England Hydro-Transmission Corporation

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 TRANSMISSION PROJECT SPONSORS

The entities listed in this Appendix 3 are those approved by ISO-NE as Qualified Transmission Project Sponsors as of the date the revisions to this Appendix 3 were filed with the Commission. The most current list of entities approved as Qualified Transmission Project Sponsors is available on the ISO-NE website. This Appendix 3 will be updated to reflect any subsequent enrollments as part of unrelated OATT filings at the time ISO-NE undertakes such unrelated filings.

Anbaric Development Partners, LLC

Avangrid Networks, Inc.

Central Maine Power Company

Connecticut Transmission Municipal Electric Cooperative

Eversource Energy Transmission Ventures, Inc.

NGV US Transmission Inc.

Hudson Light and Power Department

LS Power Grid Northeast, LLC

Maine Electric Power Company

Massachusetts Municipal Wholesale Electric Company

Middleboro Gas & Electric Department

Narragansett Electric Company d/b/a Rhode Island Energy

New England Power Company

New Hampshire Transmission, LLC

Norwood Municipal Light Department

NSTAR Electric Company

PPL Translink, Inc.

Public Service Company of New Hampshire

Taunton Municipal Light Plant

The City of Holyoke Gas and Electric Department

The Connecticut Light and Power Company

Town of Braintree Electric Light Department

United Illuminating Company

Vermont Transco, LLC

Versant Power

Viridon New England LLC