

## **6.19 Schedule 19 - Rate Mechanism for the Recovery of the CLCPA Facilities Charge**

### **6.19.1 Applicability**

#### **6.19.1.1 CLCPA Eligible Projects**

This Schedule establishes the CLCPA Facilities Charge (“CFC Charge” or, as it relates to LIPA, a “LIPA CFC Charge”) for the recovery of the costs of each transmission project that is eligible for cost recovery in accordance with the Cost Sharing and Recovery Agreement among the Member Systems, dated as of June 17, 2022 (as such agreement may be amended, the “CSRA”). Each Transmission Owner that is a signatory to the CSRA (excluding NYPA but including LIPA as an “Unregulated Transmitting Utility” as such term is defined in Section 6.10.1 of Rate Schedule 10 of the ISO OATT) (each referred to herein as an “Eligible Transmission Owner”) may recover through the applicable CFC Charge or LIPA CFC Charge the costs of a transmission project (or portion thereof) that it is eligible to recover under the CSRA. For purposes of this Schedule, such a transmission project (or portion thereof) is referred to as a “CLCPA Eligible Project.” The costs of a CLCPA Eligible Project incurred by an Eligible Transmission Owner other than LIPA will be billed and collected under a CFC Charge as described in Section 6.19.4. The costs of a CLCPA Eligible Project incurred by LIPA will be billed and collected under a LIPA CFC Charge as described in Section 6.19.5.

#### **6.19.1.2 Projects Not Eligible for Cost Recovery Through the CFC Charge**

This Schedule does not apply to transmission projects that are not eligible under the CSRA for cost allocation and recovery through the applicable CFC Charge or LIPA CFC Charge. In addition, this Schedule shall not apply to provide cost recovery to NYPA for any transmission projects.

## **6.19.2 Revenue Requirement for CFC Charge**

The CFC Charge for an Eligible Transmission Owner other than LIPA and LIPA CFC Charge for LIPA shall be calculated in accordance with the formula set forth in Section 6.19.3 using the revenue requirement of the individual Eligible Transmission Owner necessary to recover the costs of a CLCPA Eligible Project. The revenue requirement to be used in the calculation and recovery of the CFC Charge for an Eligible Transmission Owner other than LIPA is described in Section 6.19.4. The revenue requirement to be used in the calculation and recovery of the LIPA CFC Charge for LIPA is described in Section 6.19.5.

## **6.19.3 Calculation and Recovery of CFC Charge and Payment of Recovered Revenue**

6.19.3.1 The costs of each CLCPA Eligible Project shall be allocated on a load ratio share basis, calculated volumetrically based on Actual Energy Withdrawals by LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through. The ISO will calculate and bill a CFC Charge for an Eligible Transmission Owner other than LIPA and a LIPA CFC Charge for LIPA in accordance with this Section 6.19.3. The ISO shall bill each CFC Charge and LIPA CFC Charge to all LSEs serving Load in the New York Control Area (each a “Responsible LSE”). Responsible LSEs shall pay each CFC Charge and LIPA CFC Charge.

6.19.3.2 The revenue requirement established by an Eligible Transmission Owner pursuant to Section 6.19.4 and by LIPA pursuant to Section 6.19.5 will be the basis for the applicable CFC Charge and LIPA CFC Charge that shall be charged by the ISO to each Responsible LSE as set forth in Section 6.19.3.5.

6.19.3.3 Each Eligible Transmission Owner shall request Incremental TCCs with respect to its respective CLCPA Eligible Projects in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and accept any Incremental TCCs to the extent

awarded by the ISO pursuant to such request. As it relates solely to CLCPA Eligible Projects, an Eligible Transmission Owner shall not be deemed a “Transmission Owner” for purposes of Section 20.2.5 or Section 20.3.7 of Attachment N of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of Attachment N of the ISO OATT or Net Auction Revenues under Section 20.3.7 of Attachment N of the ISO OATT.

Each Eligible Transmission Owner shall in relation to their respective CLCPA Eligible Projects exercise its right to obtain and maintain in effect all Incremental TCCs, including temporary Incremental TCCs, to which it has rights under Section 19.2.4 of Attachment M of the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Sections 19.2.4.7 and 19.2.4.8 of Attachment M of the ISO OATT, Incremental TCCs created and awarded to an Eligible Transmission Owner resulting from implementation of a CLCPA Eligible Project shall not be eligible for sale in Secondary Markets but shall be offered by the Eligible Transmission Owner in all rounds of the six-month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse an Eligible Transmission Owner the auction revenues resulting from the sale of its offered Incremental TCCs. The total amount of the auction revenues disbursed to an Eligible Transmission Owner pursuant to this Section 6.19.3.3 shall be used in the calculation of the CFC Charge and LIPA CFC Charge, as set forth in Section 6.19.3.5. Incremental TCCs associated with a CLCPA Eligible Project shall continue to be offered for the duration of the Incremental TCCs, established pursuant to the terms of Attachment M of the ISO OATT.

The revenue offset discussed in this Section 6.19.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of a CLCPA Eligible Project on or after the date the CFC Charge or LIPA CFC Charge is

implemented. The CFC Charge and LIPA CFC Charge and the revenue offset related to Incremental TCCs associated with the implementation of a CLCPA Eligible Project shall not require and shall not be dependent upon a reopening or review of the Eligible Transmission Owner's or LIPA's revenue requirements for (i) the CFC Charge or LIPA CFC Charge for any other CLCPA Eligible Project pursuant to this Section 6.19 of the ISO OATT, (ii) the revenue requirement for charges set forth in another rate schedule of the ISO OATT, or (iii) the revenue requirement for the TSCs set forth in Attachment H of the ISO OATT.

6.19.3.3.1 With respect to CLCPA Eligible Projects only, an Eligible Transmission Owner shall receive the settlements described in Section 19.2.4.10 of Attachment M to the ISO OATT that are applicable to an Expansion that is not subject to Section 20.2.5 of Attachment N to the ISO OATT. Unless expressly provided for otherwise in Section 19.2.4.10 of Attachment M to the ISO OATT, the Eligible Transmission Owner, as it relates to CLCPA Eligible Projects only, shall not be charged O/R t S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R t S Auction Revenue Shortfall Charges or U/D Auction Revenue Shortfall Charges or be paid O/R t S Congestion Rent Surplus Payments, U/D Congestion Rent Surplus Payments, O/R t S Auction Revenue Surplus Payments or U/D Auction Revenue Surplus Payments subject to payments and charges under Section 20.2.4 and Section 20.3.6 of Attachment N of the ISO OATT. ~~Outage charges related to any Incremental TCCs awarded by the ISO for a CLCPA Eligible Project shall be assessed to the Eligible Transmission Owner, and payable by the Eligible Transmission Owner to the~~

~~ISO, pursuant to Section 19.2.4.10 of Attachment M of the ISO OATT for an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT.~~

6.19.3.4 The billing units for the CFC Charge and LIPA CFC Charge for the Billing Period shall be based on the Actual Energy Withdrawals, excluding Withdrawal Billing Units for Exports and Wheels Through, of the Responsible LSEs.

#### **6.19.3.5 Cost Recovery Methodology**

The ISO shall calculate a CFC Charge or LIPA CFC Charge, as applicable, for the CLCPA Eligible Project(s) of each Eligible Transmission Owner that will be applicable to each Responsible LSE as follows:

$$\text{Charge}_{B,L,P} = (\text{AnnualRR}_{P,B} - \text{IncrementalTransmissionRightsRevenue}_{P,B} + \text{OutageCostAdjustment}_{P,B}) \times (\text{LSEWithdrawalUnits}_{L,B} / \text{TotalWithdrawalUnits}_B)$$

Where:

L = the relevant Responsible LSE;

B = the relevant Billing Period;

P = the relevant CLCPA Eligible Project of an Eligible Transmission Owner (or set of CLCPA Eligible Projects of an Eligible Transmission Owner);

AnnualRR<sub>P,B</sub> = the pro rata share of the annual revenue requirement for each CLCPA Eligible Project (or set of CLCPA Eligible Projects of an Eligible Transmission Owner) P, as discussed in Section 6.19.2 above, allocated for Billing Period B;

IncrementalTransmissionRightsRevenue<sub>P,B</sub> = the auction revenue derived from the sale of the Incremental TCCs awarded to the Eligible Transmission Owner for each CLCPA Eligible Project (or set of CLCPA Eligible Projects of an Eligible Transmission Owner) P plus payments received by the Eligible Transmission Owner for such Incremental TCCs pursuant to Section 20.2.3 of Attachment N of the ISO OATT, as discussed in Section 6.19.3.3 above, allocated for Billing Period B. The revenues from the sale of Incremental TCCs in the ISO's six-month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of Billing Period B;

~~Outage~~CostAdjustment<sub>P,B</sub> = the ~~outage charges settlements~~, as discussed in Section 6.19.3.3.1 above and determined pursuant to Section 19.2.4.10 of Attachment M to the ISO OATT, for the Incremental TCCs awarded to the Eligible Transmission Owner for each CLCPA Eligible Project (or set of CLCPA Eligible Projects of an Eligible Transmission Owner) P aggregated across all hours in Billing Period B;

LSEWithdrawalUnits<sub>L,B</sub> = Actual Energy Withdrawals for Responsible LSE L, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B; and

TotalWithdrawalUnits<sub>B</sub> = Actual Energy Withdrawals for all Responsible LSEs, excluding Withdrawal Billing Units for Exports and Wheels Through, for all Load Zones aggregated across all hours in Billing Period B.

6.19.3.6 The ISO will collect the appropriate CFC Charge and LIPA CFC Charge revenues each Billing Period and remit those revenues to the appropriate Eligible Transmission Owner in accordance with the ISO's billing and settlement procedures.

#### **6.19.4 Recovery of Costs Incurred by a Transmission Owner Other than LIPA**

6.19.4.1 The CFC Charge for an Eligible Transmission Owner other than LIPA shall be used as the cost recovery mechanism for the recovery of the costs, as approved for recovery through this Rate Schedule 19 of the ISO OATT, of each CLCPA Eligible Project undertaken by such Transmission Owner.

6.19.4.2 The period for cost recovery, including the recovery of any approved construction work in progress ("CWIP") or allowance for funds used during construction ("AFUDC"), if applicable, will be determined in accordance with the CSRA. Unless otherwise provided in the CSRA or otherwise approved by an applicable Governmental Authority, the period of recovery for Eligible Projects shall begin when a CLCPA Eligible Project enters service, or if such Eligible Project shall not enter service, after the Eligible Transmission Owner ceases construction of the project. The Eligible Transmission Owner, or, at its request, the ISO on behalf of the Eligible Transmission Owner, shall either make a Section 205 filing with the

Commission or make an informational filing under a formula rate to provide for the Commission's review and approval/acceptance of the project cost and resulting revenue requirement to be recovered through the CFC Charge for an Eligible Transmission Owner other than LIPA. The Eligible Transmission Owner shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding. The ISO will begin to calculate and bill the CFC Charge in accordance with the applicable period for cost recovery for each CLCPA Eligible Project.

#### **6.19.5 Recovery of Costs Incurred by LIPA**

##### **6.19.5.1 Cost Recovery for LIPA**

6.19.5.1.1 The LIPA CFC Charge shall be used as the cost recovery mechanism for the recovery of the costs, as approved for recovery pursuant to the CSRA, of each CLCPA Eligible Project undertaken by LIPA. LIPA is an Unregulated Transmitting Utility and pursuant to Section 201(f) of the Federal Power Act, is not subject to the Commission's jurisdiction under Sections 205 and 206(a) of the Federal Power Act. LIPA's revenue requirement for calculating the LIPA CFC Charge is approved by the LIPA Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. The costs that may be included in the revenue requirement for calculating the LIPA CFC Charge include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, a CLCPA Eligible Project, including those costs explicitly permitted for recovery pursuant to the CSRA. The period for cost recovery for each CLCPA Eligible Project undertaken by LIPA shall be determined by the LIPA Board of Trustees, provided that such period of recovery is consistent with the terms of the CSRA.

6.19.5.1.2 If requested to do so by LIPA, the ISO shall file LIPA's revenue requirement for each CLCPA Eligible Project undertaken by LIPA for Commission review under the same "comparability" standard as is applied to review of changes in LIPA's TSC under Attachment H of the ISO OATT. LIPA shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding. Upon the Commission's acceptance for filing of LIPA's revenue requirement for each CLCPA Eligible Project undertaken by LIPA, the ISO will calculate and bill a LIPA CFC Charge in accordance with the approved period for cost recovery for each CLCPA Eligible Project undertaken by LIPA.

#### **6.19.5.2 Savings Clause**

The inclusion in the ISO OATT, or in a filing with the Commission pursuant to Section 6.19.5 of the ISO OATT, of the revenue requirement for recovery of costs incurred by LIPA for a CLCPA Eligible Project undertaken by LIPA, or the inclusion of such revenue requirement in a LIPA CFC Charge, shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.