

Beneficiaries Pay

Cost Allocation

ESPWG 2/9/04

- Two alternatives for “beneficiaries pay” summarized at our January meeting
- Objective today - describe more fully the “those who need it pay” alternative

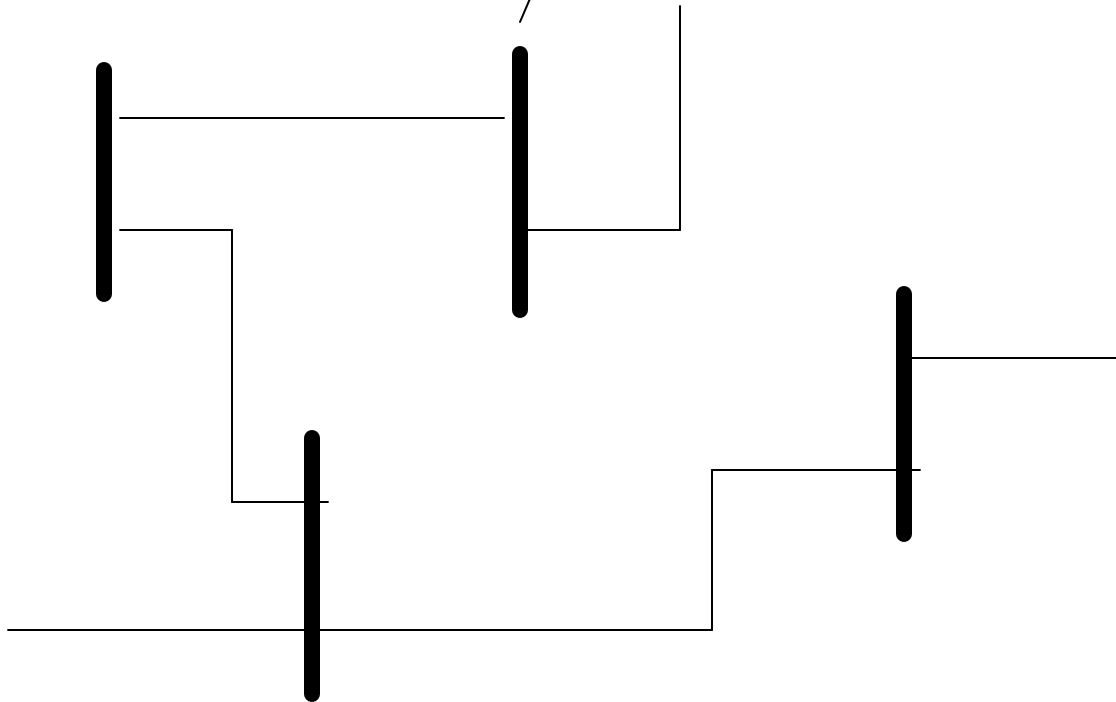
Bob Reed NYSEG

Process

- ISO does a study that reveals a reliability violation
- The study will identify low voltage and/or overloads on specific facilities
- Determine who's load is on the facilities
- Split the cost by load ratio share

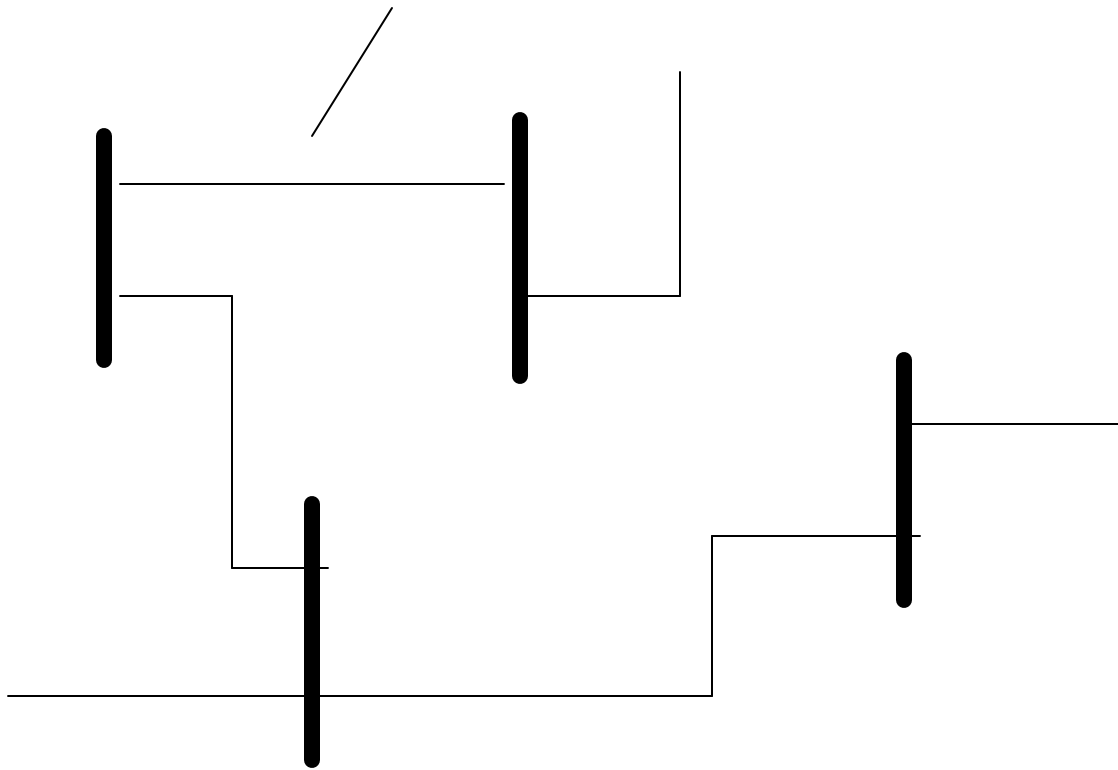
Example

- Low voltage – bus comes out in red



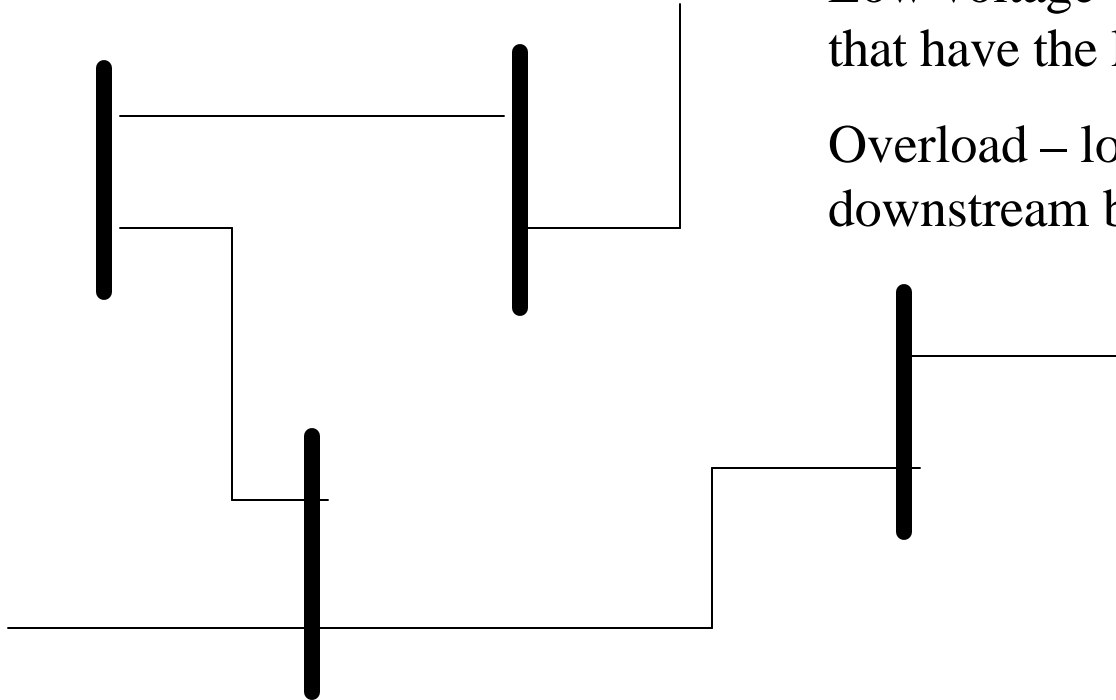
Example

- Overload – line comes out in red



Example

Who's load is attached?



Low voltage – load on the busses that have the low voltage

Overload – load on the downstream busses

Is this a good method?

- Definitely beneficiaries pay, those who get no benefit do not have to pay
- Deterministic, relatively easy to apply for low voltage and overloads. Stability?
- However, still leaves open a potential free rider issue.