

Headroom Accounting

- c. The NYISO will determine the depreciated cost of the System Upgrade Facilities associated with the Developer-created Headroom ~~will be determined~~ using the FERC-approved depreciation schedule applied to comparable facilities by the Connecting Transmission Owner.
- d. Developer-created Headroom will be measured by the NYISO in accordance with these rules. The use that a subsequent project makes of Developer-created Headroom, that is, the reliability impact that a subsequent project has on the transmission system and its pro rata cost responsibility for the System Upgrade Facilities, will also be measured by the NYISO in accordance with these rules. The NYISO will publish accounts showing the Headroom for each Class Year of Developers, and will update those accounts to reflect the impact of subsequent projects. The NYISO will close the Headroom account of a Developer when the electrical values in the account are reduced to zero or when ten years have passed since the establishment of the account, whichever occurs first.
- (1) If a subsequent Developer uses up all the Headroom of an earlier Developer, and also triggers the need for a new System Upgrade

Facility, then the subsequent Developer will pay the Transmission Owner for the new System Upgrade Facility but will not pay the earlier Developer for the Headroom used up or the account extinguished. However, the earlier Developer will get a new Headroom account and a pro rata share of the Headroom in the new System Upgrade Facility purchased by the subsequent Developer. The economic value of this pro rata share will be equal to the economic value of the earlier Developer's Headroom account that was extinguished by the subsequent Developer.

- e. For Class Years 2001 and 2002, the NYISO shall account for Headroom as provided by the Non-Financial Settlement. Developers in Class Year 2002 shall reimburse Class Year 2001 Developers in accordance with the terms of the Non-Financial Settlement.

15. ~~A Developer creating Headroom will not be compensated for the use of that headroom that results from subsequent load growth or changes in load patterns.~~
In addition to the adjustments made by the NYISO in Headroom accounts to reflect the impact of subsequent projects, the NYISO will make other adjustments

to Headroom accounts when preparing for each Annual Transmission Baseline Assessment. The NYISO will make these other adjustments to reflect the impact of changes in the Existing System Representation modeled for the Annual Transmission Baseline Assessment that result from the installation, expansion or retirement of generation and transmission facilities for load growth and changes in load patterns. Such changes in the Existing System Representation can also result from changes in these rules or the criteria, methods or software used to apply these rules.

- a. No compensation will be paid as a result of these changes to the Existing System Representation. However, the NYISO will adjust the ratios of dollars to electrical values in each Developer's account to maintain the economic value of the Developer's account that existed before the changes were made in the Existing System Representation.
- b. The NYISO will make no adjustments to Headroom accounts for the impact of subsequent generic solutions, except in those cases where the generic solution is a Class Year project and the adjustment is made to reflect the impact of the Class Year project.

16. Developers are not charged for their use of any rate base facilities, except to the degree applicable as customers taking service in accordance with the rates, if any, that apply to those facilities.
- G. Going Forward. Once a Developer has posted Security for its share of the System Upgrade Facilities required for its project, then that