



# Market-based Planning

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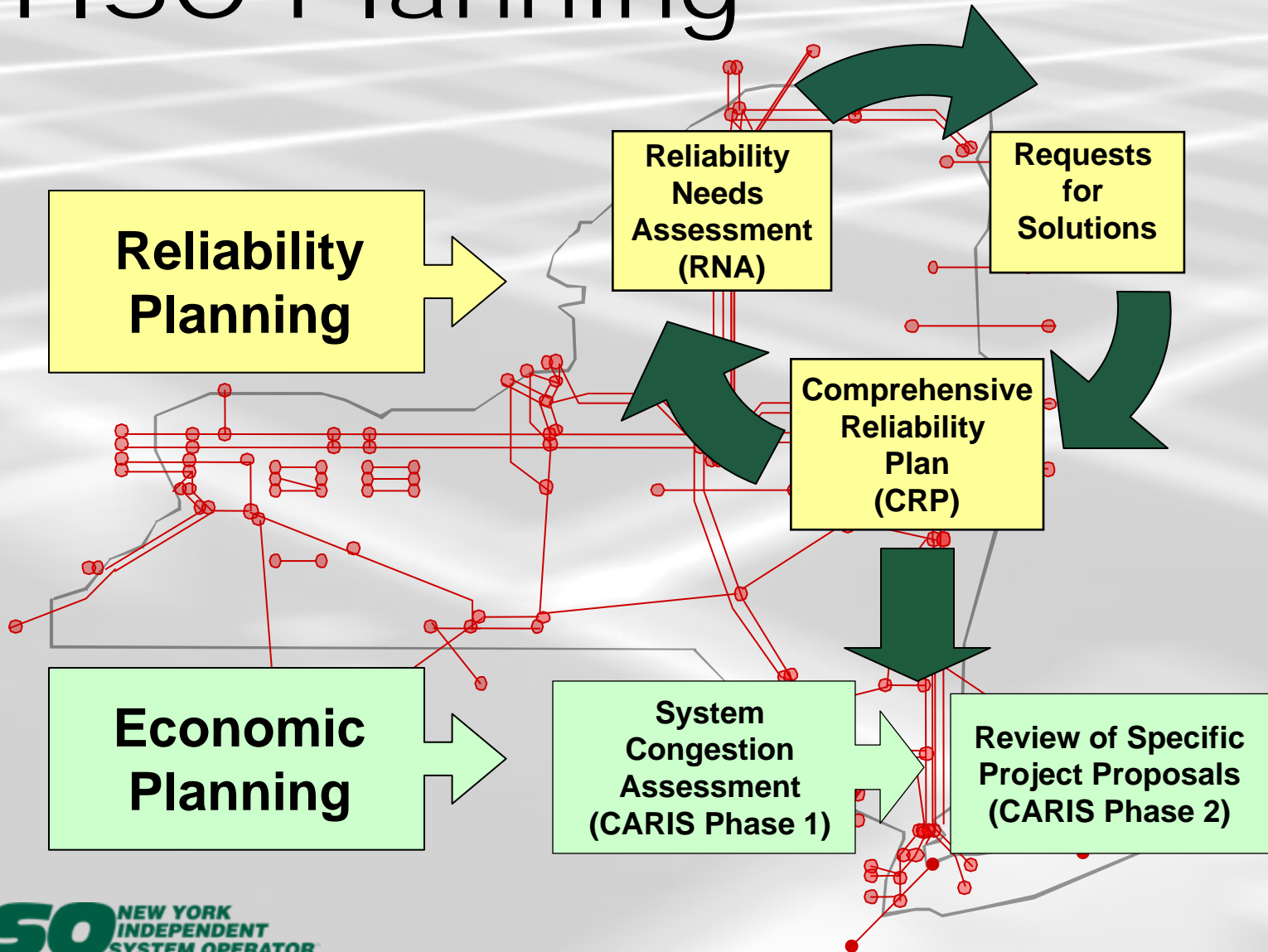
# Market-Based Approach

- **NYISO planning was designed with a commitment to markets and strives to achieve market-based solutions**
  - *Market design & rules*
  - *Planning process*
- **This approach engages regulators, market participants, and other stakeholders**
  - *Employs open, transparent process for stakeholder participation*

# Comprehensive System Planning Process (CSPP)

- Long-term (10-year) planning process provides for both market-based & regulated backstop solutions
  - *All resources (Transmission, Generation & Demand-Response) are considered on a comparable basis*
  - *Preference is given to market-based solutions*
- Addresses cost allocation and cost recovery
- “Beneficiary-pays” methodology

# NYISO Planning



# FERC NOPR

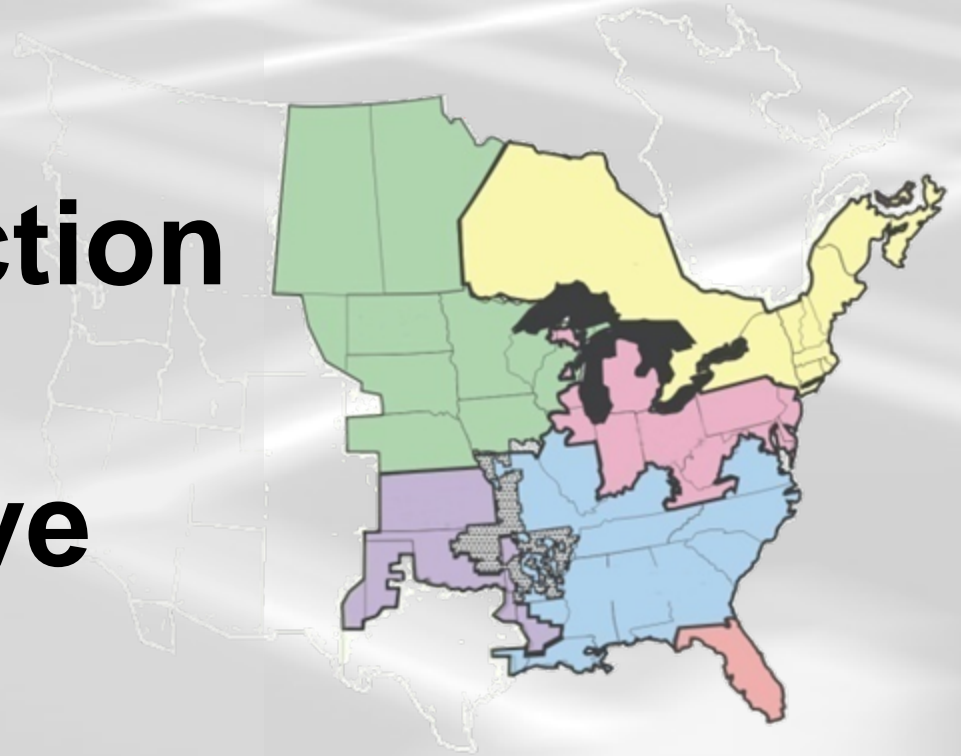
- **Different cost allocation methodologies may be applied to different types of projects**
  - *Reliability*
  - *Economic*
  - *Public Policy*
- **NYISO planning and cost allocation procedures for reliability and economic projects have already been approved by FERC as compliant with Order 890 planning principles**

# Public Policy Requirements

- **NYISO planning processes provide scenario analysis to assess the impacts of proposed state and federal environmental, energy efficiency and renewable power policies**
- **NYISO is an active participant in the New York State Energy Planning Process (*Named as technical advisor in 2009 law.*)**
- **NYISO provides targeted studies and technical advice at the request of the State to address public policy considerations**
- **State and federal authorities — not the NYISO — identify public policy requirements**

# Regional Collaboration

## Eastern Interconnection Planning Collaborative



# Inter-regional Issues

- **NYISO supports the NOPR's principles with respect to inter-regional planning & cost allocation that:**
  - *Would require that an interregional project must be included in each region's respective plan as a pre-requisite for inter-regional cost allocation*
  - *Would require mutual agreement on inter-regional cost allocation*
  - *Would prohibit cost allocation to regions which receive no benefit*
  - *Would prohibit cost allocation to regions where the facility is not located*
- **NYISO will urge FERC not to mandate establishment of a uniform inter-regional cost allocation methodology**
  - *Interregional projects can take many different forms. It would be difficult, if not impossible, to anticipate all possible situations in advance*
  - *FERC should allow regions to negotiate acceptable cost allocation for specific projects as they arise*
  - *FERC should not impose a uniform interregional cost allocation methodology as to do so will likely cause extended litigation*



**The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.**

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