

# Cost Recovery for Regulated Transmission Facilities

---

John P. Buechler and Timothy Duffy

**Management Committee**

May 31, 2017, NYISO



DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2017. ALL RIGHTS RESERVED

# Purpose of Today's Presentation

- Establish a mechanism to provide cost recovery for transmission projects selected in NYISO's reliability, economic and public policy transmission planning processes.
- Tariff amendments reviewed at two meetings of ESPWG, and reflect the feedback received.
- Tariff changes approved by BIC on May 17 and OC on May 18.
- Asking for MC approval today.

# Current OATT Cost Recovery Mechanisms for Regulated Transmission Projects

- Rate Schedule 10 of the OATT currently establishes the Reliability Facilities Charge. This is the mechanism by which the NYISO will recover from Load Serving Entities and remit to Developers the costs associated with regulated transmission projects that are approved/accepted by FERC for cost allocation and recovery under the NYISO's reliability planning process.
- The NYISO's tariffs do not currently include a comparable mechanism for the recovery and remittance of costs associated with regulated transmission projects eligible for cost allocation and recovery under CARIS or the Public Policy Transmission Planning Process.
  - Attachment Y of the OATT provides that such costs will be recovered through a rate schedule filed with and accepted by FERC.

# Proposed Revisions to Rate Schedule 10

- The NYISO is proposing to revise Rate Schedule 10 of the OATT to establish a new Regulated Transmission Facilities Charge (RTFC).
- The RTFC will enable the NYISO to recover from Load Serving Entities and remit to Developers the costs associated with any regulated transmission project that is approved/accepted by FERC for cost allocation and recovery under the NYISO's Comprehensive System Planning Process (CSPP).
- The revisions establish a consistent mechanism across all three planning process components of the CSPP for the recovery and remittance of costs that Developers are eligible to recover in accordance with Attachment Y of the OATT.

# Eligible Projects

- The RTFC will apply to the NYISO’s recovery of costs associated with the following “Eligible Projects”:
  - i. a regulated backstop transmission solution proposed by a Responsible Transmission Owner;
  - ii. an alternative regulated transmission solution that the NYISO has selected as the more efficient or cost-effective solution to a Reliability Need;
  - iii. a regulated transmission Gap Solution proposed by a Responsible Transmission Owner;
  - iv. an alternative regulated transmission Gap Solution that has been determined by the appropriate state regulatory agency(ies) as the preferred solution(s) to a Reliability Need;

# Eligible Projects (cont.)

- v. an approved regulated economic transmission project;
  - vi. a Public Policy Transmission Project that the NYISO has selected as the more efficient or cost-effective solution to a Public Policy Transmission Need;
  - vii. costs incurred by a Developer in preparing a proposed transmission solution in response to a request by the NYPSC or LIPA; or
  - viii. the portion of an Interregional Transmission Project selected by the NYISO in the CSPP that is allocated to the NYISO region.
    - Such an interregional project must also be accepted in one of the NYISO's regional planning processes.
- The NYISO will calculate and bill an RTFC separately for each Eligible Project.

# Improvements to Rate Schedule 10

- Rate Schedule 10 was created as part of the development of the NYISO's initial reliability planning process that began in 2004 and has not been significantly revised since then.
- The NYISO has used Rate Schedule 10 as the model for subsequent OATT rate schedules concerning the recovery of regulated transmission costs and has made improvements in these later iterations, including re-ordering and consolidating provisions for clarity, updating the description of the treatment of Incremental TCCs and outage charges, and providing greater detail regarding the application of the charge to projects developed by NYPA and LIPA.
  - Examples: RS13 for Transco Transmission Owner Transmission Solutions (TOTS); RS15 for NYPA Marcy South Series Compensation Project.
  - Most recently, the NYISO filed a new Rate Schedule 16 concerning cost recovery in the Generator Deactivation Process that also incorporated these improvements.
- Along with expanding the applicability of Rate Schedule 10, the NYISO proposes to revise the rate schedule to incorporate these improvements.

# Conforming Tariff Revisions

- Attachment Y of the OATT also contains numerous references to requirements for the recovery of costs associated with regulated transmission projects.
- The NYISO proposes to revise Attachment Y to clarify and align these references to cost recovery requirements with the amended Rate Schedule 10, providing linkages among the planning processes, cost allocation provisions, and the cost recovery language.

# Next Steps

- **MC Review and Approval – today**
- **NYISO Board Review and Approval – July 2017**
- **File with FERC – August 2017**

# Questions?

## The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system

[www.nyiso.com](http://www.nyiso.com)

