



Construction Work in Progress Payments (CWIP) for CARIS II

Howard Tarler

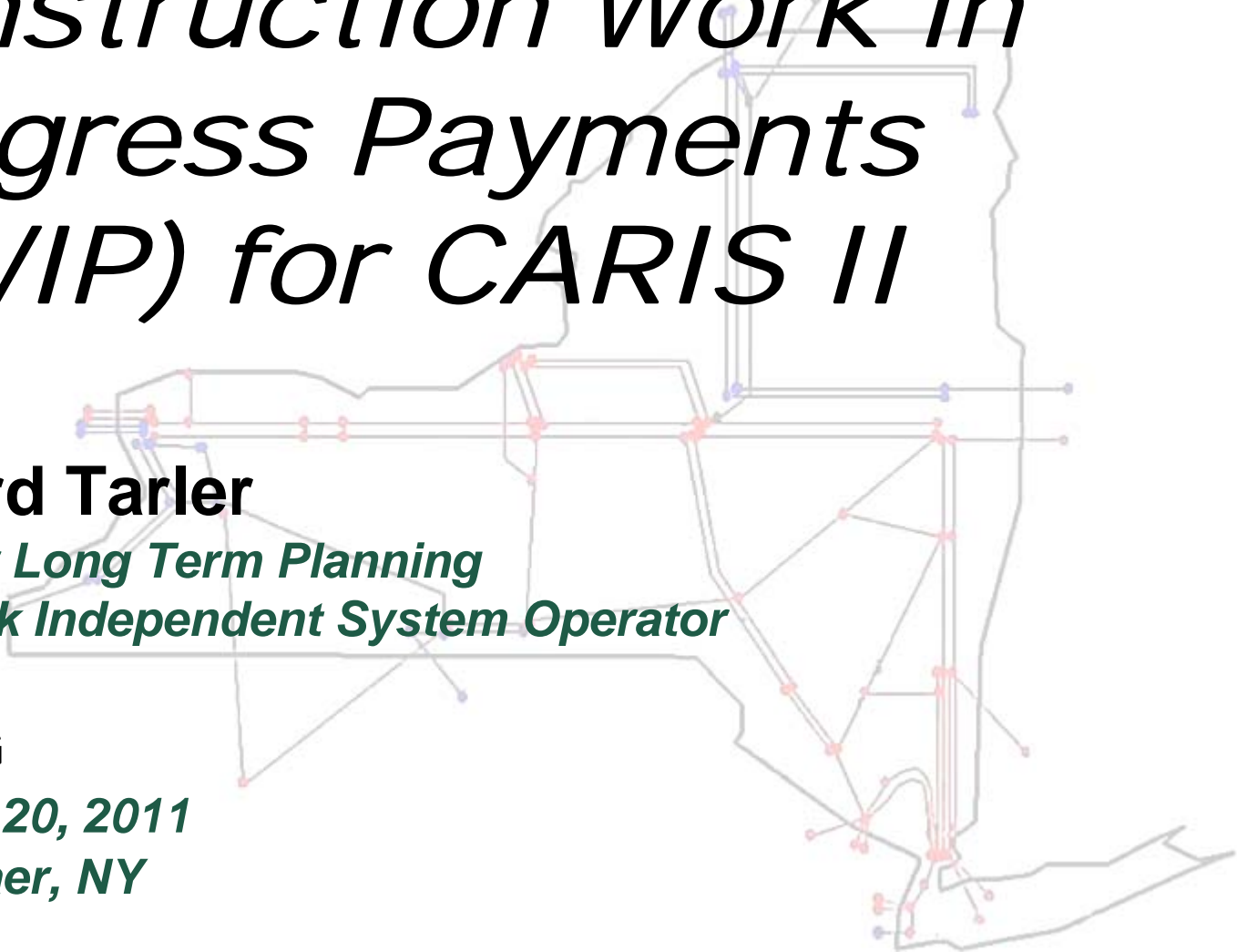
Manager Long Term Planning

New York Independent System Operator

ESPWG

January 20, 2011

Rensselaer, NY



Conventional NYS CWIP

- ◆ **Conventional rate regulation in New York provides for CWIP for certain utility projects**
- ◆ **CWIP treatment allows for the book entry of qualified construction expense prior to commercial operation**
- ◆ **Allowable construction expense is placed into rate base after project placed into service**
- ◆ **Recovery of revenue requirements does not begin until after commercial operation**

Draft – For Discussion Purposes Only

What if FERC allows CWIP payments prior to project completion?

- ◆ Attachment Y does not provide a mechanism for accomplishing such payments
- ◆ No provision for including in the cost metric revenue requirements other than those “...reasonably allocated over the first ten years from the proposed commercial operation date....”

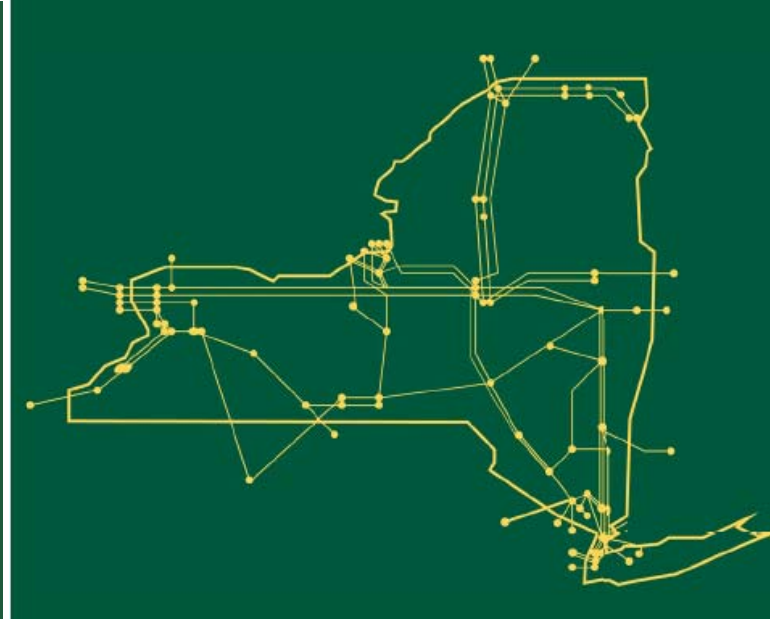
Draft – For Discussion Purposes Only

Discussion of Alternatives

- ◆ Request developer to disclose intentions re: requesting CWIP payments
- ◆ If CWIP payment request is not rejected by developer, then request information on pre-operation payment schedule that will be requested.
- ◆ Create process for calculating the present value of full revenue requirements if CWIP payments will be sought.

Draft – For Discussion Purposes Only

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.



www.nyiso.com