

26 Attachment T – Cost Allocation Methodology for Schedule 1 Bid Production Guarantees for Additional Generating Units Committed to Meet Forecast Load

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The Day-Ahead commitment of generating units includes sufficient ~~Generators and/or Interruptible Load~~Resources to provide for the safe and reliable operation of the NYS Power System. In cases in which the sum of all Day-Ahead Bilateral Schedules, ~~excluding schedules of Bilateral Transactions with Trading Hubs as their POWs,~~ and all Day-Ahead purchases ~~and sales~~ of energy to serve Load within the NYCA is less than the ISO's Day-Ahead forecast of Load, the ISO ~~will~~may commit Resources in addition to the reserves it normally maintains ~~to enable it to respond to contingencies ("Additional Resources").~~ Payments for Bid Production ~~Cost~~Guarantees ("BPCG") made to such ~~a~~Additional Resources are to be ~~recovered under Schedule 1. These "BPCG to Additional Resources" shall be allocated to Transmission Customers, to the extent they are not acting as Suppliers,~~ allocated pursuant to the methodology set forth below and recovered under Rate Schedule 1 of the OATT, on the basis of their Real-Time energy purchases in their Load Zones or Composite Load Zones (see below). By design, when the NYISO forecast load exceeds actual load, the methodology below will only be used to allocate part of the BPCG to Additional Resources. Any residual BPCG payments made to Additional Resources that are not allocated pursuant to this methodology shall be allocated to Transmission Customers according to the provisions of Schedule 1, Section 6.1.7.2.2.4.2, of Rate Schedule 1 of the OATT

For purposes of this Attachment T, "Eligible Transmission Customers" are Transmission Customers that are scheduled to sell Energy at a Load bus specified for Virtual Transactions in the Day-Ahead Market and Transmission Customers purchasing Energy to serve load in the real-time market at a Load bus that is not a Load bus specified for Virtual Transactions and not a Proxy Generator Bus. Load Zones and composite Load Zones used in the allocation of Bid Production Cost guarantee payments made to Additional Resources are initially set as: (i) Load Zones A-E, (ii) Load Zones F-I, (iii) Load Zone J,

and (iv) Load Zone K and may be adjusted by the ISO to reflect the most frequently constrained transmission interfaces in the NYCA.

~~More specifically,~~ BPCG payments made to Additional Resources shall be allocated to each Eligible Transmission Customer, ~~to the extent that Transmission Customer is not acting as a Supplier~~ as follows:

$$BPCG_c = BPCG_{NYCA} \times \sum_{L \in NYCA} (K_L^{fe} \times K_L^{loc} \times K_{c,L}^{customer})$$

Where:

BPCG _c	Obligation of Transmission Customer "c" for the Bid Production Cost G uarantees for such a Additional R esources <u>for the day</u> .
BPCG _{NYCA}	Total Bid Production Cost G uarantees in the NYCA for such paid to a Additional R esources <u>in the NYCA for the day</u> .
c	<u>An Eligible</u> Transmission Customer.
<u>J</u>	<u>Index for Load Zones or Composite Load Zones in the set NYCA</u>
<u>D</u>	<u>Index for eligible transmission customers in the NYCA</u>
<u>E</u>	<u>Set of all eligible transmission customers</u>
L	Load Zone or Composite Load Zone
K _L ^{fe}	A scale factor calculated for each Load Zone or Composite Load Zone that determines the portion of BPCG to Additional Resources that will be allocated through the procedures described in this attachment.
K _L ^{loc}	A scale factor calculated for each Load Zone or Composite Load Zone "L" that determines the share of BPCG to Additional Resources that shall be allocated to that Load Zone or Composite Load Zone. <u>The scale factor is based on the ratio of Energy purchases in the real-time market by Eligible Transmission Customers in load zone or composite load zone "L" in each hour, summer over the hours of the day in which these purchases are positive, to all Energy purchases in the real-time market by Eligible Transmission Customers in each Load Zone or Composite Load Zone in each hour, summed over the hours of the day in which these</u>

	<u>purchases in a given Load Zone or Composite Load Zone are positive, and summed over all Load Zones or Composite Load Zones.</u>
$K_{c,L}^{\text{customer}}$	A scale factor calculated for <u>Eligible</u> Transmission Customer "c" in Load Zone or Composite Load Zone "L" which determines the portion of the BPCG to Additional Resources allocated to that Load Zone or Composite Load Zone distributed according to the methodology set forth in this attachment that shall be allocated to <u>that Eligible Transmission e</u> Customer "c."
RTP_L^{act}	Net purchases of e Energy <u>purchases</u> from the Real-Time market in Load Zone or Composite Load Zone "L" by <u>all Eligible Transmission</u> Customers to the extent they are not acting as Suppliers, in each hour, summed over the hours of the day in which these purchases are positive.
$RTP_{c,L}^{\text{act}}$	Purchases of e Energy <u>purchases</u> from the Real-Time market in Load Zone or Composite Load Zone "L" by <u>an Eligible Transmission</u> Customer "c," to the extent that customer is not acting as a Supplier, to meet obligations arising from the Day Ahead sale of energy, in each hour; plus net energy purchases in the Real-Time markets by Customer "c," to the extent that customer is not acting as a Supplier, excluding purchases to meet obligations arising from the Day Ahead market, in each hour <u>summed over hours of the day</u> in which these purchases are positive; summed over each hour of the day.
RTP_L^{fct}	The sum of (1) <u>Day-Ahead</u> sales for each hour of the day in the Day-Ahead market <u>at the Load bus specified for Virtual Transactions</u> in Load Zone or Composite Load Zone "L" by <u>Eligible Transmission</u> Customers, to the extent they are not acting as Suppliers; and (2) the ISO's <u>Day-Ahead forecast</u> Load forecast <u>load requirement</u> for <u>Load Zone or Composite Load Zone "L" for</u> that hour of the day less <u>the sum of Energy purchases of energy</u> from the Day-Ahead market <u>at Load buses including Load buses specified for Virtual Transactions but not Proxy Generator Buses and Bilateral Transactions with POWs that are Load Buses other than those specified for Virtual Transactions and other than Proxy Generator Buses</u> for that hour; summed over the hours of the day in which the sum of (1) and (2) is positive.

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K_L^{fe} shall be calculated as shown below except that ~~the value zero shall be used if the expression below yields a negative number and~~ the value one shall be used if the expression yields a number greater than one.

$$K_L^{fe} = \frac{RTP_L^{act}}{RTP_L^{fst}}$$

K_L^{loc} shall be calculated as shown below.

$$K_L^{loc} = \frac{RTP_L^{act}}{\sum_{L \in NYCA} RTP_L^{act}} \quad K_L^{loc} = \frac{RTP_L^{act}}{\sum_{j \in NYCA} RTP_j^{act}},$$

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$K_{c,L}^{customer}$ shall be calculated as shown below.

$$K_{c,L}^{customer} = \frac{RTP_{c,L}}{\sum_{c \in L} RTP_{c,L}} \quad K_{c,L}^{customer} = \frac{RTP_{c,L}^{act}}{\sum_{d \in E} RTP_{d,L}^{act}},$$

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The residual ~~between Bid Production Cost Guarantee~~BPCG payments not allocated to such ~~Additional Resources not allocated~~ according to the methodology described above shall be allocated to all Transmission Customers using the methods described in Schedule 1, Section 6.1. 7.2. 2-2.4-2, of Rate Schedule 1 of the OATT. The residual is determined according to:

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$$BPCG_{NYCA} - \sum_{c \in NYCA} BPCG_c \quad BPCG_{NYCA} - \sum_{c \in E} BPCG_c.$$

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~~Load Zones and Composite Load Zones used in the allocation of Bid Production Cost Guarantees for such additional resources are initially set as: (i) Load Zones A-E, (ii) Load Zones F-I, (iii) Load Zone J, and (iv) Load Zone K and may be adjusted by the ISO to reflect the most frequently constrained transmission interfaces in the NYCA.~~