

161 FERC ¶ 61,160
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, and Robert F. Powelson.

New York Independent System Operator, Inc.

Docket No. ER17-1310-001

ORDER ACCEPTING TARIFF REVISIONS

(Issued November 16, 2017)

1. On March 27, 2017, as amended on July 10, 2017, pursuant to section 205 of the Federal Power Act (FPA)¹ and section 31.5.5.4.1 of the New York Independent System Operator, Inc.'s (NYISO) Open Access Transmission Tariff (Tariff), NYISO submitted, on behalf of the New York Public Service Commission (New York Commission), revisions to section 31.8 of Attachment Y of its Tariff related to NYISO's Order No. 1000 Public Policy Transmission Process.² As discussed below, we accept the filing, to be effective on the date of the issuance of this order.

I. Background

2. NYISO's Order No. 1000 Public Policy Transmission Process consists of four main steps. First, the New York Commission identifies a Public Policy Transmission Need, and as part of that determination, it may also prescribe a regional cost allocation method that is specific to the associated Public Policy Transmission Need. Second, NYISO solicits proposed solutions to any identified Public Policy Transmission Need; then, NYISO evaluates the viability and sufficiency of proposed transmission and non-transmission solutions to the Public Policy Transmission Need. Finally, upon the New York Commission's confirmation of a transmission need based on the viability and sufficiency evaluation, NYISO evaluates and selects the more efficient or cost-effective transmission project to satisfy the Public Policy Transmission Need.³

3. On December 16, 2014 and December 17, 2015, the New York Commission issued orders identifying a regional cost allocation method for the Alternating Current

¹ 16 U.S.C. § 824d (2012).

² New York Independent System Operator, Inc., NYISO Tariffs, [NYISO OATT, 31.8 OATT Att Y Appendix E Public Policy Transmission Need C, 2.1.0.](#)

³ NYISO Transmittal Letter at 2.

Transmission System Public Policy Transmission Need (also referred to herein as the AC Transmission Upgrades).⁴ Through the AC Transmission Upgrades, NYISO aims to relieve congestion in the downstate portion of New York State by upgrading the AC transmission systems in the Central Eastern, Upstate, and Southeastern portions of the state. On February 29, 2016, NYISO began soliciting and evaluating proposals to develop transmission facilities that will resolve the AC Transmission System Public Policy Transmission Need.

II. NYISO's Filing

4. Section 31.5.5.4.1 of NYISO's Tariff provides that if the New York Commission "prescribes the use of a particular cost allocation and recovery methodology, then the [NY]ISO shall file that methodology with the Commission within 60 days of the issuance by the [New York Commission] of its identification of a Public Policy Transmission Need."⁵ On March 27, 2017, pursuant to FPA section 205, NYISO filed the regional cost allocation method that the New York Commission prescribed for the AC Transmission Upgrades as a revision to section 31.8 of Attachment Y of its Tariff, to be effective May 26, 2017.

5. The proposed regional cost allocation method for the AC Transmission Upgrades allocates costs based on the extent to which benefits will accrue to ratepayers. The New York Commission asserts that the primary benefit of the AC Transmission Upgrades is to provide congestion relief for the downstate region of the state, but that other benefits, such as improved system reliability and reduced environmental and health impacts, will accrue to ratepayers state-wide. Accordingly, the New York Commission asserts that 75 percent of the costs for the AC Transmission Upgrades should be allocated solely to the load zones that will benefit from the congestion relief (downstate), and that the remaining 25 percent of costs should be allocated regionally on a load-share ratio basis (25/75 Cost Allocation Method).⁶ According to the New York Commission, this method will allocate approximately 90 percent of the transmission project's cost to ratepayers in the downstate region, and about 10 percent to upstate ratepayers.

6. In addition, NYISO describes, without accompanying tariff revisions, the New York Commission's preferred cost containment mechanism for the AC Transmission Upgrades. Under the New York Commission's cost containment proposal, if the actual capital costs differ from the cost estimate, ratepayers would be responsible for 80 percent of any cost overruns and retain 80 percent of any cost savings. The transmission

⁴ *Id.* at 4-5.

⁵ NYISO, Tariff, § 31.5.5.4.1.

⁶ NYISO Transmittal Letter 4-6.

developer would be required to absorb 20 percent of any cost overruns and forego any related incentives on the cost overruns, and would retain 20 percent of any cost savings.⁷ In regard to implementing the 80/20 Risk Sharing Mechanism, because the New York Commission recognizes that the Commission's policy on cost recovery allows transmission developers to recover costs that are prudently incurred, it proposes to limit the selected transmission developer's ability to recover costs associated with cost overruns by reducing the allowed return on equity for the transmission project.⁸

III. Notice

7. Notice of NYISO's March 27, 2017 filing was published in the *Federal Register*, 82 Fed. Reg. 16,195 (2017), with interventions or protests due on or before April 17, 2017.

8. Timely motions to intervene were filed by the following entities: Multiple Intervenors;⁹ City of New York, New York; Municipal Electric Utility Association of New York; New York Association of Public Power; NextEra Energy Transmission New York, Inc. (NextEra Energy); Exelon Corporation; NRG Power Marketing LLC and GenOn Energy Management, LLC; Indicated New York Transmission Owners (Indicated NYTOs);¹⁰ New York Transco, LLC; LSP Transmission Holdings, LLC and North America Transmission, LLC (collectively, LS Power); ITC New York Development, LLC (ITC); Long Island Power Authority; and New York Power Authority.

9. Timely protests or comments were submitted by the following: Indicated NYTOs; New York Transco, LLC; LSP Transmission Holdings, LLC and North America Transmission, LLC; ITC; City of New York, New York (City of New York), Multiple

⁷ *Id.* at 5 ("80/20 Risk Sharing Mechanism").

⁸ New York Commission, Mary Ann Sorrentino Aff. PP 7-12.

⁹ Multiple Intervenors is an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State.

¹⁰ Indicated NYTOs include: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; Niagara Mohawk Power Corporation d/b/a National Grid; New York State Electric & Gas Corporation; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.

Intervenors, and Consumer Power Advocates (collectively, Consumer Parties);¹¹ NextEra Energy; and New York State Assembly Members Paulin, Dinowitz, Englebright, and Kavanagh (collectively, New York State Assembly Members).

10. On May 2, 2017, NYISO submitted a motion for leave to answer, answer, and motion to intervene out-of-time. In addition, the New York Commission submitted a motion for leave to file answer and answer. On May 12, 2017, the Indicated NYTOs submitted a motion for leave to answer and answer.

IV. Comments, Protests and Responsive Pleadings

A. Comments and Protests

11. New York Transco and Indicated NYTOs argue that the New York Commission lacks any statutory basis to file a regional cost allocation method under FPA section 205 because it is not a public utility. They contend that NYISO likewise cannot make the current filing to modify the Tariff under FPA section 205 because NYISO did not comply with section 2.10 of the Tariff,¹² and section 3.03 of the ISO-TO Agreement,¹³ both of which govern NYISO's right to make such filings. Under those provisions, they argue, NYISO must obtain stakeholder approval prior to submitting amendments to the Tariff under FPA section 205. Therefore, Indicated NYTOs and New York Transco assert that the New York Commission's regional cost allocation method should be accepted only for

¹¹ Consumer Power Advocates is an alliance of large not-for-profit institutions that are located in New York State.

¹² NYISO, Tariff, Section 2.10 Tariff Modifications:

Notwithstanding any other provision in this Tariff, this Tariff may be modified only as follows: any proposed amendment to this Tariff must be submitted to both the ISO Management Committee and the ISO Board; if both the ISO Board and the ISO Management Committee agree to an amendment of this Tariff, the ISO shall file the proposed amendment with the Commission pursuant to Section 205 of the FPA; if the ISO Board and the ISO Management Committee do not agree on a proposed amendment of this Tariff, this Tariff shall not be subject to change pursuant to Section 205 of the FPA. Nothing herein is intended to limit the rights of the ISO or any person under Section 206 of the FPA.

¹³ NYISO, ISO-TO Agreement, Section 3.03, Amendment of NYISO Agreement and NYISO Tariffs.

informational purposes, pending a selected transmission developer's future FPA section 205 filing.¹⁴

12. With respect to details of the proposed cost allocation method for the AC Transmission Upgrades, most of the parties support, or do not oppose, the proposed regional cost allocation method.¹⁵ However, the New York State Assembly Members request that the Commission reject the proposed cost allocation method, arguing that the proposed regional allocation (load-ratio share) of 25 percent is not high enough to account for "some of the financial and societal benefits to ratepayers statewide."¹⁶

13. While City of New York, Consumer Parties, NextEra Energy, and ITC support the proposed 80/20 Risk Sharing Mechanism,¹⁷ other parties express concerns. For example, LS Power supports the risk sharing concept of the New York Commission's 80/20 Risk Sharing Mechanism proposal but argues that the 80/20 Risk Sharing Mechanism should not preclude a transmission developer from proposing an alternative approach that provides greater benefits to ratepayers.¹⁸ In addition, LS Power asserts that the filing lacks clarity on how the 80/20 Risk Sharing Mechanism would be implemented, namely whether a selected transmission developer's return on equity would need to be adjusted, and if so, how often.¹⁹ New York Transco and Indicated NYTOs oppose the proposed 80/20 Risk Sharing Mechanism. They argue that NYISO should be able to consider, and transmission developers should have the opportunity to propose, alternative cost containment mechanisms during the evaluation phase of the transmission planning

¹⁴ Indicated NYTOs Protest at 2-5; New York Transco Protest at 3-6.

¹⁵ City of New York Comment at 3-4; ITC Comment at 2; LS Power Comments at 1, 5-6; New York Transco Protest at 1; Indicated NYTOs Protest at 2.

¹⁶ New York State Assembly Members Comments at 2. The benefits asserted by the New York State Assembly Members include: (1) the financial benefits that the Renewable Energy Credits and Zero Emissions Credits will provide to upstate generation plants; and (2) local employment benefits and tax payments to local municipalities and school districts in upstate New York that would decline if downstate ratepayers are unable to purchase power from upstate generation plants.

¹⁷ City of New York Comments at 5-8; Consumer Parties Comments at 5-8. NextEra Energy at 2-3; and ITC Comments at 3-4.

¹⁸ LS Power Comments at 16.

¹⁹ *Id.* at 12-17.

process.²⁰ Also, they argue that the New York Commission's proposal is inconsistent with Commission precedent and policy, as well as NYISO's Tariff, because it would prohibit a transmission developer from recovering all reasonably incurred costs.²¹

B. New York Commission and NYISO Answers

14. The New York Commission contends that its filing is explicitly authorized under section 31.5.5.4.1 of the Tariff, and is consistent with the Commission's order accepting NYISO's framework for regional cost allocation for Public Policy Transmission Needs. The New York Commission states that, in NYISO's First Order No. 1000 Compliance Order, the Commission found that the New York Commission's proposed regional cost allocation method shall be filed for approval so that the Commission can determine whether it is just and reasonable, and not unduly discriminatory or preferential.²²

15. NYISO also contends that section 31.5.5.4.1 of the Tariff explicitly directs NYISO to file with the Commission any regional cost allocation method that the New York Commission prescribes. NYISO explains that if it were to file the New York Commission's prescribed method solely for informational purposes and the selected transmission developer elected not to propose its own alternative regional cost allocation method, then NYISO would be required to apply the default load-ratio share regional cost allocation method, notwithstanding the existence of the New York Commission's preferred regional cost allocation method. Lastly, NYISO argues that the Commission has previously accepted FPA section 205 filings that it has submitted, without stakeholder approval, to comply with an explicit requirements in the its Tariffs.²³

C. Indicated NYTOs Answer to New York Commission's and NYISO's Answers

16. Indicated NYTOs reiterate that they support the New York Commission's regional cost allocation method, but oppose its preferred 80/20 Risk Sharing Mechanism and the procedural mechanism that NYISO used to submit the instant filing.²⁴ Indicated NYTOs

²⁰ Indicated NYTO's Protest at 7; New York Transco Protest at 6.

²¹ *Id.* at 6 (citing *Promoting Transmission Investment Through Pricing Reform*, 141 FERC ¶ 61,129 (2012)); New York Transco Protest at 6-10.

²² New York Commission Answer at 6 (citing *N.Y. Indep. Sys. Operator, Inc.*, 143 FERC ¶ 61,059, at P 325 (2013) (First Order No. 1000 Compliance Order)).

²³ NYISO Answer at 3-5.

²⁴ Indicated NYTOs May 12, 2017 Protest at 4-8.

argue that, according to the Tariff, the New York Commission's method may be filed under FPA section 205 by the transmission developer, not NYISO or the New York Commission, because the Tariff specifically provides that the transmission developer must file the New York Commission's regional cost allocation method pursuant to FPA section 205 when the transmission developer either proposes to use an alternative regional cost allocation method or the default method. Thus, they argue, the provisions that direct the transmission developer to make an FPA section 205 filing in those instances would be unnecessary if the New York Commission had authority to make the instant FPA section 205 filing on its own.²⁵ Further, they disagree with NYISO's and the New York Commission's arguments against the Commission accepting the filing as informational, because the Commission could hold the proceeding in abeyance and, if necessary, use its FPA section 206 authority to find that the default regional cost allocation method is unjust and unreasonable and that the New York Commission's regional cost allocation method is just and reasonable.²⁶

V. Deficiency Letter, Response, and Comments

17. On May 24, 2017, the Commission issued a deficiency letter asking NYISO to provide its interpretation of whether section 2.10 of its Tariff applies to the instant filing. On July 10, 2017, NYISO submitted its response (Deficiency Letter Response). Notice of the Deficiency Letter Response was published in the *Federal Register*, 82 Fed. Reg. 32,691 with comments due by July 31, 2017. Indicated NYTOs submitted a protest to NYISO's Deficiency Letter Response.

18. In the Deficiency Letter Response, NYISO asserts that section 2.10 of its Tariff does not apply to the instant filing because section 2.10 establishes procedures for how it and its stakeholders may voluntarily amend NYISO's Tariff. A voluntary amendment, NYISO asserts, excludes Tariff modifications that are necessary to "comply with the Commission's directives in its orders or explicit tariff directive accepted by the Commission."²⁷ NYISO argues that it was required to file the cost allocation method pursuant to section 31.5.5.4.1 of its Tariff, and thus was acting in compliance with the express tariff directives. Thus, according to NYISO, the instant filing should be considered a compliance filing, which is not subject to the stakeholders' approval.²⁸

²⁵ *Id.* at 3.

²⁶ *Id.* at 4-5.

²⁷ Deficiency Letter Response at 5, 7.

²⁸ *Id.* at 2 (citing *Niagara Mohawk Power Corp. v. FERC*, 452 F.3d 822,830 n. 9 (D.C. Cir. 2006)).

19. Further, NYISO argues that requiring stakeholder approval of the instant filing would effectively empower stakeholders to veto or otherwise impede the filing, preventing NYISO from complying with its Tariff.²⁹ NYISO argues that this result would frustrate the multi-step *ex ante* cost allocation process and limit the Commission's authority. NYISO reiterates that the Commission has accepted numerous provisions in its Tariff and its Services Tariff that direct NYISO to make a filing to amend its tariffs without first receiving stakeholder approval.³⁰ Thus, according to NYISO, section 2.10 cannot be reasonably read as nullifying these provisions.

20. Also, NYISO requests to change the effective date from May 26, 2017 to an unspecified effective date, which will be the date on which the Commission issues an order on the proposed Tariff revisions.

21. Finally, in regard to the New York Commission's 80/20 Risk Sharing Mechanism proposal, NYISO asserts that this aspect of the filing was voluntary because section 31.5.5.4.1 directs it to submit a cost allocation method, not a cost containment proposal. Thus, NYISO states that, pursuant to section 2.10, it has initiated its stakeholder process and will file Tariff provisions after that process has concluded.³¹

22. In its protest to the Deficiency Letter Response, Indicated NYTOs reiterate that section 2.10 of the Tariff and section 3.03 of the ISO-TO Agreement govern NYISO's ability to change the Tariff. Indicated NYTOs argue that NYISO's proposal interprets section 31.5.5.4.1 as negating the stakeholder process set forth in section 2.10, failing to give effect to all of the Tariff's provisions. Moreover, Indicated NYTOs argue, NYISO's contention that section 31.5.5.4.1 imposes a compliance obligation is inaccurate and inconsistent with NYISO's request to intervene as a party in the proceeding and its initial disposition that it submitted the filing "solely in its role as the Tariff Administrator."³² Indicated NYTOs agree that the Tariff imposes on NYISO a requirement to submit any cost allocation method that the New York Commission sets forth in an order identifying a Public Policy Transmission Need. However, Indicated NYTOs argue that proposing tariff changes exceeds the scope of that requirement and, therefore, the Commission should accept the instant filing for informational purposes only. Also, Indicated NYTOs disagree with NYISO's contention that the entire multi-step process is NYISO's *ex ante* cost allocation method; instead, they argue that the default load-ratio share method was approved for that purpose.

²⁹ *Id.* at 7.

³⁰ *Id.* at 2.

³¹ *Id.* at 5 n. 23.

³² Indicated NYTOs July 31, 2017 Protest at 3-4.

VI. Discussion

A. Procedural Matters

23. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We grant NYISO's unopposed out-of-time motion to intervene given its interest in this proceeding, the early stage of this proceeding, and the absence of undue prejudice or delay.

24. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2017), prohibits an answer to a protest and an answer unless otherwise ordered by the decisional authority. We will accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

B. Commission Determination

25. As a threshold matter, we disagree with Indicated NYTOs' and New York Transco's contention that the Commission should treat the instant filing as an informational filing, rather than an FPA section 205 filing. We find that NYISO's submission of the New York Commission's cost allocation method is explicitly authorized under section 31.5.5.4.1 of the NYISO Tariff. In approving NYISO's framework for regional cost allocation method under Order No. 1000, the Commission stated that it will review all of the proposed regional cost allocation methods filed by NYISO to determine whether it is just and reasonable and not unduly discriminatory or preferential.³³ Thus, a filing under FPA section 205 is more appropriate than an informational filing. Further, we disagree with NYTOs' and New York Transco's contention that the filing must be subject to the stakeholder process set forth in section 2.10 of the Tariff and 3.03 of the ISO-TO Agreement. Section 31.5.5.4.1, which the Commission accepted on compliance with Order No. 1000,³⁴ requires NYISO to file the New York Commission's cost allocation method for the Commission's review, provided that the New York Commission prescribes such a method when it identifies a Public Policy Transmission Need. Here, for the AC Transmission Upgrades, the New York Commission identified the 25/75 Cost Allocation Method described herein. Accordingly, because section 31.5.5.4.1 requires NYISO to make the instant filing with the

³³ First Order No. 1000 Compliance Order, 143 FERC ¶ 61,059 at P 325.

³⁴ *N.Y. Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,040, at P 121 (2015).

Commission, the filing was not subject to section 2.10 of the Tariff and 3.03 of the ISOTO Agreement.³⁵

26. Moreover, we note that the instant filing does not prevent the selected transmission developer from submitting its own proposed cost allocation method for the AC Transmission Upgrades. The Tariff specifically provides that the selected transmission developer may also file, for the Commission's approval, an alternate cost allocation method or request that NYISO use the default cost allocation method (i.e., load-share ratio).³⁶

27. In the First Order No. 1000 Compliance Order, the Commission determined that when a proposal to allocate the costs of a public policy transmission project selected in a regional transmission plan for purpose of cost allocation is submitted by the New York Commission, the proposal must comply with the cost allocation principles of Order No. 1000.³⁷ We find that the 25/75 Cost Allocation Method complies with the applicable Order No. 1000 cost allocation principles.³⁸

28. Specifically, we find that the 25/75 Cost Allocation Method satisfies Order No. 1000 Regional Cost Allocation Principles 1³⁹ and 2⁴⁰ because it would allocate the costs

³⁵ See, e.g., *N. Y. Indep. Sys. Operator, Inc.*, 144 FERC ¶ 61,126 (2013), *order on reh'g*, 147 FERC ¶ 61,152 (2014) (accepting a filing with tariff revisions that had not first obtained stakeholder approval that NYISO submitted pursuant to a tariff provision directing NYISO to submit the filing).

³⁶ NYISO, Tariff, §§ 31.5.5.4.2.2, 31.5.5.4.2.3, and 31.5.5.4.2.4.

³⁷ First Order No. 1000 Compliance Order, 143 FERC ¶ 61,059 at P 325.

³⁸ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323, PP 612-693 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014) (Order No. 1000).

³⁹ Regional Cost Allocation Principle 1: The cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 622.

⁴⁰ Regional Cost Allocation Principle 2: Those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any costs of those transmission facilities. *Id.* P 637.

of the AC Transmission Upgrades to the Load Zones within NYISO in a manner that is roughly commensurate with the benefits that the Load Zones will derive. The proposed 25/75 Cost Allocation Method is supported by a study that is similar to the Congestion Assessment and Resources Integration Study that NYISO currently uses to allocate costs under its Order No. 1000 Economic Regional Transmission Planning process.⁴¹ The study was published in an order that the New York Commission issued in January 2017 and demonstrates that 89.5 percent of its costs should be allocated to the downstate Load Zones and 10.5 percent to the upstate Load Zones. NYISO represents that the study's analysis appropriately reflects both the overall statewide benefits and the more targeted benefits that will be derived from reduced energy payments associated with less congestion.⁴² We reject the New York State Assembly Members' protest that NYISO should increase the allocation percentage for the upstate Load Zones as they have not demonstrated that the proposed method is inadequate or unjust and unreasonable.

29. We also find that the 25/75 Cost Allocation Method is consistent with Regional Cost Allocation Principle 3.⁴³ The 25/75 Cost Allocation Method does not include a benefit-to-cost threshold. Moreover, we find that the proposed 25/75 Cost Allocation Method complies with Regional Cost Allocation Principle 4,⁴⁴ as it would allocate the costs of the AC Transmission Upgrades to the Load Zones that are solely within NYISO's Transmission Planning Region. With respect to Regional Cost Allocation Principle 5,⁴⁵ we conclude that, given the study published in the New York

⁴¹ New York Commission, Jerry J. Ancona Aff. P 9.

⁴² *Id.* PP 9-10.

⁴³ Regional Cost Allocation Principle 3: If a benefit-to-cost threshold is used to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, the threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the transmission planning region or public utility transmission provider justifies, and the Commission approves, a higher ratio. Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 646.

⁴⁴ Regional Cost Allocation Principle 4: The allocation method for the cost of a transmission facility selected in a regional transmission plan must allocate costs solely within that transmission planning region unless another entity outside the region or another transmission region voluntarily agrees to assume a portion of those costs. *Id.* P 657.

⁴⁵ Regional Cost Allocation Principle 5: The cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility. *Id.* P 668.

Commission's January 2017 order, the identification of benefits and beneficiaries pursuant to the proposed 25/75 Cost Allocation Method is transparent and the method provides for adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility. Finally, we find that the proposed 25/75 Cost Allocation Method is consistent with Regional Cost Allocation Principle 6,⁴⁶ as NYISO has established separate regional cost allocation methods for reliability, economic, and public policy requirement-driven transmission projects.

30. Finally, we make no finding regarding the New York Commission's 80/20 Risk Sharing Mechanism. The filing does not include tariff sheets for the mechanism, and as such, is not properly before us. In its Deficiency Letter Response, NYISO states that it plans to file tariff sheets for the 80/20 Risk Sharing Mechanism after concluding its stakeholder process. Any such future FPA section 205 filing will be noticed for comment and addressed by the Commission, as appropriate.

The Commission orders:

NYISO's proposed tariff revisions are hereby accepted, to be effective on the date of issuance of this order, as discussed herein.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁴⁶ Regional Cost Allocation Principle 6: A transmission planning region may choose to use a different cost allocation method for different types of transmission facilities in the regional transmission plan, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements. *Id.* P 685.