

6.13 Schedule 13 - Rate Mechanism for the Recovery of the Economic Facilities Charge

6.13.1 Applicability.

This rate mechanism establishes the Economic Facilities Charge (“EFC”) for the recovery of costs related to a regulated economic transmission project (“RETP”) that has been determined to be eligible to recover such costs and approved pursuant to Sections 31.4.3.3 through 31.4.3.6 of Attachment Y of the ISO OATT. Such a project is hereinafter referred to as an “Approved RETP.” A Transmission Owner, an Unregulated Transmitting Utility, or an Other Developer may undertake an Approved RETP and seek cost recovery under this Schedule. This rate mechanism does not apply to (i) regulated transmission solutions to Reliability Needs undertaken pursuant to Section 31.2 of Attachment Y for which rate recovery is provided in Section 6.10 of the ISO OATT; (ii) projects undertaken by Transmission Owners pursuant to Local Transmission Owner Planning Processes pursuant to Section 31.1.1.2 and Section 31.2.1 of Attachment Y; (iii) market-based responses to congestion identified in the CARIS; or (iv) any generation or demand side resource.

The EFC shall be separate from the Transmission Service Charge (“TSC”) and the NYPA Transmission Adjustment Charge (“NTAC”) determined in accordance with Section 14, Attachment H of the ISO OATT, and any Reliability Facilities Charge (“RFC”) determined pursuant to Section 6.10 of the ISO OATT. Costs incurred by an Unregulated Transmitting Utility, LIPA, or NYPA shall be recovered as provided for in Section 6.13.5. Any costs incurred by LIPA will be billed and collected through a separate LIPA EFC as set forth in Section 6.13.5.2. The provisions of Section 6.13.6 shall govern the recovery of costs related to

an Approved RETP undertaken by an Other Developer.

6.13.2 Determination of the EFC.

The EFC shall be comprised of the revenue requirement necessary to recover the costs of an Approved RETP. The costs that may be included in any filing with the Commission pursuant to this Schedule include all reasonably incurred costs related but not limited to the preparation of proposals for, and the development, construction, operation, and maintenance of an Approved RETP undertaken pursuant to Attachment Y of the ISO OATT, including a reasonable return on investment and any incentives for the construction of transmission projects provided by Section 219 of the Federal Power Act.

6.13.3 Recovery of Transmission Owner Costs.

Each Transmission Owner shall have on file at the Commission the rate treatment that will be used to derive and determine the revenue requirement to be recovered through the EFC for each Approved RETP undertaken by the Transmission Owner. The filing will provide for the recovery of the full revenue requirement for the Approved RETP consistent with the Commission's regulations, including but not limited to any incentives for the construction of transmission projects provided for in Section 219 of the Federal Power Act and the Commission's regulations implementing that section.

6.13.3.1 Any Transmission Owner(s) seeking to implement an Approved RETP may proceed with the approval process for all necessary federal, state, and local authorizations for the project. Upon receipt of all necessary federal, state, and local authorizations, including Commission acceptance of the rate treatment filed pursuant to Section 6.13.2 above, the Transmission Owner may commence construction of the project.

6.13.3.2 Upon completion of an Approved RETP, the Transmission Owner(s), or

the ISO, as applicable, will make an informational filing with the Commission to provide the final project cost and resulting revenue requirement to be recovered through the EFC. The revenue requirement resulting from the final project cost will become effective, and recovery of project costs pursuant to this schedule will commence, upon the making of the informational filing with the Commission, and shall not require and shall not be dependent upon a re-opening or review of the Transmission Owner's revenue requirements for the TSCs and NTAC set forth in Attachment H of the NYISO OATT, or upon a re-opening or review of the Transmission Owner's or Other Developer's revenue requirements for an RFC calculated pursuant to Attachment Y of the NYISO OATT. Following the informational filing, the ISO will bill the EFC.

6.13.4 EFC Revenue Requirement Recovery.

The ISO will bill the EFC for each Approved RETP in accordance with this Schedule. The EFC will be collected by the ISO from and paid by the LSEs serving Load located in the Load Zones to which the costs of the Approved RETP have been allocated in accordance with Section 31.4.3.4 of Attachment Y of the NYISO OATT (each a "Responsible LSE").

6.13.4.1 The revenue requirement filed pursuant to Section 6.13.3.2 will be the basis for the EFC Rate (\$/MWh) that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.13.4.3.

6.13.4.2 To the extent that incremental transmission rights owned by the Transmission Owner, Unregulated Transmitting Utility, or Other Developer sponsoring the project are created as a result of the implementation of an RETP, those incremental transmission rights that can be sold will be auctioned or otherwise sold by the ISO. The ISO will disburse the associated revenues to the Transmission Owner, Unregulated Transmitting Utility, or Other

Developer whose Approved RETP created the incremental transmission rights . The associated revenues will be used in the calculation of the EFC Rate, as set forth in Section 6.13.4.3.. The incremental transmission rights will continue to be sold for the depreciable life of the project, and the revenue offset discussed above will commence upon the first payment of revenues related to a sale of incremental transmission rights on or after the EFC is implemented for a specific project. These incremental revenues shall not require and shall not be dependent upon any reopening or any review of the Transmission Owner’s TSCs or NTAC under Attachment H of the ISO OATT, or upon a re-opening or review of any Transmission Owner’s or Other Developer’s revenue requirements for an RFC determined pursuant to Attachment Y of the ISO OATT. The ISO will collect the appropriate EFC revenues each billing period and remit those revenues to the appropriate Transmission Owner(s) in accordance with the ISO’s billing and settlement procedures.

6.13.4.3 The billing units for the monthly EFC Rate shall be based on the Actual Energy Withdrawals available for the relevant billing period for those Load Zones allocated the costs of the RETP in accordance with Attachment Y of the ISO OATT.

Step 1: Calculate the \$ assigned to each Zone

$$EFC_{z,m} = \sum_{p \in P} \{ [(Annual\ RR_p - Incremental\ Transmission\ Rights\ Revenue_p) / 12] * (Zonal\ Cost\ Allocation\ \%_p) \}$$

Step 2: Calculate a per-MWh Rate for each Zone

$$EFC\ Rate_{z,m} = EFC_{z,m} / MWh_{z,m}$$

Step 3: Calculate monthly charge for each LSE in each Zone

$$\text{Charge}_{l,z,m} = \text{EFC Rate}_{z,m} * \text{MWh}_{l,z,m}$$

Step 4: Calculate monthly charge for each LSE across all Zones

$$\text{Charge}_{m,l} = \sum_{z \in Z} (\text{Charge}_{m,l,z})$$

Where,

P = set of Projects

Z = set of ISO Zones

MWh_{z, m} = Actual Energy Withdrawals in zone z aggregated across all hours in month m

MWh_{l, z, m} = Actual Energy Withdrawals for LSE l in zone z aggregated across all hours in month m

Annual RR_p = the annual revenue requirement for each Project as discussed in Section 6.13.2 above

Incremental Transmission Rights Revenue_p = net incremental transmission revenue associated with project p

Zonal Cost Allocation %_{z,p} = the proportion of the cost of project p allocated to zone z, as determined pursuant to Section 31.4.3.4.4.1 of Attachment Y

6.13.5 Recovery of Costs Incurred by an Unregulated Transmitting Utility.

An Unregulated Transmitting Utility is a Transmission Owner that, pursuant to Section 201(f) of the FPA, is not subject to the Commission's jurisdiction under Sections 205 or 206(a) of the FPA. The recovery of costs related to the preparation of proposals for, and the development, construction, operation and maintenance of an Approved RETP undertaken by an Unregulated Transmitting Utility, including NYPA and LIPA, shall be governed by this section.

6.13.5.1 The Unregulated Transmitting Utility shall coordinate with and inform the ISO of the amount of such costs, which shall constitute the revenue requirement that the ISO shall recover through a separate project-specific EFC. The Unregulated Transmitting Utility or the ISO, as applicable, shall file the EFC as an informational filing with the Commission. The ISO shall bill the EFC to the Responsible LSEs consistent with Sections 6.13.4 through 6.13.4.3 of this schedule and shall remit the revenues collected to the Unregulated Transmitting Utility in

accordance with the ISO's billing and settlement procedures.

6.13.5.2 Cost Recovery for LIPA.

Any costs incurred for an Approved RETP undertaken by LIPA, as an Unregulated Transmitting Utility, shall be recovered as follows:

6.13.5.2.1 Costs allocated by the ISO pursuant to Section 31.4.3.4 of Attachment Y to Load in the Long Island Transmission District will be recovered pursuant to a rate recovery mechanism approved by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Upon approval of the rate recovery mechanism, LIPA shall provide to the ISO, for purposes of inclusion within the ISO OATT and filing with the Commission on an informational basis only, a description of the rate recovery mechanism, the cost base for the RETP, and the rate that LIPA will charge and collect from responsible entities within the Long Island Transmission District.

6.13.5.2.2 Where the ISO determines that Load in Load Zones located outside the Long Island Transmission District should be allocated a portion of the costs of an RETP undertaken by LIPA, LIPA shall inform the ISO of the amount of the cost base of such RETP that is established pursuant to the recovery mechanism described in Section 6.13.5.2.1. Such cost base shall be used to calculate a per-MWh rate in accordance with the formula set forth in Section 6.13 that the ISO shall apply through a separate LIPA EFC to recover the portion of such costs that the ISO allocates to LSEs serving Load located outside the Long Island Transmission District. The ISO shall file the LIPA EFC with the Commission as an informational filing for Commission review under the same "comparability" standard as is applied to review of changes in LIPA's TSC under Attachment H of this tariff. LIPA shall intervene in support of such filing at the Commission and shall take the responsibility to resolve

all concerns about the contents of the filing that might be raised in such proceeding. The ISO shall bill for LIPA the LIPA EFC to Responsible LSEs serving Load in Load Zones located outside the Long Island Transmission District consistent with Section 6.13.4 and shall remit the revenues collected to LIPA in accordance with the ISO's billing and settlement procedures.

6.13.5.3 Savings Clause.

The inclusion, in the ISO OATT or in a Commission filing on an informational basis, of the charges for recovery of costs incurred by an Unregulated Transmitting Utility related to an Approved RETP undertaken pursuant to Attachment Y of the ISO OATT, as provided for in Section 6.13.5, shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the Federal Power Act.

6.13.6 Recovery of Costs Incurred by an Other Developer Related to a Regulated Economic Transmission Project.

6.13.6.1 The EFC shall be used as the cost recovery mechanism for the recovery of the costs of an Approved RETP that is proposed, developed, or constructed by an Other Developer who is otherwise authorized to develop or construct a regulated transmission project under applicable federal, state and local law, and who is authorized by the Commission to recover costs under this rate mechanism; provided however, nothing in this cost recovery mechanism shall be deemed to create any additional rights for an Other Developer to proceed with a regulated transmission project that such Other Developer does not otherwise have at law.

6.13.6.2 Upon completion of the Approved RETP, the Other Developer and/or the ISO as applicable, will make a filing with the Commission to provide the final project cost and resulting revenue requirement to be recovered through the EFC. The filing may include all of the cost categories that are specified in Section 6.13.2 of this Schedule. The resulting revenue

requirement will become effective and recovery of project costs pursuant to this Schedule will commence upon the acceptance of the filing by the Commission. The ISO will determine the EFC and bill the Responsible LSEs in accordance with Section 6.13.4.