

PJM/New York ISO Term Sheet

- Cross Border Transmission Projects:

I. General Provisions Applicable to both Direct Interconnection Baseline Reliability Transmission Projects and Baseline Reliability Projects Entirely Within One Region.

- PJM provides its baseline reliability analysis undertaken as part of RTEPP development to NY ISO no later than the time it is provided to PJM's stakeholders through the Transmission Expansion Advisory Committee (TEAC);
- Based on its review of PJM's submittal, NY ISO identifies those PJM area reliability violations that, depending on how solved, could negatively impact reliability on the New York system. NY ISO and PJM meet to discuss identified impacts and coordinate any special studies that need to be undertaken to analyze such impacts. NYISO and PJM coordinate timing and conduct of such studies;
- Results of studies of impacts on the NYISO system to be presented to PJM no later than presentation of final transmission solutions to PJM stakeholders through the TEAC. PJM and NY ISO to discuss potential alternative solutions, including changes to operating protocols, and to mitigate impacts to the other's system. PJM/NY ISO agreed-to mitigation presented to TEAC as part of overall solution to identified reliability project.
- Other than for costs arising out of an executed System Impact Study Agreement or Facilities Study Agreement as discussed in section II below, each Party shall be responsible for all of their respective study costs related to studies conducted under the coordinated study process between the two regions.

II. Direct Interconnection of Baseline Reliability Transmission Projects

- PJM proposed baseline reliability projects that either directly interconnect with NY ISO transmission owner owned facilities or that modify an existing tie line that connects two regions (as defined below) will be treated, for purposes of prioritization, under NY ISO Tariff the same as NY ISO-ordered baseline reliability projects, as described pursuant to sections 3.7 and 4.5 of the NYISO Open Access Transmission Tariff ("NYISO Tariff");
- Each Party shall be responsible for the costs of studies performed pursuant to an executed System Impact Studies Agreement and/or Facilities Studies Agreement as provided for in sections 3.7 and 4.5 of the NYISO OATT and section [####] of the PJM Tariff. PJM customers agree to pay NY ISO-identified "but for" costs associated with such interconnection;

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- Reliability Timing Requirement: : Notwithstanding provisions of the NYISO Tariff, all NY required studies and agreements must be completed in time to meet PJM-Board identified in-service date for immediate and short term need projects;
- Disputes resolved by FERC;
- Reciprocity: We need to refine reciprocity looks like. Basically, all provisions should be equally applicable to both regions. Such projects will be process similar to the way in which PJM's Supplemental Projects are processed through the RTEP.
- Definition of "modification of an existing tie line." PJM proposes that we make sure we are clear on exactly what the definition means and agree on the definition. The NYISO proposed the following definition (with PJM clarification to the meaning of terminals).
  - Transmission facilities that constitute a modification to an existing tie line that connect two regions and meet the following criteria include: (i) the modification involves a change at or between the terminals (Terminals means: "Up to, the substation equipment that directly controls the operation of the tie line such as the breaker on the tie or equipment that has the purpose of directly controlling the flow on the tie but not including the remaining respective substation equipment.") on the tie line connecting the two regions, as such terminals existed prior to the proposed modifications; and (ii) the modification involves a change to the equipment, a change to the configuration of equipment, or a change to either terminal of an existing tie line that will result in a material difference in the defining electrical characteristics of the tie line in a manner potentially adverse to the reliability of either region's system. A material adverse impact to system reliability is defined in terms of: stability impact, voltage impact, thermal impact, or short circuit impact. Examples include:
    - Changes to terminal conditions;
    - Additions, upgrade or reconfigurations of existing tie lines, in part or in whole (e.g., reconductoring, separation of circuits using a common tower on two separate towers); and
    - Additions of non-generation devices or equipment to an existing tie line, such as capacitors, reactors, Static VAr Compensators (SVCs), Static Compensators (STATCOMs), Special Protection Systems (SPS) and high-voltage, direct current (HVDC) converters.

Examples of modifications outside the NY ISO Tariff include:

- Like-in-kind replacement of equipment on an existing tie line; and

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- Re-stretching (re-stringing) of conductors on existing tie lines to reduce sagging.  
Baseline Reliability Transmission Projects Entirely Within One Region
- Other than for agreed-to mitigation or operational alternatives, each RTO/ISO is responsible for the costs of impacts to its own system whether or not such impacts are caused, in whole or in part, by the baseline reliability transmission project on the other's system; Each party shall be responsible for their respective costs of studies for baseline reliability transmission projects located entirely within one region;
- Disputes resolved by FERC.
- Nothing in the above provision subjects PJM or its transmission owners to the NY ISO Tariff for baseline reliability projects entirely with the PJM region
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Reciprocity: All of the above provisions are equally applicable to the consideration by PJM of New York baseline reliability projects.

For example, PJM would treat such projects similar to its Supplemental Projects, *i.e.*, The NY ISO transmission owner would be responsible for all "but for" costs associated with its particular project. Consistent with the reciprocity requirement, the NY ISO transmission owners would also be responsible for all study costs associated with its project. PJM would also agree that all required studies and agreements would be completed in time to meet the NY ISO identified in-service date for reliability projects.

- Timing: Changes outlined above for both directly interconnecting projects and projects entirely within one region to be memorialized in NY/PJM JOA filed as part of interregional Order 1000 compliance filing. All JOA changes are prospective only and effective upon approval by FERC.