

[Note: this started from “markup through 8/22/12” version]

DRAFT -- FOR STAKEHOLDER DISCUSSION

PURPOSES ONLY

AMENDED AND RESTATED

NORTHEASTERN ISO/RTO

-PLANNING COORDINATION PROTOCOL

- Formatted: Right**
- Style Definition: Heading 1:** (none), Tab stops: 0.5", List tab + Not at 0.25"
- Style Definition: Heading 2:** (none), Indent: Left: 0.69", Hanging: 0.5", Tab stops: 1.19", List tab
- Style Definition: Heading 3:** Font: Bold, (none), Keep with next
- Style Definition: Heading 4:** Font: Calibri, 14 pt, Bold, Font color: Auto, (none)
- Style Definition: Heading 5:** Font: Calibri, 13 pt, Bold, Italic, Font color: Auto, (none)
- Style Definition: Heading 6:** Font: Calibri, 10 pt, Bold, Font color: Auto, (none)
- Style Definition: Heading 7:** Font: Calibri, Font color: Auto, (none)
- Style Definition: Heading 8:** Font: Calibri, Italic, Font color: Auto, (none)
- Style Definition: Heading 9:** Font: (Default) Cambria, 10 pt, Font color: Auto, (none)
- Style Definition: Balloon Text:** Font: (Default) Times New Roman, 10 pt, (none)
- Style Definition: 00 Bullet List:** Indent: Left: 0.5", Hanging: 0.5", Space After: 6 pt, Tab stops: 1", List tab
- Formatted: Centered, Line spacing:** At least 46 pt

Formatted: Left

Formatted: Right

Formatted: Font: Bold

<u>5. Analysis of Long Term Firm Transmission Service Requests.....</u>	10
<u>6. Periodic Interregional Assessment</u>	12
<u>7. Identification and Evaluation of Potential Interregional Projects Pursuant to FERC Order 1000 Requirements.....</u>	12
<u>7.1 Annual JIPC Review.....</u>	12
<u>7.2 Data and Information Exchange</u>	12
<u>7.3 Analysis and Consideration of Interregional Transmission Projects.....</u>	13
<u>7.4 Stakeholder Consideration of Interregional Transmission Projects.....</u>	13
<u>8. Northeastern Coordinated System Plan (“NCSP”)</u>	13
<u>9. Cost Allocation</u>	13
<u>9.1 Costs of Approved Interregional Transmission Projects</u>	15
<u>9.2 Other Funding Arrangements</u>	16
<u>10. General Provisions.....</u>	16
<u>10.1 Dispute Resolution.....</u>	16
<u>10.2 Liability and Indemnity.....</u>	16
<u>10.3 Binding on Successors and Assigns.....</u>	18

Formatted: Right

Formatted: Height: 11"

1. Introduction

~~This protocol~~The Northeastern ISO/RTO Planning Coordination Protocol (“Protocol”) describes the foundation for processes and procedures through which coordination of system planning activities will be implemented by the ISOs and RTOs of the northeastern United States and Canada. The parties to this ~~protocol~~Protocol will be ~~the~~ PJM Interconnection, L.L.C. (“PJM”), the New York Independent System Operator ~~(, Inc. (“NYISO”),~~ and ISO New England ~~(Inc. (“ISO-NE). This document shall be binding on each party’s successors and assigns. The activities of the parties, as defined under this protocol, will be conducted in coordination with the Regional Reliability Councils of northeastern United States and eastern Canada (NPCCS! and MAAC). In addition, the protocol was developed with participation from—)~~ (collectively, “Parties” and individually, a “Party”), Ontario’s Independent Electricity Market Operator ~~(“IMO”),~~ Hydro-Quebec (TransEnergie) and New Brunswick Power. ~~These entities are not parties~~Parties to this ~~protocol~~Protocol but have ~~accepted~~agreed to participate, at their convenience, in the ~~Data~~data and ~~Information Exchange~~information exchange process ~~set forth in Section 3 of this Protocol,~~ and in regional planning studies for projects that may have ~~inter-area~~interregional impact to ensure better coordination in the development of the ~~Interconnected Power System~~interconnected power system. This could include participation in studies of ~~Interconnection Requests~~interconnection requests and studies of ~~Long Term Firm Transmission Service Requests~~long-term firm transmission service requests. The Canadian entities are not participating in any sharing ~~of~~of the costs, as proposed under this ~~protocol~~Protocol, of future system upgrades or modification.

~~The protocol describes~~This Protocol addresses the ~~committee structure~~processes and activities that is ~~established to coordinate inter-area~~are voluntarily, jointly engaged in by PJM, NYISO, and ISO-NE. It does not preclude or govern voluntary bilateral planning activities, ~~procedures for the exchange that may arise from time to time in the course of regional planning-related data and information, and the system planning analysis procedures that will.~~ In addition, any conflict between provisions of this Protocol and any more specific bilateral agreements of the Parties would be ~~utilized by the parties.~~ The primary purpose of this ~~protocol~~resolved in favor of the bilateral agreement provisions.

The overall goal of the Protocol is to contribute, ~~through coordinated planning,~~ to the on-going reliability and the enhanced operational and economic performance of the ~~systems~~Parties’ regions ~~through coordinated planning.~~

This Protocol describes:

- ~~structures and functions of the parties. This will be accomplished in two ways: First, committees that implement the parties will~~Protocol’s procedures (Section 2);
- ~~data and information to be exchanged among the Parties, and the procedures by which the exchange is undertaken (Section 3);~~
- ~~procedures utilized to coordinate the evaluation, on an on-going basis, of Tariff provided services, such as generation of certain interconnection, to recognize the impacts that result across the seams between systems. Second, the parties will produce, on a and transmission service requests (Sections 4 and 5);~~
- ~~procedures for conducting periodic basis, a Northeastern~~comprehensive interregional assessments (Section 6);

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

- procedures for identification and evaluation, pursuant to the requirements of FERC Order 1000, of potential interregional projects that can address regional needs in a manner that is more efficient or cost-effective than separate regional solutions (Section 7);
- contents of the Northeast Coordinated System Plan (“NCSP”) that integrates 1) the system plans of the parties, 2) on-going load growth and retirements or deactivations of infrastructure, 3) market-based additions to system infrastructure, such as generation or merchant transmission projects, 4) distributed resources, such as demand side and load response programs, and 5) transmission upgrades identified, jointly, by the parties to resolve seams issues or”) prepared pursuant to enhance the coordinated performance of Protocol (Section 8);
- means by which costs are allocated among the systems. Parties, including the costs of interregional projects approved under the procedures described in Section 7 (Section 9); and

Formatted: 00 Bullet List

~~The Parties agree that, to the extent that changes may be required in their respective tariffs to implement certain provisions of this protocol, they will use their best efforts to achieve the necessary approvals through their respective governance and regulatory processes. Until such tariff changes are enacted or in the event that one or more of the parties is unable to enact such tariff changes, the affected provisions of the protocol will not be implemented until it can be modified to ensure consistency with the tariffs of the parties.~~

- mechanisms for the resolution of disputes among the Parties and other general provisions (Section 10).

This Protocol is cross-referenced, with a brief overview and links to the Protocol, in each Party’s applicable FERC filed documents.

2. Committee Structure

This section defines the committee structures established in support of the comprehensive process of coordinating system planning activities through the ~~Northeastern ISO/RTO Planning Coordination~~ Protocol.

~~The protocol establishes:~~

The committee structures established under this Protocol include:

- a Joint ISO/RTO Planning Committee; and
- an ~~Inter-area~~Interregional Planning Stakeholder Advisory Committee, and.

~~a-~~

2.1 Joint ISO/RTO Planning Committee.

Formatted: Heading 2

~~Inter-area~~The Joint ISO/RTO Planning Committee (“JIPC”) is comprised of representatives of the Parties, and (a) coordinates interregional planning activities, (b) identifies and facilitates resolution of issues related to the interregional planning process, and (c) evaluates (with stakeholder input)

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

whether an interregional transmission project can meet regional needs more efficiently or cost-effectively than separate regional solutions. The JIPC shall be charged with the following responsibilities:

- Coordinating planning activities under this Protocol, including the development of procedures, the conduct of planning analyses, the identification and evaluation of interregional projects for regional consideration by each Party as required by FERC Order No. 1000 as described in Section 7 hereof, and the production of the NCSP;
- Communicating information related to the coordinated planning process, including identification and approval of a Party's materials produced under this Protocol to be posted on each other Party's website and maintenance of required e-mail lists; Information relating to interregional coordination and studies conducted in accordance with this Protocol will be clearly identified and posted on each Party's website subject to confidentiality and Critical Energy Infrastructure Information ("CEII") restrictions of each respective region;
- 2.1 Meeting, and holding joint meetings, with the Interregional Planning Stakeholder Advisory Committee - ("IPSAC"), on at least a semi-annual basis to review and coordinate system planning activities;
- The Facilitating the review by any federal or provincial agency of elements of the NCSP;
- Facilitating the review by multi-state entities, regional state committees, state, provincial, or other similarly situated entities, of new interregional transmission facility additions;
- Establishing a schedule for the rotation of responsibility for data management, coordination of stakeholder meetings, coordination of joint analysis activities, report preparation, and other activities;
- Pursuing opportunities for improving the effectiveness of interregional coordination efforts under the Protocol;
- Establishing, as appropriate, ad hoc committees to resolve specific interregional planning coordination issues. Such ad hoc committees may be comprised of representatives of the JIPC, the affected transmission owners, and other interested parties shall form an Inter-area (as described in Section 2.2); and
- Establishing working groups as necessary to provide adequate development and review of the NCSP. Where practical, the JIPC will utilize existing working group and committee structures in support of interregional planning activities.

Formatted: 00 Bullet List

Each Party shall name a representative and an alternate to the JIPC and a person with primary responsibility for all coordinated interregional system planning analyses performed under this Protocol.

The Chair of the JIPC will be rotated among the Parties. The Chair will be responsible for the administration of JIPC meetings.

Each Party shall be responsible for its own costs to support the activities of the JIPC.

Formatted: Right

Formatted: Font: Bold

~~2.2 Interregional Planning Stakeholder Advisory Committee- (IPSAC) for the~~

~~The IPSAC's purpose of allowing is to allow for stakeholder review of and input to: (a) coordinated interregional system planning activities by all stakeholder groups; (b) JIPC evaluation of proposed interregional transmission projects, including measures related to FERC Order No. 1000 pursuant to Section 7 hereof; and (c) modifications to the interregional coordination procedures reflected in this Protocol.~~

~~Initially, The members of the representatives to IPSAC include the existing ISO/RTO planning advisory committees will comprise the membership of the IPSAC. With respect to this protocol, in all cases, stakeholders may include the of the Parties, market participants within the regions of the parties Parties, governmental agencies, regional state committees, provincial entities, regional reliability councils, and any other parties party with an interest in the coordination of planning related to the northeastern ISO/RTOs. All such stakeholders may join being addressed by the IPSAC. With respect to the development of the NCSP, the Access to IPSAC will meet meeting confidentiality and CEII materials will be controlled as specified further in Section 3.6.~~

~~The IPSAC will meet:~~

- ~~• to provide input into the JIPC's review of regional needs and solutions to identify potential interregional facilities pursuant to FERC Order 1000 as specified in Section 7 hereof.~~
- ~~• prior to the start of each cycle of the coordinated planning process to review and provide input on the assumptions and scope of analysis and assumptions upon which the development of the NCSP will be based;~~
- ~~• following posting of the JIPC's draft evaluation of interregional projects proposed in the respective regional planning processes pursuant to FERC Order 1000 requirements, as discussed in Section 7 hereof; and~~
- ~~• at least once during the development of the NCSP to review and provide feedback on the preliminary results of the coordinated system planning analysis and to identify provide feedback on sensitivity analyses that may be required; and~~
- ~~• upon The IPSAC will be advised on completion of the NCSP to review the final results of the system planning analysis.~~

~~2.2 Joint ISO/RTO Planning Committee~~

~~The parties shall form a Joint ISO/RTO Planning Committee (JIPC), comprised of representatives of the staff of the parties, for the purpose of coordinating planning activities, identifying issues related to the Inter-area planning process, and facilitating the resolution of such issues. In addition, ad hoc committees will be established to resolve specific planning coordination issues. Such ad hoc committees may include representatives of the JIPC, the affected transmission owners, and and other interested stakeholders. The JIPC shall:~~

Formatted: Font color: Auto

- ~~• be responsible for coordinating planning activities under this protocol, including the development of planning procedures, the conduct of planning analyses, and the production of the NCSP.~~

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

Formatted: 00 Normal

• be responsible for the maintenance of a web site and required e-mail lists for the communication of information related to the JIPC-coordinated planning process, analyses.

- meet on at least a semi-annual basis to review and coordinate system planning activities;
- support the review by any federal or provincial agency of elements of the NCSP;
- support the review by multi-state entities, regional state committees, state, provincial, or other similarly situated entities, including the facilitation of new transmission facility additions, and
- establish working groups as necessary to provide adequate development and review of the inter-area plan. Where practical, the JIPC will utilize existing working group and committee structures in support of inter-area planning activities.

Chairmanship of the JIPC will be rotated among the parties with the term of the chairmanship to be one year. The chairman will be responsible for the scheduling of meetings, the preparation of agendas for meetings, and the production of minutes of meetings.

Additionally, the JIPC will establish a schedule for the rotation of responsibility for data management, coordination of stakeholder meetings, coordination of analysis activities, report preparation, and other activities.

Each party shall be responsible for its own costs to support the activities of the JIPC. Administrative costs included for public meetings, website maintenance, etc. shall be divided among the parties and related activities will be borne on a load-rotating basis by the Parties.

3. Data and Information Exchange

This section defines the ~~on-going~~going process by which data and information are shared among the ~~parties~~Parties in support of the ~~more-comprehensive~~ process of coordinating regional system planning activities through, as well as for joint evaluation of interregional transmission projects. In addition to identifying the Northeastern ISQ/RTO Planning Coordination Protocol. Identified are:

• the data and information that will to be exchanged among between the parties, this section addresses the:

Formatted: 00 Normal

Formatted: Font color: Black

Formatted: Font color: Black

Formatted: Font color: Black

Formatted: Font color: Black

- the schedule for the exchange of data and information;
- the formats to be used for the exchange of data and information;
- the procedures for the identification and harmonization of differences in data, assumptions and models among the Parties to be used in joint evaluation of interregional transmission projects and other interregional planning activities;
- procedures for the development of required analysis models, and studies;
- the rules and procedures to be followed with respect to the confidentiality of data and information exchanged among the parties, Parties; and
- the procedures for the identification of contact persons, responsible for the exchange of data and information under this protocol.

3.1 Data and Information Exchange to Be Exchanged

(a) Introduction

Each ~~party~~Party shall provide the others with information ~~as may be, as agreed by the JIPC, that may be~~ required for the performance of reliability and economic planning studies ~~as agreed upon by the JIPC.~~ The ~~parties~~Parties will also exchange such data and information as is needed for each ~~party~~Party to plan its own system accurately and reliably and to assess the impact of conditions existing on the systems of the other ~~parties~~. ~~Confidentiality of data and information will be governed by a confidentiality agreement among the parties. All release and/or exchange of data and information will be done in a manner consistent with FERC Critical Energy Infrastructure Information guidelines and procedures, and any confidentiality or information release policy or agreements to which each Party may be subject.~~Parties.

(b) Data Required for System Planning Analyses

Each ~~party~~Party shall provide the others, ~~on a periodic basis,~~ with all data required for system planning analyses ~~that may include, such as data required for: production cost modeling,~~ the development of power flow cases, short-circuit cases, and stability cases, including ten-year load forecasts and any retirements or deactivations of transmission or generation facilities. All critical assumptions that are used in the development of these cases shall be included, as well as system planning documents that may include long-term and short-term system assessments, geographical system maps, one-line and breaker diagrams, and contingency lists for use in power flow and stability analyses, including lists of all single contingency events and appropriate multiple facility common-mode contingencies consistent with the applicable criteria of the area. The specific data to be exchanged in a given planning cycle will be determined by the JIPC depending on the anticipated scope of planning for that cycle.

(c) Data Regarding Regional Plans

Each ~~party~~Party shall exchange information regarding their respective regional transmission system plans, including the determination of transmission needs based upon reliability and economic considerations as well as the regional transmission solutions identified to meet those needs. This information shall be used by the JIPC to identify all interregional transmission projects which may have the potential to meet the respective regional transmission needs in a more efficient or cost-effective manner, as specified in Section 7 hereof.

(d) Data Regarding Interconnection Requests

Each Party shall exchange data related to interconnection requests that are expected to ~~impact~~affect the operation of other ~~parties'~~Parties' systems. ~~The parties will work together to develop the necessary tools or decision criteria so that such potential impacts can readily be identified, as determined pursuant to Section 4 of this Protocol.~~

(e) Data Regarding Transmission Service over Pertinent Interfaces

Each ~~party~~Party shall provide the others with information regarding long-term firm transmission service and other transmission services on all interfaces relevant to the coordination of planning among their ~~systems~~regions.

Formatted: Right

Formatted: Font: Bold

~~In addition to the on going exchange of planning related information and coordination of planning process activities, System Operations, Market Operations, and System Planning personnel representing the parties will meet once each year to review the issues impacting the coordination of these functions as they impact long range planning and the coordination of planning among their systems.~~

3.2 Schedule for Exchange of Data and Information ~~Exchange~~

Most of the data and information ~~exchanged under~~described in this ~~protocol~~Protocol will be ~~provided~~exchanged on an annual basis. ~~Reports of planning or operational analyses will be provided as they are completed, recognizing the varying planning cycles of the respective regions.~~ The dates for the exchange of ~~necessary data that may include load forecasts and power flow, short circuit, and stability modeling data~~such data and information will be established by the JIPC to correspond to the appropriate point in the annual planning process ~~time line of each party~~timeline of each Party. ~~Reports of planning or operational analyses and evaluations will be provided in a timely manner.~~

To facilitate the coordination of planning analyses, the ~~parties~~Parties will inform each other, ~~on a monthly basis as soon as practicable,~~ of any interconnection requests that have been received and any long-term firm transmission services ~~that have been approved~~requests that may impact the operation of the other ~~parties'~~Parties' systems. ~~On a quarterly basis, the parties will inform each other of the current status of all interconnection requests that have been so identified.~~

3.3 Data and Information Formats-

To the extent practical, the maintenance and exchange of power system modeling data will be implemented through databases. The formats ~~for information exchanges of the databases exchanged~~ will be agreed upon by the ~~parties.~~ ~~Where possible, other~~Parties exchanging the data. Other information ~~that may include~~such as geographical, system maps and one-line diagrams will be provided in an electronic format agreed upon by the ~~parties.~~Parties exchanging the information.

Formatted: Font color: Auto

3.4 Coordination ~~Identification and Harmonization of Power System Analysis Model~~ Regional Data/Information Differences

~~The Parties will identify differences in their data, models, assumptions, planning horizons and criteria to be used in joint evaluation of proposed interregional transmission projects, and engage in discussions to reconcile those differences, to the extent possible. In instances where differences cannot be reconciled, other means, such as the use of scenario analysis, may be used for interregional studies. Where such differences cannot be harmonized, the Parties will document the reasons for those differences for discussion at the IPSAC. If the Parties are unable, despite these efforts, to reconcile differences, any of the Parties may initiate use of the dispute resolution procedures of Section 10.1 of the Protocol.~~

3.4.5 Development ~~of Models and Studies~~

~~Detailed~~The JIPC will prepare and document procedures for the development of ~~power system analysis models will be prepared and documented by the JIPC. The parties shall develop~~ common power system analysis models used to perform the analyses required to develop the NCSP and to assist with FERC Order 1000-related efforts specified in Section 7 hereof. Models will be developed for necessary interregional system planning analyses such as power flow analyses, short circuit

analyses, ~~and~~ stability and production cost analyses. For studies of interconnections that are in close electrical proximity at the boundaries between the systems of the ~~parties~~Parties, the ~~parties~~Parties will ~~perform a detailed review of~~coordinate the ~~appropriateness~~development of the required power system models. Other analyses, as agreed upon by the JIPC, will be fully coordinated among the Parties and may include areas such as resource adequacy and related studies as well as congestion studies. Changes to baseline data and updates to the power system analysis models will be performed annually to capture all system upgrades and allow analyses to accurately identify cross border impacts. Coordination of power system analysis models will rely upon existing working groups to the maximum extent practical.

3.6 Confidentiality of Exchanged Data and Information

All release and/or exchange of data and information will be performed in a manner consistent with FERC CEII guidelines and procedures, any confidentiality or information release policy or agreements to which each Party may be subject, and tariffs and any other agreements.

3.53.7 Data Contacts-

Each ~~party~~Party shall name a person responsible for the coordination and exchange of all data and information, ~~on a periodic basis, as agreed to by the parties pursuant to this protocol.~~

4. ~~Northeastern Coordinated System Plan (NCSP)~~

~~This section defines the ongoing process by which system planning analyses are performed by the parties and a coordinated system plan is developed through the Northeastern ISO/RTO Planning Coordination Protocol. The primary purpose of this process is to ensure that coordinated analyses are performed to identify power system reliability concerns or other system needs, and to recommend upgrades to mitigate identified reliability concerns. The identification of other system needs should, in turn, provide market signals to address those needs, including investment in generation, merchant transmission facilities, and demand (or load) response programs, which promote power system reliability and robustness. If the market responds with an adequate solution to identified system needs or a solution that helps to mitigate identified reliability concerns, these solutions will be evaluated and included in the NCSP. If inadequate market solutions are proposed, regulated solutions will be developed and included in the NCSP. As a result, the NCSP will present a coordinated, cost effective transmission plan that identifies appropriate projects for ensuring reliability of service and a robust system. This coordinated plan is updated as market responses to identified problems develop.~~

~~The goal of the NCSP is to achieve a reliable system of generation, distributed resources, demand side management and transmission, and helps to ensure that sufficient regulated transmission solutions are identified in the event market based resources do not respond to identified needs. Therefore, the NCSP identifies expansions or enhancements to transmission system capability needed to maintain reliability, improve operational performance, or enhance the competitiveness of electricity markets in full coordination with market responses. Discussed are:~~

- ~~• the procedures for on-going analysis of interconnection requests that may impact the systems of the parties,~~
- ~~• the procedures for ongoing analysis of requests for long-term firm transmission service and other transmission services that may impact the systems of the parties,~~

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

- the procedures for periodic analysis of the collective system of the parties and the development of a NCSP, and
- the procedures for the establishment of contact persons, responsible for the coordination of system planning analysis activities under this protocol.

Formatted: Font color: Black

As will be discussed later in this section, all analyses performed to evaluate cross border impacts on the system facilities of one of the parties will be based on the criteria, guidelines, procedures or standards applicable to those facilities. In the event that system upgrades are required to resolve cross border impacts, such upgrades will be constructed according to the standards, terms, and conditions of the party on whose system the upgrade is required. Protocol.

4.14. Analysis of Interconnection Queue Requests (also applicable to Merchant Transmission)

Formatted: Heading 1

In accordance with applicable Interconnection Procedures the respective interconnection procedures under which the partiesParties are providing Interconnection Serviceinterconnection service, each partyParty will coordinate with the other partiesParties the conduct of any studies required for determining the impact of a request for queued generator or merchant-transmission interconnection. Results of such coordinated studies will be included in the impacts reported to the interconnection customers as appropriate. Coordination of studies will include the following steps:

- Upon the posting to the OASIS ofOnce a request for interconnection; is identified by the entityParty receiving the request ("direct connect system-region") as having a potential impact on another region, the direct connect region will notify the potentially impacted systemsregion of the request, along with the information provided in the postingrequest.
- If the potentially impacted systemregion believes that its system may be materially impacted by the interconnection, the potentially impacted systemregion will contact the direct connect systemregion and indicate a desire to participate in the interconnection studies that may be performed. The JIPC will develop screening procedures to assist in the identification of interconnection requests that may impact systemsregions or parties other than the direct connect systemregion.
- If the direct connect systemregion performs or contracts for the performance of any system impact studies for the interconnection customer, the direct connect systemregion will contact potentially impacted systemsregions to determine the nature and cost of any studies to be performed to test the impacts of the interconnection on the potentially impacted systemregion and who willmay perform the studies. The partiesParties will strive to maximize the efficiency of the coordinated study process.
- Any coordinated studies will be performed in accordance with the study timeline requirements of the applicable interconnection procedures of the direct connect systemregion. Both the direct connect systemregion and the potentially impacted systemsregions will use their best efforts to meet the applicable study timelines. However, the direct connect systemregion will be responsible for satisfying the requirements of its tariff related to the interconnection request.
- The potentially impacted systemregion may participate in the coordinated study either by taking responsibility for performance of studies of its system, or by providing

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

input to the studies to be performed by the direct connect systemregion. The study cost estimates indicated in the study agreement between the direct connect systemregion and the interconnection customer will reflect the costs and the associated roles of the study participants. The direct connect systemregion will review the cost estimates submitted by all participants for reasonableness, based on expected level of participation and responsibilities in the study.

- The direct connect systemregion will collect from the interconnection customer and forward to the potentially impacted systemsregions the costs incurred by the potentially impacted systemsregions associated with the performance of such studies.-
- ~~If in the determination of the As necessary, analysis for a~~ potentially impacted system, ~~the results of a coordinated study indicate that will be performed, and transmission~~ network upgrades ~~are required~~ will be identified, in accordance with procedures, guidelines, criteria, or standards applicable to the potentially impacted ~~system,~~ ~~the region.~~ The direct connect systemregion will identify the need for such transmission network upgrades in the ~~system impact~~ study prepared for the interconnection customer.
- Requirements for the construction of such transmission network upgrades will be under the terms and conditions of the potentially impacted systemregion and consistent with applicable federal or provincial regulatory policy.

- Each ~~party~~Party will maintain a separate interconnection queue. ~~A composite listing of interconnection requests will be maintained by the JIPC of all interconnection projects that have been identified as potentially impacting the systems of parties other than the direct connect system.~~ In all cases, the queue date associated with an interconnection request for which coordinated studies will be performed will be determined by the original request to the direct connect system. ~~The composite listing of interconnection requests will be maintained on the web site established by the JIPC for the communication of information related to the coordinated planning process. The web site will contain links to the web sites of each of the parties where individual interconnection study results will be maintained. date of the original request to the~~ direct connect region.

Formatted: 00 Bullet List

4.25. Analysis of Long Term Firm Transmission Service Requests–

In accordance with applicable procedures under which the ~~parties~~Parties may be providing Long-Term Firm Transmission Service, each ~~party~~Party will coordinate with the other ~~parties~~Parties the conduct of any studies required in determining the impact of applicable requests for such service. Results of such coordinated studies will be included in the impacts reported to the transmission service customers as appropriate. Coordination of studies will include the following steps:

- The ~~parties~~Parties will work together to coordinate the calculation of ATC Available Transfer Capability values associated with long term firm point-to-point and other types of transmission services, as applicable, based on contingencies on the systems of each ~~party~~Party that may be impacted by the granting of such services.–
- ~~Upon the posting to the OASIS of~~Once a request for long-term firm transmission service, the system is received by a Party and identified as having a potential impact on another region, the region receiving the request will notify other potentially

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

impacted systemsregions of the request, along with the information provided in the posting-request.

Formatted: Font: 11 pt

- If ~~an Impact Study~~ a system impact study is to be performed, and if the potentially impacted systemregion believes that its system may be materially impacted by the service or request for ~~Merchant~~ transmission expansion associated with a request for service, the potentially impacted systemregion will contact the entity receiving the request and indicate a desire to participate in the studies that may be performed. The JIPC will develop screening procedures to assist in the identification of transmission service requests that may impact systems of ~~parties~~ Parties other than the systemregion receiving the request.
- If the systemregion receiving the request performs or contracts for the performance of any system impact studies for the transmission service customer, the systemregion receiving the request will contact potentially impacted systemsregions to determine the nature and cost of any studies to be performed to test the impacts of the transmission service on the potentially impacted systemregion and who will perform the studies. The partiesParties will strive to maximize the efficiency of the coordinated study process.
- Any coordinated system impact studies will be performed in accordance with the study timeline requirements of the applicable ~~transmission service tariff~~ procedures of the systemregion receiving the request. Both the systemregion receiving the transmission service request and the potentially impacted systemsregions will use their best efforts to meet the applicable study timelines. However, the systemregion receiving the transmission service request will be responsible for satisfying the requirements of its tariff related to the request. -
- The potentially impacted systemregion may participate in the coordinated system impact study either by taking responsibility for performance of studies of ~~their~~ its system, or by providing input to the studies to be performed by the systemregion receiving the request. The system impact study cost estimates indicated in the study agreement between the systemregion receiving the request and the transmission service customer will reflect the costs and the associated roles of the study participants. The systemregion receiving the request will review the cost estimates submitted by all participants in the performance of the study effort for reasonableness, based on expected level of participation in and responsibilities ~~for~~ the study.
- The systemregion receiving the transmission service request will collect from the ~~interconnection~~ transmission service customer and forward to the potentially impacted systemsregions the costs incurred by the potentially impacted systemsregions associated with the performance of such system impact studies.
- ~~If in the determination~~ As necessary, analysis of the potentially ~~impacted~~ impact system, ~~the results of a coordinated study indicate that will be performed, and~~ transmission network upgrades ~~are required~~ will be identified, in accordance with procedures, guidelines, criteria, or standards applicable to the potentially impacted system, the system-region. The region receiving the transmission service request will identify the need for such transmission network upgrades in the system impact study prepared for the transmission service customer.

Formatted: Font: 11.5 pt

Formatted: Right

Formatted: Font: Bold

Formatted: 00 Normal

- Requirements for the construction of such transmission network upgrades will be under the terms and conditions of the potentially impacted system/region and consistent with applicable federal tariffs or provincial regulatory policy.

~~4.3 Development of the Northeastern Coordinated System Plan~~

~~6. Each party shall engage in such system planning activities as are necessary to fulfill its obligations under its agreements and open access transmission tariff. Such planning shall conform to applicable reliability requirements of the North American Electric Reliability Council, applicable regional reliability councils, or any successor organizations, the local sub-region and areas, and all applicable requirements of federal, state, or provincial laws or regulatory authorities. Each party~~
Periodic Interregional Assessment

Periodically, the JIPC may perform an interregional system assessment and system expansion planning study. The JIPC will determine the scope of these periodic interregional assessments and perform sensitivity analyses, as required, with input from the IPSAC, of discrete system needs or operability issues that arise due to changing system conditions.

7. Identification and Evaluation of Potential Interregional Projects Pursuant to FERC Order 1000 Requirements

7.1 Annual JIPC Review

On an annual basis, or at the request of any of the Parties, the JIPC will proactively review regional needs and solutions identified in regional planning processes of the Parties and identify, with input from the IPSAC, the potential for interregional transmission projects that could meet regional needs (whether driven by reliability, economic or public policy requirements) more efficiently and cost-effectively than separate regional transmission projects.

The JIPC will coordinate all studies deemed necessary by the Parties to allow the effective consideration of an interregional transmission alternative to a regional transmission solution. The studies performed by JIPC may include, but are not limited to: power flow, production cost, stability and short-circuit studies.

7.2 Data and Information Exchange

To assist its review (and its subsequent analysis of interregional transmission projects introduced in both regions), JIPC will utilize data and information exchanged and reconciled pursuant to Section 3 of the Protocol.

Formatted: Right

Formatted: Font: Bold

7.3 Analysis and Consideration of Interregional Transmission Projects

If, in response to JIPC review or otherwise, an interregional transmission project is proposed to address identified system needs in the planning process of more than one region, the Parties with the identified needs will analyze whether the interregional transmission project is more efficient and cost-effective than the separate regional transmission projects, and will post results on the interregional pages of websites of the regions.

The JIPC will coordinate all studies deemed necessary by the Parties to allow the effective consideration by the regions, in the same general timeframe, of an interregional transmission alternative to regional transmission solutions. The studies performed by JIPC may include, but are not limited to: power flow, production cost, stability and short-circuit studies. An IPSAC meeting will be held to discuss the results of the JIPC's studies and analysis.

7.4 Stakeholder Consideration of Interregional Transmission Projects

Each affected Party will consider the proposed interregional transmission project, in the same general timeframe, in its regional planning process. If the proposed interregional project is approved in each region, the corresponding existing regional transmission projects will be displaced, and the costs of the interregional transmission project will be allocated pursuant to the formula set forth in Section 9.1 hereof.

8. Northeastern Coordinated System Plan (“NCSP”)

The NCSP will be developed by the JIPC, and will: 1) incorporate the regional system plans of the Parties, 2) reflect on-going load growth and retirements or deactivations of infrastructure, market-based additions to system infrastructure, such as generation or merchant transmission projects, and distributed resources, such as demand side and load response programs, 3) describe regional or interregional transmission projects identified jointly by the Parties pursuant to Section 6 hereof to resolve seams issues, or to enhance the coordinated performance of the regions, and 4) describe interregional transmission projects identified in response to FERC Order No. 1000 requirements pursuant to Section 7 that can meet needs of more than one region more efficiently or cost-effectively than separate regional solutions.

The NCSP will be reviewed with the IPSAC. Feedback from the IPSAC will be considered by the JIPC for inclusion in the final NCSP.

Each Party agrees to document the procedures, methodologies, and business rules that are utilized in preparing and completing ~~this system planning report~~ the NCSP.

Formatted: 00 Body Text 1

In addition, each party will coordinate with the other parties the conduct of any studies required to assure the reliable, efficient, and effective operation of the power system and assist in the preparation of an NCSP. Each party's applicable periodic system plan will be incorporated into the NCSP. The NCSP will also include a section that describes the results of the analysis for the combined systems,

~~as well as the procedures, methodologies, and business rules that were utilized in preparing and completing the joint system analysis.~~

~~Coordination of studies required for the development of the NCSP will include the following steps:~~

- ~~• Periodically, the parties agree to perform a comprehensive, coordinated inter-area system assessment and system expansion planning study. Sensitivity analyses will be performed, as required, based on a review by the IPSAC and the JIPC of discrete reliability problems or operability issues that arise due to changing system conditions.~~
- ~~• Each party will be responsible for providing the technical support required to complete the analysis for the study. The responsibility for the coordinated study and the compilation of the coordinated study report will rotate among the parties.~~
- ~~• The JIPC will develop a scope and procedure for the inter-area planning assessment.~~
- ~~• The scope of the study will include evaluations of the powers system against the applicable reliability criteria, operational performance criteria, and economic performance criteria.~~
- ~~• Each party will provide a baseline model that includes all system enhancements included in the party's system expansion plan, and all of the committed interconnection projects and any associated system upgrades.~~
- ~~• The study will initially evaluate the reliability of the combined power systems. Any upgrades required to resolve criteria violations will be agreed upon and included in an updated baseline model.~~
- ~~• The performance of the combined power systems will be tested against agreed upon operational and economic criteria, where applicable, using the updated baseline model. Upgrades required to resolve operational and/or economic performance criteria violations will be included in the NCSP.~~
- ~~• Where applicable, and consistent with planning and operating criteria, the parties will evaluate operational solutions as a means to resolve reliability, operational, and/or economic performance criteria violations. Operational solutions will be considered for either short term or long term application and, when determined to be an appropriate means to resolve such violations, will be identified in the NCSP.~~

~~The NCSP will be reviewed with the IPSAC. Feedback from this Committee will be included in the final NCSP.~~

~~Each party will include in its own system plan all elements of the NCSP, which are to be constructed on its system. Each party will be responsible for securing approval of the elements of the NCSP, which are to be constructed on its system through the procedures by which the party secures approval of its system plan.~~

~~In the event that a party does not secure approval of elements of the NCSP which are to be constructed on its system or does not proceed, or is unable to implement the construction of such elements, the remaining parties may agree to re-evaluate the plan in an effort to develop alternative recommendations, pursue dispute resolution through procedures established by the parties, or pursue any other remedies that may be available through applicable federal or provincial regulatory agencies.~~

4.4 Cost Allocation

~~The allocation of cost for elements of the NCSP will be addressed consistent with applicable provisions of each Party's tariff, and any applicable guidance provided by FERC Orders or interpretations.~~

4.5 Contact Persons

~~Each party shall name a representative and an alternate to the JIPC and a person with primary responsibility for all coordinated system planning analyses performed under this protocol. The representative to the JIPC will be responsible for assuring that the proper policies and procedures are maintained and followed.~~

9. Cost Allocation

9.1 Costs of Approved Interregional Transmission Projects

To be eligible for interregional cost allocation under this Protocol, an interregional transmission project must be selected in the regional transmission plan for purposes of cost allocation in each of the transmission planning regions in which the transmission project is proposed to be located.

The costs of such an interregional transmission project will be allocated to each region in which a portion of the project is located based on the ratio of the estimated costs of that region's displaced regional transmission project to the total estimated costs of the displaced regional transmission projects in all regions in which a portion of the interregional project is located.

The following example illustrates the cost allocation for an interregional transmission project:

- Region A has identified a reliability need in its region and has selected a transmission project (Project X) as the preferred solution in its regional plan. The estimated cost of Project X is: Cost (X).
- Region B has identified a reliability need in its region and has selected a transmission project (Project Y) as the preferred solution in its Regional Plan. The estimated cost of Project Y is: Cost (Y).
- Regions A & B, through the interregional planning process have determined that an interregional transmission project (Project Z) will address the reliability needs in both regions more efficiently and cost-effectively than the separate regional projects. The estimated cost of Project Z is: Cost (Z). Regions A & B have each determined that interregional Project Z is the preferred solution to their reliability needs and have adopted that project in their respective regional plans in lieu of Projects X and Y respectively. If Regions A & B have agreed to bear the costs of upgrades in other affected transmission planning regions, these costs will be considered part of Cost (Z).

Based on the foregoing assumptions, the following formulas will be used:

- Cost Allocation to Region A = Cost (Z) x Cost (X)/[Cost (X) + Cost (Y)]
- Cost Allocation to Region B = Cost (Z) x Cost (Y)/[Cost (X) + Cost (Y)]

Applying those formulas, if:

Formatted: Right

Formatted: Font: Bold

- Cost (X) = \$60 Million
- Cost (Y) = \$40 Million
- Cost (Z) = \$80 Million

Then:

- Cost Allocation to Region A = $\$80 \times 60 / (60 + 40) = \48 Million
- Cost Allocation to Region B = $\$80 \times 40 / (60 + 40) = \32 Million

9.2 Other Funding Arrangements

Nothing in this Protocol shall preclude agreement by the Parties to funding arrangements other than those listed above.

10. General Provisions

5.10.1 Dispute Resolution-

Formatted: Heading 2

If the ~~parties~~Parties to this Protocol are unable to complete any of the tasks outlined herein, or if an issue arises associated with implementation of this Protocol that cannot be resolved by ~~the JIPC~~the JIPC, any ~~party~~Party may refer the matter to the Chief Executive Officers of the ~~parties~~Parties ("CEOs"). ~~The CEOs agree to will~~ schedule a meeting to resolve the issue or to provide direction, as appropriate, on a priority basis.

In the event that the CEOs do not reach agreement on any issue referred to them ~~with in~~within ten (10) days, then any ~~party~~Party may refer the matter to a neutral, third-party Dispute ~~Resolution Service~~Resolution Service, which may include the FERC's Dispute Resolution Service, and request a session be convened to initiate non-binding dispute resolution services. Costs assessed by the ~~Dispute Resolution~~Dispute Resolution Service for the use of such service shall be borne by all ~~parties~~Parties to this ~~agreement~~Protocol equally.

~~PJM, NYISO or ISO-NEA Party~~ may refer issues between or among ~~them~~the Parties that are not resolved pursuant to the above provisions to FERC's Dispute Resolution Service and request a session be convened to initiate non-binding dispute resolution services.

6.10.2 Liability and Indemnity-

Formatted: Heading 2

The ~~parties~~Parties acknowledge that, in the course of our cooperative efforts under the ~~protocol~~Protocol, each ~~RTO and ISO that is a party to the protocol~~Party will continue to maintain and be obligated by its own, separate and individual governance, tariffs and agreements.

More specifically, each ~~party~~Party additionally agrees as follows:

- Nothing in the ~~protocol~~Protocol is intended to override the separateness or compromise the independence of each ~~party~~Party.
- Each ~~party~~Party agrees to indemnify, defend and hold the other ~~party~~Parties harmless from and against any and/or all judgments, awards, demands, liability, losses, costs and expenses (including reasonable attorneys' fees and court costs) arising out of any claim by a third-party grounded in facts or events taking place within its RTO or ISO

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

and arising from the ~~proteool~~Protocol. Except for the preceding obligation to indemnify, no ~~party~~Party to this Protocol shall have any liability to any other ~~party~~Party to this Protocol for any obligation arising hereunder.

- Each ~~party~~Party agrees that the ~~proteool~~Protocol does not create or acknowledge any partnership, joint venture or further agreement or obligation among the ~~parties~~Parties above and beyond the exact words of the ~~proteool~~Protocol. Nor does the ~~proteool~~Protocol create any third-party beneficiaries or impart any legal right or expectation to any member or market participant of a ~~party~~Party.
- Each ~~party~~Party acknowledges and agrees that the ~~proteool~~Protocol will not impact the rights of each ~~party's~~Party's respective members under the separate and individual governance, tariffs and agreements of each RTO or ISO.

Formatted: Font: Not Italic

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

EXECUTION

Wherefore, this Agreement is executed by the parties as of _____
which is the effective date of the Agreement.

PJM Interconnection, LLC

By: Phillip G. Harris 11/19/04
Phillip G. Harris Date
President and CEO

New York Independent System Operator

By: William J. Museler 11/22/04
William J. Museler Date
President and CEO

ISO New England Inc.

By: Gordon van Welie 12/16/04
Gordon van Welie Date
President and CEO

10.3 - Binding on Successors and Assigns

The Protocol is binding on each Party's successors and assigns.

DRAFT – FOR DISCUSSION PURPOSES ONLY

Formatted: Right

Formatted: Font: Bold

WHEREFORE, this amended and restated agreement is executed as of _____, which is the effective date of the agreement.

ISO NEW ENGLAND INC.

By: _____

Gordon van Welie
President and CEO

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

By: _____

Stephen G. Whitley
President and CEO

PJM INTERCONNECTION, L.L.C.

By: _____

W. Terry Boston
President and CEO

Formatted: Font: 11.5 pt

Formatted: No page break before,
Position: Horizontal: Left, Relative to:
Column, Vertical: In line, Relative to:
Margin, Width: Auto