

## 6.10 Schedule 10 - Rate Mechanism for the Recovery of the Regulated Liability Transmission Facilities Charge (“RTFC”)

### 6.10.1 Applicability.

#### 6.10.1.1 Eligible Projects

This ~~Schedule rate mechanism~~ establishes the Regulated Liability Transmission Facilities Charge (“RTFC”) for the recovery of the costs of a regulated transmission project that is eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.<sup>1</sup> A Transmission Owner, Unregulated Transmitting Utility,<sup>2</sup> or Other Developer may recover through the RTFC the costs that it is eligible to recover pursuant to Attachment Y of the ISO OATT ~~for the recovery of costs~~ related to: (i) a regulated backstop transmission solution proposed by a Responsible Transmission Owner identified by the NYISO pursuant to Section 31.2.4.3.1 of Attachment Y of the ISO OATT and the NYISO/TO Reliability Agreement or an Operating Agreement;~~;~~ (ii) an alternative regulated transmission solution ~~provided~~ that the ISO has selected ~~such project~~ pursuant to Section 31.2.6.5.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to ~~the identified~~ Reliability Need;~~;~~~~or~~ (iii) a regulated transmission Gap Solution proposed by a Responsible Transmission Owner pursuant to Section 31.2.11.4 of Attachment Y of the ISO OATT; (iv) ~~or~~ an alternative regulated transmission Gap Solution ~~proposed by an Other Developer or Transmission Owner~~ that has been determined by the appropriate state regulatory agency(ies) as the preferred solution(s) to ~~the identified~~ Reliability Need pursuant to Section 31.2.11.5 of Attachment Y of the ISO OATT; (v) a regulated economic transmission project that has been

<sup>1</sup> Capitalized terms used in this Schedule that are not defined in this Schedule shall have the meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT and, if not therein, in Section 1 of the OATT.

<sup>2</sup> An “Unregulated Transmitting Utility” is a Transmission Owner, such as LIPA and NYPA, that, 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.

approved pursuant to Section 31.5.4.6 of Attachment Y of the ISO OATT; (vi) a Public Policy Transmission Project that the ISO has selected pursuant to Section 31.4.8.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to a Public Policy Transmission Need; (vii) a Public Policy Transmission Project proposed by a Developer in response to a request by the NYPSC or Long Island Power Authority in accordance with Section 31.4.3.2 of Attachment Y of the ISO OATT; or (viii) the portion of an Interregional Transmission Project selected by the ISO in the CSPP that is allocated to the NYISO region pursuant to Section 31.5.7 of Attachment Y of the ISO OATT. For purposes of this Schedule, such a transmission project is referred to as an “Eligible Project.” The costs incurred for an Eligible Project by LIPA or NYPA will be billed and collected under a separate LIPA RTFC or NYPA RTFC, as applicable, as described in Section 6.10.5.

#### **6.10.1.2 Projects Not Eligible for Cost Recovery Through the RTFC**

This ~~Schedulee rate mechanism shall~~ ~~does~~ not apply to projects that are not eligible pursuant to Attachment Y of the ISO OATT for cost allocation and recovery under the ISO OATT, including, but not limited to: (i) projects undertaken by Transmission Owners through the ~~pursuant to~~ Local Transmission Owner Planning Processes pursuant to Section 31.1.3 and Section 31.2.1 of Attachment Y of the ~~NY~~ISO OATT; (ii) market-based solutions to transmission needs identified in the CSPP; (iii) any non-transmission components of an Eligible Project (e.g., generation, energy efficiency, or demand response resources); (iv) transmission Generator Deactivation Solutions selected in the Generator Deactivation Process pursuant to Attachment FF of the ISO OATT and eligible for cost recovery through Schedule 16 (Section 6.16) of the ISO OATT; (v) transmission facilities eligible for cost recovery through another rate schedule of the ISO OATT; and, ~~The RFC shall be comprised of the revenue requirements~~

~~related to: (i) each regulated reliability transmission project filed with FERC by a Transmission Owner pursuant to the provisions of this Attachment; (ii) any costs incurred by NYPA and filed with FERC by the NYISO pursuant to the provisions of this Attachment; and (iii) any FERC approved costs incurred by an Other Developer under Section 6.10.5 and filed with FERC by the NYISO or Other Developer pursuant to the provisions of this Attachment. Any costs incurred by LIPA and allocable to other Transmission Districts will be collected under a separate LIPA RFC as set forth in Section 6.10.4.3 and filed with FERC by the NYISO pursuant to the provisions of Section 6.10.4.3. This RFC will provide for full recovery of all reasonably incurred costs related to the preparation of proposals for, and the development, construction, operation and maintenance of any regulated reliability transmission project undertaken pursuant to Attachment Y of this tariff, including all reasonable costs related to such a project that is halted in accordance with the provisions of the NYISO's tariff and the NYISO/TO Reliability Agreement or an Operating Agreement. Subject to regulatory acceptance, the RFC shall include a reasonable return on investment and any applicable incentives. The RFC established under this Attachment shall be separate from (vi) facilities for which costs are recovered through the Transmission Service Charge ("TSC") ~~or~~ and the NYPA Transmission Adjustment Charge ("NTAC") determined in accordance with Attachment H of the NYISO OATT. ~~With respect to the recovery of costs incurred by LIPA and NYPA, the provisions of Sections 6.10.1, and 6.10.2 through 6.10.3.4 of this Attachment shall not apply to LIPA or NYPA, except as provided for in Sections 6.10.4.3 and 6.10.4.4 of this Attachment. The recovery of costs related to development, construction, operation and maintenance of a regulated reliability transmission project undertaken by LIPA or NYPA shall be pursuant to the provisions of Sections 6.10.4.3 and 6.10.4.4 of this Attachment. The recovery of costs related to development, construction,~~~~

~~operation and maintenance of an alternative regulated solution proposed by an Other Developer shall be pursuant to the provisions of Section 6.10.5 of this Attachment.~~

~~**6.10.2 — Recovery of Transmission Owner’s Costs Related to Regulated Reliability Transmission Solutions.**~~

~~Each Transmission Owner shall have on file at FERC the rate treatment that will be used to derive and determine the revenue requirement to be included in the RFC, and for the LIPA RFC as applicable, for regulated transmission projects undertaken pursuant to a determination by the NYISO that a regulated solution is needed to address Reliability Needs identified by the NYISO in its reliability planning process in accordance with Section 31.2.8 of Attachment Y of the NYISO OATT. The filing will provide for the recovery of the full revenue requirement for a regulated reliability transmission project consistent with FERC regulations including but not limited to any incentives for the construction of transmission projects provided for in Section 219 of the Federal Power Act and the FERC regulations implementing that section. Pursuant to a determination by the NYISO that a regulated solution is needed to address Reliability Needs identified by the NYISO in its reliability planning process in accordance with Section 31.2.8 of Attachment Y of the NYISO OATT, (i) the Responsible Transmission Owner(s) proceeding with a regulated transmission backstop solution or (ii) a Transmission Owner proceeding with an alternative regulated transmission solution that the ISO has selected as the more efficient or cost effective solution, will proceed with the approval process for all necessary federal, state and local authorizations for the requested project to which this RFC applies.~~

~~6.10.2.1 — Upon receipt of all necessary federal, state, and local authorizations, including FERC acceptance of the rate treatment, the Transmission Owner(s) shall commence construction of the project.~~

~~6.10.2.2 — Upon completion of the project, the Transmission Owner(s) or the NYISO as applicable, will make an informational filing with FERC to provide the final project cost and resulting revenue requirement to be recovered pursuant to this Attachment. The final project cost and resulting revenue requirement will be reduced by any amounts that, pursuant to Section 25.7.12.3.3 of Attachment S to the NYISO OATT, have been previously committed by or collected from Developers for the installation of System Deliverability Upgrades required for the interconnection of generation or merchant transmission projects. The resulting revenue requirement will become effective and recovery of project costs pursuant to this Attachment will commence upon the making of the information filing with FERC, and shall not require and shall not be dependent upon a re-opening or review of the Transmission Owner(s)' revenue requirements for the TSCs and NTAC set forth in Attachment H of the NYISO OATT. This Section 6.10.2.2 also applies to the recovery of all reasonably incurred costs related to either (i) a regulated backstop transmission project or (ii) an alternative regulated transmission project that the ISO has selected as the more efficient or cost effective solution and that is later halted, including but not limited to reasonable and necessary expenses incurred to implement an orderly termination of the project, in accordance with the provisions of the NYISO OATT and the NYISO/TO Reliability Agreement or an Operating Agreement. Following the information filing, the NYISO will bill the RFC or LIPA RFC, as applicable.~~

~~6.10.2.3 — The Transmission Owners may propose a non-transmission solution subject to state jurisdiction to address a Reliability Need included in the~~

~~Comprehensive Reliability Plan, provided that the appropriate state agency(ies) has established procedures to ensure full and prompt recovery of all reasonably incurred costs related to a project, comparable to those set forth in this tariff for cost recovery for regulated reliability transmission projects.~~

### **6.10.23 ~~RTFC~~ Revenue Requirement for RTFC Recovery.**

~~The RTFC (including a LIPA RTFC or NYPA RTFC, as applicable) shall be calculated in accordance with the formula set forth in Section 6.10.3 using the revenue requirement of the Transmission Owner, Unregulated Transmitting Utility, or Other Developer, as applicable, necessary to recover the costs of an Eligible Project. The revenue requirement to be used in the calculation and recovery of the RTFC for a Transmission Owner or Other Developer, other than an Unregulated Transmitting Utility, is described in Section 6.10.4. The development of a revenue requirement and recovery of costs for an Eligible Project by an Unregulated Transmitting Utility through a NYPA RTFC or a LIPA RTFC, as applicable, is described in Section 6.10.5.~~

~~If an Eligible Project involves the construction of a facility identified as a Highway System Deliverability Upgrade in a completed Class Year Interconnection Facilities Study, the Project Cost Allocation for which has been accepted and Security posted by at least one Class Year Developer, the project cost and resulting revenue requirement will be reduced to the extent permitted by Section 25.7.12.3.3 of Attachment S of the ISO OATT.~~

### **6.10.3 Calculation and Recovery of RTFC and Payment of Recovered Revenue**

6.10.3.1 The ISO will calculate and bill an RTFC (or a LIPA RTFC or NYPA RTFC, as applicable) separately for each Eligible Project in accordance with this Section 6.10.3. The ISO shall collect the RTFC from LSEs. The LSEs, including

Transmission Owners, competitive LSEs, municipal systems, and any other LSEs, serving Load ~~is to be billed by the NYISO and paid by the LSEs located in~~ the Load Zones and/or Subzones to which the costs of the Eligible Project transmission facilities have been allocated (each a “Responsible LSE”) shall pay the RTFC. The cost of each Eligible Project shall be allocated ~~in accordance with Attachment Y of the NYISO OATT~~ as follows: (i) the costs of an Eligible Project that is eligible for cost allocation and recovery through the reliability planning process shall be allocated in accordance with Section 31.5.3 of Attachment Y of the ISO OATT; (ii) the costs of an Eligible Project that is eligible for cost allocation and recovery through the CARIS process shall be allocated in accordance with Section 31.5.4 of Attachment Y of the ISO OATT; (iii) the costs of an Eligible Project that is eligible for cost allocation and recovery through the Public Policy Transmission Planning Process shall be allocated in accordance with Section 31.5.5 of Attachment Y of the ISO OATT; and (iv) the costs of an Eligible Project that is eligible for cost allocation and recovery as an Interregional Transmission Project shall be allocated in accordance with Section 31.5.7 of Attachment Y of the ISO OATT. ~~All LSEs in the Load Zones and/or Subzones to which costs have been allocated, including Transmission Owners, competitive LSEs and municipal systems, will be billed by the NYISO.~~

6.10.3.24 The revenue requirement established by the Transmission Owner or Other Developer pursuant to Section 6.10.4 and an Unregulated Transmitting Utility pursuant to Section 6.10.5 ~~filed pursuant to Section 6.10.2.2~~ will be the basis for the applicable RTFC Rate (\$/MWh) ~~that for the Billing Period, and~~ shall be

~~charged~~applied by the ~~NY~~ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.10.3.54.

6.10.3.32     The Developer shall request Incremental TCCs with respect to the Eligible Project in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and receive any Incremental TCCs to the extent awarded by the ISO pursuant to such request. As it relates solely to the Eligible Project, the Developer shall not be 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.

The Developer shall in relation to any Eligible Project 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 the Developer as a result of implementation of an Eligible Project shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to the Developer as a result of the implementation of an Eligible Project, shall be offered by the Developer in all rounds of the six month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse the associated auction revenues to the Developer. The total amount of the auction

revenues disbursed to the Developer pursuant to this Section 6.10.3.3 shall be used in the calculation of the RTFC Rate, as set forth in Section 6.10.3.5.

Incremental TCCs associated with an 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 6.10.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of an Eligible Project on or after the date the RTFC is implemented. The RTFC and the revenue offset related to Incremental TCCs associated with the implementation of an Eligible Project shall not require and shall not be dependent upon a reopening or review of: (i) the Developer's revenue requirements for the RTFC of another Eligible Project pursuant to this Section 6.10 of the ISO OATT, (ii) the Developer's revenue requirement for charges set forth in another rate schedule of the ISO OATT, or (iii) the Transmission Owners' revenue requirements for the TSCs or NTAC set forth in Attachment H of the ISO OATT. ~~To the extent that incremental transmission rights owned by the Transmission Owner sponsoring the project are created as a result of a transmission project implemented in accordance with Attachment Y of the NYISO OATT, those incremental transmission rights that can be sold will be auctioned or otherwise sold by the NYISO. The NYISO will disburse the associated revenues to the Transmission Owner(s). The associated revenues will be used in the calculation of the RFC as set forth in Section 6.10.3.4. The incremental transmission rights will continue to be sold for the depreciable life of~~

~~the project, and the revenues offset discussed above will commence upon the first payment of revenues related to a sale of incremental transmission rights on or after the RFC is implemented for a specific project. These incremental revenues shall not require and shall not be dependent upon any reopening or any review of the Transmission Owner(s) TSCs or NTAC under Attachment H of the NYISO OATT.~~

6.10.3.3.1 With respect to the Eligible Project only, the Developer shall receive the outage charges described herein and 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 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 an Eligible Project shall be assessed to the Developer, and payable by the Developer to the ISO, pursuant to Section 19.2.4 of Attachment M of the ISO OATT for an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT for any hour in the Day-Ahead Market during which an Expansion, associated with an Eligible Project, is modeled to be wholly or partially out of service.

~~The NYISO will collect the appropriate RFC revenues each Billing Period and remit those revenues to the appropriate Transmission Owner(s) in accordance~~

~~with the NYISO's billing and settlement procedures pursuant to Section 2.7.2.5 of the NYISO OATT.~~

6.10.3.4 The **B**illing **U**nits for the **R**TFC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the current Billing Period for those Load Zones and/or Subzones ~~determined to be~~ allocated the costs of the project in the manner described in Section 6.10.3.1 in accordance with Attachment Y of the NYISO OATT.

### 6.10.3.5 Cost Recovery Methodology

The ISO shall calculate the RTFC for each Eligible Project for each Responsible LSE as follows:

**Step 1: Calculate the \$ assigned to each Load Zone or Subzone (as applicable)**

$$\sum_{z \in Z} (C_{z,B})$$

**Step 2: Calculate a per-MWh Rate for each Load Zone or Subzone (as applicable)**

$$RFCRate_{z,B} = RFC_{z,B} / MWh_{z,B}$$

**Step 3: Calculate charge for each Billing Period for each Responsible LSE in each Load Zone or Subzone (as applicable)**

$$Charge_{B,,z} = RFCRate_{z,B} * MWh_{z,B}$$

**Step 4: Calculate charge for each Billing Period for each Responsible LSE across all Load Zones or Subzones (as applicable)**

$$Charge_B = \sum_{z \in Z} (Charge_{B,,z})$$

Where,

l = the relevant Responsible LSE;

p = an individual Eligible Project;

P = set of Projects;

z = an individual Load Zone or Subzone, as applicable;

Z = set of ISO Load Zones or Subzones, as applicable;

B = the relevant Billing Period;

MWh<sub>z,B</sub> = Actual Energy Withdrawals in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B;

MWh<sub>z,B</sub> = Actual Energy Withdrawals for Responsible LSE l in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B;

AnnualRR<sub>p,B</sub> = the pro rata share of the annual R<sub>r</sub> revenue R<sub>r</sub> requirement for each Eligible Project p as discussed in Section 6.10.2.2 above, allocated for Billing Period B;

IncrementalTransmissionRightsRevenue<sub>p,B</sub> = the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by the Developer pursuant to Section 20.2.3 of Attachment N of the ISO OATT for each Eligible Project p, as discussed in Section 6.10.3.3 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 the Billing Period; the pro-rata share of the Incremental Transmission Rights Revenue for each Project as discussed in Section 6.10.3.2 above allocated for Billing Period B.

OutageCostAdjustment<sub>p,B</sub> = the Outage charges determined pursuant to Section 6.10.3.3.1 above for any hour in the Day-Ahead Market during which the Eligible Project p is modeled to be wholly or partially out of service aggregated across all hours in Billing Period B; and

ZonalCostAllocation<sub>z,p</sub> = the proportion of the cost of Eligible Project p allocated to Load Zone or Subzone, as applicable, z, in the manner described in Section 6.10.3.1 above.

6.10.3.6 The NYISO will collect the appropriate RTFC revenues each Billing Period and remit those revenues to the appropriate Transmission Owner(s), Unregulated Transmitting Utility, or Other Developer in accordance with the NYISO's billing and settlement procedures pursuant to Section 2.7.2.5 of the NYISO OATT; provided, however, that LIPA will be responsible for billing and collecting the costs of an Eligible Project undertaken by LIPA that are allocated to

customers within the Long Island Transmission District in accordance with Section 6.10.5.2.1.

**6.10.4 Recovery of Costs Incurred by Transmission Owner or Other Developer**

6.10.4.1 The RTFC shall be used as the cost recovery mechanism for the recovery of the costs of an Eligible Project undertaken by a Transmission Owner or Other Developer, other than an Unregulated Transmitting Utility, which project is authorized by the Commission to recover costs under this rate mechanism; provided, however, nothing in this cost recovery mechanism shall be deemed to create any additional rights for a Transmission Owner or Other Developer to proceed with a regulated transmission project that it does not otherwise have at law. The costs that may be included in the revenue requirement for calculating the RTFC pursuant to Section 6.10.3 include all reasonably incurred costs, as determined by the Commission, related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Eligible Project, including those costs explicitly permitted for recovery pursuant to Attachment Y of the ISO OATT. These costs include, but are not limited to, a reasonable return on investment and any incentives for the construction of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission's regulations implementing those sections.

6.10.4.2 The period for cost recovery will be determined by the Commission and will begin if and when the Eligible Project enters into service, is halted, or as otherwise determined by the Commission, including for the recovery of CWIP or other permissible cost recovery. The Transmission Owner/Other Developer, or, at

its request, the ISO, 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 or acceptance of the project cost and resulting revenue requirement to be recovered through the RTFC. The filing may include all reasonably incurred costs specified in Section 6.10.4.1 of this Schedule that are related to the Transmission Owner's or the Other Developer's undertaking an Eligible Project. The filing must be consistent with the Transmission Owner's or the Other Developer's project proposal made to and evaluated by the ISO pursuant to Attachment Y. The Transmission Owner or Other Developer 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 RTFC in accordance with the period for cost recovery determined by the Commission after the Commission has accepted or approved the filing or otherwise allowed the filing to go into effect pursuant to a formula rate.

**6.10.5 Recovery of Costs by an Unregulated Transmitting Utility.**

~~An Unregulated Transmitting Utility is a Transmission Owner that, pursuant to Section 201(f) of the FPA is not subject to the Commission's jurisdiction under Sections 205 and 206 of the FPA. The recovery of costs related to the preparation of proposals for, and the development, construction, operation and maintenance of, a regulated reliability transmission project undertaken pursuant to Attachment Y of the NYISO OATT by LIPA, as an Unregulated Transmitting Utility, shall be conducted as follows:~~

~~6.10.4.1 Upon the request of the NYISO, an Unregulated Transmitting Utility will proceed with the process of receiving any necessary authorization for the requested project.~~

~~6.10.4.2 Upon receipt of all necessary federal, state and local authorizations, the Unregulated Transmitting Utility shall commence with construction of the project.~~

6.10.5.1 The costs that may be included in the revenue requirement for an Eligible Project undertaken by an Unregulated Transmitting Utility include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Eligible Project, including those costs explicitly permitted for recovery pursuant to Attachment Y of the ISO OATT, as well as a reasonable return on investment. Except as otherwise provided in Section 6.10.5.2.1, for any recovery of a revenue requirement by an Unregulated Transmitting Utility under the RTFC, the period of cost recovery will be determined by the Commission and will begin if and when the Eligible Project enters into service, is halted, or as otherwise determined by the Commission, including for the recovery of CWIP or other permissible cost recovery. Except as otherwise provided in Section 6.10.5.2.1, the ISO will begin to calculate and bill the RTFC for an Unregulated Transmitting Utility pursuant to Section 6.10.3 in accordance with the period for cost recovery determined by the Commission after the Commission has accepted or approved the filing of its revenue requirement or otherwise allowed the filing to go into effect pursuant to a formula rate.

### 6.10.54.23 Cost Recovery for LIPA

~~Transmission Owners other than LIPA that propose an alternative regulated transmission project on Long Island would recover any costs per Sections 6.10.2 through 6.10.3.4 of this Attachment. Other Developers that propose an alternative regulated transmission project on Long Island would recover any costs per Section 6.10.5 of this Attachment.~~

6.10.4.3.1—Any costs incurred for an ~~un-regulated backstop reliability transmission Eligible p~~Project ~~or an alternative regulated transmission project~~ undertaken by LIPA, as an Unregulated Transmitting Utility, that are eligible for recovery under Section 6.10.5.1 under the LIPA RTFC shall be recovered over the period established by Long Island Power Authority's Board of Trustees as follows:

6.10.54.23.1 ~~1~~ For costs to LIPA customers: Cost will be recovered pursuant to a rate recovery mechanism approved by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s. Upon approval of the rate recovery mechanism, LIPA shall provide to the NYISO, for purposes of inclusion within the NYISO OATT and filing with the Commission ~~FERC~~ on an informational basis only, a description of the rate recovery mechanism, the costs of the Eligible Project, and the rate that LIPA will charge and collect from responsible entities within the Long Island Transmission District in accordance with the NYISO cost allocation methodology pursuant to Section 31.5 ~~3.2~~ of Attachment Y of the NYISO OATT.

6.10.54.23.2 ~~2~~ For Costs to Other Transmission Districts, As Applicable: Where the NYISO determines that there are ~~r~~Responsible LSE entities serving Load outside of the Long Island Transmission District that should be allocated a portion of the costs of the Eligible Project ~~regulated backstop reliability transmission~~

~~solution or an alternative regulated transmission solution~~ undertaken by LIPA, LIPA shall coordinate with and inform the NYISO of the amount of such costs. Such costs will be an allocable amount of the cost base recovered through the recovery mechanism described in Section 6.10.~~54.23.1.1~~ in accordance with the formula set forth in Section 6.10.3.~~54~~. ~~The~~Such costs of the Eligible Projecta ~~LIPA regulated backstop reliability transmission project or an alternative regulated transmission solution,~~ allocable to ~~r~~Responsible LSEentities serving Load outside of the Long Island Transmission District shall constitute the “revenue requirement,” ~~that the NYISO shall include and, and recover through, a separate “LIPA RFC”.~~ The NYISO shall file the revenue requirementLIPA RFC with the Commission if requested to do so by LIPA, as an informational filing. ~~The NYISO will file such RFC~~ 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 OATTis tariff. The filing must be consistent with LIPA’s project proposal made to and evaluated by the ISO pursuant to Attachment Y. LIPA shall intervene in support of such filing at the Commission and shall bear the burden of~~take the responsibility to~~ 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 and using the procedures described in Sections 6.10.3.1 through 6.10.3.5 of this Schedule, ~~The~~ NYISO shall calculate a separate LIPA RTFC based on the revenue requirement and shall bill for LIPA the LIPA RTFC as a separate line item to ~~the~~ rResponsible LSEentities serving Load in Transmission Districts located outside of~~other than~~

the Long Island Transmission District, ~~consistent with Sections 6.10.3.1 through 6.10.3.4 and~~ The ISO shall remit the revenues collected to LIPA in accordance with the ISO's billing and settlement procedure~~each Billing Period.~~

### **6.10.5.3 Cost Recovery for NYPA**

Any costs incurred for an Eligible Project undertaken by NYPA, as an Unregulated Transmitting Utility, that are eligible for recovery under Section 6.10.5.1 shall be recovered under a NYPA RTFC as described herein. A reasonable return on investment for an Eligible Project undertaken by NYPA may include any incentives for construction of transmission projects available under Section 205 or Section 219 of the Federal Power Act and the Commission's regulations implementing those sections, as determined by the Commission.

6.10.5.3.1 NYPA shall coordinate with and inform the ISO of the amount of the costs it incurred in undertaking an Eligible Project. Such costs shall constitute the revenue requirement. Either the ISO shall make a Section 205 filing with the Commission on behalf of NYPA or NYPA shall make an informational filing under a formula rate with the Commission, of the revenue requirement. The filing must be consistent with NYPA's project proposal made to and evaluated by the ISO pursuant to Attachment Y. NYPA shall intervene in support of such filing at the Commission and shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding, including being solely responsible for making any arguments or reservations regarding its status as a non-Commission-jurisdictional utility and the appropriate standard for Commission review of its revenue requirement. After the Commission has accepted or approved the filing or otherwise allowed the filing to go into effect

pursuant to a formula rate, the ISO shall calculate in accordance with Sections 6.10.3.1 through 6.10.3.5 of this Schedule a separate NYPA RTFC based on the revenue requirement and bill for NYPA the NYPA RTFC to the Responsible LSEs. The ISO shall remit the revenues collected to NYPA in accordance with the ISO's billing and settlement procedures.

6.10.~~5~~4 Savings Clause. The inclusion in the ~~NY~~ISO OATT or in a ~~FERC~~ filing with the Commission pursuant to Section 6.10.5 of the revenue requirement on an informational basis of the charges for recovery of costs incurred by an Unregulated Transmitting Utility, including LIPA or NYPA, related to an Eligible Project-regulated project undertaken pursuant to Attachment Y ~~of into~~ the ~~NY~~ISO OATT, as provided for in ~~this~~ Sections 6.10.~~5~~4.3 and 6.10.4.4, or the inclusion of such revenue requirementcharges in the LIPA RTFC or NYPA RTFC-NYISO RFC pursuant to Section 6.10.4.3.1.2, shall not be deemed to modify the treatment of such rates as non-jurisdictional pursuant to Section 201(f) of the FPA.

~~**6.10.5 Recovery of Costs Incurred by an Other Developer Related to an Alternative Regulated Solution.**~~

~~6.10.5.1 The RFC shall be used as the cost recovery mechanism for the recovery of the costs of an alternative regulated transmission solution that has been selected by the ISO as the more efficient or cost effective solution to the identified Reliability Need, and is authorized by FERC to recover costs under this rate mechanism. Provided however, nothing in this cost recovery mechanism shall be deemed to create any additional rights for an Other Developer to proceed with a regulated transmission project that such Other Developer does not otherwise have at law. The provisions of Sections 6.10.3 through 6.10.3.4 of this Attachment~~

~~shall be applicable to the recovery of the costs incurred by an Other Developer for proposing, developing, constructing, operating, maintaining, and financing an alternative regulated transmission project that the ISO has selected as the more efficient or cost effective solution to the identified Reliability Need.~~

~~6.10.5.2 — Upon receipt of all necessary federal, state, and local authorizations, including FERC acceptance of a Section 205 filing authorizing cost recovery under the NYISO tariff, the Other Developer shall commence construction of the project. Upon completion of the project, the Other Developer and/or the NYISO, as applicable, will make a filing with FERC to provide the final project cost and resulting revenue requirement to be recovered pursuant to this Attachment. The resulting revenue requirement will become effective and recovery of project costs pursuant to this Attachment will commence upon the acceptance of the filing by FERC. This Section 6.10.5.2 also applies to the recovery of all reasonably incurred costs related to a project that the ISO has selected as the more efficient or cost effective solution, and is later halted in accordance with the provisions of the NYISO OATT, including but not limited to reasonable and necessary expenses incurred to implement an orderly termination of the project.~~

~~6.10.5.3 — Other Developers may also propose a non-transmission solution subject to state jurisdiction to address a Reliability Need included in the Comprehensive Reliability Plan.~~