

192 FERC ¶ 61,047
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Mark C. Christie, Chairman;
David Rosner, Lindsay S. See,
and Judy W. Chang.

Consolidated Edison Company of New York, Inc.
New York Independent System Operator, Inc.

Docket No. ER25-2219-000

ORDER ON TRANSMISSION RATE INCENTIVES AND ACCEPTING
PROPOSED TARIFF REVISIONS

(Issued July 11, 2025)

1. On May 14, 2025, Consolidated Edison Company of New York, Inc. (Con Edison) submitted, pursuant to sections 205 and 219 of the Federal Power Act (FPA),¹ Part 35 of the Commission's regulations,² and Order No. 679,³ a filing requesting approval of certain transmission rate incentives for its planned installation of two breakers at the Rainey Substation in Queens, New York (Rainey Breakers). The Rainey Breakers are a part of the Propel New York Project (Propel NY Project).⁴
2. Specifically, Con Edison requests authorization to (1) recover 100% of its prudently incurred costs associated with the installation of the Rainey Breakers if the installation is cancelled or abandoned for reasons beyond the control of Con Edison (Abandoned Plant Incentive) and (2) include 100% of construction work in progress (CWIP) in rate base during the development and construction phase of the Rainey

¹ 16 U.S.C. §§ 824d, 824s.

² 18 C.F.R. pt. 35 (2024).

³ *Promoting Transmission Inv. Through Pricing Reform*, Order No. 679, 116 FERC ¶ 61,057, *order on reh'g*, Order No. 679-A, 117 FERC ¶ 61.345 (2006), *order on reh'g*, 119 FERC ¶ 61,062 (2007).

⁴ Filing, Transmittal Letter at 3 & Attachment 3, Ex. CECONY-301, NYISO Long Island Offshore Wind Export Public Policy Transmission Planning Report (NYISO Planning Report).

Breakers (CWIP Incentive). Con Edison also filed corresponding revisions to its existing formula rate template set out in section 6.19.8.2.2 of Attachment 3 to Rate Schedule 19 of New York Independent System Operator, Inc.'s (NYISO) Open Access Transmission Tariff (OATT).⁵

3. In this order, we grant Con Edison's request for the Abandoned Plant Incentive and CWIP Incentive, and we accept Con Edison's proposed tariff revisions, effective July 14, 2025, as requested.

I. Background

A. Propel New York Project

4. Con Edison states that the Propel NY Project was selected by the NYISO Board of Directors to address a public policy need identified by the New York State Public Service Commission (New York Commission) pursuant to NYISO's Public Policy Transmission Planning Process.⁶ Con Edison explains that under that process, NYISO files potential public policy needs with the New York Commission proposed by interested parties, and the New York Commission then determines whether a need exists for which NYISO should solicit potential transmission solutions. Con Edison states that, on March 19, 2021, the New York Commission identified the need for new and upgraded transmission to increase the export capability from Long Island to New York City and the rest of New York state.⁷ Con Edison states that following the New York Commission's order, NYISO conducted a competitive solicitation for transmission solutions to meet the need and, from among 18 other proposals, the NYISO Board of Directors selected the Propel NY Project as the more efficient and cost-effective solution.

5. Con Edison states that the Propel NY Project consists of three new 345 kV AC tie lines from Long Island to the rest of New York state, a 345 kV transmission backbone on Long Island, and required upgrades.⁸ Con Edison states that the Propel NY Project requires building new underground and submarine electric transmission lines, four new transmission substations located in New York City, Long Island, and Westchester County, and upgrades to existing substations, including the required work on the Rainey Breakers. Con Edison explains that, once in service, the Propel NY Project will increase

⁵ NYISO, NYISO Tariffs, OATT, § 6.19.8.2.2 (Schedule 19 attach. 3 – Formula Rate Template) (4.0.0) (Rate Schedule 19).

⁶ Filing, Transmittal Letter at 2.

⁷ *Id.* at 3.

⁸ *Id.*

the transfer limit of the Long Island export interface by 2,265 MW, improve reliability and resilience for the Long Island bulk power grid, and deliver energy, including offshore wind, to load centers in southeast New York.⁹ In addition, Con Edison asserts that the Propel NY Project will provide congestion relief on the Barrett-Valley Stream 138 kV path within Long Island by adding a new Barrett-East Garden City 345 kV line.¹⁰

6. Con Edison states that the Commission authorized New York Transco, LLC (NY Transco) to receive the abandoned plant incentive and construction work in progress incentive for the Propel NY Project and New York Power Authority (NYPA) to receive the abandoned plant incentive for the Propel NY Project.¹¹

B. Rainey Breakers

7. Con Edison states that, in connection with the Propel NY Project, NYISO identified Con Edison as the designated entity responsible for the installation of the two 345 kV Rainey Breakers.¹²

8. Con Edison states that the installation of the Rainey Breakers includes replacing the existing 345 kV open-air circuit breakers No. 1E and 6E with two 345 kV outdoor rated back-to-back gas insulated switchgear (breakers, disconnects, grounding switches, etc.).¹³ Con Edison further explains that the Rainey Breakers project scope includes removing the existing equipment; civil, structural, and electrical bus modifications needed for the new breakers; installing the new gas insulated switchgear equipment; and upgrades to the breakers' protection and control. Con Edison contends that the Rainey Breakers will improve both reliability and power system transfer capability and are estimated to cost \$54 million.¹⁴

⁹ *Id.* at 3-4.

¹⁰ *Id.* at 4.

¹¹ *Id.* (citing *N.Y. Transco, LLC*, 185 FERC ¶ 61,222, at PP 3, 46, 51 (2023) (NY Transco Incentives Order); *N.Y. Power Auth.*, 185 FERC ¶ 61,102, at P 23 (2023) (NYPA Incentives Order)).

¹² *Id.* (citing NYISO Planning Report at 5 n.13, 11, 89; Attachment 3, Ex. CECONY-302, Appendix R of NYISO Planning Report).

¹³ *Id.*

¹⁴ *Id.* at 4, 8.

C. Filing

9. Con Edison requests that the Commission issue an order that authorizes the Abandoned Plant Incentive and the CWIP Incentive for its planned installation of the Rainey Breakers and accepts the proposed formula rate template changes to implement the requested incentives, effective July 14, 2025.¹⁵

II. Notice of Filing and Responsive Pleadings

10. Notice of Con Edison's filing was published in the *Federal Register*, 90 Fed. Reg. 21474 (May 20, 2025), with interventions and protests due on or before June 4, 2025. None was filed.

III. Discussion

A. Section 219 and Order No. 679 Requirements

11. In the Energy Policy Act of 2005, Congress added section 219 to the FPA, directing the Commission to establish, by rule, incentive-based rate treatments to promote capital investment in electric transmission infrastructure.¹⁶ The Commission subsequently issued Order No. 679, establishing the processes by which a public utility may seek transmission rate incentives pursuant to section 219. Additionally, in November 2012, the Commission issued the Transmission Incentives Policy Statement, which provided guidance regarding its evaluation of applications for transmission rate incentives under section 219.¹⁷

12. Pursuant to Order No. 679, an applicant may seek to obtain incentive rate treatment for a transmission infrastructure investment that satisfies the requirements of section 219, i.e., the applicant must show that "the facilities for which it seeks incentives either ensure reliability or reduce the cost of delivered power by reducing transmission congestion."¹⁸ Order No. 679 established a process for an applicant to demonstrate that it meets this standard, including a rebuttable presumption that the standard is met if: (1) the transmission project "result[s] from a fair and open regional planning process that considers and evaluates projects for reliability and/or congestion and is found to be

¹⁵ *Id.* at 2, 13.

¹⁶ Energy Policy Act of 2005, Pub. L. No. 109-58, § 1241, 119 Stat. 594 (2005).

¹⁷ *Promoting Transmission Inv. Through Pricing Reform*, 141 FERC ¶ 61,129 (2012) (2012 Transmission Incentives Policy Statement).

¹⁸ Order No. 679, 116 FERC ¶ 61,057 at P 76.

acceptable to the Commission”; or (2) “a project has received construction approval from an appropriate state commission or state siting authority.”¹⁹ The Commission also stated that “[o]ther applicants not meeting these criteria may nonetheless demonstrate that their project is needed to maintain reliability or reduce congestion by presenting [to the Commission] a factual record that would support such findings.”²⁰

13. In addition to satisfying the section 219 requirement of ensuring reliability and/or reducing the cost of delivered power by reducing congestion, Order No. 679 requires an applicant to demonstrate that there is a nexus between the incentive sought and the investment being made.²¹ In Order No. 679-A, the Commission clarified that the nexus test is met when an applicant demonstrates that the total package of incentives requested is “tailored to address the demonstrable risks or challenges faced by the applicant.”²² Applicants must provide sufficient support to allow the Commission to evaluate each element of the package and the interrelationship of all elements of the package.²³ We address the nexus test for each incentive and for the total package of incentives for the Rainey Breakers below.

1. Rebuttable Presumption

a. Con Edison’s Request

14. Con Edison states that the Propel NY Project resulted from the NYISO Public Policy Transmission Planning Process and that NYISO found that the Propel NY Project will reduce congestion by increasing export capability from Long Island to southeast New York.²⁴ Therefore, Con Edison explains, the Commission found that the Propel NY Project qualified for the rebuttable presumption because the NYISO public policy

¹⁹ *Id.* P 58.

²⁰ *Id.* P 57; *see also* Order No. 679-A, 117 FERC ¶ 61,345 at P 41.

²¹ Order No. 679, 116 FERC ¶ 61,057 at P 48.

²² Order No. 679-A, 117 FERC ¶ 61,345 at P 27.

²³ 2012 Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 10 (quoting Order No. 679-A, 117 FERC ¶ 61,345 at P 27).

²⁴ Filing, Transmittal Letter at 5 (citing NYISO Planning Report at 6 (finding that the Propel NY Project will “increase the export capability from Long Island to the rest of the state and ensur[e] access to Long Island’s offshore wind generation”)).

planning process meets the required criteria.²⁵ Con Edison maintains that the Rainey Breakers are required components of the Propel NY Project and resulted from the same planning process as the Propel NY Project, and that therefore there is no basis to treat them differently for the purpose of the rebuttable presumption.²⁶ Con Edison argues that the Commission should determine that the Rainey Breakers qualify for Order No. 679's rebuttable presumption, and that a failure to find so here would require duplication of NYISO's review and analysis.

b. Commission Determination

15. The Commission has previously found that projects approved through a regional transmission planning process that evaluated whether the identified transmission project will enhance reliability and/or reduce congestion are entitled to the rebuttable presumption established under Order No. 679.²⁷ In this case, NYISO's Public Policy Transmission Planning Process evaluated whether the Propel NY Project, including the Rainey Breakers, will enhance reliability and/or reduce congestion and ultimately selected the Propel NY Project as the more efficient or cost-effective transmission solution. Therefore, we find that the Rainey Breakers installation is entitled to the rebuttable presumption under Order No. 679 and that it satisfies this requirement of section 219.

B. Abandoned Plant Incentive

1. Con Edison's Request

16. Con Edison requests the ability to recover 100% of its prudently incurred costs if the installation of the Rainey Breakers is abandoned or cancelled for reasons beyond Con Edison's control.²⁸ According to Con Edison, the Commission has already held that the regulatory, environmental, financial, and siting risks faced by the Propel NY Project merit the Abandoned Plant Incentive and has granted the incentive to the project's sponsors.²⁹ Con Edison argues that, because the Rainey Breakers are a necessary

²⁵ *Id.* (citing NYPA Incentives Order, 185 FERC ¶ 61,102 at P 16; NY Transco Incentives Order, 185 FERC ¶ 61,222 at P 43).

²⁶ *Id.*

²⁷ *See, e.g., N.Y. Power Auth.*, 188 FERC ¶ 61,022, at P 16 (2024); NY Transco Incentives Order, 185 FERC ¶ 61,222 at P 43; NYPA Incentives Order, 185 FERC ¶ 61,102 at P 16; *NextEra Energy Transmission N.Y., Inc.*, 162 FERC ¶ 61,196, at P 17 (2018).

²⁸ Filing, Transmittal Letter at 6.

part of the Propel NY Project, they are also subject to each of the aforementioned risks. Con Edison states that if any of the risks result in the Propel NY Project's cancellation, the Rainey Breakers would likewise be cancelled and forced to be abandoned. Con Edison asserts that even if the Propel NY Project continues it faces the risk that the project could be modified by changing the route or interconnection points with existing transmission facilities, which could result in the cancellation of the Rainey Breakers.³⁰

17. Con Edison notes that there are several known environmental, regulatory, and siting risks associated with the Propel NY Project, any of which could impact the Rainey Breakers.³¹ For example, Con Edison states that the Propel NY Project still needs to obtain all necessary permits and approvals, such as siting approvals required under Article VII of the New York Public Service Law, permits for wetlands and waterbody crossings from the U.S. Army Corps of Engineers, and other permits from New York state agencies. Con Edison explains that, while it is not itself subject to those permitting requirements for installing the Rainey Breakers, if the Propel NY Project is unable to receive all permit approvals a subsequent abandonment of the project would negate the need for the Rainey Breakers.

18. Con Edison further notes the significant risks and challenges associated with materials procurement, including heightened price volatility due to geopolitical unrest and supply chain issues since the COVID-19 pandemic.³² Additionally, Con Edison states that labor and manufacturing availability, material quality, and delivery logistics are significant risks for a project of the Propel NY Project's scale.

19. Con Edison argues that even if the risks articulated above do not result in the cancellation of the Propel NY Project, they could increase the costs of the project, which in aggregate could lead to cancelling the Rainey Breakers project.³³ Con Edison argues that the Commission should also grant the Abandoned Plant Incentive because it will help to reduce project costs. Con Edison states that financial markets will require a higher cost of debt if Con Edison is denied the ability to recover prudently incurred investments abandoned due to circumstances outside Con Edison's control.

²⁹ *Id.* (citing NY Transco Incentives Order, 185 FERC ¶ 61,222 at P 46; NYPA Incentives Order, 185 FERC ¶ 61,102 at P 24).

³⁰ *Id.* at 7.

³¹ *Id.*

³² *Id.* at 8.

³³ *Id.*

2. Commission Determination

20. We grant Con Edison's request for the Abandoned Plant Incentive for its installation of the Rainey Breakers. In Order No. 679, the Commission found that the Abandoned Plant Incentive effectively encourages transmission development by reducing the risk of non-recovery of costs in the event that a project is abandoned for reasons outside the applicant's control.³⁴ We find that Con Edison has demonstrated that the Rainey Breakers face certain regulatory, environmental, financial, and siting risks that are beyond Con Edison's control and could lead to abandonment of the project, and approval of the Abandoned Plant Incentive will address those risks by protecting Con Edison if installation of the Rainey Breakers is cancelled for reasons outside Con Edison's control. Thus, we find that Con Edison has demonstrated a nexus between the recovery of its prudently incurred costs associated with the abandonment of the Rainey Breakers and its planned investment in the Rainey Breakers.

21. The Abandoned Plant Incentive for the installation of the Rainey Breakers would be available to Con Edison for 100% of prudently incurred costs expended on the Rainey Breakers on and after July 14, 2025, if any portion of the installation of the Rainey Breakers is abandoned for reasons beyond Con Edison's control. We will not determine the prudence of any costs incurred prior to the abandonment, if any, until Con Edison seeks such recovery in a future FPA section 205 filing.³⁵ As a result of the Commission approving the rate incentive, Con Edison must submit FERC-730 reports annually.³⁶

C. CWIP Incentive

1. Con Edison's Request

22. Con Edison requests 100% CWIP recovery for the installation of the Rainey Breakers to mitigate financial risks and reduce costs for Con Edison's customers.³⁷

³⁴ Order No. 679, 116 FERC ¶ 61,057 at PP 163-166.

³⁵ *Id.* PP 165-166. In the event that Con Edison seeks abandoned plant recovery for the time period prior to the effective date of the Abandoned Plant Incentive, Con Edison would be eligible to seek recovery of 50% of its prudently incurred costs, consistent with prior precedent. *See, e.g., San Diego Gas & Elec. Co.*, 154 FERC ¶ 61,158, *order on reh'g*, 157 FERC ¶ 61,056 (2016), *aff'd sub nom. San Diego Gas & Elec. Co. v. FERC*, 913 F.3d 127 (D.C. Cir. 2019).

³⁶ FERC-730 annual reports, which contain actual, projected, and incremental transmission investment information, must be filed by public utilities that have been granted incentive rate treatment for specific transmission projects. 18 C.F.R. § 35.35(h).

Con Edison explains that the CWIP Incentive allows for the recovery of financing costs for substantial investments during the construction period instead of delaying cost recovery until the transmission facilities are placed into service. Con Edison states that its investment in the Rainey Breakers requires a capital expenditure of approximately \$54 million over at least six years. Con Edison asserts that having more cash flow from operations during years of very high capital expenditures would reduce Con Edison's exposure to the risks of capital market financing. Additionally, Con Edison argues that, allowing for CWIP in rate base results in lower overall project costs for customers, as they do not need to pay compound investment returns on deferred capitalized allowances for funds used during construction (AFUDC) plus investment returns on the actual investment costs.³⁸ Con Edison states that 100% CWIP Recovery will also be beneficial to customers because it allows Con Edison to ease in the costs of the Rainey Breakers and avoid a sudden cost increase when the facilities go into service.³⁹

23. Con Edison states that, if the CWIP Incentive is approved, it will include its capital expenditures in a CWIP account and will not earn or accrue AFUDC.⁴⁰ Additionally, Con Edison states that it will submit a "CWIP Report" as a part of its Annual Update process in its formula rate implementation protocols, as set forth in section 6.19.8.2.1 of Rate Schedule 19.⁴¹ Con Edison explains that, in compliance with the requirements that an applicant seeking CWIP recovery in formula rates make an annual filing with the Commission, Con Edison proposes to satisfy this requirement through the annual filing of the FERC-730 report. Con Edison proposes to update its formula rate template, as discussed further below, to reflect CWIP recovery if its request is granted.

24. Con Edison requests waiver of the following filing requirements related to its CWIP Incentive request: (1) section 35.13(h)(38) of the Commission's regulations, which requires submission of a Statement BM; (2) section 35.25(c)(4) of the Commission's regulations; and (3) section 35.25(g) of the Commission's regulations.⁴²

³⁷ Filing, Transmittal Letter at 8.

³⁸ *Id.* at 8-9.

³⁹ *Id.* at 9.

⁴⁰ *Id.* at 8-9.

⁴¹ *Id.* at 9.

⁴² *Id.* at 10 (citing 18 C.F.R. § 35.13(h)(38); 18 C.F.R. § 35.25(c)(4); 18 C.F.R.

Con Edison argues that the Commission has recognized that it designed Statement BM primarily for CWIP associated with new generation projects, which are not relevant here, and has waived the requirement to submit Statement BM for utilities that have formula transmission rates.

2. Commission Determination

25. We grant Con Edison's request for the CWIP Incentive for the installation of the Rainey Breakers, effective July 14, 2025. In Order No. 679, the Commission established a policy that allows utilities to include, where appropriate, 100% of prudently-incurred transmission-related CWIP in rate base.⁴³ The Commission stated that this rate incentive treatment will advance the goals of FPA section 219 by providing up-front regulatory certainty, rate stability, and improved cash flow, thereby reducing the pressure on an applicant's finances caused by investing in transmission projects.

26. We find that Con Edison has shown a nexus between the proposed CWIP Incentive and its investment in the Rainey Breakers. Con Edison asserts that the CWIP Incentive will increase their cash flow, reducing Con Edison's exposure to the risks of capital market financing, and will result in lower total costs. We find that granting the CWIP Incentive will help ease this risk by providing upfront certainty, improved cash flow, and reduced interest expense as Con Edison proceeds with the installation of the Rainey Breakers.

27. A utility with an approved CWIP Incentive must propose accounting procedures that ensure that customers will not be charged for both capitalized allowance for funds used during construction and corresponding amounts of CWIP⁴⁴ in rate base.⁴⁵ We find that Con Edison's proposed accounting procedures (i.e., use of upfront project codes to ensure that AFUDC is not accrued on projects that it includes as incentives in rate base) coupled with its existing formula rate protocols are adequate to ensure that there is no duplicate recovery of CWIP. Additionally, we grant Con Edison's request for waiver of sections 35.13(h)(38), 35.25(c)(4), and 35.25(g) of the Commission's regulations. We find that Con Edison has provided sufficient information to satisfy the requirements for waiver of these provisions.

§ 35.25(g)).

⁴³ Order No. 679, 116 FERC ¶ 61,057 at PP 29, 117.

⁴⁴ 18 C.F.R. § 35.25.

⁴⁵ See *Ameren Servs. Co.*, 135 FERC ¶ 61,142, at P 52 (2011).

D. Total Package of Incentives**1. Con Edison's Request**

28. Con Edison contends that the total package of requested incentives is tailored to the project's specific risks and challenges.⁴⁶ According to Con Edison, the Abandoned Plant Incentive mitigates the risk of non-recovery of costs associated with the Rainey Breakers' development in the event that the installation of the Rainey Breakers is cancelled for reasons beyond Con Edison's control. Con Edison explains that the CWIP Incentive is not a substitute for the Abandoned Plant Incentive. Con Edison avers that the CWIP Incentive addresses cash flow deficiencies and is necessary for a project of this scope given the significant funding and capital outlays that will be required during the development and construction phases, while the Abandoned Plant Incentive addresses the risk that the project will be abandoned for reasons beyond Con Edison's control.

29. Additionally, Con Edison argues that the resulting rates are just and reasonable and not unduly discriminatory or preferential.⁴⁷ Con Edison states that granting the Abandoned Plant Incentive will not change any current rates, unless Con Edison submits a separate FPA section 205 filing to recover abandoned plant costs through the applicable rate schedule. Additionally, Con Edison explains that the CWIP Incentive does not affect Con Edison's level of recovery, only the timing of recovery.

2. Commission Determination

30. We find that the total package of incentives sought for installing the Rainey Breakers is tailored to address the particular risks and challenges that Con Edison faces related to its investment in the installation of the Rainey Breakers. In Order No. 679-A, the Commission clarified that its nexus test is met when an applicant demonstrates that the total package of incentives requested is tailored to address the demonstrable risks or challenges faced by the applicant.⁴⁸ Applicants must provide sufficient support to allow the Commission to evaluate each element of the package and the interrelationship of all elements of the package.⁴⁹ We find that Con Edison has demonstrated that each of the requested incentives for the installation of the Rainey Breakers, and the incentives

⁴⁶ Filing, Transmittal Letter at 10.

⁴⁷ *Id.* at 11.

⁴⁸ Order No. 679-A, 117 FERC ¶ 61,345 at P 27; 2012 Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 10.

⁴⁹ 2012 Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 10 (quoting Order No. 679-A, 117 FERC ¶ 61,345 at P 27).

package as a whole with respect to that project, addresses the risks and challenges faced by Con Edison in undertaking the project.

E. Tariff Revisions

1. Con Edison's Request

31. Con Edison requests that, if the Commission grants the Abandoned Plant Incentive and CWIP Incentive, the Commission accept its proposed revisions to its formula rate template as set forth in section 6.19.8.2.2 of Rate Schedule 19 of NYISO's OATT.⁵⁰ Specifically, with regard to the Abandoned Plant Incentive, Con Edison proposes that the 13-month average rate year amount be included on Line 3 of Workpaper 10b10 (Schedule 10 Project ATRRs) and in rate base on Line 28 of Appendix A of Con Edison's formula rate template. With regard to CWIP, Con Edison proposes that the 13-month average rate year amount be included on Line 2 of Workpaper 10b10 (Schedule 10 Project ATRRs) and in rate base on Line 28 of Appendix A of Con Edison's formula rate template.

2. Commission's Determination

32. We accept Con Edison's proposed tariff revisions, effective July 14, 2025. We find that the proposed tariff revisions are just and reasonable and not unduly discriminatory or preferential because they will allow Con Edison to appropriately implement the incentives granted in this order.

The Commission orders:

(A) Con Edison's requests for the Abandoned Plant Incentive and CWIP Incentive are hereby granted, effective July 14, 2025, as discussed in the body of this order.

⁵⁰ Filing, Transmittal Letter at 12.

(B) Con Edison's proposed tariff revisions are hereby accepted, effective July 14, 2025, as discussed in the body of the order.

By the Commission.

(S E A L)

Carlos D. Clay,
Deputy Secretary.