



March 15, 2024

VIA ELECTRONIC FILING

Honorable Debbie-Anne A. Reese
Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Informational Filing of NextEra Energy Transmission New York, Inc.
Docket No. ER24-____-000

Dear Ms. Reese:

Pursuant to Section VI of the NextEra Energy Transmission New York, Inc. (“NEET New York”) Formula Rate Implementation Protocols (“Protocols”), NEET New York submits this transmittal letter and supporting materials (“Informational Filing”) reflecting NEET New York’s (i) projected Net Revenue Requirement for the 2024 Rate Year, effective January 1, 2024 (2024 Annual Projection) and (ii) Annual True-Up and True-Up Adjustment for the 2022 Rate Year (“2022 Annual Update”). As set forth in the Protocols, this Informational Filing is provided to the Federal Energy Regulatory Commission (“Commission” or “FERC”) for informational purposes only and does not require any Commission action.

I. Background

On September 30, 2016, in Docket No. ER16-2719-000, NEET New York submitted for filing with the Commission a proposed formula rate template and associated implementation protocols. NEET New York also requested Commission approval of several rate incentive treatments incorporated in the formula rate template: (i) a base return on equity (“ROE”) of 10.5 percent and a 50 basis point ROE Adder for Regional Transmission Organization/Independent System Operator participation (RTO/ISO Participation Adder); (ii) a regulatory asset account for NEET New York’s prudently incurred pre-commercial and formation costs for later recovery, with carrying charges; and (iii) a hypothetical capital structure of 60 percent equity and 40 percent debt, to remain in effect until the first transmission project is placed in service. At the time, NEET New York explained that the formula rate template would be a NEET New York tariff and that it was not yet incorporated into the NYISO Tariff. By delegated letter order issued in Docket No. ER16-2719-000 on February 16, 2017, NEET New York’s filing was accepted

and suspended for a nominal period, to be effective November 30, 2016, as requested, subject to refund and further Commission order.¹

On November 3, 2017, the Commission issued a further order accepting and suspending NEET New York's September 30 Filing for a nominal period to be effective November 30, 2016, subject to condition, and setting the base ROE of the Formula Rate for hearing and settlement judge procedures.² The November 2017 Order also granted NEET New York: (1) recovery of all pre-commercial and formation costs that are not capitalized through the establishment of a regulatory asset account, with carrying charges accruing beginning on November 30, 2016; (2) the use of a hypothetical capital structure of 60 percent equity and 40 percent debt prior to its first transmission project going into service; and (3) a 50 basis point ROE adder for NEET New York's participation in NYISO.

Separately, on October 20, 2017, in Docket No. ER18-125-000, NEET New York requested approval of certain incentive rate treatments for its investment in the Empire State Line Project ("ESL Project"), a Public Policy Transmission Project pursuant to Attachment Y of the OATT. NEET New York was selected by the NYISO as the developer of the ESL Project on October 17, 2017. In its filing to the Commission, NEET New York requested that the Commission grant authorization of the following incentives: (i) recovery of 100% of prudently incurred costs in the event the ESL Project must be abandoned for reasons outside of NEET New York's reasonable control ("Abandoned Plant Incentive"); (ii) inclusion of 100% Construction Work In Progress ("CWIP") in rate base; (iii) an incentive return on equity adder of 50 basis points ("ROE Incentive Adder"); and (iv) an incentive return on equity adder of 50 basis points for independent transmission ownership ("Transco Adder"). The Commission granted the requests for the ROE Incentive Adder and the Transco Adder, subject to the resulting ROE being within the zone of reasonableness for NEET NY in Docket No. ER16-2719-000, *et al.*, and the Commission also granted the Abandoned Plant Incentive and CWIP incentive.³

On May 25, 2018, NEET New York filed an offer of settlement ("Settlement Agreement") in Docket No. ER16-2719-000. The Settlement Agreement resolved all of the issues set for hearing and settlement procedures in Docket No. ER16-2719-000, including a base ROE, as well as NEET NY's incentive rate treatments for the ESL Project and certain issues associated with NEET NY's potential development of a separate set of transmission projects within the NYISO planning process, the AC Transmission Projects.⁴

¹ *NextEra Energy Transmission New York, Inc.*, 158 FERC ¶ 62,109 (2017).

² *NextEra Energy Transmission New York, Inc.*, 161 FERC ¶ 61,138 (2017) ("November 2017 Order").

³ *NextEra Energy Transmission New York, Inc.*, 162 FERC ¶ 61,196 (2018).

⁴ While NEET New York ultimately was not selected as a developer of the AC Transmission Projects, the Settlement Agreement provides for the recovery of "Project Development Costs" incurred by NEET New

Relevant here, the Settlement Agreement also included a cost allocation for recovery of the costs of the Empire State Line Project. The Settlement Agreement was approved by the Commission on August 17, 2018.⁵

On January 15, 2021, NEET New York submitted a tariff filing in Docket No. ER21-907 with the assistance of the New York Independent System Operator, Inc. (“NYISO”), acting in its role as administrator of the NYISO Open Access Transmission Tariff (“OATT”), to incorporate the NEET New York formula rate and protocols into section 6.10.9 of the NYISO OATT. The Commission accepted the filing by letter order dated March 4, 2021.

On December 8, 2021, the East Stolle Road substation component of the ESL Project was energized and entered commercial operation under the functional control of the NYISO. The remainder of the ESL Project was completed and in-service by June 1, 2022.

II. Informational Filing

Pursuant to the Challenge Procedures of the Protocols, on January 31, 2023, Niagara Mohawk Power Corporation d/b/a National Grid, New York State Public Service Commission, New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation, Long Island Power Authority, Municipal Electric Utilities Association of New York (“MEUA”), and the NYS Department of State Utility Intervention Unit (together the “Challengers”) submitted Informal Challenges to NEETNY. The Informal Challenges address capital costs that NEETNY classified as unforeseeable including in relation to: undergrounding of facilities; environmental protection, mitigation or remediation measures; engineering, construction and material costs; and changes in facility design or elements. The specific cost categories which were the subject of the Informal Challenges and the resulting settlement discussions are further described in NEETNY’s responses to the Informal Challenges, including the table of costs on the second page of NEETNY’s March 16, 2023, *Response to Verbal Questions Raised on the March 10, 2023 Conference Call*.⁶ NEETNY responded to the Informal Challenges that it appropriately classified all aforementioned project costs as Unforeseeable Costs pursuant to the terms of the Settlement Agreement.⁷ Following discussions and the exchange of information, NEETNY and the Challengers agreed that \$33 million of Project Costs classified by

York related to its participation in the competitive process for the AC Transmission Projects prior to the NYISO’s selection of one or more competing developers.

⁵ *NextEra Energy Transmission New York, Inc.*, 164 FERC ¶ 61,117 (2018).

⁶ The Informal Challenges and NEETNY’s responses thereto, are posted at a publicly accessible location on the New York ISO website. (available at <https://www.nyiso.com/billing-rates>).

⁷ Offer of Settlement, *NextEra Energy Transmission New York, Inc.*, FERC Docket No. ER16-2719-000 (May 25, 2018). (“Settlement Agreement”).

NEETNY as Unforeseeable Costs in NEETNY's Rate Years 2021, 2022, and 2023 Projected Net Revenue Requirement and Rate Year 2021 Annual True-up formula rate updates will be reclassified as Foreseeable Costs in the June 1, 2023, Rate Year 2022 Annual True-up formula rate update (and in all future iterations of the formula rate updates), thereby resulting in a total of \$38.52 million of Project Costs being subject to the cost containment provisions of the Settlement Agreement. Project Costs for these purposes is intended to refer to the initial capital costs of the project rather than potential future capital investment. The aforementioned agreement reflects a negotiated settlement entered into by the parties, in part to avoid litigation and resolve the Informal Challenges, and does not reflect the parties' positions with respect to NEETNY's classification of Project Costs as Unforeseeable.

Section VI.A of the NEET New York protocols provides that, "[b]y March 15 of each year, NEET New York shall submit to FERC an informational filing ('Informational Filing') of its projected net revenue requirement for the Rate Year, including its Annual True-Up and True-Up Adjustment."⁸ Accordingly, attached herewith are populated formula rate templates, in Microsoft Excel format, calculating NEET New York's actual net revenue requirement for the Rate Year 2022, and its projected net revenue requirement for the Rate Year 2024, including the True-Up Adjustment.

These same populated templates were posted on the NYISO website and e-mailed to the Service List along with the date and time of the open meetings among Interested Parties, consistent with Section II of the Protocols. The open meetings were held on July 12 and October 24, 2023. NEET New York did not receive any information and document requests from Interested Parties with respect to the 2022 Annual Update or 2024 Annual Projection. During the course of its Information Exchange Procedures contained in Section III of its Protocols, NEET New York identified corrections and adjustments to its 2024 Annual Projection. Pursuant to Section IV.F. of its Protocols, all appropriate adjustments were reflected in NEET New York's final projected net revenue requirement for the Rate Year 2024 and posted on the NYISO website. No Informal Challenges were submitted prior to the close of the Review Period, as defined in Section IV of the Protocols.

In addition, Section VI.A of the Protocols requires the Informational Filing to include information related to affiliate cost allocation. NEET New York has attached as Exhibit C to this filing a description of the methodologies used to allocate costs between NEET New York and its affiliates.

⁸ See NYISO OATT, Section 6.10.9.2.2, NextEra Transmission New York, Inc. Formula Rate Implementation Protocols ("Protocols") at Section VI.A.

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III. Service

As provided for in Section VI.A of the Protocols, within five days hereof, NEET New York will provide or cause to be provided notice of this filing to the Service List and cause the docket number assigned to this filing to be posted on the NYISO website.

IV. Contents of Filing

In addition to this transmittal letter, this filing includes:

Exhibit A: populated Microsoft Excel formula rate template reflecting NEET New York's 2024 projected net revenue requirement, effective January 1, 2024

Exhibit B: populated Microsoft Excel formula rate template reflecting NEET New York's Annual True-Up of its actual net revenue requirement for the 2022 Rate Year

Exhibit C: information about affiliate cost allocation

V. Conclusion

For the reasons discussed herein, NEET New York respectfully requests that the Commission accept this filing for informational purposes, consistent with Section VI of the NEET New York Protocols.

Respectfully submitted,

/s/ Travis M. Contratto

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