

20.4 Allocation of Historic Fixed Price TCC Revenues

20.4.1 Defined Terms and Overview

20.4.1.1 Defined Terms

1. **Set of Historic Fixed Price TCCs (HFPTCCs):** Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that have the same POI and POW and which take, or took, effect in the same Capability Period.

For purposes of this Section 20.4, references to when a particular Historic Fixed Price TCC takes (or took) effect shall be meant to refer to, as appropriate, the initial start date of a particular Historic Fixed Price TCC following the expiration or termination of the associated ETA, the start date of an annual renewal of a particular Historic Fixed Price TCC, or the start date of a one-year extension of a particular Historic Fixed Price TCC.

20.4.1.2 Overview

The ISO shall allocate the revenues from the initial award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) as follows:

1. following the effective date of this Section 20.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs that took effect on or before November 1, 2016 by using the methodology described in this Section 20.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC took effect; and
2. following the completion of each Centralized TCC Auction after the effective date of

this Section 20.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that take effect in the Capability Period immediately following such Centralized TCC Auction using the methodology described in this Section 20.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) takes effect.

To do so, for each Set of HFPTCCs, the ISO shall:

1. determine the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.4.2 of this Attachment N;
2. determine the applicable Historic Fixed Price TCC facility flow-based methodology coefficient for each Transmission Owner for each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.4.3 of this Attachment N; and
3. allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with each round of the applicable one-year Sub-Auction of the relevant Centralized TCC

Auction in accordance with Section 20.4.4 of this Attachment N.

Notwithstanding anything to the contrary herein, if a relevant Centralized TCC Auction includes a single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, such single round one-year Sub-Auction shall not be considered for purposes of this Section 20.4.

20.4.2 Calculation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction

For each Set of HFPTCCs, the ISO shall calculate the revenue deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction in accordance with Formula N-30.

Formula N-30

$$HFPTCCRevenue_{s,n} = \left[\sum_{k \in s} HFPTCCPmt_{k,s} \right] * RoundPct_n$$

Where,

$HFPTCCRevenue_{s,n}$ = For Set of HFPTCCs s , the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that is deemed to be associated with round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

s = A Set of HFPTCCs

$HFPTCCPmt_{k,s}$ = The revenue received for each Historic Fixed Price TCC (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) k that is part of Set of HFPTCCs s , as payable by an LSE in accordance with Section 19.2.1.3 of Attachment M of this Tariff

$RoundPct_n$ = The percentage of transmission capacity made available for round n of the relevant Centralized TCC Auction to support the sale of one-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of one-year

TCCs in round n of the relevant Centralized TCC Auction; to (ii) the percentage of transmission capacity made available to support the sale of one-year TCCs with the same start date as one-year TCCs in round n in the one-year Sub-Auction of the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction.

20.4.3 Calculation of Historic Fixed Price TCC Facility Flow-Based Methodology Coefficient

For each Set of HFPTCCs, the ISO shall use the Historic Fixed Price TCC facility flow-based methodology coefficient to allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction. The applicable coefficient for each Set of HFPTCCs and each round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-31.

Formula N-31

$$HFPTCCFFB_{t,s,n} = \frac{\sum_{L \in L_{t,n}} |(1YrFlow_{L,n} - Mod1YrFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n}) * Share_{n,t,L}|}{\sum_{L \in L_n} |(1YrFlow_{L,n} - Mod1YrFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n})|}$$

Where,

$HFPTCCFFB_{t,s,n}$ = For Set of HFPTCCs s , the Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner t for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

s = As defined in Formula N-30

L_n = The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$L_{t,n}$	= The set of all transmission facilities owned by Transmission Owner t that are modeled in the Transmission System model for round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction
L	= A transmission facility from bus x to bus y
$1YrFlow_{L,n}$	= The Energy flow on transmission facility L in the Optimal Power Flow solution to round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow
$Mod1YrFlow_{L,n,s}$	= The Energy flow on transmission facility L in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of HFPTCCs s . For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility L that violates any limit applicable to the amount of Energy that may flow on transmission facility L for round n of the <u>applicable</u> one-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility L , as determined by the Power Flow, to avoid consideration of such incremental flows above the applicable limit for transmission facility L and use such adjusted Energy flow value for purposes of calculating $HFPTCCFFB_{t,s,n}$

$Price_{y,L,n}$ = The market-clearing price at bus y on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus y on transmission facility L shall be the sum of (i) the market-clearing prices at bus y on transmission facility L determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus y on transmission facility L determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Price_{x,L,n}$ = The market-clearing price at bus x on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus x on transmission facility L shall be the sum of (i) the market-clearing prices at bus x on transmission facility L determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus x on transmission facility L determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Share_{n,t,L}$ = The percentage of transmission facility L owned by Transmission Owner t on the effective date of the TCCs sold in round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

20.4.4 Allocation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction

For each Set of HFPTCCs, each Transmission Owner's share of the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with a

round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-32.

Formula N-32

$$HFPTCCRevAlloc_{t,s,n} = HFPTCCRevenue_{s,n} * HFPTCCFFB_{t,s,n}$$

Where,

- HFPTCCRevAlloc_{t,s,n} = For Set of HFPTCCs *s*, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with round *n* of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner *t*
- s* = As defined in Formula N-30
- HFPTCCRevenue_{s,n} = As defined in Formula N-30
- HFPTCCFFB_{t,s,n} = As defined in Formula N-31.

Each Transmission Owner's share of Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) allocated pursuant to this Section 20.4 shall be incorporated into, or otherwise accounted for as part of, its TSC, or NTAC or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.