

# “Those Who Need It Pay”

- Last meeting – went into some of the process details of this “Beneficiaries Pay” alternative
- “Who benefits?” – this is obviously critical to any beneficiaries pay methodology
- For low voltage conditions – easy to determine who benefits from the “fix” - the load on the busses that had the low voltage
- For line or transformer overloads – a bit more tricky. Who benefits from fixes to these?

# Overloads

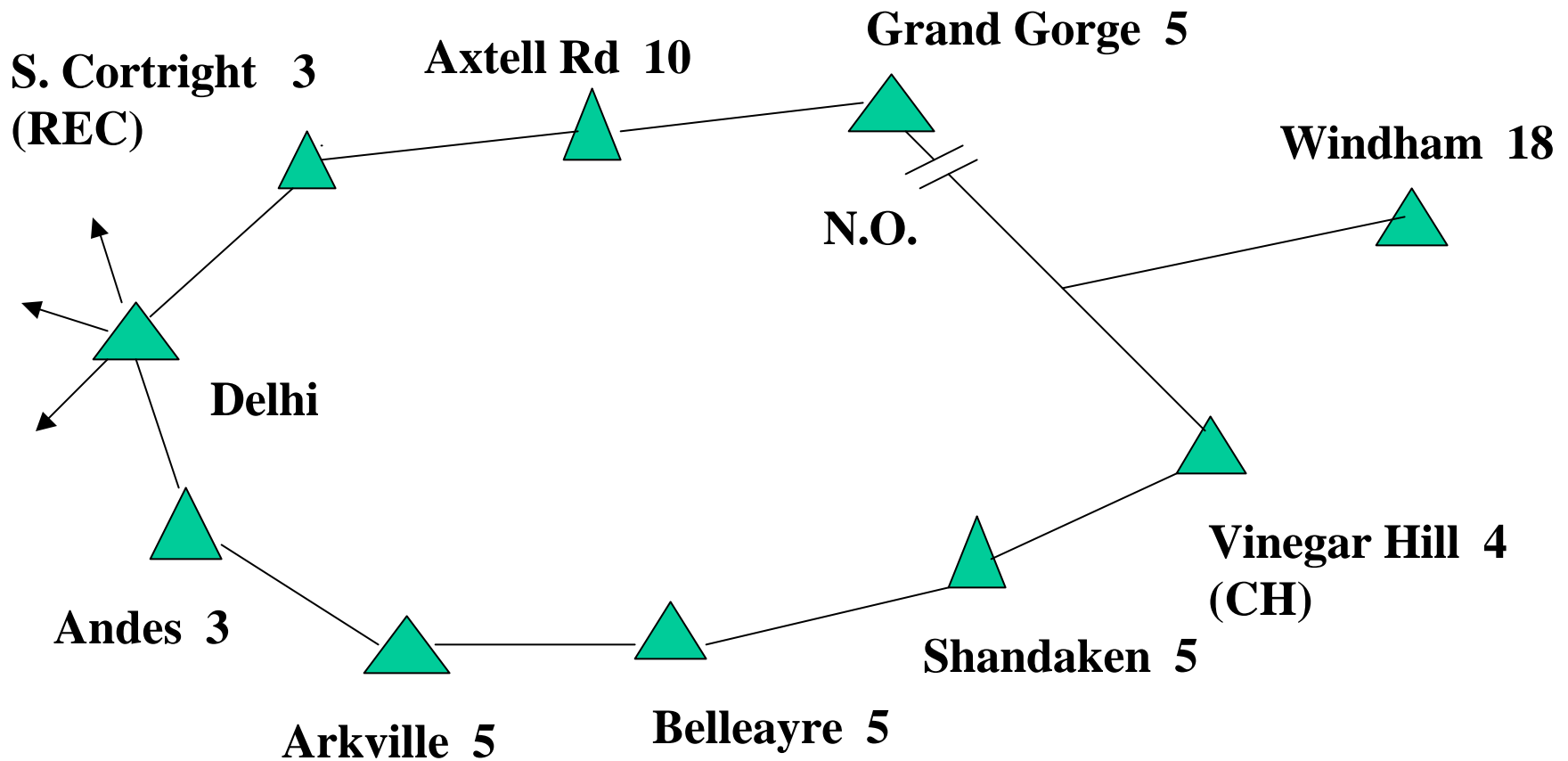
- Is there really a reliability violation when a line overload is forecast?
- The ISO can always direct that the line be taken out of service – no energized line, no overload.
  - Alternatively, the system can many times be operated in a manner to relieve the overload
- If an overloaded line is taken out of service, is there still a reliability problem in the system (or a worse one)?

# Small Lines

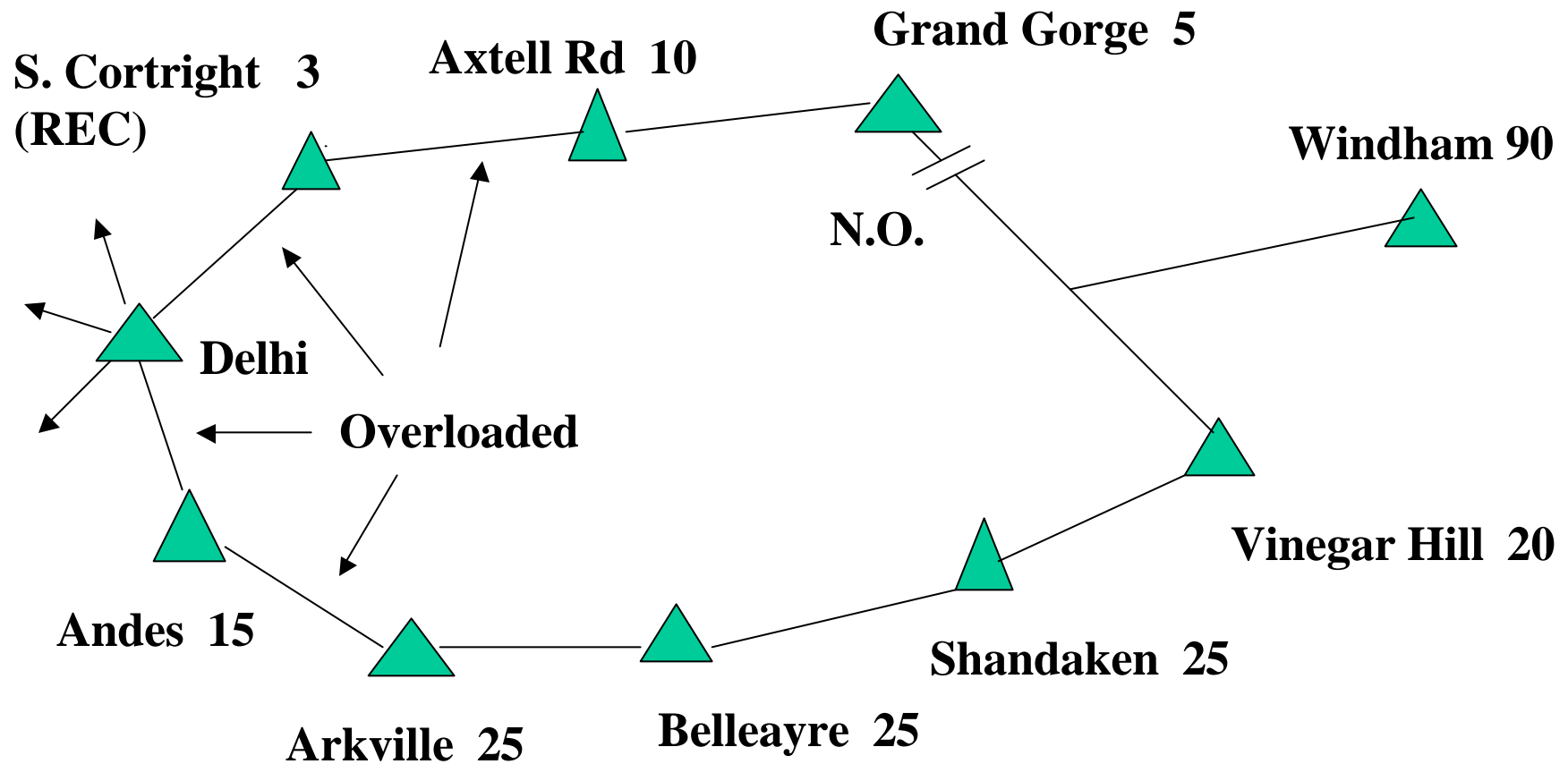
- Lower voltages (34.5 - 69 KV sub-transmission) - beneficiaries are obvious because the downstream load is readily identifiable
- Besides, the ISO won't even be looking at reliability concerns at this level
- 115/138 KV system
  - For the most part, the beneficiaries will be obvious
  - But will need rules for those cases where it is not

# Example – Catskill Loop

115 KV



Lets say load increases by 5 times on the southern branch, so that the line is overloaded (normal) between Delhi and Arkville and, for a contingency, between Delhi and Axtell



- The line in these sections must be rebuilt
- Who pays?

NYSEG Load - 195 MW

CH Load - 20 MW

By load ratio share:

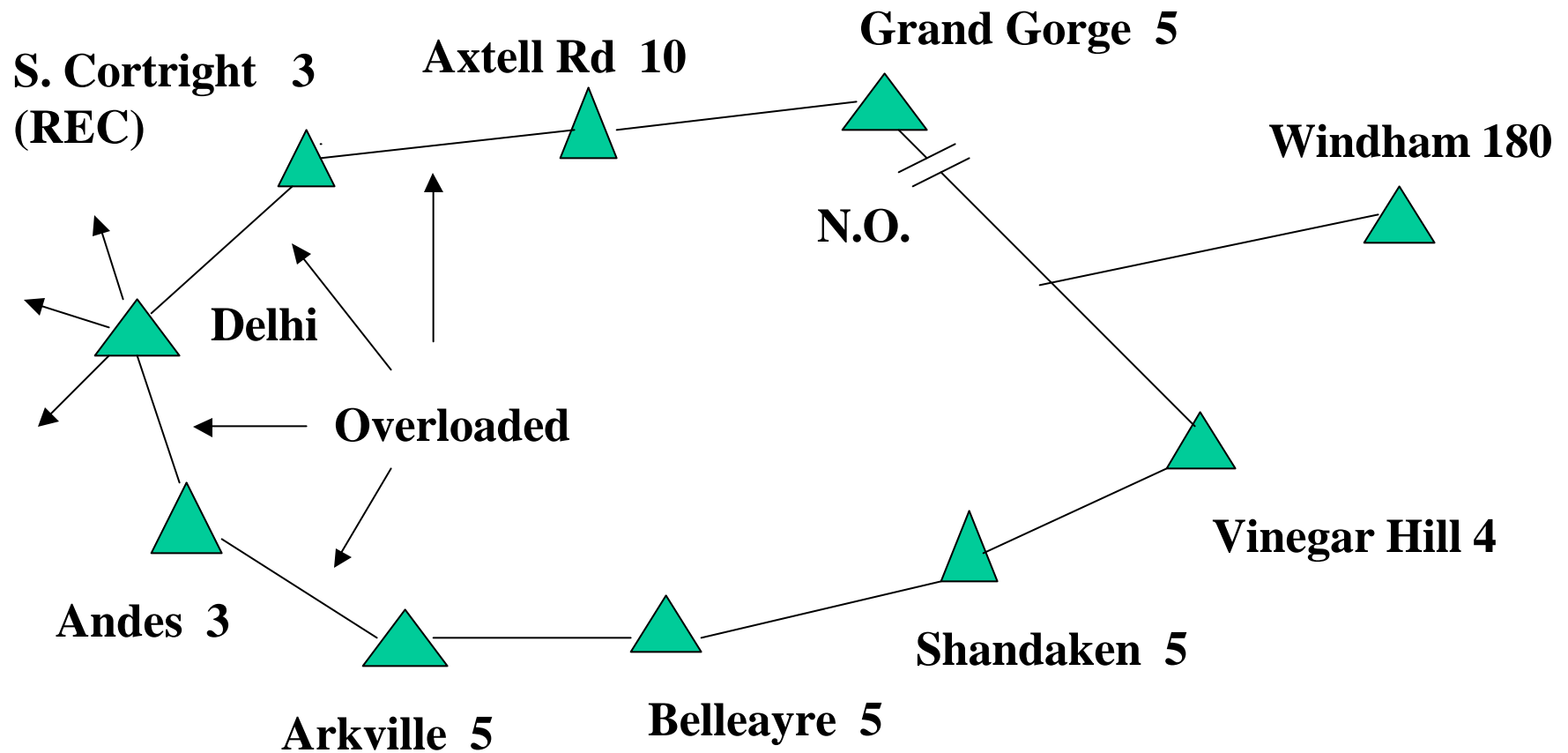
CH pays  $20/215 = 9.3\%$

NYSEG pays 90.7%

How about the REC? Should they pay?

What about a block load addition?

Suppose Windham load increases from 18 to 180 MW



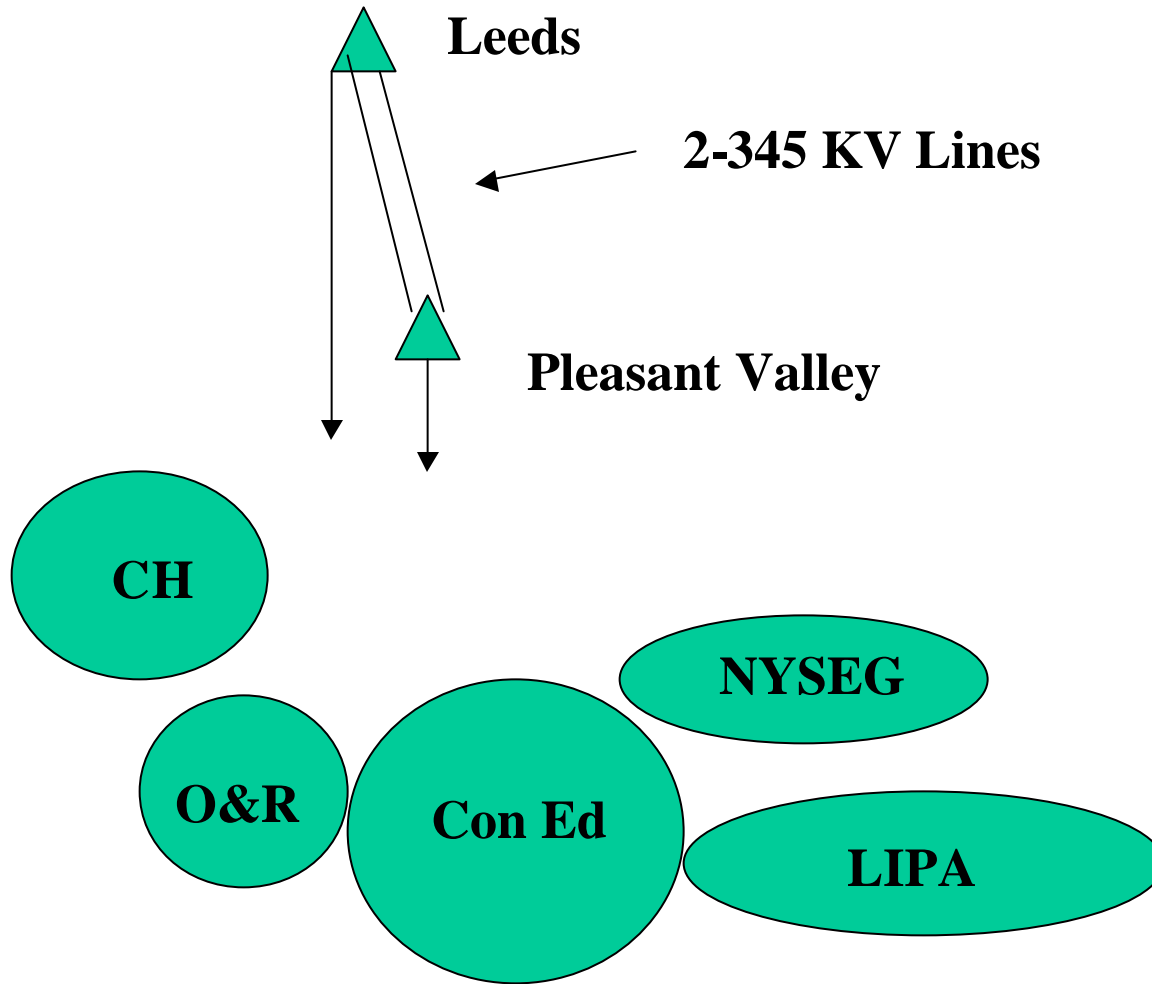
- Cost Causation principles:
  - NYSEG should pick up 100% of the cost
- Conversely, if the block load addition were at Vinegar Hill, Central Hudson would pick up the costs



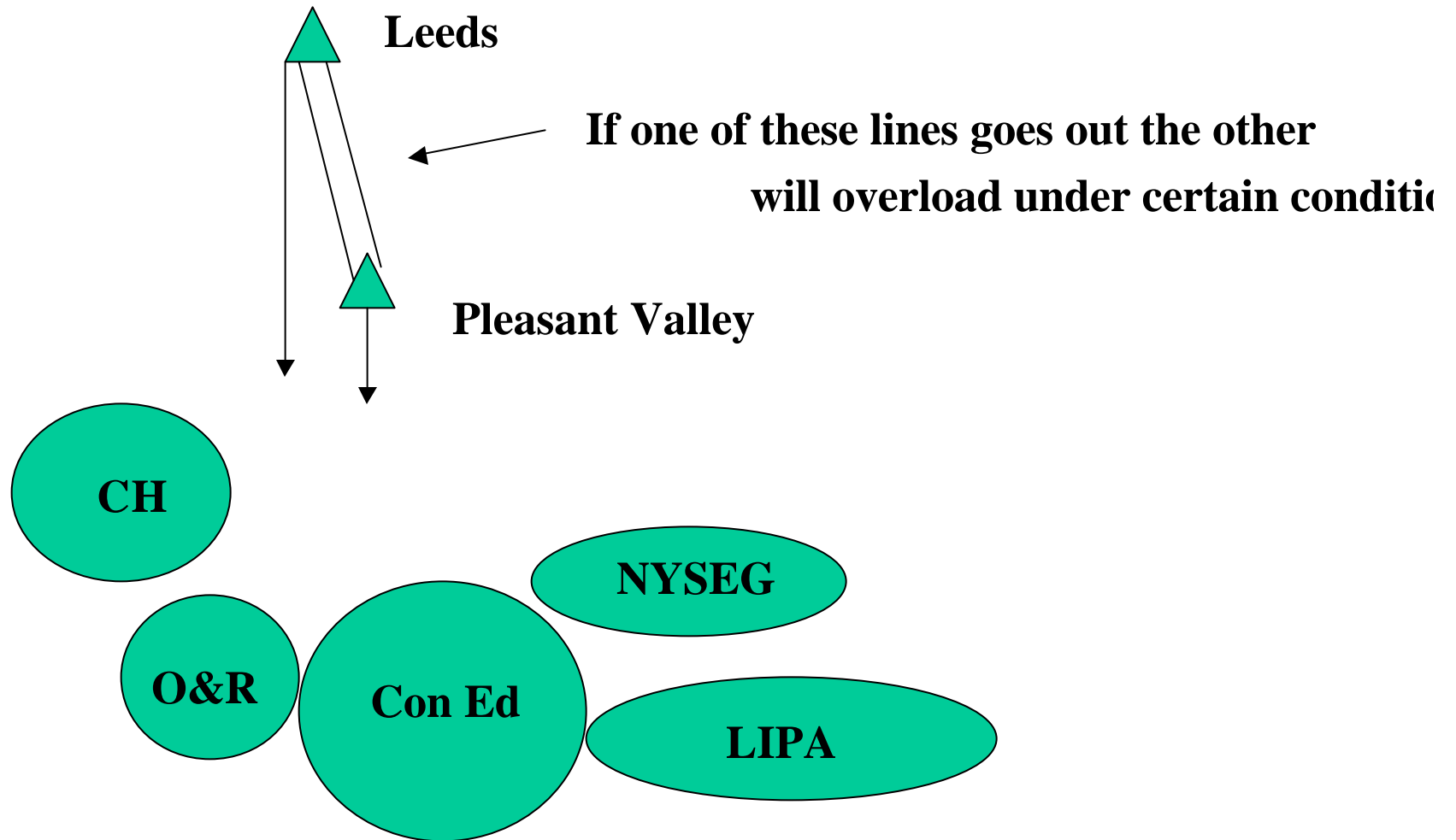
# Big Lines

- 345 KV and most 230 KV lines – hard to imagine that they will ever be overloaded (except maybe some NYC cables)
- Why? – can always back off transfers and change the generation mix to solve the overload, while maintaining security
- This effects the economics of the system, not its reliability

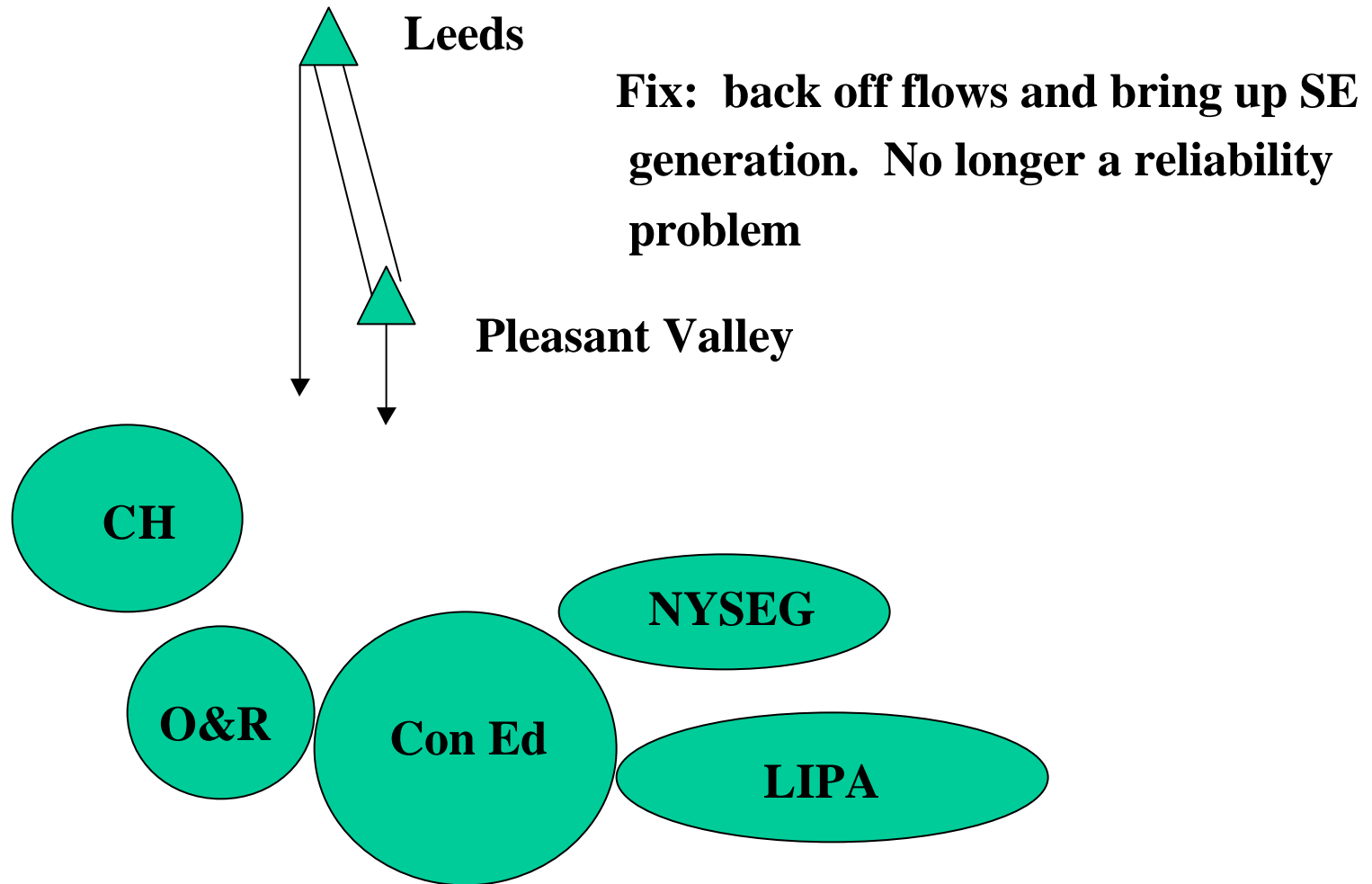
# Example: Leeds-Pleasant Valley



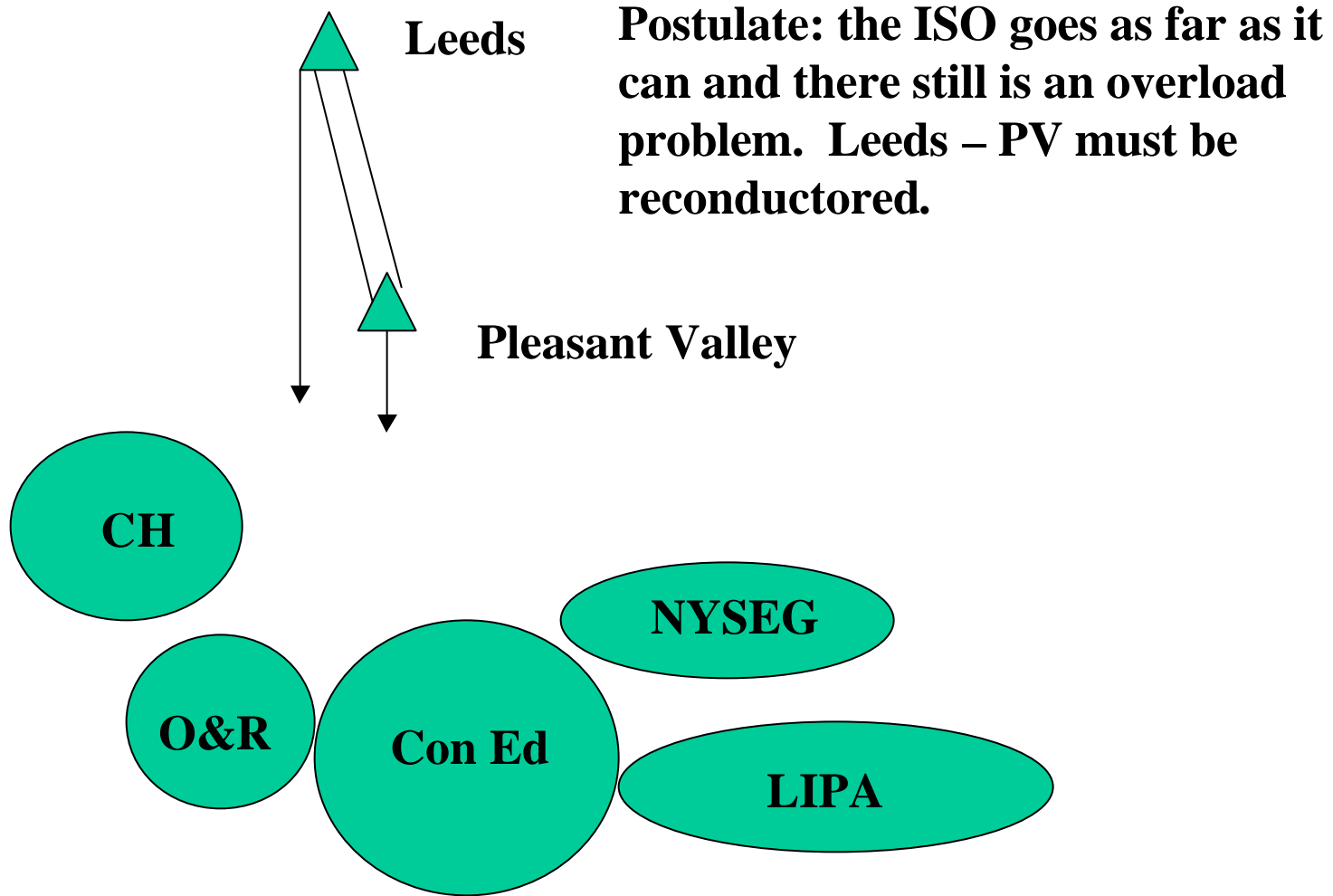
# Leeds – Pleasant Valley



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- What is the contribution of each Company to the line flows on the overloaded line?
  - Recognize terms in any grandfathered contracts
- Allocate on this basis